

**THE TRUSTEES OF THE SERVITE FRIARS,  
PROVINCE OF THE ISLES  
(A Registered Charity)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

Registered Charity Number: 249148

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Trust property held in connection with the Brothers Servants of the Blessed Virgin, Servite Fathers**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Trustees**

Father Christopher O'Brien OSM  
Father Patrick Ryall OSM  
Father Colm McGlynn (Re-appointed June 2017)  
Father Vincent Coyne  
Father Peter Conniffe

**Prior Provincial (Chair)**

Father Paul Addison OSM (elected May 2017)  
Father Gabriel Bannon (resigned April 2017)

**Provincial Treasurer**

Father Christopher O'Brien OSM

**Principal Address**

St Mary's Priory  
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**Telephone**

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**Website**

[www.servitefriars.org](http://www.servitefriars.org)

**Charity Registration Number**

249148

**Auditors**

haysmacintyre  
26 Red Lion Square  
London WC1R 4AG

**Bankers**

The Royal Bank of Scotland  
Charities, not for profit  
4<sup>th</sup> Floor  
5-10 Great Tower Street  
London EC3P 3HX

**Investment Managers**

Epworth Investment Management Limited  
9 Bonhill Street  
London EC2A 4PE

**Solicitors**

Wedlake Bell LLP  
52 Bedford Row  
London WC1R 4LR

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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The Trust deed of the Servite Order was first registered with the Commissioners in 1878 under the number 249138. Then on 4 April 1935 another deed was drawn up under the title *The Brothers Servants of the Blessed Virgin*, with our present no 249148. Carrying forward this tradition of service the Trustees now present their report for the financial year ending the 31 December 2016.

#### INTRODUCTION

The first friars of the Servite Order came together in Florence Italy in 1233. Ever since that founding inspiration men have gathered together to witness to the Christian Gospel and '*to be at the service of God and all people*', and today almost 1,000 friars can be found in all five continents. The Generalate of the friars has for many centuries been located in Rome. The first community of Servite Friars to be established in London was in 1864.

In 1914 there were sufficient friars and communities for the group to become known as the English Province. In 1949 a community was established in Scotland. In the year 2000 the friars of the English Province combined with the friars in Ireland and are now known as The Province of the Isles. Because of historical and financial considerations the Province of the Isles retains three civil registrations: the communities of England are registered with the Charity Commission, the Northern Ireland foundation has a Northern Ireland registration and the communities in the Republic of Ireland are registered with the Republic of Ireland's Charities Regulatory Authority.

#### Mission

The Servite Order in the UK is aiming to use their resources for religious, educational and other charitable purposes in connection with the Roman Catholic Church (Trust Deed 1935).

- ❖ For the purposes of this report, the principal service, at present, would be the pastoral care of three parish churches and their congregations and the use of the parish centres and facilities for the people in the surrounding area. These are located in London, Salford, and Bath. (cf Trust Deed clause 5 section i)
- ❖ The friars in the London and Salford parishes have responsibility for the local Voluntary Aided schools both as Trustees and Governors.
- ❖ Some of the friars have a specialisation in spiritual direction, hospital chaplaincy and teaching.
- ❖ It would be seen as an integral part of our service to support the Order in its central administration and Servite Friars and the Church in the developing world. There is also a long tradition of helping other related charities both at home and abroad.
- ❖ The Care of the sick and elderly friars who have spent a life-time in service of the Church, the Order and Society at large. (cf Trust Deed clause 5 sections vi & vii)

#### GOVERNANCE, STRUCTURE AND MANAGEMENT.

The Servite Order is recognised in the Catholic Church as part of the mendicant movement that flowered during the thirteenth century. It is bound by the Church's canon law and the Order's own *Rule and Constitutions* that were completely revised between 1965 and 1987. Every six years the Order would elect a Prior General, and four General Councillors who would staff and animate the Generalate in Rome. The most recent General Chapter in September 2013 was held in the Servite Priory of Pietralba, Italy. The Constitutions (our universal governing document), after careful examination were re-ordered to meet the needs of the twenty first century. A member of the Kersal Community was part of the international steering committee which presented these changes to the General Chapter in 2013.

The Province of the Isles has a leadership team consisting of the Prior Provincial and four Provincial Councillors. Each year there is a Provincial Chapter when all the friars (members of the Charity) meet to discuss policy and procedures. This can mandate the Provincial and his Council to implement proposals and directives. It can also take the form of in-service training. The Provincial Chapter approves of local by-laws known as the Directory. Every fourth year a Provincial Chapter of Elections takes place, when elections and appointments to the various offices are effected. It is during this gathering that the AGM of the charity is held.

Because of the revision in our Constitutions, which became effective as of 15 September 2015 it will be necessary to revise our Directory to fit our local situation. This work was put in train in June 2016 and will be presented to the Provincial Chapter of June 2017.

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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#### GOVERNANCE, STRUCTURE AND MANAGEMENT (CONTINUED).

Between Provincial Chapters, the responsibility for the direction of the Province (the Charity) rests with the Provincial and his Council (cf Deed of Variation 21 Sep 1971). Where possible the Trustees are drawn from the Provincial Council. All trustees are members of the Order and they have a detailed knowledge of the work of the Charity and its structure; even so when appointed new trustees are given a refresher course on the principal responsibilities of the charity its resources and aims and the relationship with our professional advisors; solicitors, auditors, stockbrokers and property advisers. After the election of the Present Provincial Council/ Trustees in June 2016 the members were given a copy of the 'Trustees Duties at a glance.'

#### The Trustees

##### *Fr Paul Addison* (Prior Provincial and Chair)

Fr Paul joined the Servite Order in August 1958. During his time of studies he gained an STB from the Marianum University in Rome. His ministry of service includes some time abroad, firstly during 1966-69 when he worked in the international secretariat for the revision of the Servite Constitutions; then again during 1983-1986 when he served as a Councillor on the General Council, again based in Rome and finally during the late nineties when he worked in Jamaica for three years where he had pastoral care of a parish but was prominent in AIDS care too. Fr Paul has been responsible for the education and formation of student friars. He also spent 1991-1997 as Prior Provincial (chair of the charity). During that time he also served on the Board of the Servite Houses (housing association) now known as Viridian. Since 2009 he has served as Provincial Secretary and Clerk to the Trustees.

##### *Fr Christopher O'Brien*, Provincial Treasurer

Fr Christopher joined the English Province in 1965 and during the course of his studies for the priesthood received a baccalaureate in philosophy and a Bachelor of Divinity from London University. He also has a Certificate of Education from Liverpool University 1974. He taught Religion and Mathematics in St Patrick's High School in Coatbridge for two years before teaching in a special school for girls that was run by the Good Shepherd Sisters. During 1982-83 he studied Religious Formation at Loreto House in Dublin. Between 1983 and 1996 he worked with Servite students in Dublin, Oxford, Lesotho and Normandy in France. He has served on the Provincial Council for several terms and has been a member of the Finance Council since 1980 but only assumed the Office of Provincial Treasurer at the creation of the New Province in the year 2000. In 2007 he was appointed to General Council of Administration which meets each year to review the accounts of the General Administration and set the budget and Provincial contributions for the New Year. He continues in this appointment.

##### *Fr Patrick Ryall*

Fr Patrick joined the English Province in 1963 and during the course of his preparation and studies for priesthood was awarded a licentiate in Philosophy and Theology from Heythrop Oxon and a Bachelor of Divinity from London University in 1973. He spent 12 years in the London Parish 9 of them as Parish Priest. This is a multicultural parish and calls for diverse gifts in many areas. He has also served as a student master; 9 years in Oxford and 3 in Rome. In 1997 he again served as Parish Priest in London before serving as the first Prior Provincial of the newly formed Province of the Isles from 2000-2009. Before his election as Provincial he had served for many years as a member of the Provincial Council and on two occasions as the Assistant Provincial. He also served on the board of Servite Houses now known as Viridian. In 2010 he was once more elected Prior and Parish Priest of the London Community.

##### *Fr Vincent Coyne*

Fr Vincent joined the Servite Order in September 1959. In 1966, the year of his ordination, he received a degree in theology from the Marianum, Rome and then gained a PGCE from Hopwood Hall Manchester in 1973. From 1973-1979 he taught at St Peter's High School, Manchester. From 1979-1985 he was Parish Priest in Bognor Regis. From 1985-1991 he served as Prior Provincial and chair of the Trust. From 1997-2000 he served as Parish Priest in Kersal, Salford. Then from 2003-2012 he was Parish Priest at St Vincent's Dundee. After a sabbatical in 2012 to 2013 he was again elected to the Provincial Council and served as part of the team on the London Parish. In 2016 he was elected Assistant Provincial and assumed Many of the roles of the Provincial who was indisposed.

##### *Fr Colm McGlynn*

Fr Colm joined the Servite Order in August 1981 and studied in Dublin and Begbroke Oxford. During that time he obtained a Diploma in Theology from the Milltown Institute in 1987 a Diploma in Pastoral Studies from All Hallows in 1988 and a diploma in Formation Studies from Loreto house Dublin in 1990. He has experience of living and working with friars in the Philippines and in the USA. Between the years 2000-2012 he served as Parish Priest in the Blakestown and Marley parishes in Dublin and also the parish in Dundee. From 2012 until his election as Prior Provincial/chair in July 2014 he served as local Prior in the Priory of Benburb, Co Tyrone.

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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#### GOVERNANCE, STRUCTURE AND MANAGEMENT (CONTINUED).

##### *Fr Peter Conniffe*

Fr Peter joined the Order in September 1957. He studied in Oxford and Rome before his ordination in 1962. In 1970 he was awarded a Certificate in Social and Pastoral Studies. In 1976 he was elected Prior Provincial (Chair of the Trust) and served in post for six years. He was also invited onto the Board of Servite Houses (now renamed Viridian) and served for 10 years as Chair of the Board. For his work in this regard he was awarded the M.B.E. in the New Year's Honours List of 1998. He has had several spells as Prior and Parish Priest in Dundee and is presently in Kersal, Salford.

##### **Public benefit**

In setting the charity's objectives, the Trustees have given due consideration to the Charity Commission's guidance on public benefit. These requirements are addressed in this report.

##### **Statement of Trustees Responsibilities**

The Trustees are responsible for preparing the Trustees' Annual 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 Trustees of the charity 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 those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe and the 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 this basis applies.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and reports) Regulations 2008 and with 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.

##### **Structure and management reporting**

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet every five to six weeks to review the running of the charity and to make any important decisions. When necessary they seek advice and support from professional advisers; solicitors, accountants, investment managers and property consultants. The day to day management of the charity's activities and the implementation of policies are delegated to appropriate members of the Order, usually the leader of the local community (the Prior) and/or the Parish Priest, but would confer regularly with the Prior Provincial and his Council.

The Province of the Isles has 28 members although only 10 are residing full time within the area of the trust. There are two communities in Chelsea (London), and Kersal (Salford). Another friar lives at a distance from his community and is parish priest in Bath, with chaplaincy duties to the University and local hospitals.

All the Trustees work within and for the Charity. They receive no wage or personal remuneration for their work and service but do receive all their living costs paid from the Community fund for their respective community. Travel costs to meetings are covered by the Provincial Fund.

Because of the nature of Parish responsibilities it is necessary to liaise frequently with the local bishop and Diocesan structures on a variety of issues; e.g. renewal programmes, sacramental programmes, conducting the celebration of marriages, the responsibility for voluntary aided schools. The Charity therefore has close links with the Archdiocese of Westminster, the Dioceses of Salford, and Clifton who are all charities in their own right.

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Structure and management reporting (continued)

As Trustees of two voluntary aided schools we also have connections with the education committee of the Royal Borough of Kensington and Chelsea and the education committee of Salford City Council. Members of the Trust serve on the Boards of Governors of both schools.

#### Risk Management

In line with the requirement of trustees the Charity has made an assessment of risk and identified the following areas:

Governance

Operational

Financial

Reputational

Laws, regulations, external and environment

**Governance** As mentioned above the Order has a 780 year history of operating according to constitutions, and canonical regulations. Our Trust also has a record of cooperation with the relevant civil authorities touching on three centuries. Our Constitutions were revised and approved by the Holy See, translated and published in English ready for implementation on 15 September 2105. This has triggered a revision for our Directory; our local bye-laws, which tailor the Constitutions to the needs of the Irish and UK situation. A sub-committee has been established to oversee this process. Attendance at the Bursars Conference helps keep the Trust abreast with any changes to the civil law.

**Operational** The responsibility for buildings such as Priors is the direct responsibility of the Provincial Council and its delegates; the Prior Provincial and local Priors. The well-being of the Parish churches and Parish properties are with the appointed parish team, together with their lay committees under the direction of the Parish Priest who is appointed by the Provincial Council. The London Church had an extensive refurbishment between 2010 and 2015.

2015 also saw repair work carried out on the Kersal Church and the Priory.

The worst possible interruption would be severe damage to one of the Churches. The safety net would be to use the adjacent school halls on a temporary basis.

**Financial** The overall management of financial policy lies with the Provincial Finance Board who regulate the local centres of operations, the reserves policy is under review with professional advisers and records are kept of these meetings and conveyed to the Trustees at each of their meetings.

The Trustees are kept up to date every quarter at their meetings by the Provincial Treasurer, or more often if necessary.

A high priority is our **Pension and Welfare Cover**.

In the early 1980s there was an increasing anxiety about due provision for sick and retired friars, despite Clause 5 of our Trust deed making specific references to these *'objects and purposes'* of the charity. Subsection (vi) reads *The maintenance and support of and the provision of medical and surgical aid for infirm invalid and aged priests and clerics*. Accordingly in 1986 using the offices of the broker S B J Stephenson (now known as Bluefin) the province entered a scheme designed for Religious Communities under the direction of the Eagle Star Insurance Co, (now absorbed into Zurich Assurance Ltd).

In 1993 a further instrument was introduced which was an opening in the investment portfolio for Younger Members which covered the members of the Province not included in the Eagle Star/Zurich fund. A new current account was also opened as a fund raiser for the education of students and the provision of pensions for the elderly.

In 1999 the fund known as 'Younger Members' was officially changed to '**Retirement and Welfare**' and began receiving the matured funds from the Eagle Star Scheme. It was at this time that modest payments were paid to the Communities who had retired friars among their members.

In the year 2000 the Retirement Fund stood at £515,000 and we were able to pay out £9,500 in support of the elderly.

In the year 2010 the Fund had reached £1,477,917 yielding £42,599. This was giving a modest help and support to 14 friars who reached retirement age although most were still giving valiant service.

In 2012 part of the capital was used to help buy back the lease of the 264 frontage. This means that the fund benefits from the annual rent. With a mix of dividends and rent the fund continues to pay a modest pension of c £470 a month to the communities with eligible friars, while maintaining capital strength into the future and the possibility of nursing home care if that becomes necessary. It is planned that this welfare provision will be needed for the next twenty years at least. Excluding the provision made for pensions and the restricted funds, the charity is carrying the equivalent of 14 months average expenditure in reserve.

## **THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

### **REPORT OF THE TRUSTEES (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Laws, regulations, external and environment** looks at the effects of government policies, the consequences of non-compliance with laws and regulations. The Provincial Treasurer regularly attends the Association of Provincial Bursars' AGM, and in October 2015 was elected onto the Executive of the organising committee. These meetings keep the Charity in line with recent changes in the law especially with regard to the governance of charities.

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 operations and business risks faced by the charity, they have established effective systems to mitigate those risks.

#### **Protection of Children and Vulnerable Adults**

Along with all other organisations who serve in the community, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charity serves. This means that all friars who are in any kind of ministry in the UK have to obtain clearance from the Disclosure and Barring Service. The Trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS). The Province (ie Trustees and members) has produced its own handbook with all the relevant contact phone numbers, this was updated in November 2016, and a training day for the friars and members of the parish is planned for 2017.

### **ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES**

#### **Activities and specific objectives**

As mentioned above under mission the principal area is that of parish ministry, the personal service of some of the friars and the outreach to missions, central administration and other charities.

#### **Parish ministry**

Each parish has a constant round of celebrating prayer in the Church on a daily basis. These services are open to the public and would occur on average twice a day and over the week end would be larger gatherings and last longer. Members of the trust would be in contact through services and other meetings with over 3,000 people each week end and two or three hundred on each and every weekday. It is noticeable that our congregations have become increasingly multi-cultural in recent years, and many of the worshippers who attend regularly originate from over 33 countries and from all five continents. In between these times the churches would be open for personal prayer, usually 7 hours or more each day of the year.

According to the church calendar there are special moments of celebration such as Christmas and Easter and these involve longer times of celebration and time spent in preparation. Then there are more individual celebrations of baptisms, first communions, confirmations, weddings and funerals. By and large all the churches are cleaned and maintained by a team of volunteers and there would be rotas to provide floral and other decoration and music groups and choirs to animate the singing along with teams of readers and special ministers and altar servers. There is also a small group to provide general maintenance and repairs.

Each parish would provide a service to the sick and housebound for spiritual and other needs. Again each parish also has the use of parlours for interviews, sacramental preparation and meetings to do with education and instruction. There would also be regular meetings to do with organisation, pastoral planning, social concern and finance.

Each parish would also have regular contact with other local Christian churches and inter-faith groups. Where time and resources allow there is also an attempt to provide help and support to the more vulnerable members of society; both in the UK and in the developing world.

Each parish, in Salford and London would have a faithful and dedicated band of volunteers giving their time and expertise at regular intervals. Some would be giving 3 hours service two or three times a week, others weekly and others again monthly. The Salford Parish have identified 114 regular volunteers while the London Parish have named 237. It is their generosity of spirit that makes our service possible and worthwhile. It has been calculated that the total volunteered hours per year for Salford Parish is 9,650 and for the London Parish 11,766, to the benefit of the charity and the well-being of the wider community.

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**REPORT OF THE TRUSTEES (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Hospital Ministry**

In September 2015, one of the friars of the London community became part time member of the Chaplaincy team of the Chelsea and Westminster Hospital. Other members of the community provide back up and emergency cover for the chaplaincy.

Another friar combines University chaplaincy and Hospital ministry with his parish responsibilities in the city of Bath.

**Social Housing Legacy**

In the late forties, and for the next fifty years several of the friars worked closely with Joan Barlett OBE (providing finance and expertise) to found a housing association. This service is continued by Viridian Housing in England and the Caledonian Housing Association in Scotland.

**Servite Charities**

During the year we were able to support the Servite Vicariate in the Philippines and their student programme with £23,036 and the student programme in Rome with £12,097. The Vicariate of the Philippines has been generous too in sending a friar to be part of our London Community and minister in the Parish. The Treasurer of the Philippine Vicariate has not only acknowledged the receipt of the monies but is able to tell me the money has been used to defray the living costs of the 50 students that are currently in studies: 30 pre-novices, 7 novices and 14 in post novitiate studies. Our donation defrayed their living costs for almost three months. During the year we also supported the friars in Uganda and sent £5,497 in aid.

On the international front we continued our support for CAFOD by contributing £5,638, and we continue to invest in Shared Interest £20,286 and Oikocredit £14,52 in support of micro finance and Fairtrade to reach the small farmers and cooperatives and those groups ignored by the major banks.

We also contributed £1,200 to the Ukraine, £1,400 to the Columban missionaries, £1,200 to Marys Meals, along with smaller donations to the APF, Apostleship of the Sea, the Holy Places in Israel, Peter's Pence, ACN, World Youth Day and HCPT as well as charities in the Philippines totalling £5,358.

**The Charity has also supported several Social Concerns on the Home Front**

In combatting homelessness we sent	Glass Door	£5,500
	Cardinal Hume Centre	£2,000
	Housing Justice	£1,000

Also Progressio £1,000, the Jesuit Refugee Service £1,000, Caritas Westminster £2,100, Medaille Trust £1,000

A further £6,065 was contributed to a variety of appeals and smaller charities among them: Catholic Children's Society, Pax Christi, Cancer Research, the National Shrine at Walsingham Racial Justice, Catholic Youth Service, SMART, SPUC Prisoners Aid and the Catholic Education Service.

**Volunteers**

<p>Throughout the year, the friars give their time and energy in pursuing the goals of the Charity. They either receive no financial reward or else pay their earnings into the common fund.</p> <p>Several of the friars are past retiring age but continue to help out and serve according to their ability and fitness. Most of these friars have served the Charity and the wider community for a life time since early adulthood.</p> <p>Some of the members are heavily involved in the work of administering the Charity and without their service the charity would not be able to function effectively.</p>	<b>Area</b>	<b>No of volunteers</b>	<b>Hours volunteered</b>
	Preparing & Celebrating Services	7	5,780
	Pastoral planning, teaching/ Meetings, Study	6	2,830
	Home visits of elderly and sick	5	900
	School Involvement	5	650
	Teaching/Governor's Meetings		
	Administration	7	4,440
	One to one pastoral care	6	1,155
	Chaplaincy to Hospitals and Schools	3	1,125
	Care for Elderly Friars	6	1,100

## **THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

### **REPORT OF THE TRUSTEES (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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As the chart above illustrates the 10 friars living in England and Wales are engaged in a constant round of pastoral duties that include services in the church, teaching and instruction. Governors of the two adjacent schools and support to the teaching staff. Another gave time to writing, editing and publishing. Important too was visiting the sick and housebound on a regular basis, and pastoral cover, part time and emergency, in the local hospital. Any remuneration that is forthcoming is passed through to the Charity. Members in return have their living costs covered and are looked after when they become sick elderly or infirm.

If the above friars' service was valued at a rate of £130 a day this would amount to £292,175 or over 30% of the Charity's incoming resources. Coupled with the volunteer time and service of our 351 co-workers (identified above) this amounts to over half a million pounds worth of voluntary service to the wider community.

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Charity Governance**

During 2016 the charity held a Provincial Chapter of Elections. This is the moment for electing or re-electing the Prior Provincial, who according to our trust deed is the chair of the Trust and is responsible for appointing the Trustees. Within days of his election the new Prior Provincial incapacitated by illness and the chairing of the Charity fell to the Assistant Provincial. While all important functions were attended to and accomplished there was a certain lack of momentum. It is hoped that the Provincial will improve or perhaps resign if progress is slow.

#### **St Mary's Priory and Our Lady of Dolours Parish, Fulham Road**

During the year a new tenant for the Small Hall was identified, the Petra Stunt Foundation. Negotiations for a new lease and plans to improve the property are well in hand. It is hoped that additional space for use as an office can be found.

The St Stephens Aid Trust completed an extensive refurbishment to the 264 frontage.

A highlight of the autumn was the presence of the new bishop of Gibraltar together with the First Minister and several of his assistants and university students in London to celebrate Gibraltar Day.

The Simbanga Celebration, spearheaded by the Filipino community, in the days before Christmas continues to draw a large congregation each evening.

#### **Care for the Elderly**

Our ninety-seven year-old continues to be cared for within the Community and in-house; and another member of the community is unable to take public services. Because our ninety-year-old spent most of his years since he was sixty serving in Africa he has been refused a non-contributory pension. This puts a further strain on the Community's financial resources.

Through the generous participation of several members of the worshipping community in the Diocesan plan, Growing in Faith, the parish has been able to increase its contribution to the West London churches care for the homeless and winter shelter, Glass Door..

#### **Servite School, Fulham Road**

The Friars as Trustees of the Parish School are involved in the management of the School and members of the School Governors. It continues to flourish and be heavily oversubscribed with applications each year. The providing of references and the counselling of parents disappointed when children are not accepted is a time consuming and demanding pastoral activity.

#### **Full Scale Emergency**

The parish and premises remain on permanent stand-by in the event of a major incident that would involve the 'Lock down' of the Chelsea and Westminster Hospital. Our church and premises would become the Receiving Centre, under the control of the Police during such an emergency.

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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##### **Our Lady of Dolours, Salford**

Care of the elderly friars continues to be a major concern of the Community and one of the 2 over 90 died in the autumn and was buried with due reverence and ceremony.

A significant outreach by the Kersal community, through its parishioners, is towards families in financial distress. Food, clothing and household materials are contributed by parish families and forwarded to voluntary centres (Loaves and Fishes, Cornerstone, Revive) in Salford, where discreet support and assistance are available. Individual service and support are given regularly by a trustee to homeless people and to vulnerable adults needing practical help.

During the year there were two cases involving domestic violence when a mother and young child were in physical danger. The parish was able to respond with practical help; clothes, furniture and funding while the social services were getting their act together.

The community offers without charge safe meeting facilities for regional justice-groups and ecumenical gatherings. The community hires out its large parish hall for pre-school and post-school facilities used by SKIPS. This hall is also made available without charge to local uniform groups (Guides, Brownies, etc.) The community supports educational activities in local primary and secondary school, including spiritual input.

The Priory had to deal with a long-term drainage problem that caused flooding in the basement of the house. It was discovered that the main drainage from the roof had been disturbed when the Church was built in the early sixties and never been adequately reconnected. All is now sound and watertight.

The Church Porch, which was showing serious signs of cracking, was virtually rebuilt during the early months of 2016. All was made sound and in full operation again by Easter.

##### **FINANCIAL REVIEW**

Income in the year amounted to £978,471 (2015: £918,971). The main sources of income continue to be funds generated from communities and parishes from collections, pensions, rents and investment income. Expenditure increased slightly to £831,781 (2015: £795,010) reflecting rising costs especially in the care of the elderly.

##### **Reserves Policy**

In the 8 years that we have been investing with Epworth Investment Management we have developed a strategy appropriate to each fund; restricted or designated appropriate to the aims and needs of that fund i.e. some stronger on growth others on dividends. Each of our funds would have a mix of the four different investment tools that Epworths offer: an Equity fund (80-90% FTSE companies) Fixed Interest Fund (mixture of UK Government securities and Corporate debt) Corporate Bond Fund and Deposit Fund. The Corporate Bond Fund was launched in November 2012 and each fund would have a holding of between 12% and 24% in this fund.

The *Servite Student Trust Fund* is a restricted Fund invested through the generosity of two donors. The Principal donor stipulated that the interest should be used for the education of Servite Students. It was a condition of the bequest that 40% should be in government stocks and 60% in equities and the dividends and income used exclusively to fund the education of Servite students. Since the fund's inception in 1998 it has distributed in excess of £190,000 for the education of Servite Students around the world.

The *General Fund* is a contingency fund to underpin the central administration of the Charity and ensure continuity in the event of income variation. It is largely the result of some benefactors and fund raising in the early part of the 20<sup>th</sup> century. It comprises 11.5% of total reserves and is seen as an important reserve as some of the friars grow older and income decreases.

The *Retirement and Welfare Fund* cf note above under Financial Risks

The *Building and Development Fund* was realised at the sale of one of the Charity's properties and the fund is used to maintain the other properties in good repair. In 2012 this fund stood at £442k and was run right back to £9k. It is now being built up ready for the next realignment. It now stands at £133k and the interest is being used for the Library and Archive Project in the north of Ireland.

The *St Mary's Priory Fund* is a contingency for the oldest and most complex of the Charity's properties at Fulham Road in London. There are some plans for the re-development of the Priory in London and this fund would be essential if they come to fruition in the next few years.

## THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

### REPORT OF THE TRUSTEES (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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The **Church Restoration Fund** was set up as a separate charity to raise funds for the repair and maintenance of the fabric of Our Lady of Dolours Church, a grade II listed building. After extensive consultations and negotiations this has now become a restricted fund within the main charity. It was valued at £63,109 by the end of the year.

The **Special Projects Fund** This fund was accumulated from a percentage of recent gifts and bequests. The fund is used to respond to appeals for aid from Servites in other parts of the world or other related charities and good causes and so safeguards ordinary income streams.

#### **Investment Strategy**

Epworth has basically three instruments for investment the Affirmative Equity fund for charities, the Affirmative Fixed Interest fund for charities and Affirmative Corporate Bond Fund along with a deposit fund for the cash element. Each designated fund has been looked at with the percentage split between equities, fixed interest and corporate bonds and altered to reflect the need of each different designation.

Ethical Issues were the main reason for change of broker and the Epworth team was able to work with this recommendation from our Investment Policy:

*The Finance Council are requested to look into the moral status and operating methods of the different companies to ascertain that they are broadly in line with our Servite and Christian ethos. Any dealing with armaments is seen as unacceptable as is trade in tobacco. Also unacceptable is any company or organisation that publishes or promotes pornography in any form. We are totally committed to the protection of human life from conception to death therefore, special care needs to be taken to protect human life, even in the womb. This should be borne in mind when investing in pharmaceuticals or medical research. It is also requested that a company's international record is monitored, especially where it has dealings with countries where UN recognised human rights are severely restricted. A failure in this area would be tantamount to condoning and cooperating in the oppression of the ordinary citizens and the common good. Note should also be taken of how a particular company is exploiting or depleting the resources of the planet. To do so recklessly would endanger the lives of present or future generations. (as amended by the Trustees May 2009).*

#### **FUTURE PLANS**

##### **Order of Mary Servite Trust**

This is a sister Trust, charity number; XN55092, which governs and reports on the activities of the Servite Friars in Northern Ireland. They are responsible for and house our main library and archives. During 2014 they received word that the Heritage Lottery Fund will help fund a refurbishment of the stables building to adequately preserve these precious books and documents, along with suitable heating and humidity control.

2016 saw the main construction part of this project which gave some cash flow problems as invoices have to be met and then 61% claimed back from the HLF. The English charity was able to contribute £36,594 to the project during 2016. It is hoped the Official Opening will take place in the late summer of 2017.

##### **Fulham Road Parish**

The initial advertising and selection of a new tenant for the Small Hall went very well but the progress in completing heads of terms and agreeing the terms of the lease are taking longer than expected which means the Parish is losing out on valuable income. By the end of 2016 a new tenant had been agreed but it was not signed and sealed.

##### **Kersal**

For the coming year, care for the poor is continuing to be developed. The Parish, through its groups is intensely involved in a Food for the People in Difficulties in the city of Salford. Callers come looking for and receiving assistance. But on a larger scale, parishioners continue to purchase weekly extra shopping and deposit it at the Priory, to be forwarded to the Salford Project by volunteers.

The parish social team also collects foodstuffs to the well-organised welfare groups called *Loaves and Fishes* and *Cornerstone* and *Revive*. Also sponsored and supported by the Parish is a new housing initiative for the homeless in Salford called *Emmaus*. These initiatives are in continual development.

The Parish is developing its strategy for promoting and integrating immigrants and newcomers, many being Roman Catholic, through the Parish School, activity groups, worship involvement and so forth. The 2016 International Festival of Prayer, entertainment and community was well attended and much appreciated and it is hoped will become an annual event.

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**REPORT OF THE TRUSTEES (continued)**

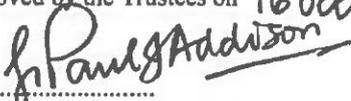
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Auditors**

A resolution proposing the re-appointment of haysmacintyre as auditors to the charity will be put to the annual general meeting.

Approved by the Trustees on 16 Oct. 2017 2017 and signed on their behalf by:

  
.....  
Fr Paul Addison OSM (Trustee)

  
.....  
Fr Christopher O'Brien OSM (Trustee)

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

### THE SERVITE FRIARS, PROVINCE OF THE ISLES

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We have audited the financial statements of The Servite Friars for the year ended 31 December 2016 which comprise the Balance Sheet, the Statement of Financial Activities, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an Auditors' 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's 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 Trustees' Responsibilities Statement set out in the Trustees' Report, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements 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 financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

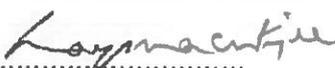
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its net movement in funds, 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.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements 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.

  
.....  
haysmacintyre  
Chartered Accountants  
Registered Auditors

Date:

no October 2017

26 Red Lion Square  
London  
WC1R 4AG

THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES,

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	2	3,247,377	3,325,568
Investments	3	3,292,809	2,739,139
		<u>6,540,186</u>	<u>6,064,707</u>
<b>CURRENT ASSETS</b>			
Debtors	4	25,912	-
Cash at bank		490,834	494,345
		<u>516,746</u>	<u>494,345</u>
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>(98,428)</u>	<u>(62,186)</u>
<b>NET CURRENT ASSETS</b>		<u>418,318</u>	<u>432,159</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,958,504	6,496,866
<b>CREDITORS: Amounts falling due after more than one year</b>	6	<u>(60,000)</u>	<u>(60,000)</u>
<b>NET ASSETS</b>		<u>£6,898,504</u>	<u>£6,436,866</u>
<b>FUNDS</b>			
Restricted:			
- Student Trust Fund		1,131,976	1,014,763
- Parish Fund		156,018	220,172
- Church Restoration Fund		63,109	42,042
Unrestricted:			
Designated			
- Fixed Assets Fund		3,247,377	3,325,568
- Property Development Fund		132,644	107,942
- Retirement and Welfare Fund		1,102,006	924,892
- School Governors' Fund		97,724	88,358
- Special Projects Fund		123,110	104,442
- St Mary's Priory Fund		257,945	178,541
General Fund		<u>586,595</u>	<u>430,146</u>
	7	<u>£6,898,504</u>	<u>£6,436,866</u>

Approved by the Trustees and authorised for issue on 16 October

2017 and signed on their behalf by.

*Fr Paul Addison*  
 .....  
 Fr Paul Addison OSM (Trustee)

*Fr Christopher O'Brien*  
 .....  
 Fr Christopher O'Brien OSM (Trustee)

The accompanying notes form part of these accounts.

THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

		Unrestricted Funds £	Restricted Funds £	2016 £	2015 £
<b>INCOME FROM:</b>					
<i>Donations and legacies:</i>					
Salaries and pensions		38,770	-	38,770	24,864
Donations and legacies		225,640	14,332	239,972	124,226
<i>Other Trading Activities:</i>					
Rental income		248,005	-	248,005	189,808
<i>Charitable activities:</i>					
Local communities and parishes		10,720	353,301	364,021	509,129
<i>Investments</i>	9	85,846	-	85,846	70,800
<i>Other income</i>		1,857	-	1,857	144
<b>Total</b>		<u>610,838</u>	<u>367,633</u>	<u>978,471</u>	<u>918,971</u>
<b>EXPENDITURE ON:</b>					
<i>Charitable activities:</i>					
Communities, parishes and their ministry		469,960	361,821	831,781	795,010
<b>Total</b>	11	<u>469,960</u>	<u>361,821</u>	<u>831,781</u>	<u>795,010</u>
Net income/( expenditure)		140,878	5,812	146,690	123,961
Net gains and (losses) on investments	3	<u>191,000</u>	<u>123,948</u>	<u>314,948</u>	<u>(50,491)</u>
<b>Net income and net movement in funds</b>		331,878	129,760	461,638	73,470
<i>Reconciliation of funds:</i>					
<b>Fund Balances brought forward</b>		<u>5,215,523</u>	<u>1,221,343</u>	<u>6,436,866</u>	<u>6,363,396</u>
<b>Fund Balances carried forward</b>		<u><u>£5,547,401</u></u>	<u><u>£1,351,103</u></u>	<u><u>£6,898,504</u></u>	<u><u>£6,436,866</u></u>

All the charity's activities over the two financial years above are derived from continuing activities.  
There are no other recognised gains and losses other than those included above.  
The accompanying notes form part of these accounts.

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES,**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>Cash flows for operating activities:</b>			
Net cash provided by/(used in) operating activities	14	(108,240)	18,565
<b>Cash flow from investing activities:</b>			
Dividends, interest and rent from investments		343,451	260,608
Proceeds from sale of investments		133,200	118,897
Purchase of investments		(371,922)	(323,049)
<b>Net cash provided by investing activities</b>		<u>104,729</u>	<u>56,456</u>
Change in cash and cash equivalents in the year		(3,511)	75,021
Card and cash equivalents at the beginning of the year	15	494,345	419,324
Cash and cash equivalents at the end of the year	15	<u>£490,834</u>	<u>£494,345</u>

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**NOTES TO ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES**

The financial statements 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 to the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trustees of the Servite Friars, Province of the Isles 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 notes.

**(a) Preparation of the accounts on a going concern basis**

Having considered future plans and cash flows, the trustees confirm that they are not aware of any material uncertainties with regard to the entity's ability to continue as a going concern for the foreseeable future and therefore have prepared the accounts on a going concern basis.

**(b) Estimation uncertainty**

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

**(c) Investments**

Investments are a form of basic financial instrument. They are initially recognised at their transaction value and subsequently valued at their fair value at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

**(d) Tangible Fixed Assets**

Land and buildings are shown at 10% of their insurance valuation plus additions since January 1999 at cost. Depreciation is provided evenly over the estimated useful lives of each asset.

Buildings - 2% per year  
Motor vehicles - 25% per year

**(e) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**(f) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**(g) Cash at bank and in hand**

Cash at bank and in hand includes bank accounts, cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**NOTES TO ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**(h) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**(i) Restricted Funds**

The restricted fund represents donations received with specific restrictions placed by the donors which have not yet been spent.

**(j) Designated Funds**

The designated funds represent amounts set aside by the Trustees to fulfil specific charitable objectives.

**(k) Income**

Income is included in the SOFA once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The following specific policies apply to categories of income:

Collections and donations are included in the accounts when received.

Members' salaries and pensions are received under deeds of covenant and are stated inclusive of income tax but net of any deductions for social security payments and contributions to occupational pension schemes.

Rental income is stated gross of any fees deducted and is recorded on a receivable basis.

Investment income is credited to income when it is 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. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

**(l) Expenditure**

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably.

Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered.

Charitable expenditure consists of all expenditure relating to the objects of the Charity. All costs are directly attributable to the activities under which they have been analysed.

Governance costs include expenditure on the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

NOTES TO ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

2. FIXED ASSETS

Land and buildings are mainly in use by the Province and are not generally available for sale.

	Land and Buildings £	Motor Vehicles £	Total £
<b>VALUATION/COST</b>			
As at 1 January 2016	3,822,595	79,083	3,901,678
Disposals	-	-	-
As at 31 December 2016	<u>3,822,595</u>	<u>79,083</u>	<u>3,901,678</u>
<b>DEPRECIATION</b>			
As at 1 January 2016	498,766	77,344	576,110
Charge for the year	76,452	1,739	78,191
Disposals	-	-	-
As at 31 December 2016	<u>575,218</u>	<u>79,083</u>	<u>654,301</u>
<b>NET BOOK VALUE</b>			
As at 31 December 2016	<u>£3,247,377</u>	<u>£-</u>	<u>£3,247,377</u>
As at 31 December 2015	<u>£3,323,829</u>	<u>£1,739</u>	<u>£3,325,568</u>

3. INVESTMENTS

	Unrestricted £	Restricted £	2016 £	2015 £
Market Value as at 1 January 2016	1,731,321	1,007,818	2,739,139	2,585,478
Additions	249,872	122,050	371,922	323,049
Disposals	(75,750)	(57,450)	(133,200)	(118,897)
Net investment gains	199,689	115,259	314,948	(50,491)
Market Value as at 31 December 2016	<u>£2,106,010</u>	<u>£1,187,677</u>	<u>£3,292,809</u>	<u>£2,739,139</u>
Cost as at 31 December 2016	<u>1,421,326</u>	<u>1,065,040</u>	<u>2,486,366</u>	<u>£2,150,564</u>
<b>Analysis of Investments</b>			<b>2016 £</b>	<b>2015 £</b>
Unit Trusts			3,274,615	2,720,067
Cash held as part of an investment portfolio			18,194	19,072
			<u>3,292,809</u>	<u>£2,739,139</u>

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**NOTES TO ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. DEBTORS**

	2016 £	2015 £
Other debtors	2,249	-
Prepayments and accrued income	23,663	-
	<u>£25,912</u>	<u>£-</u>

**5. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Other creditors	51,720	22,456
Accruals	38,321	25,762
VAT due	6,939	4,015
PAYE due	1,448	9,953
	<u>£98,428</u>	<u>£62,186</u>

**6. CREDITORS: Amounts falling due after more than one year**

	2016 £	2015 £
Rent deposit	<u>£60,000</u>	<u>£60,000</u>

**7. FUNDS**

The restricted and unrestricted funds of the charity (which include designated and general funds) are set out below:

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers & gains on Investments £	Balance at 31 December 2016 £
<b>Restricted</b>					
- Students Trust Fund	1,014,763	-	-	117,213	1,131,976
- Parish Fund	164,538	353,301	(361,821)	-	156,018
- Church Restoration Fund	42,042	14,332	-	6,735	63,109
	<u>1,221,343</u>	<u>367,633</u>	<u>(361,821)</u>	<u>123,948</u>	<u>1,351,103</u>
<b>Designated</b>					
- Fixed Assets Fund	3,325,568	-	(78,191)	-	3,247,377
- Property & Development Fund	107,942	-	-	24,702	132,644
- Retirement and Welfare Fund	924,892	-	-	177,114	1,102,006
- School Governors' Fund	88,358	-	-	9,366	97,724
- Special Projects Fund	104,442	-	-	18,668	123,110
- St Mary's Priory Fund	178,541	-	-	79,404	257,945
	<u>4,729,743</u>	<u>-</u>	<u>(78,191)</u>	<u>309,254</u>	<u>4,960,806</u>
<b>General Fund</b>	485,780	610,838	(391,769)	(118,254)	586,595
	<u>£6,436,866</u>	<u>£978,471</u>	<u>£(831,781)</u>	<u>£314,948</u>	<u>£6,898,504</u>

THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

NOTES TO ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

8. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Investments £	Net Current Assets £	Creditors Due after One year £	Total £
<b>Restricted Fund</b>					
- Student Trust Fund	-	1,131,976			1,131,976
- Parish Fund	-	-	156,018	-	156,018
- Church Restoration Fund	-	60,736	2,373	-	63,109
<b>Servite Friars Fund</b>					
Designated:					
- Fixed Assets Fund	3,247,377	-	-	-	3,247,377
- Property & Development Fund	-	132,644	-	-	132,644
- Retirement and Welfare Fund	-	1,102,006	-	-	1,102,006
- School Governors' Fund	-	97,724	-	-	97,724
- Special Projects Fund	-	123,110	-	-	123,110
- St Mary's Priory Fund	-	257,945	-	-	257,945
General	-	386,668	259,927	(60,000)	586,595
	<u>£3,247,377</u>	<u>£3,292,809</u>	<u>£418,318</u>	<u>£(60,000)</u>	<u>£6,898,504</u>

The *Servite Students Trust Fund* represents monies received for the training and education of Friars. This balance is held as part of the investment portfolio.

The *Parish Fund* represents monies raised by the Parish worshipping community and can only be used in the local parish to meet the needs of that community.

The *Church Restoration Fund* represents monies set aside to raise funds for the repair and maintenance of the fabric of Our Lady of Delours Church.

The *Fixed Assets Fund* is maintained at book value and represents the net investment in fixed assets.

The *Property and Development Fund* was realised on the sale of one of the Charity's properties and the fund is used to maintain the other properties in good repair.

The *Retirement and Welfare Fund* was begun in 1993 to fund Servite Friars in their retirement. Most friars receive no state pension or less than the basic pension despite having spent all their adult life in service of the public. In 1999 the fund began paying a modest payment to all communities that have senior members among their number.

The *Special Projects Fund*. This fund was accumulated from a percentage of recent gifts and bequests. The fund is used to respond to appeals for aid from Servites in other parts of the world or other related charities.

The *St Mary's Priory Fund* is a contingency for the oldest and most complex of the Charity's properties at Fulham Road in London.

9. INVESTMENT INCOME

	2016 £	2015 £
Income from UK quoted investments	85,703	70,549
Bank interest	143	251
	<u>£85,846</u>	<u>£70,800</u>

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**NOTES TO ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. TRANSACTIONS WITH TRUSTEES**

The trustees of the Charity are also members of the Province and as such have taken vows of poverty under which they have renounced all personal rights to income and capital. The Charity provides for the essential needs of all members of the Congregation within the Province. The living costs of the five trustees are therefore borne by the Charity.

**11. ANALYSIS OF EXPENDITURE**

	Staff Costs £	Donations £	Other £	2016 £	2015 £
<i>Charitable activities:</i>					
Communities, Parishes and their ministry:					
Communities:					
- Kersal	25,704	1,180	63,793	90,677	82,005
- London	18,584	9,893	56,253	84,730	41,087
Parishes:					
- Kersal	5,633	9,368	53,936	68,937	94,050
- Our Lady of Dolours	48,719	28,009	30,557	107,285	168,801
Province	26,700	46,166	407,286	480,152	409,067
	<u>£125,340</u>	<u>£94,616</u>	<u>£611,825</u>	<u>£831,781</u>	<u>£795,010</u>

All costs are directly attributable to the activities under which they have been analysed.

Included in the above are the following:

Fees paid to the auditors:

- Auditors' remuneration

9,300

9,000

- Other fees

6,100

6,000

Depreciation

78,191

80,507

Donations

94,616

76,440

**12. STAFF COSTS**

	2016 £	2015 £
Gross salaries	118,048	94,599
Employer's NI	7,292	5,382
	<u>£125,340</u>	<u>£99,981</u>

No trustees (who are the charities key management personnel) received remuneration for their services during the year. No trustees received any reimbursed expenses during the year.

During 2016 there were 2 full time and 10 part time employees giving the equivalent of 5.5 full time (2015 - 5).

**THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES**

**NOTES TO ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. CUSTODIANSHIP**

In 2008, the Charity invested £750,000 in the BlackRock Charifaith Common Investment Fund Income Unit Trusts on behalf of the Servite Trust N.I., a registered charity in Northern Ireland (Reg No. XN55092). These funds belong to the Servites Trust N.I. and are not included in these financial statements. Income received from the investments is promptly remitted to the Servite Trust N.I.

**14. RECONCILIATION OF NET INCOME TO NET CASH FLOW FOR OPERATING ACTIVITIES**

	2016	2015
	£	£
Net income for the year as per the Statement of Financial Activities	461,638	73,470
Adjustments for:		
Depreciation charges	78,191	80,507
Gains/(losses) on investments	(314,948)	50,491
Gain on sale of fixed asset	-	-
Dividends, interest and rents from investments	(343,451)	(260,608)
Increase/(decrease) in debtors	(25,912)	19,968
Increase in creditors	36,242	54,737
Net cash provided by /(used in) operating activities	<u>£(108,240)</u>	<u>£18,565</u>

**15. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016	2015
	£	£
Bank accounts	<u>490,834</u>	<u>£419,324</u>

THE TRUSTEES OF THE SERVITE FRIARS, PROVINCE OF THE ISLES

NOTES TO ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. STATEMENT OF FINANCIAL ACTIVITIES 2015	Unrestricted Funds £	Restricted Funds £	2015 £
<b>INCOME FROM:</b>			
<i>Donations and legacies:</i>			
Salaries and pensions	24,864	-	24,864
Donations and legacies	124,226	-	124,226
<i>Other Trading Activities:</i>			
Rental income	189,808	-	189,808
<i>Charitable activities:</i>			
Local communities and parishes	154,149	354,980	509,129
<i>Investments</i>	70,800	-	70,800
<i>Other</i>	144	-	144
<b>Total</b>	<u>563,991</u>	<u>354,980</u>	<u>918,971</u>
<b>EXPENDITURE ON:</b>			
<i>Charitable activities:</i>			
Communities, parishes and their ministry	435,916	359,094	795,010
<b>Total</b>	<u>435,916</u>	<u>359,094</u>	<u>795,010</u>
	128,075	(4,114)	123,961
Net gains and losses on investments	<u>(36,216)</u>	<u>(14,275)</u>	<u>(50,491)</u>
<b>Net income/(expenditure) and net movement in funds</b>	91,859	(18,389)	73,470
<i>Reconciliation of funds:</i>			
<b>Fund Balances brought forward</b>	<u>5,110,072</u>	<u>1,234,935</u>	<u>6,363,396</u>
<b>Fund Balances carried forward</b>	<u>£5,201,931</u>	<u>£1,234,935</u>	<u>£6,436,866</u>

**THE SERVITE FRIARS, PROVINCE OF THE ISLES  
DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR TO 31 DECEMBER 2016**

	Ordinary Receipts £	Ordinary Payments (including Subsidiaries) £	2016 £	2015 £
<b>COMMUNITY</b>				
Kersal	65,730	(60,677)	(24,947)	(6,372)
London	188,655	(165,287)	23,368	37,429
<b>Parish</b>				
Kersal	98,992	(68,937)	30,055	(15,461)
Our Lady of Dolours	291,043	(271,836)	19,207	11,347
<b>Surplus of Communities, Parishes and others</b>	<u>644,420</u>	<u>(596,737)</u>	<u>47,683</u>	<u>26,943</u>
<b>PROVINCIAL FUND</b>				
<b>Ordinary Receipts</b>				
Dividends and interest			85,846	70,800
Donations			7,600	1,902
Salaries & pensions			38,770	24,864
Sundry receipts			1,776	144
Rental income			210,977	189,808
Provincial contribution			85,664	80,282
Church Restoration Fund donation			-	42,042
Transfers			121,797	96,244
			<u>552,430</u>	<u>506,086</u>
<b>ORDINARY PAYMENTS</b>				
Studies and sabbaticals			4,500	24,000
Travel and car expenses			6,054	9,077
Office costs			6,348	4,872
Chapter			18,485	4,270
Wages			9,771	11,001
Professional fees			51,875	51,273
General			5,211	1,151
Donations			93,366	46,731
Bank charges and interest			3,615	3,638
Repairs and maintenance			100	1,650
Curia			66,856	40,605
Insurance			31,513	29,259
Depreciation			78,191	80,507
Transfers			83,121	99,691
Exchange difference			(5,583)	1,343
			<u>453,423</u>	<u>409,068</u>
<b>Surplus of Provincial Fund</b>			<u>99,007</u>	<u>97,018</u>
<b>Surplus before investment gains</b>			146,690	123,961
<b>Increase in market value of investments</b>			314,948	(50,491)
<b>Surplus for the year</b>			<u>461,638</u>	<u>73,470</u>
Fund balances brought forward			6,436,866	6,363,396
Fund balances carried forward			<u>£6,898,504</u>	<u>£6,436,866</u>

**This page does not form part of the audited accounts**