

THE SOCIETY OF SAINT JOHN THE EVANGELIST

TRUSTEE'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

THE SOCIETY OF SAINT JOHN THE EVANGELIST

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TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Trustee	<p>The Fellowship of St John (UK) Trust Association</p> <p>Trustees of Fellowship of St John (UK) Trust Association during the year were:</p> <p>Revd A Malcolm Revd. C Card-Reynolds Revd. S Anderson Baroness A. Harris Revd. Canon J Chambers Revd G Naylor Revd A Crosbie David Ballance</p> <p>(Resigned 30 September 2021) (Appointed 30 September 2021)</p>
Charity number	233103
Registered Office	65-68 Leadenhall Street, London EC3A 2AD
Mailing Address	348 Hughenden Gardens Village, Hughenden Boulevard, High Wycombe, Buckinghamshire HP13 5GH
Independent examiner	David Wilson, FCA David Wilson Consultants 348 Hughenden Gardens Village, Hughenden Boulevard High Wycombe, Buckinghamshire HP13 5GH
Bankers	Barclays PLC Oxford City Branch PO Box 333, Oxford OX1 4DG
Solicitors	HMG Law LLP 126 High Street, Oxford OX1 4DG Wedlake Bell LLP 71 Queen Victoria Street, London EC4V 4AY
Investment advisors	Investec Wealth & Investment, 30 Gresham Street, London EC2V 7QP Rathbone Investment Management, 8 Finsbury Circus, London EC2M 7AZ

THE SOCIETY OF SAINT JOHN THE EVANGELIST

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their report and accounts for the year ended 31 December 2021.

The accounts have been prepared in accordance with the trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015

Structure, governance and management

The trustee who served during the year: The Fellowship of St John (UK) Trust Association

The management of the charity is the responsibility of the directors of the Trustee company who are elected and co-opted under the terms of the Trust deed. The trustee has assessed the major risks to which the charity is exposed, and is satisfied that systems are in place to mitigate exposure to major risks.

Objectives and activities

The objects of the Charity as detailed in its Scheme and its Statutes is that it is engaged in missionary works and education for the advancement of the Kingdom of Christ.

Since the closure of St Edward's House in May 2012, the cost of supporting the remaining monk, who then lived as religious solitaries, was borne by the Society. Following the death of Fr Peter Huckle SSJE in 2019, the only direct, but residual, financial liability for the Society is for the funeral costs of the remaining Brother.

The charity's trustee has referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, they have considered how planned activities will contribute to the aims and objectives they have set.

Achievements and performance

During the year the Charity received income of £37,446 (2020:£34,305) and incurred expenditure of £161,297 (2020: £11,003). The Society of St John the Evangelist has continued to support the remaining monk, so that he can continue a life of contemplation and remain true to their vow of poverty.

A number of medals including the VC and DSO, awarded to Admiral Gordon Campbell in the first world war, were subsequently owned by his son, Fr David Campbell SSJE and lent to Dulwich College, his father's old school. David Campbell had become a monk of the Society of St John the Evangelist (SSJE) and the medals were gifted to SSJE when he took his life vows. In November, the medals were sold at auction for £700,000 and this sum was paid to FSJ on behalf of SSJE. A legal claim has been made by a distant relative to the whole £700,000. received from the auction of the medals. As a result of mediation, the trustees sought and received legal advice to settle out of court. As a consequence, £150,000 was paid to the relatives in January 2021, in full and final settlement of the claim, to which was attached a confidentiality clause. We initiated action to recover costs through legal means because we were advised that we had a strong case for recovering these costs. The Trustees are taking steps to investigate the recovery of the amounts paid from their insurers. We are investigating the liability of insurers and brokers in their advice and service to the Trust.

Fund performance

The Trustees agreed in 2016, to change the performance objectives of the investment managers from producing total returns that achieved RPI +4% over the long term to achieving 2% over a composite index of world markets weighted by the agreed asset allocations in the portfolio. This new performance objective, set for both managers, across all elements of the portfolios, more directly measures the value to be added by discretionary portfolio management over and above the comparator of passive index tracking funds. The Trustees wish to see a justification for the investment fees being paid.

Global economic output recovered strongly from the effects of the Covid-19 pandemic throughout the majority of 2021, helped by sizeable government stimulus and vaccine rollouts. Although economic growth began to slow towards the end of 2021, economic data was consistent with a mid-cycle expansion as business confidence, investment spending and labour markets remained healthy. Inflation has started to rise above the

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TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

very low levels experienced in recent years and 2022 is expected to see Central Banks begin the process of raising interest rates in the developed world, giving investors further food for thought. Equity markets had a very good 2021, buoyed by the rebound in economic growth, with the FTSE All-Share rising +18.3% and the FTSE All World ex UK +20.1%. Fixed income performed less well as bond yields rose in anticipation of higher interest rates, with the FTSE UK Gilts All Stock Index falling -5.2%.

Investec portfolio: The Investec portfolio produced a total return of 11.4% for the 12 months compared to the benchmark return of 13.6%. Equity markets delivered strong gains over the year with many of the cyclical sectors that had been hardest hit the previous year, rebounding sharply. The portfolio's limited exposure to these companies and sectors detracted from the overall relative performance. Limited exposure to Fixed Income was a positive for performance given the weakness of this asset class whilst good stock selection within Bonds was also a positive contributor.

Rathbones portfolio: The pooled portfolio rose +14.8%, whilst the directly invested portfolio returned +16.5%. This compares with the composite index benchmark (the same for both portfolios) which returned +12.7%. Asset allocation was positive as both portfolios benefitted from overweight to equities and underweight to fixed income. Stock and fund selection was slightly negative in the equities space but positive in other parts of the portfolio. The directly invested portfolio had better performance in the equity portion of the portfolio, as well as slightly more pronounced asset allocation positioning, both contributing to outperformance of the directly invested portfolio when compared to the pooled portfolio. 2022 is likely to be a more volatile year for the investment portfolios as investors deal with the spectre of slowing economic growth, higher inflation and the prospect of rising interest rates. However, we remain focused on the long term investment objectives of the portfolio.

There were quarterly meetings with each manager, to review performance across both asset allocations and individual stock selections. Rathbones have outperformed over the period since inception but, while Investec have performed well at certain times, their performance has not been consistent and they have disappointed overall.

Following interviews with three firms selected by our consultants, Sarasin were appointed to pair with Rathbones going forward as investment managers to the Trust.

Investment income, investment gains and losses and management fees were apportioned to The Society of Saint John the Evangelist on the basis of the investments held prior to the transfers. The amounts apportioned were: Investment income £37,436 (2020 £34,295), Investment gains) £177,969 (2020 £40,116) and investment management fees £8,108 (2020 £6,996).

Ethical Policy

The Society of Saint John the Evangelist is an ethical investor and the way we invest forms an integral part of our mission. In all areas of investment we seek to avoid profiting from activities which are materially inconsistent with our Christian values. Our ethical policy is guided by the Church of England's investment policy, that is to say investment restrictions apply to companies involved in for example, pornography, gambling, high interest rate lending and human embryonic cloning.

Reserves policy

The purpose of the Society's reserves policy is to ensure that it is able to meet its obligations and finance its planned future activities. The level of free reserves (unrestricted income funds net of endowment funds) is reviewed annually by the Trustees. At 31 December 2021 free reserves amounted to £657,578.

Risk Management

The Trust has developed a risk management process which allows the identification, assessment and management of significant risks, which may impact on the achievement of their objectives. The process is supported by a risk management policy, which outlines the roles and responsibilities of trustees and staff and follows Charity Commission guidelines. The board reviews the risk register and risk management arrangements at each meeting. Risks are prioritised using an agreed matrix. Major risks, which are subject to monitoring and

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TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

review, reflect issues around operational, financial, legal and regulatory risks. Current areas of focus are ensuring investment returns are appropriate. The Finance Committee reviews the investments quarterly and regularly meets with the investment managers. The trustees have assessed the major risks to which the company is exposed and they are confident that going forward, exposure to major risks will be mitigated.

Application of the power of total return

Following the approval by the Charity Commission, the Charity's investment strategy is for the use of a total return approach to the investment of the permanent endowment.

In accordance with the terms of the order, the Trustee confirms that:

- In identifying the value of the portion of the permanent endowment that represented unapplied total return, the Trustee identified the earliest available valuation of the initial founding gift in 1985 and any subsequent gifts of permanent endowment up until 14th November 2006; and
- When determining the amount of unapplied total return to transfer to income, the Trustee has considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- When reaching their decision as to the unapplied total return to transfer to income, the Trustee has taken professional advice from their investment advisors regarding the market outlook, investment trends and yield and the prospect for future capital growth.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the trustee



Revd. C. Card-Reynolds

Dated: 1 June 2022

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF THE SOCIETY OF SAINT JOHN THE EVANGELIST

I report to the trustees on my examination of the accounts of The Society of Saint John the Evangelist for the year ended 31 December 2021.

Responsibilities and basis of report

As the directors of the Trustee company, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with the accounting records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts given a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

David Wilson

David Wilson FCA
Institute of Chartered Accountants in England and Wales
David Wilson Consultants
348 Hughenden Gardens Village
Hughenden Boulevard,
High Wycombe HP13 5GH

Dated: 15 September 2022

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Income:					
Voluntary Income	2	10	-	10	10
Investment Income	3	37,436	-	37,436	34,295
Total		37,446	-	37,446	34,305
Expenditure from:					
Raising funds		8,108	-	8,108	6,996
Charitable activities	4	3,189	-	3,189	4,007
Exception item	5	150,000	-	150,000	-
Total		161,297	-	161,297	11,003
Other recognized gains and losses					
Net gain on investment	6	-	177,969	177,969	40,116
Net movement in funds		(123,851)	177,969	54,118	63,418
Fund balances at 1 January 2021		781,429	1,591,074	2,372,503	2,309,085
Fund balances at 31 December 2021		£657,578	£1,769,043	£2,426,621	£2,372,503

All movements in the charity's funds during the year are reflected through the statement of financial activities.

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BALANCE SHEET AS AT 31 DECEMBER 2021

		31st December 2021	31st December 2020
	Note	£	£
Fixed assets			
Investment assets	6	1,801,081	1,656,927
Current assets			
Debtors	7	622,862	713,089
Cash at bank and in hand		2,678	2,487
		<u>625,540</u>	<u>715,576</u>
Creditors			
Amounts falling due within one year	8	<u>-</u>	<u>-</u>
Net current assets		625,540	715,576
Total assets less current liabilities		<u>£2,426,621</u>	<u>£2,372,503</u>
Capital funds			
Endowment funds	11	1,769,043	1,591,074
Income funds			
Unrestricted funds		657,578	781,429
TOTAL FUNDS		<u>£2,426,621</u>	<u>£2,372,503</u>

The accounts were approved by the Trustee on 1 June

2022



Revd. C. Card-Reynolds

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015 (Charities SORP FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Society of Saint John the Evangelist meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The trustees consider that there are no material uncertainties about the Society's ability to continue as a going concern.

The charity has taken advantage of the disclosure exemption from the requirements of Section 7 Statement of Cash Flows, in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

1.2 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amounts can be quantified with reasonable accuracy. Income tax recoverable in relation to donations received under gift aid is recognised at the time of the donation. Income tax recoverable in relation to investment income is recognized at the time the investment income is receivable.

1.3 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.4 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.5 Taxation

The charity is exempt from tax on its charitable activities.

1.6 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Permanent endowment funds represent quoted investments which must be held permanently, or if sold, cannot be used as if it were income, but must be re-invested.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Voluntary income

	2021	2020
	£	£
Donations received	10	10
	<u>£10</u>	<u>£10</u>

3 Investment income

	2021	2020
	£	£
Dividends from investments	34,738	30,537
Fixed interest investments	2,698	3,758
	<u>£37,436</u>	<u>£34,295</u>

4 Total resources expended

	2021	2020
	£	£
Charitable activities		
Monk's accommodation costs borne centrally	2,089	2,957
	<u>2,089</u>	<u>2,957</u>
Governance costs	1,100	1,050
Total resources expended	<u>£3,189</u>	<u>£4,007</u>

Governance costs include payments to the independent examiner of £1,100 in respect of 2021 (2020: £1,050) for independent examiner fees.

5 Exceptional item

Settlement of legal claim:	<u>£150,000</u>	<u>£-</u>
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A legal claim has been made by a distant relative to the whole £700,000 received from the auction of the medals. As a result of mediation, the trustees sought and received legal advice to settle out of court. As a consequence, £150,000 was paid to the relative in January 2021, in full and final settlement of the claim, to which was attached a confidentiality clause. We initiated action to recover costs through legal means because we were advised that we had a strong case for recovering these costs. The Trustees are taking steps to investigate the recovery of the amounts paid from their insurers. We are investigating the liability of insurers and brokers in their advice and service to the Trust.

6 Fixed asset investments

	Total £
Market value at 1 January 2021	1,656,927
Net Additions/Disposals	(33,815)
Net gains on investments	177,969
Market value at 31 December 2021	<u><u>£1,801,081</u></u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

7 Debtors

	2021	2020
	£	£
Amounts due by Fellowship of St John (UK) Trust Association	£622,862	£713,089

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts due to FSJ Trust Association	£-	£-

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year.

10 Employees

There were no employees during the year.

11 Endowment funds

	Movement in Funds		
	Balance at 1 January 2021	Net gain on investments	Balance at 31 December 2021
Permanent endowments			
Endowment fund	1,591,074	177,969	1,769,043
	<u>£1,591,074</u>	<u>£177,969</u>	<u>£1,769,043</u>

12 Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total
Fund balances at 31 December 2021 are represented by:			
Investments	32,038	1,769,043	1,801,081
Current Assets	625,540	-	625,540
	<u>£657,578</u>	<u>£1,769,043</u>	<u>£2,426,621</u>

13 Related parties

The management of the charity is the responsibility of the Corporate Trustee, Fellowship of St John (UK) Trust Association. The amount due by Fellowship of St John (UK) Trust Association at 31 December 2021 is £622,862 (see note 7).

14 Application of the power of total return

The Charity Commission permitted the Charity to adopt the use of total return investment powers in relation to its permanent endowment investments by an order granted on 14th November 2006. The power permits the Trustee to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.