

**The
Order of
Friars
Minor
Charitable
Trust**

Annual Report and Accounts

31 December 2016

Charity Registration Numbers:
232177 (England and Wales)
SC039191 (Scotland)

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Reference and administrative details of the charity, its trustees and advisers

Trustees	Rev Patrick Lonsdale OFM (Chairman) Rev Antony Jukes OFM Rev Edmund Highton OFM Rev Donal Walsh OFM Rev Isidore Faloona OFM The trustees are incorporated under the Charities Act 2011
Custos	Rev Patrick Lonsdale OFM
Custodial	Rev Antoine Baya OFM
Provincial Bursar	Rev Antoine Baya OFM
Principal address	The Franciscan Friary 557 High Road Woodford Green Essex IG8 0RB
Charity registration numbers	232177 (England and Wales) SC039191 (Scotland)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	SBP Law Glade House 52-54 Carter Lane London EC4V 5EF
Stockbrokers	J M Finn & Co 4 Coleman Street London EC2R 5TA
Principal bankers	National Westminster Bank plc PO Box 3244 300 Romford Road London E7 9SH

Trustees' report 31 December 2016

The trustees present their statutory report together with the accounts of The Order of Friars Minor Charitable Trust for the year ended 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out on pages 23 to 28 and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015.

INTRODUCTION

The Order of Friars Minor was founded by St Francis of Assisi in 1209. It has maintained its essential character through the centuries. Friars live in communities, observing the Gospel of Our Lord Jesus Christ, under vows of poverty, celibate chastity and obedience, in accordance with the 'Rule of 1223' written by the Founder. The Minister General's headquarters are in Rome where he is assisted by a General Definitory or Council, governing the Order Worldwide. The British custody is part of the Order.

CONSTITUTION

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the British Custody are held and through which its finances operate. The charity is governed by a trust deed dated 1 December 1963 as amended by a scheme dated 12 June 1973, and is registered under the Charities Act 2011. Since 2007 the trust has also been registered with the Office of the Scottish Charity Regulator (OSCR).

The trustees of the charity are an incorporated body under the Charities Act 2011.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES

The principal aims of the charity are the support of charitable purposes connected with the Roman Catholic Religion and the support of the charitable work of the Order generally. This work is described in more detail in the following paragraphs. Although the majority of friaries are situated in England, the charity has two houses in Scotland – Glasgow and Craigmillar (Edinburgh). The objectives described below apply in Scotland with special emphasis on the overseas mission work.

In setting out and planning the activities of the charity, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Pastoral

The Order of Friars Minor in this Custody has five parishes in its care. Most of the friars of the Custody are engaged in pastoral and educational work – supporting and encouraging prayer and worship, administering the sacraments, preaching, teaching, providing spiritual and material sustenance to those in need. In addition, they give retreats and missions to other parishes and to convents. There is an obvious benefit from these activities, as they are designed to promote harmony and cooperation in the parishes concerned and in the wider community.

Educational

To be able to provide the pastoral and spiritual support mentioned above, the members of the Custody must have the opportunity to obtain firstly the initial formation needed in the preparation for their ministry and then the further training and formation to equip them to serve the Church and the faithful in a rapidly changing society. The trustees need, therefore, to keep a close eye on the requirements to remain active and fruitful preachers of the Gospel. In addition, the friars take an active interest and play a part in the provision of primary, secondary and tertiary education in the schools of their parishes. These schools have a Catholic ethos and have no restriction with regard to colour, race, or income, thus providing an obvious public benefit.

Overseas missions

The Order of Friars Minor is the largest missionary Order in the Church. This Custody began missionary work in India and South Africa over 60 years ago. Initially they sent men out to those countries to begin the work of serving the people and establishing a Catholic presence there. Over time these missions have grown and now provide their own indigenous friars. With the decline in vocations in this country, the support now takes the form of grants financed by donations from Franciscan parishes and educational assistance to overseas students at the Franciscan International Study Centre Canterbury and elsewhere.

Grant making policy

The bulk of the grants made by the charity usually arise through the restricted funds i.e. the Franciscan Missionary Union (FMU) and Saint Antony's Bread. In both cases money is deposited with the friars by the faithful to be used in the Franciscan missions and for the relief of poverty. The policy of the charity, therefore, is to use all the money so contributed for the furtherance of those two aims.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Grant making policy (continued)

In total, grants of approximately £274,000 (2015 – £213,000) have been made during the year both as direct donations from the income of the charity and from disbursement of contributions by the faithful to the FMU and St Antony's Bread. As usual, the Franciscan Missionary Union made contributions to missionary areas, especially in India and South Africa for both general support and specific projects amounting to £178,000 during the year (2015 – £109,000). Other grants outside the United Kingdom amounted to £43,000 (2015 – £13,000) including support to Franciscan students in poor countries. In addition, the charity makes a regular annual donation to about a dozen charities that provide services allied to the Franciscan ethos e.g. Shelter, NSPCC and CAFOD totalling £22,000 (2015 - £39,000). Fuller details are given in note 4 to the accounts.

Investment policy

The charity has a portfolio of investments with a market value as at 31 December 2016 of £10,152,298 (2015 - £9,567,647).

The charity has set up a Sick and Retired Reserve to provide assistance to communities with elderly and infirm friars. This reserve is represented by part of the charity's portfolio of stocks and shares, managed under the guidance of a fund manager. The fund managers have been asked by the trustees to keep a prudent balance between gilts and equities and to ensure the risk is spread by investing in a wide range of industrial shares of the larger companies. The twin aims are to raise some income to support the present elderly friars and to achieve a capital appreciation so as to build up the fund for future years.

The trustees have also instructed the fund managers to refrain from buying shares in companies associated with armaments, tobacco and contraceptives, as well as any pursuing activities at variance with the charity's objectives.

ACHIEVEMENTS AND PERFORMANCE

Review of the year

Pastoral work

Formation, training and education

This work involves liaising with the Order in Ireland, and the organising of three meetings a year of the Interprovincial Secretariat for Formation and Studies (ISFS). These meetings were attended by all Friars involved in formation ministry in the Irish Province and the Custody in Great Britain. Antony Jukes has been the Secretary for Formation and Studies throughout the year.

As Secretary for Formation and Studies, Antony corresponded on a regular basis with members of the Irish Secretariat and members of the Formation Secretariat in Great Britain. He was also in correspondence with the Secretaries for Formation throughout the English Speaking Conference (ESC) of Franciscans. Antony was responsible for reporting back on meetings to the Custos in Great Britain.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Overseas missions

The Franciscan Missionary Union was established many years ago to help the Missionary endeavours of the Order of Friars Minor. In the 1930s and 1940s the then English Province established Missionary Dioceses in India and South Africa. The work done in both countries was considerable and is now in the care of indigenous Franciscan Friars.

The Franciscan Missionary Union has, therefore, opened out towards other Missionary endeavours in various parts of the world. While still keeping in contact with our older Missionary work in India and South Africa we have branched out considerably to help the poor and marginalised in both East and West Africa as well as the Sudan and Eritrea. We also try to respond to emergency situations such as the Philippines and Haiti as well as endeavouring to answer calls for help from Pakistan. We endeavour to obtain good estimates and reports for any proposed projects. These grants are made to particular Franciscan Provinces and are administered by fellow Franciscans. The source of these monies comes from the wonderful generosity of friends of the Missions who continue to support the work done by the FMU.

Promotion of vocations

The new website of the British Custody of the Franciscan Order of Friars Minor, www.friar.org, has been a great advert for interest in the Franciscan life, so that there are many enquiries emailed to the Vocations Director, coming from men of various age groups. Another means of communicating interest is by circulating vocation literature of brochures and cards to parishes, University and School chaplaincies. During 2016, some 600 brochures and 400 cards have been sent, and some chaplains and priests have responded requesting a visit to meet and talk to the students and parishioners in various areas in England. The Vocations Director spoke during the Masses one weekend in our church in Glasgow about the Franciscan life and calling. At Woodford Green a few days "Vocation Days and talks" were arranged for men showing an interest, with some Franciscans speaking on varied subjects on our vocation.

In 2016, enquiries on the Franciscan vocation totalled about 25-30, with almost half from outside Great Britain and we direct them to a more local Franciscan presence in or near to their own country. For those in Great Britain, contact is made, followed if thought suitable by a meeting. If this seems to go well, they are invited to one or two Friaries. The opinions and observations of other Friars are then sought before deciding on the next stages of possible application and assessments.

No one was found to be ready or suited for the application process in 2016 so we have no Postulants for the years 2016 and 2017. We have one Novice and one Student friar at present. Occasional meetings are arranged with other Vocation Directors.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Vigilance with regard to the care of children and vulnerable persons, and relevant training

The Safeguarding Officer attended one meeting of the trustees to offer information and advice. The trustees repeated their stated policy to promote a Culture of Safeguarding in all areas of their responsibility. We are committed to follow the principles, policies and practices of the Catholic Church in England and Wales as laid down and constantly updated by their agencies NCSC and Catholic Safeguarding Advisory Service (CSAS).

Early in the year we received notice that our Church was one of the principal bodies to come under the scrutiny of the Goddard Enquiry into child abuse. By way of preparation in January we were required to provide CSAS with a full account of all allegations and concerns regarding friars from 1970 to the present. This was drawn up and transmitted in electronic form as requested. CSAS after a few minor enquiries pronounced satisfaction. Shortly afterwards the trustees received this account in summary form and reviewed the cases that had come to our notice. We found there were no outstanding issues. Later we received a request from police to examine our records regarding incidents in our school at Stony Stratford. The school closed around 1970 and all those about whom concerns were raised are now long dead.

We receive advice and help on all matters relevant to safeguarding from the Brentwood Diocesan Commission. The manner in which Diocese and Religious Congregations relate and work is still being developed.

At a meeting of friars the Safeguarding Officer refreshed memories of our commitment to the Culture, the need for vigilance and for training. We now have access to on-line training and encourage all to make use of it. We pay heed to regular advice from our insurers. Shortly we hope to register all friars for on-line DBS clearance. Custos and Safeguarding Officers have attended several national training days provided by legal professionals for Religious Congregations.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Guardians' Reports 2016

Canterbury

The Community of Canterbury is composed of six friars. Strictly speaking, two friars (the Guardian and the Vicar) teach at the Franciscan International Study Centre (FISC), the latter providing spiritual direction to a number of people as well as assisting the nearby Parish with the RCIA programme. Whilst two others are in the research and publication sectors, the one continues to develop and co-ordinate the Franciscan distance learning programme, and the other is responsible for the archives. Canterbury, being a post-novitiate formation house, fulfilled its purpose when it successfully prepared one student for the year of Franciscan Studies course in June 2016. The student has since gone back to his Province of origin - Ireland. The spiritual needs of those attending the Franciscan Study Centre and those of the surrounding area continue to be met through the media of retreat-giving, days of recollection, spiritual talks and the celebration of holy Mass which often take the guise of supplies in other Parishes. The ministries of the brothers are fed by fraternal living and a regular diet of prayer which takes different forms. The Community has also played host, during the past year (2016), to two visiting friars from Argentina and Brazil who attended the summer English Language Programme at the FISC in 2016.

Woodford

Since the last report, the community at Woodford has been reduced to seven friars, as a result of the transfer of one to another friary and the death of another. The house is at present being adapted to receive more friars with mobility issues. The findings of the Quinquennial report is in the process of being implemented as far as both the friary and Church buildings are concerned. This will be carried out in stages because of the great expense involved.

The spiritual needs of the parishioners continue to be met by those directly involved in the Parish, helped out as they are by others in the community. Much time is also given to those who seek help emotionally or otherwise. Pastoral counselling sought both in and out of the confessional is met as are visits to the elderly and housebound, the sick at home and in hospitals, care homes and family residences. Care of the disadvantaged and homeless as well as those who are vulnerable is uppermost in the activities of the friars and, where necessary, these are represented before politicians and local councillors.

The Beckett Centre is a meeting place where a variety of events take place throughout the year for education physical or otherwise, the entertainment of infants, children, adolescents and adults of various ages, as well as for meetings, conferences and other celebrations. The Centre is also open for the use of non-parishioners.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Guardians' Reports 2016 (continued)

Craigmillar

Craigmillar is a suburb to the south east of Edinburgh. It was originally developed as an overspill housing scheme for the city. It became a very poor and deprived area with many social challenges. In recent times a large area of the housing scheme has been demolished and the area is undergoing a transformation. New schools have been built and there are more on the way. There are to be new shops, a town square and a family restaurant. The area of demolished housing along Niddrie Mains Road is now being developed with a mixture of new housing, namely, help to buy, private and social. A further housing development, along the lines of the Niddrie Mains Road, is taking place between Greendykes Road and The Wisp. The demographics of the area are changing though the area still retains areas of poverty, deprivation and social challenges. We also have a large Polish Community which is spiritually served by a Sunday Mass in Polish from a Polish priest.

The parish is involved in two outgoing areas:

- ◆ Food parcel service for the needy every Wednesday evening;
- ◆ Providing packs for Mary's Meals.

Stratford

The Church in Stratford, on the whole, caters for a parish of low-wage earners in a city that is fast becoming a demography of high-wage earners and where housing is unaffordable to the former. This has made and makes it imperative for the friars and Parish members to make representations through "Citizens UK" for affordable housing on behalf of its people. Other social activities engaged in by the Parish include:

- ◆ the distribution of tea/coffee and a sandwich for 30-40 homeless daily from Monday to Friday morning.
- ◆ campaigning as member of TELCO (The East London Communities Organisation, part of Citizens UK) for a variety of causes of the local and city community including low-cost housing (cf. above).
- ◆ welcoming many different ethnic groups from around the globe and integrating the gifts they bring into our worship and community life.
- ◆ working with trafficked women/sex workers in ecumenical collaboration with a neighbouring Anglican Parish.
- ◆ providing support for our local poor and disadvantaged through the St Vincent de Paul Society.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Guardians' Reports 2016 (continued)

Stratford (continued)

- ♦ the organisation of a soup run.

- ♦ providing learning space for pupils from a local school learning about other faiths.

Clevedon

The community is now reduced to one resident friar, the other two friars being both in separate homes. The friary Church serves several towns and villages and has a church-going population of 260 whose spiritual needs are met through various liturgical celebrations as well as parish-visiting. The Church has in the past been used for non-religious music functions. The Church's hall is used by various non-religious groups and local community groups. It is also used for a variety of functions including exercise, art and language classes. The mother and toddler group meets every Friday and is used by the local community. The hall is hired by the Rotary Club for quiz nights as well as for family celebrations. The spiritual needs of the Parish's primary school in Nailsea are also assured by the Superior of the Friary who is also its Chaplain. Recently the friary underwent some conversion making toilet facilities for friars with mobility issues easier.

Glasgow

With the passing of two friars, the community has now been reduced to three where two, well over the age of 65, continue to minister diligently to the spiritual needs of the Parish of Blessed John Duns Scotus. Other activities of a spiritual nature include holding Masses for the Vietnamese and Tamil communities as well as hosting the Archdiocesan Youth on a monthly basis.

Parish activities are maintained thanks to the participation of many parishioners. The Halls of St Francis and Blessed John Duns Scotus have had improvements made to them as they continue to made use of for the benefit of the local community for such activities as social occasions which includes a slimming group as well as conferences of various sorts. The AA, GA (Gamblers), the Narcotics group, a Reading and Poetry Group called "Oor (our) Voices", Art Classes and the Florence Street Group (for people with learning difficulties) make frequent use of our rooms. The continuance of the "Bridging the Gap" group which also hold a weekly "Drop-In", provides interaction between local and immigrant groups as well as helping the transition of children from Primary to Secondary School. The St Francis Pipe Band which has just celebrated its 90th anniversary, practises in St Francis' hall and trains young people in the great Scottish tradition of playing the pipes and drums.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

Guardians' Reports 2016 (continued)

Glasgow (continued)

Health and safety considerations are under constant review and we receive advice from various groups to keep us up to date. Child and vulnerable adult protection is an ongoing concern and an awareness programme provided by the Diocese was well attended by Parishioners, even those not directly concerned with these matters. Again, this is under constant review but we have an excellent co-ordinator whose ordinary full-time job is in Safeguarding.

FUTURE PLANS

As our personnel numbers decline, we shall be withdrawing from two friaries in the coming year. We shall be closing our Study Centre in Canterbury, which is a separate Trust, and as a consequence we shall close our friary there. We will also leave the friary and parish in Craigmillar, Edinburgh.

We have two friars in care homes, and we expect another friar will go into care when we leave Canterbury.

We are fortunate to have two young men in the early years of their formation and education as friars. One is studying at Maynooth in Ireland, the other is in the Interprovincial Novitiate in Wisconsin, USA. Our Vocations Director continues to interview men who enquire about becoming Franciscans.

One friar is living and working with a member of another religious community in Birmingham, to take up the Pope's challenge to 'move to the peripheries'. He remains fully a part of our Custody. We have had an initial conversation with a friar from our General Curia in Rome about the possibility of setting up an International Community in London or elsewhere in Great Britain, but this proposal is at a very early stage of consideration, and the outcome is unclear. Two friars came to live with our friars in Stratford, East London, but one of them returned to Malta after a short while. We do not know how long the other friar will remain with us.

One friar will move to Killarney in June 2017 to take up the post of Novice Master in the new North European Novitiate, which will eventually welcome candidates from Germany and the Netherlands, as well as from Great Britain and Ireland.

FINANCIAL REVIEW

Investment performance

The portfolio comprises 58% equities, 11% gilts, and 31% unit trusts and fixed interest funds. The overall value of the portfolio increased by £0.58 million from a market value of £9,567,647 at the end of 2015 to a value of £10,152,298 at the end of 2016.

Income and expenditure

A summary of the year's results can be found on page 20 of the accounts. Total income amounted to £1,069,879 compared to £958,727 in 2015. Expenditure totalled £885,638 (2015 - £886,233). After net investment gains of £620,902 (2015 - losses of £137,833) there was an increase in total funds for the year of £805,143 (2015 - decrease of £65,339).

Financial position and reserves policy

The balance sheet shows total funds of £15,936,851 (2015 - £15,131,708). Of this, £616,184 (2015 - £481,181) is restricted for specific purposes. £572,685 (2015 - £438,095) is restricted in respect of the Franciscan Missionary Union, which receives money specifically for the Order's missions abroad. The remainder of the restricted funds represent a number of individually small funds made up of donations for specific purposes.

The charity has unrestricted funds of £15,320,667 (2015 - £14,650,527). Of this £2,621,467 (2015 - £2,708,416) represents tangible fixed assets. About 16 per cent of the total resources owned by the charity comprise tangible fixed assets. The Franciscan Custody in this country can only carry out the aims set out in the first part of this report if it has the use of such assets. Not only are the assets an essential prerequisite for the work of the Custody, but much of the property is not at the complete disposal of the Custody; if the trustees were to vacate any of this property they would regard themselves as obliged to offer it to the Bishop or some other religious order that was prepared to carry on the same work.

In these circumstances, therefore, it seems advisable to recognise the resource as a separate fund rather than as an available resource.

The charity has three designated funds.

The first of these is the Sick and Retired Reserve, standing at present at £6,000,000 unchanged since 2012. The average age of the friars in the Custody is steadily increasing and the elderly and infirm friars now outnumber those who have to provide the supporting income. Given the small number of vocations in recent years, there may not be sufficient support available within the Custody unless some of the present resources are set aside for the future. A Sick and Retired reserve has been calculated to provide for the current members of the Order. The trustees propose carrying out an in-depth review of the anticipated cost of meeting retirement needs in the face of ever-increasing care costs. It is not proposed to make any adjustment to the Sick and Retired Reserve until the review has been completed.

FINANCIAL REVIEW (continued)

Financial position and reserves policy (continued)

The second designated fund is the Maintenance Fund standing at £750,000 at the end of the year. A quinquennial review carried out at the end of 2015 on one of the charity's major properties indicated that this fund will need to be enlarged over the next ten years in respect to that one property alone.

As mentioned above, the Custody is faced with a reducing number of friars in the coming years. That will of necessity give rise to decisions on changes to present activities and new ventures necessitating additional capital expenditure. It is therefore deemed prudent to set aside through a designated Mission and Development Fund a reserve which the trustees can utilise as and when needed for new initiatives in furthering the mission of the OFM. An amount of £1,000,000 has been designated for this purpose. Income generated by the fund has been used in 2016 towards the cost of formation.

The amount of free reserves available after deducting the above designated funds and tangible fixed assets is £4,949,200 (2015 - £4,192,111). The policy of the trustees towards the General Reserve is to hold an amount roughly equivalent to one and a half year's unrestricted expenditure and this figure obviously exceeds that. However, the charity has recently embarked on a programme of quinquennial reviews of the charity's properties and it is expected that the results will show that significant investment will be needed in the properties over the next decade. Once the results of the reviews are known, it is the intention to increase the value of the Maintenance Fund thereby reducing free reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

Until 11 November 2014, according to the Statutes of the Order, the friars in Great Britain constituted a Province, i.e., an entity with more than forty professed friars. As such, the Province was administered by a governing body, known as the Definitory, consisting of the Minister Provincial, a Vicar-Provincial, and five other friars, elected by all the brethren at the triennial Chapter. The members of the Definitory were also trustees of the charity.

Because of the decreasing numbers and ageing of the friars, the Province became, as of the Chapter held in November 2014, a Dependent Custody of the Province of Ireland. In effect, for Canon law purposes, the friars in Great Britain became a semi-autonomous entity, led by the Custos and a Council of three friars. They were appointed by the Minister General of the Order, but after three years there will be an election of the Custos and Council and thereafter there will be an election every three years. Major appointments and decisions regarding the friars and houses of the Custody need to be ratified by the Provincial of Ireland and his Definitory. The trustees, however, continue to administer the charity and they are solely responsible for the financial management of the Custody.

The Council assigns friars to the various friaries and parishes served by the Franciscans and appoints officers needed for the administration of the Custody. Each friary has a Guardian and Vicar, appointed by the Council, who have responsibility for the friars in their community. The running of each friary is discussed regularly by the whole community.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

As all trustees are members of the Order they have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees are required to spend one full day with those trustees leaving office. They also meet with the Order's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts and brief biographical details on each of the trustees in office at 31 December 2016 are given below:

Reverend Patrick Lonsdale OFM

Father Patrick Lonsdale entered the Order in 1965. He gained a BA at the University of Kent in Canterbury. Since Ordination in 1974 he has worked in various friaries and parishes of the Custody, and has been Guardian at Craigmillar, Woodford, Forest Gate, Glasgow, Chilworth and Nottingham. He was also Parish Priest at Craigmillar, Glasgow and Chilworth. He was a trustee and Definitor from 1996 to 2005 and has been again since 2011. From 1996 to 2002 he was a member of a hermitage community at Penmaenmawr, which was a joint project with the Capuchins. Over the years Patrick has also served as Secretary of the Province, Vocations Animator, National Assistant to the Secular Franciscan Order and Secretary for Formation.

Reverend Antony Jukes OFM

Father Antony Jukes joined the Order of Friars Minor in 2002, having previously worked and completed his training as an accredited Chartered Accountant. As part of his formation as a Franciscan Friar, Antony completed a BA and an MA degree in Theology at the Franciscan International Study Centre in Canterbury. After ordination as a priest he served in our Franciscan parish in the Gorbals area of Glasgow for two years and then worked for two years in youth ministry at the Cold Ash Centre before returning to Canterbury to help with the formation of friars and to teach in the Study Centre.

Reverend Edmund Highton OFM

Father Edmund Highton has been a member of the Order since 1966. He had commercial experience of economics, commercial law and the finance of foreign trade through the "Institute of Export" prior to joining the Order. He spent many years as a missionary in South Africa, where he was a member of the Bishop's Council for about ten years with duties including the distribution of educational bursaries for secondary and tertiary education. He was a Parish Priest, caring for financial and pastoral concerns, from 1975 onwards. Now back in Britain, his present duties include the care of the Franciscan Missionary Union and being a Definitor of the Province.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Reverend Donal Walsh OFM

Father Donal Walsh entered the Franciscan Order in 1976, having worked in Government and Local Authority offices and as a hospital porter. Donal studied for the priesthood in London, Canterbury and Ireland and was ordained priest in March 1983. He has ministered in Ipswich, Nottingham, Glasgow (twice), Craigmillar, and now Woodford Green. Along with parish work, Donal has spent much of his ministry as a hospital chaplain to several hospitals and hospices, including full-time for nine years in Glasgow. Since April 2015 he has been Vocations Director for the Custody. He was appointed Guardian at Woodford in January 2015 and as Counsellor and Trustee for the Custody of the Franciscan Order in April of the same year.

Reverend Isidore Faloona OFM

Father Isidore joined the Order of Friars Minor in 1960. After completing his studies and ordination at East Bergholt, Suffolk in 1968, he was assigned to the parish at Forest Gate. He has served in Glasgow, Stratford, Edinburgh, Woodford Green, Clevedon, and now Craigmillar. He has been Guardian and Parish Priest in Stratford, Edinburgh, Woodford Green and at present in Craigmillar. In all this time he has been involved in parochial ministry. He was elected Councillor and Trustee for the Custody in October 2015.

Structure and management

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet monthly to review developments with regard to the charity and its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Order or senior staff. Financial decisions are overseen by the trustees. Mandates with the principal bankers are in place, to the effect that any cheque above £5,000 must have two signatures, including one by a trustee.

This Custody comprises 36 friars (as of 31 December 2016) who live as part of six communities. Four of the community houses are situated in the South of England (Canterbury, Clevedon (Somerset), Stratford in East London, and Woodford Green (Essex)), and two are in Scotland (Glasgow and Craigmillar). Apart from Canterbury these communities exercise parochial responsibilities in collaboration with the bishops of the dioceses concerned. Canterbury is the main formation house, caring for those men in formation and for the wider aspects of Franciscan spirituality in the Franciscan International Study Centre. As stated above, each community has a local guardian appointed by the Council. The local guardian is responsible for both the needs and the care of the friars in his community and he liaises regularly with the trustees. All local superiors meet together occasionally with the trustees to discuss developments and future plans and strategy.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Structure and management (continued)

Key management personnel

The strategic direction and the day-to-day management of the work of the charity is in the hands of the trustees and the Guardians at each friary. They are all members of the Order of Friars Minor and receive no remuneration for this work. All these friars have had many years' experience in the Order and are well aware of their responsibilities without the need for specific performance indicators.

Working with other organisations

The friars in the five parishes served by the Custody work very closely with the bishops administering the dioceses within which the parishes are situated. That will include membership of the local deanery and helping out in neighbouring parishes where possible. In addition, most communities have a primary school in the parish and there is close connection with these schools as well as secondary schools serving the parishes of the friars. The friars are also engaged in working with statutory bodies, other Christian Churches, other faith communities, and other voluntary groups.

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the accounts 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 and in Scotland requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the 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 United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's 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.

Risk management

The trustees undertake an annual review of the principal risks and uncertainties that the charity faces categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

The trustees have identified five main areas where risks may occur: governance and management; operational; financial; reputational; and regulatory.

- ◆ **Governance and management** looks at the risk of the Order, and hence the charity, suffering from a lack of direction, at the skills and training of its members and staff, and the good use of its resources.
- ◆ **Operational** looks at the risks inherent in the charity's activities including the members of the Order engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, poor health and safety, lack of a disaster recovery plan, etc.
- ◆ **Financial** risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies, etc.
- ◆ **Reputational** looks at possible damage to the Order's, and hence the charity's, reputation.
- ◆ **Regulatory** looks at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks. They also work in close collaboration with their insurers so as to maintain adequate coverage of the risks.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- ◆ The trustees are aware that there is both a moral and legal obligation to care for the older members of the Order. None of the friars have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the friars. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual friars encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.
- ◆ The charity donates significant sums in support of the work of the Order and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Order. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and are familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs, both now and in the future.

MEMBERS OF THE ORDER

The trustees wish to record their recognition of the professionalism and commitment of the individual members of the Order.

Their dedication and positive approach are much appreciated.

Signed on behalf of the trustees:

Patrick Lonsdale
Trustee

Approved by the trustees on: 21 June 2017

Independent auditor's report to the trustees of The Order of Friars Minor Charitable Trust

We have audited the accounts of The Order of Friars Minor Charitable Trust for the year ended 31 December 2016, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations (as amended). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of the trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under Section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report 31 December 2016

Opinion on the accounts

In our opinion the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where either the Charities Act 2011 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

21 August 2017

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2016

	Notes	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Income from:					
Donations and legacies	1	300,905	345,578	646,483	571,458
Investment income and bank interest	2	390,992	1,225	392,217	352,644
Charitable activities					
. Church repository sales		13,920	—	13,920	14,462
Other sources	3	9,158	8,101	17,259	20,163
Total income		714,975	354,904	1,069,879	958,727
Expenditure on:					
Raising funds					
. Investment management fees		34,417	—	34,417	29,441
Charitable activities					
. Grants and donations in support of the work of the Order and other charities	4	83,591	190,399	273,990	212,931
. Support of members of the Order and their ministry	5	536,631	29,502	566,133	635,494
. Supplies for church repositories		11,098	—	11,098	8,367
Total expenditure		665,737	219,901	885,638	886,233
Net income before gains (losses) on investments	7	49,238	135,003	184,241	72,494
Net investment gains (losses)		620,902	—	620,902	(137,833)
Net income (expenditure) and net movement in funds for the year		670,140	135,003	805,143	(65,339)
Reconciliation of funds:					
Total funds brought forward at 1 January 2016		14,650,527	481,181	15,131,708	15,197,047
Total funds carried forward at 31 December 2016		15,320,667	616,184	15,936,851	15,131,708

All of the charity's activities were derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

Income from church repository sales, investment management fees and expenditure on supplies for church repositories related wholly to unrestricted funds in both 2015 and 2016.

Balance sheet 31 December 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	11		2,621,467		2,708,416
Investments	12		10,152,298		9,567,647
			12,773,765		12,276,063
Current assets					
Debtors					
. Amounts falling due after one year	13	1,324,481		1,356,155	
. Amounts falling due within one year	13	68,219		71,651	
Cash at bank and in hand		1,819,957		1,496,671	
		3,212,657		2,924,477	
Creditors: amounts falling due within one year	14	(49,571)		(68,832)	
Net current assets			3,163,086		2,855,645
Total net assets			15,936,851		15,131,708
The funds of the charity					
Restricted funds	15		616,184		481,181
Unrestricted funds					
. Designated funds	16	7,750,000		7,750,000	
. Tangible fixed assets fund	17	2,621,467		2,708,416	
. General fund		4,949,200		4,192,111	
			15,320,667		14,650,527
			15,936,851		15,131,708

Approved by and signed
on behalf of the trustees by:

Patrick Lonsdale
Trustee

Approved by the trustees on: 21 June 2017

Statement of cash flows Year to 31 December 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(105,834)	(133,879)
Cash flows from investing activities:			
Investment income and bank interest received		394,740	351,660
Purchase of tangible fixed assets		—	(2,399)
Loss on disposal of tangible fixed assets		(1,871)	—
Proceeds from the disposal of investments		321,832	302,203
Purchase of investments		(332,056)	(1,117,314)
Net cash provided by (used in) investing activities		382,645	(465,850)
Change in cash and cash equivalents in the year		276,811	(599,729)
Cash and cash equivalents at 1 January 2016		1,601,726	2,201,455
Cash and cash equivalents at 31 December 2016	B	1,878,537	1,601,726

Notes to the statement of cash flows for the year to 31 December 2016.

A Reconciliation of net movement in funds to net cash used in operating activities

	2016 £	2015 £
Net movement in funds (as per the statement of financial activities)	805,143	(65,339)
Adjustments for:		
Depreciation charge	88,820	89,998
(Gains) losses on investments	(620,902)	137,833
Investment income and bank interest receivable	(392,217)	(352,644)
(Increase) decrease in debtors	32,583	37,482
(Decrease) increase in creditors	(19,261)	18,791
Net cash used in operating activities	(105,834)	(133,879)

B Analysis of changes in cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,819,957	1,496,671
Cash held by investment managers	58,580	105,055
Total cash and cash equivalents	1,878,537	1,601,726

Principal accounting policies 31 December 2016

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the accounts are laid out below.

Basis of accounting

The accounts have been prepared for the year to 31 December 2016 with comparative information given in respect to the year 31 to December 2015.

The accounts have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with the principles set out in 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 (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ determining the discount rate to be applied when calculating the present value of amounts receivable after one year; and
- ◆ estimating the amounts to be set aside as designated reserves.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next

Principal accounting policies 31 December 2016

Assessment of going concern (continued)

accounting period, the year ending 31 December 2017, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income, interest receivable, church repository sales and other income.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Income recognition (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Income from repository sales is recognised when the risks and rewards of ownership have transferred to the buyer.

Expenditure recognition and the basis of allocating costs

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and governance support costs.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. These costs are allocated directly to support of members of the Order and their ministry. All other costs are directly allocated to the headings in the statement of financial activities and there is no apportionment. The classifications in the statement of financial activities are as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the charity's investment portfolio.
- b. The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report and include:
 - ◆ Support of the works of the Order and other charities
This is made up entirely of grants, including grants to support the Order's generalate and grants in support of the Order's work both in the UK and overseas. Charitable grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants approved but unpaid at the period end.
 - ◆ Support of members of the Order and their ministry
This enables the members to carry out the charitable work of the Order in the areas of the advancement of the Roman Catholic religion and the relief of poverty.
 - ◆ Supplies for church repositories
This is expenditure on repository items, such as books, which are purchased for resale.

All expenditure is stated inclusive of irrecoverable VAT.

Principal accounting policies 31 December 2016

Tangible fixed assets

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

◆ Freehold land and buildings

◇ Parishes

The trustees are the legal owners of churches and other parish land and buildings. In the event of the Order ceasing its ministry in a parish, the trustees would consider themselves obliged to allow such assets to continue to be used indefinitely and rent free to meet the needs of the parish for a church and related accommodation. As such assets are not therefore susceptible to a meaningful valuation and there is no reliable information as to their cost, they are not valued for the purposes of these accounts.

The buildings consist of churches, presbyteries and parish halls and were constructed up to 100 years ago, with additions and improvements since. They are situated in Clevedon (Somerset), Yatton (Somerset), Stratford (London), Woodford Green (London), and Craigmillar.

◇ School occupied land and buildings

The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the Trustees of Nottingham Academy are valued at £nil. The Trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

◇ Other land and buildings

Where these have been owned at least from 1983, they are stated at a trustees' valuation made in 1993 based on replacement cost for existing use. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost. Additions to other land and buildings since 1983 are stated at cost. Depreciation is provided at 2% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the Order.

◆ Motor vehicles

Depreciation is provided at the rate of 20% per annum on cost in order to write each asset off over its expected useful life.

◆ Furniture and equipment

Expenditure on the purchase and replacement of furniture and equipment is capitalised and depreciated over a five year period, based on the estimated useful life of the asset, on a straight line basis.

Principal accounting policies 31 December 2016

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Funds structure

The funds of the charity are in the main unrestricted and available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds of the charity are funds representing non-liquid assets and funds which the trustees have designated for specific purposes. Details of these are provided in notes 16 and 17.

Details of funds raised for a specific purpose or subject to donor-imposed conditions, and therefore restricted, are given in note 15.

Principal accounting policies 31 December 2016

Services provided by members of the Order

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Order.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Donations				
. Pastoral offerings	172,956	—	172,956	171,412
. General donations	7,668	185,057	192,725	182,994
	<u>180,624</u>	<u>185,057</u>	<u>365,681</u>	<u>354,406</u>
Legacies	—	160,521	160,521	64,694
Salaries and pensions of individual religious received under deed of covenant and Gift Aid	120,281	—	120,281	152,358
2016 Total funds	<u>300,905</u>	<u>345,578</u>	<u>646,483</u>	<u>571,458</u>
2015 Total funds	<u>350,798</u>	<u>220,660</u>	<u>571,458</u>	

2 Investment income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Income from listed investments	386,858	—	386,858	341,009
Other interest receivable	3,229	1,225	4,454	10,651
Unwinding of debtor held at present value (note 13)	905	—	905	984
2016 Total funds	<u>390,992</u>	<u>1,225</u>	<u>392,217</u>	<u>352,644</u>
2015 Total funds	<u>349,744</u>	<u>2,900</u>	<u>352,644</u>	

3 Other income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Rent and accommodation	8,495	—	8,495	10,285
Sundry income	663	8,101	8,764	9,878
2016 Total funds	<u>9,158</u>	<u>8,101</u>	<u>17,259</u>	<u>20,163</u>
2015 Total funds	<u>11,647</u>	<u>8,516</u>	<u>20,163</u>	

4 Grants and donations in support of the work of the Order and other charities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
<i>Grants to institutions</i>				
Support of the Order's Generalate	8,000	—	8,000	8,100
For the relief of poverty and advancement of education and religion generally				
. Foreign Missions of the Order of Friars Minor	—	177,641	177,641	109,203
. Miscellaneous grants to institutions	32,492	—	32,492	43,826
For the advancement of education				
. Franciscan International Study Centre	—	—	—	800
. OFM Generalate Economo (Poor Students' Fund)	21,300	—	21,300	4,800
For the advancement of religion				
. Support of Franciscan parishes in the UK - mainly church refurbishment	—	—	—	30,300
Other donations	21,799	12,758	34,557	15,902
2016 Total funds	83,591	190,399	273,990	212,931
2015 Total funds	101,652	111,279	212,931	

5 Support of members of the Order and their ministry

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Living and personal expenses of friars	207,298	3,993	211,291	204,508
Premises	113,358	2,820	116,178	198,747
Depreciation of freehold property	78,640	—	78,640	78,640
Grants to former members	17,217	—	17,217	—
Friars' formation	55,142	3,970	59,112	62,906
Governance costs (note 6)	44,245	—	44,245	46,878
Other costs	20,731	18,719	39,450	43,815
2016 Total funds	536,631	29,502	566,133	635,494
2015 Total funds	599,750	35,744	635,494	

6 Governance costs

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Legal and professional	26,664	—	26,664	31,072
Meeting costs	17,581	—	17,581	15,806
2016 Total funds	44,245	—	44,245	46,878
2015 Total funds	46,854	24	46,878	

7 Net income before gains (losses) on investments

This is stated after charging:

	2016 Total funds £	2015 Total funds £
Auditor's remuneration (including VAT)		
. Statutory audit services	13,200	13,200
. Other services	8,800	8,800
Depreciation	88,820	89,998
Operating lease rentals	2,026	1,105

8 Staff costs and remuneration of key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Guardians at each friary. They received no remuneration in the year (2015 - none).

There are no staff costs as the charity does not employ staff (2015 - none).

9 Trustees expenses and transactions with trustees

As members of the Order, the trustees' living expenses during the year were borne by the charity.

As members of the Order, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under gift aid. During the year the amount donated by the trustees to the charity was £3,300 (2015 - £1,825).

The trustees have purchased insurance to protect the charity from any loss arising from negligent acts, errors or omissions on the part of the trustees and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £460 (2015 - £682) and provides cover of up to a maximum of £500,000 (2015 - £500,000).

10 Taxation

The Order of Friars Minor Charitable Trust is a registered charity and, therefore, is not liable to taxation on income and gains derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Furniture and equipment £	Total £
Cost or valuation				
At 1 January 2016	3,932,129	112,005	2,399	4,046,533
Disposals	—	(7,475)	—	(7,475)
At 31 December 2016	<u>3,932,129</u>	<u>104,530</u>	<u>2,399</u>	<u>4,039,058</u>
At cost	931,822	112,005	2,399	1,046,226
At deemed cost (1983 valuation)	3,000,307	—	—	3,000,307
	<u>3,932,129</u>	<u>112,005</u>	<u>2,399</u>	<u>4,046,533</u>
Depreciation				
At 1 January 2016	1,240,526	97,111	480	1,338,117
Charge for the year	78,640	9,700	480	88,820
Disposals	—	(9,346)	—	(9,346)
At 31 December 2016	<u>1,319,166</u>	<u>97,465</u>	<u>960</u>	<u>1,417,591</u>
Net book values				
At 31 December 2016	<u>2,612,963</u>	<u>7,065</u>	<u>1,439</u>	<u>2,621,467</u>
At 31 December 2015	<u>2,691,603</u>	<u>14,894</u>	<u>1,919</u>	<u>2,708,416</u>

As permitted under Financial Reporting Standard 102 (FRS 102), the charity has continued to adopt a policy of not revaluing its tangible fixed assets.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of some properties, i.e. the churches and other parish buildings, and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the accounts.

The historical cost of the freehold land and buildings included above at a 1983 valuation cannot be ascertained with accuracy. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost.

12 Investments

	Total 2016 £	Total 2015 £
Listed investments		
Market value at 1 January 2016	9,462,592	8,785,314
Additions at cost	332,056	1,117,314
Disposals at opening book value (proceeds: £321,832; realised gains £11,533)	(310,299)	(259,271)
Unrealised gains (losses)	609,369	(180,765)
Market value at 31 December 2016	10,093,718	9,462,592
Cash held by investment managers for reinvestment	58,580	105,055
	10,152,298	9,567,647
 Cost of listed investments at 31 December 2016	 7,670,566	 7,644,509

Listed investments held at 31 December 2016 comprised the following:

	Total 2016 £	Total 2015 £
UK government securities	1,109,724	1,069,814
International fixed interest	36,296	33,000
Unit trusts	2,494,023	2,398,757
UK fixed interest	610,757	698,354
UK equities	5,842,918	5,262,667
	10,093,718	9,462,592

At 31 December 2016, the portfolio did not include any individual investment holdings that would be deemed significant or material in the context of the entire portfolio.

13 Debtors

	Total 2016 £	Total 2015 £
Taxation recoverable	8,112	5,791
Prepayments and sundry debtors	28,433	34,265
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due within one year	31,674	31,595
	68,219	71,651
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due after one year	1,324,481	1,356,155
	1,392,700	1,427,806

The charity has disposed of two properties in recent years for which the receipt of the proceeds is deferred.

1. In 2011 the charity disposed of a freehold property located in Chilworth, Surrey for agreed proceeds of £2.15 million. In 2014, the charity received £1.16 million as a part payment of these proceeds with the balance due on confirmation of the sale of a property by the purchaser. At 31 December 2016 £990,000 remains due. It is not anticipated that these proceeds will be received prior to 31 December 2017.
2. In 2012 the charity disposed of a freehold property in Dundee, Scotland for agreed proceeds of £510,000. Under the agreed payment schedule, £110,000 was received prior to 31 December 2015. A further £32,500 was received by the charity in 2016 and £32,500 will be received in 2017. The balance of the proceeds will be received in seven annual instalments of £32,500 and four annual instalments of £35,000. This sale agreement constitutes a financial arrangement as defined by FRS 102. Therefore, in order to comply with the Charities SORP FRS 102 and FRS 102 itself, the proceeds receivable from the disposal of the property have been discounted to their present value using an effective discount rate of 0.25%, the rate available to the charity on commercial bank deposits. The notional interest is credited to the statement of financial activities as the discount is "unwound".

14 Creditors: amounts falling due within one year

	Total 2016 £	Total 2015 £
Accruals	23,387	22,508
Deferred income (see below)	24,784	23,814
Other creditors	1,400	22,510
	49,571	68,832

14 Creditors: amounts falling due within one year (continued)

	Total 2016 £	Total 2015 £
Deferred income relates to payments for Masses and may be reconciled as follows:		
At 1 January 2016	23,814	18,564
Income deferred in the year	4,208	19,526
Amounts released	(3,238)	(14,276)
At 31 December 2016	24,784	23,814

15 Restricted funds

The income funds of the charity include the following restricted funds, comprising the unexpended balances of donations received for specific purposes:

	At 1 January 2016 £	Income £	Expenditure £	At 31 December 2016 £
Franciscan Missionary Union	438,095	341,733	(207,143)	572,685
Stratford Building Project	10,418	751	—	11,169
Other restricted funds	32,668	12,420	(12,758)	32,330
	481,181	354,904	(219,901)	616,184

The Franciscan Missionary Union represents monies received specifically for the Order's missions abroad.

The Stratford Building Project represents monies received specifically to assist with the remodification of buildings of a parish administered on behalf of the local diocese by the friars in Stratford, London. The majority of the building work was undertaken in 2010.

Other restricted funds represent a number of individually small funds made up of donations for specific purposes.

16 Designated funds

The unrestricted funds of the charity include the following funds designated for specific purposes.

	At 1 January 2016 £	Designated in year £	Utilised/ Released in year £	At 31 December 2016 £
Sick and retired reserve	6,000,000	—	—	6,000,000
Maintenance fund	750,000	—	—	750,000
Mission and development fund	1,000,000	—	—	1,000,000
	7,750,000	—	—	7,750,000

16 Designated funds (continued)

♦ Sick and retired reserve

This consists of monies which the trustees have set aside in order to provide for older friars and those in ill health. The reserve has been calculated so as to provide income to communities with elderly or sick friars to care for.

♦ Maintenance fund

The maintenance fund represents monies set aside by the trustees for the upkeep and repair of the buildings of the Custody. A quinquennial review carried out towards the end of 2015 on one of the charity's major properties indicated that this fund will need to be expended over the next ten years in respect to that one property alone.

♦ Mission and development fund

The mission and development fund comprises monies set aside towards funding new initiatives in furtherance of the mission of the Order.

17 Tangible fixed assets fund

	Total £
At 1 January 2016	2,708,416
Net movement in year	(86,949)
At 31 December 2016	<u>2,621,467</u>

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. This fund has been established to recognise the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

18 Analysis of net assets between funds

	General funds £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2016 £
Fund balances at 31 December 2016 are represented by:					
Tangible fixed assets	—	—	2,621,467	—	2,621,467
Investments	2,402,298	7,750,000	—	—	10,152,298
Net current assets	2,546,902	—	—	616,184	3,163,086
Total net assets	<u>4,949,200</u>	<u>7,750,000</u>	<u>2,621,467</u>	<u>616,184</u>	<u>15,936,851</u>

18 Analysis of net assets between funds (continued)

The total unrealised gains at 31 December 2016 constitute movements on revaluation and are as follows:

	Total 2016 £	Total 2015 £
Unrealised gains included above:		
On investments	2,423,152	1,818,083
Total unrealised gains at 31 December 2016	2,423,152	1,818,083
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2016	1,818,083	2,099,800
Less: in respect to disposals in the year	(4,300)	(100,952)
Add: net gains (losses) arising on revaluation in the year	609,369	(180,765)
Total unrealised gains at 31 December 2016	2,423,152	1,818,083

19 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Order of Friars Minor by virtue of the fact that the Superior of the Province has the power to appoint the trustees.

20 Connected charities and related party transactions

The Order of Friars Minor Charitable Trust is connected to one other charity by virtue of the fact that the trustees of the Order have the power to appoint trustees of the connected charity and the charities use the same principal address.

The connected charity is:

Name	Charity Reg No	Charitable objectives
Commissariat of the Holy Land	263616	The support of the work of the Custody of the Holy Land, the advancement of the Roman Catholic religion and the relief of poverty.

The Order of the Friars Minor Charitable Trust is connected to the following charity with which it has two trustees in common.

Name	Charity Reg No	Charitable objectives
Franciscan International Study Centre	260851	Provision of courses in Franciscan Studies, theology and religious studies.

During the year, £nil (2015 - £800) was granted to the Franciscan International Study Centre as disclosed in note 4 of these accounts.

21 Related party transactions

Other than as disclosed in note 9, there were no further related party transactions (2015 - none).

Rev Patrick Lonsdale, a trustee of the charity, is also a trustee of the St Francis Leprosy Guild, a charity which received a donation of £600 during the year (2015 - £nil) from The Order of Friars Minor Charitable Trust.

22 Operating lease commitments

At 31 December 2016, the charity had the following future minimum commitments in respect of non-cancellable operating leases:

	Motor Vehicles	
	2016	2015
	£	£
Payments due in less than one year	921	2,210
Payments due between one and five years	—	921
	921	3,131