

**The
Order of
Friars
Minor
Charitable
Trust**

Annual Report and Accounts

31 December 2022

Charity Registration Numbers:
232177 (England and Wales)
SC039191 (Scotland)

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

Trustees	Rev Michael Copps OFM (Chairman) Rev Patrick Lonsdale OFM Rev Antony Jukes OFM Rev Edmund Highton OFM Rev Michael O'Grady OFM (resigned 27 July 2022) Rev George Smulski OFM (appointed 27 July 2022) The trustees are incorporated under the Charities Act 2011
Custos	Rev Michael Copps OFM
Custodial Secretary	Rev Patrick Lonsdale OFM
Provincial Bursar	Rev Michael O'Grady OFM
Principal address	The Franciscan Friary 557 High Road Woodford Green Essex IG8 0RB
Charity registration numbers	232177 (England and Wales) SC039191 (Scotland)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Stone King LLP Upper Borough Court Upper Borough Walls Bath BA1 1RG
Stockbrokers	J M Finn & Co 4 Coleman Street London EC2R 5TA
Principal bankers	NatWest Group 1st Floor 440 Strand London WC2R 0QS

Trustees' report 31 December 2022

The trustees present their statutory report together with the accounts of The Order of Friars Minor Charitable Trust for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 24 to 29 and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The Order of Friars Minor was founded by St Francis of Assisi in 1209. It has maintained its essential character through the centuries. Friars live in communities, observing the Gospel of Our Lord Jesus Christ, under vows of poverty, celibate chastity and obedience, in accordance with the 'Rule of 1223' written by the Founder. The Minister General's headquarters are in Rome where he is assisted by a General Definitory or Council, governing the Order Worldwide. The British Custody is part of the Order.

CONSTITUTION

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the British Custody are held and through which its finances operate. The charity is governed by a trust deed dated 1 December 1963 as amended by a scheme dated 12 June 1973, and is registered under the Charities Act 2011. Since 2007 the trust has also been registered with the Office of the Scottish Charity Regulator (OSCR).

The trustees of the charity are an incorporated body under the Charities Act 2011.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES

The principal aims of the charity are the support of charitable purposes connected with the Roman Catholic Religion and the support of the charitable work of the Order generally. This work is described in more detail in the following paragraphs. Although the majority of friaries are situated in England, the charity has one house in Glasgow, Scotland. The objectives described below apply in Scotland with special emphasis on the overseas mission work.

In setting out and planning the activities of the charity, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Pastoral

The Order of Friars Minor in this Custody has four parishes in its care. Most of the friars of the Custody are engaged in pastoral and educational work – supporting and encouraging prayer and worship, administering the sacraments, preaching, teaching, providing spiritual and material sustenance to those in need. In addition, they give retreats and missions to other parishes and to convents. There is an obvious public benefit from these activities, as they are designed to promote harmony and cooperation in the parishes concerned and in the wider community.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Educational

To be able to provide the pastoral and spiritual support mentioned above, the members of the Custody must have the opportunity to obtain firstly the initial formation needed in the preparation for their ministry and then the further training and formation to equip them to serve the Church and the faithful in a rapidly changing society. The trustees need, therefore, to keep a close eye on the requirements to remain active and fruitful preachers of the Gospel. In addition, the friars take an active interest and play a part in the provision of primary, secondary and tertiary education in the schools of their parishes. These schools have a Catholic ethos and have no restriction with regard to colour, race, or income, thus providing an obvious public benefit.

Overseas missions

The Order of Friars Minor is the largest missionary Order in the Church. This Custody began missionary work in India and South Africa over 60 years ago. Initially they sent men out to those countries to begin the work of serving the people and establishing a Catholic presence there. Over time these missions have grown and now provide their own indigenous friars. With the decline in vocations in this country, the support now takes the form of grants financed by donations from Franciscan parishes and educational assistance to overseas students.

Grant making policy

The bulk of the grants made by the charity usually arise through the restricted funds i.e. the Franciscan Missionary Union (FMU) and Saint Antony's Bread. In both cases money is deposited with the friars by the faithful to be used in the Franciscan missions and for the relief of poverty. The policy of the charity, therefore, is to use all the money so contributed for the furtherance of those two aims.

In total, grants of approximately £557,000 (2021 – £218,000) have been made during the year both as direct donations from the income of the charity and from disbursement of contributions by the faithful to the FMU and St Antony's Bread. As usual, the Franciscan Missionary Union made contributions to missionary areas, especially in India and South Africa, for both general support and specific projects amounting to approximately £262,000 during the year (2021 – £75,000). In addition, the charity makes a regular annual donation to about a dozen charities that provide services allied to the Franciscan ethos e.g. Shelter, NSPCC and CAFOD totalling circa £243,000 (2021 - £105,000). More details are given in note 4 to the accounts.

Investment policy

The charity has a portfolio of investments with a market value as at 31 December 2022 of £16,133,911 (2021 - £19,432,468).

The charity has set up a Sick and Retired Reserve to provide assistance to communities with elderly and infirm friars. This reserve is represented by a large part of the charity's portfolio of stocks and shares, managed under the guidance of a fund manager. The fund managers have been asked by the trustees to keep a prudent balance between gilts and equities and to ensure the risk is spread by investing in a wide range of industrial shares of the larger companies. The twin aims are to raise some income to support the present elderly friars and to achieve a capital appreciation so as to build up the fund for future years.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Investment policy (continued)

The trustees have also instructed the fund managers to refrain from buying shares in companies associated with armaments, tobacco and contraceptives, as well as any pursuing activities at variance with the charity's objectives. It has also recently disposed of its holdings in fossil fuel shares and invested in renewable energy instead, following the lead given by Pope Francis.

Review of the year

Pastoral work

All the formation, training and education of friars in initial formation now takes place outside the Custody of Great Britain. The Postulancy is currently located in Galway, Ireland, the Novitiate year is based in Killarney, Ireland, and the study of Philosophy and Theology takes place in Rome, Italy. Friars from the Custody in initial formation will have summer placements in the Custody so as to maintain links with the Custody.

Throughout the year there were no friars in initial formation.

Antony Jukes, in his capacity as Novice Director, and Donal Walsh, in his capacity as Director of Vocations, have attended meetings of the Interprovincial Secretariat for Formation and Studies (ISFS). These meetings are also attended by all friars of the Irish Province involved in formation ministry. With the lifting of Covid-19 restrictions, these meetings are now taking place in person.

In August 2022, three men began their novitiate year at the Interprovincial Novitiate in Killarney. One is from the Irish Province, one from the Lithuanian Province and one from the Canadian Province

Overseas missions

The Franciscan Missionary Union was established many years ago to help the Missionary endeavours of the Order of the Friars Minor. In the 1930's and 1940's, the English Province established Missionary Dioceses in India and South Africa. The work done in both countries was considerable and is now in the care of indigenous Franciscan Friars.

The Franciscan Missionary Union has, therefore, opened out towards other Missionary endeavours in various parts of the world. While still keeping in contact with our older Missionary work in India and South Africa we have branched out considerably to help the poor and marginalised in both East and West Africa as well as Sri Lanka and Madagascar. We also try to respond to any emergency situations where and when they occur in conjunction with Missio Scotland, SCIAF and Mary's Meals.

We endeavour to obtain good estimates and reports for any proposed projects. These grants are made to particular Franciscan Provinces and are administered by fellow Franciscans. The source of these monies comes from the wonderful generosity of friends of the missions who continue to support the work done by the FMU.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Review of the year (continued)

Promotion of vocation

During 2022, there was more opportunity to meet Enquirers for the Franciscan Order wishing to know more and to discover whether this way of life was suitable for them before any further decisions could be made either way. Covid 19 restrictions and the Pandemic had affected this direct contact having to depend on Zoom calls. Now as 2022 developed, there was more direct contact, although this Zoom communication still continued due to practicality and distance. Promoting vocations and time required for travelling in the UK is part of the job of a vocation minister meeting Enquirers and attending vocation meetings, occasional international gatherings and youth events outside of UK/Ireland.

During 2022, some 44 enquiries were received about the Franciscan way of life, all of whom received a reply and acknowledgement, and 5 of whom we have been in regular communication over several months during 2022. There were two meetings with other Franciscans and Vocation Promoters of a business-like manner and of a training nature with some guest speakers. Meeting other vocation ministers has been and still is an important support and benefit to us, and is a way to meet, listen and learn new approaches in animating and promoting vocational service. Lastly, in 2022, on three occasions Donal Walsh gave 2 talks for Schools and 1 for a university chaplaincy using Zoom twice and once by a visit. These talks and discussions were on the Franciscan life, mostly to 5th year Senior School students from several classes along with their teachers and took part in a Zoom seminar for young adults on the subject considering their future lives and gifts.

O.F.S. Spiritual Assistance

The major change that took place in the latter part of 2022 was that the number of National Spiritual Assistants returned from 2 to being 3 Assistants and we began to discuss how we would work and co-operate as a team for the whole of the UK. The focus of our service is to assist, guide and support the members of the Order of Secular Franciscans (OFS), females and males, who live in their homes, often scattered, who usually meet as a group monthly for prayer, discussion and solidarity, living Franciscan ideals as brothers and sisters.

During 2022, the OFS slowly and with some hesitation began coming together for Fraternity meetings as well as via Zoom. Due to the fact that some members are elderly, fragile, and sick, I would suggest that such physical gatherings were less than 50%. The role of Spiritual Assistant is to attend fraternity meetings and special gatherings especially covering 3/4 out of 9 regions of the UK which comprise about 60 local fraternities. Needless to say, due to distance and areas covered by the three Assistants, it is a mammoth task to visit all local groups over a year so we mostly concentrate on regional fraternal meetings and special events for Local Fraternities such as professions, elections and retreat days.

Again, during 2022 virtual Zoom meetings of the regions and of the National Council considering its life, structures, decisions and plans for the OFS in Britain took place on a monthly basis lasting some 2 hours which we mostly attended. Although some dealt with business, other meetings were on sharing and dialogue between members as a source of support and encouragement for all.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Review of the year (continued)

Vigilance with regard to the care of children and vulnerable persons and relevant training

Last year the Catholic Church appointed two new agencies whose purpose is to recast totally the Church's practice in regard to safeguarding the vulnerable. At each of our trustees' meetings we have reviewed our progress in receiving the training so far provided – much of it taking part in webinars – and adapting our practice accordingly. With the Religious Life Standards Service we have continued our ongoing support for a number of survivors of past abuse.

Both of the Church's agencies are active in setting up systems of audit at all levels and in all the entities the Church comprises. We await the promised help to begin our own now required self-audit of the practice of friars and of the areas in which they engage.

Guardians' Report 2022

Glasgow

During 2022 there were three friars in the community. Gradually, as life came back to more normal ways after the Covid Pandemic, this was also the case for the Church and parish community and life. However, numbers were much smaller once churches were opened and people still had a sense of anxiety being together liturgically and socially. Thus, like other areas of life, fewer people were seen out and about including in our own church. We hope that as appears, numbers will increase for Sunday and weekday Masses, ethnic chaplaincy groups from Sri Lanka, Vietnam, the local school community, other church and self help groups, and occasional Diocesan meetings. All friars and helpers directly involved with safeguarding activity, have PVG Certification. We no longer host the Bridging the Gap group after some 25 years being here.

Clevedon

There are three Friars in Clevedon.

Sunday Masses are celebrated in the Parish Church in Clevedon and in the nearby village of Yatton. The parish hall, attached to the church at Clevedon, is well used by the parish and other local groups, such as the Secular Franciscans, the Rotary Club, a mother and toddler group, and a number of exercise, art and language classes.

The Friars continue to minister to people in local residential and nursing homes. One of them acts as Chaplain to the parish school, which is situated in Nailsea.

Stratford

There are four Friars at Stratford. They minister to a large congregation of various nationalities and ethnic backgrounds in the London Borough of Newham. There are families from different countries of Africa and Asia, as well as from Ireland and continental Europe. The Parish Priest acts as Chaplain to the Parish Primary School (St Francis).

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Guardians' Report 2022 (continued)

Stratford (continued)

Volunteers from the parish use the friary kitchen on weekdays to make up sandwiches and hot drinks for homeless people (and others) who call at the friary door. Demand for this has dropped considerably since the lockdown.

In the first three months of 2023 volunteers worked with a local charity to provide a bed for the night once every two weeks in our parish hall for up to 15 homeless people. They also provided a hot meal. They were working in conjunction with a local charity that used various church halls for this purpose.

Woodford

The community is comprised of eight Friars the majority of whom are either ailing or elderly. With the lifting of Covid restrictions people have returned to Sunday worship but not in such numbers as previously. Income is down. Daily services are provided in the parish church and local convent chapel as well as the weekday Mass in the Catholic High School chapel. The Friars are chaplains to the two Catholic schools in the parish. Local nursing homes are also visited by the Friars or appointed parishioners. As well as providing space for parish activities the church Becket Centre is hired out to local groups - Jiu Jitsu, Tai Chi, Pilates, Irish Dancing, Guides, Yoga, Spanish Classes, Under 5's, Bridge Club and AA Twelve Step meetings. The parish SVP (Society of St Vincent de Paul) continues to provide financial and material help to the poor and needy in the area with donations provided by the Sunday congregation. Several rooms in the front wing of our Friary provide free accommodation to two Ukrainian families escaping the war in Ukraine.

Cordate Community/OFM Birmingham

Mission Statement in Birmingham

We members and associates of the Franciscans (OFM - Order of Friars Minor) seek to help contribute and work towards a more inclusive, socially cohesive, just, and peaceful community/society, which celebrates our unity in rich diversity.

We want to be a friendly presence in a diverse ethnic, faith and secular community.

We aim to focus on helping to support marginalised groups of people in Birmingham city, including but not limited to homeless, refugee and asylum seeking, LGBT+.

We seek to do this in a variety of ways, which include:

- ◆ Establishing networks and partnerships with the wider community, grass roots community organisations and charities.
- ◆ Developing informal and referral pathways with partnership agencies.

We wish to nurture and develop positive ecumenical and interfaith links, understanding, relationships and dialogue, on individual and group levels.

ACTIVITIES, OBJECTIVES AND SPECIFIC POLICIES (continued)

Cordate Community/OFM Birmingham (continued)

The following is a report from one of the Friars in Birmingham:

OFM Birmingham

I continued living in temporary accommodation hosted by the local Aston United Reformed minister (from June 2021) until October 2022 when my OFM Custody was able to purchase a house for friars as a home-base to support our work in Birmingham. The house is conveniently located close to the city centre.

An Italian friar is expected to join in early 2023. He has worked for 16 years in 4 east African countries, 11 years in Brussels and is a qualified psychotherapist.

The following are a few examples of the voluntary work in social projects within the city:

- ◆ *St. Chad's Sanctuary* - drop-in centre/charity for refugee and asylum-seeking people;
- ◆ *Hope Projects* (a charity for refugee people) - supporting refugee men in a home in Ivor Road, Sparkhill while they seek leave to remain in the UK from the Home Office;
- ◆ *Street Banquet* - a monthly meal for homeless people based in The Church at Carrs Lane (ecumenical venture);
- ◆ *Birmingham Christmas Shelter* – a charity providing meals, accommodation and entertainment for homeless people.

Other work within Birmingham included:

- ◆ Occasional small donations/food gifts given to charities and individuals - refugee, homeless, LGBT+, people working in prostitution;
- ◆ Being a member of lay-led reform movements seeking equality/justice in Catholic Church, especially for women and LGBT+ people e.g. *Root & Branch*, *Quest*;
- ◆ Visiting and attending services, celebrations at other Christian Churches (e.g. United Reformed, Methodist, Inclusive Gathering Birmingham, Evangelical; and spiritual direction/accompaniment to two people including a counsellor at a centre supporting women working in prostitution.

FUTURE PLANS

The communities are settled and functioning well. However, while that is true, we are very aware that we rely on the good health of a few friars who are key to managing our life together. These friars are wearing two or more hats, are aging and therefore this is a worry. At the moment we are managing but we are exploring ways of becoming less vulnerable including the closure of another friary. The 2022 chapter took place from 25 to 29 July. The 2022 chapter resolved that the Custodial Council begin a dialogue with the Irish Province, to explore a closer collaboration between the two Provinces with a view to possible integration at a future date.

FINANCIAL REVIEW

Investment performance

The portfolio comprises 83% equities, 3% gilts, 5% unit trusts and fixed interest funds and 9% property and alternatives. The overall value of the portfolio decreased by £3,298,557 from a market value of £19,432,468 at the end of 2021 to a value of £16,133,911 at the end of 2022.

Income and expenditure

A summary of the year's results can be found on page 21 of this annual report and accounts. Total income amounted to £1,173,495 compared to £1,319,474 in 2021. Total expenditure during the year increased from £786,221 in 2021 to £1,181,269 in 2022 as a result of more grants and donations being made.

Net expenditure for the year before gains on investments, therefore, amounted to £7,774 (2021 – net income of £533,253). Net losses on investments of £3,215,630 (2021 – net gains of £2,029,834) resulted in a net decrease in funds for the year of £3,223,404 compared to a net increase of £2,563,087 in 2021.

Financial position and reserves policy

The balance sheet shows total funds of £20,790,198 (2021 – £24,013,602). Of this, £447,035 (2021 – £563,411) is restricted for specific purposes. £412,428 (2021 – £520,016) is restricted in respect of the Franciscan Missionary Union, which receives money specifically for the Order's missions abroad. The remainder of the restricted funds represent a number of individually small funds made up of donations for specific purposes.

The charity has unrestricted funds of £20,343,163 (2021 – £23,450,291). Of this £3,213,264 (2021 – £2,867,142) represents tangible fixed assets. About 12 per cent of the total resources owned by the charity comprise tangible fixed assets. The Franciscan Custody in this country can only carry out the aims set out in the first part of this report if it has the use of such assets. Not only are the assets an essential prerequisite for the work of the Custody, but much of the property is not at the complete disposal of the Custody; if the trustees were to vacate any of this property they would regard themselves as obliged to offer it to the Bishop or some other religious order that was prepared to carry on the same work. In these circumstances, therefore, it seems advisable to recognise the resource as a separate fund rather than as an available resource.

The charity has six designated funds.

The first of these is the Sick and Retired Reserve. The average age of the friars in the Custody is steadily increasing and the elderly and infirm friars now outnumber those who have to provide the supporting income. Given the small number of vocations in recent years, there may not be sufficient support available within the Custody unless some of the present resources are set aside for the future. A Sick and Retired Reserve has been set up to provide for the current members of the Order.

The second designated fund is the Maintenance Fund standing at £1,500,000 at the end of the year. The last quinquennial review, carried out at the end of 2015, on one of the charity's major properties indicated that this fund may need to be enlarged over the next ten years. A further quinquennial review is due to take place in the near future.

FINANCIAL REVIEW (continued)

Financial position and reserves policy (continued)

As mentioned above, the Custody is faced with a reducing number of friars in the coming years. That will of necessity give rise to decisions on changes to present activities and new ventures necessitating additional capital expenditure. Therefore, it is deemed prudent to set aside through a designated Mission and Development Fund a reserve which the trustees can utilise as and when needed for new initiatives in furthering the mission of the OFM.

The fourth designated fund is the Formation Fund which comprises monies set aside towards funding the formation and education of friars.

The fifth, is the relief of poverty fund which represents monies set aside by the trustees with the intention of helping those most in need. The trustees are looking at the possibility of collaborating with charities and housing associations that support refugees, homeless people or victims of domestic violence. One possibility being explored is for the charity to purchase one or more properties which might then be leased to these organisations at a peppercorn rent.

The sixth designated fund was the Birmingham property fund which comprised £500,000 which had been set aside and was used for the purchase of a property in 2022.

The amount of free reserves available after deducting the above designated funds and tangible fixed assets is £3,629,899 (2021 - £6,583,049). The policy of the trustees towards the General Reserve is to hold an amount roughly equivalent to one and a half year's unrestricted expenditure. The actual amount of free reserves held at 31 December 2022 clearly exceeded the amount demanded by the policy. However, the trustees are aware of the uncertainties created by the current macroeconomic and geopolitical climate and the need, therefore, to be cautious. In addition, the charity has recently embarked on a programme of quinquennial reviews of the charity's properties and it is expected that the results will show that significant investment will be needed in the properties over the next decade. Once the results of the reviews are known, it is the intention to increase the value of the Maintenance Fund thereby reducing free reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

Until 11 November 2014, according to the Statutes of the Order, the friars in Great Britain constituted a Province, i.e., an entity with more than forty professed friars. As such, the Province was administered by a governing body, known as the Definitory, consisting of the Minister Provincial, a Vicar-Provincial, and five other friars, elected by all the brethren at the triennial Chapter. The members of the Definitory were also trustees of the charity.

Because of the decreasing numbers and ageing of the friars, the Province became, as of the Chapter held in November 2014, a Dependent Custody of the Province of Ireland. In effect, for Canon law purposes, the friars in Great Britain became a semi-autonomous entity, led by the Custos and a Council of three friars. They were appointed by the Minister General of the Order, but after three years there was an election of the Custos and Council and thereafter there will be an election every three years. Major appointments and decisions regarding the friars and houses of the Custody need to be ratified by the Provincial of Ireland and his Definitory. The trustees, however, continue to administer the charity and they are solely responsible for the financial management of the Custody.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

The Council assigns friars to the various friaries and parishes served by the Franciscans and appoints officers needed for the administration of the Custody. Each friary has a Guardian and Vicar, appointed by the Council, who have responsibility for the friars in their community. The running of each friary is discussed regularly by the whole community.

As all trustees are members of the Order they have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees are required to spend one full day with those trustees leaving office. They also meet with the Order's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts and brief biographical details on each of the trustees who served during the year are given below:

Reverend Michael Copps OFM

Father Michael Copps has been a member of the Order since 1965. After initial formation he was involved in pastoral work in parishes and the education of new members as Novice Director. From 1981 to 1990 he was elected Guardian of the community at Chilworth and held the post of Novice Director for the same period. From 1990 to 1999 he was a parish priest in Nottingham and was Guardian of the community from 1994 to 1997. In 1999 he became parish priest in Forest Gate, East London and in 2002 in Stratford and Guardian of the community. In 2005 he was elected Minister Provincial of the Province of Friars Minor in this country and served in that capacity until 2014. He has also served on the Finance Committee of the Province. After a period as parish priest and Guardian at Stratford he was elected as Custos in 2018. He gave up the role of Guardian in Woodford Green in 2022.

Reverend Patrick Lonsdale OFM

Father Patrick Lonsdale entered the Order in 1965. He gained a BA at the University of Kent in Canterbury. Since Ordination in 1974 he has worked in various friaries and parishes of the Custody, and has been Guardian at Craigmillar, Woodford, Forest Gate, Glasgow, Chilworth and Nottingham. He was also Parish Priest at Craigmillar, Glasgow and Chilworth. He was a Trustee and Definitor from 1996 to 2005. He served as Custos and Trustee from 2014 to 2018, and is currently a Councillor and Trustee. From 1990 to 1996 he was National Assistant to the Secular Franciscan Order. From 1996 to 2002 he was a member of a hermitage community at Penmaenmawr, which was a joint project with the Capuchins. Over the years Patrick has also served as Secretary of the Province, Secretary of Formation, and as Animator of Vocations. He is currently Guardian of the community at Stratford and is Religious Assistant to the Federation of Poor Clares in Great Britain.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Reverend Antony Jukes OFM

Father Antony Jukes joined the Order of Friars Minor in 2002, having previously worked and completed his training as an accredited Chartered Accountant. As part of his formation as a Franciscan Friar, Antony completed a BA and an MA degree in Theology at the Franciscan International Study Centre in Canterbury. After ordination as a priest, he served in our Franciscan parish in the Gorbals area of Glasgow for two years and then worked for two years in youth ministry at the Cold Ash Centre before returning to Canterbury to help with the formation of friars and to teach in what was the Franciscan International Study Centre. With the closure of the Study Centre in June 2017, Antony moved to the friary in Killarney, Ireland, where he is now the Novice Director in the new Interprovincial Noviciate.

Reverend Edmund Highton OFM

Father Edmund Highton has been a member of the Order since 1966. He had commercial experience of economics, commercial law and the finance of foreign trade through the "Institute of Export" prior to joining the Order. He spent many years as a missionary in South Africa, where he was a member of the Bishop's Council for about ten years with duties including the distribution of educational bursaries for secondary and tertiary education. He was a Parish Priest, caring for financial and pastoral concerns, from 1975 onwards. Now back in Britain, his present duties include the care of the Franciscan Missionary Union and being Parish Priest of Blessed John Duns Scotus in Glasgow.

Reverend George Smulski OFM

Father George Smulski OFM joined the Franciscan Order in 1979 after working for two years as an NHS Podiatrist in Carlisle. Initial formation was in Chilworth, Surrey, followed by theological studies at the Franciscan Study Centre, Canterbury and a BA degree at the University of Kent. After ordination in 1986 he served in parishes in Ipswich, Forest Gate, Stratford and Clevedon. From 1995-1998 he also undertook part-time work as an NHS Podiatrist in London, and from 2005-2011 was Postulant Director in Chilworth and Killarney, Ireland. He was Guardian of the Glasgow community from 2018-2022 and is presently Guardian of Woodford community. He has also been a governor in Catholic primary schools in Clevedon and Stratford. He is the Custody website administrator and since 2022 he serves on the Custody Council and as a trustee of the charity.

Structure and management

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet monthly to review developments with regard to the charity and its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Order or senior staff. Financial decisions are overseen by the trustees. Mandates with the principal bankers are in place, to the effect that any cheque or online payment above £5,000 must have two authorisations, including one by a trustee. Online banking has been introduced at Custody level enabling daily monitoring of bank balances and other financial controls.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Structure and management (continued)

The Custody comprises 22 friars (as at 31 December 2022) who lived as part of five communities during the year. Three of these community houses are situated in the South of England (Clevedon, Somerset; Stratford in East London and Woodford Green, Essex), the fourth is in Birmingham, whilst the fifth community house is in Glasgow, Scotland. The five houses that remain open continue to exercise parochial responsibilities in collaboration with the bishops of the dioceses concerned.

As stated above, each community has a local guardian appointed by the Council. The local guardian is responsible for both the needs and the care of the friars in his community and he liaises regularly with the trustees. All local superiors meet together occasionally with the trustees to discuss developments and future plans and strategy.

Key management personnel

The strategic direction and the day-to-day management of the work of the charity is in the hands of the trustees and the Guardians at each friary. They are all members of the Order of Friars Minor and receive no remuneration for this work. All these friars have had many years' experience in the Order and are well aware of their responsibilities without the need for specific performance indicators.

Working with other organisations

The friars in the parishes served by the Custody work very closely with the bishops administering the dioceses within which the parishes are situated. That will include membership of the local deanery and helping out in neighbouring parishes where possible. In addition, most communities have a primary school in the parish and there is close connection with these schools as well as secondary schools serving the parishes of the friars. The friars are also engaged in working with statutory bodies, other Christian Churches, other faith communities, and other voluntary groups.

Trustees' responsibilities statement

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

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

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgments and estimates that are reasonable and prudent;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Key management personnel

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's 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.

Risk management

The trustees undertake an annual review of the principal risks and uncertainties that the charity faces categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review. They also ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

The trustees have identified five main areas where risks may occur: governance and management; operational; financial; reputational; and regulatory.

- ♦ **Governance and management** looks at the risk of the Order, and hence the charity, suffering from a lack of direction, at the skills and training of its members and staff, and the good use of its resources.
- ♦ **Operational** looks at the risks inherent in the charity's activities including the members of the Order engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, poor health and safety, lack of a disaster recovery plan, etc.
- ♦ **Financial** risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies, etc.
- ♦ **Reputational** looks at possible damage to the Order's, and hence the charity's, reputation.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ **Regulatory** looks at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks. They also work in close collaboration with their insurers so as to maintain adequate coverage of the risks.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- ◆ The trustees are aware that there is both a moral and legal obligation to care for the older members of the Order. None of the friars have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the friars. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been loosely based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual friars encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.
- ◆ The charity donates significant sums in support of the work of the Order and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Order whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and are familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs, both now and in the future. Since the end of the financial year, there has been some volatility on world stock markets in response to the Covid-19 pandemic. The trustees, along with their investment managers, will continue to monitor the impact of the pandemic and other factors on stock markets but the charity is a long term investor and the trustees take a long term view.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Fundraising statement

The charity does not carry out any direct fundraising with the public. It does not use the services of any third party organisation to help in its fundraising activities and no complaints were received about its fundraising activities during the financial year. However, if a complaint was to be received, it would be handled by a trustee.

MEMBERS OF THE ORDER

The trustees wish to record their recognition of the professionalism and commitment of the individual members of the Order.

Their dedication and positive approach are much appreciated.

Signed on behalf of the trustees:

Michael Copps

Trustee

Approved by the trustees on: 21/09/2023

Independent auditor's report to the members of The Order of Friars Minor Charitable Trust

Opinion

We have audited the accounts of The Order of Friars Minor Charitable Trust (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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

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.

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

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and trustees and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the charity. These included but were not limited to the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and review of minutes of trustees' meetings.

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

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

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

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

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

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

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

As a result of our procedures we did not identify any key audit matters relating to irregularities.

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 September 2023

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

Statement of financial activities Year to 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from:							
Donations and legacies	1	266,541	269,984	536,525	333,316	324,743	658,059
Investments and bank interest	2	595,142	—	595,142	637,687	—	637,687
Charitable activities							
. Church repository sales		6,762	—	6,762	5,777	—	5,777
Other sources	3	28,256	6,810	35,066	9,507	8,444	17,951
Total income		896,701	276,794	1,173,495	986,287	333,187	1,319,474
Expenditure on:							
Raising funds							
. Investment management fees		84,106	—	84,106	87,133	—	87,133
Charitable activities							
. Grants and donations in support of the work of the Order and other charities	4	269,064	287,679	556,743	134,706	83,504	218,210
. Support of members of the Order and their ministry	5	518,620	15,491	534,111	444,936	31,486	476,422
. Supplies for church repositories		6,309	—	6,309	4,456	—	4,456
Total expenditure		878,099	303,170	1,181,269	671,231	114,990	786,221
Net (expenditure) income before (losses) gains on investments and transfers	7	18,602	(26,376)	(7,774)	315,056	218,197	533,253
Net investment (losses) gains		(3,215,630)	—	(3,215,630)	2,029,834	—	2,029,834
Net (expenditure) income before transfers		(3,197,028)	(26,376)	(3,223,404)	2,344,890	218,197	2,563,087
Transfers between funds	15	90,000	(90,000)	—	200,000	(200,000)	—
Net (expenditure) income and net movement in funds for the year		(3,107,028)	(116,376)	(3,223,404)	2,544,890	18,197	2,563,087
Reconciliation of funds:							
Total funds brought forward at 1 January 2022		23,450,191	563,411	24,013,602	20,905,301	545,214	21,450,515
Total funds carried forward at 31 December 2022		20,343,163	447,035	20,790,198	23,450,191	563,411	24,013,602

All of the charity's activities were derived from continuing operations during the above two financial periods.

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

Balance sheet 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible fixed assets	11		3,213,264		2,867,142
Investments	12		16,133,911		19,432,468
			19,347,175		22,299,610
Current assets					
Debtors					
. Amounts falling due after one year	13	155,468		194,800	
. Amounts falling due within one year	13	56,056		56,300	
Cash at bank and in hand		1,311,355		1,584,187	
		1,522,879		1,835,287	
Creditors: amounts falling due within one year	14	(79,856)		(121,295)	
Net current assets			1,443,023		1,713,992
Total net assets			20,790,198		24,013,602
The funds of the charity					
Restricted funds	15		447,035		563,411
Unrestricted funds					
. Designated funds	16	13,500,000		14,000,000	
. Tangible fixed assets fund	17	3,213,264		2,867,142	
. General fund		3,629,899		6,583,049	
			20,343,163		23,450,191
			20,790,198		24,013,602

Approved by and signed
on behalf of the trustees by:

Michael Copps

Trustee

Approved by the trustees on: 21/09/2023

Statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(350,040)	68,362
Cash flows from investing activities:			
Investment income and bank interest received		562,205	633,911
Purchase of tangible fixed assets		(567,924)	(693,148)
Proceeds from the disposal of investments		1,643,220	1,720,715
Purchase of investments		(1,722,193)	(2,379,302)
Net cash used in investing activities		(84,692)	(717,824)
Change in cash and cash equivalents in the year		(434,732)	(649,462)
Cash and cash equivalents at 1 January 2022		1,763,565	2,413,027
Cash and cash equivalents at 31 December 2022	B	1,328,833	1,763,565

Notes to the statement of cash flows for the year to 31 December 2022.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(3,258,404)	2,563,087
Adjustments for:		
Depreciation charge	135,261	125,921
Losses (gains) on investments	3,215,630	(2,029,834)
Investment income and bank interest receivable	(560,142)	(637,687)
Decrease in debtors	37,513	68,577
Increase (decrease) in creditors	80,102	(21,702)
Net cash (used in) provided by operating activities	(350,040)	68,362

B Analysis of changes in cash and cash equivalents i.e. net debt

	2021 £	Cash flows £	2022 £
Cash at bank and in hand	1,584,187	(272,832)	1,311,355
Cash held by investment managers	179,378	(161,900)	17,478
Total cash and cash equivalents	1,763,565	(434,732)	1,328,833

Principal accounting policies 31 December 2022

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

Basis of accounting

The accounts have been prepared for the year to 31 December 2022 with comparative information given in respect to the year to 31 December 2021.

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

The accounts have been prepared in accordance with the principles set out in 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 (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ determining the discount rate to be applied when calculating the present value of amounts receivable after one year;
- ◆ estimating the amounts to be set aside as designated reserves; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

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

The trustees, along with their investment managers, will continue to monitor the impact of the aftermath of the Covid-19 pandemic and the impact on stock markets of the current macroeconomic and geopolitical climate but the charity is a long term investor and the trustees take a long term view.

Assessment of going concern (continued)

Therefore, the trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above.

With regard to the next accounting period, the year ending 31 December 2023, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets – both of which may be impacted by Covid-19 and other factors outside of the charity's control.

Income recognition

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

Income comprises donations, legacies, investment income, interest receivable, church repository sales, the surplus on disposal of assets and other income.

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

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

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

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

Principal accounting policies 31 December 2022

Income recognition (continued)

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Income from repository sales is recognised when the risks and rewards of ownership have transferred to the buyer.

All other income is measured at fair value and accounted for on an accruals basis.

Expenditure recognition and the basis of allocating costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and governance support costs.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. These costs are allocated directly to support of members of the Order and their ministry. All other costs are directly allocated to the headings in the statement of financial activities and there is no apportionment. The classifications in the statement of financial activities are as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the charity's investment portfolio.
- b. The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report and include:
 - ◆ Grants and donations in support of the work of the Order and other charities
This is made up entirely of grants, including grants to support the Order's generalate and grants in support of the Order's work both in the UK and overseas. Charitable grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants approved but unpaid at the period end.
 - ◆ Support of members of the Order and their ministry
This enables the members to carry out the charitable work of the Order in the areas of the advancement of the Roman Catholic religion and the relief of poverty.
 - ◆ Supplies for church repositories
This is expenditure on repository items, such as books, which are purchased for resale.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

◆ Freehold land and buildings

◇ Parishes

The trustees are the legal owners of churches and other parish land and buildings. In the event of the Order ceasing its ministry in a parish, the trustees would consider themselves obliged to allow such assets to continue to be used indefinitely and rent free to meet the needs of the parish for a church and related accommodation. As such assets are not therefore susceptible to a meaningful valuation and there is no reliable information as to their cost, they are not valued for the purposes of these accounts.

The buildings consist of churches, presbyteries and parish halls and were constructed up to 100 years ago, with additions and improvements since. They are situated in Clevedon (Somerset), Yatton (Somerset), Stratford (London) and Woodford Green (Essex).

◇ School occupied land and buildings

The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the Trustees of Nottingham Academy are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

◇ Other land and buildings

Where these have been owned at least from 1983, they are stated at a trustees' valuation made in 1993 based on replacement cost for existing use. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost. Additions to other land and buildings since 1983 are stated at cost. Depreciation is provided at 2% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the Order.

◆ Freehold improvements

Depreciation is provided at the rate of 5% per annum on cost in order to write each asset off over its expected useful life. A full year of depreciation is charged in the year of acquisition.

◆ Motor vehicles

Depreciation is provided at the rate of 20% per annum on cost in order to write each asset off over its expected useful life.

◆ Furniture and equipment

Expenditure on the purchase and replacement of furniture and equipment is capitalised and depreciated over a five year period, based on the estimated useful life of the asset, on a straight line basis.

Fixed asset investments

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

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

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

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

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

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

Funds structure

The funds of the charity are in the main unrestricted and available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds of the charity are funds representing non-liquid assets and funds which the trustees have designated for specific purposes. Details of these are provided in notes 16 and 17.

Details of funds raised for a specific purpose or subject to donor-imposed conditions, and therefore restricted, are given in note 15.

Services provided by members of the Order

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

Principal accounting policies 31 December 2022

Foreign currencies

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

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Income from: Donations and legacies

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Donations						
. Pastoral offerings	118,191	—	118,191	94,594	—	94,594
. General donations	112,546	179,484	292,030	146,591	324,243	470,834
	230,737	179,484	410,221	241,185	324,243	565,428
Legacies	32,300	500	32,800	2,000	500	2,500
Salaries and pensions of individual religious received under deed of covenant and Gift Aid	93,504	—	93,504	90,131	—	90,131
	356,541	179,984	536,525	333,316	324,743	658,059

2 Income from: Investments and bank interest

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from listed investments	601,810	—	601,810	636,278	—	636,278
Other interest receivable	541	—	541	(5,149)	—	(5,149)
Unwinding of debtor held at present value (note 13)	(7,209)	—	(7,209)	6,558	—	6,558
	595,142	—	595,142	637,687	—	637,687

3 Income from: Other sources

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Sundry income	28,256	6,810	35,066	9,507	8,444	17,951

4 Expenditure on: Grants and donations in support of the work of the Order and other charities

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Grants to institutions</i>						
Support of the Order's Generalate	25,991	—	25,991	10,775	—	10,775
For the relief of poverty and advancement of education and religion generally						
. Foreign Missions of the Order of Friars Minor	—	261,528	261,528	—	74,766	74,766
. Miscellaneous grants to institutions	243,073	—	243,073	105,000	—	105,000
Other donations	—	26,151	26,151	18,931	8,738	27,669
	269,064	287,679	556,743	134,706	83,504	218,210

5 Expenditure on: Support of members of the Order and their ministry

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Living and personal expenses of friars	141,081	2,107	143,188	138,874	3,421	142,295
Premises	67,803	720	68,523	55,994	945	56,939
Depreciation of freehold property	129,853	—	129,853	120,176	—	120,176
Grants to former members	44,912	—	44,912	45,473	—	45,473
Friars' formation	8,995	5,580	14,575	8,440	9,140	17,580
Governance costs (note 6)	51,288	—	51,288	32,503	—	32,503
Other costs	74,688	7,084	81,772	43,476	17,980	61,456
	518,620	15,491	534,111	444,936	31,486	476,422

6 Governance costs

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Legal and professional	47,939	—	47,939	32,503	—	32,503
Meeting costs	3,349	—	3,349	—	—	—
	51,288	—	51,288	32,503	—	32,503

7 Net (expenditure) income before (losses) gains on investments and transfers

This is stated after charging:

	Unrestricted funds	
	2022 Total funds £	2021 Total funds £
Auditor's remuneration (including VAT)		
. Statutory audit services	31,640	23,340
. Other services	—	3,000
Depreciation	135,261	125,921
Operating lease rentals	—	1,390

8 Staff costs and remuneration of key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the trustees and the Guardians at each friary. They received no remuneration in the year (2021 - none).

There are no staff costs as the charity does not employ staff (2021 – none).

9 Trustees expenses and transactions with trustees

As members of the Order, the trustees' living expenses during the year were borne by the charity.

As members of the Order, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under gift aid. During the year the amount donated by the trustees to the charity was £19,511 (2021 - 20,368).

9 Trustees expenses and transactions with trustees (continued)

The trustees have purchased insurance to protect the charity from any loss arising from negligent acts, errors or omissions on the part of the trustees and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £894 (2021 - £622) and provides cover of up to a maximum of £500,000 (2021 - £1,000,000).

10 Taxation

The Order of Friars Minor Charitable Trust is a registered charity and, therefore, is not liable to taxation on income and gains derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets

	Freehold land and buildings £	Improvements to freehold buildings £	Motor vehicles £	Furniture and equipment £	2022 Total £
Cost or valuation					
At 1 January 2022	3,287,052	1,088,702	66,919	7,907	4,450,580
Additions	479,743	1,640	—	—	481,383
At 31 December 2022	<u>3,766,795</u>	<u>1,090,342</u>	<u>66,919</u>	<u>7,907</u>	4,931,963
At cost	766,488	1,090,342	66,919	7,907	1,931,656
At deemed cost (1983 valuation)	3,000,307	—	—	—	3,000,307
	<u>3,766,795</u>	<u>1,090,342</u>	<u>66,919</u>	<u>7,907</u>	4,931,963
Depreciation					
At 1 January 2022	1,432,296	94,216	50,263	6,663	1,583,438
Charge for the year	75,336	54,517	4,164	1,244	135,261
At 31 December 2022	<u>1,507,632</u>	<u>148,733</u>	<u>54,427</u>	<u>7,907</u>	1,718,699
Net book values					
At 31 December 2022	<u>2,259,163</u>	<u>941,609</u>	<u>12,492</u>	<u>—</u>	3,213,264
At 31 December 2021	<u>1,854,756</u>	<u>994,486</u>	<u>16,656</u>	<u>1,244</u>	2,867,142

As permitted under Financial Reporting Standard 102 (FRS 102), the charity has continued to adopt a policy of not revaluing its tangible fixed assets.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of some properties, i.e. the churches and other parish buildings, and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the accounts.

The historical cost of the freehold land and buildings included above at a 1983 valuation cannot be ascertained with accuracy. Under the transitional rules of FRS 102 this valuation is now regarded as deemed cost.

Notes to the accounts 31 December 2022

12 Investments

	Total 2022 £	Total 2021 £
Listed investments		
Market value at 1 January 2022	19,253,090	16,564,669
Additions at cost	1,722,194	2,379,302
Disposals at opening book value (proceeds: £1,643,220, realised losses £208,982)	(1,852,202)	(1,623,088)
Unrealised (losses) gains	(3,006,648)	1,932,207
Market value at 31 December 2022	16,116,433	19,253,090
Cash held by investment managers for reinvestment	17,478	179,378
	16,133,911	19,432,468
 Cost of listed investments at 31 December 2022	 14,027,794	 13,951,554

Listed investments held at 31 December 2022 comprised the following:

	Total 2022 £	Total 2021 £
UK government securities	424,997	881,209
Unit trusts	632,585	270,396
UK fixed interest	186,720	1,151,605
Equities	13,359,196	14,439,995
Property and alternatives	1,512,935	2,509,885
	16,116,433	19,253,090

There were no individual holdings as at 31 December 2022 which were deemed material in comparison with the market value of the entire listed portfolio held at that date (2021 – none).

13 Debtors

	Total 2022 £	Total 2021 £
Prepayments and other sundry debtors	24,030	21,397
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due within one year	32,026	34,903
	56,056	56,300
Proceeds from disposal of freehold properties (see below)		
. Amounts falling due after one year	155,468	194,800
	211,524	251,100

In 2012, the charity disposed of a freehold property in Dundee, Scotland for agreed proceeds of £510,000. Under the agreed payment schedule, £315,000 was received prior to 31 December 2022. The balance will be received as follows: 2023 - £35,000 each year and £40,000 for each of the following four years. This sale agreement constitutes a financial arrangement as defined by FRS 102. Therefore, in order to comply with the Charities SORP FRS 102 and FRS 102 itself, the proceeds receivable from the disposal of the property have been discounted to their present value using an effective discount rate of 1.95%, the rate received by the charity on bank deposits. The notional interest is credited to the statement of financial activities as the discount is “unwound”.

14 Creditors: amounts falling due within one year

	Total 2022 £	Total 2021 £
Accruals	27,800	25,800
Deferred income	8,356	7,153
Improvements to freehold buildings	—	86,541
Expense and other creditors	43,700	1,801
	79,856	121,295

15 Restricted funds

The income funds of the charity include the following restricted funds, comprising the unexpended balances of donations received for specific purposes:

	At 1 January 2022 £	Income £	Expenditure and transfers £	At 31 December 2022 £
Franciscan Missionary Union	520,016	169,431	(277,019)	412,428
Stratford Building Project	11,920	—	—	11,920
Woodford Green Heating Project	—	90,000	(90,000)	—
Other restricted funds	31,475	17,363	(26,151)	22,687
	563,411	276,794	(393,170)	447,035

	At 1 January 2021 £	Income £	Expenditure and transfers £	At 31 December 2021 £
<i>Franciscan Missionary Union</i>	<i>505,396</i>	<i>120,872</i>	<i>(106,252)</i>	<i>520,016</i>
<i>Stratford Building Project</i>	<i>11,920</i>	<i>—</i>	<i>—</i>	<i>11,920</i>
<i>Woodford Green Heating Project</i>	<i>—</i>	<i>200,000</i>	<i>(200,000)</i>	<i>—</i>
<i>Other restricted funds</i>	<i>27,898</i>	<i>12,315</i>	<i>(8,738)</i>	<i>31,475</i>
	<i>545,214</i>	<i>333,187</i>	<i>(314,990)</i>	<i>563,411</i>

The Franciscan Missionary Union represents monies received specifically for the Order's missions abroad.

The Stratford Building Project represents monies received specifically to assist with the remodification of buildings of a parish administered on behalf of the local diocese by the friars in Stratford, London. The majority of the building work was undertaken in 2010.

The Woodford Green Heating Project represents monies received specifically towards the modernisation of the heating system at the Woodford Green site.

Other restricted funds represent a number of individually small funds made up of donations for specific purposes.

16 Designated funds

The unrestricted funds of the charity include the following funds designated for specific purposes.

	At 1 January 2022 £	Designated in year £	Utilised/ Released in year £	At 31 December 2022 £
Sick and retired reserve	8,000,000	5,679	(1,305,679)	6,700,000
Maintenance fund	1,500,000	—	—	1,500,000
Mission and development fund	1,000,000	—	1,300,000	2,300,000
Formation fund	1,000,000	—	—	1,000,000
Relief of poverty fund	2,000,000	—	—	2,000,000
Birmingham property fund	500,000	—	(500,000)	—
	14,000,000	5,679	(505,679)	13,500,000

	At 1 January 2021 £	Designated in year £	Utilised/ Released in year £	At 31 December 2021 £
<i>Sick and retired reserve</i>	8,000,000	6,442	(6,442)	8,000,000
<i>Maintenance fund</i>	1,500,000	—	—	1,500,000
<i>Mission and development fund</i>	1,000,000	—	—	1,000,000
<i>Formation fund</i>	1,000,000	—	—	1,000,000
<i>Relief of poverty fund</i>	—	2,000,000	—	2,000,000
<i>Birmingham property fund</i>	—	500,000	—	500,000
	11,500,000	2,506,442	(6,442)	14,000,000

◆ Sick and retired reserve

This consists of monies which the trustees have set aside in order to provide for older friars and those in ill health. The reserve has been calculated so as to provide income to communities with elderly or sick friars to care for.

◆ Maintenance fund

The maintenance fund represents monies set aside by the trustees for the upkeep and repair of the buildings of the Custody. A quinquennial review carried out towards the end of 2015 on one of the charity's major properties indicated that this fund will need to be expended over the next ten years in respect to that one property alone.

◆ Mission and development fund

The mission and development fund comprises monies set aside towards funding new initiatives in furtherance of the mission of the Order.

◆ Formation fund

The formation fund comprises monies set aside towards funding the formation and education of friars. The monies held in the formation fund are reviewed on a regular basis during the year by the trustees.

16 Designated funds (continued)

♦ Relief of poverty fund

The relief of poverty fund represents monies set aside by the trustees with the intention of helping those most in need. The trustees are looking at the possibility of collaborating with charities and housing associations that support refugees, homeless people or victims of domestic violence. One possibility being explored is for the charity to purchase one or more properties which might then be leased to these organisations at a peppercorn rent.

♦ Birmingham property fund

The Birmingham property fund comprised monies set aside for the purchase of a property in 2022.

17 Tangible fixed assets fund

	Total 2022 £	Total 2021 £
At 1 January 2022	2,867,142	2,213,374
Net movement in year	346,122	653,768
At 31 December 2022	3,213,264	2,867,142

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. This fund has been established to recognise the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

18 Analysis of net assets between funds

	General funds £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2022 £
Fund balances at 31 December 2022 are represented by:					
Tangible fixed assets	—	—	3,213,264	—	3,213,264
Investments	2,633,911	13,500,000	—	—	16,133,911
Net current assets	995,988	—	—	447,035	1,443,023
Total net assets	3,629,899	13,500,000	3,213,264	447,035	20,790,198
	General funds £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:					
Tangible fixed assets	—	—	2,867,142	—	2,867,142
Investments	5,432,468	14,000,000	—	—	19,432,468
Net current assets	1,150,581	—	—	563,411	1,713,992
Total net assets	6,583,049	14,000,000	2,867,142	563,411	24,013,602

Notes to the accounts 31 December 2022

18 Analysis of net assets between funds (continued)

The total unrealised gains at 31 December 2022 constitute movements on revaluation and are as follows:

	Total 2022 £	Total 2021 £
Unrealised gains included above:		
On investments	2,088,639	5,301,536
Total unrealised gains at 31 December 2022	2,088,639	5,301,536
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2022	5,301,536	3,767,042
In respect to disposals in the year	(206,249)	(398,117)
Net (losses) gains arising on revaluation in the year	(3,006,648)	1,932,207
Total unrealised gains at 31 December 2022	2,088,639	5,301,536

19 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Order of Friars Minor by virtue of the fact that the Superior of the Province has the power to appoint the trustees.

20 Connected charities

The Order of Friars Minor Charitable Trust is connected to one other charity by virtue of the fact that the trustees of the Order have the power to appoint trustees of the connected charity and the charities use the same principal address.

The connected charity is:

Name	Charity Reg No	Charitable objectives
Commissariat of the Holy Land	263616	The support of the work of the Custody of the Holy Land, the advancement of the Roman Catholic religion and the relief of poverty.

21 Related party transactions

Other than as disclosed in note 9, there were no further related party transactions (2021 - none).

22 Contingent liability

The OFM were notified in May 2023 of two personal injury claims, which are being brought against the OFM arising from incidents of non-recent child sexual abuse, which took place in Scotland in the early 1970's. The claims are being brought in Scotland, where the incidents of non-recent child sexual abuse took place.

The OFM are uninsured in respect of the two claims and so any damages/compensation and legal costs paid to the claimants and their solicitors in respect of the legal liabilities of the OFM will be paid from charitable funds.

To date the OFM have been provided with very limited detail in respect of the nature and extent of the level of damages/compensation sought on behalf of these two claimants.