# PLYMOUTH SECULAR CLERGY FUND

England & Wales · Charity number 213232

## Details

| | |
|---|---|
| **Status** | Registered |
| **Legal form** | Trust |
| **Registered** | 1962-11-26 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Plymouth Secular Clergy Fund<br>St. Boniface House<br>Ashburton<br>Newton Abbot<br>Devon<br>TQ13 7JL |
| **Phone** | 01364645360 |
| **Email** | info@prcdtr.org.uk |

## Activities

**Objects:** RELIEF AND ASSISTANCE TO ANY OF THE SECULAR CLERGY OF THE ROMAN CATHOLIC DIOCESE OF PLYMOUTH WHO ARE INCAPACITATED BY AGE SICKNESS OR INFIRMITY.

**Activities:** The Charity supports priests of the Roman Catholic Diocese of Plymouth by:* the payment of grants to Diocesan Priests in need;* the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office;* the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Classification

- **How:** Makes Grants To Individuals, Provides Other Finance
- **What:** The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty
- **Who:** Other Defined Groups

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## Geography

- **Area of benefit:** NOT LIMITED.
- Bournemouth
- Cornwall
- Devon
- Dorset
- Plymouth City
- Poole
- Torbay

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-03-31 | £428,608 | £637,405 | - | - |
| 2024-03-31 | £323,002 | £512,000 | - | - |
| 2023-03-31 | £372,211 | £524,388 | - | - |
| 2022-03-31 | £319,431 | £470,803 | - | - |
| 2021-03-31 | £244,430 | £421,890 | - | - |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| Canon Peter Morgan | | 2020-11-14 |
| Fr Albert Lawes | | 2025-01-21 |
| Rev Brian Kenwrick | | 2025-11-20 |
| Rev Colin Groombridge | | 2025-11-20 |
| Rev Jacek Kostuch | | 2021-11-04 |
| Rev James Barber | | 2021-11-04 |
| Rev Jonathan Stewart | | 2022-11-24 |
| Rev Mark O'Keeffe | | 2022-11-24 |

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**PLYMOUTH SECULAR CLERGY FUND**

England & Wales - Charity number 213232

# Accounts

# PLYMOUTH SECULAR CLERGY FUND

**Charity Number 213232**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**Year ended 31 March 2025**

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2025

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ANNUAL REPORT
for the year ended 31 March 2025

The Committee of Trustees presents its report and audited financial statements for the year ended 31 March 2025.

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

**Trustees (Committee Members)**

Reverend J Barber
Reverend J Kostuch
Canon P Morgan
Reverend P Cobb
Canon M O'Keeffe
Reverend R Candy – Resigned 6/12/2024
Reverend J Stewart
Reverend P Keys – Resigned 24/9/2024
Reverend J Gilbert – Appointed 14/5/2024
Reverend A Lawes – Appointed 21/1/2025

**Secretary**

Reverend J Kostuch

**Treasurer**

Canon P Morgan

**Holding Trustees**

Monsignor R Draper VG

**Auditors**

PKF Francis Clark
Torquay

**Solicitors**

Tozers, Exeter

**Investment Managers**

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA
*(Authorised and regulated by the Financial Conduct Authority)*

Ruffer LLP
80 Victoria Street London
SW1E 5JL
*(Authorised and regulated by the Financial Conduct Authority)*

CCLA
PO BOX 12892
Dunmow
Essex CM6 9DL
(Authorised and regulated by the Financial Conduct Authority)

**Principal Bankers**

National Westminster Bank plc Plymouth

**Official Address**

St Boniface House
Ashburton
Newton Abbot
TQ13 7JL

## Structure

Plymouth Secular Clergy Fund was established by a meeting of the clergy of the Roman Catholic Diocese of Plymouth on 19 December 1861. By trust deed dated 13 December 1888, (as amended by resolution of the members on 22 June 1993, 19 July 1994, 16 July 1996 and 7 November 2013), it is a charitable trust; (charity registration number 213232). All priests ordained for or incardinated into the Diocese and working as such at the discretion of, or with the approval of the Bishop, are eligible for membership of the charity, subject to acceptance by the Committee and compliance with the other qualifications stated in the rules of the charity, as amended in 1993, 1994, 1996, 2013 and 2021. Priests who are members of the charity receive a copy of the Rules of the Fund and the Annual Trustees' Report and Financial Statements. They are encouraged to attend the Annual General Meeting of the charity and to take an active interest in matters of the charity, since they form the pool from which future Trustees of the charity will be appointed and ultimately will be beneficiaries of it.

ANNUAL REPORT
for the year ended 31 March 2025 continued

## Aims and Objectives

The principal objects of the charity are "to support the Diocesan Priests by:

- the payment of grants to Diocesan Priests in need.
- the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office.
- the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Public Benefit

This Annual Report is written in accordance with the requirements of the Charities Act 2011 and having had regard to the advice and guidance given by the Charity Commission.

Plymouth Secular Clergy Fund has been established to support priests of the Roman Catholic Diocese of Plymouth and within this Annual Report, the Trustees seek to demonstrate that the aims of the Fund fall within such descriptions of charitable purposes. Furthermore, it also seeks to demonstrate that in its work of supporting Diocesan priests, it is providing public benefits that are clear and relate to the aims of the Fund.

Diocesan priests carry out the public duty of conducting marriage and funeral services. They conduct baptism, communion and confirmation services and enable the public celebration of mass on virtually every day in every parish of the Diocese; there is no restriction on access to any of the celebrations. The priests offer the healing of peoples' consciences through the offering of the sacrament of Reconciliation (Confession). They provide pastoral care, visiting, in their homes or hospitals, those who are sick or dying and comforting those who have suffered bereavement or whose lives are otherwise troubled.

At some point during their years of ecclesiastical ministry, some priests will act as hospital, prison or school chaplains and chaplains to the armed forces, ministering not just to the Catholic community but to the wider public. Priests with Catholic schools in their parishes will also often serve on governing bodies and thereby assist in the provision of education. Not all pupils or members of staff at the schools are Catholic; the schools are socially diverse and inclusive and often are in areas of social deprivation.

As demonstrated above, the priests devote their lives to the service of God and their fellow men and women. They choose consciously to dedicate their lives to others and to live a simple life, foregoing their own economic well-being. Plymouth Secular Clergy Fund aims to support them at times when the priests are themselves in need or are sick, infirm or elderly. In practical terms, its main area of support by far is to those priests who have resigned from ecclesiastical office on the grounds of age, meaning that they may no longer rely on a parish to provide them with somewhere to live and subsistence. The Fund provides financial and other support to enable them to live out their old age with dignity and independence. The benefits to the public are through the financial and other relief of those priests concerned, (the charitable purpose being "the prevention or relief of poverty") and the charitable purpose "the advancement of religion", by enabling priests to follow their vocation.

The next section on Achievements and Performance demonstrates how the charity has met its objective to support the priests of the Roman Catholic Diocese of Plymouth during the year under review.

ANNUAL REPORT
for the year ended 31 March 2025 continued

## Achievements and Performance

In 2024/2025:

| The charity planned to: | The charity's achievements: | Next year, the charity plans to: |
|---|---|---|
| ....give financial support to those priests who have resigned from ecclesiastical office due to age. | As at 31 March 2025, 24 priests aged 75 or over, (2024: 29 priests), were in receipt of allowances from the charity. From 6 April 2024, the gross allowance per priest, based on 30 years' service, is £16,149 per annum. Certain members of the charity, who have 30 years of service, are aged over 75 but are still in active ministry can still choose to take an allowance from the parish as well as the allowance from the Plymouth Secular Clergy Fund. They can also choose to not receive the allowance from the Plymouth Secular Clergy Fund. Note 17 to the financial statements discloses the maximum commitment of the charity in providing appropriate support during the next ten years. | ....continue to give financial support to those priests who have resigned from ecclesiastical office due to age. |
| ....give assistance to priests who are sick, infirm or elderly, (including those who have resigned from ecclesiastical office due to illness). | In all, the charity gave financial assistance to or for 7 priests, (2024: 10 priests). Some financial assistance was given through grants to third parties. One of the priests has ceased active ministry due to ill-health but is aged below 75 and so is ineligible to receive financial support of the type mentioned in the section above. He received grants to help with his daily living costs. | ....continue to consider requests for financial and other assistance to priests who are sick, infirm or elderly and give financial support to those priests who have resigned from office due to illness. |
| ....pay healthcare insurance for priests who are sick, infirm or elderly. | The charity paid healthcare insurance for 17 priests, including beneficiaries of the charity over 75 and priests who are aged below 75 but who nevertheless have had to cease active ministry due to ill-health. | ....pay healthcare insurance for priests who are sick, infirm or elderly. |

ANNUAL REPORT
for the year ended 31 March 2025 continued

## Corporate Governance

**Governance and decision-making**

The governing body of the charity is the Committee, (who are trustees under charity law). Committee members are appointed by the ordinary members of the charity at the Annual General Meeting. Except in very limited circumstances, (as defined in the Rules of the Fund), only those ordinary members who are not also beneficiaries of the charity are eligible to hold office as Treasurer, Secretary or one of the other seven Committee Members. The Treasurer and Secretary are elected annually and ordinarily may not hold office for more than four consecutive years. The two other longest serving Committee members retire by rotation. Procedures exist to replace the Treasurer, Secretary and Committee members who vacate their office during the year. The Bishop is ineligible to hold any office in the charity. The business of the charity is managed by the Committee of eight Members, (including the Treasurer and the Secretary), which normally meets four times each year. The Committee has control of the monies and other property of the charity. The charity has holding trustees, whose function is restricted to holding its property. The holding trustees have no power to make management decisions and must act on the lawful instructions of the Committee.

**Statement of trustees' responsibilities**

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

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

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

**Summary of the rules for the payment of allowances to priests aged 75 or over who have resigned from ecclesiastical office, grants and provision of other assistance**

The rules of Plymouth Secular Clergy Fund define those priests eligible to receive benefits from the Fund as being Members (and in some cases, former Members), of the Fund. The Rules also lay down the manner in which a priest qualifies or may be disqualified from membership. All members or former members are eligible to receive an allowance from the Fund on resignation from ecclesiastical office due to age, which may be paid in accordance with the Policy Document that sets out the Committee's current policy in regard to such payments under the rules of the Fund. In the event that the Policy Document is either revoked or amended so as to deny such payments, (or materially affect their value), to a significant number of members or former members, there shall be repaid to the Diocese the current value of all contributions made by the Diocese, (or by other organisations employing or formerly employing them), in respect of those members or former members. The Committee shall adjudge those who are in need of grants and has discretion to set the rate or amount of such grants. Every member who is sick, infirm or elderly shall, at the discretion of the Committee, be eligible for assistance.

# ANNUAL REPORT
for the year ended 31 March 2025 continued

## Corporate Governance continued

### Risks and internal control

The principal risks faced by the Trust are mainly:

a) the performance of investments; and
b) the operational risk associated with the Trust's capacity to make effective grants in the future.

*Performance of investments*

The trustees consider the variability of investment returns to constitute the charity's major financial risk. This is mitigated by having two investment managers who both maintain separate diversified investment portfolios. During the year the net losses on investments were £147,319, which represents a 0.9% loss on the opening market value of £16,397,595. This is a decrease from the previous year's gains of £586,526, which represented a 3.6% gain on the opening market value of £16,052,432. The investment portfolios also produced an income of £345,182. The trustees consider that the use of a total return approach helps stabilise the resources available for making grants.

*Operational risk associated with the Trust's capacity to make effective grants in the future*

The operational risk associated with the Trust's capacity to make effective grants in the future is managed by periodic actuarial review. The last review, which was undertaken as at 31 March 2022, indicated that the charity's funds were still in surplus, in terms of meeting its future commitments, without making any allowance for future contributions to the Fund or for any free income that may be received from legacies or donations. Pressure on the Fund comes mainly from a combination of lower-than-expected investment returns, and higher than expected increases to the allowance paid to clergy who have reached the age of 75 and have resigned from ecclesiastical office.

### Reserves

The charity's primary objective is to provide allowances to all priests who resign from ecclesiastical office at or over the age of 75 and who are eligible to receive such payments under the terms of the charity's rules. The total amounts potentially payable during the next 10 years to current recipients and all other priests eligible to resign from ecclesiastical office due to their age is £6.04 million, ranging from £0.380 million in the year ending 31 March 2026 to £0.866 million in the year ending 31 March 2035. Further details may be found in note 17 to the financial statements. The charity also relies on its investment income and any capital gains to supplement the resources from which it can pay grants at the level of recent years and to cover administration expenses.

Plymouth Diocesan Trust has hitherto supported the charity's object of providing allowances to priests over 75 who have resigned from ecclesiastical office by donating funds which are given as permanent endowments. Periodic actuarial reviews are commissioned to ensure that the charity remains adequately funded in order to generate sufficient income to meet its future commitments to support priests aged 75 and over who have resigned from ecclesiastical office and its other commitments, without any further contributions being required for those existing members of the charity. New members of the charity would require additional contributions, depending on their age at commencement of contributions.

### Investments

*Specific investment powers of the Committee*

The specific investment powers of the Committee are laid down in the Rules of the Plymouth Secular Clergy Fund. In summary, the Committee has the same full and unrestricted powers of investing and varying investments in all respects as if it were absolutely and beneficially entitled thereto, provided that before exercising any such powers, it obtains and considers proper advice on whether the investment is satisfactory, having regard to the objects of Plymouth Secular Clergy Fund. On the 12 May 2025, we moved funds with BNY to the New Catholic Values Fund for Charities.

*Investment and Administration Advisory Panel*

The Committee has appointed the Finance Committee of Plymouth Diocesan Trust, (registered charity 213227), to act as an Investment and Administration Advisory Panel, accountable to the Committee; and in particular it has been agreed that such advisory panel should negotiate and recommend appointment of investment managers and monitor their subsequent performance in the context of overall policy established by the Committee.

ANNUAL REPORT
for the year ended 31 March 2025 continued

## Corporate Governance continued

**Investments continued**

*Investment Policy, Objective and Strategy*
The Committee have adopted a formal Investment Policy that sets out, in detail, the responsibilities and roles of the Committee and others involved in the management of the Fund, its aims, attitude to risk, ethical investment policy, asset allocation strategy, performance benchmarks and investment restrictions.

The aims of the charity are long term, and its funds need to be invested for the long term. The real value of the underlying investment needs to be retained despite the regular withdrawals to provide an income. The income distribution itself needs to rise in order to cover the costs of the charity. Therefore, the general aim of the investments is: -

- To provide a real absolute return equivalent to inflation over a 5-year rolling period (calculated in accordance with RPI) plus 4.0% per annum by reference to the average unit price over the previous 5 years and thereby:
- To fund a distribution (which may be met from income (or from capital in the case of non-permanent endowment funds)) that rises annually by at least inflation, to allow the charity to carry out its purposes consistently year on year with due and proper consideration for future needs.
- To maintain and if possible, enhance the real value of the underlying investments after such distributions.
- To do all the above within the confines of the fiduciary responsibilities of the charity and the ethical guidelines and taking into account the need to reduce volatility so far as reasonably possible.

The Committee is bound by the restrictions placed on it by the Charities Acts, the Trustee Act 2000, the Trust Deed, the Rules of the charity and Orders of the Charity Commission. The Investment Managers must comply with these restrictions and limitations and the further restrictions specified by the charity in its Investment Policy.

*Investment managers*
During the year CCLA has been appointed (agrees to minutes of 16 July 2024) to manage 38% the charity's main portfolio on a day-to-day basis and to make and implement specific investment decisions. Hitherto Ruffer LLP and Newton Investment Manager Limited were appointed similarly, to manage the other 62% of the charity's main portfolio and its Permanent Endowment portfolio, with investments held as the charity's nominee. CCLA was appointed as a direct replacement for Ruffer LLP during the year, due to the diversification in the Ruffer portfolio no longer being consistent with the ethical ethos of the Secular Clergy Fund. Newton no longer offers discretionary management service or custody service, and hence the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. Benchmarks have been set in order to measure investment performance. Quarterly reviews are performed on the actions and results of the managers and on compliance with their terms of appointment.

*Main terms of custody arrangements – Newton Investment Management Limited*
Newton has ceased to offer a custody service and the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. On 12 May 2025 the Charity moved its funds held with Newton to a new fund called New Catholic Values Fund for Charities.

*Main terms of custody arrangements – CCLA*
CCLA has arranged for a Custodian for the Plymouth Secular Clergy Fund being HSBC Bank plc, 8 Canada Square, London E14 5HQ

*Main terms of custody arrangements – Ruffer LLP*
Ruffer has arranged the services of the Custodian for Plymouth Secular Clergy Fund. All securities will be placed with the Custodian and either registered in the name of its nominee company or, in the case of investment outside the United Kingdom, held by the Custodian's appointed agents. All cash will be deposited with the Custodian and/or another bank or banks selected by Ruffer as agent for Plymouth Secular Clergy Fund. Where the cash is held by Ruffer in a bank or banks other than the Custodian, it will be held as client money. Both securities and cash will be placed by the Custodian and/or bank in pooled accounts, together with assets of other Ruffer clients. Securities and/or cash may be held by a clearing house or intermediate broker in the normal course of business.

ANNUAL REPORT
for the year ended 31 March 2025 continued

## Corporate Governance continued

**Investments continued**

*Ethical Policy*
The Committee's policy has been developed acknowledging the difficulty of ensuring that all guidelines will be watertight, given that we are investing in complex and global economies.

*Ethical Guidelines*
The Investment Manager shall use its reasonable endeavours to ensure that the portfolio is not directly invested in those companies whose turnover in unethical activities exceeds 2% the group turnover.

*Companies with unethical operations are those that:*

- *Invest in hospitals/clinics that have abortion or euthanasia as a major role;*
- *Exploit the labour force in such a way that is unjustifiable in the light of local circumstances;*
- *Exploit vulnerable groups. Specifically, involvement in the production of tobacco or in the provision of gambling facilities would preclude investment in the company;*
- *Have operations in areas of oppressive regimes, where these operations contribute to the oppressive nature of these regimes;*
- *Have the manufacture or sale of arms/weapons as a core activity. Specifically, involvement in the manufacture of anti-personnel mines;*
- *Are involved in pornography or obscenity;*

*Due regard shall also be given to environmental concerns.*

## Relationships with other charities

The principal object of the charity is to support the priests of the Roman Catholic Diocese of Plymouth. To this end and as already mentioned earlier in this Report, Plymouth Diocesan Trust, the registered charity of the Diocese of Plymouth, has previously made donations to Plymouth Secular Clergy Fund, to enable it to support priests of the Diocese aged 75 and over who have resigned from ecclesiastical office.

## Compliance with the Charity's Governing Document and Current Statutory Requirements

The financial statements have been prepared in accordance with the Charity's Trust Deed (as amended in 1993, 1994, 1996 and 2013), applicable law and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective from January 2019. In so far as the Trustees are aware:

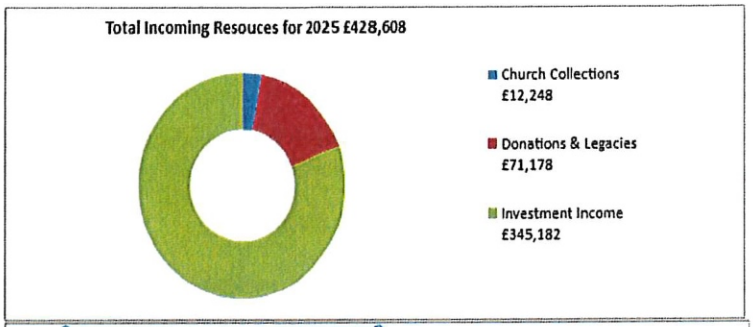
- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

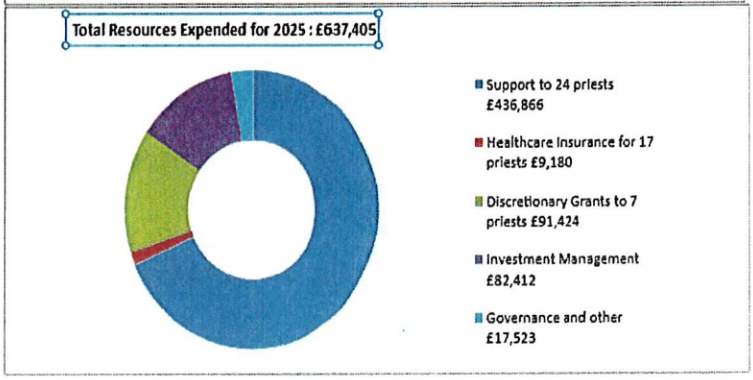
ANNUAL REPORT
for the year ended 31 March 2025 continued

## Review of the Financial Position

The income of the charity for the year under review has been applied to pay health insurance for and support priests aged 75 and over who have resigned from ecclesiastical office, make charitable grants to sick, elderly or infirm priests and to administer the charity.

The net movement in funds after losses and gains on investments was a deficit of £356,116: (2024: Surplus of £397,529). Included in the net movement in funds are losses on investments during the year of £147,319 (2024: gain of £586,526). Also included are legacies of £69,917; (2024: £35,000). Total Resources Expended for the year were £637,405; (2024: £512,000).




## Fixed asset investments

The assets of the charity comprise cash and investments in stocks and shares and a pooled fund, which are held to fund the support of priests who are aged 75 and over who have resigned from ecclesiastical office and to provide financial assistance to other priests who are elderly, sick or infirm. The investments have been included in the financial statements at their last traded price or bid value on 31 March 2025, unless otherwise stated. In the year ended 31 March 2013, structural changes were made to the investment portfolios to protect them from volatility in performance, particularly from significant capital losses, by using two different investment managers with different investment philosophies. Those investments held by Newton Investment Managers Limited, (the permanent endowment fund and approximately half of the unrestricted investments), have been invested into its SRI Fund for Charities. Newton no longer provides a discretionary management service and hence the charity has become a direct investor in the Newton SRI Fund for Charities. Ruffer LLP continued to manage the remainder of investments until September 2024, when CCLA were appointed, with the charity now investing in their Catholic Investment fund.

In the year, the value of the charity's portfolio decreased by £283,652 to £16,113,943 (from £16,397,595). The combined portfolio achieved losses for the year of 0.7% after fees, (2024: gains of 4.6%) (See note 9 for further information on investments and investment management fees).

With regard to the permanent endowment fund the Trustees have passed a resolution under S104A(2) of the Charities Act 2011 to operate a total return approach to investments in accordance with the Charity Commission's Regulations. The Trustees confirm that:

- in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift at inception and any subsequent gifts of permanent endowment up until the 1 October 2014.
- when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- in reaching their decision as to the unapplied total return to transfer to income, the trustees have relied on the performance and analytical reviews from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

ANNUAL REPORT
for the year ended 31 March 2025 continued

**Outlook for the Future**

The charity has considered its operating position going forward and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2025, there are available cash balances of £183,045.76 being more than sufficient to meet the current liabilities of the charity as they fall due. In addition, the charity has unrestricted reserves of £11.7m.

We have also considered our charitable commitments for the next ten years, to support priests over the age of 75 who have retired from Ecclesiastical office. As at 31 March 2025 this commitment totalled £6,04m, with the Committee ensuring that future resources will be sufficient to meet these future commitments, by obtaining Actuarial Reviews of the charity, with the most recent review being completed as at 31 March 2022. This review concluded that the charity has a funding surplus of £9.526m (233%). The next review is due to be completed by 31 March 2026.

The Investment Committee (on behalf of the Trustees) will continue to work with the investment managers monitoring the investment portfolios to ensure that they deliver the expected performance.

Signed on behalf of the Committee

(Secretary) Reverend J Kostuch On 20/11/2025

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2025

**Independent auditor's report to the trustees of Plymouth Secular Clergy Fund**

**Opinion**

We have audited the financial statements of Plymouth Secular Clergy Fund (the 'charity') for the year ended 31 March 2025, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, including 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements 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 original financial statements were 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report on in this regard.

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2025

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustee' responsibilities statement (set out on page 5), the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, The General Data Protection Regulation (GDPR) and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act and the Charities SORP.
We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible noncompliance or legal costs in respect of noncompliance;
- Reviewed Board minutes;

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2025

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher that the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

A further description of our responsibilities is available 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Francis Clark

(Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date: 28 November 2025

PKF Francis Clark is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2025

| | Notes | Unrestricted Income Funds General | Restricted Income Funds | Endowment Fund | 2025 Total | 2024 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM:** | | | | | | |
| Donations and legacies | 1.4(i) (ii), 2 | 83,426 | - | - | **83,426** | **53,967** |
| Investment income | 1.4(iii), 4 | 238,238 | - | 106,944 | **345,182** | **269,035** |
| Transfer to income | 3 | - | 106,944 | (106,944) | **-** | **-** |
| ***Total Income*** | | **321,664** | **106,944** | **-** | **428,608** | **323,002** |
| **EXPENDITURE ON:** | | | | | | |
| Investment Managers fees | | 58,020 | - | 25,570 | **83,590** | **117,069** |
| Charitable activities | | 446,871 | 106,944 | - | **553,815** | **394,931** |
| ***Total Expenditure*** | 1.5, 5,6 | **504,891** | **106,944** | **25,570** | **637,405** | **512,000** |
| **Net (losses)/gains on investments** | | (139,171) | - | (8,148) | **(147,319)** | **586,526** |
| | | (139,171) | - | (8,148) | **(147,319)** | **586,526** |
| **Net (expenditure)/income and net movement in funds** | | **(322,398)** | **-** | **(33,718)** | **(356,116)** | **397,529** |
| **Reconciliation of funds** | | | | | | |
| Total funds brought forward | | 11,992,677 | - | 4,572,077 | 16,564,754 | 16,167,225 |
| **Total funds carried forward** | | **11,670,279** | **-** | **4,538,359** | **16,208,638** | **16,564,754** |

There were no other gains or losses for the year.

The results derive from continuing activities.

# BALANCE SHEET
As at 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 1.7, 9 | 16,113,943 | 16,397,595 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 84,494 | 123,813 |
| Cash at bank | | 58,466 | 107,440 |
| | | 142,960 | 231,253 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | (48,265) | (64,094) |
| **Net current assets** | | 94,695 | 167,159 |
| **Total net assets** | | 16,208,638 | 16,564,754 |
| FUNDS | | | |
| Endowment | 12 | 4,538,359 | 4,572,077 |
| Restricted | 14 | - | - |
| Unrestricted - General | | 11,670,279 | 11,992,677 |
| **Total funds** | 15 | 16,208,638 | 16,564,754 |

Approved by the Committee on 20th November 2025 and signed on its behalf by:

.....
(Secretary) Reverend J Kostuch

.....
(Treasurer) Canon P Morgan

The notes on pages 17 to 26 form part of these financial statements.

# STATEMENT OF CASH FLOWS
As at 31 March 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| **Net cash (used in) provided by operating activities** | **18** | **(530,489)** | (466,584) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | **345,182** | 269,035 |
| Net Disposal/(Purchase) of investments | | **136,333** | 241,363 |
| **Net cash provided by investing activities** | | **481,515** | 510,398 |
| **Change in cash and cash equivalents in the year** | | **(48,974)** | 43,814 |
| **Cash and cash equivalents at the beginning of the year** | | **107,440** | 63,626 |
| **Cash and cash equivalents at the end of the reporting period** | **19** | **58,466** | 107,440 |

The notes on pages 17 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 1 Accounting policies

### 1.1 *Accounting Convention*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

i) Basis of preparation

The financial statements have been prepared under the historical cost convention except to the extent that fair values have been applied where indicated below. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), FRS 102 and the Charities Act 2011.

Plymouth Secular Clergy Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant notes to these accounts.

### 1.2 *Going concern*

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period 2025-26, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets.

The charity has considered its operating position for the following 12 months and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2025, there are available cash balances of £183,045.76 being more than sufficient to meet the current liabilities of the charity as they fall due.

In addition, the charity has unrestricted reserves in excess of £11.7m. In arriving at our conclusion that the charity remains a going concern we have also considered our charitable commitment to support priests over the age of 75 who have retired from Ecclesiastical office, with the Committee ensuring that future resources will be sufficient to meet the commitments for the next 12 months.

### 1.3 *Fund accounting*

The charity's funds are broken into three distinct areas:

i *Permanent Endowment Fund*
The capital of the fund must remain intact and only the income may be applied for the purposes of the fund. It is managed on a total return basis. The Trustees, at their discretion, may allocate any part of the unapplied total return to the restricted purpose of the Trust, namely, to support priests who have reached the age of 75 and retired from ecclesiastical office.

ii *Restricted Funds*
Both the income and capital must be used in accordance with the restrictions placed on the funds.

iii *Unrestricted Funds*
Both the income and the capital may be used for the general purposes of the charity. Designated funds comprise unrestricted funds that have been put aside for a purpose, either at the discretion of the Committee or at the request of the donor, (which request is not legally binding on the Committee). General funds comprise unrestricted funds that have not been designated for a purpose.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

**1.4** ***Income recognition***

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 the income receivable can be measured reliably.

i *Voluntary income, including legacies*
Voluntary income is recognised as soon as it is capable of being measured in financial terms. Legacies are recognised as soon as entitlement has been established and they are capable of being measured in financial terms; (the charity considers that the act of granting probate defines the point of entitlement).

ii *Grants receivable*
Grants receivables are recognised in the Statement of Financial Activities when all conditions for receipt have been complied with.

iii *Investment income*
Investment income includes all dividends and interest paid during the year, adjusted at the year-end for income due on those investments that were "ex-dividend" and for interest accrued. In normal circumstances no adjustment is made for accrued income included within the price of securities that were acquired or disposed of during the year. The investment income generated by the Permanent Endowment from Plymouth Diocesan Trust is restricted income to be applied in the payment of support to priests aged 75 or over who have resigned from ecclesiastical office.

**1.5** ***Expenditure recognition***

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 met.

All expenditure is accounted for on an accrual's basis, inclusive of irrecoverable VAT, and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to headings, they have been allocated to activities on a basis consistent with use of resources. Central overhead costs are allocated to operation and fundraising functions based on their use of central support services.

i. Payments to support clergy who are aged 75 and over and who have resigned from ecclesiastical office are charged against income as incurred. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office, but it is considered that there is a constructive obligation with a resulting charitable commitment. This charitable commitment is not accrued for in the accounts as to do so would require annual actuarial valuations and the cost of this is considered to outweigh any benefit. An estimate of the maximum commitment in respect of such payments in the ten years from 31 March 2025 is given in note 16.
ii. Other grants to clergy in need are normally charged to the Statement of Financial Activities when paid. However, where it is clear that a constructive obligation has been created by the payment having been authorised and communicated to those affected in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the charity will discharge its obligations, then the grant is accrued in the Statement of Financial Activities.
iii. Support costs, which include day to day management, administration, accounting and financial costs are allocated across the categories of charitable expenditure, and the costs of raising funds. The basis of the cost allocation has been explained in note 6 to the financial statements.
iv. The annual grant to Plymouth Diocesan Trust for the necessary care and wellbeing costs of retired clergy, is charged in full to the Statement of Financial Activities when paid.

**1.5.1** ***Investment Managers Fees:*** consist of investment management costs. See note 9 for further information regarding investment management costs.

**1.5.2** ***Costs of charitable activities:*** include grants to priests in need, support of priests who are aged 70 and over and who have resigned from ecclesiastical office, the provision of healthcare, insurance, grants to the Diocese, assistance to retired priests for care costs, wellbeing and wellness support and the provision of accommodation. In addition, an apportionment of support costs as shown in note 5.

**1.5.3** ***Governance costs:*** are the costs associated with the general running of the charity as opposed to those costs associated with fundraising or charitable activities. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

**1 Accounting policies** continued

**1.6** ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These comprise other debtors, other creditors and listed investments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.7** ***Investments (including gains and losses on investments)***

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted bid price where available or alternatively the mid-market price.

All realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

**1.8** ***Overseas Currencies***

Overseas currencies are translated at the rates of exchange ruling on 31 March 2025. Transactions during the year are translated at the rates ruling on the date of the transactions.

**2 Donations, Legacies and Endowments**

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Legacies | 69,917 | 35,000 |
| Donations | 1,261 | 2,729 |
| Church Collections | 12,248 | 16,238 |
| | **83,426** | 53,967 |

Included in the above income is £83,426 (2024: £53,967) relating to unrestricted income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 3 Total return

A resolution to adopt the total return approach to investments was made by the Trustees in October 2014 to take effect from 1 October 2014. The trustees calculated the value of the grants of permanent endowment received since 1995, when the fund was established, up until 1 October 2014. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 October 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of £106,944 unapplied total return to restricted income funds. In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:

| | Trust for Investment £ | Unapplied Total Return £ | Total Endowment £ |
|---|---|---|---|
| **At 1 April 2024** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,515,642 | 2,515,642 |
| **Total** | 2,056,435 | 2,515,642 | 4,572,077 |
| **Movement in unapplied total return and endowment in the year:** | | | |
| Gift of endowment funds | - | - | - |
| Investment return: dividends and interest | - | 106,944 | 106,944 |
| Investment manager fees | | (25,570) | (25,570) |
| Investment return: recognised and unrecognised gains/(losses) | - | (8,148) | (8,148) |
| **Total** | - | 73,226 | 73,226 |
| Unapplied total return allocated to income | - | (106,944) | (106,944) |
| **Net movement in the year** | - | (33,718) | (33,718) |
| **Closing value of permanent endowment** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,481,924 | 2,481,924 |
| **Total at 31 March 2025** | **2,056,435** | **2,481,924** | **4,538,359** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 4 Investment income (including bank interest receivable)

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Income received from: | | |
| UK quoted investments | **345,177** | 227,143 |
| Overseas quoted investments | **5** | 39,557 |
| UK cash held as part of the investment portfolio | **-** | 2,335 |
| | **345,182** | 269,035 |
| | **345,182** | 269,035 |

Included in the above income is £106,944 (2024: £102,309) received in relation to the endowment fund, £Nil (2024: £Nil) relating to income held for restricted purposes, and £238,238 (2024: £166,726) which is unrestricted.

## 5 Expenditure

| | Activities undertaken directly | Grant funding of activities (see note) | Support and governance costs | 2025 | 2024 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of raising funds** | | | | | |
| Investment management costs | - | - | 82,412 | **82,412** | 117,069 |
| Professional fees | - | - | 1,300 | **1,300** | 6,206 |
| **Charitable activities** | | | | | |
| Grants to priests who are sick, elderly, infirm or in need | - | 91,416 | 8 | **91,424** | 51,916 |
| Support to 24 priests, aged 75 and over, who have resigned from ecclesiastical office; (2024: 29 priests) | 291,682 | 120,000 | 25,184 | **436,866** | 317,969 |
| Provision of healthcare insurance | 9,180 | - | - | **9,180** | 7,820 |
| Governance | - | - | 16,223 | **16,223** | 11,020 |
| | 300,862 | 211,416 | 125,127 | **637,405** | 512,000 |

**Note:** The grants to priests of £91,416 were UK grants payable to or for 7 individual members of the clergy; (2024: 10 clergy).

In 2025 the expenditure on charitable activities was £553,815 (2024: £394,931) of which £106,944 (2024: £102,309) was expenditure from restricted funds and £446,871 (2024: £292,622) was expenditure from unrestricted funds.

Included in grant funded activities is a grant for £120,000 (2024: NIL) to Plymouth Diocesan Trust, to enable the Trust to provide assistance to retired priests including care, wellbeing and wellness support as well as the provision of accommodation.

In accordance with paragraph 4.48 of the SORP, charities are not required to prorate investment management fees charged to a collective investment scheme to identify the notional cost attributable to its own holding in the scheme, and, as such, fees relating to CCLA have not been provided for in these accounts. The management fee will be charged annually at a rate of 0.60%.

The costs of raising funds include £25,570 (2024: £24,130) relating to the endowment fund and £58,020 (2024: £92,939) relating to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 6 Support costs allocation

| | Committee | Finance and legal | Direct support costs | 2025 | 2024 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of generating funds** | | | | | |
| Investment management costs | - | 82,412 | - | **82,412** | 117,069 |
| Professional fees | - | 1,300 | - | **1,300** | 6,206 |
| **Charitable activities** | | | | | |
| Assisting priests who are sick, elderly, infirm or in need | 8 | - | - | **8** | 19 |
| Support for eligible priests who have resigned from ecclesiastical office | 40 | 110 | 25,034 | **25,184** | 203 |
| Governance | 49 | 15,866 | 308 | **16,223** | 11,020 |
| | **97** | **99,688** | **25,342** | **125,127** | 134,517 |

Basis for Support Costs Allocation
Central support costs are allocated as follows:

i. Committee: allocated according to the estimated Trustees' time spent on operational activities.
ii. Finance and Legal: costs allocated to activities are either directly attributable or if not, allocated in proportion to the estimated amount of administration time spent on each activity.
iii. Direct support costs are other costs that can be directly attributed to each activity.

GOVERNANCE COSTS ARE MADE UP OF THE FOLLOWING:

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Payments to external auditor | **15,756** | 10,698 |
| Committee meeting expenses insofar as they relate to the general management of the charity, including the costs of travel | **48** | 135 |
| Bank charges | **110** | 74 |
| Grounds & Security | **179** | - |
| Printing, stationery, postage and sundries | **129** | 113 |
| | **16,223** | 11,020 |

## 7 Net movement in funds

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Net movement in funds is arrived at after charging/ (crediting): | | |
| Payments to external auditor | | |
| Audit fees - current year | **15,756** | 10,698 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 8 Trustees' emoluments and reimbursed expenses

The Committee Members are also the Trustees of the charity. They do not receive any remuneration from the charity but are entitled to reimbursement of the expenses incurred during their duties as trustees. During the year, nil reimbursements were made to Trustees (2024: £269 to four Trustees) and £97 (2024: £110) was incurred on Committee meeting expenses.

## 9 Investments

| | 2025 £ | 2024 £ |
|---|---|---|
| MARKET VALUE | | |
| At 1 April 2024 | **16,397,595** | 16,052,432 |
| Acquisitions | **7,757,995** | 3,598,176 |
| Disposals | **(7,757,995)** | (3,598,176) |
| Net withdrawals | **(136,333)** | (241,363) |
| Net investment (loss)/gain | **(147,319)** | 586,526 |
| **At 31 March 2025** | **16,113,943** | 16,397,595 |

Net cash transferred from/(to) investments in the year was £136,333 (2024: £241,363).

| *Analysed between:* | | |
|---|---|---|
| UK investments listed on a recognised stock exchange or valued by reference to such investments | **16,113,690** | **13,844,277** |
| Overseas investments listed on a recognised stock exchange | **253** | **2,411,002** |
| UK cash held as part of investment portfolio | **-** | **142,316** |
| | **16,113,943** | **16,397,595** |

| *And between:* | | |
|---|---|---|
| Permanent Endowments | **4,571,964** | **4,580,112** |
| Other Restricted and Unrestricted Funds | **11,541,979** | **11,817,483** |
| | **16,113,943** | **16,397,595** |

| | | |
|---|---|---|
| **Historic cost at 31 March 2025** | **11,708,814** | **12,185,095** |

Included in the investment loss above of £147,319 (2024: gain of £586,526), is a loss of £8,148 (2024: gain of £293,243) relating to Permanent Endowment funds. The remaining loss of £139,171 (2024: loss of £293,283) all relate to the unrestricted fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

**Investments continued**

The investment portfolio includes the following investments. With the exceptions of the unitised/ structured investments listed below, all investment assets are direct investments in listed securities. No material restrictions apply which might affect the realisation of these investment assets.

| | 2025 £ |
|---|---|
| **Unitised/ Structured Multi Asset Funds:** | |
| Newton Ethically Screened Fund for Charities (X Accumulation) | **7,116,361** |
| Newton Ethically Screened Fund for Charities (X Income) | **4,571,964** |
| CCLA Catholic Investment Fund Acc – Class 2 | **4,425,365** |
| Overseas direct investments | **253** |

*Investment Manager's Fees*

Ruffer LLP's fees are calculated on the market value of the portfolio at the end of each quarter and are charged to the Statement of Financial Activities. Where Ruffer has invested the portfolio in its in-house investment products (which have an internal management charge), these products are excluded from the quarterly management charge so that no double charge occurs.

The Newton Ethically Screened Fund for Charities fees are calculated from the market value of the portfolio at the end of each quarter and charged to the Statement of Financial Activities.

**10 Debtors: amounts falling due within one year**

| | 2025 £ | 2024 £ |
|---|---|---|
| Investment income | **60,898** | 61,470 |
| Legacies | **20,000** | 55,000 |
| Other debtors and prepayments | **3,596** | 3,951 |
| Accrued income | **-** | 3,392 |
| | **84,494** | 123,813 |

**11 Creditors: amounts falling due within one year**

| | 2025 £ | 2024 £ |
|---|---|---|
| Other creditors | **-** | (14) |
| Accruals | **48,265** | 64,108 |
| | **48,265** | 64,094 |

**12 Permanent Endowment fund**

| | 2025 £ | 2024 £ |
|---|---|---|
| Balance at 31 March 2024 | **4,572,077** | 4,278,834 |
| *Movement in Funds* | | |
| Incoming resources | **-** | - |
| Gain/(loss) on investment assets | **(8,148)** | 317,373 |
| Investment managers fees | **(25,570)** | (24,130) |
| **Balance at 31 March 2025** | **4,538,359** | 4,572,077 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

This is a permanent endowment from Plymouth Diocesan Trust, established in 1995 to help fund the support of priests who have reached the age of 75 and resigned from ecclesiastical office. It is a condition of the endowment that this capital must be repaid to Plymouth Diocesan Trust if the Members of Plymouth Secular Clergy Fund ever resolve that it shall cease to provide such support. An analysis of the net assets of the Permanent Endowment Fund is shown in note 15.

## 13 Contingent liability

As explained in note 12, if the charity stops providing support in the future, the permanent endowment must be repaid to the Plymouth Diocesan Trust. At 31 March 2025 the value of the permanent endowment was £4,538,359 (2024: £4,572,077).

## 14 Restricted Funds

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Balance at 31 March 2024 | **-** | - |
| *Movement in Funds* | | |
| Incoming resources | **106,944** | 102,309 |
| Resources expended | **(106,944)** | (102,309) |
| **Balance at 31 March 2025** | **-** | - |

These funds deal with the income generated by the endowment from Plymouth Diocesan Trust, described in note 12 and the expenses associated in generating it. The net surpluses are to be applied for supporting priests aged 75 and over who have resigned from ecclesiastical office.

## 15 Analysis of net assets between funds

a) Current year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,571,964 | - | 11,541,979 | **16,113,943** |
| Net current assets | (33,605) | - | 128,300 | **94,695** |
| | 4,538,359 | - | 11,670,279 | **16,208,638** |

Sufficient resources are held in appropriate forms to enable each fund to be applied in accordance with any restrictions.

b) Previous year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,580,112 | - | 11,817,483 | **16,397,595** |
| Net current assets | (8,045) | - | 175,204 | **167,159** |
| | 4,572,077 | - | 11,992,677 | **16,564,754** |

## 16 Related Party Transactions

During the year The Plymouth Secular Clergy Fund made a grant of £120,000 to Plymouth Diocesan Trust for support of priests and paid £25,000 to the Plymouth Diocesan Trust for various administration support services.

During the year a grant of £2,501 was made to a Trustee for dental costs.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 17 Charitable commitments

FUNDING FOR PRIESTS AGED 75 OR OVER

In accordance with accounting policy 1.5 (i), the estimated maximum support payable during the next ten years is shown below. The payments are calculated using the policy adopted by the Committee and is based upon the priests' number of years of ecclesiastical ministry, (as defined in the policy document), at date of resignation. The Committee obtains periodic Actuarial Reviews of the charity to check that future resources will be sufficient to meet its future commitments. The most recent actuarial review was completed as at 31 March 2022. For further information see the Trustees Report. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office. The next review is due to be completed for the year ending 31 March 2026.

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Falling due within one year | **380,154** | 311,848 |
| Falling due between two and five years | **1,996,621** | 1,766,022 |
| Falling due after more than five years | **3,666,067** | 3,364,000 |
| | **6,042,842** | 5,441,870 |

| RECONCILIATION OF MOVEMENT IN THE YEAR | **£** |
|---|---|
| Commitment at 31 March 2024 | **5,441,870** |
| Less: falling due within the year ended 31 March 2025 | **(311,848)** |
| | **5,130,022** |
| Adjustment for inflationary increases in support levels and revised numbers of priests potentially resigning from ecclesiastical office in the nine years ending 31 March 2034 | **47,295** |
| Add: falling due in the year ending 31 March 2035 | **865,526** |
| **Commitment at 31 March 2025** | **6,042,843** |

## 18 Reconciliation of net movement in funds to net cash flow from operating activities

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| **Net movement in funds (per the statement of financial activities)** | **(356,116)** | 397,529 |
| Losses/(gains) on investments | **147,319** | (586,526) |
| Dividends, interest and rents from investments | **(345,182)** | (269,035) |
| Decrease/(Increase) in debtors | **39,319** | (13,388) |
| (Decrease)/Increase in creditors | **(15,829)** | 4,836 |
| **Net cash used in operating activities** | **(530,489)** | (466,584) |

## 19 Analysis of cash and cash equivalent

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Cash in hand | **58,466** | 107,440 |
| **Total cash and cash equivalents** | **58,466** | 107,440 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 20 Charitable grants

| | Number of priests assisted in 2025 | 2025 | 2024 |
|---|---|---|---|
| | | £ | £ |
| Financial support | 7 | **91,416** | 51,897 |
| | | **91,416** | 51,897 |

## 21 Support of priests aged 70 and over who have resigned from ecclesiastical office

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Reverend D Annear | **11,403** | 10,503 |
| Monsignor J Branson (RIP) | **-** | - |
| Reverend M Budge | **16,351** | 15,005 |
| Reverend D Burrows (RIP) | **-** | 308 |
| Canon G Carrick | **16,149** | 15,005 |
| Reverend PO Chrystal | **16,149** | 15,005 |
| Reverend A J Cockram | **2,305** | 1,835 |
| Reverend M Cole (RIP) | **1,252** | 15,005 |
| Reverend D Collin | **16,149** | 15,005 |
| Reverend P Conlon | **16,690** | 15,396 |
| Reverend P Costello | **16,149** | 15,005 |
| Reverend SH Delsink | **7,225** | 6,392 |
| Monsignor H Doyle (RIP) | **-** | 7,116 |
| Reverend C Geddes | **12,995** | 12,004 |
| Monsignor G Hay (RIP) | **-** | 15,005 |
| Reverend P Kelly | **16,149** | 15,005 |
| Reverend W Kiely (RIP) | **-** | 1,147 |
| Reverend M Kirkpatrick | **8,788** | 8,002 |
| Reverend P Kilgarriff (RIP) | **-** | 3,572 |
| Reverend D Longland | **16,351** | 15,005 |
| Monsignor K Mitchell | **8,584** | - |
| Monsignor B Nannery | **16,149** | 15,005 |
| Canon K Noakes | **11,943** | 11,004 |
| Reverend TA O'Donovan | **16,690** | 15,396 |
| Reverend R Schofield | **2,478** | 2,000 |
| Revered J Smethurst (RIP) | **-** | 10,234 |
| Reverend B Stevens | **10,365** | 9,502 |
| Monsignor A Toffolo | **16,689** | 15,396 |
| Reverend JS Watkins (RIP) | **8,262** | 7,508 |
| Canon P Webb | **16,690** | 15,396 |
| Reverend WG Wilberforce | **16,149** | 15,005 |
| | **298,107** | 317,766 |

Paid to 24 priests (2024: 29 priests)

At the start date, (6 April 2011), of the policy in regard to payment of Allowances under the Rules of the Society, the payment was to be *"such sum as when added to the State Pension for a single man at his state pension age will provide at the start date an annual gross sum of £15,880". "The Allowance from the Society will increase annually in accordance with inflation, subject to a maximum of 5% per annum; (any increase above this rate will be at the discretion of the Committee). The Committee will pay to Members and former Members who qualify an Annual Payment of 1/30th of the Allowance for each complete year of Ecclesiastical Ministry up to a maximum of a full Allowance, to be paid monthly in advance. In the case of those Members who have completed less than two years' Ecclesiastical Ministry, the Annual Payment will be such as the Committee may determine to be appropriate in the particular circumstances."* (Extract from Policy Document on Payment of Allowances to Priests adopted by the Committee on 12 February 2013).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2025

## 22 Investments - Other Restricted and Unrestricted Trusts continued

| Number of Shares | Shareholding | Market Value at 31.3.25 | Percentage of total net assets |
|---|---|---|---|
| | | £ | % |
| | **Multi-Asset Funds** | | |
| 3,285,789 | The Newton Ethically Screened Fund for Charities (GBP Accumulation) | 7,116,361 | 44.16% |
| 2,552,555 | CCLA Catholic Investment Fund Acc – Class 2 | 4,425,365 | 27.46% |
| | | 11,541,726 | 71.62% |
| | **Other** | | |
| | **Europe** | | |
| 9,393 | WS Ruffer European I Acc | 253 | 0.01% |
| - | Groupe Bruxelles Lambert SA | - | 0.00% |
| | | 253 | 0.01% |
| | | 11,541,979 | 71.63% |
| - | GBP Capital account | - | 0.00% |
| **5,847,737** | | **11,541,979** | **71.63%** |

## 23 Investments – Permanent Endowments

| Number of Shares | Shareholding | Market Value at 31.3.25 | Percentage of total net assets |
|---|---|---|---|
| | | £ | % |
| | **Multi-Asset Funds** | | |
| 4,074,108 | The Newton Ethically Screened Fund for Charities (GBP Income) | 4,571,964 | 28.37% |

**PLYMOUTH SECULAR CLERGY FUND**

England & Wales - Charity number 213232

# Accounts

# PLYMOUTH SECULAR CLERGY FUND

**Charity Number 213232**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**Year ended 31 March 2024**

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2024

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ANNUAL REPORT
for the year ended 31 March 2024

The Committee of Trustees presents its report and audited financial statements for the year ended 31 March 2024.

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

**Trustees (Committee Members)**
Reverend J Barber
Reverend J Kostuch
Canon P Morgan
Reverend P Cobb
Canon M O'Keeffe
Reverend R Candy
Reverend J Stewart
Reverend P Keys

**Secretary**
Reverend J Kostuch

**Treasurer**
Canon P Morgan

**Holding Trustees**
Monsignor R Draper VG
Reverend B Hallett (RIP 21 September 2023)
Reverend P Kilgarriff (RIP 2 July 2023)

**Auditors**
PKF Francis Clark
Torquay

**Investment Managers**

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA
*(Authorised and regulated by the Financial Conduct Authority)*

Ruffer LLP
80 Victoria Street
London
SW1E 5JL
*(Authorised and regulated by the Financial Conduct Authority)*

**Solicitors**
Tozers, Exeter

**Principal Bankers**
National Westminster Bank plc
Plymouth

**Official Address**

St Boniface House
Ashburton
Newton Abbot TQ13 7JL

## Structure

Plymouth Secular Clergy Fund was established by a meeting of the clergy of the Roman Catholic Diocese of Plymouth on 19 December 1861. By trust deed dated 13 December 1888, (as amended by resolution of the members on 22 June 1993, 19 July 1994, 16 July 1996 and 7 November 2013), it is a charitable trust; (charity registration number 213232). All priests ordained for or incardinated into the Diocese and working as such at the discretion of, or with the approval of the Bishop, are eligible for membership of the charity, subject to acceptance by the Committee and compliance with the other qualifications stated in the rules of the charity, as amended in 1993, 1994, 1996, 2013 and 2021. Priests who are members of the charity receive a copy of the Rules of the Fund and the Annual Trustees' Report and Financial Statements. They are encouraged to attend the Annual General Meeting of the charity and to take an active interest in matters of the charity, since they form the pool from which future Trustees of the charity will be appointed and ultimately will be beneficiaries of it.

ANNUAL REPORT
for the year ended 31 March 2024 continued

## Aims and Objectives

The principal objects of the charity are "to support the Diocesan Priests by:

- the payment of grants to Diocesan Priests in need.
- the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office.
- the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Public Benefit

This Annual Report is written in accordance with the requirements of the Charities Act 2011 and having had regard to the advice and guidance given by the Charity Commission.

Plymouth Secular Clergy Fund has been established to support priests of the Roman Catholic Diocese of Plymouth and within this Annual Report, the Trustees seek to demonstrate that the aims of the Fund fall within such descriptions of charitable purposes. Furthermore, it also seeks to demonstrate that in its work of supporting Diocesan priests, it is providing public benefits that are clear and relate to the aims of the Fund.

Diocesan priests carry out the public duty of conducting marriage and funeral services. They conduct baptism, communion and confirmation services and enable the public celebration of mass on virtually every day in every parish of the Diocese; there is no restriction on access to any of the celebrations. The priests offer the healing of peoples' consciences through the offering of the sacrament of Reconciliation (Confession). They provide pastoral care, visiting, in their homes or hospitals, those who are sick or dying and comforting those who have suffered bereavement or whose lives are otherwise troubled.

At some point during their years of ecclesiastical ministry, some priests will act as hospital, prison or school chaplains and chaplains to the armed forces, ministering not just to the Catholic community but to the wider public. Priests with Catholic schools in their parishes will also often serve on governing bodies and thereby assist in the provision of education. Not all pupils or members of staff at the schools are Catholic; the schools are socially diverse and inclusive and often are in areas of social deprivation.

As demonstrated above, the priests devote their lives to the service of God and their fellow men and women. They choose consciously to dedicate their lives to others and to live a simple life, foregoing their own economic well-being. Plymouth Secular Clergy Fund aims to support them at times when the priests are themselves in need or are sick, infirm or elderly. In practical terms, its main area of support by far is to those priests who have resigned from ecclesiastical office on the grounds of age, meaning that they may no longer rely on a parish to provide them with somewhere to live and subsistence. The Fund provides financial and other support to enable them to live out their old age with dignity and independence. The benefits to the public are through the financial and other relief of those priests concerned, (the charitable purpose being "the prevention or relief of poverty") and the charitable purpose "the advancement of religion", by enabling priests to follow their vocation.

The next section on Achievements and Performance demonstrates how the charity has met its objective to support the priests of the Roman Catholic Diocese of Plymouth during the year under review.

ANNUAL REPORT
for the year ended 31 March 2024 continued

## Achievements and Performance

In 2023/2024:

| The charity planned to: | The charity's achievements: | Next year, the charity plans to: |
|---|---|---|
| ….give financial support to those priests who have resigned from ecclesiastical office due to age. | As at 31 March 2024, 29 priests who have resigned from ecclesiastical office due to age, (2023: 27 priests), were in receipt of allowances from the charity. From 6 April 2023, the gross allowance per priest, based on 30 years' service, is £15,005 per annum. Certain members of the charity, who would otherwise be eligible to receive such allowances by virtue of their age, have continued to serve actively in the Diocese and are not therefore in receipt of such allowances. Note 16 to the financial statements discloses the maximum commitment of the charity in providing appropriate support during the next ten years. | ….continue to give financial support to those priests who have resigned from ecclesiastical office due to age. |
| ….give assistance to priests who are sick, infirm or elderly, (including those who have resigned from ecclesiastical office due to illness). | In all, the charity gave financial assistance to or for 10 priests, (2023: 9 priests). Some financial assistance was given through grants to third parties.<br><br>One of the priests has ceased active ministry due to ill-health but is aged below 75 and so is ineligible to receive financial support of the type mentioned in the section above. He received grants to help with his daily living costs. | ….continue to consider requests for financial and other assistance to priests who are sick, infirm or elderly and give financial support to those priests who have resigned from office due to illness. |
| ….pay healthcare insurance for priests who are sick, infirm or elderly. | The charity paid healthcare insurance for 20 priests, including beneficiaries of the charity over 75 and priests who are aged below 75 but who nevertheless have had to cease active ministry due to ill-health. | ….pay healthcare insurance for priests who are sick, infirm or elderly. |

ANNUAL REPORT
for the year ended 31 March 2024 continued

## Corporate Governance

**Governance and decision-making**

The governing body of the charity is the Committee, (who are trustees under charity law). Committee members are appointed by the ordinary members of the charity at the Annual General Meeting. Except in very limited circumstances, (as defined in the Rules of the Fund), only those ordinary members who are not also beneficiaries of the charity are eligible to hold office as Treasurer, Secretary or one of the other seven Committee Members. The Treasurer and Secretary are elected annually and ordinarily may not hold office for more than four consecutive years. The two other longest serving Committee members retire by rotation. Procedures exist to replace the Treasurer, Secretary and Committee members who vacate their office during the year. The Bishop is ineligible to hold any office in the charity. The business of the charity is managed by the Committee of nine Members, (including the Treasurer and the Secretary), which normally meets four times each year. The Committee has control of the monies and other property of the charity. The charity has holding trustees, whose function is restricted to holding its property. The holding trustees have no power to make management decisions and must act on the lawful instructions of the Committee.

**Statement of trustees' responsibilities**

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

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

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

**Summary of the rules for the payment of allowances to priests aged 75 or over who have resigned from ecclesiastical office, grants and provision of other assistance**

The rules of Plymouth Secular Clergy Fund define those priests eligible to receive benefits from the Fund as being Members (and in some cases, former Members), of the Fund. The Rules also lay down the manner in which a priest qualifies or may be disqualified from membership. All members or former members are eligible to receive an allowance from the Fund on resignation from ecclesiastical office due to age, which may be paid in accordance with the Policy Document that sets out the Committee's current policy in regard to such payments under the rules of the Fund. In the event that the Policy Document is either revoked or amended so as to deny such payments, (or materially affect their value), to a significant number of members or former members, there shall be repaid to the Diocese the current value of all contributions made by the Diocese, (or by other organisations employing or formerly employing them), in respect of those members or former members. The Committee shall adjudge those who are in need of grants and has discretion to set the rate or amount of such grants. Every member who is sick, infirm or elderly shall, at the discretion of the Committee, be eligible for assistance.

# ANNUAL REPORT
for the year ended 31 March 2024 continued

## Corporate Governance continued

**Risks and internal control**

The principal risks faced by the Trust are mainly:

a) the performance of investments; and
b) the operational risk associated with the Trust's capacity to make effective grants in the future.

*Performance of investments*

The trustees consider the variability of investment returns to constitute the charity's major financial risk. This is mitigated by having two investment managers who both maintain separate diversified investment portfolios. During the year the net gains on investments were £586,526, which represents 3.6% gain on the opening market value of £16,052,432. This is an increase from the previous year's losses of £373,997 which represented a 2.3% loss on the opening market value of £16,499,543. The investment portfolios also produced income of £269,035. The trustees consider that the use of a total return approach helps stabilise the resources available for making grants.

*Operational risk associated with the Trust's capacity to make effective grants in the future*

The operational risk associated with the Trust's capacity to make effective grants in the future is managed by periodic actuarial review. The last review, which was undertaken as at 31 March 2022, indicated that the charity's funds were still in surplus, in terms of meeting its future commitments, without making any allowance for future contributions to the Fund or for any free income that may be received from legacies or donations. Pressure on the Fund comes mainly from a combination of lower-than-expected investment returns, and higher than expected increases to the allowance paid to clergy who have reached the age of 75 and have resigned from ecclesiastical office.

**Reserves**

The charity's primary objective is to provide allowances to all priests who resign from ecclesiastical office at or over the age of 75 and who are eligible to receive such payments under the terms of the charity's rules. The total amounts potentially payable during the next 10 years to current recipients and all other priests eligible to resign from ecclesiastical office due to their age is £5.442 million, ranging from £0.312 million in the year ending 31 March 2025 to £0.766 million in the year ending 31 March 2034. Further details may be found in note 16 to the financial statements. The charity also relies on its investment income and any capital gains to supplement the resources from which it can pay grants at the level of recent years and to cover administration expenses.

Plymouth Diocesan Trust has hitherto supported the charity's object of providing allowances to priests over 75 who have resigned from ecclesiastical office by donating funds which are given as permanent endowments. Periodic actuarial reviews are commissioned to ensure that the charity remains adequately funded in order to generate sufficient income to meet its future commitments to support priests aged 75 and over who have resigned from ecclesiastical office and its other commitments, without any further contributions being required for those existing members of the charity. New members of the charity would require additional contributions, depending on their age at commencement of contributions.

**Investments**

*Specific investment powers of the Committee*
The specific investment powers of the Committee are laid down in the Rules of the Plymouth Secular Clergy Fund. In summary, the Committee has the same full and unrestricted powers of investing and varying investments in all respects as if it were absolutely and beneficially entitled thereto, provided that before exercising any such powers, it obtains and considers proper advice on whether the investment is satisfactory, having regard to the objects of Plymouth Secular Clergy Fund.

*Investment and Administration Advisory Panel*
The Committee has appointed the Finance Committee of Plymouth Diocesan Trust, (registered charity 213227), to act as an Investment and Administration Advisory Panel, accountable to the Committee; and in particular it has been agreed that such advisory panel should negotiate and recommend appointment of investment managers and monitor their subsequent performance in the context of overall policy established by the Committee.

ANNUAL REPORT
for the year ended 31 March 2024 continued

## Corporate Governance continued

**Investments continued**

*Investment Policy, Objective and Strategy*
The Committee have adopted a formal Investment Policy that sets out, in detail, the responsibilities and roles of the Committee and others involved in the management of the Fund, its aims, attitude to risk, ethical investment policy, asset allocation strategy, performance benchmarks and investment restrictions.

The aims of the charity are long term, and its funds need to be invested for the long term. The real value of the underlying investment needs to be retained despite the regular withdrawals to provide an income. The income distribution itself needs to rise in order to cover the costs of the charity. Therefore, the general aim of the investments is: -

- To provide a real absolute return equivalent to inflation over a 5-year rolling period (calculated in accordance with RPI) plus 4.0% per annum by reference to the average unit price over the previous 5 years and thereby:
- To fund a distribution (which may be met from income (or from capital in the case of non-permanent endowment funds)) that rises annually by at least inflation, to allow the charity to carry out its purposes consistently year on year with due and proper consideration for future needs.
- To maintain and if possible, enhance the real value of the underlying investments after such distributions.
- To do all the above within the confines of the fiduciary responsibilities of the charity and the ethical guidelines and taking into account the need to reduce volatility so far as reasonably possible.

The Committee is bound by the restrictions placed on it by the Charities Acts, the Trustee Act 2000, the Trust Deed, the Rules of the charity and Orders of the Charity Commission. The Investment Managers must comply with these restrictions and limitations and the further restrictions specified by the charity in its Investment Policy.

*Investment managers*
Ruffer LLP has been appointed as investment manager, to manage half the charity's main portfolio on a day-to-day basis and to make and implement specific investment decisions. Hitherto Newton Investment Manager Limited was appointed similarly, to manage the other half of the charity's main portfolio and its Permanent Endowment portfolio, with investments held as the charity's nominee. Newton no longer offers discretionary management service or custody service, and hence the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. Benchmarks have been set in order to measure investment performance. Quarterly reviews are performed on the actions and results of the managers and on compliance with their terms of appointment.

*Main terms of custody arrangements – Newton Investment Management Limited*
Newton has ceased to offer a custody service and the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name.

*Main terms of custody arrangements – Ruffer LLP*
Ruffer has arranged the services of the Custodian for Plymouth Secular Clergy Fund. All securities will be placed with the Custodian and either registered in the name of its nominee company or, in the case of investment outside the United Kingdom, held by the Custodian's appointed agents. All cash will be deposited with the Custodian and/or another bank or banks selected by Ruffer as agent for Plymouth Secular Clergy Fund. Where the cash is held by Ruffer in a bank or banks other than the Custodian, it will be held as client money. Both securities and cash will be placed by the Custodian and/or bank in pooled accounts, together with assets of other Ruffer clients. Securities and/or cash may be held by a clearing house or intermediate broker in the normal course of business.

ANNUAL REPORT
for the year ended 31 March 2024 continued

## Corporate Governance continued

**Investments continued**

*Ethical Policy*
The Committee's policy has been developed acknowledging the difficulty of ensuring that all guidelines will be watertight, given that we are investing in complex and global economies.

*Ethical Guidelines*
The Investment Manager shall use its reasonable endeavours to ensure that the portfolio is not directly invested in those companies whose turnover in unethical activities exceeds 2% the group turnover*.

*Companies with unethical operations are those that:*

- *Invest in hospitals/clinics that have abortion or euthanasia as a major role;*
- *Exploit the labour force in such a way that is unjustifiable in the light of local circumstances;*
- *Exploit vulnerable groups. Specifically, involvement in the production of tobacco or in the provision of gambling facilities would preclude investment in the company;*
- *Have operations in areas of oppressive regimes, where these operations contribute to the oppressive nature of these regimes;*
- *Have the manufacture or sale of arms/weapons as a core activity. Specifically, involvement in the manufacture of anti-personnel mines;*
- *Are involved in pornography or obscenity;*

*Due regard shall also be given to environmental concerns.*

*(The Trustees acknowledge that the Investment Manager will rely on an appropriate screening service in order to satisfy its obligations under this part at present. It is noted that screening may be difficult to achieve down to levels of 2% of turnover. At present Ethical Investment Research Information Service (EIRIS) only screens for companies for military turnover and pornography turnover down to 3% and tobacco turnover down to 5%).

## Relationships with other charities

The principal object of the charity is to support the priests of the Roman Catholic Diocese of Plymouth. To this end and as already mentioned earlier in this Report, Plymouth Diocesan Trust, the registered charity of the Diocese of Plymouth, has previously made donations to Plymouth Secular Clergy Fund, to enable it to support priests of the Diocese aged 75 and over who have resigned from ecclesiastical office.

## Compliance with the Charity's Governing Document and Current Statutory Requirements

The financial statements have been prepared in accordance with the Charity's Trust Deed (as amended in 1993, 1994, 1996 and 2013), applicable law and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective from January 2019. In so far as the Trustees are aware:

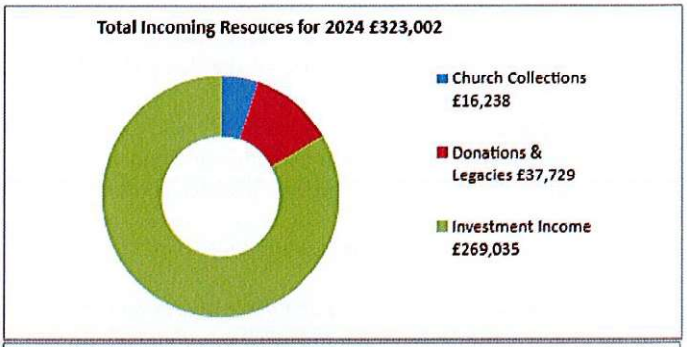
- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

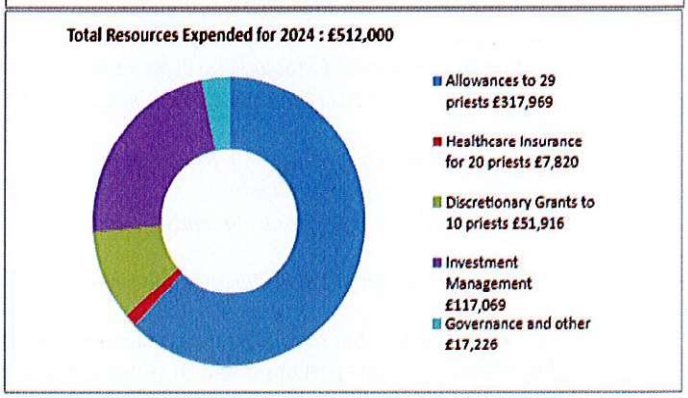
ANNUAL REPORT
for the year ended 31 March 2024 continued

## Review of the Financial Position

The income of the charity for the year under review has been applied to pay health insurance for and support priests aged 70 and over who have resigned from ecclesiastical office, make charitable grants to sick, elderly or infirm priests and to administer the charity.

The net movement in funds after losses and gains on investments was a surplus of £397,529: (2023: Deficit of £526,174). Included in the net movement in funds are gains on investments during the year of £586,526 (2023: loss of £373,997). Also included are legacies of £35,000; (2023: £30,000). Total Resources Expended for the year were £512,000; (2023: £524,388).




## Fixed asset investments

The assets of the charity comprise cash and investments in stocks and shares and a pooled fund, which are held to fund the support of priests who are aged 75 and over who have resigned from ecclesiastical office and to provide financial assistance to other priests who are elderly, sick or infirm. The investments have been included in the financial statements at their last traded price or bid value on 31 March 2024, unless otherwise stated. In the year ended 31 March 2013, structural changes were made to the investment portfolios to protect them from volatility in performance, particularly from significant capital losses, by using two different investment managers with different investment philosophies. Those investments held by Newton Investment Managers Limited, (the permanent endowment fund and approximately half of the unrestricted investments), have been invested into its SRI Fund for Charities. Newton no longer provides a discretionary management service and hence the charity has become a direct investor in the Newton SRI Fund for Charities. Ruffer LLP continues to manage the remainder of investments. In the year, the value of the charity's portfolio increased by £345,163 to £16,397,595 (from £16,052,432). The combined portfolio achieved gains for the year of 2.15% after fees, (2023: losses of 2.3%) (See note 9 for further information on investments and investment management fees).

With regard to the permanent endowment fund the Trustees have passed a resolution under S104A(2) of the Charities Act 2011 to operate a total return approach to investments in accordance with the Charity Commission's Regulations. The Trustees confirm that:

- in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift at inception and any subsequent gifts of permanent endowment up until the 1 October 2014.
- when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- in reaching their decision as to the unapplied total return to transfer to income, the trustees have relied on the performance and analytical reviews from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

ANNUAL REPORT
for the year ended 31 March 2024 continued

**Outlook for the Future**

The charity has considered its operating position going forward and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2024, there are available cash balances of £48,010.90 being more than sufficient to meet the current liabilities of the charity as they fall due. In addition, the charity has unrestricted reserves of £11.9m.

We have also considered our charitable commitments for the next ten years, to support priests over the age of 75 who have retired from Ecclesiastical office. As at 31 March 2024 this commitment totalled £5.439m, with the Committee ensuring that future resources will be sufficient to meet these future commitments, by obtaining Actuarial Reviews of the charity, with the most recent review being completed as at 31 March 2022. This review concluded that the charity has a funding surplus of £9.526m (233%).

The Investment Committee (on behalf of the Trustees) will continue to work with the investment managers in monitoring the investment portfolios to ensure that they deliver the expected performance.

Signed on behalf of the Committee

Secretary 21 January 2025

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2024

**Independent auditor's report to the trustees of Plymouth Secular Clergy Fund**

**Opinion**

We have audited the financial statements of Plymouth Secular Clergy Fund (the 'charity') for the year ended 31 March 2024, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, including 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements 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 original financial statements were 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2024

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustee' responsibilities statement (set out on page 5), the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, The General Data Protection Regulation (GDPR) and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act and the Charities SORP.
We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible noncompliance or legal costs in respect of noncompliance;
- Reviewed Board minutes;

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2024

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Francis Clark

(Senior Statutory Auditor)
Francis Clark LLP, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date: 30 January 2025

Francis Clark LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# BALANCE SHEET
As at 31 March 2024

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 1.7, 9 | **16,397,595** | **16,052,432** |
| CURRENT ASSETS | | | |
| Debtors | 10 | **123,813** | **110,425** |
| Cash at bank | | **107,440** | **63,626** |
| | | **231,253** | **174,051** |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | **(64,094)** | **(59,258)** |
| **Net current assets** | | **167,159** | **114,793** |
| **Total net assets** | | **16,564,754** | **16,167,225** |
| FUNDS | | | |
| Endowment | 12 | **4,572,077** | **4,278,834** |
| Restricted | 14 | **-** | **-** |
| Unrestricted - General | | **11,992,677** | **11,888,391** |
| **Total funds** | 15 | **16,564,754** | **16,167,225** |

Approved by the Committee on 21 January 2025 and signed on its behalf by:

.....
(Secretary) Reverend J Kostuch

.....
(Treasurer) Canon P Morgan

The notes on pages 17 to 26 form part of these financial statements.

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2024

| | Notes | Unrestricted Income Funds General | Restricted Income Funds | Endowment Fund | 2024 Total | 2023 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM:** | | | | | | |
| Donations and legacies | 1.4(i) (ii), 2 | 53,967 | - | - | **53,967** | **42,381** |
| Investment income | 1.4(iii), 4 | 166,726 | - | 102,309 | **269,035** | **329,830** |
| Transfer to income | 3 | - | 102,309 | (102,309) | - | - |
| ***Total Income*** | | **220,693** | **102,309** | - | **323,002** | **372,211** |
| **EXPENDITURE ON:** | | | | | | |
| Investment Managers fees | | 92,939 | - | 24,130 | **117,069** | **132,144** |
| Charitable activities | | 292,622 | 102,309 | - | **394,931** | **392,244** |
| ***Total Expenditure*** | 1.5, 5,6 | **385,561** | **102,309** | **24,130** | **512,000** | **524,388** |
| **Net gains/(losses) on investments** | | 269,153 | - | 317,373 | **586,526** | **(373,997)** |
| | | 269,153 | - | 317,373 | **586,526** | **(373,997)** |
| **Net income/(expenditure) and net movement in funds** | | **104,286** | - | **293,243** | **397,529** | **(526,174)** |
| **Reconciliation of funds** | | | | | | |
| Total funds brought forward | | 11,888,391 | - | 4,278,834 | 16,167,225 | 16,693,399 |
| **Total funds carried forward** | | **11,992,677** | - | **4,572,077** | **16,564,754** | **16,167,225** |

There were no other gains or losses for the year.

The results derive from continuing activities.

The notes on pages 17 to 26 form part of these financial statements.

# STATEMENT OF CASH FLOWS
As at 31 March 2024

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| **Net cash (used in) provided by operating activities** | 17 | (466,584) | (465,770) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 269,035 | 329,830 |
| Net Disposal/(Purchase) of investments | | 241,363 | 73,024 |
| **Net cash provided by investing activities** | | 510,398 | 402,854 |
| **Change in cash and cash equivalents in the year** | | 43,814 | (62,916) |
| **Cash and cash equivalents at the beginning of the year** | | 63,626 | 126,542 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | 107,440 | 63,626 |

The notes on pages 17 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 1 Accounting policies

### 1.1 *Accounting Convention*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

i) Basis of preparation

The financial statements have been prepared under the historical cost convention except to the extent that fair values have been applied where indicated below. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), FRS 102 and the Charities Act 2011.

Plymouth Secular Clergy Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant notes to these accounts.

### 1.2 *Going concern*

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period 2024-25, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets.

The charity has considered its operating position for the following 12 months and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2024, there are available cash balances of £48,010.90 being more than sufficient to meet the current liabilities of the charity as they fall due.

In addition, the charity has unrestricted reserves in excess of £11.9m. In arriving at our conclusion that the charity remains a going concern we have also considered our charitable commitment to support priests over the age of 75 who have retired from Ecclesiastical office, with the Committee ensuring that future resources will be sufficient to meet the commitments for the next 12 months.

### 1.3 *Fund accounting*

The charity's funds are broken into three distinct areas:

i *Permanent Endowment Fund*
The capital of the fund must remain intact and only the income may be applied for the purposes of the fund. It is managed on a total return basis. The Trustees, at their discretion, may allocate any part of the unapplied total return to the restricted purpose of the Trust, namely, to support priests who have reached the age of 75 and retired from ecclesiastical office.

ii *Restricted Funds*
Both the income and capital must be used in accordance with the restrictions placed on the funds.

iii *Unrestricted Funds*
Both the income and the capital may be used for the general purposes of the charity. Designated funds comprise unrestricted funds that have been put aside for a purpose, either at the discretion of the Committee or at the request of the donor, (which request is not legally binding on the Committee). General funds comprise unrestricted funds that have not been designated for a purpose.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

**1.4** ***Income recognition***

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 the income receivable can be measured reliably.

i *Voluntary income, including legacies*
Voluntary income is recognised as soon as it is capable of being measured in financial terms. Legacies are recognised as soon as entitlement has been established and they are capable of being measured in financial terms; (the charity considers that the act of granting probate defines the point of entitlement).

ii *Grants receivable*
Grants receivables are recognised in the Statement of Financial Activities when all conditions for receipt have been complied with.

iii *Investment income*
Investment income includes all dividends and interest paid during the year, adjusted at the year-end for income due on those investments that were "ex-dividend" and for interest accrued. In normal circumstances no adjustment is made for accrued income included within the price of securities that were acquired or disposed of during the year. The investment income generated by the Permanent Endowment from Plymouth Diocesan Trust is restricted income to be applied in the payment of support to priests aged 75 or over who have resigned from ecclesiastical office.

**1.5** ***Expenditure recognition***

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 met.

All expenditure is accounted for on an accrual's basis, inclusive of irrecoverable VAT, and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to headings, they have been allocated to activities on a basis consistent with use of resources. Central overhead costs are allocated to operation and fundraising functions based on their use of central support services.

i. Payments to support clergy who are aged 75 and over and who have resigned from ecclesiastical office are charged against income as incurred. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office, but it is considered that there is a constructive obligation with a resulting charitable commitment. This charitable commitment is not accrued for in the accounts as to do so would require annual actuarial valuations and the cost of this is considered to outweigh any benefit. An estimate of the maximum commitment in respect of such payments in the ten years from 31 March 2024 is given in note 16.

ii. Other grants to clergy in need are normally charged to the Statement of Financial Activities when paid. However, where it is clear that a constructive obligation has been created by the payment having been authorised and communicated to those affected in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the charity will discharge its obligations, then the grant is accrued in the Statement of Financial Activities.

iii. Support costs, which include day to day management, administration, accounting and financial costs are allocated across the categories of charitable expenditure, and the costs of raising funds. The basis of the cost allocation has been explained in note 6 to the financial statements.

**1.5.1** ***Investment Managers Fees:*** consist of investment management costs. See note 9 for further information regarding investment management costs.

**1.5.2** ***Costs of charitable activities:*** include grants to priests in need, support of priests who are aged 70 and over and who have resigned from ecclesiastical office, the provision of healthcare insurance and an apportionment of support costs as shown in note 5.

**1.5.3** ***Governance costs:*** are the costs associated with the general running of the charity as opposed to those costs associated with fundraising or charitable activities. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

1 **Accounting policies** continued

1.6 ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These comprise other debtors, other creditors and listed investments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.7 ***Investments (including gains and losses on investments)***

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted bid price where available or alternatively the mid-market price.

All realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

1.8 ***Overseas Currencies***

Overseas currencies are translated at the rates of exchange ruling on 31 March 2024. Transactions during the year are translated at the rates ruling on the date of the transactions.

2 **Donations, Legacies and Endowments**

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| Legacies | 35,000 | 30,000 |
| Donations | 2,729 | 2,038 |
| Church collections | 16,238 | 10,343 |
| | **53,967** | **42,381** |

Included in the above income is £53,967 (2023: £42,381) relating to unrestricted income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 3 Total return

A resolution to adopt the total return approach to investments was made by the Trustees in October 2014 to take effect from 1 October 2014. The trustees calculated the value of the grants of permanent endowment received since 1995, when the fund was established, up until 1 October 2014. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 October 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of £102,309 unapplied total return to restricted income funds. In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:

| | Trust for Investment £ | Unapplied Total Return £ | Total Endowment £ |
|---|---|---|---|
| **At 1 April 2023** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,222,399 | 2,222,399 |
| **Total** | 2,056,435 | 2,222,399 | 4,278,834 |
| **Movement in unapplied total return and endowment in the year:** | | | |
| Gift of endowment funds | - | - | - |
| Investment return: dividends and interest | - | 102,309 | 102,309 |
| Investment manager fees | | (24,130) | (24,130) |
| Investment return: recognised and unrecognised gains/(losses) | - | 293,243 | 293,243 |
| **Total** | - | 371,422 | 371,422 |
| Unapplied total return allocated to income | - | (102,309) | (102,309) |
| **Net movement in the year** | - | 269,113 | 269,113 |
| **Closing value of permanent endowment** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,491,512 | 2,491,512 |
| **Total at 31 March 2024** | **2,056,435** | **2,491,512** | **4,547,947** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 4 Investment income (including bank interest receivable)

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Income received from: | | |
| UK quoted investments | **227,143** | **277,127** |
| Overseas quoted investments | **39,557** | **48,297** |
| UK cash held as part of the investment portfolio | **2,335** | **4,406** |
| | **269,035** | **329,830** |
| | **269,035** | **329,830** |

Included in the above income is £102,309 (2023: £105,050) received in relation to the endowment fund, £Nil (2023: £Nil) relating to income held for restricted purposes, and £166,726 (2023: £224,780) which is unrestricted.

## 5 Expenditure

| | Activities undertaken directly | Grant funding of activities (see note) | Support and governance costs | 2024 | 2023 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of raising funds** | | | | | |
| Investment management costs | - | - | 117,069 | **117,069** | **132,144** |
| Professional fees | | | 6,206 | **6,206** | **19,077** |
| **Charitable activities** | | | | | |
| Grants to priests who are sick, elderly, infirm or in need | - | 51,897 | 19 | **51,916** | **45,275** |
| Support to 29 priests, aged 70 and over, who have resigned from ecclesiastical office; (2023: 28 priests) | 317,766 | - | 203 | **317,969** | **310,017** |
| Provision of healthcare insurance | 7,820 | - | - | **7,820** | **7,353** |
| Governance | - | - | 11,020 | **11,020** | **10,522** |
| | 325,586 | 51,897 | 134,517 | **512,000** | **524,388** |

**Note:** The grants were UK grants payable to or for 10 individual members of the clergy; (2023: 9 clergy).

In 2024 the expenditure on charitable activities was £394,931 (2023: £392,244) of which £102,309 (2023: £105,050) was expenditure from restricted funds and £292,622 (2023: £287,194) was expenditure from unrestricted funds.

All the costs of raising funds relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 6 Support costs allocation

| | Committee | Finance and legal | Direct support costs | 2024 | 2023 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of generating funds** | | | | | |
| Investment management costs | - | 117,069 | - | **117,069** | **132,144** |
| Professional fees | - | 6,206 | - | **6,206** | **19,077** |
| **Charitable activities** | | | | | |
| Assisting priests who are sick, elderly, infirm or in need | 19 | - | - | **19** | **8** |
| Support for eligible priests who have resigned from ecclesiastical office | 116 | 74 | 13 | **203** | **131** |
| Governance | 135 | 10,772 | 113 | **11,020** | **10,522** |
| | 270 | 134,121 | 126 | **134,517** | **161,882** |

BASIS FOR SUPPORT COSTS ALLOCATION

Central support costs are allocated as follows:

i. Committee: allocated according to the estimated Trustees' time spent on operational activities.
ii. Finance and Legal: costs allocated to activities are either directly attributable or if not, allocated in proportion to the estimated amount of administration time spent on each activity.
iii. Direct support costs are other costs that can be directly attributed to each activity.

GOVERNANCE COSTS ARE MADE UP OF THE FOLLOWING:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Payments to external auditor | **10,698** | **9,954** |
| Committee meeting expenses insofar as they relate to the general management of the charity, including the costs of travel | **135** | **66** |
| Bank charges | **74** | **20** |
| Printing, stationery, postage and sundries | **113** | **482** |
| | **11,020** | **10,522** |

## 7 Net movement in funds

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Net movement in funds is arrived at after charging/ (crediting): | | |
| Payments to external auditor | | |
| Audit fees - current year | **10,698** | **9,954** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 8 Trustees' emoluments and reimbursed expenses

The Committee Members are also the Trustees of the charity. They do not receive any remuneration from the charity but are entitled to reimbursement of the expenses incurred during their duties as trustees. During the year, travel expenses totalling £269 was reimbursed to four Trustees (2023: £59 to one Trustee) and £110 (2023: £72) was incurred on Committee meeting expenses.

## 9 Investments

| | 2024 £ | 2023 £ |
|---|---|---|
| MARKET VALUE | | |
| At 1 April 2023 | **16,052,432** | **16,499,453** |
| Acquisitions | **3,428,908** | **4,603,706** |
| Disposals | **(3,598,176)** | **(4,596,702)** |
| Movement in cash | **(72,095)** | **(80,028)** |
| Net investment gain/(loss) | **586,526** | **(373,997)** |
| **At 31 March 2024** | **16,397,595** | **16,052,432** |

Net cash transferred from/(to) investments in the year was £241,363 (2023: £73,024).

| *Analysed between:* | | |
|---|---|---|
| UK investments listed on a recognised stock exchange or valued by reference to such investments | **13,844,277** | **13,487,476** |
| Overseas investments listed on a recognised stock exchange | **2,411,002** | **2,350,545** |
| UK cash held as part of investment portfolio | **142,316** | **214,411** |
| | **16,397,595** | **16,052,432** |

| *And between:* | | |
|---|---|---|
| Permanent Endowments | **4,580,112** | **4,262,739** |
| Other Restricted and Unrestricted Funds | **11,817,483** | **11,789,693** |
| | **16,397,595** | **16,052,432** |

| | | |
|---|---|---|
| **Historic cost at 31 March 2024** | **12,185,095** | **12,025,629** |

Included in the investment gain above of £586,526 (2023: loss of £373,997), is a gain of £293,243 (2023: loss of £120,828) relating to Permanent Endowment funds. The remaining loss of £293,283 (2023: loss of £253,169) all relate to the unrestricted fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

**Investments continued**

The investment portfolio includes the following investments. With the exceptions of the unitised/ structured investments listed below, all investment assets are direct investments in listed securities. No material restrictions apply which might affect the realisation of these investment assets.

| | 2024 £ |
|---|---|
| **Unitised/ Structured Multi Asset Funds:** | |
| The SRI Fund for Charities (Income) | **4,580,112** |
| The SRI Fund for Charities (Accumulation) | **7,050,694** |
| Other UK funds | **312,163** |
| Global funds | **307,888** |
| **Overseas direct investments** | **718,205** |

*Investment Manager's Fees*

Ruffer LLP's fees are calculated on the market value of the portfolio at the end of each quarter and are charged to the Statement of Financial Activities. Where Ruffer has invested the portfolio in its in-house investment products (which have an internal management charge), these products are excluded from the quarterly management charge so that no double charge occurs.

The Newton SRI Fund for Charities fees are calculated from the market value of the portfolio at the end of each quarter and charged to the Statement of Financial Activities.

**10 Debtors: amounts falling due within one year**

| | 2024 £ | 2023 £ |
|---|---|---|
| Investment income | **61,470** | **74,214** |
| Legacies | **55,000** | **-** |
| Other debtors and prepayments | **3,951** | **4,098** |
| Accrued income | **3,392** | **32,113** |
| | **123,813** | **110,425** |

**11 Creditors: amounts falling due within one year**

| | 2024 £ | 2023 £ |
|---|---|---|
| Other creditors | **(14)** | **18,360** |
| Accruals | **64,108** | **40,898** |
| | **64,094** | **59,258** |

**12 Permanent Endowment fund**

| | 2024 £ | 2023 £ |
|---|---|---|
| Balance at 31 March 2023 | **4,278,834** | **4,428,548** |
| *Movement in Funds* | | |
| Incoming resources | **-** | **-** |
| Gain/(loss) on investment assets | **317,373** | **(120,828)** |
| Investment managers fees | **(24,130)** | **(28,886)** |
| **Balance at 31 March 2024** | **4,572,077** | **4,278,834** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

This is a permanent endowment from Plymouth Diocesan Trust, established in 1995 to help fund the support of priests who have reached the age of 75 and resigned from ecclesiastical office. It is a condition of the endowment that this capital must be repaid to Plymouth Diocesan Trust if the Members of Plymouth Secular Clergy Fund ever resolve that it shall cease to provide such support. An analysis of the net assets of the Permanent Endowment Fund is shown in note 15.

## 13 Contingent liability

As explained in note 12, if the charity stops providing support in the future, the permanent endowment must be repaid to the Plymouth Diocesan Trust. At 31 March 2024 the value of the permanent endowment was £4,547,947 (2023: £4,278,834).

## 14 Restricted Funds

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Balance at 31 March 2023 | - | - |
| *Movement in Funds* | | |
| Incoming resources | **102,309** | **105,050** |
| Resources expended | **(102,309)** | **(105,050)** |
| **Balance at 31 March 2024** | **-** | **-** |

These funds deal with the income generated by the endowment from Plymouth Diocesan Trust, described in note 12 and the expenses associated in generating it. The net surpluses are to be applied for supporting priests aged 75 and over who have resigned from ecclesiastical office.

## 15 Analysis of net assets between funds

a) Current year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,580,112 | - | 11,817,483 | **16,397,595** |
| Net current assets | (8,045) | - | 175,204 | **167,159** |
| | 4,572,077 | - | 11,992,677 | **16,564,754** |

Sufficient resources are held in appropriate forms to enable each fund to be applied in accordance with any restrictions.

b) Previous year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,262,739 | - | 11,789,693 | **16,052,432** |
| Net current assets | 16,095 | - | 98,698 | **114,793** |
| | 4,278,834 | - | 11,888,391 | **16,167,225** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 16 Charitable commitments

FUNDING FOR PRIESTS AGED 75 OR OVER WHO HAVE RESIGNED FROM ECCLESIASTICAL OFFICE

In accordance with accounting policy 1.5 (i), the estimated maximum support payable during the next ten years is shown below. The payments are calculated using the policy adopted by the Committee and is based upon the priests' number of years of ecclesiastical ministry, (as defined in the policy document), at date of resignation. The Committee obtains periodic Actuarial Reviews of the charity to check that future resources will be sufficient to meet its future commitments. The most recent actuarial review was completed as at 31 March 2022. For further information see the Trustees Report. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office.

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Falling due within one year | 311,848 | 364,899 |
| Falling due between two and five years | 1,766,022 | 1,901,163 |
| Falling due after more than five years | 3,364,000 | 3,404,417 |
| | 5,441,870 | 5,670,480 |

| RECONCILIATION OF MOVEMENT IN THE YEAR | £ |
|---|---|
| Commitment at 31 March 2023 | 5,670,480 |
| Less: falling due within the year ended 31 March 2024 | (364,899) |
| | 5,305,580 |
| Adjustment for inflationary increases in support levels and revised numbers of priests potentially resigning from ecclesiastical office in the nine years ending 31 March 2033 | (629,480) |
| Add: falling due in the year ending 31 March 2034 | 765,770 |
| **Commitment at 31 March 2024** | 5,441,870 |

## 17 Reconciliation of net movement in funds to net cash flow from operating activities

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Net movement in funds (per the statement of financial activities)** | 397,529 | (526,174) |
| Gift of endowment | - | - |
| Losses/(gains) on investments | (586,526) | 373,997 |
| Dividends, interest and rents from investments | (269,035) | (329,830) |
| Decrease/(Increase) in debtors | (13,388) | (19,308) |
| (Decrease)/Increase in creditors | 4,836 | 35,545 |
| **Net cash used in operating activities** | (466,584) | (465,770) |

## 18 Analysis of cash and cash equivalent

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Cash in hand | 107,440 | 63,626 |
| **Total cash and cash equivalents** | 107,440 | 63,626 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

## 19 Charitable grants

| | Number of priests assisted in 2024 | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| Financial support | 10 | 51,897 | 45,267 |
| | | 51,897 | 45,267 |

## 20 Support of priests aged 70 and over who have resigned from ecclesiastical office

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Reverend D Annear | 10,503 | 9,552 |
| Monsignor J Branson (RIP) | - | 4,919 |
| Reverend M Budge | 15,005 | 13,645 |
| Reverend D Burrows (RIP) | 308 | - |
| Canon G Carrick | 15,005 | 13,645 |
| Reverend PO Chrystal | 15,005 | 13,645 |
| Reverend A J Cockram | 1,835 | 571 |
| Reverend M Cole (RIP) | 15,005 | 13,645 |
| Reverend D Collin | 15,005 | 13,645 |
| Reverend P Conlon | 15,396 | 14,031 |
| Reverend P Costello | 15,005 | 13,645 |
| Reverend SH Delsink | 6,392 | 5,846 |
| Monsignor H Doyle (RIP) | 7,116 | 13,644 |
| Reverend C Geddes | 12,004 | 10,916 |
| Monsignor G Hay (RIP) | 15,005 | 13,645 |
| Reverend P Kelly | 15,005 | 13,645 |
| Reverend W Kiely (RIP) | 1,147 | - |
| Reverend M Kirkpatrick | 8,002 | 7,277 |
| Reverend P Kilgarriff (RIP) | 3,572 | 13,645 |
| Reverend D Longland | 15,005 | 13,645 |
| Monsignor B Nannery | 15,005 | 13,645 |
| Canon K Noakes | 11,004 | 10,006 |
| Reverend TA O'Donovan | 15,396 | 14,031 |
| Reverend R Schofield | 2,000 | 1,820 |
| Revered J Smethurst (RIP) | 10,234 | 10,006 |
| Reverend B Stevens | 9,502 | 8,643 |
| Monsignor A Toffolo | 15,396 | 14,031 |
| Reverend JS Watkins | 7,508 | 6,823 |
| Canon P Webb | 15,396 | 14,031 |
| Reverend WG Wilberforce | 15,005 | 13,644 |
| | 317,766 | 309,886 |

Paid to 29 priests (2023: 28 priests)

At the start date, (6 April 2011), of the policy in regard to payment of Allowances under the Rules of the Society, the payment was to be *"such sum as when added to the State Pension for a single man at his state pension age will provide at the start date an annual gross sum of £15,880". "The Allowance from the Society will increase annually in accordance with inflation, subject to a maximum of 5% per annum; (any increase above this rate will be at the discretion of the Committee). The Committee will pay to Members and former Members who qualify an Annual Payment of 1/30th of the Allowance for each complete year of Ecclesiastical Ministry up to a maximum of a full Allowance, to be paid monthly in advance. In the case of those Members who have completed less than two years' Ecclesiastical Ministry, the Annual Payment will be such as the Committee may determine to be appropriate in the particular circumstances."* (Extract from Policy Document on Payment of Allowances to Priests adopted by the Committee on 12 February 2013).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

**21 Investments - Other Restricted and Unrestricted Trusts continued**

| Number of Shares | Shareholding | | Market Value at 31.3.24 | Percentage of total net assets |
|---|---|---|---|---|
| | | | £ | % |
| | **UK Government Index Linked** | | | |
| 151,002 | Treasury 0.125% Index-Linked Stock 2068 | | 157,232 | 0.96% |
| 19,059 | Treasury 0.375% Index-Linked Stock 2062 | | 23,907 | 0.15% |
| 22,900 | Treasury 0.125% Index-Linked Stock 2065 | | 23,115 | 0.14% |
| 115,121 | Treasury 0.125% Index-Linked Stock 2073 | | 101,384 | 0.62% |
| | | | 305,638 | 1.86% |
| | **Non-Sterling Index Linked** | | | |
| 1,276,459 | Ruffer SICAV fixed Income Z GBP Cap | £ | 1,694,627 | 10.33% |
| | | | 1,694,627 | 10.33% |
| | **Credit and Illiquid Strategies** | | | |
| 70,323 | Ruffer Illiquid Multi Strategies Fund 2015 | | 44,230 | 0.27% |
| 393,048 | Ruffer Multi Strategies Fund Ltd | | 267,934 | 1.63% |
| | | | 312,163 | 1.89% |
| | **Multi-Asset Funds** | | | |
| 3,325,485 | The Newton SRI Fund for Charities (GBP Accumulation) | | 7,050,694 | 43.00% |
| | **Other** | | 7,050,694 | 43.00% |
| | ***Gold and Precious Metals*** | | | |
| 9,411 | iShares Physical Silver | USD | 176,949 | 1.08% |
| 2,768 | Newmont Goldcorp | | 78,570 | 0.48% |
| 51,001 | WS Ruffer Gold I Acc | | 148,167 | 0.90% |
| | | | 403,686 | 2.46% |
| | ***Foreign Forward Exchange*** | | | |
| -125,700 | FWD: EUR Vs. GBP 25/04/2024 | EUR | 342 | 0.00% |
| -1,128,500 | FWD: USD Vs. GBP 25/04/2024 | USD | (2,172) | -0.01% |
| | | | (1,830) | -0.01% |
| | ***Global Funds*** | | | |
| 5,131 | Wisdom Tree Copper ETC | | 145,787 | 0.89% |
| | | | 145,787 | 0.89% |
| 42,296 | Ruffer Protection Strategies International Z GBP | | 307,888 | 1.88% |
| | | | 307,888 | 1.88% |
| | **Equities** | | | |
| | ***United Kingdom*** | | | |
| 1,658 | Admiral Group | | 47,037 | 0.29% |
| 21,553 | Ruffer SICAV UK Mid & Smaller Companies Z GBP Cap | | 77,426 | 0.47% |
| 207 | Rio Tinto | | 10,385 | 0.06% |
| 1,455 | Unilever | | 57,844 | 0.35% |
| | | | 192,692 | 1.18% |
| | ***UK Govt. (Short Dated)*** | | | |
| 566,193.0000 | UK (Govt Of) 0.125% 31/01/2024 | | 545,616 | 3.33% |
| | | | 545,616 | 3.33% |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

**21 Investments - Other Restricted and Unrestricted Trusts continued**

| Number of Shares | Shareholding | | Market Value at 31.3.24 | Percentage of total net assets |
|---|---|---|---|---|
| | | | £ | % |
| | **Equities continued** | | | |
| | ***North America*** | | | |
| 578 | Citigroup | USD | 28,949 | 0.18% |
| 200 | Amazon | USD | 28,555 | 0.17% |
| 185 | Cigna | USD | 53,235 | 0.32% |
| 293 | JPMorgan Chase | USD | 46,484 | 0.28% |
| 236 | East West | USD | 14,778 | 0.09% |
| 1,332 | Star Bulk Carriers | USD | 25,190 | 0.15% |
| | | | 197,192 | 1.20% |
| | ***Central & South America*** | | | |
| 11,488 | Ambev ADR | USD | 22,522 | 0.14% |
| | | | 22,522 | 0.14% |
| | ***Europe*** | | | |
| 2,503 | Orange SA | EUR | 23,303 | 0.14% |
| 3,860 | Tenaris ADR | EUR | 120,055 | 0.73% |
| 213 | Ryanair Holdings ADS | EUR | 24,580 | 0.15% |
| 1,686 | Vallourec | EUR | 24,795 | 0.15% |
| 3,198 | AIB Group | EUR | 12,867 | 0.08% |
| 4,346 | Vivendi | EUR | 37,545 | 0.23% |
| 927 | Smurfit Kappa | EUR | 33,556 | 0.20% |
| 9,393 | WS Ruffer European I Acc | EUR | 253 | 0.00% |
| 483 | Groupe Bruxelles Lambert SA | EUR | 28,933 | 0.18% |
| | | | 305,885 | 1.88% |
| | ***Asia excluding Japan*** | | | |
| 21,868 | iShares MSCI China A UCITS ETF | | 71,331 | 0.44% |
| 4,000 | Swire Pacific 'A' | | 26,091 | 0.16% |
| 349 | Alibaba Group ADR | | 20,005 | 0.12% |
| 232 | Taiwan Semiconductor ADR | | 24,997 | 0.15% |
| 3,500 | Alibaba Group | | 24,903 | 0.15% |
| 194 | iShares Core MSCI EM ASIA UCITS ETF | | 25,279 | 0.15% |
| | | | 192,606 | 1.18% |
| | | | 10,956,962 | 66.82% |
| 142,316 | GBP Capital account | | 142,316 | 0.87% |
| 3,418,213,658 | | | £11,817,483 | 72.07% |

**22 Investments - Permanent Endowments**

| Number of Shares | Shareholding | Market Value at 31.3.24 | Percentage of total net assets |
|---|---|---|---|
| | | £ | % |
| | **Multi-Asset Funds** | | |
| 4,074,108 | The Newton SRI Fund for Charities (GBP Income) | 4,580,112 | 27.93% |

**PLYMOUTH SECULAR CLERGY FUND**

England & Wales - Charity number 213232

# Accounts

# PLYMOUTH SECULAR CLERGY FUND

Charity Number 213232

## ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2023

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2023

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# ANNUAL REPORT
for the year ended 31 March 2023

The Committee of Trustees presents its report and audited financial statements for the year ended 31 March 2023.

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

**Trustees (Committee Members)**

Reverend B Hallett (Resigned November 2022)
Reverend J Barber
Reverend K Kirby (Resigned November 2022)
Reverend Kenwrick (Resigned November 2022)
Reverend J Kostuch
Canon P Morgan
Reverend A O'Gorman (Resigned November 2022)
Reverend M Skelton (Resigned November 2022)
Reverend P Cobb (Appointed 24 November 2022)
Canon M O'Keeffe (Appointed 24 November 2022)
Reverend R Candy (Appointed 24 November 2022)
Reverend J Stewart (Appointed 24 November 2022)
Reverend P Keys (Appointed 24 November 2022)
Canon K Paver (Resigned November 2022)

**Secretary**

Reverend B Hallett (Resigned November 2022)
Reverend K Kirby (Resigned November 2022)
Reverend J Kostuch (Elected November 2022)

**Treasurer**

Reverend M Skelton (Resigned November 2022)
Canon P Morgan (Elected November 2022)

**Holding Trustees**

Monsignor R Draper VG
Reverend B Hallett (RIP 21 September 2023)
Reverend K Kirby (RIP 20 March 2023)
Reverend P Kilgarriff (RIP 2 July 2023)

**Auditors**

PKF Francis Clark
Torquay

**Investment Managers**

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA
*(Authorised and regulated by the Financial Conduct Authority)*

Ruffer LLP
80 Victoria Street
London
SW1E 5JL
*(Authorised and regulated by the Financial Conduct Authority)*

**Solicitors**

Tozers, Exeter

**Principal Bankers**

National Westminster Bank plc
Plymouth

**Official Address**

St Boniface House
Ashburton
Newton Abbot TQ13 7JL

## Structure

Plymouth Secular Clergy Fund was established by a meeting of the clergy of the Roman Catholic Diocese of Plymouth on 19 December 1861. By trust deed dated 13 December 1888, (as amended by resolution of the members on 22 June 1993, 19 July 1994, 16 July 1996 and 7 November 2013), it is a charitable trust; (charity registration number 213232). All priests ordained for, or incardinated into the Diocese and working as such at the discretion of, or with the approval of the Bishop, are eligible for membership of the charity, subject to acceptance by the Committee and compliance with the other qualifications stated in the rules of the charity, as amended in 1993, 1994, 1996, 2013 and 2021. Priests who are members of the charity receive a copy of the Rules of the Fund and the Annual Trustees' Report and Financial Statements. They are encouraged to attend the Annual General Meeting of the charity and to take an active interest in matters of the charity, since they form the pool from which future Trustees of the charity will be appointed and ultimately will be beneficiaries of it.

ANNUAL REPORT
for the year ended 31 March 2023 continued

## Aims and Objectives

The principal objects of the charity are "to support the Diocesan Priests by:

- the payment of grants to Diocesan Priests in need;
- the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office;
- the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Public Benefit

This Annual Report is written in accordance with the requirements of the Charities Act 2011 and having had regard to the advice and guidance given by the Charity Commission.

Plymouth Secular Clergy Fund has been established to support priests of the Roman Catholic Diocese of Plymouth and within this Annual Report, the Trustees seek to demonstrate that the aims of the Fund fall within such descriptions of charitable purposes. Furthermore, it also seeks to demonstrate that in its work of supporting Diocesan priests, it is providing public benefits that are clear and relate to the aims of the Fund.

Diocesan priests carry out the public duty of conducting marriage and funeral services. They conduct baptism, communion and confirmation services and enable the public celebration of mass on virtually every day in every parish of the Diocese; there is no restriction on access to any of the celebrations. The priests offer the healing of peoples' consciences through the offering of the sacrament of Reconciliation (Confession). They provide pastoral care, visiting, in their homes or hospitals, those who are sick or dying and comforting those who have suffered bereavement or whose lives are otherwise troubled.

At some point during their years of ecclesiastical ministry, some priests will act as hospital, prison or school chaplains and chaplains to the armed forces, ministering not just to the Catholic community but to the wider public. Priests with Catholic schools in their parishes will also often serve on governing bodies and thereby assist in the provision of education. Not all pupils or members of staff at the schools are Catholic; the schools are socially diverse and inclusive and often are in areas of social deprivation.

As demonstrated above, the priests devote their lives to the service of God and their fellow men and women. They choose consciously to dedicate their lives to others and to live a simple life, foregoing their own economic well-being. Plymouth Secular Clergy Fund aims to support them at times when the priests are themselves in need or are sick, infirm or elderly. In practical terms, its main area of support by far is to those priests who have resigned from ecclesiastical office on the grounds of age, meaning that they may no longer rely on a parish to provide them with somewhere to live and subsistence. The Fund provides financial and other support to enable them to live out their old age with dignity and independence. The benefits to the public are through the financial and other relief of those priests concerned, (the charitable purpose being "the prevention or relief of poverty") and the charitable purpose "the advancement of religion", by enabling priests to follow their vocation.

The next section on Achievements and Performance demonstrates how the charity has met its objective to support the priests of the Roman Catholic Diocese of Plymouth during the year under review.

ANNUAL REPORT
for the year ended 31 March 2023 continued

## Achievements and Performance

In 2022/2023:

| The charity planned to: | The charity's achievements: | Next year, the charity plans to: |
|---|---|---|
| ....give financial support to those priests who have resigned from ecclesiastical office due to age. | As at 31 March 2023, 27 priests who have resigned from ecclesiastical office due to age, (2022: 28 priests), were in receipt of allowances from the charity. From 6 April 2022, the gross allowance per priest, based on 30 years' service, is £13,657 per annum. Certain members of the charity, who would otherwise be eligible to receive such allowances by virtue of their age, have continued to serve actively in the Diocese and are not therefore in receipt of such allowances. Note 16 to the financial statements discloses the maximum commitment of the charity in providing appropriate support during the next ten years. | ....continue to give financial support to those priests who have resigned from ecclesiastical office due to age. |
| ....give assistance to priests who are sick, infirm or elderly, (including those who have resigned from ecclesiastical office due to illness). | In all, the charity gave financial assistance to or for 9 priests, (2022: 5 priests). Some financial assistance was given through grants to third parties.<br><br>One of the priests has ceased active ministry due to ill-health but is aged below 75 and so is ineligible to receive financial support of the type mentioned in the section above. He received grants to help with his daily living costs. | ....continue to consider requests for financial and other assistance to priests who are sick, infirm or elderly and give financial support to those priests who have resigned from office due to illness. |
| ....pay healthcare insurance for priests who are sick, infirm or elderly. | The charity paid healthcare insurance for 19 priests, including beneficiaries of the charity over 75 and priests who are aged below 75 but who nevertheless have had to cease active ministry due to ill-health. | ....pay healthcare insurance for priests who are sick, infirm or elderly. |

ANNUAL REPORT
for the year ended 31 March 2023 continued

## Corporate governance

### Governance and decision-making

The governing body of the charity is the Committee, (who are trustees under charity law). Committee members are appointed by the ordinary members of the charity at the Annual General Meeting. Except in very limited circumstances, (as defined in the Rules of the Fund), only those ordinary members who are not also beneficiaries of the charity are eligible to hold office as Treasurer, Secretary or one of the other seven Committee Members. The Treasurer and Secretary are elected annually and ordinarily may not hold office for more than four consecutive years. The two other longest serving Committee members retire by rotation. Procedures exist to replace the Treasurer, Secretary and Committee members who vacate their office during the year. The Bishop is ineligible to hold any office in the charity. The business of the charity is managed by the Committee of nine Members, (including the Treasurer and the Secretary), which normally meets four times each year. The Committee has control of the monies and other property of the charity. The charity has holding trustees, whose function is restricted to holding its property. The holding trustees have no power to make management decisions and must act on the lawful instructions of the Committee.

### Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

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

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

### Summary of the rules for the payment of allowances to priests aged 75 or over who have resigned from ecclesiastical office, grants and provision of other assistance

The rules of Plymouth Secular Clergy Fund define those priests eligible to receive benefits from the Fund as being Members (and in some cases, former Members), of the Fund. The Rules also lay down the manner in which a priest qualifies or may be disqualified from membership. All members or former members are eligible to receive an allowance from the Fund on resignation from ecclesiastical office due to age, which may be paid in accordance with the Policy Document that sets out the Committee's current policy in regard to such payments under the rules of the Fund. In the event that the Policy Document is either revoked or amended so as to deny such payments, (or materially affect their value), to a significant number of members or former members, there shall be repaid to the Diocese the current value of all contributions made by the Diocese, (or by other organisations employing or formerly employing them), in respect of those members or former members. The Committee shall adjudge those who are in need of grants and has discretion to set the rate or amount of such grants. Every member who is sick, infirm or elderly shall, at the discretion of the Committee, be eligible for assistance.

# ANNUAL REPORT
for the year ended 31 March 2023 continued

## Corporate Governance continued

### Risks and internal control

The principal risks faced by the Trust are mainly:

a) the performance of investments; and
b) the operational risk associated with the Trust's capacity to make effective grants in the future.

*Performance of investments*

The trustees consider the variability of investment returns to constitute the charity's major financial risk. This is mitigated by having two investment managers who both maintain separate diversified investment portfolios. During the year the net losses on investments were £373,997, which represents 2.3% loss on the opening market value of £16,499,543. This is a decrease from the previous years gains of £880,607 which represented 5.5% return on the opening market value of £15,907,643. The investment portfolios also produced income of £329,830. The trustees consider that the use of a total return approach helps stabilise the resources available for making grants.

*Operational risk associated with the Trust's capacity to make effective grants in the future*

The operational risk associated with the Trust's capacity to make effective grants in the future is managed by periodic actuarial review. The last review, which was undertaken as at 31 March 2022, indicated that the charity's funds were still in surplus, in terms of meeting its future commitments, without making any allowance for future contributions to the Fund or for any free income that may be received from legacies or donations. Pressure on the Fund comes mainly from a combination of lower than expected investment returns, and higher than expected increases to the allowance paid to clergy who have reached the age of 75 and have resigned from ecclesiastical office.

### Reserves

The charity's primary objective is to provide allowances to all priests who resign from ecclesiastical office at or over the age of 75 and who are eligible to receive such payments under the terms of the charity's rules. The total amounts potentially payable during the next 10 years to current recipients and all other priests eligible to resign from ecclesiastical office due to their age is £5.670 million, ranging from £0.365 million in the year ending 31 March 2024 to £0.751 million in the year ending 31 March 2033. Further details may be found in note 16 to the financial statements. The charity also relies on its investment income and any capital gains to supplement the resources from which it can pay grants at the level of recent years and to cover administration expenses.

Plymouth Diocesan Trust has hitherto supported the charity's object of providing allowances to priests over 75 who have resigned from ecclesiastical office by donating funds which are given as permanent endowments. Periodic actuarial reviews are commissioned to ensure that the charity remains adequately funded in order to generate sufficient income to meet its future commitments to support priests aged 75 and over who have resigned from ecclesiastical office and its other commitments, without any further contributions being required for those existing members of the charity. New members of the charity would require additional contributions, depending on their age at commencement of contributions.

ANNUAL REPORT
for the year ended 31 March 2023 continued

## Corporate Governance continued

### Investments

*Specific investment powers of the Committee*
The specific investment powers of the Committee are laid down in the Rules of the Plymouth Secular Clergy Fund. In summary, the Committee has the same full and unrestricted powers of investing and varying investments in all respects as if it were absolutely and beneficially entitled thereto, provided that before exercising any such powers, it obtains and considers proper advice on whether the investment is satisfactory, having regard to the objects of Plymouth Secular Clergy Fund.

*Investment and Administration Advisory Panel*
The Committee has appointed the Finance Committee of Plymouth Diocesan Trust, (registered charity 213227), to act as an Investment and Administration Advisory Panel, accountable to the Committee; and in particular it has been agreed that such advisory panel should negotiate and recommend appointment of investment managers and monitor their subsequent performance in the context of overall policy established by the Committee.

*Investment Policy, Objective and Strategy*
The Committee have adopted a formal Investment Policy that sets out, in detail, the responsibilities and roles of the Committee and others involved in the management of the Fund, its aims, attitude to risk, ethical investment policy, asset allocation strategy, performance benchmarks and investment restrictions.

The aims of the charity are long term and its funds need to be invested for the long term. The real value of the underlying investment needs to be retained despite the regular withdrawals to provide an income. The income distribution itself needs to rise in order to cover the costs of the charity. Therefore, the general aim of the investments is: -

- To provide a real absolute return equivalent to inflation over a 5-year rolling period (calculated in accordance with RPI) plus 4.0% per annum by reference to the average unit price over the previous 5 years and thereby:
- To fund a distribution (which may be met from income (or from capital in the case of non-permanent endowment funds)) that rises annually by at least inflation, to allow the charity to carry out its purposes consistently year on year with due and proper consideration for future needs.
- To maintain and if possible, enhance the real value of the underlying investments after such distributions.
- To do all the above within the confines of the fiduciary responsibilities of the charity and the ethical guidelines and taking into account the need to reduce volatility so far as reasonably possible.

The Committee is bound by the restrictions placed on it by the Charities Acts, the Trustee Act 2000, the Trust Deed, the Rules of the charity and Orders of the Charity Commission. The Investment Managers must comply with these restrictions and limitations and the further restrictions specified by the charity in its Investment Policy.

*Investment managers*
Ruffer LLP has been appointed as investment manager, to manage half the charity's main portfolio on a day-to-day basis and to make and implement specific investment decisions. Hitherto Newton Investment Manager Limited was appointed similarly, to manage the other half of the charity's main portfolio and its Permanent Endowment portfolio, with investments held as the charity's nominee. Newton no longer offer discretionary management service or custody service, and hence the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. Benchmarks have been set in order to measure investment performance. Quarterly reviews are performed on the actions and results of the managers and on compliance with their terms of appointment.

*Main terms of custody arrangements – Newton Investment Management Limited*
Newton has ceased to offer a custody service and the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name.

ANNUAL REPORT
for the year ended 31 March 2023 continued

## Corporate Governance continued

**Investments continued**

*Main terms of custody arrangements – Ruffer LLP*
Ruffer has arranged the services of the Custodian for Plymouth Secular Clergy Fund. All securities will be placed with the Custodian and either registered in the name of its nominee company or, in the case of investment outside the United Kingdom, held by the Custodian's appointed agents. All cash will be deposited with the Custodian and/or another bank or banks selected by Ruffer as agent for Plymouth Secular Clergy Fund. Where the cash is held by Ruffer in a bank or banks other than the Custodian, it will be held as client money. Both securities and cash will be placed by the Custodian and/or bank in pooled accounts, together with assets of other Ruffer clients. Securities and/or cash may be held by a clearing house or intermediate broker in the normal course of business.

*Ethical Policy*
The Committee's policy has been developed acknowledging the difficulty of ensuring that all guidelines will be watertight, given that we are investing in complex and global economies.

*Ethical Guidelines*
The Investment Manager shall use its reasonable endeavours to ensure that the portfolio is not directly invested in those companies whose turnover in unethical activities exceeds 2% the group turnover*.

*Companies with unethical operations are those that:*

- *Invest in hospitals/clinics that have abortion or euthanasia as a major role;*
- *Exploit the labour force in such a way that is unjustifiable in the light of local circumstances;*
- *Exploit vulnerable groups. Specifically, involvement in the production of tobacco or in the provision of gambling facilities would preclude investment in the company;*
- *Have operations in areas of oppressive regimes, where these operations contribute to the oppressive nature of these regimes;*
- *Have the manufacture or sale of arms/weapons as a core activity. Specifically, involvement in the manufacture of anti-personnel mines;*
- *Are involved in pornography or obscenity;*

*Due regard shall also be given to environmental concerns.*

*(The Trustees acknowledge that the Investment Manager will rely on an appropriate screening service in order to satisfy its obligations under this part at present. It is noted that screening may be difficult to achieve down to levels of 2% of turnover. At present Ethical Investment Research Information Service (EIRIS) only screens for companies for military turnover and pornography turnover down to 3% and tobacco turnover down to 5%).

## Relationships with other charities

The principal object of the charity is to support the priests of the Roman Catholic Diocese of Plymouth. To this end and as already mentioned earlier in this Report, Plymouth Diocesan Trust, the registered charity of the Diocese of Plymouth, has previously made donations to Plymouth Secular Clergy Fund, to enable it to support priests of the Diocese aged 75 and over who have resigned from ecclesiastical office.

## Compliance with the Charity's Governing Document and Current Statutory Requirements

The financial statements have been prepared in accordance with the Charity's Trust Deed (as amended in 1993, 1994, 1996 and 2013), applicable law and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective from January 2019. In so far as the Trustees are aware:

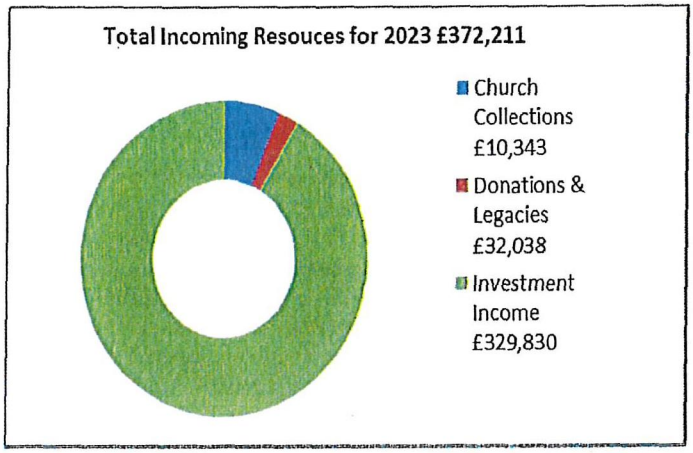
- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

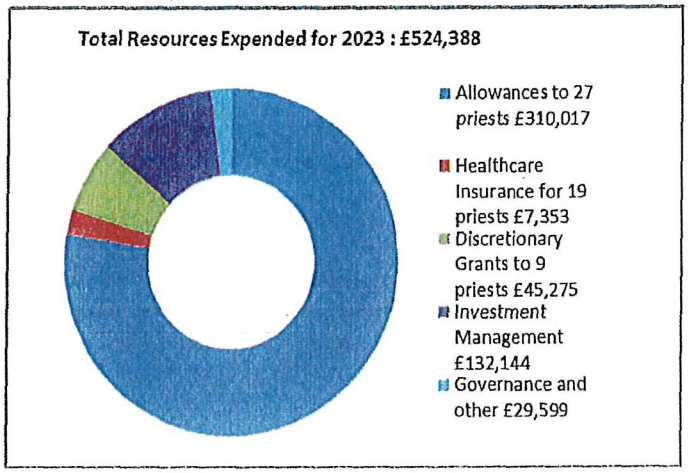
ANNUAL REPORT
for the year ended 31 March 2023 continued

## Review of the Financial Position

The income of the charity for the year under review has been applied to pay health insurance for and support priests aged 70 and over who have resigned from ecclesiastical office, make charitable grants to sick, elderly or infirm priests and to administer the charity.

The net movement in funds after losses and gains on investments was a deficit of £526,174: (2022: £729,235). Included in the net movement in funds are losses on investments during the year of £373,997 (2022: Gain £880,607). Also included are legacies of £30,000; (2022: £27,145). Total Resources Expended for the year were £524,388; (2022: £470,803).




## Fixed asset investments

The assets of the charity comprise cash and investments in stocks and shares and a pooled fund, which are held to fund the support of priests who are aged 75 and over who have resigned from ecclesiastical office and to provide financial assistance to other priests who are elderly, sick or infirm. The investments have been included in the financial statements at their last traded price or bid value on 31 March 2023, unless otherwise stated. In the year ended 31 March 2013, structural changes were made to the investment portfolios to protect them from volatility in performance, particularly from significant capital losses, by using two different investment managers with different investment philosophies. Those investments held by Newton Investment Managers Limited, (the permanent endowment fund and approximately half of the unrestricted investments), have been invested into its SRI Fund for Charities. Newton no longer provide a discretionary management service and hence the charity has become a direct investor in the Newton SRI Fund for Charities. Ruffer LLP continues to manage the remainder of investments. In the year, the value of the charity's portfolio decreased by £447,021 to £16,052,432 (from £16,499,453). The combined portfolio achieved losses for the year of 2.3% after fees, (2022: gains of 5.5%) (See note 9 for further information on investments and investment management fees).

With regard to the permanent endowment fund the Trustees have passed a resolution under S104A(2) of the Charities Act 2011 to operate a total return approach to investments in accordance with the Charity Commission's Regulations. The Trustees confirm that:

- in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift at inception and any subsequent gifts of permanent endowment up until the 1 October 2014;
- when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- in reaching their decision as to the unapplied total return to transfer to income, the trustees have relied on the performance and analytical reviews from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

ANNUAL REPORT
for the year ended 31 March 2023 continued

**Outlook for the Future**

The charity has considered its operating position going forward and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2023, there are available cash balances of £197,844 being more than sufficient to meet the current liabilities of the charity as they fall due. In addition, the charity has unrestricted reserves of £11.8m.

We have also considered our charitable commitments for the next ten years, to support priests over the age of 75 who have retired from Ecclesiastical office. As at 31 March 2023 this commitment totalled £5.670m, with the Committee ensuring that future resources will be sufficient to meet these future commitments, by obtaining Actuarial Reviews of the charity, with the most recent review being completed as at 31 March 2022. This review concluded that the charity has a funding surplus of £9.526m (233%).

The Investment Committee (on behalf of the Trustees) will continue to work with the investment managers in monitoring the investment portfolios to ensure that they deliver the expected performance.

Signed on behalf of the Committee

Secretary 23 November 2023

REV JACEK KOSMCH

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

**Independent auditor's report to the trustees of Plymouth Secular Clergy Fund**

**Opinion**

We have audited the financial statements of Plymouth Secular Clergy Fund (the 'charity') for the year ended 31 March 2023, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, including 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements 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 original financial statements were 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Francis Clark

(Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date: 21 December 2023

PKF Francis Clark is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustee' responsibilities statement (set out on page 5), the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, The General Data Protection Regulation (GDPR) and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act and the Charities SORP.
We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance;
- Reviewed Board minutes;

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

| | Notes | Unrestricted Income Funds General | Restricted Income Funds | Endowment Fund | 2023 Total | 2022 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM:** | | | | | | |
| Donations and legacies | 1.4(i) (ii), 2 | 42,381 | - | - | 42,381 | 34,034 |
| Investment income | 1.4(iii), 4 | 224,780 | - | 105,050 | 329,830 | 285,397 |
| Transfer to income | 3 | - | 105,050 | (105,050) | - | - |
| *Total Income* | | 267,161 | 105,050 | - | 372,211 | 319,431 |
| **EXPENDITURE ON:** | | | | | | |
| Investment Managers fees | | 103,258 | - | 28,886 | 132,144 | 119,005 |
| Charitable activities | | 287,194 | 105,050 | - | 392,244 | 351,798 |
| *Total Expenditure* | 1.5, 5,6 | 390,452 | 105,050 | 28,886 | 524,388 | 470,803 |
| Net (losses) / gains on investments | | (253,169) | - | (120,828) | (373,997) | 880,607 |
| | | (253,169) | - | (120,828) | (373,997) | 880,607 |
| Net income/(expenditure) and net movement in funds | | (376,460) | - | (149,714) | (526,174) | 729,235 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 12,264,851 | - | 4,428,548 | 16,693,399 | 15,964,164 |
| Total funds carried forward | | 11,888,391 | - | 4,278,834 | 16,167,225 | 16,693,399 |

There were no other gains or losses for the year.

The results derive from continuing activities.

The notes on pages 17 to 26 form part of these financial statements.

# BALANCE SHEET
As at 31 March 2023

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 1.7, 9 | 16,052,432 | 16,499,453 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 110,425 | 91,117 |
| Cash at bank | | 63,626 | 126,542 |
| | | 174,051 | 217,659 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | (59,258) | (23,713) |
| **Net current assets** | | 114,793 | 193,946 |
| **Total net assets** | | 16,167,225 | 16,693,399 |
| FUNDS | | | |
| Endowment | 12 | 4,278,834 | 4,428,548 |
| Restricted | 14 | - | - |
| Unrestricted - General | | 11,888,391 | 12,264,851 |
| **Total funds** | 15 | 16,167,225 | 16,693,399 |

Approved by the Committee on 23 November 2023 and signed on its behalf by:

.....
(Secretary) Reverend J Kostuch

.....
(Treasurer) Canon P Morgan

The notes on pages 17 to 26 form part of these financial statements.

# STATEMENT OF CASH FLOWS
As at 31 March 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| **Net cash (used in) provided by operating activities** | 17 | (465,770) | (452,050) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 329,830 | 285,397 |
| Net Disposal/(Purchase) of investments | | 73,024 | 288,797 |
| **Net cash provided by investing activities** | | 402,854 | 574,194 |
| **Change in cash and cash equivalents in the year** | | (62,916) | 122,144 |
| **Cash and cash equivalents at the beginning of the year** | | 126,542 | 4,398 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | 63,626 | 126,542 |

The notes on pages 17 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 1 Accounting policies

### 1.1 *Accounting Convention*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

i) Basis of preparation

The financial statements have been prepared under the historical cost convention except to the extent that fair values have been applied where indicated below. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), FRS 102 and the Charities Act 2011.

Plymouth Secular Clergy Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant notes to these accounts.

### 1.2 *Going concern*

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period 2023-24, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets.

The charity has considered its operating position for the following 12 months and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2023, there are available cash balances of £197,844 being more than sufficient to meet the current liabilities of the charity as they fall due.

In addition, the charity has unrestricted reserves in excess of £11.8m. In arriving at our conclusion that the charity remains a going concern we have also considered our charitable commitment to support priests over the age of 75 who have retired from Ecclesiastical office, with the Committee ensuring that future resources will be sufficient to meet the commitments for the next 12 months.

### 1.3 *Fund accounting*

The charity's funds are broken into three distinct areas:

i *Permanent Endowment Fund*
The capital of the fund must remain intact and only the income may be applied for the purposes of the fund. It is managed on a total return basis. The Trustees, at their discretion, may allocate any part of the unapplied total return to the restricted purpose of the Trust, namely to support priests who have reached the age of 75 and retired from ecclesiastical office.

ii *Restricted Funds*
Both the income and capital must be used in accordance with the restrictions placed on the funds.

iii *Unrestricted Funds*
Both the income and the capital may be used for the general purposes of the charity. Designated funds comprise unrestricted funds that have been put aside for a purpose, either at the discretion of the Committee or at the request of the donor, (which request is not legally binding on the Committee). General funds comprise unrestricted funds that have not been designated for a purpose.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

**1.4** ***Income recognition***

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 the income receivable can be measured reliably.

i *Voluntary income, including legacies*
Voluntary income is recognised as soon as it is capable of being measured in financial terms. Legacies are recognised as soon as entitlement has been established and they are capable of being measured in financial terms; (the charity considers that the act of granting probate defines the point of entitlement).

ii *Grants receivable*
Grants receivable are recognised in the Statement of Financial Activities when all conditions for receipt have been complied with.

iii *Investment income*
Investment income includes all dividends and interest paid during the year, adjusted at the year-end for income due on those investments that were "ex-dividend" and for interest accrued. In normal circumstances no adjustment is made for accrued income included within the price of securities that were acquired or disposed of during the year. The investment income generated by the Permanent Endowment from Plymouth Diocesan Trust is restricted income to be applied in the payment of support to priests aged 75 or over who have resigned from ecclesiastical office.

**1.5** ***Expenditure recognition***

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 met.

All expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT, and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to headings they have been allocated to activities on a basis consistent with use of resources. Central overhead costs are allocated to operation and fundraising functions based on their use of central support services.

i. Payments to support clergy who are aged 75 and over and who have resigned from ecclesiastical office are charged against income as incurred. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office but it is considered that there is a constructive obligation with a resulting charitable commitment. This charitable commitment is not accrued for in the accounts as to do so would require annual actuarial valuations and the cost of this is considered to outweigh any benefit. An estimate of the maximum commitment in respect of such payments in the ten years from 31 March 2023 is given in note 16.

ii. Other grants to clergy in need are normally charged to the Statement of Financial Activities when paid. However, where it is clear that a constructive obligation has been created by the payment having been authorised and communicated to those affected in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the charity will discharge its obligations, then the grant is accrued in the Statement of Financial Activities.

iii. Support costs, which include day to day management, administration, accounting and financial costs are allocated across the categories of charitable expenditure, and the costs of raising funds. The basis of the cost allocation has been explained in note 6 to the financial statements.

**1.5.1** ***Investment Managers Fees:*** consist of investment management costs. See note 9 for further information regarding investment management costs.

**1.5.2** ***Costs of charitable activities:*** include grants to priests in need, support of priests who are aged 70 and over and who have resigned from ecclesiastical office, the provision of healthcare insurance and an apportionment of support costs as shown in note 5.

**1.5.3** ***Governance costs:*** are the costs associated with the general running of the charity as opposed to those costs associated with fundraising or charitable activities. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

**1 Accounting policies** *continued*

**1.6** ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These comprise other debtors, other creditors and listed investments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.7** ***Investments (including gains and losses on investments)***

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted bid price where available or alternatively the mid-market price.

All realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

**1.8** ***Overseas Currencies***

Overseas currencies are translated at the rates of exchange ruling on 31 March 2023. Transactions during the year are translated at the rates ruling on the date of the transactions.

**2 Donations, Legacies and Endowments**

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Legacies | 30,000 | 27,145 |
| Donations | 2,038 | 1,278 |
| Church collections | 10,343 | 5,611 |
| | 42,381 | 34,034 |

Included in the above income is £42,381 (2022 : £34,034) relating to unrestricted income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 3 Total return

A resolution to adopt the total return approach to investments was made by the Trustees in October 2014 to take effect from 1 October 2014. The trustees calculated the value of the grants of permanent endowment received since 1995, when the fund was established, up until 1 October 2014. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 October 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of £105,050 unapplied total return to restricted income funds. In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:

| | Trust for Investment £ | Unapplied Total Return £ | Total Endowment £ |
|---|---|---|---|
| **At 1 April 2022** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,372,113 | 2,372,113 |
| **Total** | 2,056,435 | 2,372,113 | 4,428,548 |
| **Movement in unapplied total return and endowment in the year:** | | | |
| Gift of endowment funds | - | - | - |
| Investment return: dividends and interest | - | 105,050 | 105,050 |
| Investment manager fees | | (28,886) | (28,886) |
| Investment return: recognised and unrecognised gains/(losses) | - | (120,828) | (120,828) |
| **Total** | - | (44,664) | (44,664) |
| Unapplied total return allocated to income | - | (105,050) | (105,050) |
| **Net movement in the year** | - | (149,714) | (149,714) |
| **Closing value of permanent endowment** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,222,399 | 2,222,399 |
| **Total at 31 March 2023** | 2,056,435 | 2,222,399 | 4,278,834 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 4 Investment income (including bank interest receivable)

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Income received from: | | |
| UK quoted investments | 277,127 | 248,788 |
| Overseas quoted investments | 48,297 | 31,516 |
| UK cash held as part of the investment portfolio | 4,406 | 5,093 |
| | 329,830 | 285,397 |
| | 329,830 | 285,397 |

Included in the above income is £105,050 (2022 : £92,581) received in relation to the endowment fund, £Nil (2022 : £Nil) relating to income held for restricted purposes, and £224,780 (2022: £192,816) which is unrestricted.

## 5 Expenditure

| | Activities undertaken directly | Grant funding of activities (see note) | Support and governance costs | 2023 | 2022 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of raising funds** | | | | | |
| Investment management costs | - | - | 132,144 | 132,144 | 119,005 |
| Professional fees | | | 19,077 | 19,077 | |
| **Charitable activities** | | | | | |
| Grants to priests who are sick, elderly, infirm or in need | - | 45,267 | 8 | 45,275 | 22,612 |
| Support to 28 priests, aged 70 and over, who have resigned from ecclesiastical office; (2022: 32 priests) | 309,886 | - | 131 | 310,017 | 311,819 |
| Provision of healthcare insurance | 7,353 | - | - | 7,353 | 7,277 |
| Governance | - | - | 10,522 | 10,522 | 10,090 |
| | 317,239 | 45,267 | 161,882 | 524,388 | 470,803 |

**Note:** The grants were UK grants payable to or for 9 individual members of the clergy; (2022: 5 clergy).

In 2023 the expenditure on charitable activities was £392,244 (2022 : £351,798) of which £105,050 (2022 : £92,581) was expenditure from restricted funds and £287,194 (2022 : £259,217) was expenditure from unrestricted funds.

All of the costs of raising funds relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 6 Support costs allocation

| | Committee | Finance and legal | Direct support costs | 2023 | 2022 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of generating funds** | | | | | |
| Investment management costs | - | 132,144 | - | **132,144** | **119,005** |
| Professional fees | - | 19,077 | | **19,077** | |
| **Charitable activities** | | | | | |
| Assisting priests who are sick, elderly, infirm or in need | 8 | - | - | **8** | **9** |
| Support for eligible priests who have resigned from ecclesiastical office | 57 | 20 | 54 | **131** | **171** |
| Governance | 66 | 9,974 | 482 | **10,522** | **10,090** |
| | 131 | 161,215 | 536 | **161,882** | **129,275** |

BASIS FOR SUPPORT COSTS ALLOCATION
Central support costs are allocated as follows:

i. Committee: allocated according to the estimated Trustees' time spent on operational activities.
ii. Finance and Legal: costs allocated to activities are either directly attributable or if not, allocated in proportion to the estimated amount of administration time spent on each activity.
iii. Direct support costs are other costs that can be directly attributed to each activity.

GOVERNANCE COSTS ARE MADE UP OF THE FOLLOWING:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Payments to external auditor | **9,954** | **9,780** |
| Committee meeting expenses insofar as they relate to the general management of the charity, including the costs of travel | **66** | **88** |
| Bank charges | **20** | **60** |
| Printing, stationery, postage and sundries | **482** | **162** |
| | **10,522** | **10,090** |

## 7 Net movement in funds

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Net movement in funds is arrived at after charging/ (crediting): | | |
| Payments to external auditor | | |
| Audit fees - current year | **9,954** | **9,780** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 8 Trustees' emoluments and reimbursed expenses

The Committee Members are also the Trustees of the charity. They do not receive any remuneration from the charity but are entitled to reimbursement of the expenses incurred during their duties as trustees. During the year, travel expenses totalling £59 was reimbursed to one Trustee (2022: £132 four Trustees) and £72 (2022: £136) was incurred on Committee meeting expenses.

## 9 Investments

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| MARKET VALUE | | |
| At 1 April 2022 | 16,499,453 | 15,907,643 |
| Acquisitions | 4,603,706 | 2,397,265 |
| Disposals | (4,596,702) | (2,828,127) |
| Movement in cash | (80,028) | 142,065 |
| Net investment gain/(loss) | (373,997) | 880,607 |
| **At 31 March 2023** | 16,052,432 | 16,499,453 |

Net cash transferred from/(to) investments in the year was £73,024 (2022 : £288,797).

| | | |
|---|---|---|
| *Analysed between:* | | |
| UK investments listed on a recognised stock exchange or valued by reference to such investments | 13,487,476 | 14,383,018 |
| Overseas investments listed on a recognised stock exchange | 2,350,545 | 1,821,996 |
| UK cash held as part of investment portfolio | 214,411 | 294,439 |
| | 16,052,432 | 16,499,453 |
| *And between:* | | |
| Permanent Endowments | 4,262,739 | 4,406,590 |
| Other Restricted and Unrestricted Funds | 11,789,693 | 12,092,863 |
| | 16,052,432 | 16,499,453 |
| **Historic cost at 31 March 2023** | 12,025,629 | 11,958,811 |

Included in the investment loss above of £373,997 (2022 : gain of £880,607), is a loss of £120,828 (2022: gain of £256,124) relating to Permanent Endowment funds. The remaining loss of £253,169 (2022 : gain of £624,483) all relate to the unrestricted fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

**Investments continued**

The investment portfolio includes the following investments. With the exceptions of the unitised/ structured investments listed below, all investment assets are direct investments in listed securities. No material restrictions apply which might affect the realisation of these investment assets.

| | 2023<br>£ |
|---|---|
| **Unitised/ Structured Multi Asset Funds:** | |
| The SRI Fund for Charities (Income) | 4,262,739 |
| The SRI Fund for Charities (Accumulation) | 6,582,903 |
| Other UK funds | 447,061 |
| Global funds | 385,985 |
| **Overseas direct investments** | 794,353 |

*Investment Manager's Fees*

Ruffer LLP's fees are calculated on the market value of the portfolio at the end of each quarter and are charged to the Statement of Financial Activities. Where Ruffer has invested the portfolio in its in-house investment products (which have an internal management charge), these products are excluded from the quarterly management charge so that no double charge occurs.

The Newton SRI Fund for Charities fees are calculated from the market value of the portfolio at the end of each quarter and charged to the Statement of Financial Activities.

**10 Debtors: amounts falling due within one year**

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Investment income | 74,214 | 67,566 |
| Other debtors and prepayments | 4,098 | 20,870 |
| Accrued income | 32,113 | 2,681 |
| | 110,425 | 91,117 |

**11 Creditors: amounts falling due within one year**

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Other creditors | 18,360 | - |
| Accruals | 40,898 | 23,713 |
| | 59,258 | 23,713 |

**12 Permanent Endowment fund**

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Balance at 31 March 2022 | 4,428,548 | 4,194,185 |
| *Movement in Funds* | | |
| Incoming resources | - | - |
| Gain/(loss) on investment assets | (120,828) | 256,124 |
| Investment managers fees | (28,886) | (21,761) |
| **Balance at 31 March 2023** | 4,278,834 | 4,428,548 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

This is a permanent endowment from Plymouth Diocesan Trust, established in 1995 to help fund the support of priests who have reached the age of 75 and resigned from ecclesiastical office. It is a condition of the endowment that this capital must be repaid to Plymouth Diocesan Trust if the Members of Plymouth Secular Clergy Fund ever resolve that it shall cease to provide such support. An analysis of the net assets of the Permanent Endowment Fund is shown in note 15.

## 13 Contingent liability

As explained in note 12, if the charity stops providing support in the future, the permanent endowment must be repaid to the Plymouth Diocesan Trust. At 31 March 2023 the value of the permanent endowment was £4,278,834 (2022: £4,428,548).

## 14 Restricted Funds

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Balance at 31 March 2022 | - | - |
| *Movement in Funds* | | |
| Incoming resources | **105,050** | **92,581** |
| Resources expended | **(105,050)** | **(92,581)** |
| **Balance at 31 March 2023** | **-** | **-** |

These funds deal with the income generated by the endowment from Plymouth Diocesan Trust, described in note 12 and the expenses associated in generating it. The net surpluses are to be applied for supporting priests aged 75 and over who have resigned from ecclesiastical office.

## 15 Analysis of net assets between funds

a) Current year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fixed asset investments | 4,262,739 | - | 11,789,693 | **16,052,432** |
| Net current assets | 16,095 | - | 98,698 | **114,793** |
| | 4,278,834 | - | 11,888,391 | **16,167,225** |

Sufficient resources are held in appropriate forms to enable each fund to be applied in accordance with any restrictions.

b) Previous year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fixed asset investments | 4,406,590 | - | 12,092,863 | **16,499,453** |
| Net current assets | 21,958 | - | 171,988 | **193,946** |
| | 4,428,548 | - | 12,264,851 | **16,693,399** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

## 16 Charitable commitments

FUNDING FOR PRIESTS AGED 75 OR OVER WHO HAVE RESIGNED FROM ECCLESIASTICAL OFFICE

In accordance with accounting policy 1.5 (i), the estimated maximum support payable during the next ten years is shown below. The payments are calculated using the policy adopted by the Committee and is based upon the priests' number of years of ecclesiastical ministry, (as defined in the policy document), at date of resignation. The Committee obtains periodic Actuarial Reviews of the charity to check that future resources will be sufficient to meet its future commitments. The most recent actuarial review was completed as at 31 March 2022. For further information see the Trustees Report. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office.

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Falling due within one year | 364,899 | 357,131 |
| Falling due between two and five years | 1,901,163 | 1,859,469 |
| Falling due after more than five years | 3,404,417 | 3,474,659 |
| | 5,670,480 | 5,691,259 |

| RECONCILIATION OF MOVEMENT IN THE YEAR | £ |
|---|---|
| Commitment at 31 March 2022 | 5,691,259 |
| Less: falling due within the year ended 31 March 2023 | (357,131) |
| | 5,334,128 |
| Adjustment for inflationary increases in support levels and revised numbers of priests potentially resigning from ecclesiastical office in the nine years ending 31 March 2032 | (414,444) |
| Add: falling due in the year ending 31 March 2033 | 750,796 |
| **Commitment at 31 March 2023** | 5,670,480 |

## 17 Reconciliation of net movement in funds to net cash flow from operating activities

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| **Net movement in funds (per the statement of financial activities)** | (526,174) | 729,235 |
| Gift of endowment | - | - |
| Losses/(gains) on investments | 373,997 | (880,607) |
| Dividends, interest and rents from investments | (329,830) | (285,397) |
| Decrease/(Increase) in debtors | (19,308) | (15,630) |
| (Decrease)/Increase in creditors | 35,545 | 349 |
| **Net cash used in operating activities** | (465,770) | (452,050) |

## 18 Analysis of cash and cash equivalent

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Cash in hand | 63,626 | 126,542 |
| **Total cash and cash equivalents** | 63,626 | 126,542 |

**PLYMOUTH SECULAR CLERGY FUND**

England & Wales - Charity number 213232

# Accounts

# PLYMOUTH SECULAR CLERGY FUND

**Charity Number 213232**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**Year ended 31 March 2022**

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2022

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# ANNUAL REPORT
for the year ended 31 March 2022

The Committee of Trustees presents its report and audited financial statements for the year ended 31 March 2022.

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

**Trustees (Committee Members)**

Reverend B Hallett (Secretary)
Reverend P Andrew (resigned November 2021)
Reverend J Barber (elected November 2021)
Reverend K Kirby (Secretary elected November 2021)
Reverend Kenwrick
Reverend J Kostuch (elected November 2021)
Canon P Morgan
Reverend A O'Gorman
Reverend M Skelton (elected November 2021)
Canon J Deeny (resigned November 2021)
Canon K Paver

**Secretary**

Reverend B Hallett
Reverend K Kirby (Secretary elected November 2021)

**Treasurer**

Reverend M Skelton (elected November 2021)
Reverend P Andrew (resigned November 2021)

**Holding Trustees**

Monsignor R Draper VG
Reverend B Hallett
Reverend K Kirby
Reverend P Kilgarriff

**Official Address**

St Boniface House
Ashburton
Newton Abbot TQ13 7JL

**Auditors**

PKF Francis Clark
Torquay

**Investment Managers**

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA
*(Authorised and regulated by the Financial Conduct Authority)*

Ruffer LLP
80 Victoria Street
London
SW1E 5JL
*(Authorised and regulated by the Financial Conduct Authority)*

**Solicitors**

Tozers, Exeter

**Principal Bankers**

National Westminster Bank plc
Plymouth

## Structure

Plymouth Secular Clergy Fund was established by a meeting of the clergy of the Roman Catholic Diocese of Plymouth on 19 December 1861. By trust deed dated 13 December 1888, (as amended by resolution of the members on 22 June 1993, 19 July 1994, 16 July 1996 and 7 November 2013), it is a charitable trust; (charity registration number 213232). All priests ordained for, or incardinated into the Diocese and working as such at the discretion of, or with the approval of the Bishop, are eligible for membership of the charity, subject to acceptance by the Committee and compliance with the other qualifications stated in the rules of the charity, as amended in 1993, 1994, 1996, 2013 and 2021. Priests who are members of the charity receive a copy of the Rules of the Fund and the Annual Trustees' Report and Financial Statements. They are encouraged to attend the Annual General Meeting of the charity and to take an active interest in matters of the charity, since they form the pool from which future Trustees of the charity will be appointed and ultimately will be beneficiaries of it.

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Aims and Objectives

The principal objects of the charity are "to support the Diocesan Priests by:

- the payment of grants to Diocesan Priests in need;
- the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office;
- the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Public Benefit

This Annual Report is written in accordance with the requirements of the Charities Act 2011 and having had regard to the advice and guidance given by the Charity Commission.

Plymouth Secular Clergy Fund has been established to support priests of the Roman Catholic Diocese of Plymouth and within this Annual Report, the Trustees seek to demonstrate that the aims of the Fund fall within such descriptions of charitable purposes. Furthermore, it also seeks to demonstrate that in its work of supporting Diocesan priests, it is providing public benefits that are clear and relate to the aims of the Fund.

Diocesan priests carry out the public duty of conducting marriage and funeral services. They conduct baptism, communion and confirmation services and enable the public celebration of mass on virtually every day in every parish of the Diocese; there is no restriction on access to any of the celebrations. The priests offer the healing of peoples' consciences through the offering of the sacrament of Reconciliation (Confession). They provide pastoral care, visiting, in their homes or hospitals, those who are sick or dying and comforting those who have suffered bereavement or whose lives are otherwise troubled.

At some point during their years of ecclesiastical ministry, some priests will act as hospital, prison or school chaplains and chaplains to the armed forces, ministering not just to the Catholic community but to the wider public. Priests with Catholic schools in their parishes will also often serve on governing bodies and thereby assist in the provision of education. Not all pupils or members of staff at the schools are Catholic; the schools are socially diverse and inclusive and often are in areas of social deprivation.

As demonstrated above, the priests devote their lives to the service of God and their fellow men and women. They choose consciously to dedicate their lives to others and to live a simple life, foregoing their own economic well-being. Plymouth Secular Clergy Fund aims to support them at times when the priests are themselves in need or are sick, infirm or elderly. In practical terms, its main area of support by far is to those priests who have resigned from ecclesiastical office on the grounds of age, meaning that they may no longer rely on a parish to provide them with somewhere to live and subsistence. The Fund provides financial and other support to enable them to live out their old age with dignity and independence. The benefits to the public are through the financial and other relief of those priests concerned, (the charitable purpose being "the prevention or relief of poverty") and the charitable purpose "the advancement of religion", by enabling priests to follow their vocation.

The next section on Achievements and Performance demonstrates how the charity has met its objective to support the priests of the Roman Catholic Diocese of Plymouth during the year under review.

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Achievements and Performance

In 2021/2022:

| The charity planned to: | The charity's achievements: | Next year, the charity plans to: |
|---|---|---|
| ....give financial support to those priests who have resigned from ecclesiastical office due to age. | As at 31 March 2022, 28 priests who have resigned from ecclesiastical office due to age, (2021: 28 priests), were in receipt of allowances from the charity. From 6 April 2021, the gross allowance per priest, based on 30 years' service, is £12,751 per annum. Certain members of the charity, who would otherwise be eligible to receive such allowances by virtue of their age, have continued to serve actively in the Diocese and are not therefore in receipt of such allowances. Note 16 to the financial statements discloses the maximum commitment of the charity in providing appropriate support during the next ten years. | ....continue to give financial support to those priests who have resigned from ecclesiastical office due to age. |
| ....give assistance to priests who are sick, infirm or elderly, (including those who have resigned from ecclesiastical office due to illness). | In all, the charity gave financial assistance to or for 5 priests, (2021: 6 priests). Some financial assistance was given through grants to third parties.<br><br>One of the priests has ceased active ministry due to ill-health but is aged below 75 and so is ineligible to receive financial support of the type mentioned in the section above. He received grants to help with his daily living costs. | ....continue to consider requests for financial and other assistance to priests who are sick, infirm or elderly and give financial support to those priests who have resigned from office due to illness. |
| ....pay healthcare insurance for priests who are sick, infirm or elderly. | The charity paid healthcare insurance for 19 priests, including beneficiaries of the charity over 75 and priests who are aged below 75 but who nevertheless have had to cease active ministry due to ill-health. | ....pay healthcare insurance for priests who are sick, infirm or elderly. |

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Corporate governance

### Governance and decision-making

The governing body of the charity is the Committee, (who are trustees under charity law). Committee members are appointed by the ordinary members of the charity at the Annual General Meeting. Except in very limited circumstances, (as defined in the Rules of the Fund), only those ordinary members who are not also beneficiaries of the charity are eligible to hold office as Treasurer, Secretary or one of the other seven Committee Members. The Treasurer and Secretary are elected annually and ordinarily may not hold office for more than four consecutive years. The two other longest serving Committee members retire by rotation. Procedures exist to replace the Treasurer, Secretary and Committee members who vacate their office during the year. The Bishop is ineligible to hold any office in the charity. The business of the charity is managed by the Committee of nine Members, (including the Treasurer and the Secretary), which normally meets four times each year. The Committee has control of the monies and other property of the charity. The charity has holding trustees, whose function is restricted to holding its property. The holding trustees have no power to make management decisions and must act on the lawful instructions of the Committee.

### Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

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

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

### Summary of the rules for the payment of allowances to priests aged 75 or over who have resigned from ecclesiastical office, grants and provision of other assistance

The rules of Plymouth Secular Clergy Fund define those priests eligible to receive benefits from the Fund as being Members (and in some cases, former Members), of the Fund. The Rules also lay down the manner in which a priest qualifies or may be disqualified from membership. All members or former members are eligible to receive an allowance from the Fund on resignation from ecclesiastical office due to age, which may be paid in accordance with the Policy Document that sets out the Committee's current policy in regard to such payments under the rules of the Fund. In the event that the Policy Document is either revoked or amended so as to deny such payments, (or materially affect their value), to a significant number of members or former members, there shall be repaid to the Diocese the current value of all contributions made by the Diocese, (or by other organisations employing or formerly employing them), in respect of those members or former members. The Committee shall adjudge those who are in need of grants and has discretion to set the rate or amount of such grants. Every member who is sick, infirm or elderly shall, at the discretion of the Committee, be eligible for assistance.

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Corporate Governance continued

### Risks and internal control

The principal risks faced by the Trust are mainly:

a) the performance of investments; and
b) the operational risk associated with the Trust's capacity to make effective grants in the future.

*Performance of investments*

The trustees consider the variability of investment returns to constitute the charity's major financial risk. This is mitigated by having two investment managers who both maintain separate diversified investment portfolios. During the year the net profits on investments were £866,616, which represents 5.45% gain on the opening market value of £15,907,643. This is an decrease from the previous years gains of £3,443,929 which represented 27.2% return on the opening market value of £12,639,771 The investment portfolios also produced income of £285,397. The trustees consider that the use of a total return approach helps stabilise the resources available for making grants.

*Operational risk associated with the Trust's capacity to make effective grants in the future*

The operational risk associated with the Trust's capacity to make effective grants in the future is managed by periodic actuarial review. The last review, which was undertaken as at 31 March 2017 and finalised in May 2018, indicated that the charity's funds were still in surplus, in terms of meeting its future commitments, without making any allowance for future contributions to the Fund or for any free income that may be received from legacies or donations. Pressure on the Fund comes mainly from a combination of lower than expected investment returns, and higher than expected increases to the allowance paid to clergy who have reached the age of 75 and have resigned from ecclesiastical office.

### Reserves

The charity's primary objective is to provide allowances to all priests who resign from ecclesiastical office at or over the age of 75 and who are eligible to receive such payments under the terms of the charity's rules. The total amounts potentially payable during the next 10 years to current recipients and all other priests eligible to resign from ecclesiastical office due to their age is £5.691 million, ranging from £0.357 million in the year ending 31 March 2023 to £0.790 million in the year ending 31 March 2032. Further details may be found in note 16 to the financial statements. The charity also relies on its investment income and any capital gains to supplement the resources from which it can pay grants at the level of recent years and to cover administration expenses.

Plymouth Diocesan Trust has hitherto supported the charity's object of providing allowances to priests over 75 who have resigned from ecclesiastical office by donating funds which are given as permanent endowments. Periodic actuarial reviews are commissioned to ensure that the charity remains adequately funded in order to generate sufficient income to meet its future commitments to support priests aged 75 and over who have resigned from ecclesiastical office and its other commitments, without any further contributions being required for those existing members of the charity. New members of the charity would require additional contributions, depending on their age at commencement of contributions.

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Corporate Governance continued

### Investments

*Specific investment powers of the Committee*
The specific investment powers of the Committee are laid down in the Rules of the Plymouth Secular Clergy Fund. In summary, the Committee has the same full and unrestricted powers of investing and varying investments in all respects as if it were absolutely and beneficially entitled thereto, provided that before exercising any such powers, it obtains and considers proper advice on whether the investment is satisfactory, having regard to the objects of Plymouth Secular Clergy Fund.

*Investment and Administration Advisory Panel*
The Committee has appointed the Finance Committee of Plymouth Diocesan Trust, (registered charity 213227), to act as an Investment and Administration Advisory Panel, accountable to the Committee; and in particular it has been agreed that such advisory panel should negotiate and recommend appointment of investment managers and monitor their subsequent performance in the context of overall policy established by the Committee.

*Investment Policy, Objective and Strategy*
The Committee have adopted a formal Investment Policy that sets out, in detail, the responsibilities and roles of the Committee and others involved in the management of the Fund, its aims, attitude to risk, ethical investment policy, asset allocation strategy, performance benchmarks and investment restrictions.

The aims of the charity are long term and its funds need to be invested for the long term. The real value of the underlying investment needs to be retained despite the regular withdrawals to provide an income. The income distribution itself needs to rise in order to cover the costs of the charity. Therefore, the general aim of the investments is: -

- To provide a real absolute return equivalent to inflation over a 5-year rolling period (calculated in accordance with RPI) plus 4.0% per annum by reference to the average unit price over the previous 5 years and thereby:
- To fund a distribution (which may be met from income (or from capital in the case of non-permanent endowment funds)) that rises annually by at least inflation, to allow the charity to carry out its purposes consistently year on year with due and proper consideration for future needs.
- To maintain and if possible, enhance the real value of the underlying investments after such distributions.
- To do all the above within the confines of the fiduciary responsibilities of the charity and the ethical guidelines and taking into account the need to reduce volatility so far as reasonably possible.

The Committee is bound by the restrictions placed on it by the Charities Acts, the Trustee Act 2000, the Trust Deed, the Rules of the charity and Orders of the Charity Commission. The Investment Managers must comply with these restrictions and limitations and the further restrictions specified by the charity in its Investment Policy.

*Investment managers*
Ruffer LLP has been appointed as investment manager, to manage half the charity's main portfolio on a day-to-day basis and to make and implement specific investment decisions. Hitherto Newton Investment Manager Limited was appointed similarly, to manage the other half of the charity's main portfolio and its Permanent Endowment portfolio, with investments held as the charity's nominee. Newton no longer offer discretionary management service or custody service, and hence the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. Benchmarks have been set in order to measure investment performance. Quarterly reviews are performed on the actions and results of the managers and on compliance with their terms of appointment.

*Main terms of custody arrangements – Newton Investment Management Limited*
Newton has ceased to offer a custody service and the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name.

ANNUAL REPORT
for the year ended 31 March 2022 continued

## Corporate Governance continued

**Investments continued**

*Main terms of custody arrangements – Ruffer LLP*
Ruffer has arranged the services of the Custodian for Plymouth Secular Clergy Fund. All securities will be placed with the Custodian and either registered in the name of its nominee company or, in the case of investment outside the United Kingdom, held by the Custodian's appointed agents. All cash will be deposited with the Custodian and/or another bank or banks selected by Ruffer as agent for Plymouth Secular Clergy Fund. Where the cash is held by Ruffer in a bank or banks other than the Custodian, it will be held as client money. Both securities and cash will be placed by the Custodian and/or bank in pooled accounts, together with assets of other Ruffer clients. Securities and/or cash may be held by a clearing house or intermediate broker in the normal course of business.

*Ethical Policy*
The Committee's policy has been developed acknowledging the difficulty of ensuring that all guidelines will be watertight, given that we are investing in complex and global economies.

*Ethical Guidelines*
The Investment Manager shall use its reasonable endeavours to ensure that the portfolio is not directly invested in those companies whose turnover in unethical activities exceeds 2% the group turnover*.

*Companies with unethical operations are those that:*

- *Invest in hospitals/clinics that have abortion or euthanasia as a major role;*
- *Exploit the labour force in such a way that is unjustifiable in the light of local circumstances;*
- *Exploit vulnerable groups. Specifically, involvement in the production of tobacco or in the provision of gambling facilities would preclude investment in the company;*
- *Have operations in areas of oppressive regimes, where these operations contribute to the oppressive nature of these regimes;*
- *Have the manufacture or sale of arms/weapons as a core activity. Specifically, involvement in the manufacture of anti-personnel mines;*
- *Are involved in pornography or obscenity;*

*Due regard shall also be given to environmental concerns.*

*(The Trustees acknowledge that the Investment Manager will rely on an appropriate screening service in order to satisfy its obligations under this part at present. It is noted that screening may be difficult to achieve down to levels of 2% of turnover. At present Ethical Investment Research Information Service (EIRIS) only screens for companies for military turnover and pornography turnover down to 3% and tobacco turnover down to 5%).

## Relationships with other charities

The principal object of the charity is to support the priests of the Roman Catholic Diocese of Plymouth. To this end and as already mentioned earlier in this Report, Plymouth Diocesan Trust, the registered charity of the Diocese of Plymouth, has previously made donations to Plymouth Secular Clergy Fund, to enable it to support priests of the Diocese aged 75 and over who have resigned from ecclesiastical office.

## Compliance with the Charity's Governing Document and Current Statutory Requirements

The financial statements have been prepared in accordance with the Charity's Trust Deed (as amended in 1993, 1994, 1996 and 2013), applicable law and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective from January 2019. In so far as the Trustees are aware:

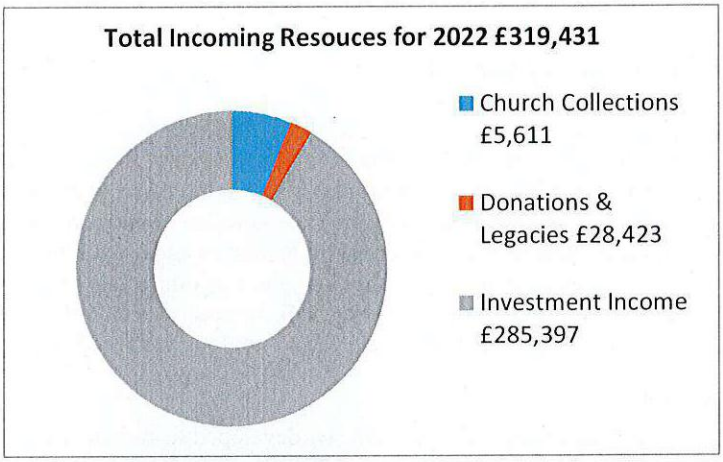
- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

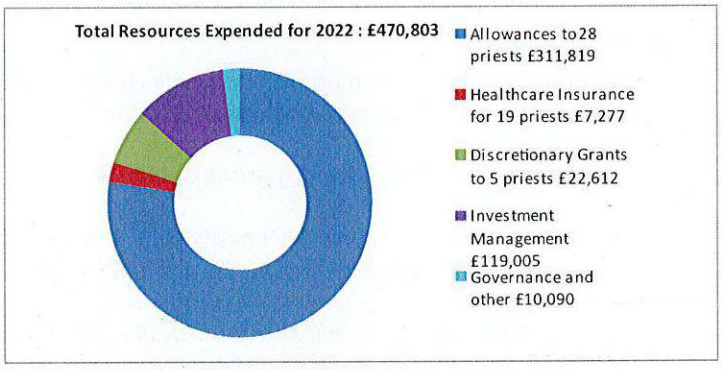
ANNUAL REPORT
for the year ended 31 March 2022 continued

## Review of the Financial Position

The income of the charity for the year under review has been applied to pay health insurance for and support priests aged 70 and over who have resigned from ecclesiastical office, make charitable grants to sick, elderly or infirm priests and to administer the charity.

The net movement in funds after losses and gains on investments was a surplus of £729,235: (2021: £3,266,469). Included in the net movement in funds are gains on investments during the year of £880,607 (2021: £3,443,929). Also included are legacies of £27,145; (2021: £3,000). Total Resources Expended for the year were £470,803; (2021: £421,890).




## Fixed asset investments

The assets of the charity comprise cash and investments in stocks and shares and a pooled fund, which are held to fund the support of priests who are aged 75 and over who have resigned from ecclesiastical office and to provide financial assistance to other priests who are elderly, sick or infirm. The investments have been included in the financial statements at their last traded price or bid value on 31 March 2022, unless otherwise stated. In the year ended 31 March 2013, structural changes were made to the investment portfolios to protect them from volatility in performance, particularly from significant capital losses, by using two different investment managers with different investment philosophies. Those investments held by Newton Investment Managers Limited, (the permanent endowment fund and approximately half of the unrestricted investments), have been invested into its SRI Fund for Charities. Newton no longer provide a discretionary management service and hence the charity has become a direct investor in the Newton SRI Fund for Charities. Ruffer LLP continues to manage the remainder of investments. In the year, the value of the charity's portfolio increased by £591,810 to £16,499,453 (from £15,907,643). The combined portfolio achieved gains for the year of 5.45% after fees, (2021: 27.2%) (See note 9 for further information on investments and investment management fees).

With regard to the permanent endowment fund the Trustees have passed a resolution under S104A(2) of the Charities Act 2011 to operate a total return approach to investments in accordance with the Charity Commission's Regulations. The Trustees confirm that:

- in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift at inception and any subsequent gifts of permanent endowment up until the 1 October 2014;
- when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- in reaching their decision as to the unapplied total return to transfer to income, the trustees have relied on the performance and analytical reviews from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

# ANNUAL REPORT
## for the year ended 31 March 2022 continued

**Outlook for the Future**

The charity has considered its operating position going forward and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2022, there are available cash balances of £180,880, being more than sufficient to meet the current liabilities of the charity as they fall due. In addition, the charity has unrestricted reserves of £12.25m.

We have also considered our charitable commitments for the next ten years, to support priests over the age of 75 who have retired from Ecclesiastical office. As at 31 March 2022 this commitment totalled £5.691m, with the Committee ensuring that future resources will be sufficient to meet these future commitments, by obtaining Actuarial Reviews of the charity, with the most recent review being completed as at 31 March 2018. This review concluded that the charity has a funding surplus of £4.523m (164%). The Trustees will carry out another Review within 2023.

The Investment Committee (on behalf of the Trustees) will continue to work with the investment managers in monitoring the investment portfolios to ensure that they deliver the expected performance.

Signed on behalf of the Committee

Secretary B. Hallett 24 November 2022

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

**Independent auditor's report to the trustees of Plymouth Secular Clergy Fund**

**Opinion**

We have audited the financial statements of Plymouth Secular Clergy Fund (the 'charity') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, including 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements 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 original financial statements were 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustee' responsibilities statement (set out on page 5), the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, The General Data Protection Regulation (GDPR) and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act and the Charities SORP.
We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance;
- Reviewed Board minutes;

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Francis Clark LLP

(Senior Statutory Auditor)
Francis Clark LLP, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date:.6 December 2022

Francis Clark LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

| | Notes | Unrestricted Income Funds General | Restricted Income Funds | Endowment Fund | 2022 Total | 2021 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM:** | | | | | | |
| Donations and legacies | 1.4(i) (ii), 2 | 34,034 | - | - | **34,034** | **5,428** |
| Investment income | 1.4(iii), 4 | 192,816 | - | 92,581 | **285,397** | **239,002** |
| Transfer to income | 3 | - | 92,581 | (92,581) | - | - |
| ***Total Income*** | | **226,850** | **92,581** | - | **319,431** | **244,430** |
| **EXPENDITURE ON:** | | | | | | |
| Investment Managers fees | | 97,244 | - | 21,761 | **119,005** | **51,355** |
| Charitable activities | | 258,144 | 93,654 | - | **351,798** | **370,535** |
| ***Total Expenditure*** | 1.5, 5,6 | **355,388** | **93,654** | **21,761** | **470,803** | **421,890** |
| **Net (losses)/ gains on investments** | | 624,483 | - | 256,124 | **880,607** | 3,443,929 |
| **Transfers (from) /to restricted fund** | | (1,073) | 1,073 | - | - | - |
| **Net income/(expenditure) and net movement in funds** | 17 | **494,872** | - | **234,363** | **729,235** | **3,266,469** |
| **Reconciliation of funds** | | | | | | |
| Total funds brought forward | | 11,769,979 | - | 4,194,185 | 15,964,164 | 12,697,695 |
| **Total funds carried forward** | | **12,264,851** | - | **4,428,548** | **16,693,399** | 15,964,164 |

There were no other gains or losses for the year.

The results derive from continuing activities.

The notes on pages 17 to 26 form part of these financial statements.

# BALANCE SHEET
As at 31 March 2022

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 1.7, 9 | 16,499,453 | 15,907,643 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 91,117 | 75,487 |
| Cash at bank | | 126,542 | 4,398 |
| | | 217,659 | 79,885 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | (23,713) | (23,364) |
| **Net current assets** | | 193,946 | 56,521 |
| **Total net assets** | | 16,693,399 | 15,964,164 |
| FUNDS | | | |
| Endowment | 12 | 4,428,548 | 4,194,185 |
| Restricted | 14 | - | - |
| Unrestricted - General | | 12,264,851 | 11,769,979 |
| **Total funds** | 15 | 16,693,399 | 15,964,164 |

Approved by the Committee on 24 November 2022 and signed on its behalf by:

B. Hallett.

.....
(Secretary) Reverend B Hallett

.....
(Treasurer) Reverend M Skelton

The notes on pages 17 to 26 form part of these financial statements.

# STATEMENT OF CASH FLOWS
As at 31 March 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| **Net cash (used in) provided by operating activities** | 17 | (452,050) | (422,559) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 285,397 | 239,002 |
| Net Disposal/(Purchase) of investments | | 288,797 | 176,056 |
| **Net cash provided by investing activities** | | 574,194 | 415,058 |
| **Cash flows from financing activities:** | | | |
| Receipt of expendable endowment | | - | - |
| **Net cash provided by financing activities** | | - | - |
| **Change in cash and cash equivalents in the year** | | 122,144 | (7,501) |
| **Cash and cash equivalents at the beginning of the year** | | 4,398 | 11,899 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | 126,542 | 4,398 |

The notes on pages 17 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 1 Accounting policies

### 1.1 *Accounting Convention*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

i) Basis of preparation

The financial statements have been prepared under the historical cost convention except to the extent that fair values have been applied where indicated below. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), FRS 102 and the Charities Act 2011.

Plymouth Secular Clergy Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant notes to these accounts.

### 1.2 *Going concern*

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period 2022-23, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets.

The charity has considered its operating position for the following 12 months and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2022, there are available cash balances of £180,880, being more than sufficient to meet the current liabilities of the charity as they fall due.

In addition, the charity has unrestricted reserves in excess of £12m. In arriving at our conclusion that the charity remains a going concern we have also considered our charitable commitment to support priests over the age of 75 who have retired from Ecclesiastical office, with the Committee ensuring that future resources will be sufficient to meet the commitments for the next 12 months.

### 1.3 *Fund accounting*

The charity's funds are broken into three distinct areas:

i *Permanent Endowment Fund*
The capital of the fund must remain intact and only the income may be applied for the purposes of the fund. It is managed on a total return basis. The Trustees, at their discretion, may allocate any part of the unapplied total return to the restricted purpose of the Trust, namely to support priests who have reached the age of 70 and retired from ecclesiastical office.

ii *Restricted Funds*
Both the income and capital must be used in accordance with the restrictions placed on the funds.

iii *Unrestricted Funds*
Both the income and the capital may be used for the general purposes of the charity. Designated funds comprise unrestricted funds that have been put aside for a purpose, either at the discretion of the Committee or at the request of the donor, (which request is not legally binding on the Committee). General funds comprise unrestricted funds that have not been designated for a purpose.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

**1.4** ***Income recognition***

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 the income receivable can be measured reliably.

i *Voluntary income, including legacies*
Voluntary income is recognised as soon as it is capable of being measured in financial terms. Legacies are recognised as soon as entitlement has been established and they are capable of being measured in financial terms; (the charity considers that the act of granting probate defines the point of entitlement).

ii *Grants receivable*
Grants receivable are recognised in the Statement of Financial Activities when all conditions for receipt have been complied with.

iii *Investment income*
Investment income includes all dividends and interest paid during the year, adjusted at the year-end for income due on those investments that were "ex-dividend" and for interest accrued. In normal circumstances no adjustment is made for accrued income included within the price of securities that were acquired or disposed of during the year. The investment income generated by the Permanent Endowment from Plymouth Diocesan Trust is restricted income to be applied in the payment of support to priests aged 70 or over who have resigned from ecclesiastical office.

**1.5** ***Expenditure recognition***

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 met.

All expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT, and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to headings they have been allocated to activities on a basis consistent with use of resources. Central overhead costs are allocated to operation and fundraising functions based on their use of central support services.

i. Payments to support clergy who are aged 75 and over and who have resigned from ecclesiastical office are charged against income as incurred. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office but it is considered that there is a constructive obligation with a resulting charitable commitment. This charitable commitment is not accrued for in the accounts as to do so would require annual actuarial valuations and the cost of this is considered to outweigh any benefit. An estimate of the maximum commitment in respect of such payments in the ten years from 31 March 2022 is given in note 16.

ii. Other grants to clergy in need are normally charged to the Statement of Financial Activities when paid. However, where it is clear that a constructive obligation has been created by the payment having been authorised and communicated to those affected in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the charity will discharge its obligations, then the grant is accrued in the Statement of Financial Activities.

iii. Support costs, which include day to day management, administration, accounting and financial costs are allocated across the categories of charitable expenditure, and the costs of raising funds. The basis of the cost allocation has been explained in note 6 to the financial statements.

**1.5.1** ***Investment Managers Fees:*** consist of investment management costs. See note 9 for further information regarding investment management costs.

**1.5.2** ***Costs of charitable activities:*** include grants to priests in need, support of priests who are aged 70 and over and who have resigned from ecclesiastical office, the provision of healthcare insurance and an apportionment of support costs as shown in note 5.

**1.5.3** ***Governance costs:*** are the costs associated with the general running of the charity as opposed to those costs associated with fundraising or charitable activities. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

**1 Accounting policies** continued

**1.6** ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These comprise other debtors, other creditors and listed investments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.7** ***Investments (including gains and losses on investments)***

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted bid price where available or alternatively the mid-market price.

All realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

**1.8** ***Overseas Currencies***

Overseas currencies are translated at the rates of exchange ruling on 31 March 2022. Transactions during the year are translated at the rates ruling on the date of the transactions.

**2 Donations, Legacies and Endowments**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Legacies | 27,145 | 3,000 |
| Donations | 1,278 | 2,306 |
| Church collections | 5,611 | 122 |
| | **34,034** | **5,428** |

Included in the above income is £34,034 (2021 : £5,428) relating to unrestricted income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 3 Total return

A resolution to adopt the total return approach to investments was made by the Trustees in October 2014 to take effect from 1 October 2014. The trustees calculated the value of the grants of permanent endowment received since 1995, when the fund was established, up until 1 October 2014. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 October 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of £92,581 unapplied total return to restricted income funds. In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:

| | Trust for Investment £ | Unapplied Total Return £ | Total Endowment £ |
|---|---|---|---|
| **At 1 April 2021** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,137,750 | 2,137,750 |
| **Total** | 2,056,435 | 2,137,750 | 4,194,185 |
| **Movement in unapplied total return and endowment in the year:** | | | |
| Gift of endowment funds | - | - | - |
| Investment return: dividends and interest | - | 92,581 | 92,581 |
| Investment manager fees | | (21,761) | (21,761) |
| Investment return: recognised and unrecognised gains/(losses) | - | 256,124 | 256,124 |
| **Total** | - | 326,944 | 326,944 |
| Unapplied total return allocated to income | - | (92,581) | (92,581) |
| **Net movement in the year** | - | 234,363 | 234,363 |
| **Closing value of permanent endowment** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,372,113 | 2,372,113 |
| **Total** | 2,056,435 | 2,372,113 | 4,428,548 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 4 Investment income (including bank interest receivable)

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Income received from: | | |
| UK quoted investments | 248,788 | 200,356 |
| Overseas quoted investments | 31,516 | 36,357 |
| UK cash held as part of the investment portfolio | 5,093 | 2,289 |
| | 285,397 | 239,002 |
| Other interest receivable | - | - |
| | 285,397 | 239,002 |

Included in the above income is £92,581 (2021 : £79,304) received in relation to the endowment fund, £Nil (2021 : £Nil) relating to income held for restricted purposes, and £192,816 (2021: £159,698) which is unrestricted.

## 5 Expenditure

| | Activities undertaken directly | Grant funding of activities (see note) | Support and governance costs | 2022 | 2021 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of raising funds** | | | | | |
| Investment management costs | - | - | 119,005 | **119,005** | **51,355** |
| **Charitable activities** | | | | | |
| Grants to priests who are sick, elderly, infirm or in need | - | 22,603 | 9 | **22,612** | **34,707** |
| Support to 32 priests, aged 70 and over, who have resigned from ecclesiastical office; (2021: 31 priests) | 311,648 | - | 171 | **311,819** | **318,149** |
| Provision of healthcare insurance | 7,277 | - | - | **7,277** | **8,426** |
| Governance | - | - | 10,090 | **10,090** | **9,253** |
| | 318,925 | 22,603 | 129,275 | **470,803** | **421,890** |

**Note:** The grants were UK grants payable to or for 5 individual members of the clergy; (2021: 6 clergy).

In 2022 the expenditure on charitable activities was £351,798 (2021 : £370,535) of which £92,581 (2021 : £79,304) was expenditure from restricted funds and £259,217 (2021 : £291,231) was expenditure from unrestricted funds.

All of the costs of raising funds relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 6 Support costs allocation

| | Committee | Finance and legal | Direct support costs | 2022 | 2021 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of generating funds** | | | | | |
| Investment management costs | - | 119,005 | - | **119,005** | **51,355** |
| **Charitable activities** | | | | | |
| Assisting priests who are sick, elderly, infirm or in need | 9 | - | - | **9** | **-** |
| Support for eligible priests who have resigned from ecclesiastical office | 125 | 30 | 16 | **171** | **68** |
| Governance | 134 | 9,810 | 146 | **10,090** | **9,253** |
| | 268 | 128,845 | 162 | **129,275** | **60,676** |

BASIS FOR SUPPORT COSTS ALLOCATION
Central support costs are allocated as follows:

i. Committee: allocated according to the estimated Trustees' time spent on operational activities.
ii. Finance and Legal: costs allocated to activities are either directly attributable or if not, allocated in proportion to the estimated amount of administration time spent on each activity.
iii. Direct support costs are other costs that can be directly attributed to each activity.

GOVERNANCE COSTS ARE MADE UP OF THE FOLLOWING:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Payments to external auditor | **9,780** | **9,027** |
| Committee meeting expenses insofar as they relate to the general management of the charity, including the costs of travel | **88** | **-** |
| Bank charges | **60** | **48** |
| Printing, stationery, postage and sundries | **162** | **178** |
| | **10,090** | **9,253** |

## 7 Net movement in funds

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Net movement in funds is arrived at after charging/ (crediting): | | |
| Payments to external auditor | | |
| Audit fees - current year | **9,780** | **9,027** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 8 Trustees' emoluments and reimbursed expenses

The Committee Members are also the Trustees of the charity. They do not receive any remuneration from the charity but are entitled to reimbursement of the expenses incurred during their duties as trustees. During the year, travel expenses totalling £132 were reimbursed (2021: £Nil) and £136 (2021: £Nil) was incurred on Committee meeting expenses.

## 9 Investments

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| MARKET VALUE | | |
| At 1 April 2021 | 15,907,643 | 12,639,771 |
| Acquisitions | 2,397,265 | 1,660,003 |
| Disposals | (2,828,127) | (1,802,792) |
| Movement in cash | 142,065 | (33,268) |
| Net investment gain/(loss) | 880,607 | 3,443,929 |
| **At 31 March 2022** | **16,499,453** | **15,907,643** |

Net cash transferred from/(to) investments in the year was £288,797 (2021 : £176,056).

| | | |
|---|---|---|
| *Analysed between:* | | |
| UK investments listed on a recognised stock exchange or valued by reference to such investments | 14,383,018 | 13,335,423 |
| Overseas investments listed on a recognised stock exchange | 1,821,996 | 2,419,846 |
| UK cash held as part of investment portfolio | 294,439 | 152,374 |
| | 16,499,453 | 15,907,643 |
| *And between:* | | |
| Permanent Endowments | 4,406,590 | 4,172,227 |
| Other Restricted and Unrestricted Funds | 12,092,863 | 11,735,416 |
| | 16,499,453 | 15,907,643 |
| **Historic cost at 31 March 2022** | **11,958,811** | **11,540,898** |

Included in the investment gain above of £880,607 (2021 : £3,443,929), is a gain of £256,124 (2021: £934,910) relating to Permanent Endowment funds. The remaining gain of £624,483 (2021 : £2,509,019) all relate to the unrestricted fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

**Investments continued**

The investment portfolio includes the following investments. With the exceptions of the unitised/ structured investments listed below, all investment assets are direct investments in listed securities. No material restrictions apply which might affect the realisation of these investment assets.

| | 2022<br>£ |
|---|---|
| **Unitised/ Structured Multi Asset Funds:** | |
| The SRI Fund for Charities (Income) | **4,406,590** |
| The SRI Fund for Charities (Accumulation) | **6,737,565** |
| Other UK funds | **452,219** |
| Global funds | **306,034** |
| **Overseas direct investments** | **1,014,801** |

*Investment Manager's Fees*

Ruffer LLP's fees are calculated on the market value of the portfolio at the end of each quarter and are charged to the Statement of Financial Activities. Where Ruffer has invested the portfolio in its in-house investment products (which have an internal management charge), these products are excluded from the quarterly management charge so that no double charge occurs.

The Newton SRI Fund for Charities has an internal management charge.

**10 Debtors: amounts falling due within one year**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Investment income | **67,566** | **61,475** |
| Other debtors and prepayments | **20,870** | **3,991** |
| Accrued income | **2,681** | **10,021** |
| | **91,117** | **75,487** |

**11 Creditors: amounts falling due within one year**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Other creditors | - | 110 |
| Accruals | **23,713** | 23,254 |
| | **23,713** | 23,364 |

**12 Permanent Endowment fund**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Balance at 31 March 2021 | **4,194,185** | **3,259,275** |
| *Movement in Funds* | | |
| Incoming resources | - | - |
| Gain/(loss) on investment assets | **256,124** | **934,910** |
| Investment managers fees | **(21,761)** | |
| **Balance at 31 March 2022** | **4,428,548** | **4,194,185** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

This is a permanent endowment from Plymouth Diocesan Trust, established in 1995 to help fund the support of priests who have reached the age of 75 and resigned from ecclesiastical office. It is a condition of the endowment that this capital must be repaid to Plymouth Diocesan Trust if the Members of Plymouth Secular Clergy Fund ever resolve that it shall cease to provide such support. An analysis of the net assets of the Permanent Endowment Fund is shown in note 15.

## 13 Contingent liability

As explained in note 12, if the charity stops providing support in the future, the permanent endowment must be repaid to the Plymouth Diocesan Trust. At 31 March 2022 the value of the permanent endowment was £4,428,548 (2021: £4,194,185).

## 14 Restricted Funds

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Balance at 31 March 2021 | - | - |
| *Movement in Funds* | | |
| Incoming resources | **92,581** | 79,304 |
| Resources expended | **(92,581)** | (79,304) |
| **Balance at 31 March 2022** | **-** | **-** |

These funds deal with the income generated by the endowment from Plymouth Diocesan Trust, described in note 12 and the expenses associated in generating it. The net surpluses are to be applied for supporting priests aged 75 and over who have resigned from ecclesiastical office.

## 15 Analysis of net assets between funds

a) Current year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,406,590 | - | 12,092,863 | **16,499,453** |
| Net current assets | 21,958 | - | 171,988 | **193,946** |
| | 4,428,548 | - | 12,264,851 | **16,693,399** |

Sufficient resources are held in appropriate forms to enable each fund to be applied in accordance with any restrictions.

b) Previous year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| Fixed asset investments | 4,172,227 | - | 11,735,416 | **15,907,643** |
| Net current assets | 21,958 | - | 34,563 | **56,521** |
| | 4,194,185 | - | 11,769,979 | **15,964,164** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

## 16 Charitable commitments

FUNDING FOR PRIESTS AGED 75 OR OVER WHO HAVE RESIGNED FROM ECCLESIASTICAL OFFICE

In accordance with accounting policy 1.5 (i), the estimated maximum support payable during the next ten years is shown below. The payments are calculated using the policy adopted by the Committee and is based upon the priests' number of years of ecclesiastical ministry, (as defined in the policy document), at date of resignation. The Committee obtains periodic Actuarial Reviews of the charity to check that future resources will be sufficient to meet its future commitments. The most recent actuarial review was completed as at 31 March 2018. For further information see the Trustees Report. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office.

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Falling due within one year | **357,131** | **410,615** |
| Falling due between two and five years | **1,859,469** | **2,137,343** |
| Falling due after more than five years | **3,474,659** | **3,499,164** |
| | **5,691,259** | **6,047,121** |

| RECONCILIATION OF MOVEMENT IN THE YEAR | £ |
|---|---|
| Commitment at 31 March 2021 | **6,047,121** |
| Less: falling due within the year ended 31 March 2022 | **(410,615)** |
| | **5,636,506** |
| Adjustment for inflationary increases in support levels and revised numbers of priests potentially resigning from ecclesiastical office in the nine years ending 31 March 2031 | **(734,913)** |
| Add: falling due in the year ending 31 March 2032 | **789,665** |
| **Commitment at 31 March 2022** | **5,691,258** |

## 17 Reconciliation of net movement in funds to net cash flow from operating activities

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Net movement in funds (per the statement of financial activities)** | **729,235** | **3,266,469** |
| Gift of endowment | **-** | **-** |
| Losses/(gains) on investments | **(880,607)** | **(3,443,929)** |
| Dividends, interest and rents from investments | **(285,397)** | **(239,002)** |
| Decrease/(Increase) in debtors | **(15,630)** | **(6,703)** |
| (Decrease)/Increase in creditors | **349** | **605** |
| **Net cash used in operating activities** | **(452,050)** | **(422,559)** |

## 18 Analysis of cash and cash equivalent

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Cash in hand | **126,542** | 4,398 |
| **Total cash and cash equivalents** | **126,542** | 4,398 |

**PLYMOUTH SECULAR CLERGY FUND**

England & Wales - Charity number 213232

# Accounts

Charity Commission
PO Box 211
Bootle
L20 7YX

**Charity Number 213232**

CHARITY COMMISSION

19 JAN 2022

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# PLYMOUTH SECULAR CLERGY FUND

**Charity Number 213232**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

**Year ended 31 March 2021**

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2021

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ANNUAL REPORT
for the year ended 31 March 2021

The Committee of Trustees presents its report and audited financial statements for the year ended 31 March 2021.

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

**Trustees (Committee Members)**
Reverend B Hallett (Secretary)
Reverend P Andrew
Reverend K Kirby
Reverend P Keys (resigned November 2020)
Reverend L Rieunier (resigned November 2020)
Reverend Kenwrick
Reverend J Gilbert (resigned November 2020)
Reverend A Jablonski (resigned November 2020)
Canon P Morgan (elected November 2020)
Reverend A O'Gorman (elected November 2020)
Canon J Deeny (elected November 2020)
Canon K Paver (elected November 2020)

**Secretary**
Reverend B Hallett

**Treasurer**
Reverend P Andrew

**Holding Trustees**
Monsignor R Draper VG
Reverend B Hallett
Reverend K Kirby
Reverend P Kilgarriff

**Official Address**
St Boniface House
Ashburton
Newton Abbot TQ13 7JL

**Auditors**
PKF Francis Clark
Torquay

**Investment Managers**
Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA
*(Authorised and regulated by the Financial Conduct Authority)*

Ruffer LLP
80 Victoria Street
London
SW1E 5JL
*(Authorised and regulated by the Financial Conduct Authority)*

**Solicitors**
Tozers, Exeter

**Principal Bankers**
National Westminster Bank plc
Plymouth

## Structure

Plymouth Secular Clergy Fund was established by a meeting of the clergy of the Roman Catholic Diocese of Plymouth on 19 December 1861. By trust deed dated 13 December 1888, (as amended by resolution of the members on 22 June 1993, 19 July 1994, 16 July 1996 and 7 November 2013), it is a charitable trust; (charity registration number 213232). All priests ordained for, or incardinated into the Diocese and working as such at the discretion of, or with the approval of the Bishop, are eligible for membership of the charity, subject to acceptance by the Committee and compliance with the other qualifications stated in the rules of the charity, as amended in 1993, 1994 and 1996 and 2013. Priests who are members of the charity receive a copy of the Rules of the Fund and the Annual Trustees' Report and Financial Statements. They are encouraged to attend the Annual General Meeting of the charity and to take an active interest in matters of the charity, since they form the pool from which future Trustees of the charity will be appointed and ultimately will be beneficiaries of it.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Aims and Objectives

The principal objects of the charity are "to support the Diocesan Priests by:

- the payment of grants to Diocesan Priests in need;
- the payment of Allowances to Diocesan Priests, (including former Members), who have resigned from ecclesiastical office;
- the provision of assistance, of whatever kind, to relieve Diocesan Priests who are sick, infirm or elderly.

## Public Benefit

This Annual Report is written in accordance with the requirements of the Charities Act 2011 and having had regard to the advice and guidance given by the Charity Commission.

Plymouth Secular Clergy Fund has been established to support priests of the Roman Catholic Diocese of Plymouth and within this Annual Report, the Trustees seek to demonstrate that the aims of the Fund fall within such descriptions of charitable purposes. Furthermore, it also seeks to demonstrate that in its work of supporting Diocesan priests, it is providing public benefits that are clear and relate to the aims of the Fund.

Diocesan priests carry out the public duty of conducting marriage and funeral services. They conduct baptism, communion and confirmation services and enable the public celebration of mass on virtually every day in every parish of the Diocese; there is no restriction on access to any of the celebrations. The priests offer the healing of peoples' consciences through the offering of the sacrament of Reconciliation (Confession). They provide pastoral care, visiting, in their homes or hospitals, those who are sick or dying and comforting those who have suffered bereavement or whose lives are otherwise troubled.

At some point during their years of ecclesiastical ministry, some priests will act as hospital, prison or school chaplains and chaplains to the armed forces, ministering not just to the Catholic community but to the wider public. Priests with Catholic schools in their parishes will also often serve on governing bodies and thereby assist in the provision of education. Not all pupils or members of staff at the schools are Catholic; the schools are socially diverse and inclusive and often are in areas of social deprivation.

As demonstrated above, the priests devote their lives to the service of God and their fellow men. They choose consciously to dedicate their lives to others and to live a simple life, foregoing their own economic well-being. Plymouth Secular Clergy Fund aims to support them at times when the priests are themselves in need or are sick, infirm or elderly. In practical terms, its main area of support by far is to those priests who have resigned from ecclesiastical office on the grounds of age, meaning that they may no longer rely on a parish to provide them with somewhere to live and subsistence. The Fund provides financial and other support to enable them to live out their old age with dignity and independence. The benefits to the public are through the financial and other relief of those priests concerned, (the charitable purpose being "the prevention or relief of poverty") and the charitable purpose "the advancement of religion", by enabling priests to follow their vocation.

The next section on Achievements and Performance demonstrates how the charity has met its objective to support the priests of the Roman Catholic Diocese of Plymouth during the year under review.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Achievements and Performance

In 2020/2021:

| The charity planned to: | The charity's achievements: | Next year, the charity plans to: |
|---|---|---|
| ....give financial support to those priests who have resigned from ecclesiastical office due to age. | As at 31 March 2021, 28 priests who have resigned from ecclesiastical office due to age, (2020: 31 priests), were in receipt of allowances from the charity. From 6 April 2020, the gross allowance per priest, based on 30 years' service, is £12,663 per annum. Certain members of the charity, who would otherwise be eligible to receive such allowances by virtue of their age, have continued to serve actively in the Diocese and are not therefore in receipt of such allowances. Note 16 to the financial statements discloses the maximum liability of the charity in providing appropriate support during the next ten years. | ....continue to give financial support to those priests who have resigned from ecclesiastical office due to age. |
| ....give assistance to priests who are sick, infirm or elderly, (including those who have resigned from ecclesiastical office due to illness). | In all, the charity gave financial assistance to or for 6 priests, (2020: 5 priests). Some financial assistance was given through grants to third parties.<br><br>One of the priests has ceased active ministry due to ill-health but is aged below 70 and so is ineligible to receive financial support of the type mentioned in the section above. He received grants to help with his daily living costs. | ....continue to consider requests for financial and other assistance to priests who are sick, infirm or elderly and give financial support to those priests who have resigned from office due to illness. |
| ....pay healthcare insurance for priests who are sick, infirm or elderly. | The charity paid healthcare insurance for 22 priests, including beneficiaries of the charity over 70 and priests who are aged below 70 but who nevertheless have had to cease active ministry due to ill-health. | ....pay healthcare insurance for priests who are sick, infirm or elderly. |

ANNUAL REPORT
for the year ended 31 March 2021 continued

# Corporate governance

### Governance and decision-making

The governing body of the charity is the Committee, (who are trustees under charity law). Committee members are appointed by the ordinary members of the charity at the Annual General Meeting. Except in very limited circumstances, (as defined in the Rules of the Fund), only those ordinary members who are not also beneficiaries of the charity are eligible to hold office as Treasurer, Secretary or one of the other six Committee Members. The Treasurer and Secretary are elected annually and ordinarily may not hold office for more than four consecutive years. The two other longest serving Committee members retire by rotation. Procedures exist to replace the Treasurer, Secretary and Committee members who vacate their office during the year. The Bishop is ineligible to hold any office in the charity. The business of the charity is managed by the Committee of eight Members, (including the Treasurer and the Secretary), which normally meets four times each year. The Committee has control of the monies and other property of the charity. The charity has holding trustees, whose function is restricted to holding its property. The holding trustees have no power to make management decisions and must act on the lawful instructions of the Committee.

### Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

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

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

### Summary of the rules for the payment of allowances to priests aged 70 or over who have resigned from ecclesiastical office, grants and provision of other assistance

The rules of Plymouth Secular Clergy Fund define those priests eligible to receive benefits from the Fund as being Members (and in some cases, former Members), of the Fund. The Rules also lay down the manner in which a priest qualifies or may be disqualified from membership. All members or former members are eligible to receive an allowance from the Fund on resignation from ecclesiastical office due to age, which may be paid in accordance with the Policy Document that sets out the Committee's current policy in regard to such payments under the rules of the Fund. In the event that the Policy Document is either revoked or amended so as to deny such payments, (or materially affect their value), to a significant number of members or former members, there shall be repaid to the Diocese the current value of all contributions made by the Diocese, (or by other organisations employing or formerly employing them), in respect of those members or former members. The Committee shall adjudge those who are in need of grants and has discretion to set the rate or amount of such grants. Every member who is sick, infirm or elderly shall, at the discretion of the Committee, be eligible for assistance.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Corporate Governance continued

### Risks and internal control

The principal risks faced by the Trust are mainly:

a) the performance of investments; and
b) the operational risk associated with the Trust's capacity to make effective grants in the future.

*Performance of investments*

The trustees consider the variability of investment returns to constitute the charity's major financial risks. This is mitigated by having two investment managers who both maintain separate diversified investment portfolios. During the year the net profits on investments were £3,443,929, which represents 27.2% gain on the opening market value of £12,639,771. This is an increase from the previous year losses of £(557,631) which represented 4.2% return on the opening market value of £13,272,220 The investment portfolios also produced income of £239,002. The trustees consider that the use of a total return approach helps stabilise the resources available for making grants.

*Operational risk associated with the Trust's capacity to make effective grants in the future*

The operational risk associated with the Trust's capacity to make effective grants in the future is managed by periodic actuarial review. The last review, which was undertaken as at 31 March 2017 and finalised in May 2018, indicated that the charity's funds were still in surplus, in terms of meeting its future commitments, without making any allowance for future contributions to the Fund or for any free income that may be received from legacies or donations. Pressure on the Fund comes mainly from a combination of lower than expected investment returns, and higher than expected increases to the allowance paid to clergy who have reached the age of 70 and have resigned from ecclesiastical office.

### Reserves

The charity's primary financial obligation is to provide allowances to all priests who resign from ecclesiastical office at or over the age of 70 and who are eligible to receive such payments under the terms of the charity's rules. The total amounts potentially payable during the next 10 years to current recipients and all other priests eligible to resign from ecclesiastical office due to their age is £6.047 million, ranging from £0.411 million in the year ending 31 March 2022 to £0.798 million in the year ending 31 March 2031. Further details may be found in note 16 to the financial statements. The charity also relies on its investment income and any capital gains to supplement the resources from which it can pay grants at the level of recent years and to cover administration expenses.

Plymouth Diocesan Trust has hitherto supported the charity's object of providing allowances to priests over 70 who have resigned from ecclesiastical office by donating funds which are given as permanent endowments. Periodic actuarial reviews are commissioned to ensure that the charity remains adequately funded in order to generate sufficient income to meet its future commitments to support priests aged 70 and over who have resigned from ecclesiastical office and its other commitments, without any further contributions being required for those existing members of the charity. New members of the charity would require additional contributions, depending on their age at commencement of contributions. Any improvements to the charity's current benefits structure would also necessitate additional contributions normally.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Corporate Governance continued

### Investments

*Specific investment powers of the Committee*
The specific investment powers of the Committee are laid down in the Rules of the Plymouth Secular Clergy Fund. In summary, the Committee has the same full and unrestricted powers of investing and varying investments in all respects as if it were absolutely and beneficially entitled thereto, provided that before exercising any such powers, it obtains and considers proper advice on whether the investment is satisfactory, having regard to the objects of Plymouth Secular Clergy Fund.

*Investment and Administration Advisory Panel*
The Committee has appointed the Finance Committee of Plymouth Diocesan Trust, (registered charity 213227), to act as an Investment and Administration Advisory Panel, accountable to the Committee; and in particular it has been agreed that such advisory panel should negotiate and recommend appointment of investment managers and monitor their subsequent performance in the context of overall policy established by the Committee.

*Investment Policy, Objective and Strategy*
The Committee have adopted a formal Investment Policy that sets out, in detail, the responsibilities and roles of the Committee and others involved in the management of the Fund, its aims, attitude to risk, ethical investment policy, asset allocation strategy, performance benchmarks and investment restrictions.

The aims of the charity are long term and its funds need to be invested for the long term. The real value of the underlying investment needs to be retained despite the regular withdrawals to provide an income. The income distribution itself needs to rise in order to cover the costs of the charity. Therefore, the general aim of the investments is: -

- To provide a real absolute return equivalent to inflation over a 5-year rolling period (calculated in accordance with RPI) plus 4.0% per annum by reference to the average unit price over the previous 5 years and thereby:
- To fund a distribution (which may be met from income (or from capital in the case of non-permanent endowment funds)) that rises annually by at least inflation, to allow the charity to carry out its purposes consistently year on year with due and proper consideration for future needs.
- To maintain and if possible, enhance the real value of the underlying investments after such distributions.
- To do all the above within the confines of the fiduciary responsibilities of the charity and the ethical guidelines and taking into account the need to reduce volatility so far as reasonably possible.

The Committee is bound by the restrictions placed on it by the Charities Acts, the Trustee Act 2000, the Trust Deed, the Rules of the charity and Orders of the Charity Commission. The Investment Managers must comply with these restrictions and limitations and the further restrictions specified by the charity in its Investment Policy.

*Investment managers*
Ruffer LLP has been appointed as investment manager, to manage half the charity's main portfolio on a day-to-day basis and to make and implement specific investment decisions. Hitherto Newton Investment Manager Limited was appointed similarly, to manage the other half of the charity's main portfolio and its Permanent Endowment portfolio, with investments held as the charity's nominee. Newton no longer offer discretionary management service or custody service, and hence the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name. Benchmarks have been set in order to measure investment performance. Quarterly reviews are performed on the actions and results of the managers and on compliance with their terms of appointment.

*Main terms of custody arrangements – Newton Investment Management Limited*
Newton has ceased to offer a custody service and the charity's holdings in the Newton SRI Fund for Charities are now registered directly in the charity's name.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Corporate Governance continued

**Investments continued**

*Main terms of custody arrangements – Ruffer LLP*
Ruffer has arranged the services of the Custodian for Plymouth Secular Clergy Fund. All securities will be placed with the Custodian and either registered in the name of its nominee company or, in the case of investment outside the United Kingdom, held by the Custodian's appointed agents. All cash will be deposited with the Custodian and/or another bank or banks selected by Ruffer as agent for Plymouth Secular Clergy Fund. Where the cash is held by Ruffer in a bank or banks other than the Custodian, it will be held as client money. Both securities and cash will be placed by the Custodian and/or bank in pooled accounts, together with assets of other Ruffer clients. Securities and/or cash may be held by a clearing house or intermediate broker in the normal course of business.

*Ethical Policy*
The Committee's policy has been developed acknowledging the difficulty of ensuring that all guidelines will be watertight, given that we are investing in complex and global economies.

*Ethical Guidelines*
The Investment Manager shall use its reasonable endeavours to ensure that the portfolio is not directly invested in those companies whose turnover in unethical activities exceeds 2% the group turnover*.

*Companies with unethical operations are those that:*

- *Invest in hospitals/clinics that have abortion or euthanasia as a major role;*
- *Exploit the labour force in such a way that is unjustifiable in the light of local circumstances;*
- *Exploit vulnerable groups. Specifically, involvement in the production of tobacco or in the provision of gambling facilities would preclude investment in the company;*
- *Have operations in areas of oppressive regimes, where these operations contribute to the oppressive nature of these regimes;*
- *Have the manufacture or sale of arms/weapons as a core activity. Specifically, involvement in the manufacture of anti-personnel mines;*
- *Are involved in pornography or obscenity;*

*Due regard shall also be given to environmental concerns.*

*(The Trustees acknowledge that the Investment Manager will rely on an appropriate screening service in order to satisfy its obligations under this part at present. It is noted that screening may be difficult to achieve down to levels of 2% of turnover. At present Ethical Investment Research Information Service (EIRIS) only screens for companies for military turnover and pornography turnover down to 3% and tobacco turnover down to 5%).

## Relationships with other charities

The principal object of the charity is to support the priests of the Roman Catholic Diocese of Plymouth. To this end and as already mentioned earlier in this Report, Plymouth Diocesan Trust, the registered charity of the Diocese of Plymouth, makes donations to Plymouth Secular Clergy Fund, to enable it to support priests of the Diocese aged 70 and over who have resigned from ecclesiastical office.

## Compliance with the Charity's Governing Document and Current Statutory Requirements

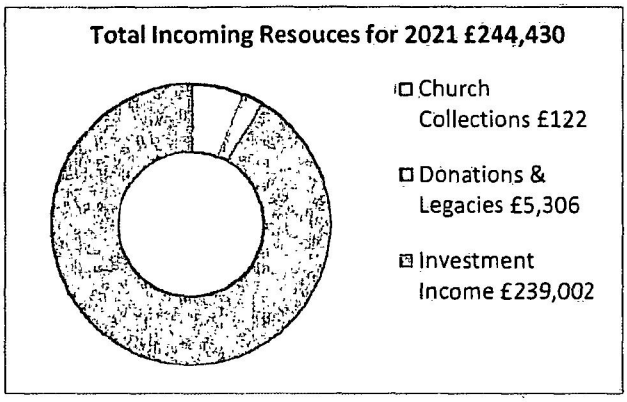
The financial statements have been prepared in accordance with the Charity's Trust Deed (as amended in 1993, 1994, 1996 and 2013), applicable law and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective from January 2019. In so far as the Trustees are aware:

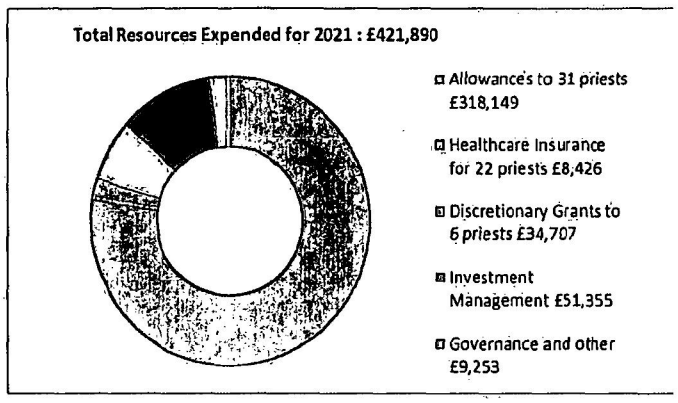
- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

ANNUAL REPORT
for the year ended 31 March 2021 continued

## Review of the Financial Position

The income of the charity for the year under review has been applied to pay health insurance for and support priests aged 70 and over who have resigned from ecclesiastical office, make charitable grants to sick, elderly or infirm priests and to administer the charity. The net movement in funds after losses and gains on investments was a surplus of £3,266,469: (2020: £659,266 losses). Included in the net movement in funds are gains on investments during the year of £3,443,929; (2020: £557,631 losses). Also included are legacies of £3,000; (2020: £4,500). Total Resources Expended for the year were £421,890; (2020: £412,937).




**Fixed asset investments**

The assets of the charity comprise cash and investments in stocks and shares and a pooled fund, which are held to fund the support of priests who are aged 70 and over who have resigned from ecclesiastical office and to provide financial assistance to other priests who are elderly, sick or infirm. The investments have been included in the financial statements at their last traded price or bid value on 31 March 2021, unless otherwise stated. In the year ended 31 March 2013, structural changes were made to the investment portfolios to protect them from volatility in performance, particularly from significant capital losses, by using two different investment managers with different investment philosophies. Those investments held by Newton Investment Managers Limited, (the permanent endowment fund and approximately half of the unrestricted investments), have been invested into its SRI Fund for Charities. Newton no longer provide a discretionary management service and hence the charity has become a direct investor in the Newton SRI Fund for Charities. Ruffer LLP continues to manage the remainder of investments. In the year, the value of the charity's portfolio increased by £3,267,872 to £15,907,643 (from £12,639,771). The combined portfolio achieved gains for the year of 27.2% after fees, (2020: 4.2% total return) (See note 9 for further information on investments and investment management fees).

With regard to the permanent endowment fund the Trustees have passed a resolution under S104A(2) of the Charities Act 2011 to operate a total return approach to investments in accordance with the Charity Commission's Regulations. The Trustees confirm that:

- in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift at inception and any subsequent gifts of permanent endowment up until the 1 October 2014;
- when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries; and
- in reaching their decision as to the unapplied total return to transfer to income, the trustees have relied on the performance and analytical reviews from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

ANNUAL REPORT
for the year ended 31 March 2021 continued

**Impact of the Covid-19 pandemic**

The Trustees of the Fund were very aware at the start of the pandemic in March 2020, that it could have a significant impact on the fund. It was originally thought that there could have been significant disruption to the returns received on investments, as well as additional potential for additional clergy support.

Moving forward to March 2021, although the pandemic has seen grants to clergy increase slightly and in addition a reduced level of both donations and investment income, these factors have not had a significant impact on the Funds of the charity.

Specifically, in relation to Donations and legacies, the measures introduced by the Government meant that churches were closed during the period March 2020 to July 2020, and again in November 2020. Consequently, the regular annual donations from the parishes, which average £20,000 were not received. Going forward into the current year, with the re-opening of the churches, there is no indication this trend is likely to continue.

In addition, there has been a very favourable increase in the value of the stock prices since the start of the pandemic, resulting in the fund value increasing by £3.4m. Since the year end the stock prices have continued to rise, therefore, although here is still a degree of caution and uncertainty, we are not anticipating any significant decline in the resources of the fund.

**Outlook for the Future**

The charity has considered its operating position going forward and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2021, there are available cash balances of £155,246, being more than sufficient to meet the current liabilities of the charity as they fall due. In addition, the charity has unrestricted reserves of £11.77m.

We have also considered our charitable commitments for the next ten years, to support priests over the age of 70 who have retired from Ecclesiastical office. As at 31 March 2021 this commitment totalled £6,047m, with the Committee ensuring that future resources will be sufficient to meet these future commitments, by obtaining Actuarial Reviews of the charity, with the most recent review being completed as at 31 March 2018. This review concluded that the charity has a funding surplus of £4.523m (164%). The Trustees will carry out another Review within 2023.

The Investment Committee (on behalf of the Trustees) will continue to work with the investment managers in monitoring the investment portfolios to ensure that they deliver the expected performance.

Signed on behalf of the Committee

B. Hallett

Secretary 4th November 2021

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

## Independent auditor's report to the trustees of Plymouth Secular Clergy Fund

### Opinion

We have audited the financial statements of Plymouth Secular Clergy Fund (the 'charity') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, including 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements 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 original financial statements were 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustee' responsibilities statement (set out on page 5), the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, The General Data Protection Regulation (GDPR) and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act and the Charities SORP.
We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance;
- Reviewed Board minutes;

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

PHF Francis Clark

(Senior Statutory Auditor)
Francis Clark LLP, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date: 2 December 2021

Francis Clark LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

| | Notes | Unrestricted Income Funds General | Restricted Income Funds | Endowment Fund | 2021 Total | 2020 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM:** | | | | | | |
| Gift of endowment | 1.4(i) (ii), 2 | - | - | - | - | - |
| Donations and legacies | 1.4(i) (ii), 2 | 5,428 | - | - | **5,428** | 26,769 |
| Investment income | 1.4(iii), 4 | 159,698 | | 79,304 | **239,002** | 284,533 |
| Transfer to income | 3 | - | 79,304 | (79,304) | - | - |
| ***Total Income*** | | **165,126** | **79,304** | - | **244,430** | 311,302 |
| **EXPENDITURE ON:** | | | | | | |
| Investment Managers fees | | 51,355 | - | - | **51,355** | 46,771 |
| Charitable activities | | 291,231 | 79,304 | - | **370,535** | 366,166 |
| ***Total Expenditure*** | 1.5, 5,6 | **342,586** | **79,304** | - | **421,890** | 412,937 |
| **Net (losses) / gains on investments** | | 2,509,019 | - | 934,910 | **3,443,929** | (557,631) |
| **Net income/(expenditure) and net movement in funds** | 17 | **2,331,559** | - | **934,910** | **3,266,469** | **(659,266)** |
| **Reconciliation of funds** | | | | | | |
| Total funds brought forward | | 9,438,420 | - | 3,259,275 | **12,697,695** | 13,356,961 |
| **Total funds carried forward** | | **11,769,979** | | **4,194,185** | **15,964,164** | **12,697,695** |

There were no other gains or losses for the year.

The results derive from continuing activities.

The notes on pages 17 to 26 form part of these financial statements.

BALANCE SHEET
As at 31 March 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 1.7, 9 | 15,907,643 | 12,639,771 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 75,487 | 68,784 |
| Cash at bank | | 4,398 | 11,899 |
| | | 79,885 | 80,683 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | (23,364) | (22,759) |
| **Net current assets** | | 56,521 | 57,924 |
| **Total net assets** | | 15,964,164 | 12,697,695 |
| FUNDS | | | |
| Endowment | 12 | 4,194,185 | 3,259,275 |
| Restricted | 14 | - | - |
| Unrestricted - General | | 11,769,979 | 9,438,420 |
| **Total funds** | 15 | 15,964,164 | 12,697,695 |

Approved by the Committee on 4th November 2021 and signed on its behalf by:

B. Hallett

.....
(Secretary) Reverend B Hallett

.....
(Treasurer) Reverend P Andrew

The notes on pages 17 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
As at 31 March 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| **Net cash (used in) provided by operating activities** | 17 | (422,559) | (366,402) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 239,002 | 284,533 |
| Net Disposal/(Purchase) of investments | | 176,056 | (20,856) |
| **Net cash provided by investing activities** | | 415,058 | 263,677 |
| **Cash flows from financing activities:** | | | |
| Receipt of expendable endowment | | - | - |
| **Net cash provided by financing activities** | | - | - |
| **Change in cash and cash equivalents in the year** | | (7,501) | (7,052) |
| **Cash and cash equivalents at the beginning of the year** | | 11,899 | 18,951 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | 4,398 | 11,899 |

The notes on pages 17 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 1 Accounting policies

### 1.1 *Accounting Convention*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

i) Basis of preparation

The financial statements have been prepared under the historical cost convention except to the extent that fair values have been applied where indicated below. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), FRS 102 and the Charities Act 2011.

Plymouth Secular Clergy Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant notes to these accounts.

### 1.2 *Going concern*

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period 2021-22, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets.

The charity has considered its operating position for the following 12 months and in our opinion the charity remains a going concern. At the time of finalising the accounts for March 2021, there are available cash balances of £155,246, being more than sufficient to meet the current liabilities of the charity as they fall due.

In addition, the charity has unrestricted reserves in excess of £11m. In arriving at our conclusion that the charity remains a going concern we have also considered our charitable commitment to support priests over the age of 70 who have retired from Ecclesiastical office, with the Committee ensuring that future resources will be sufficient to meet the commitments for the next 12 months.

Impact of COVID-19: While this report was being written, the restrictions imposed due to the pandemic are coming to an end, hopefully seeing an end to the extensive disruptions on both operations and finances. All churches have now reopened and the value of the diocesan investment portfolio has continued to rise since March 2021.

### 1.3 *Fund accounting*

The charity's funds are broken into three distinct areas:

i *Permanent Endowment Fund*
The capital of the fund must remain intact and only the income may be applied for the purposes of the fund. It is managed on a total return basis. The Trustees, at their discretion, may allocate any part of the unapplied total return to the restricted purpose of the Trust, namely to support priests who have reached the age of 70 and retired from ecclesiastical office.

ii *Restricted Funds*
Both the income and capital must be used in accordance with the restrictions placed on the funds.

iii *Unrestricted Funds*
Both the income and the capital may be used for the general purposes of the charity. Designated funds comprise unrestricted funds that have been put aside for a purpose, either at the discretion of the Committee or at the request of the donor, (which request is not legally binding on the Committee). General funds comprise unrestricted funds that have not been designated for a purpose.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

**1.4** ***Income recognition***

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 the income receivable can be measured reliably.

i *Voluntary income, including legacies*
Voluntary income is recognised as soon as it is capable of being measured in financial terms. Legacies are recognised as soon as entitlement has been established and they are capable of being measured in financial terms; (the charity considers that the act of granting probate defines the point of entitlement).

ii *Grants receivable*
Grants receivable are recognised in the Statement of Financial Activities when all conditions for receipt have been complied with.

iii *Investment income*
Investment income includes all dividends and interest paid during the year, adjusted at the year-end for income due on those investments that were "ex-dividend" and for interest accrued. In normal circumstances no adjustment is made for accrued income included within the price of securities that were acquired or disposed of during the year. The investment income generated by the Permanent Endowment from Plymouth Diocesan Trust is restricted income to be applied in the payment of support to priests aged 70 or over who have resigned from ecclesiastical office.

**1.5** ***Expenditure recognition***

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 met.

All expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT, and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to headings they have been allocated to activities on a basis consistent with use of resources. Central overhead costs are allocated to operation and fundraising functions based on their use of central support services.

i. Payments to support clergy who are aged 70 and over and who have resigned from ecclesiastical office are charged against income as incurred. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office but it is considered that there is a constructive obligation with a resulting charitable commitment. This charitable commitment is not accrued for in the accounts as to do so would require annual actuarial valuations and the cost of this is considered to outweigh any benefit. An estimate of the maximum commitment in respect of such payments in the ten years from 31 March 2021 is given in note 16.

ii. Other grants to clergy in need are normally charged to the Statement of Financial Activities when paid. However, where it is clear that a constructive obligation has been created by the payment having been authorised and communicated to those affected in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the charity will discharge its obligations, then the grant is accrued in the Statement of Financial Activities.

iii. Support costs, which include day to day management, administration, accounting and financial costs are allocated across the categories of charitable expenditure, and the costs of raising funds. The basis of the cost allocation has been explained in note 6 to the financial statements.

**1.5.1** ***Investment Managers Fees:*** consist of investment management costs. See note 9 for further information regarding investment management costs.

**1.5.2** ***Costs of charitable activities:*** include grants to priests in need, support of priests who are aged 70 and over and who have resigned from ecclesiastical office, the provision of healthcare insurance and an apportionment of support costs as shown in note 5.

**1.5.3** ***Governance costs:*** are the costs associated with the general running of the charity as opposed to those costs associated with fundraising or charitable activities. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

**1 Accounting policies continued**

**1.6** ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These comprise other debtors, other creditors and listed investments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.7** ***Investments (including gains and losses on investments)***

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted bid price where available or alternatively the mid-market price.

All realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

**1.8** ***Overseas Currencies***

Overseas currencies are translated at the rates of exchange ruling on 31 March 2021. Transactions during the year are translated at the rates ruling on the date of the transactions.

**2 Donations, Legacies and Endowments**

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Legacies | 3,000 | 4,500 |
| Donations | 2,306 | 2,693 |
| Church collections | 122 | 19,576 |
| | 5,428 | 26,769 |

Included in the above income is £5,428 (2020 : £26,769) relating to unrestricted income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 3 Total return

A resolution to adopt the total return approach to investments was made by the Trustees in October 2014 to take effect from 1 October 2014. The trustees calculated the value of the grants of permanent endowment received since 1995, when the fund was established, up until 1 October 2014. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 October 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of £79,304 unapplied total return to restricted income funds. In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:

| | Trust for Investment £ | Unapplied Total Return £ | Total Endowment £ |
|---|---|---|---|
| **At 1 April 2020** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 1,202,840 | 1,202,840 |
| **Total** | 2,056,435 | 1,202,840 | 3,259,275 |
| **Movement in unapplied total return and endowment in the year:** | | | |
| Gift of endowment funds | - | - | - |
| Investment return: dividends and interest | - | 79,304 | 79,304 |
| Investment return: recognised and unrecognised gains/(losses) | - | 934,910 | 934,910 |
| **Total** | - | 1,014,214 | 1,014,214 |
| Unapplied total return allocated to income | - | (79,304) | (79,304) |
| **Net movement in the year** | - | 934,910 | 934,910 |
| **Closing value of permanent endowment** | | | |
| Gift component of permanent endowment | 2,056,435 | - | 2,056,435 |
| Unapplied total return | - | 2,137,750 | 2,137,750 |
| **Total** | 2,056,435 | 2,137,750 | 4,194,185 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 4 Investment income (including bank interest receivable)

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Income received from: | | |
| UK quoted investments | 200,356 | 226,741 |
| Overseas quoted investments | 36,357 | 52,208 |
| UK cash held as part of the investment portfolio | 2,289 | 5,284 |
| | 239,002 | 284,533 |
| Other interest receivable | - | - |
| | 239,002 | 284,533 |

Included in the above income is £79,304 (2020 : £95,673) received in relation to the endowment fund, £Nil (2020 : £Nil) relating to income held for restricted purposes, and £159,698 (2020: £188,860) which is unrestricted.

## 5 Expenditure

| | Activities undertaken directly | Grant funding of activities (see note) | Support and governance costs | 2021 | 2020 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of raising funds** | | | | | |
| Investment management costs | - | - | 51,355 | 51,355 | 46,770 |
| **Charitable activities** | | | | | |
| Grants to priests who are sick, elderly, infirm or in need | - | 34,707 | | 34,707 | 27,488 |
| Support to 31 priests, aged 70 and over, who have resigned from ecclesiastical office; (2020: 31 priests) | 318,081 | - | 68 | 318,149 | 320,093 |
| Provision of healthcare insurance | 8,426 | - | - | 8,426 | 9,750 |
| Governance | - | - | 9,253 | 9,253 | 8,835 |
| | 326,507 | 34,707 | 60,676 | 421,890 | 412,936 |

**Note:** The grants were UK grants payable to or for 6 individual members of the clergy; (2020: 5 clergy).

In 2021 the expenditure on charitable activities was £370,535 (2020 : £366,166) of which £79,304 (2020 : £95,673) was expenditure from restricted funds and £291,231 (2020 : £270,493) was expenditure from unrestricted funds.

All of the costs of raising funds relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 6 Support costs allocation

| | Committee | Finance and legal | Direct support costs | 2021 | 2020 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost of generating funds** | | | | | |
| Investment management costs | - | 51,355 | - | 51,355 | 46,770 |
| **Charitable activities** | | | | | |
| Assisting priests who are sick, elderly, infirm or in need | - | - | - | - | 11 |
| Support for eligible priests who have resigned from ecclesiastical office | - | 48 | 20 | 68 | 264 |
| Governance | - | 9,075 | 178 | 9,253 | 8,835 |
| | | 60,478 | 198 | 60,676 | 55,880 |

BASIS FOR SUPPORT COSTS ALLOCATION
Central support costs are allocated as follows:

i. Committee: allocated according to the estimated Trustees' time spent on operational activities.
ii. Finance and Legal: costs allocated to activities are either directly attributable or if not, allocated in proportion to the estimated amount of administration time spent on each activity.
iii. Direct support costs are other costs that can be directly attributed to each activity.

GOVERNANCE COSTS ARE MADE UP OF THE FOLLOWING:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Payments to external auditor | 9,027 | 8,340 |
| Committee meeting expenses insofar as they relate to the general management of the charity, including the costs of travel | - | 136 |
| Bank charges | 48 | 112 |
| Printing, stationery, postage and sundries | 178 | 247 |
| | 9,253 | 8,835 |

## 7 Net movement in funds

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Net movement in funds is arrived at after charging/ (crediting): | | |
| Payments to external auditor | | |
| Audit fees - current year | 9,027 | 8,340 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 8 Trustees' emoluments and reimbursed expenses

The Committee Members are also the Trustees of the charity. They do not receive any remuneration from the charity but are entitled to reimbursement of the expenses incurred during their duties as trustees. During the year, travel expenses totalling £Nil were reimbursed (2020: £35) and £Nil (2020: £236) was incurred on Committee meeting expenses.

## 9 Investments

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| MARKET VALUE | | |
| At 1 April 2020 | 12,639,771 | 13,272,220 |
| Acquisitions | 1,660,003 | 1,984,124 |
| Disposals | (1,802,792) | (1,941,503) |
| Movement in cash | (33,268) | (117,439) |
| Net investment gain/(loss) | 3,443,929 | (557,631) |
| At 31 March 21 | 15,907,643 | 12,639,771 |

Net cash transferred from/(to) investments in the year was £176,056 (2020 : £20,856).

| | | |
|---|---|---|
| *Analysed between:* | | |
| UK investments listed on a recognised stock exchange or valued by reference to such investments | 13,335,423 | 10,718,485 |
| Overseas investments listed on a recognised stock exchange | 2,419,846 | 1,735,644 |
| UK cash held as part of investment portfolio | 152,374 | 185,642 |
| | 15,907,643 | 12,639,771 |
| *And between:* | | |
| Permanent Endowments | 4,172,227 | 3,237,317 |
| Other Restricted and Unrestricted Funds | 11,735,416 | 9,402,454 |
| | 15,907,643 | 12,639,771 |
| Historic cost at 31 March 2021 | 11,540,898 | 11,581,858 |

Included in the investment gain above of £3,443,929 (2020 : loss of £557,631), is a gain of £934,910 (2020: loss of £268,446) relating to Permanent Endowment funds. The remaining gain of £2,509,019 (2020 : loss of £289,185) all relate to the unrestricted fund.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

**Investments continued**

The investment portfolio includes the following investments. With the exceptions of the unitised/ structured investments listed below, all investment assets are direct investments in listed securities. No material restrictions apply which might affect the realisation of these investment assets.

| | 2021 £ |
|---|---|
| **Unitised/ Structured Multi Asset Funds:** | |
| The SRI Fund for Charities (Income) | 4,172,227 |
| The SRI Fund for Charities (Accumulation) | 6,431,933 |
| Other UK funds | 645,055 |
| Global funds | 256,939 |
| **Overseas direct investments** | 1,322,462 |

*Investment Manager's Fees*

Ruffer LLP's fees are calculated on the market value of the portfolio at the end of each quarter and are charged to the Statement of Financial Activities. Where Ruffer has invested the portfolio in its in-house investment products (which have an internal management charge), these products are excluded from the quarterly management charge so that no double charge occurs.

The Newton SRI Fund for Charities has an internal management charge.

**10 Debtors: amounts falling due within one year**

| | 2021 £ | 2020 £ |
|---|---|---|
| Investment income | 61,475 | 54,378 |
| Other debtors and prepayments | 3,991 | 4,418 |
| Accrued income | 10,021 | 9,988 |
| | 75,487 | 68,784 |

**11 Creditors: amounts falling due within one year**

| | 2021 £ | 2020 £ |
|---|---|---|
| Other creditors | 110 | 110 |
| Accruals | 23,254 | 22,649 |
| | 23,364 | 22,759 |

**12 Permanent Endowment fund**

| | 2021 £ | 2020 £ |
|---|---|---|
| Balance at 31 March 2020 | 3,259,275 | 3,527,721 |
| *Movement in Funds* | | |
| Incoming resources | - | - |
| Gain/(loss) on investment assets | 934,910 | (268,446) |
| **Balance at 31 March 2021** | 4,194,185 | 3,259,275 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

This is a permanent endowment from Plymouth Diocesan Trust, established in 1995 to help fund the support of priests who have reached the age of 70 and resigned from ecclesiastical office. It is a condition of the endowment that this capital must be repaid to Plymouth Diocesan Trust if the Members of Plymouth Secular Clergy Fund ever resolve that it shall cease to provide such support. An analysis of the net assets of the Permanent Endowment Fund is shown in note 15.

## 13 Contingent liability

As explained in note 12, if the charity stops providing support in the future, the permanent endowment must be repaid to the Plymouth Diocesan Trust. At 31 March 2021 the value of the permanent endowment was £4,194,185 (2020: £3,259,275).

## 14 Restricted Funds

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Balance at 31 March 2020 | - | - |
| *Movement in Funds* | | |
| Incoming resources | **79,304** | 95,673 |
| Resources expended | **(79,304)** | (95,673) |
| **Balance at 31 March 2021** | **-** | **-** |

These funds deal with the income generated by the endowment from Plymouth Diocesan Trust, described in note 12 and the expenses associated in generating it. The net surpluses are to be applied for supporting priests aged 70 and over who have resigned from ecclesiastical office.

## 15 Analysis of net assets between funds

a) Current year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fixed asset investments | 4,172,227 | - | 11,735,416 | **15,907,643** |
| Net current assets | 21,958 | - | 34,563 | **56,521** |
| | 4,194,185 | - | 11,769,979 | **15,964,164** |

Sufficient resources are held in appropriate forms to enable each fund to be applied in accordance with any restrictions.

b) Previous year

| | Permanent Endowment Fund | Restricted Funds | Unrestricted Funds | **Total** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fixed asset investments | 3,237,319 | - | 9,402,452 | **12,639,771** |
| Net current assets | 21,956 | - | 35,968 | **57,924** |
| | 3,259,275 | - | 9,438,420 | **12,697,695** |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

## 16 Charitable commitments

FUNDING FOR PRIESTS AGED 70 OR OVER WHO HAVE RESIGNED FROM ECCLESIASTICAL OFFICE

In accordance with accounting policy 1.5 (i), the estimated maximum support payable during the next ten years is shown below. The payments are calculated using the policy adopted by the Committee and is based upon the priests' number of years of ecclesiastical ministry, (as defined in the policy document), at date of resignation. The Committee obtains periodic Actuarial Reviews of the charity to check that future resources will be sufficient to meet its future commitments. The most recent actuarial review was completed as at 31 March 2018. For further information see the Trustees Report. There is no legal obligation to pay specific amounts to priests who have resigned from ecclesiastical office.

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Falling due within one year | 410,615 | 404,944 |
| Falling due between two and five years | 2,137,343 | 2,071,877 |
| Falling due after more than five years | 3,499,164 | 3,563,748 |
| | 6,047,121 | 6,040,569 |

| RECONCILIATION OF MOVEMENT IN THE YEAR | £ |
|---|---|
| Commitment at 31 March 2020 | 6,040,569 |
| Less: falling due within the year ended 31 March 2021 | (404,944) |
| | 5,635,625 |
| Adjustment for inflationary increases in support levels and revised numbers of priests potentially resigning from ecclesiastical office in the nine years ending 31 March 2030 | (386,376) |
| Add: falling due in the year ending 31 March 2031 | 797,872 |
| **Commitment at 31 March 2021** | 6,047,121 |

## 17 Reconciliation of net movement in funds to net cash flow from operating activities

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| **Net movement in funds (per the statement of financial activities)** | 3,266,469 | (659,265) |
| Gift of endowment | - | - |
| Losses/(gains) on investments | (3,443,929) | 557,631 |
| Dividends, interest and rents from investments | (239,002) | (284,533) |
| Decrease/(Increase) in debtors | (6,703) | 18,139 |
| (Decrease)/Increase in creditors | 605 | 1,626 |
| **Net cash used in operating activities** | (422,559) | (366,402) |

## 18 Analysis of cash and cash equivalent

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Cash in hand | 4,398 | 11,899 |
| **Total cash and cash equivalents** | 4,398 | 11,899 |