

**The Society of Mary
(Marist Fathers)
CIO**

Annual Report and Accounts

31 December 2021

Charity Registration Number
1179085

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

Trustees	Rev Peter Corcoran Rev Kevin Duffy Rev Desmond Hanrahan Rev Ivan Vodopivec Rev Alan Williams
National Administrator	Rev Kevin Duffy (from 1 January 2021) Rev Peter Corcoran (until 31 December 2020)
Charity Correspondent and Chief Finance Officer	Mrs Margaret Stevenson margaret@maristfathers.karoo.co.uk
Administration office	Newman House 729 Beverley Road Hull HU6 7ER
Telephone	01482 801360
Charity registration number	1179085
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EY
Investment managers	Quilter Cheviot Limited Senator House 85 Queen Victoria Street London WC2B 6AN

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

Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
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The trustees present their annual statutory report together with the accounts of The Society of Mary (Marist Fathers) CIO (the "Charity") for the period from 1 January 2021 to 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 27 to 33 and comply with the Charity's constitution, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Society of Mary (Marist Fathers) (the "Society") is an international male Roman Catholic religious group, founded in France in 1816 by Jean Claude Colin. Worldwide, the Society comprises of seven provinces (Europe, USA, Australia, New Zealand, Oceania, Mexico and Canada) and four districts (Africa, Asia, Brazil and South America) in which there are 629 (656 as at 31 December 2020) members working in more than 20 countries. The Mother House is in Rome. The Society in England has 16 members, of which 14 are ordained ministers and two are brothers, who all belong to the Province of Europe. Seven former provinces (Italy, Ireland, France, Germany, England, the Netherlands including Norway, and Spain) amalgamated on 1 June 2008 to form one Province of Europe. The administrative base for the constituted province is in Paris and the person with overall responsibility is Rev Martin McAnaney at 104 Rue de Vaugirard, 75006, Paris.

Of the 16 members in England, four members are currently assigned abroad, in Italy, Spain, Ireland and in Russia. Two of our members are bishops: The Bishop for the Diocese of Brentwood in Essex, East London and until his recent retirement, the Bishop Emeritus of Menevia, who now resides in a parish in Newport, Wales. Currently, another three members of the Society are working in England and based in London. Of these, two members are from France and one member is from Senegal. We also have a Dutch member of the Society staying in England, enjoying his active retirement, who is engaged in pastoral work in the local parish. The Society in England is governed in day-to-day matters by its own democratically agreed and approved constitution.

In July 2016, the Province of Europe became an administrative entity for the purposes of Canon Law, implementing negotiated and agreed processes that apply across the seven constitutive national units within Europe. The national regions as separate administrative units ceased to exist on 30 June 2016. The Society in England made amendments to its trust deed in 2016 to permit and promote co-operation within the Province of Europe and beyond and the trustees sought legal advice before agreeing to this development in governmental structure.

In 2018, the trustees of The Society of Mary (Marist Fathers) Charitable Trust (previously carrying Registered Charity Number 235412) applied to the Charity Commission for approval to convert the Charitable Trust's legal structure into a Charitable Incorporated Organisation ("CIO"). Permission was granted and The Society of Mary (Marist Fathers) CIO was entered on the Register of Charities on 5 July 2018 with Registered Charity Number 1179085.

Introduction (continued)

The accounts accompanying this report are the accounts of The Society of Mary (Marist Fathers) CIO through which the assets of the Society in England are now administered and through which its finances operate. The Charity is governed by a constitution dated 5 July 2018 and is registered under the Charities Act 2011. The income and expenditure reported in this annual report represent the activities for the year ended 31 December 2021 with comparative information provided for the year ended 31 December 2020.

Principal aims and activities

The general aim of the Charity is the advancement and support of the charitable work carried on by the Society in England and overseas; this work includes in particular the advancement of the Roman Catholic religion. The objects are fulfilled through supporting parish-based ministries, the provision of spiritual guidance, educational support, missionary work and grant-making funds for specific overseas missionary projects.

The emergence of the Province of Europe as an administrative entity has resulted in an increase in the members of the Society assigned to work in England from other units of the Province. The transfer (normally temporary) of members from England to one of the other six European units is already a reality, with members currently working in Italy, Ireland, Spain and Russia.

Prior to July 2018, members of the Society in England administered in two parishes in England (Hull and Walsingham) under the direction of the local bishops. However, in July 2018, due to the diminishment in members numbers, the Province took the decision to withdraw from the parish in Hull. On leaving the Hull parish, the Charity gifted the title deeds for the parish property to the Diocese of Middlesbrough to continue with their religious works. Members of the Society in England continue to make themselves available for supply work in the Hull & District, to facilitate local clergy leave according to needs and the availability of resources.

Members of the Society in England continue to administer in the parish of Walsingham for which there are four churches, although security and safety place a few restrictions on use. Parishioners and others keep the churches run by the members open for use on a daily basis. The shrine in Walsingham receives regular and frequent attendance by pilgrims of all nationalities and faiths.

All income received by members, from whatever source is Gift Aided (and covenanted) to the Charity. The Charity remains responsible for the maintenance and support of all of its members in England as they go about their varied activities. Many members continue to actively support and promote the mission of the Society in England, often well into their seventies and beyond.

As members, the religious remain entirely dependent upon the Charity to provide for them during their retirement, through to the end of their natural lives. The Society in England continues its commitment to all members, especially and increasingly those who are impaired through age and/or ill health.

Principal aims and activities (continued)

The trustees of the Charity provide land and buildings for use by Trinity Catholic College & Sixth Form in Middlesbrough and St Edward's Primary School in Middlesbrough (both of whom are members of the Nicholas Postgate Catholic Academy Trust), and for St Mary's College in Blackburn to help further educational provision in the local communities. These educational establishments were originally founded by the Society in England, but are now under separate control and publicly funded. The provision of land and buildings in Middlesbrough is at a peppercorn rent, whereas St. Mary's College pays rent for the use of the land and buildings in Blackburn under the terms of their lease as the College has undergone structural changes and will close in July 2022.

The Society in England recognises and promotes the values and importance of offering spiritual guidance and pastoral advice to people of all ages, irrespective of their social, political or religious background. This work is offered through face-to face consultation, retreats, pilgrimages and chaplaincy work, all of which had to cease during the Covid-19 pandemic. As Covid restrictions start to ease, the work of members in England has recommenced, together with the continued use of video conferencing technology which has proved an effective means of communication.

Four members of the Society in England continue to provide ongoing support to the international work of the Society with secondments in Italy, Ireland, Spain and Russia.

Funds used for the overseas missionary aspect of the Charity's work are technically termed "restricted" and one member in England has responsibility for raising funds for this purpose. Each year, an area of England is designated by the English Bishops' Conference for England & Wales where appeals for funds may be made, normally at Sunday church services. Full use is made of the Gift Aid scheme for these donations. During the Covid-19 pandemic, Sunday church service appeals were temporarily suspended and only recommenced in the second half of 2021 when restrictions allowed.

Increasingly, more of the Charity's financial resources are assigned to meet the costs of those members with life-long care needs and to provide for members in their retirement after a life of active ministry. The Charity also supports the international work of the Society through the provision of donations to the Generalate in Rome and to the Province of Europe.

In compliance with established policy, the trustees have agreed to contribute 10% of the annual operating surplus of the Charity for the promotion of formation and training of new members of the Society of Mary and for mission funding to facilitate the work of the Society worldwide.

Public benefit

The trustees have given careful consideration to the Charity Commission's guidance on public benefit in line with their constitution when setting annual objectives, planning the work to be undertaken for the year and when encouraging the work of individual members.

Public benefit (continued)

The members of the Society in England operate within, work with and are deeply involved with the local communities where their residential properties are located. The Society in England enables members to give their services freely to promote the Charity's objects. Details are given above under the heading "Principal aims and activities".

The Society in England also supports the international work of the Society, with four members from England currently ministering overseas; financial assistance is provided through the General Administration in Rome in support of this work.

Annual donations are made to promote the Society's work chiefly in Oceania, the Philippines and Africa. The promotion is funded largely through appeals in parishes in various parts of England and Wales as permitted by the Roman Catholic bishops. Further help, when needed, is provided by occasional legacies and donations from the Pilgrimage Fund.

Achievements and performance

The outbreak of Covid-19 affected many local economies around the globe. Following the outbreak in the UK, the Charity had to modify its operations to cope with the impact and effects of the lockdown restrictions imposed by the UK Government to combat the virus and it is only in the last few months that face-to-face activities have recommenced. Despite the lockdown restrictions in the UK, the changing parameters of the global stock markets has resulted in the investment portfolio experiencing larger movements during the year, which has culminated in an increase of 12.8% in the portfolio's performance in the year.

In response to the lockdown restrictions, the Charity reappraised the work carried out by its members in England as a significant number of members are advanced in years, many with associated health conditions. Members continued to practise self-isolation and social distancing, electing to remain inside communities and only going outside for essentials or medical reasons. Very few face-to-face pastoral meetings, religious services, supply work or mission appeals were carried out during the first half of the year with social distancing and lockdown restrictions in operation. Instead, meetings took place using Zoom video conferencing facility, contact with parishioners and providing support was conducted by telephone and one member was involved with the local radio network in preparing and delivering a regular "thought for the day" message.

Currently, there are 12 members of the Society resident in England, with one being fully retired. The Charity has one member working as a parish priest in the parish of Walsingham and another fulfilling his role as bishop for the Diocese of Brentwood. All other members provide different levels of service in community in tune with the spirit and aims of the Society.

Of those, one member is directly responsible for the development of the extension of the Charity's work to involve lay people in fostering possible future work of the Society among the laity. The same member organises and manages pilgrimage trips to various shrines in Europe for more than 80 people each year – work that has been ongoing for more than thirty years. Any surplus proceeds from pilgrimage activities are devoted to the Charity's work both at home and overseas.

Achievements and performance (continued)

During Covid restrictions, the pilgrimage travel programme was cancelled, but meetings were arranged via Zoom video conferencing so that a programme of events could be coordinated to commence when travel restrictions were lifted in the latter part of 2021.

There are two members involved with promoting fundraising efforts for overseas missionary work through making appeals in parish churches in various parts of England and Wales as permitted by the Roman Catholic bishops. Activities were halted in March 2020 and appeals recommenced in June 2021 when it was deemed safe to do so.

Some of the further services and activities carried out by members during 2021 are:

- ◆ Producing personal reflections and poems distributed digitally to around 150 people each month.
- ◆ Editing a respected, multilingual academic journal, the *Ephemerides Liturgicae*.
- ◆ Writing a 200-page theological book being published by *Bloomsbury plc*.
- ◆ Maintaining a web of ecumenical contacts particularly with Anglicans, in Hull and Beverley
- ◆ Saying masses in a local care home in Blackburn (2 members).
- ◆ Doing supply work in local parishes in Hull (2 members)
- ◆ Working part-time in an ecumenical team serving visiting seafarers in Hull.
- ◆ Participating as a priest online in an international Catholic organisation for grandparents.
- ◆ Serving as chair of an organisation of UK Catholic missionary orders
- ◆ Serving as a governor of a secondary school run by the Marist Sisters.
- ◆ Serving as trustees on the board of two faith-based CIOs: a refugee centre and an international French language parish in London
- ◆ Working as secretary for the Council of the Marist Fathers European province

Overseas, one member continues to manage the mission in Moscow within an international parish in the Russian capital. The principal languages used are Russian, English, French and Tagalog.

Another member has been heavily involved in work with the pilgrimage mission in Sahagun on the Camino de Santiago trail, providing spiritual support and a listening ear to those on a personal journey.

At the end of December 2021, the trustees had responsibility for one parish in Walsingham, in the Diocese of East Anglia, under the direction of the local bishop. Two members of the Society continue to work in the four churches, which encompass the Walsingham parish, with members continuing to help out at the National Marian Shrine in Walsingham, although this responsibility passed to the Hierarchy in England & Wales in December 2014.

Achievements and performance (continued)

The Charity continues to provide the freehold land and buildings for occupation by Trinity Catholic College & Sixth Form in Middlesbrough and St Edward's Primary School in Middlesbrough at a peppercorn rent.

Inevitably, with 95% of the members in the Society in England now beyond historic retirement age, concomitant health deterioration is leading to adjustments in the apostolate. The Charity continues to support the international work of the Society, with four members currently working overseas and donations are made to the Generalate in support of this work.

Since 2017, the community property in Hull (Newman House) has undergone a series of modifications. The ground floor extension to the building was completed in February 2020 along with the landscaping of the grounds and surrounding area later that year. During 2021, all of the first-floor bedrooms in the property were refurbished too.

The receipt of a substantial legacy last year (2020) has provided the funds to support additional overseas missionary projects to benefit those who are needy, poor and disadvantaged. To date the special grant-making projects that have been funded are:

- ◆ The purchase of a reliable community vehicle for the rugged roads of the rural areas of Bougainville, in Oceania to support the Marist Hahela community members meet their transportation needs and serve four parishes which are situated in the rough terrain.
- ◆ The purchase of a reliable vehicle for the rugged roads of Buin, Bougainville which is suitable for wet crossings as there are rivers without bridges to negotiate.
- ◆ The purchase of a new vehicle for Sacred Heart Parish Levuka, Fiji Islands, which suffers from rising sea levels, to assist the parish priests in their pastoral care and community support roles.
- ◆ The purchase of a vehicle to help the mission at Port Orly, Vanuatu.
- ◆ The provision of replacement equipment to support the Castro Castro prison chaplaincy in Peru to re-establish workshop facilities which were lost in a fire.
- ◆ The assistance with the build costs to replace the church in Dala, Solomon Islands which serves 4,000 people in 18 communities but was in poor condition and no longer safe to use.
- ◆ The assistance with the build costs for the additional building at the Cerdon Novitiate campus in Davos, Philippines.
- ◆ The assistance with the build costs of a chapel for the local seminary in Davao City, Philippines
- ◆ The provision of funds to complete the construction of a school at the Marist Centre in the Ranong Mission in Thailand which will provide education facilities to 60 young Burmese refugees

Achievements and performance (continued)

Throughout 2021, the trustees have continued to work with their legal and professional advisers and St Mary's College in Blackburn to establish a precise plan for the future disposal of the site in Blackburn, when it becomes unoccupied, on the closure of St Mary's College in July 2022.

The trustees are also participating in training aspects concerning the principles and rationales of the Charity Governance Code which was refreshed in December 2020.

Financial review

Financial highlights

During the year, income receipts benefited from an increase in dividend earnings from investments - £331,114 (2020 - £278,027) and rents from College property - £100,000 (2020 - £16,667). No legacies were received in the year (2020 - £907,464).

To date, the significant restricted legacy receipt received in 2020 has helped to fund 13 overseas missionary projects in total - 8 during 2021 (2020 - 5) when approval and authorisation was received by the trustees. At 31 December 2021, the General Administration in Rome had received grant making funds totalling £330,580 (€387,400) to oversee the implementation of 8 special legacy funded projects funded through legacy income and an additional two projects funded by the Charity - £72,178 (€84,875).

The Charity operates a centralised policy for key administrative expenditure and provides subsidies to local community properties to assist with members' living costs.

The following transactions were carried out during the year:

- ◆ Project work at Hull community property – £73,402 (2020 - £38,371).
- ◆ Medical and residential costs amounted to circa £19,000 (2020 - £27,000) for elderly members and those with severe ill health. The provision of State aid financial assistance with these costs has lessened the call on the trustees' financial resources.
- ◆ As in previous years, the trustees contributed to the work of the Society in Europe – £56,588 (2020 - £49,954), and towards overseas mission activity – £34,251 (2020 - £34,955), which was partly funded through Mission appeals and the Pilgrimage Fund.
- ◆ Funding of a formation grant-giving project £72,178 (2020 - £nil).
- ◆ Quilter Cheviot Investment managers received £55,803 (2020 – £45,625) in fees for the year.
- ◆ The investment portfolio performance increased by 12.8% in the year (2020 – 7.2%).
- ◆ Donations gifted to the Charity from members following the receipt of legacies £94,450 (2020 - £nil).

Financial review (continued)

Income and expenditure in summary

A summary of the results for the year to 31 December 2021 can be found on page 23 of this report and accounts.

Total income for the year amounted to £789,452 (2020 - £1,505,927). £358,322 (2020 - £1,198,462) of this amount represents income from donations and legacies. In 2020, legacies including one significant legacy of £907,464 restricted to the promotion of the overseas mission of the Society.

Income earned on the Charity's listed investments totalled £331,114 (2020 - £278,027) and £16 (2020 - £112) was received as bank interest.

Total expenditure for the year was £950,015 (2020 - £686,917). £445,869 (2020 - £442,838) of the expenditure was incurred maintaining the members of the Society and enabling them to carry out their work. £448,343 (2020 - £198,454) was expended on grants and donations.

Net investment gains of £1,116,276 (2020 - £468,991) arose during the period on the revaluation and disposal of the Charity's investment assets and the overall net movement in funds for the period, therefore, was an increase of £955,713 (2020 - £1,288,001).

Reserves policy and financial position

The reader will discern from the foregoing that the Charity carries out a diverse range of activities and is responsible for care and support of the religious members whose average age is increasing and whose needs are changing. The trustees have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes, or otherwise committed. In considering the level of reserves, trustees take into account forecasts of future income and expenditure, potential needs and risks, and the need to ensure the continuity of activity.

Given the nature of the Charity's work and the increasing, often unpredictable, call on its resources to provide continuing essential care to its members, especially those impaired by age and illness, the trustees believe that the level of free reserves may be up to five years' worth of expenditure without giving rise to concern.

Since the outbreak of Covid-19 in January 2020, the pandemic has severely affected many local economies around the globe including the UK. In order to cope with the impact and effects of the lockdown imposed by the UK Government to combat the virus, the Charity has had to modify its operations. The UK lockdown and the turbulence experienced by global stock markets resulted in the Charity's investment portfolio experiencing increased volatility. There is also the added complication of rising inflation entering the economy. One of the consequences of trying to manage the uncertainty that exists with the investments is anticipating the level of investment income that will be available for the Charity during 2022, thereby placing reliance on the free reserves to assist with meeting operational expenditure in the year.

At 31 December 2021, the Charity had net assets totalling £13,588,840 (2020 - £12,633,127).

Financial review (continued)

Reserves policy and financial position (continued)

Of this, £1,056,627 (2020 - £1,016,250) was represented by equipment, motor vehicles and the properties used to house the members of the Society and to support their work. This balance was separated in recognition of the importance of such assets to the Charity's operational activities, and thus unavailable to meet the Charity's day-to-day commitments.

Restricted funds of £512,602 (2020 - £771,004) at the balance sheet date represents the balance of funds remaining from the significant legacy received in 2020, the application of which is restricted to overseas special missions' projects that are controlled and monitored by the Charity and administered via the General Administration in Rome.

The trustees of the Charity are mindful of the need to set aside reserves to safeguard the future of the members and their charitable work when considering the age profile of the members of the Society and the annual cost of supporting them and their residential properties. In accordance with the reserve policy, the trustees rely on professional assistance in carrying out an actuarial calculation to establish the costs of maintaining and supporting all the present members of the Society to the end of their natural life. The age of the members ranges from 60 to 87 years.

Based on advice received, the trustees have designated an accumulated sum of £8.5 million (2020: £7.3 million) as a reserve to provide for the members of the Society in their continuing ministry and retirement and to be able to help in unforeseen circumstances. The increase in designated funds has been met by a transfer of £1.2 million from free reserves. The current cost of care for any member who needs residential/nursing care is estimated to be circa £44,500 per annum. Whenever possible, the Charity will apply to the State for financial assistance, but this may be limited due to the receipt of occupational pensions.

The trustees have also designated £109,478 being monies held in the Pilgrimage Fund, to be applied towards the overseas mission of Marist Fathers within the next ten years.

At 31 December 2021, the Charity had free reserves of £3,410,133 (2020 - £3,410,020), which is in line with the policy set out above and importantly, is regarded as being sufficient to enable the charity to meet the challenges presented by Covid-19 and its after effects.

Investment policy and performance

Quilter Cheviot Limited continues to manage the Charity's listed investment portfolio throughout the period of this report. Custody of the investments is held by a nominee company.

Financial review (continued)

Investment policy and performance (continued)

The Charity invests in a diverse range of listed investments to enable it to spread risk. In 2019 the portfolio benchmarks were realigned to rebalance the proportion of equities and bonds according to advice received from the fund managers. Despite the uncertainties within the investment markets due in part to the continuance of the Covid-19 pandemic, the portfolio has continued to flourish in the year to December 2021. The market value of the Charity's listed investments at 31 December 2021 stood at £11,767,445 (2020 - £10,511,558). The investment portfolio's performance outperformed the performance of the markets generally with a return of 12.8%. Listed investment income for the year totalled £331,144 (2020 - £278,027).

The Charity has an investment policy for its listed investments, which is distributed to members and reviewed annually. The Board's investment strategy is to maximise total returns within an acceptable level of risk in order to meet the Charity's on-going needs. The investment managers are instructed to endeavour to achieve long-term growth of both capital and income in order to provide the level of income that the trustees required to meet their programme and responsibilities in any one year. Advice is sought from the fund managers before the trustees embark on any programme involving significant finance.

It is trustee policy to invest all non-recurring income (including legacy funds, short term), as well as any proceeds from the disposal of assets and maturing life insurance policies taken out in the 1980s to provide cover for each member, for the benefit of the Charity.

The trustees provide the fund managers with a copy of their investment policy which details the Charity's position on ethical and moral principles. The policy states that investment choices should never be made in activities that would conflict with the objectives of the Charity. Whenever prudent and possible, the trustees seek to invest in those areas of the developing world where the Society works.

During the year, the National Administrator, who is a trustee, and the Chief Finance Manager receive quarterly reports and monthly performance updates from the fund manager. Regular briefings and contract notes concerning the acquisition and disposal of equities are provided. The board of trustees meet with the fund managers annually to review progress of the portfolio. The National Administrator and Chief Finance Officer will meet with the fund manager every six months to receive and review informative explanatory reports. During 2021, all meetings with the investment managers were held by Zoom video conferencing.

At the December meeting, following COP 26, the trustees expressed their wishes to capitalise on their 'responsible investments', and for their investments to 'make a difference' and assist with bringing about positive change for the environment. The trustees were provided with details of up and coming companies where their mission is to make positive change. After discussion, the trustees approved an investment of up to 3% of the value of the portfolio in a basket of small companies mentioned.

Future plans

The Charity anticipates that members will become more involved in activities following the release of the restrictions. The trustees are mindful of their members decreasing numbers, their age profile and fragility.

The Charity will continue to work with their legal and professional advisers and St. Mary's College in Blackburn on the closure of the College in July 2022, release of the lease agreement and disposal of the site. Full marketing of the site premises commenced in late January 2022.

Members will be consulted on the requirement to consolidate community properties, based on their level of needs and support options available to the Society in England. The Charity is actively considering its presence in Blackburn.

Principal risks and uncertainties

Since the outbreak of Covid-19 in early 2020, the Charity has modified its operations to cope with the impact and effects of the lockdown restrictions imposed by the UK Government to combat the virus. As lockdown restrictions ease, members of the Charity are actively returning to parts of their ministry. The full impact of Covid -19 on the financial position and results of the Charity for future periods are still uncertain. It had a detrimental effect on income receipts in the form of donations, expenditure and reserves for 2020 but the position has improved for 2021. The trustees are confident that the level of reserves held by the Charity are sufficient to mitigate any foreseeable financial concerns about the Charity's ability to continue as a going concern.

The trustees have identified and discussed the types of major risks, which may impact the Charity and affect their work and role in carrying out their mission. They regularly seek out professional advice to ensure compliance with their statutory obligations and regulatory duties are observed. All major risks are recorded within a "Risk Assessment Register" and reviewed annually by the trustees. The identification of any serious risks is automatically an agenda item for forthcoming trustee meetings with the necessary actions and outcomes monitored.

The key risks for the Charity are described below, together with the principal ways in which they are mitigated:

♦ *Caring for the elderly*

Members of the Society are becoming increasingly older; their needs for professional care and assistance are increasing too. Members' needs are met through the provision of nursing and medical care, either in-house or externally.

Considerable resources are required to provide an appropriate level and quality of care (particularly if nursing or specialist dementia care is required). Such resources are the responsibility of the Charity itself, the State, or a mixture of the two.

The trustees are aware that it is essential for proper financial planning to exist so that when additional help is required by members, there are adequate funds in place to provide this support.

Principal risks and uncertainties (continued)

♦ ***Deterioration in the value of the investment portfolio***

The Charity places reliance on the income received in the form of dividends from its investment portfolio to maintain its operations. Stock market fluctuations are monitored on a regular basis and robust control mechanisms are in place to deal with any adverse conditions.

Since the outbreak of Covid-19, global equity markets have experienced significant volatility and recovery in the last quarter of 2020. During 2021, the value of the portfolio has rallied as markets have settled. At the year-end the portfolio had experienced an uplift of 12.8% from its previous year-end position. The investment portfolio continues to receive close monitoring as trustees acknowledge that they are dependent on the dividend income it provides for operational expenditure.

Every three years, a review is carried out to assess the performance and possible appointment of a new professional fund manager from a reputable company. The trustees carry out a regular review of the Charity's investment policy with an up-to-date copy of the policy supplied to the investment manager, Quilter Cheviot Limited. The National Administrator and Chief Finance Officer receive detailed monthly and quarterly reports of the portfolio movements. The trustees receive copies of the annual reports and meet with the fund manager on an annual basis.

♦ ***Age profile of members***

The increasing age profile of members leads to the risk of dilution in the ministry of the Society and the associated income for the Charity.

The Charity continues to demonstrate public benefit by members providing social and pastoral work within local communities and through the provision of charitable donations to the Society's missions overseas, including the Generalate. Legacy funding has provided the Charity with an opportunity for grant-funding specific overseas missions' projects. Members of the Society work in close partnership with lay people using their financial and administrative skills to ensure financial viability.

♦ ***Safeguarding***

Operationally the Charity works with children and vulnerable adults including older people. The trustees recognise the absolute necessity of ensuring the protection and safety of all those that the Charity serves. Members of the Society who engage in any ministry in England and Wales and all those who work or volunteer for the Charity and work with children or vulnerable adults obtain clearance from the Disclosure and Barring Service (DBS).

The Charity trustees have expressed their firm intention of entering into new contracts with Catholic Safeguarding Standards Agency (CSSA) and Religious Life Safeguarding Service (RLSS) who together are the organisations accountable for implementing the new safeguarding recommendations (safeguarding standards) from the Elliott Review and are responsible for oversight, compliance and safeguarding training of religious congregations. This process was completed during the year ended 31 December 2021.

Principal risks and uncertainties (continued)

♦ ***Safeguarding***

Internally, one of the members of the Society, with the help of a lay expert, is responsible for ensuring the safeguarding policy is adhered to in respect to all members, employees and volunteers.

♦ ***Freehold land and buildings in Blackburn***

The closure of St. Mary's College in July 2022 presents challenges for the Charity. The costs associated with the disposal of the site and holding an asset no longer in use is considerable. During 2021, the Charity resolved any concern it held over dealing with a parcel of land transferred from Lancashire County Council under the direction of the Education Assets Board pursuant to the provisions of the Further & Higher Education Act 1992 and Education Order 1993 by consulting with the Education & Skills Funding Agency. The disposal of the land which is written in trust requires approval from the Charity Commission.

The Charity's legal advisers have removed any legal implications (if any) in clarifying the full ownership position of the site. The Charity has also received expressions of interest in the site with potential offers after soft marketing of the site in late October. Full marketing of the site commenced in late January with further expressions of interest forthcoming. The trustees are confident that a purchaser for the site will be in place prior to December 2022.

The National Administrator and Chief Finance Officer carried out a detailed examination / re-assessment of insurance cover in June 2021 via Zoom video conferencing with the advice of Marsh Commercial's insurance broker managers, and reported to the trustees. The major risks were covered by practical and well-tried procedures.

Having assessed the major risks to which the Charity is exposed, the trustees believe that by monitoring reserve levels, annual budgeting, comprehensive insurance cover and centralising responsibility for major expenditure, they have prudent effective systems in place to minimise foreseeable risks.

Structure, governance, and management

Since July 2016, the Society in England has been administered on a day-to-day basis by the National Administrator and his Administrative Council, which includes the Chief Finance Officer.

The National Administrator shall automatically by virtue of holding this office, be ex-officio, the sole member of the CIO for as long as he holds that office. If the CIO is wound up, the member has no liability to contribute towards its assets and no personal liabilities for settling its debts and other liabilities.

The board of trustees – as distinct from the National Administrator and Administrative Council – aim to formally meet four times each year, to review developments and assess the functioning of the Charity in order to monitor the present, and plan for the future as English law stipulates. Should occasion arise, they meet with the Provincial of Europe to further the aims of the Charity.

Structure, governance, and management (continued)

The names of the trustees who served during the period of this report are listed on page 1.

Apart from the first Trustees, every appointed Trustee must be appointed, subject to the consent of the Superior General, by a resolution in writing by the National Administrator and they shall, subject to clause 15 (retirement and removal of Trustees):

- (a) in the case of an individual who is a member of the Society be appointed for a period of three years or such period of office as the National Administrator shall determine;
- (b) in all other cases be appointed for:

- (I) an initial term of one year; and,

- (II) if reappointed (subject to clause 16 of this Constitution) for a term of three years;

or such other term as the National Administrator shall decide; and they may (subject to Clause 16 of this constitution) be reappointed.

Members are selected for appointment as trustees based on their skills, knowledge and experience, necessary for the effective administration of the Charity. Trustees are invited and encouraged to attend training presentations and webinars to familiarise themselves with the context within which the Charity operates. Briefing packs are prepared and distributed to trustees regularly, which draws upon the information from various Charity Commission publications, signposted through the Commission's guide CC3 "The Essential Trustee" as a follow up to these sessions.

The trustees are committed to developing high standards of governance and make use of the seven fundamental principles within the Charity Governance Code to review their governance procedures, functions and policies to address compliance needs.

All trustees receive a copy of the audited annual reports and representative trustees meet annually with the fund managers and insurance broker in order to review and assess their performance.

Key management personnel

The trustees consider that they together with the Chief Finance Officer (who is also the National Bursar of the Society) comprise the key management of the Charity, charged with directing and controlling, running and operating the Charity on a day-to-day basis. The National Administrator, to whom the main duties are entrusted, is also a trustee of the Charity and he is assisted in his endeavours by the Chief Finance Officer.

All of the trustees are members of the Charity and whilst their living and personal expenses are borne by the Charity they receive no remuneration in connection with their duties as trustees.

Structure, governance, and management (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period, which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing these accounts, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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 accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Charity's Constitution. 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.

Employees, volunteers and members of the Society

The trustees wish to record their appreciation of the dedicated, enthusiastic and positive approach of all members of the Society often in the most difficult of circumstances and they underline the support and commitment of all their staff and volunteers. This has enabled the Charity to continue to pursue its objectives.

In accordance with UK law, the trustees provide a workplace pension, which offers a pension to each of the Charity's employees. All employees are able to become members of this scheme after a successful probation period. The trustees make a contribution of 6% of gross salary in to the pension scheme.

Approved by the trustees and signed on their behalf by:

Trustee



Approved by the trustees on:

15/07/2022

Independent auditor's report to the trustees of The Society of Mary (Marist Fathers) CIO

Opinion

We have audited the accounts of The Society of Mary (Marist Fathers) CIO (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

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 auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, 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 United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management and those charged with governance and review of minutes of trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

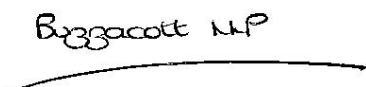
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We did not identify any irregularities, including fraud.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Buzzacott LLP". Below the signature is a long, horizontal, slightly wavy line.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

20 July 2022

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

Statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Year to 31 December 2021 Total funds £	Unrestricted funds £	Restricted funds £	Year to 31 December 2020 Total funds £
Income from:							
Donations and legacies	1	344,408	13,914	358,322	280,601	917,861	1,198,462
Investments and interest receivable	2	331,130	—	331,130	278,139	—	278,139
Other sources							
· Miscellaneous income	3	100,000	—	100,000	29,076	—	29,076
· Disposal of tangible fixed assets	4	—	—	—	250	—	250
Total income		775,538	13,914	789,452	588,066	917,861	1,505,927
Expenditure on:							
Raising funds	5	55,803	—	55,803	45,625	—	45,625
Charitable activities							
· Support of members of the Society and their ministry	6	445,869	—	445,869	442,838	—	442,838
· Grants and donations	7	155,690	292,653	448,343	27,039	171,415	198,454
Total expenditure		657,362	292,653	950,015	515,502	171,415	686,917
Net income (expenditure) before investment gains		118,176	(278,739)	(160,563)	72,564	746,446	819,010
Net investment gains	13	1,116,276	—	1,116,276	468,991	—	468,991
Net income (expenditure)		1,234,452	(278,739)	955,713	541,555	746,446	1,288,001
Transfer between funds	16	(20,337)	20,337	—	(24,558)	24,558	—
Net movement in funds	9	1,214,115	(258,402)	955,713	516,997	771,004	1,288,001
Reconciliation of funds							
Total funds brought forward at 1 January 2021		11,862,123	771,004	12,633,127	11,345,126	—	11,345,126
Total funds carried forward at 31 December 2021		13,076,238	512,602	13,588,840	11,862,123	771,004	12,633,127

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

All activities were continuing as at 31 December 2021.

Balance sheet 31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		1,056,627		1,016,250
Investments	13		12,264,993		10,843,806
			<u>13,321,620</u>		<u>11,860,056</u>
Current assets					
Debtors	14	6,013		467,249	
Cash at bank and in hand		<u>285,604</u>		<u>354,952</u>	
		291,617		822,201	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(24,397)</u>		<u>(49,130)</u>	
Net current assets			267,220		773,071
Total net assets			<u>13,588,840</u>		<u>12,633,127</u>
The funds of the charity					
Income funds					
Restricted funds	16		512,602		771,004
Unrestricted funds					
· Tangible fixed assets fund	17	1,056,627		1,016,250	
· Designated funds	18	8,609,478		7,435,853	
· General fund		<u>3,410,133</u>		<u>3,410,020</u>	
			<u>13,076,238</u>		<u>11,862,123</u>
			<u>13,588,840</u>		<u>12,633,127</u>

Approved by the trustees
and signed on their behalf by:

Trustee *D. Kaurah*

Approved on: *15/07/2022*

Statement of cash flows Year to 31 December 2021

	Notes	Year to 31 December 2021 £	Year to 31 December 2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	4,734	79,212
Cash flows from investing activities:			
Investment income and interest received		334,895	276,026
Proceeds from the disposal of tangible fixed assets		—	250
Purchase of tangible fixed assets		(97,514)	(96,219)
Proceeds from the disposal of listed investments		3,081,567	2,844,018
Purchase of listed investments		(3,190,413)	(2,985,367)
Net cash provided by investing activities		128,535	38,708
Change in cash and cash equivalents in the year		133,269	117,920
Cash and cash equivalents at 31 December 2020		656,435	535,824
Change in cash and cash equivalents due to exchange rate movements		(6,552)	2,691
Cash and cash equivalents at 31 December 2021	B	783,152	656,435

Notes to the statement of cash flows for the period ended 31 December 2021

A Reconciliation of net income for the year to net cash provided by operating activities

	Year to 31 December 2021 £	Year to 31 December 2020 £
Net income for the year (as per the statement of financial activities)	955,713	1,288,001
Adjustments for:		
Depreciation charge	33,025	30,454
Net gains on investments	(1,116,276)	(468,991)
Surplus on disposal of tangible fixed assets	—	(250)
Investment income and interest receivable	(331,130)	(278,139)
Foreign exchange losses (gains)	6,552	(2,691)
Increase (decrease) in debtors	457,471	(457,002)
Decrease in creditors	(621)	(32,170)
Net cash provided by operating activities	4,734	79,212

Statement of cash flows Year to 31 December 2021

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	285,604	354,952
Cash held by investment managers	497,548	301,483
Total cash and cash equivalents	783,152	656,435

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

Principal accounting policies 31 December 2021

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

Basis of preparation

These accounts have been prepared for the year to 31 December 2021 with comparatives given for the year to 31 December 2020.

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

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Scope of accounts

These accounts do not include the funds of parishes managed by the members of the Society as parish priests. Such funds are the property of the relevant diocesan charity of which the parish is part.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the assumptions adopted by the trustees and management in determining the value of any designations required from the charity's general unrestricted funds; and
- ◆ the estimate of future income and expenditure flows for the purposes of assessing the charity's going concern status.

Assessment of going concern

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

Following the outbreak of Covid-19, the Charity had to modify its operations to cope with the impact and effects of the lockdown imposed by the UK Government to combat the virus. The duration and impact of Covid-19 still remains unclear at this time and it is not possible to reliably estimate the impact on the financial position and results of the Charity for future periods. The trustees are aware that Covid-19 may continue to affect income, expenditure and reserves. However, they are confident that the level of reserves held by the Charity are sufficient to mitigate any foreseeable financial concerns about the Charity's ability to continue as a going concern.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period (i.e. the year ending 31 December 2022), as described in the trustees' report, the most significant areas that may affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income

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

Income comprises donations and legacies, investment income, interest receivable, the surplus on disposal of tangible fixed assets (if any) and miscellaneous income.

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

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

Income (continued)

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

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

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities when the amount can be measured and when the charity is entitled to receipt.

Rental income is credited to the statement of financial activities when the charity is entitled to receipt under the relevant lease agreement.

The surplus on disposal of tangible fixed assets is defined as the difference between the sale proceeds and the net book value of the asset at the time of the disposal and after deducting any costs associated with the disposal.

Expenditure

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

All expenditure is accounted for on an accruals basis. All expenses are allocated to the applicable expenditure headings. The majority of expenditure is directly attributable and any apportionment between headings is negligible. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees only.

Expenditure (continued)

- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include:
 - ◇ Expenditure on the support of members of the Society and their ministry enables the members to carry out the charitable work of the Society in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the spread of Christian values. Such expenditure includes governance costs, which comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice; and
 - ◇ Grants and donations payable which in the main, relate to the support of the Society's Generalate and overseas missions. Grants and donations payable are included in the statement of financial activities when approved. Grants approved but not paid at the end of the financial period are accrued.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 with an expected useful life exceeding one year are capitalised.

Freehold land and buildings

◆ *Colleges and schools*

The trustees are the legal owners of land and buildings used by two Sixth Form Colleges in Blackburn and Middlesbrough and one voluntary aided primary school situated in Middlesbrough, which are exempt charities and publicly funded. The land and buildings are valued at £nil for the purpose of these accounts. All of these educational establishments were originally founded by the Society, but are now under separate control and publicly funded. Historically some developments to the estate were partially funded by state aid according to government policy at the time and there is no reliable information as to their cost.

Occupation of the land and buildings by the two educational establishments in Middlesbrough is indefinite and rent free (or at a peppercorn rent) until there is a breach by, or change in the relationship with, the tenants. The trustees consider that no meaningful value can be attributed to these assets since they are not used directly by the Charity and cannot be disposed of in the open market or put to alternative use whilst such occupation continues.

Tangible fixed assets (continued)

Freehold land and buildings (continued)

◆ *Colleges and schools* (continued)

Until the end of October 2020, St Mary's College, Blackburn (the College) operated as a Catholic sixth form college. With effect from 1 November 2020 it was agreed that as the College no longer met the requirements to be termed "Catholic" it would hence forth operate as a sixth form college. Occupation by the College of the land and buildings situated in Blackburn and owned by the Charity was rent free until 31 October 2020 but with effect from 1 November 2020 is subject to a formal rental arrangement. Following a Structures and Prospects Appraisal (SPA) Review under the control of the FE Commissioner's Office, the College was notified that it would close at the end of July 2022. With the College closure in July 2022 it is anticipated that control of the property will return to the Charity as from that date. The trustees consider that no meaningful value can be attributed to these assets until 31 July 2022 since they are not used directly by the Charity and cannot be disposed of in the open market or put to an alternative use whilst occupation by the College continues.

◆ *Non-specialised buildings*

Non-specialised buildings i.e. those designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Any depreciation thereon, therefore, would be immaterial.

◆ *Specialised buildings*

Specialised buildings include residential properties which have undergone significant adaption works in order to serve the wider operational needs of the charity. Depreciation is provided at 2% per annum on a straight line basis in order to write the buildings off over their estimated useful economic life to the charity. Buildings under construction are not depreciated.

Furniture, equipment and motor vehicles

Furniture, equipment and motor vehicles are depreciated in order to write assets off over their expected useful lives at the following rates per annum:

- | | |
|---------------------------|-------------|
| ◆ Furniture and equipment | 20% on cost |
| ◆ Motor vehicles | 25% on cost |

Investments

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

Deferred annuity contracts represent annuity contracts with an insurance company to assist provision for individual members of the Society on their retirement. The fund is revalued at each balance sheet date by the insurance company. The retirement scheme was closed in October 2021, when the only remaining member's payment was received under the annuity contract by the Charity.

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

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

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

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

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

Fund structure

General funds represent those monies that are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Foreign currencies

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

Pension costs

Contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Services provided by members of the Society

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

1 Income from donations and legacies

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Salaries and pensions of members of the Society received under gift aid and/or deed of covenant	249,791	—	249,791	276,921	—	276,921
Legacies	—	—	—	—	907,464	907,464
Other donations	94,617	13,914	108,531	3,680	10,397	14,077
	344,408	13,914	358,322	280,601	917,861	1,198,462

2 Income from investments and interest receivable

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Income from listed investments	331,114	—	331,114	278,027	—	278,027
Interest receivable	16	—	16	112	—	112
	331,130	—	331,130	278,139	—	278,139

3 Income from other sources

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Coronavirus Job Retention Scheme grant	—	—	—	7,516	—	7,516
Rent receivable from St Mary's College, Blackburn	100,000	—	100,000	16,667	—	16,667
Miscellaneous income	—	—	—	4,893	—	4,893
	100,000	—	100,000	29,076	—	29,076

4 Income from disposal of tangible fixed assets

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Surplus on disposal of motor vehicles	—	—	—	250	—	250

5 Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Investment manager's fees	55,803	—	55,803	45,625	—	45,625

6 Expenditure on charitable activities: Support of the members of the Society and their ministry

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Staff costs (note 10)	111,166	—	111,166	111,984	—	111,984
Property expenses	57,050	—	57,050	44,431	—	44,431
Personal living costs	114,276	—	114,276	121,305	—	121,305
Training	2,634	—	2,634	3,431	—	3,431
Expenses of ministry	48,082	—	48,082	27,127	—	27,127
Depreciation	33,025	—	33,025	30,454	—	30,454
Loss on foreign exchange transactions	17,655	—	17,655	744	—	744
Governance costs (note 8)	61,981	—	61,981	103,362	—	103,362
	445,869	—	445,869	442,838	—	442,838

7 Expenditure on charitable activities: Grants and donations

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
The Generalate of the Society	56,588	—	56,588	49,954	—	49,954
Marist missions overseas	—	34,251	34,251	—	34,955	34,955
Overseas missions grant funding	72,178	258,402	330,580	2,902	136,460	139,362
Notre Dame Refugee Centre	—	—	—	3,000	—	3,000
Religious Life Safeguarding Service	25,000	—	25,000	—	—	—
St. Mary's College	—	—	—	(30,000)	—	(30,000)
Other donations of less than £1,000	1,924	—	1,924	1,183	—	1,183
	155,690	292,653	448,343	27,039	171,415	198,454

8 Governance costs

	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2021 £	Unrestricted Funds £	Restricted Funds £	Year to 31 December 2020 £
Professional fees	61,981	—	61,981	103,362	—	103,362

9 Net movement in funds

This is stated after charging:

	Year to 31 December 2021 £	Year to 31 December 2020 £
Staff costs (note 10)	111,166	111,984
Auditor's remuneration including VAT		
. Statutory audit – current year	8,400	8,160
. Statutory audit – prior year	—	840
. Non-audit services –Tax consultancy	2,592	—
Depreciation (note 12)	33,025	30,454

10 Staff costs and remuneration of key management personnel

Staff costs during the year were as follows:

	Year to 31 December 2021 £	Year to 31 December 2020 £
Wages and salaries	101,900	102,123
Social security costs	4,388	4,059
Pension costs	4,878	5,802
	111,166	111,984

The average number of employees during the year ended 31 December 2021 was 5 (2020 – 5). The full-time equivalent number of employees during the same period, analysed by function, was 3.2 (2020 – 3.2).

There were no employees who earned £60,000 (2020 - none) per annum or more (excluding benefits) during the period.

The trustees consider that they together with the Chief Finance Officer (who is also the National Bursar of the Society) comprise the key management of the Charity. The National Administrator, to whom certain duties are entrusted, is also a trustee of the charity.

The total remuneration (including benefits) payable to the charity's key management personnel during the period ended 31 December 2021 was £51,751 (2020 - £55,540).

All of the trustees are members of The Society of Mary (Marist Fathers) CIO and whilst their living and personal expenses are borne by the charity they receive no remuneration.

11 Taxation

The Society of Mary (Marist Fathers) CIO is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

12 Tangible fixed assets

	Freehold land and buildings		Furniture and equipment	Motor vehicles	Total
	Non-specialised £	Specialised £	£	£	£
Cost					
At 1 January 2021	375,620	1,136,726	45,444	40,961	1,598,751
Additions	—	71,542	1,860	—	73,402
At 31 December 2021	<u>375,620</u>	<u>1,208,268</u>	<u>47,304</u>	<u>40,961</u>	<u>1,672,153</u>
Depreciation and impairment					
At 1 January 2021	—	520,322	29,091	33,088	582,501
Depreciation charge	—	24,166	5,798	3,061	33,025
At 31 December 2021	<u>—</u>	<u>544,488</u>	<u>34,889</u>	<u>36,149</u>	<u>615,525</u>
Net book values					
At 31 December 2021	<u>375,620</u>	<u>663,780</u>	<u>12,415</u>	<u>4,812</u>	<u>1,056,627</u>
At 31 December 2020	<u>375,620</u>	<u>616,404</u>	<u>16,353</u>	<u>7,873</u>	<u>1,016,250</u>

13 Fixed asset investments

	2021 £	2020 £
Listed investments	11,767,445	10,511,558
Cash held by investment managers for re-investment	497,548	301,483
Deferred annuity contracts	—	30,765
	<u>12,264,993</u>	<u>10,843,806</u>

	2021 £	2020 £
Listed investments		
Fair (market) value 1 January 2021	10,511,558	9,902,903
Additions at cost	3,190,413	2,985,367
Disposal at book value (proceeds: £3,047,939; gains: £130,736)	(2,917,203)	(3,022,014)
Net unrealised investment gains	982,677	645,302
Fair (market) value at 31 December 2021	<u>11,767,445</u>	<u>10,511,558</u>
Historical cost of listed investments as at 31 December 2021	<u>9,364,145</u>	<u>8,651,541</u>

13 Fixed asset investments (continued)

At 31 December 2021, the listed investments comprised the following:

	2021 £	2020 £
UK fixed interest	1,811,902	1,765,439
Overseas fixed interest	1,476,790	1,305,112
UK equities and unit trusts	1,593,646	1,315,046
Overseas equities and unit trusts	4,046,677	3,755,632
Commodities, absolute return and infrastructure	2,838,430	2,370,329
	11,767,445	10,511,558

At 31 December 2021 no individual investment holding was deemed significant in the context of the overall portfolio value.

Deferred annuity contracts	2021 £	2020 £
Value at 1 January 2021	30,765	29,080
Maturity value	(33,628)	—
Gain realised on maturity	2,863	—
Surplus on revaluation	—	1,685
Value at 31 December 2021	—	30,765

The deferred annuity contracts were with Zurich Assurance plc.

Since the year end, investment markets have fallen and remain volatile due to the geopolitical and macroeconomic climate. At the date on which these accounts were approved, the listed investment portfolio had a market value of £10,338,667.

14 Debtors

	2021 £	2020 £
Investment income receivable	5,453	9,785
Legacy receivable	—	457,464
Prepayments and accrued income	560	—
	6,013	467,249

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts payable towards the purchase of tangible fixed assets	—	22,112
Other creditors and accruals	24,397	27,018
	24,397	49,130

16 Restricted funds

	At 1 January 2021 £	Income £	Expenditure £	Transfers £	At 31 December 2021 £
Overseas missions fund	—	13,914	(34,251)	20,337	—
Overseas legacy funds	771,004	—	(258,402)	—	512,602
	771,004	13,914	(292,653)	20,337	512,602

	At 1 January 2020 £	Income £	Expenditure £	Transfers £	At 31 December 2020 £
Overseas missions fund	—	10,397	(34,955)	24,558	—
Overseas legacy funds	—	907,464	(136,460)	—	771,004
	—	917,861	(171,415)	24,558	771,004

The overseas mission fund comprises donations received for the specific purpose of funding the Society's mission overseas. The transfer from the charity's unrestricted general funds is made to cover the shortfall of donations against the actual charitable expenditure on overseas missions.

Similarly, the overseas legacy fund relates to a significant legacy receivable, the application of which is restricted towards overseas projects.

17 Tangible fixed assets fund

	2021 £	2020 £
At 1 January 2021	1,016,250	992,011
Other net movements in year	40,377	24,239
At 31 December 2021	1,056,627	1,016,250

The tangible fixed assets fund represented the net book value of the charity's tangible fixed assets. This fund was established in recognition of the fact that the assets were used in the day to day work of the Charity and therefore did not represent reserves available to finance its operations.

18 Designated funds

The unrestricted funds of the charity included the following designated funds, which were set aside by the trustees for specific purposes:

	At 1 January 2021 £	New designa- -tions £	Utilised/ released £	At 31 December 2021 £
Retirement reserve	7,300,000	1,200,000	—	8,500,000
Pilgrimages fund	135,853	3,625	(30,000)	109,478
	7,435,853	1,203,625	(30,000)	8,609,478

	At 1 January 2020 £	New designa- -tions £	Utilised/ released £	At 31 December 2020 £
Retirement reserve	8,000,000	—	(700,000)	7,300,000
Pilgrimages fund	156,389	9,319	(29,855)	135,853
	8,156,389	9,319	(729,855)	7,435,853

The retirement reserve represents funds set aside to provide for members of the Society in their retirement. The reserve has been calculated using actuarial principles, but is adjusted as necessary in the light of available resources.

The Pilgrimages fund represents monies set aside by the trustees to be applied in due course towards the mission of the Marist Fathers.

19 Analysis of net assets between funds

The following assets and liabilities represent the fund balances:

	Unrestricted funds				
	General funds £	Tangible fixed assets funds £	Designated funds £	Restricted funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:					
Tangible fixed assets	—	1,056,627	—	—	1,056,627
Investments	3,142,913	—	8,609,478	512,602	12,264,993
Current assets	291,617	—	—	—	291,617
Creditors: amounts falling due within one year	(24,397)	—	—	—	(24,397)
Total net assets	3,410,133	1,056,627	8,609,478	512,602	13,588,840

19 Analysis of net assets between funds (continued)

	Unrestricted funds				
	General funds	Tangible fixed assets funds	Designated funds	Restricted funds	Total 2020
	£	£	£	£	£
Fund balances at 31 December 2020 are represented by:					
Tangible fixed assets	—	1,016,250	—	—	1,016,250
Investments	3,094,413	—	7,435,853	313,540	10,843,806
Current assets	364,737	—	—	457,464	822,201
Creditors: amounts falling due within one year	(49,130)	—	—	—	(49,130)
Total net assets	3,410,020	1,016,250	7,435,853	771,004	12,633,127

The total unrealised gains constitute movements on the revaluation of listed investments and are as follows:

	2021 £	2020 £
Total unrealised gains at 31 December 2021	2,403,300	1,860,017
Reconciliation of movements in unrealised gains on listed investments		
At 1 January 2021	1,860,017	1,754,393
Add: net gains arising on revaluation arising in the year	982,677	645,302
Less: in respect to disposals in the year	(439,394)	(539,678)
Total unrealised gains at 31 December 2021	2,403,300	1,860,017

20 Ultimate control

The National Administrator shall automatically, by virtue of holding that office, be ex-officio the sole member of the CIO for as long as he holds that office. If the CIO is wound up, the member has no liability to contribute towards its assets and no personal liabilities for settling its debts and other liabilities.

Apart from the first Trustees, every appointed Trustee must be appointed, subject to the consent of the Superior General, by a resolution in writing by the National Administrator

21 Related party transactions

Father Desmond Hanrahan, a trustee of the Charity was appointed as a trustee of Notre Dame de France – Society of Mary CIO ('NDF') (Charity Registration Number 1177995) and Notre Dame Refugee Centre CIO (Charity Registration Number 1177990) on 22 June 2018. During the period ended 31 December 2021 NDF contributed £43,035 to the Charity for the support of the clergy.

21 Related party transactions (continued)

Income from donations includes the pensions of the trustees of the charity received under Gift Aid or deed of covenant. For the year ended 31 December 2021, £35,180 of pensions income donated by the trustees was receivable by the charity

There were no further related party transactions during the year (2020 – none).

22 Contingent asset

As noted under principal accounting policies, the CIO is the legal owner of the land and buildings currently occupied by St Mary's Sixth Form College, Blackburn. Until the end of October 2020, St Mary's College, Blackburn (the College) operated as a Catholic sixth form college. With effect from 1 November 2020 it was agreed that as the College no longer met the requirements to be termed "Catholic" it would hence forth operate as a sixth form college. Occupation by the College of the land and buildings situated in Blackburn and owned by the Charity was rent free until 31 October 2020 but with effect from 1 November 2020 is subject to a formal rental arrangement.

Following a Structures and Prospects Appraisal (SPA) Review under the control of the FE Commissioner's Office, the College was notified that it would close at the end of July 2022. With the College closure in July 2022, it is anticipated that control of the property will return to the Charity from that date. At this point the land and buildings will be recognised in these accounts. Until this date, the trustees consider that no meaningful value can be attributed to these assets since they are not used directly by the Charity and cannot be disposed of in the open market or put to an alternative use whilst occupation by the College continues.

Since late January 2022, the property has been marketed for sale by the charity's property surveyors and has attracted considerable interest. Following a series of 'best and final' offers, the board of trustees have entered into negotiations with their preferred purchaser and anticipate that a sale will be finalised shortly after control of the land and buildings reverts to the charity in August 2022, with proceeds in excess of £5 million.