

Society of the Divine Word CIO

Trustees' Report and Accounts

31 December 2020

Registered Charity No 1183256

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Society of the Divine Word CIO
Legal and Administrative Information

TRUSTEES	Rev. Eamonn Donnelly SVD (Chair) Rev. Kieran Fitzharris SVD Rev. Michael Egan SVD Rev. Gerhard Osthues SVD (District Bursar) Rev. Nicodemus Ratu SVD
ADDRESS	8-10 Teignmouth Road London NW2 4HN
Independent examiner	J I Borucki FCA Borucki & Co 42 Radnor Road Harrow Middlesex HA1 1RZ
PRINCIPAL BANKERS	Allied Irish Bank plc 202-204 Finchley Road London NW2 HN
SOLICITORS	Messrs Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA
INVESTMENT MANAGERS	UBS AG 5 Broadgate London EC2M 2AN Newton Investment Management Ltd BNY Mellon Centre 160 Queen Victoria Street London EC4V 4LA

Society of the Divine Word CIO

Trustees' Report

The Trustees submit their annual report and the financial statements for the year ended 31st December 2020. The trustees have adopted the provisions of the FRS 102, "Accounting and Reporting by Charities", issued in 2014, in preparing the annual report and financial statements of the charity.

Constitution and Scope

The Society of the Divine Word is an international Society of Roman Catholic priests and brothers. It was founded in Germany in 1875 and its Generalate headquarter is now in Rome. The British District of the Irish and British Province having been registered with the Charity Commission as a Charitable Incorporated Organisation No. 1183256 on 3rd May 2019. The Governing Document of the Charity is a constitution, which states that, The object of the CIO is such charitable purposes which advance the religious and other charitable work for the time being carried on by or under the direction or with the support of the Society as the Trustees with the approval of the Superior shall from time to time think fit. The accounts accompanying this report are the accounts of the CIO on which the assets of the Society in England are held following the transfer of assets from the Trust (registered charity No. 276345) on 1st January 2020.

Appointment of Trustees

The Provincial Superior appoints new or additional trustees.

Trustee Induction and Training:

New trustees undergo an orientation day to brief them on their legal obligation under charity and Charity Commission's guidance on public benefit and decision-making process and all other matters required of Trustees. Trustees are encouraged to attend appropriate seminars and trustee conferences to familiarize their role and responsibilities as trustees.

Objects and policies

The general objects of the Society of the Divine Word are religious and charitable, and particularly for the promotion of the religious and human development of the peoples of the Developing World. The Society in Britain is concerned with providing for the financial and other needs of the Society for its projects and members especially in the Developing World. It also promotes its objectives through pastoral involvement in the local Church. It provides for its members from overseas who come to Britain for study or other work. It also cares for returned missionaries who are sick or retired..

Organisation

The British District of the Society is administered from our house in London. All the members of the Society in Britain belong to this house irrespective of where they actually live. Fr Alberto Escoto SVD manages the administration of the house and deals with the many people who come to the house during the year.

Activities

The activities of the Society are focused on furthering its missionary objectives. The main activities are the following:

1. Providing for missionaries sent from overseas to study at universities in Britain.
2. Provide financial and other support to the Society's overseas missions.
3. Pastoral work in chaplaincies and parishes in partnership with the local Church.
4. Promoting vocation to the Society.
5. Caring for sick and elderly retired missionaries unable to return overseas.
6. Receiving and helping our visiting missionaries.
7. Providing the administrative infrastructure necessary for these activities.

Review of the year and Public Benefit Statement 2020

Areas of Public Benefit provided by the British District of the Society of the Divine Word in the United Kingdom during the year 2019.

London Community: During 2020 there were four members in the London House. One member is over 80 years of age and the rest of them are involved in various activities to promote religion in the Archdiocese of Westminster by helping in the pastoral ministry where needed. All members are ordained Roman Catholic Priests. Members who participate on a part time basis in the pastoral ministry of the Archdiocese do so by being present when called for in the various locations of the Archdiocese in London. One priest of our community for part of 2020 was a full time Roman Catholic Chaplain at the Royal Free Hospital in London. He collaborated with the Lead Chaplain there in her work at the Hospital.

Society of the Divine Word CIO

Trustees' Report

Care of the Elderly:

Our Society has an obligation, both moral and legal to provide care for its members. We aim to support members to live out their faith in all phases of life. Those identified as being unsuitable for community living in our London House due to sickness of immobility, we try to place them in appropriate accommodation.

Fr. Kevin O'Toole SVD who is in his 90s, and a former member of our house in London was moved to the Nazareth Care Home in East Finchley so as to provide him with better care and assisted living. Fr. Kevin lived and worked for many years in India, the West Indies and in parishes in the Archdiocese of Westminster. He was placed in the retirement home to improve his health and assure he has the care he needs at final years of his life. The Charity is responsible for his financial support.

St. Bridget of Sweden and Our Lady of Sorrow Parish:

In 2017, The Society of Divine Word contracted with the Archdiocese of Westminster for the pastoral responsibility of the St. Bridget of Sweden and the English Martyrs at Isleworth, Richmond. We have two members residing at the parish house there. They also serve as part time chaplains in the Middlesex Hospital.

Hospitality to Missionaries:

In our community in London we offer hospitality to our missionaries who come here on holidays, to recover from illness, doing renewal courses or attending conferences in the UK. As well as this, we often host our missionaries who may be passing through from their home countries. In 2020 because of the global pandemic this task was much diminished

Parish of St. Mary on the Quays, Bristol:

Two of our members are responsible for the pastoral catholic ministry at St. Mary on the Quays in the city of Bristol. As such they assist the Roman Catholic Diocese of Clifton in the task to promote religion in that Diocese. The Priests also minister to a large student body who attend the various universities in Bristol. The parish is noted for its outreach to young people who are living and working in the city. Our members there are from Ireland and Asia and have been able to reach out to minority and ethnic groups in the community due to their multicultural and multilingual background. During the pandemic in 2020 this task was much reduced due to Health and Safety regulations in the Colleges in Bristol.

Overseas Missionary Support:

Charity Funds are transferred when requested by our SVD Generalate administration in Rome to specific projects in our missionary works overseas. The trustees receive a report enabling them to be satisfied that funds are used for the purposes intended.

Reserves policy

The Charity's main source of income is derived from the investment of its financial resources and was credited monthly. The Trustees meet every two months or so and generally commit available monthly income to charitable activities and staff cost attributable to those activities. In the pandemic there have been some zoom connections to facilitate the work of the Trust. It is the policy of the trustees to maintain reserves at a sufficient level for the Society to continue its activities and to cover present and future costs of providing for its members, many of whom are now elderly.

Financial position of the Society

The Society's financial position is considered satisfactory by the trustees. The market value of the Society's freehold land and buildings is greater than the amount shown in the accounts where the value is stated at historic costs.

Investment Policy and Objectives:

The trustees have agreed that the investment portfolios of the Charity should be managed on a discretionary basis by UBS Wealth Management and by Newton Investment Management Limited. The objective is for capital and income growth which over the long term will endeavour to maintain the real value of the assets. The trustees have an ethical policy that is in accord with Charity Commission guidelines. They exclude investments in armaments, gambling, tobacco, suppressive regimes and others that are not suitable for the Charity. The investment objective is to be achieved by investment in a balanced portfolio comprised of equities, fixed interest and cash with a medium risk profile.

In order to monitor progress, both investment houses will provide quarterly capital performance reports. These reports will include the movement of the FT All Share Index over the same periods. The trustees will periodically consider whether there is a need to revise the Investment Policy Statement and if so, will immediately advise both its investment houses.

Society of the Divine Word CIO

Trustees' Report

Principle Risks and Risk Management:

The trustees have assessed the principle financial risk facing the charity to be:

Ongoing financial pressure on income from donations, bequests and charitable activities due to ongoing recessionary environment and the Covid pandemic.

The steps taken to reduce these risks include:

- * Use of personal communications strategy with existing donors and benefactors and creation of awareness of the activities of our missionary works generally.
- * Strengthening of financial controls and internal procedures, increased financial reporting and ongoing monitoring of results compared to budgets during the year and also reducing expenses wherever possible.
- * Due to change in the financial investment industry and decline in fixed deposits interest rates, we changed our investment strategy. We decided to invest our funds into investment funds for higher returns with constant monitoring of our funds and regular meetings with fund managers to ensure that our funds are safe and giving adequate returns each year to bridge the gap between expenses over income.
- * The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and are satisfied that systems are in place to mitigate our exposure to major risks.

TRUSTEES' RESPONSIBILITIES WITH REGARD TO THE ACCOUNTS

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails the trustees:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- * state whether the statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- * prepare financial statements on the going concern basis unless it is inappropriate to presume the charity will continue its activities.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Future:

In spite of the aging profile of our members and continuing pressures on financial resources, we nevertheless intend to maintain the level of work and public benefit services that we have been providing. The main focus in 2020 and beyond will be on maintaining tight control over financial resources and ensuring the best use of these resources through obtaining overall cost savings and efficiencies in the way we conduct our operations.

It is clear that the effects of the virus pandemic will affect the CIO's income in 2021 as it is expected that the investment income will reduce however the Trustees do not envisage that any deficit that may arise will seriously reduce the reserves or cause any going concern problems.

Signed on behalf of the Trustees

Eamonn Donnelly SVD
Trustee

Approved by the Trustees on 5th September 2021

Society of the Divine Word

Independent Examiner's Report to the Trustees of the Society of the Divine Word

I report on the accounts of the Society of the Divine Word for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Statement of Cash Flows, Balance Sheet and the related notes.

This report is made solely to the charity's trustees, as a body, in accordance with Section 145(3) of the Charities Act 2011. My examination has been undertaken so that I might state to the charity's trustees those matters we are required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my examination, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and auditors

The charity's trustees you are responsible for the preparation of the accounts. The charity's trustees consider an audit is not required this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commissioners under section 145(5)(b) of the 2011 Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and comply with the

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Borucki & Co
42 Radnor Road
Harrow
Middlesex HA1 1RZ

Signed on 6 September 2021

Society of the Divine Word CIO
Statement of Financial Activities
for the year ended 31 December 2020

	Notes	General Funds 2020 £	Designated Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £	General Funds 2019 £	Designated Funds 2019 £
Income							
Voluntary income:							
Donations		7,366	-	7,366	-	-	-
Legacies		-	-	-	-	-	-
Salaries and pensions		41,367	-	41,367	-	-	-
Collections and mass stipends		6,098	-	6,098	-	-	-
Room and board		7,500	-	7,500	-	-	-
Investment income		161,331	25,590	186,921	-	-	-
Other income		300	-	300	-	-	-
Total incoming resources		223,962	25,590	249,552	-	-	-
Expenditure							
Cost of generating funds:							
Investment management fees		45,673	-	45,673	-	-	-
Charitable activities:							
Pastoral activities							
Upkeep of communities							
Board and lodging		39,150	-	39,150	-	-	-
Property maintenance		3,381	-	3,381	-	-	-
Community expenses		85,240	-	85,240	-	-	-
Administration and governance costs		10,868	-	10,868	-	-	-
Support of Missions		-	-	-	-	-	-
		138,639	-	138,639	-	-	-
Total expenditure		184,312	-	184,312	-	-	-
Net gains (losses) on investments		(4,668)	68,712	64,044	-	-	-
Transfers between funds		13,752	(13,752)	-	-	-	-
Net movement in funds		48,734	80,550	129,284	-	-	-
Balances brought forward at 1 January 2020		-	-	-	-	-	-
Transferred from The Society of the Divine Word charity no.276345		7,365,803	1,384,385	8,750,188	-	-	-
Balances carried forward at 31 December 2020		7,414,537	1,464,935	8,879,472	-	-	-

None of the charity's activities were acquired or permanently discontinued

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

Society of the Divine Word CIO
Balance Sheet
as at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	4	204,792	-
Investments	5	<u>8,328,354</u>	<u>-</u>
		8,533,146	-
Current assets			
Debtors	7	-	-
Cash at bank and in hand		<u>365,826</u>	<u>-</u>
		365,826	-
Creditors: amounts falling due within one year	6	(19,500)	-
Net current assets		<u>346,326</u>	<u>-</u>
Total assets less current liabilities		<u>8,879,472</u>	<u>-</u>
Funds			
Designated	7	1,464,935	-
General		<u>7,414,537</u>	<u>-</u>
		<u>8,879,472</u>	<u>-</u>

Eamonn Donnelly SVD

Trustee

Approved by the Trustees on 5th September 2021

Society of the Divine Word CIO
Statement of cash flows
for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash used in operating activities	A	<u>399,093</u>	<u>-</u>
Cash flows from investing activities			
Investment income		186,921	-
Proceeds of investment sales		3,564,321	-
Purchases of investments		<u>(3,600,650)</u>	<u>-</u>
Cash provided (used) in investing activities		<u>150,592</u>	<u>-</u>
Decrease in cash and cash equivalents in year		<u>549,685</u>	<u>-</u>
Movement in year			
(Decrease) increase in cash at bank and in hand		365,826	-
(Decrease) increase in cash held by investment managers and deposits		<u>183,859</u>	<u>-</u>
		<u>549,685</u>	<u>-</u>
		-	

A. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	129,284	-
Deduct investment income	(186,921)	-
Add depreciation	-	-
Add/(deduct) net movement on investments.	(64,044)	-
Value of net current assets transferred to CIO	501,274	-
Increase (decrease) in creditors	19,500	-
(Increase) decrease in debtors	-	-
	<u>399,093</u>	<u>-</u>

Society of the Divine Word CIO
Notes to the Accounts
for the year ended 31 December 2020

1 Accounting policies

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) 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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Income

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. Donations, are recognised when the Trust has been notified in writing of both the amount and settlement date. Legacies are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date.

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. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield in the investment portfolio.

Expenditure

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

The cost of generating funds includes the fees paid to investment managers in respect of the management of the charity's investment portfolios.

Expenditure on charitable activities comprises direct expenses incurred on the defined charitable purposes of the charity and includes staff costs attributable to the activity.

The contribution to the Generalate is calculated annually and represents the excess of the budgeted net expenditure for the year over the free reserve at the end of the previous year, as adjusted for the purchase or sale of land and buildings.

Governance costs comprise of expenditure on compliance with and advice on constitutional and statutory matters.

As all expenditure can be attributed to specific categories no apportionment between heading has been necessary. Irrecoverable VAT is included in the items of expenditure to which it relates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Society of the Divine Word CIO
Notes to the Accounts
for the year ended 31 December 2020

Tangible fixed assets

Freehold land and buildings, in the main used as private residential accommodation, are included at a valuation based either on a value estimated by the trustees or on historical cost. The Trustees do not consider that the expense of a professional valuation in order to ascertain the separate values of the land and buildings is justified.

The buildings are in constant use in furtherance of the charitable objectives and are maintained to standards that ensure that their residual value is not less than the book value. Buildings are not depreciated, for reason stated, they have a very long useful economic life such that annual depreciation would be immaterial.

Depreciation is provided on other tangible fixed assets costing more than £1,000, other than freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and equipment	20% p.a. straight line
Motor Vehicles	25% p.a. straight line

After five years fixtures and equipment are written out of the accounts as in the opinion of the trustees they have no residual value.

Investments

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

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

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.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales 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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fund accounting

The general fund comprises those monies, which may be used towards meeting the charitable objectives of the charity at the discretion of the Trustees.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Taxation

The charity is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

2 Expenditure	2020	2020
	£	£
Included in expenditure are:		
Staff costs	13,063	
Accountancy and Independent Examiner's fees	6,250	
The average number of employees, analysed by function was:		
Domestic	<u>1</u>	<u>1</u>

Society of the Divine Word CIO
Notes to the Accounts
for the year ended 31 December 2020

3 Transactions with Trustees

As members of the Society, the Trustees' living expenses during the year were borne by the Trust but the Trustees received no remuneration or other benefits in connection with their duties as Trustees during the year or in the previous year.

4 Tangible fixed assets

	Land, buildings and contents	Fixtures and equipment	Motor vehicles	Total
At 1 January 2020	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transferred from The Society of the Divine Word	204,792	-	11,795	216,587
At 31 December 2020	204,792	-	11,795	216,587
Depreciation				
At 1 January 2020	-	-	-	-
Charge for the year	-	-	-	-
On disposals	-	-	-	-
Transferred from The Society of the Divine Word	-	-	11,795	11,795
At 31 December 2020	-	-	11,795	11,795
At 31 December 2020	204,792	-	-	204,792
At 31 December 2019	-	-	-	-

5 Investments

	2020 £	2019 £
Listed:		
Balance at 1 January 2020	-	-
Purchases	3,600,650	-
Proceeds of sales	(3,564,321)	-
Net movement in year	64,044	-
Transferred from The Society of the Divine Word	8,044,122	-
Balance at 31 December 2020	8,144,495	-
Cash held by investment managers for re-investment	183,859	-
	8,328,354	-
Cost of listed investments at 31 December 2020	-	-

7 Debtors

	2020 £	2019 £
Other debtors and prepayments	-	-

Society of the Divine Word CIO
Notes to the Accounts
for the year ended 31 December 2020

6 Creditors: amounts falling due within one year	2020	2019
	£	£
Due to Generalate	12,000	-
Other creditors and accruals	7,500	-
	<u>19,500</u>	<u>-</u>

7 Designated Funds

Retirement Fund

The trustees have designated a sum equivalent to the market value of investments held through BNY Mellon in recognition of the need to provide for the retirement of the members. The unreinvested income from this fund will be received and used by the general fund.

Fixed Asset Fund:

In order to fulfil its charitable objectives the Society needs a number of properties. These properties, although they are unrestricted assets cannot be realised without undermining the Society's work, and the trustees therefore feel that it is appropriate to reflect the investment in fixed assets by means of a designated fund.

	Transferred from Trust	Incoming resources	Utilised/ realised	At 31 December 2019
	£	£	£	£
Retirement fund	1,179,593	94,302	(13,752)	1,260,143
Fixed asset fund	204,792	-	-	204,792
	<u>1,384,385</u>	<u>94,302</u>	<u>(13,752)</u>	<u>1,464,935</u>