

ST. JOHN'S SEMINARY

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

ST. JOHN'S SEMINARY

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ST. JOHN'S SEMINARY

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2018**

Trustees

Most Rev Peter David Smith
Right Rev Paul Hendricks
Right Rev Richard Moth
Rev Mgr John Hull

Charity registered number

251342

Principal office

St. John's Seminary, Wonersh, Guildford, Surrey, GU5 0QX

Rector

Canon Brian Coyle

Independent auditors

haysmacintyre, 10 Queen Street Place, London, EC4R 1AG

Bankers

HSBC, 69 Pall Mall, London, SW1Y 5EY

Solicitors

DMH Stallard, 100 Queen's Road, Brighton, East Sussex, BN1 3YB

Investment Managers

Barclays Wealth, 1 Churchill Place, London, E14 5HP

ST. JOHN'S SEMINARY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

This report was approved by the Trustees on 21 November 2018 and signed on their behalf by
The Most Reverend Peter Smith (Trustee) & The Reverend Canon Brian Coyle (Rector).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governing Instrument of St John's Seminary (hereinafter described as "the Seminary"), a Deed of Revocation and New Appointment dated 12 December 1966, states that its objective is "for the advancement of the Roman Catholic Religion by such charitable means as the Roman Catholic Archbishop of Southwark and the Roman Catholic Bishop of Arundel & Brighton for the time being shall from time to time jointly direct".

Organisation

The Rector is appointed by the Trustees and is responsible for the administration of the Seminary. He appoints a Bursar, who is responsible for the day-to-day management of the Seminary and its finances. The Rector, and the Bursar report twice a year to the Seminary Finance Committee, which makes decisions concerning major financial matters. The Finance Committee consists of the Rector, who is Chairman, the Vice-Rector, the Bursar and the Financial Secretaries of the Archdiocese of Southwark and the Dioceses of Arundel & Brighton and Portsmouth. Its meetings may also be attended by co-opted members of staff and representatives of the Seminary Auditors, Surveyors and Investment Managers.

The normal running costs of the Seminary are funded principally through fees charged per student, which are paid by the Bishop or Religious Superior who is sponsoring the particular student. Students are not personally liable for the costs of their formation. The level of fees for a given year is set by the Finance Committee in the meeting which takes place in the March of the previous academic year. In order to coincide with the academic year, the Seminary's financial year begins on 1 August and ends on 31 July. The income from fees is supplemented by income from investments, rents from properties, bursaries and donations.

Recruitment and Training of Trustees

The Archbishop of Southwark and the Bishop of Arundel & Brighton appoint two Trustees each, usually themselves and one other senior member of each Diocese. Trustees are appointed who have experience of the governance and management of ecclesiastical charities. Trustees receive a briefing on the operation of the Seminary and copies of key documents, including recent Annual reports. The induction programme for new Trustees includes the outlining of the responsibilities of Trustees, an overview of the operation of the Seminary, key personnel, the major risks to which the Trust is exposed and its financial position.

Risk Management and Public Benefit

The Trustees have assessed and reviewed the major risks to which the Trust is exposed, in particular those related to the operation and finances of the Trust, and are satisfied that systems are in place to mitigate their exposure to the major risks.

Risk 1. Loss of income due to low student numbers. To counter this risk, reserves fund used for 6 to 12 Months.

Risk 2. loss of income due to stock market falls. To counter this risk, reserves fund used for 6 to 12 Months

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit".

OBJECT, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Seminary is a college training students in preparation for ordination as Catholic priests. It was originally a Diocesan Seminary, owned and administered by the Archdiocese of Southwark. When Southwark was divided in 1966, the Seminary was established as a separate Charity. Although not canonically erected as a regional Seminary, it effectively functions as such, taking students from other Dioceses including Clifton, East Anglia, Liverpool and Portsmouth, as well as from Southwark and Arundel & Brighton. Students from Religious Orders or Congregations may also be prepared at the Seminary for ordination as Catholic priests.

ST. JOHN'S SEMINARY

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

Aims

It is the policy of the Seminary to provide the conditions necessary to prepare students for ordination as Roman Catholic priests. This includes providing for the "human, spiritual, intellectual and pastoral areas of formation", as described in the Apostolic Exhortation of Pope St John Paul II, *Pastores Dabo Vobis* (1992). The Seminary also has the responsibility of making recommendations to the Bishop, Religious Order or Congregations, who sponsors each student, concerning his suitability for ordination. There have been no material changes in policy during the past year.

Objectives for the year

The main objectives for the Charity continue to be the advancement of religion through the provision of full and part-time training for students for ordination as Catholic priests for the Dioceses of England & Wales and Religious Orders and Congregations.

Provision is also made for full and part-time philosophical, theological and spiritual formation for lay and religious students, both male and female.

The Charity also seeks to assist the wider Church and community, both locally and nationally, in the furtherance of the Kingdom of God.

Strategies to achieve the year's objectives:

Cordial and close links continue to be maintained with the Dioceses and Religious Orders and Congregations that provide and fully-fund the students for ordination as Catholic priests. Advice and assistance is given for the promotion of suitable applicants for priesthood. The premises are promoted as available for educational and associated uses in accordance with the purposes of the Charity.

ACHIEVEMENTS AND PERFORMANCE

Operational performance

One student was ordained for the priesthood in the year 2017/2018 and three students were ordained as Deacons.

The total number of students in formation for priesthood was 30. In the year 2017/2018 the Seminary also offered advice and support to a number of Dioceses and Religious Orders and Congregations in planning formation and discernment programmes and strategies for their students.

The Seminary is an Associated Institution of St Mary's University - Twickenham, which validates the BTh programme. The flexibility in arranging programmes of formation, and the strength and integration of the formation offered in regard to human, spiritual, intellectual and pastoral development are some of the reasons why Bishops and Superiors from a wide range of Dioceses and Religious Orders and Congregations continue to ask the Seminary to assist in the formation of their students.

While the work of priestly formation is the primary focus of the Seminary, the Trust is also able to further its aims by offering expertise, facilities and courses to members of local parishes and to regional, national and international bodies. In particular the Trustees note the contribution of Seminary Staff to national and international consultative bodies.

Investment policy

The Trustees have set an investment policy for a balanced return of capital growth and income subject to a medium level of risk. The Trustees require the portfolio to be managed so that they become shareholders only of companies which uphold standards consistent with this Trust. Its investment managers are specifically instructed not to invest in companies which are predominantly involved in production of armaments, tobacco or abortion products.

The individual holdings are reviewed against these criteria and in the light of the Church's moral teaching, and the Trustees are satisfied that their managers comply with this policy.

ST. JOHN'S SEMINARY

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

In accordance with their duties under the Trustee Act 2000, in respect of a discretionary investment management agreement, the Trustees undertake an annual review of the performance of the Fund's managers.

Investment performance

There was a gain on the Seminary's investments of £15,131 (2017: £36,331) during the year per note 8 to the accounts. The Fund now stands at £530,734 (2017: £521,777).

The Trustees are satisfied that the returns on investments for the year are reasonable using the standard benchmark set by Barclays Wealth.

FINANCIAL REVIEW

The accounts for the year to 31 July 2018 show a net decrease in unrestricted funds before investment movements of (£44,888) (2017: an increase of £57,635).

Total income in 2017/2018 decreased by £25,941 for unrestricted funds. Total expenditure increased by £76,383.

The process for setting remuneration of key management personnel

All staff pay is set against the "Living Wage". Should the "Living Wage" be increased by 2%, then key management would receive a 2% salary increase in April of the next year.

The Trustees are continuing to investigate ways of improving the ability of the Trust to meet its objectives, principally through the work of priestly formation.

Reserves Policy

The Trustees have reviewed the future needs of the Seminary and the reserves requirements.

It is intended that reserves should be held at a sufficient level to cover unexpected and urgent expenditure or unexpected drops in income - principally occasioned by sudden drops in student numbers. Additionally the Trustees have identified a need to build funds which will permit the development and refurbishment of the Seminary properties beyond what can be achieved through the annual maintenance programme.

The Trustees have concluded that a minimum level of general reserves of between six and twelve months of annual expenditure should be maintained. The current level is in excess of this and the Trustees are therefore satisfied that this policy is covered by present levels.

Analysis of Reserves Fund: as at 31 July 2018 the investments fund stands at £530,734. Six to twelve months annual expenditure is around £350k to £700k.

Land at Womersley and at Mark Cross is vested in the Custodian Trustee (The Arundel & Brighton Roman Catholic Diocesan Corporation Limited).

The Trustees have established a property refurbishment designated fund and have used funds in the order of £1 million to undertake the first phase of refurbishment works. They plan to raise further amounts through legacies and general fundraising. A complete refurbishment of the Seminary could cost in the order of £13 million and is likely to be beyond the scope of normal gifted funds.

The Trustees have established the Walter Quinlan Fund to continue the work of the Walter Quinlan Trust in supporting the personal needs of students, and have used the assets of the Walter Quinlan Trust to establish that Fund.

ST. JOHN'S SEMINARY

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

PLANS FOR THE FUTURE

The Charity has performed well in its key objectives and continues to enjoy the support and encouragement of the Dioceses and Religious Orders and Congregations which provide students for the Catholic priesthood. The Trustees seek to maintain a flow of new students by offering an attractive programme of formation, and by supporting Vocations Directors in their work. In the light of the publication of the Charter for Priestly Formation in 2015, and the Gift of the Priestly Vocation (Ratio) 2016, the Trustees are overseeing a review of the Seminary Curriculum to ensure it complies with current requirements. They are planning to enhance the Seminary property to ensure that a suitable environment is maintained for the work of formation into the 21st Century. The Trustees are also examining ways of raising funds in the long term which will support the work of the Seminary in years when the income from student fees is diminished.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' 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 & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

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

AUDITORS

A resolution to re-appoint haysmacintyre is proposed annually at a meeting of the Trustees.

Approved on 21 November 2018 by:



Most Rev Peter David Smith
Trustee



Rev Canon Brian Coyle
Rector

ST. JOHN'S SEMINARY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ST. JOHN'S SEMINARY

Opinion

We have audited the financial statements of St. John's Seminary (the 'Charity') for the year ended 31 July 2018 set out on pages 13 to 27. 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 July 2018 and of its incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ST. JOHN'S SEMINARY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ST. JOHN'S SEMINARY

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 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 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

ST. JOHN'S SEMINARY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ST. JOHN'S SEMINARY

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**haysmacintyre**

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

Date:

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

21 November 2018

ST. JOHN'S SEMINARY

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2018**

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and legacies | | 47,647 | 642,841 | 690,488 | 7,536 |
| Charitable activities: | | | | | |
| Theological education | | 626,588 | - | 626,588 | 697,000 |
| Bursaries | | 25,739 | - | 25,739 | 10,087 |
| Investments | 3 | 10,456 | 5,526 | 15,982 | 23,016 |
| Other Income - Rents and visitor income | | 67,369 | - | 67,369 | 66,101 |
| TOTAL INCOME | | 777,799 | 648,367 | 1,426,166 | 803,740 |
| EXPENDITURE ON: | | | | | |
| Charitable activities: | | | | | |
| Teaching | | 274,944 | 11,255 | 286,199 | 256,881 |
| Residential | | 263,655 | - | 263,655 | 242,918 |
| Premises | | 284,088 | - | 284,088 | 246,505 |
| TOTAL EXPENDITURE | 5 | 822,687 | 11,255 | 833,942 | 746,304 |
| NET BEFORE INVESTMENT GAINS | | (44,888) | 637,112 | 592,224 | 57,436 |
| Net gains on investments | 8 | 6,202 | 3,355 | 9,557 | 36,331 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | (38,686) | 640,467 | 601,781 | 93,767 |
| Transfers between Funds | 11 | 418,593 | (418,593) | - | - |
| NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 379,907 | 221,874 | 601,781 | 93,767 |
| NET MOVEMENT IN FUNDS | | 379,907 | 221,874 | 601,781 | 93,767 |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | 2,063,837 | 198,905 | 2,262,742 | 2,168,975 |
| TOTAL FUNDS CARRIED FORWARD | | 2,443,744 | 420,779 | 2,864,523 | 2,262,742 |

The notes on pages 16 to 27 form part of these financial statements.

ST. JOHN'S SEMINARY

**BALANCE SHEET
AS AT 31 JULY 2018**

| | Note | £ | 2018 £ | £ | 2017 £ | £ |
|---|------|----------------|------------------|----------------|------------------|---|
| FIXED ASSETS | | | | | | |
| Tangible assets | 7 | | 1,877,445 | | 1,538,917 | |
| Investments | 8 | | 530,734 | | 521,177 | |
| | | | <u>2,408,179</u> | | <u>2,060,094</u> | |
| CURRENT ASSETS | | | | | | |
| Debtors | 9 | 73,833 | | 20,650 | | |
| Cash at bank and in hand | | 429,714 | | 220,151 | | |
| | | <u>503,547</u> | | <u>240,801</u> | | |
| CREDITORS: amounts falling due within one year | 10 | (47,203) | | (38,153) | | |
| NET CURRENT ASSETS | | | 456,344 | | 202,648 | |
| NET ASSETS | | | <u>2,864,523</u> | | <u>2,262,742</u> | |
| CHARITY FUNDS | | | | | | |
| Restricted funds | 11 | 420,779 | | 198,905 | | |
| Unrestricted funds | 11 | 2,443,744 | | 2,063,837 | | |
| TOTAL FUNDS | | | <u>2,864,523</u> | | <u>2,262,742</u> | |

The financial statements were approved by the Trustees on 22 November 2018 and signed on their behalf, by:


Most Rev Peter David Smith


Rev Canon Brian Coyle

The notes on pages 16 to 27 form part of these financial statements.

ST. JOHN'S SEMINARY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018**

| | Note | 2018 £ | 2017 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 13 | <u>602,341</u> | <u>100,805</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 15,982 | 22,300 |
| Unrealised gains/(losses) | | 17,785 | - |
| Purchase of tangible fixed assets | | (432,119) | (208,287) |
| Proceeds from sale of investments | | 521,177 | 493,806 |
| Purchase of investments | | <u>(515,603)</u> | <u>(189,300)</u> |
| Net cash (used in)/provided by investing activities | | <u>(392,778)</u> | <u>118,519</u> |
| Change in cash and cash equivalents in the year | | 209,563 | 219,324 |
| Cash and cash equivalents brought forward | | <u>220,151</u> | <u>827</u> |
| Cash and cash equivalents carried forward | 14 | <u><u>429,714</u></u> | <u><u>220,151</u></u> |

The notes on pages 16 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

St. John's Seminary constitutes a public benefit entity as defined by FRS 102.

1.2 Incoming resources

All income is recognised 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.

For legacies, 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(s) to the Trust 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, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

ST. JOHN'S SEMINARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.4 Going concern

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives trustees confidence the charity remains a going concern for the foreseeable future.

1.5 Depreciation

All assets costing more than £3,000 are capitalised.

Land and Buildings

Depreciation is provided at the rate of 2% pa on buildings, to write off their cost, less anticipated residual values, over their estimated useful lives. The Trustees are of the opinion that the standard of maintenance of the buildings will ensure that the residual value will be no less than half of the cost shown on the balance sheet. Rented property is an integral part of the Seminary property and is not therefore shown as investment property. No depreciation is provided on assets in the course of construction.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

ST. JOHN'S SEMINARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|----------------------------|---|--------------|
| Freehold property | - | 50 years |
| Furniture and Equipment | - | 5 years |
| Motor vehicles | - | 3 to 4 years |
| Tractor | - | 10 years |
| Office equipment - general | - | 3 years |
| Organ | - | 20 years |

1.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

1.7 Funds

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.8 Interest receivable

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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

Cash at bank and in hand includes 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Liabilities and provisions

Liabilities 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. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

2. STAFF COSTS

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 375,516 | 336,197 |
| Social security costs | 20,882 | 20,660 |
| Other pension costs | 1,917 | 1,344 |
| | <u>398,315</u> | <u>358,201</u> |

The average number of persons employed by the Charity during the year was as follows:

| | 2018 No. | 2017 No. |
|---|-------------|-------------|
| Professors full time | 5 | 5 |
| Tutors Part time | 2 | 23 |
| Administration | 5 | 5 |
| Other - catering, domestic, grounds etc | 13 | 8 |
| | <u>25</u> | <u>41</u> |

No employee received remuneration amounting to more than £60,000 in either year.

Key management comprise the Rector, Vice-Rector, Director of Spirituality, Director of Studies, Director of Pastoral and the Bursar.

Total remuneration and benefits for the above in the year was £113,746 (2017 - £77,320)

3. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income | <u>10,456</u> | <u>5,526</u> | <u>15,982</u> | <u>23,016</u> |
| Total 2017 | <u>23,016</u> | <u>-</u> | <u>23,016</u> | |

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

4. SUPPORT COSTS

| | Teaching £ | Residential £ | Premises £ | Total 2018 £ | Total 2017 £ |
|----------------------------|---------------|------------------|---------------|--------------------|--------------------|
| Office | 12,657 | - | 5,424 | 18,081 | 21,605 |
| Chapel | 1,947 | 1,946 | 1,946 | 5,839 | 7,494 |
| Audit and accountancy fees | 6,672 | 6,678 | 661 | 14,011 | 15,183 |
| Wages and salaries | 64,151 | - | 27,494 | 91,645 | 85,790 |
| National insurance | 3,525 | - | 1,511 | 5,036 | 7,527 |
| | <u>88,952</u> | <u>8,624</u> | <u>37,036</u> | <u>134,612</u> | <u>137,599</u> |
| Total 2017 | <u>87,970</u> | <u>7,631</u> | <u>41,998</u> | <u>137,599</u> | |

5. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

| | Staff costs 2018 £ | Depreciation 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Teaching | 201,468 | - | 84,724 | 286,192 | 256,881 |
| Residential | 158,892 | - | 104,763 | 263,655 | 242,918 |
| Premises | 37,955 | 93,594 | 152,546 | 284,095 | 246,505 |
| | <u>398,315</u> | <u>93,594</u> | <u>342,033</u> | <u>833,942</u> | <u>746,304</u> |
| Total 2017 | <u>358,201</u> | <u>66,847</u> | <u>321,256</u> | <u>746,304</u> | |

6. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit fee of £8,520 (2017 - £9,240).

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ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

7. TANGIBLE FIXED ASSETS

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-----------------------|---------------------------|---------------------|-------------------------------|------------------|
| Cost | | | | |
| At 1 August 2017 | 1,697,605 | 35,574 | 286,828 | 2,020,007 |
| Additions | 390,859 | - | 41,261 | 432,120 |
| At 31 July 2018 | <u>2,088,464</u> | <u>35,574</u> | <u>328,089</u> | <u>2,452,127</u> |
| Depreciation | | | | |
| At 1 August 2017 | 194,300 | 30,126 | 256,664 | 481,090 |
| Charge for the year | 83,414 | 2,312 | 7,866 | 93,592 |
| At 31 July 2018 | <u>277,714</u> | <u>32,438</u> | <u>264,530</u> | <u>574,682</u> |
| Net book value | | | | |
| At 31 July 2018 | <u>1,810,750</u> | <u>3,136</u> | <u>63,559</u> | <u>1,877,445</u> |
| At 31 July 2017 | <u>1,503,305</u> | <u>5,448</u> | <u>30,164</u> | <u>1,538,917</u> |

The insurance value of the Seminary buildings, which were first brought into use in 1891, is approximately £15.7 million. All assets are used for the furtherance of the Charity's objects.

8. FIXED ASSET INVESTMENTS

| | Listed securities £ |
|--|------------------------|
| Market value | |
| At 1 August 2017 | 521,177 |
| Additions | 515,603 |
| Disposals | (521,177) |
| Revaluations | 15,131 |
| | <hr/> |
| At 31 July 2018 | 530,734 |
| | <hr/> <hr/> |
| Historical cost | 515,603 |
| | <hr/> <hr/> |
| Investments at market value comprise: | |
| | 2018 £ |
| | 2017 £ |
| Listed investments | 530,734 |
| | 521,177 |

All the fixed asset investments are held in the UK

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

9. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 48,202 | 20,443 |
| Prepayments and accrued income | 25,631 | 207 |
| | <u>73,833</u> | <u>20,650</u> |

10. CREDITORS: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|---------------|---------------|
| Trade creditors | 20,679 | 13,342 |
| Other taxation and social security | 5,483 | 4,608 |
| Accruals and deferred income | 21,041 | 20,203 |
| | <u>47,203</u> | <u>38,153</u> |

ST. JOHN'S SEMINARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

11. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

| | Balance at 1 August 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 July 2018 £ |
|-----------------------------------|----------------------------------|------------------|------------------|--------------------------|-------------------------|---------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 2,063,837 | 777,799 | (822,687) | 418,593 | 6,202 | 2,443,744 |
| Restricted funds | | | | | | |
| Bishop Hendersons Library Fund | 6,758 | - | (4,474) | - | - | 2,284 |
| Knights of St Colombia Fund | 2,061 | - | - | - | - | 2,061 |
| Rectors Fund | 40,160 | 1,055 | - | - | - | 41,215 |
| Walter Quinlan Fund | 149,926 | 5,526 | (6,781) | - | 3,355 | 152,026 |
| Refurbishment Fund | - | 220,476 | - | (33,539) | - | 186,937 |
| Smokers Project | - | 421,310 | - | (385,054) | - | 36,256 |
| | 198,905 | 648,367 | (11,255) | (418,593) | 3,355 | 420,779 |
| Total of funds | 2,262,742 | 1,426,166 | (833,942) | - | 9,557 | 2,864,523 |

Bishop Henderson's Library Fund is for the use of purchasing books for the seminary library.

The Knights of St Columba Fund is for meeting the needs of individual students.

Rector's Fund is for contributing to the well-being of the community of St John's Seminary.

Walter Quinlan Fund represents the residual balance for funds from the Walter Quinlan Trust to be used for the support of personal needs of seminarians.

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 August 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 July 2017 £ |
|-----------------------------------|-------------------------------------|-------------|------------------|--------------------------|-------------------------|---------------------------------|
| General Funds - all funds | 1,975,794 | 797,159 | (739,523) | - | 30,407 | 2,063,837 |
| Restricted funds | | | | | | |
| Bishop Hendersons Library Fund | 6,758 | - | - | - | - | 6,758 |
| Knights of St Colombia Fund | 2,061 | - | - | - | - | 2,061 |
| Rectors Fund | 39,105 | 1,055 | - | - | - | 40,160 |
| Walter Quinlan Fund | 145,257 | 5,526 | (6,781) | - | 5,924 | 149,926 |
| | 193,181 | 6,581 | (6,781) | - | 5,924 | 198,905 |

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

SUMMARY OF FUNDS - CURRENT YEAR

| | Balance at 1 August 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 July 2018 £ |
|------------------|----------------------------------|------------------|------------------|--------------------------|-------------------------|---------------------------------|
| General funds | 2,063,837 | 777,799 | (822,687) | 418,593 | 6,202 | 2,443,744 |
| Restricted funds | 198,905 | 648,367 | (11,255) | (418,593) | 3,355 | 420,779 |
| | <u>2,262,742</u> | <u>1,426,166</u> | <u>(833,942)</u> | <u>-</u> | <u>9,557</u> | <u>2,864,523</u> |

SUMMARY OF FUNDS - PRIOR YEAR

| | Balance at 1 August 2016 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 July 2017 £ |
|------------------|-------------------------------------|----------------|------------------|-------------------------|---------------------------------|
| General funds | 1,975,794 | 797,159 | (739,523) | 30,407 | 2,063,837 |
| Restricted funds | 193,181 | 6,581 | (6,781) | 5,924 | 198,905 |
| | <u>2,168,975</u> | <u>803,740</u> | <u>(746,304)</u> | <u>36,331</u> | <u>2,262,742</u> |

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 1,877,445 | - | 1,877,445 |
| Fixed asset investments | 375,894 | 154,840 | 530,734 |
| Current assets | 237,608 | 265,939 | 503,547 |
| Creditors due within one year | (47,203) | - | (47,203) |
| | <u>2,443,744</u> | <u>420,779</u> | <u>2,864,523</u> |

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 1,538,917 | - | 1,538,917 |
| Fixed asset investments | 521,177 | - | 521,177 |
| Current assets | 41,896 | 198,905 | 240,801 |
| Creditors due within one year | (38,153) | - | (38,153) |
| | <u>2,063,837</u> | <u>198,905</u> | <u>2,262,742</u> |

13. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Net income for the year (as per Statement of Financial Activities) | 601,781 | 93,767 |
| Adjustment for: | | |
| Depreciation charges | 51,112 | 66,846 |
| Gains/(losses) on investments | 9,557 | (36,331) |
| Dividends, interest and rents from investments | (15,982) | (22,300) |
| Increase in debtors | (53,177) | 29,975 |
| Increase in creditors | 9,050 | (31,514) |
| Foreign Exchange Loss | - | 362 |
| Net cash provided by operating activities | <u>602,341</u> | <u>100,805</u> |

14. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|--------------|----------------|----------------|
| Cash in hand | 429,714 | 220,151 |
| Total | <u>429,714</u> | <u>220,151</u> |

ST. JOHN'S SEMINARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

15. CAPITAL COMMITMENTS

There are no capital commitments.

16. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year (2017 - none)

