

**The Province of  
Great Britain of the  
Institute of the Brothers  
of the Christian Schools  
Charitable Trust**

**Annual Report and Accounts**

Period from 1 September 2019 to  
31 December 2020

Charity Registration Number  
232632

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**Reference and administrative information** Period to 31 December 2020

<b>Trustees</b>	Brother Michael Curran Brother John Deeney Brother Bernard Hayward Brother Laurence Hughes Brother James Kilty Brother Nicholas Sellors  The trustees are incorporated under the Charities Act 2011.
<b>Provincial superior</b>	Brother Benedict Hanlon
<b>Chief Financial Officer</b>	Kevin Humphrey
<b>Administrative address</b>	140 Banbury Road Oxford OX2 7BP
<b>Charity registration number</b>	232632
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	The Royal Bank of Scotland PLC 62-63 Threadneedle Street London EC2R 8LA
<b>Investment managers</b>	Rathbones Investment Management Limited 8 Finsbury Circus London EC2M 7AZ

**Reference and administrative information** Period to 31 December 2020

**Solicitors**

BLM LLP  
Plantation Place  
30 Fenchurch Street  
London  
EC3M 3BL

BLM LLP  
G1, 1 George Square  
Glasgow  
G2 1DY

Stone King LLP  
Boundary House  
91 Charterhouse Street  
London  
EC1M 6HR

**Insurance brokers**

Marsh Commercial  
1<sup>st</sup> Floor Gail House  
5 Lower Stone Street  
Maidstone  
ME15 6NB

## **Trustees' report** Period to 31 December 2020

The trustees have pleasure in presenting the report and accounts of The Province of Great Britain of the Institute of the Brothers of the Christian Schools Charitable Trust (the "charity" or the "Trust") for the period from 1 September 2019 to 31 December 2020.

This extended financial period was brought about in order to align the financial year of the charity with other parts of the Institute of the Brothers of the Christian Schools (see below) including Ireland and Malta.

The accounts have been prepared in accordance with the accounting policies set out on pages 34 to 40 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011 and 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).

### **Introduction**

The Institute of the Brothers of the Christian Schools (the "Institute") is an international Roman Catholic Religious Institute founded in France in 1680. Its Generalate is located in Rome. The Institute is divided into a number of separate Provinces and extends to 80 countries throughout the world. The work of the Institute is predominantly in education.

The Province of Great Britain of The Institute of the Brothers of the Christian Schools also known as the "De La Salle Brothers", had 30 members at 31 December 2020. Of these, 4 lived overseas and the remainder lived in 4 regionally separate groups known as "communities".

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Province of Great Britain are held and through which its finances operate. The charity is governed by a trust deed dated 24 July 1947 as varied by a Scheme of the Charity Commissioners of 12 November 1987, a Deed of Revocation and New Appointment for Charitable Trusts dated 17 May 1989, a Deed of Revocation and Appointment relating to the Province of Great Britain dated 27 November 2000, a Deed of Variation dated January 2013 and a Deed of Variation dated June 2014. The charity is registered with the Charity Commission, Charity Registration No. 232632.

### **Objectives and activities**

#### **Objectives**

The main objectives of the charity as set out in its trust deed are:

- ◆ The provision and upkeep of educational establishments, including schools, and houses of retreat in Great Britain;
- ◆ The provision and upkeep of facilities in Great Britain for education and for the training of members of the Institute and those wishing to become members;
- ◆ The provision and upkeep of facilities in Great Britain, or elsewhere, for the education and training of members, or others, wishing to work in other countries;
- ◆ The provision of facilities for the care of aged and infirm members of the Institute;

**Objectives and activities** (continued)

**Objectives** (continued)

- ◆ The relief of poor persons in Great Britain or Ireland, or nearly related to members of the Institute;
- ◆ The provision of living requirements for members of the Institute; and
- ◆ The acquisition and maintenance of the properties needed to carry out the work of the Institute.

In addition, the trustees can, at their discretion, support whatever is conducive to the advancement or maintenance of the Roman Catholic religion in Great Britain or any other part of the world.

When setting the objectives and planning the work of the charity, and when encouraging the work of individual brothers and those who work with them, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

**Activities**

The principal areas of activity are:

- ◆ Providing support to the voluntary aided schools which are owned by the charity;
- ◆ At the Pastoral Centre in Kintbury, Berkshire, organising retreats for young people from all backgrounds. The philosophy behind the retreats is to enable the young people who attend to reflect on their lives, find some direction and receive positive feedback about themselves;
- ◆ Running courses at the Pastoral Centre for teachers to assist them in supporting the young people and help them consolidate what was experienced in the retreats;
- ◆ Providing weekend retreats in a similar vein at the Pastoral Centre for adults and family groups;
- ◆ Through Lasallian Projects (an independent charity), providing funds and support for the development of educational facilities overseas. Lasallian Projects involves teams of young volunteers assisting with construction work and teaching programmes in African, Asian and South American countries. It is also active in promoting Development Education for young people in Britain;
- ◆ Providing chaplaincy support to the Lasallian network of Roman Catholic secondary schools throughout Britain;
- ◆ Providing manpower and funds to support the work of the Institute in developing countries;
- ◆ Ensuring that all members of the Province, none of whom have resources of their own, receive the level of support they need to live according to their calling as religious brothers. This includes homes in Liss and St Helens, suitably provided to care for aged and infirm members;

## **Objectives and activities** (continued)

### **Activities** (continued)

- ◆ Enabling all members of the Institute to continue with their individual ministries for as long as possible;
- ◆ Providing in-service programmes and other support for headteachers and staff in the Lasallian network of schools.

## **Relevant policies**

### **Fundraising statement**

The income of the charity derives mainly from the covenanted salaries and statutory pensions of members of the Institute and the proceeds of investment funds. The general public are not asked to contribute to the funds of the charity but on occasions the charity receives donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on donors and supporters. It applies best practice to protect their data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the sixteen months ended 31 December 2020, the charity received no formal complaints about its activities for raising funds.

### **Protection of Children and Vulnerable Adults**

The trustees are committed to implementing all the policies and procedures of the National Catholic Safeguarding Commission (NCSC). They have drawn up guidelines for their establishments, contained in a booklet entitled 'Safeguarding Guidelines for Lasallians'. St Cassian's Retreat Centre has additional directives which specify how the trustees' guidelines are applied at the Centre. The Centre's activities are monitored regularly by the Management Committee, the Province's Safeguarding Coordinator and by a Diocesan appointed inspector. The Schools follow the guidelines issued by local authorities and the Catholic Safeguarding Advisory Service. The Institute (and hence the charity) is now a member of the Safeguarding Commission for Orders in Education which manages the safeguarding needs, in Great Britain, of six religious congregations.

### **Investment policy**

The charity has a portfolio of listed investments which, together with cash held for investment, had a market value at 31 December 2020 of £23,120,583 (31 August 2019 – £22,771,370).

These are held and managed by Rathbones Investment Management Limited. The investment managers have designated authority to invest as they deem appropriate within the stated policy guidelines set by the trustees and excluding certain areas of investments contrary to the objectives of the charity.

**Relevant policies** (continued)

***Investment policy*** (continued)

The objectives of the charity's listed investments are to produce a mutually agreed annual level of income and to protect the underlying capital value of the investments in the medium to long term without taking undue risk. The level of income required is determined as part of an annual budget and where necessary may be supplemented by a managed capital drawdown. The income raised is essential to the objectives and activities of the charity.

***Environmental policy***

The charity recognises that many of its activities have some impact on the environment. It is the aim of the trustees to minimise this impact where possible through a programme of continuous improvement and by encouraging those working for the charity to act responsibly towards the environment.

**Achievements and performance**

The paragraphs below outline briefly the charity's achievements during the sixteen months ended 31 December 2020 in each of its main activities.

***Support for Schools***

Since September 2019, a new group has been constituted to support the Trust's continued efforts to strengthen and develop Lasallian Education in GB. The Trust is now supporting the work of the *Lasallian Educational Mission Committee, known as MEL Committee*. This Committee replaces the *Formation for Mission Council* and is composed by practitioners who are nominated by schools in the network. The members of the Committee include Heads, Chaplains, Brothers and other educators. The MEL Committee's main aims are: to promote the Lasallian Mission across the network of Lasallian schools in the country; and to empower all stakeholders in the Lasallian network of schools to fulfil the mission of the Trust, which is to provide a human and Christian education to the young, especially the poor and vulnerable. During this year, the Trust had access to the services of a *Director of Mission* who coordinates efforts in these areas and accompanies this Committee in its work.

The Trust was able to support opportunities for key groups of educators to receive training, to network and to share good practice. The main gatherings and conferences offered during the period were:

- ◆ A gathering of Chaplains and Heads of Religious Education, held at St. Cassian's in Kintbury (November 2019);
- ◆ A gathering of all Heads of De La Salle Trust and Associate Schools, held in Dublin together with other Lasallian Heads and Principals from Ireland and Malta (November 2019);
- ◆ A gathering of practitioners, governors and others organised primarily for the schools in the northwest of England, held at De La Salle School in St Helens (January 2020);



**Achievements and performance** (continued)

***Support for Schools*** (continued)

The year was unlike any other and the Trust's activities in this area were deeply disrupted by Covid-19. Among the events cancelled are:

- ◆ A webinar (originally planned for 18 March 2020) on La Salle for Women in collaboration with Lasallian Secretariat of Solidarity and Development (ONLUS) in Rome. This was meant to be a conversation around issues facing girls and women and how the Lasallian Family is responding creatively around the world. The webinar was to consist of: prayer; a presentation about the reality of women and girls today around access to education, and issues of gender equality; information about projects and ministries of the Lasallian Family supporting women and girls in different corners of the world; and the chance to hear about how young people can be involved in our Mission as they continue their Lasallian journeys.
- ◆ A follow-up formation programme (originally planned for 3-5 April 2020) that is aimed for those who already have an interest and a basic understanding of the Lasallian Ethos, and who are willing to deepen their involvement. This is a series of three weekend residential experiences spread over three years. This programme takes place at St. Cassian's in Kintbury and is open to other De La Salle teachers from other countries. This year the programme would also have included participants from Belgium, Ireland and Malta.
- ◆ An induction formation programme (originally planned for 19-26 August 2020) for those new to De La Salle schools and who are interested in learning more about the heritage, vision and practices of a Lasallian school. This would have been a week-long programme that was set to take place during the summer in Malta. This programme was to be open to practitioners from Lasallian schools from other countries. This experience would usually also include De La Salle teachers from Belgium, Ireland, Malta and other countries alongside participants from the UK.
- ◆ A gathering of Chaplains and Heads of Religious Education, that was to be held at St Cassian's in Kintbury (November 2020);
- ◆ A gathering of all Heads of De La Salle Trust and Associate Schools, that was to be held in Dublin together with other Lasallian Heads and Principals from Ireland and Malta (November 2020);

The Covid-19 pandemic has also presented new opportunities, mainly through the use of online platforms like *Zoom*. The Trust, through the *MEL Committee* and the *Director of Mission*, would typically provide schools and others ministries in the network with various formation programmes. These programmes are aimed at different groups with varied experience and understanding of the Lasallian Mission. (A formation programme is an experience that would typically span 24 hours to a week. It consists of several components that are organised so that a person may integrate their reflection with their experience and continue their personal, professional and spiritual development.)

## **Achievements and performance** (continued)

### ***Support for Schools*** (continued)

Since March 2020, formation programmes offered were held online. This included an induction formation programme for those new to De La Salle schools. Typically, participants are those who are interested in learning more about the heritage, vision and practices of a Lasallian school. This year this was held online over five sessions starting in December 2020.

The *Director of Mission* is also available to schools through visits and in-service Ethos and Mission training. The work of the *Director of Mission* and the *MEL Committee* continue to be complemented and supported by the efforts of two other groups whose aim is also that of fulfilling the De La Salle mission. Namely, the *District MEL Council* and the *District Young Lasallians Council*. These two councils have a broad remit that includes the UK. The projects and initiatives of these two Councils are supported by the Trust and contribute greatly to all schools in the De La Salle network in the UK.

Some of the initiatives of the *District Young Lasallian Council* that have been of great benefit to schools in the UK during this period were:

- ◆ International Lasallian Days for Peace 2019 - 21 September to 21 October 2019
- ◆ International Lasallian Days for Peace 2020 - 21 September to 21 October 2020

### ***St Cassian's Pastoral Centre***

St Cassian's Centre, just outside the village of Kintbury, in rural Berkshire, became a retreat centre in 1975. It welcomes young people for retreats and provides them with an opportunity to step outside their normally busy lives and enjoy a few days of reflection and dialogue with each other, accompanied by a dedicated staff and a team of young volunteers. At the same time, the Centre seeks to bring the faith to these young people in ways that resonate with their experience and are relevant to the world in which they live. The input comes from the four senior staff (the Retreat Team), and the volunteer team, which comprises between 6 - 9 men and women between the ages of eighteen and twenty-eight who enthusiastically

commit themselves to a 'gap year' of devoted service to peer ministry and community living.



The opportunities for the staff and volunteer team are many and varied and contribute to a rich experience of ministry especially to young people.

Volunteer Team 2019-20

**Achievements and performance** (continued)

***Support for Schools*** (continued)

***St Cassian's Pastoral Centre*** (continued)

The Management Committee appointed by the trustees, in liaison with the Director of the Centre, is responsible to the charity for the running of the Centre. The Committee, together with its sub-committees of finance and staffing & compliance, meet several times a year. The remit of the Committee is similar to that of a school governing body. Apart from monitoring the work of the Centre and its finances, the Committee has a responsibility, on behalf of the trustees, for such important issues as the implementation of the trustees' safeguarding guidelines and compliance with current health and safety regulations.

As part of the residential community, the young volunteers live, work and share the Brothers' vision for a new apostolate. Our retreats, known as The Kintbury Experience, follow a theme of Welcome, Awareness, Reconciliation and Good News.

The retreat programme, devised to meet the needs of people from different backgrounds, has a full scope and sequence that builds upon itself. It is also designed to be developmentally appropriate for each year group in school as they cultivate their spirit of faith along with their skills of reasoning, highlighting the relevance of Lasallian Charism and of our faith to life and contemporary culture.

The academic year began with team training and some 6<sup>th</sup> Form and confirmation groups at weekends. We also worked with hospitality groups such as the Christadelphians, Oxford Anglican Group and the Wimbledon Scouts.

We welcomed primary schools from Bristol and Malta for our annual Advent Retreats in December 2019



Students from about a fifth of all the Catholic schools in Great Britain usually participate in the retreats annually. The total number attending being around three and a half thousand.

The conference centre – The Old Stables - plays host to parish and hospitality groups. It also welcomed a Jewish group, hosting their Mindfulness Weekend in December 2019. The hospitality groups that have used the Old Stables Conference Centre range from the Newbury Christadelphians, The United Reformed Church, Newbury Council, Koinonia and Thatcham Baptist Church.

**Achievements and performance** (continued)

***Support for Schools*** (continued)

***St Cassian's Pastoral Centre*** (continued)

In January 2020 the Volunteer & Retreat Teams attended a gathering at the Hayes Conference Centre in Derbyshire, meeting up with the Volunteer Teams from the other Catholic Youth Residential Centre's across England for a weekend of retreat and training.

Our annual Past Teams Retreat ran in February 2020, based on being a Lasallian.



Our final retreat of 2020 was 16 March. By this time many schools had already started to cancel their residential retreats as a result of the Covid-19 pandemic.

The Team remained in lockdown at the Centre, until they finished in June, which was a month earlier than on a regular academic year. All of our face to face work with schools stopped on 23 March 2020 and we moved our Ministry online.

A programme of upgrading the Centre is ongoing during closure. The main rooms of the centre, small group rooms, retreat dining room and community dining room have all been redecorated.

In September 2020 our new, reduced, Volunteer Team moved in. A smaller team was taken on due to not having the residential side of the youth ministry running for the 2020-21 academic year. The team have been providing ministry and support online for schools.



Volunteer Team 2020-21

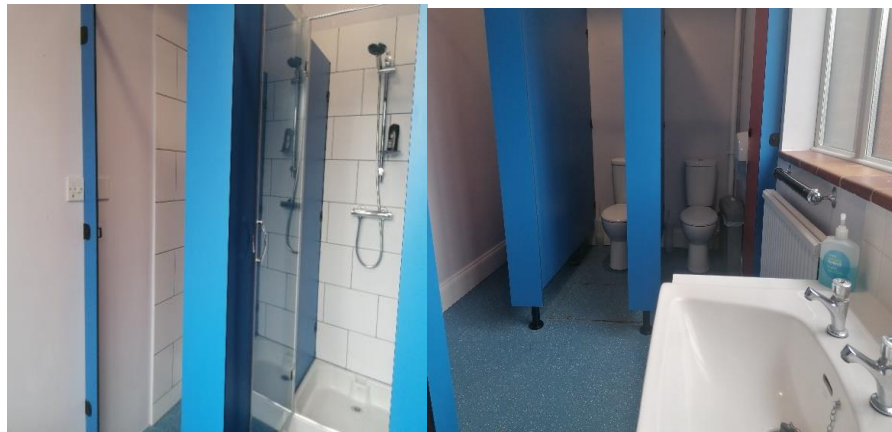


**Achievements and performance** (continued)

***Support for Schools*** (continued)

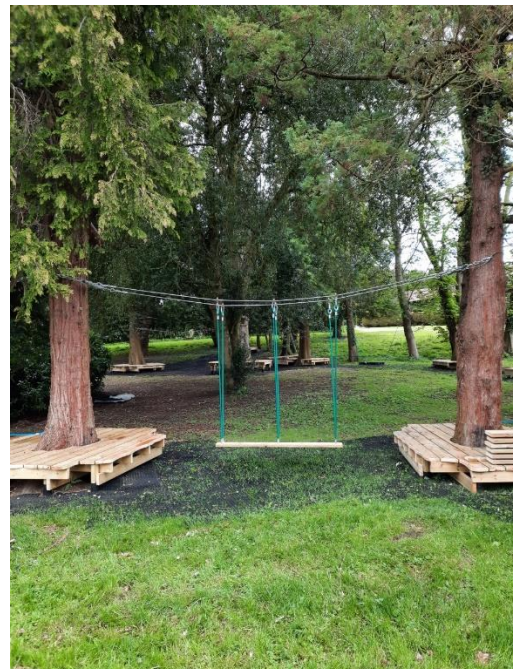
***St Cassian's Pastoral Centre*** (continued)

In September 2020 the programme of upgrading the Centre continued, the residential wings (used by the groups) have all been painted and new bathrooms/showers have been installed.



Due to the lockdown in January 2021, the team arrived back at the start of February to begin the Spring Term.

Further improvements to the Centre and grounds include a Low Ropes Challenge Course and by the end of summer 2021 the Centre will also be able to provide outdoor activities including a climbing wall, archery and an all-weather sports pitch.



## **Achievements and performance** (continued)

### ***Lasallian Projects***

Although now a separate charity, De La Salle continues to support Lasallian projects financially.

The pandemic and associated disruptions effectively prevented all overseas plans for the year.

At the start of September 2019 a residential evaluation weekend covered the successful projects from that summer and saw the launch of projects for 2020. Initially seven overseas projects were lined up for July-August 2020 in Kenya, Uganda, Tanzania and India. Almost 70 young people signed up to take part in these projects. Training meetings were held in September and December 2019 and a large social event for Lasallians from past years was held in the Autumn. Up to the end of 2019 everything seemed to be as normal.

The gradual emergence of Covid-19 eventually sent the UK into lockdown and by the end of March it was clear that international travel and health concerns meant that the 2020 projects would have to be cancelled. That meant a lot of disappointment for the young people taking part and also for our host schools and communities who would miss out on the planned developments.

The recruitment process for 2021 projects was already under way in schools in March but the lockdown put a stop to that and subsequent developments meant that little active recruiting was done, places being held for those who should have travelled in 2020.

After some negotiation and a fair bit of waiting the cost of the cancelled air fares was recovered. No money was invested in planning ahead for 2021 since the prospects were so uncertain and 'wait and see' was the best policy. There was no possibility of holding face-to-face meetings with our interested parties and follow-up communications were all electronic. When circumstances permit the projects will begin again.

### ***Investment performance***

The performance of the charity's investments was deemed satisfactory especially given the volatility in investment markets during 2020 due to Covid-19 and other factors such as Brexit, the US presidential elections and the successful development of vaccinations against Covid-19. Income from listed investments for the sixteen months totalled £1,080,834 (year to 31 August 2019 – £995,063) and realised and unrealised gains were £1,080,820 (year to 31 August 2019 – losses of £225,961).

### ***Vicarious liability and similar claims***

In recent years, vicarious liability claims have been brought against the charity and more recently these have been followed by other similar claims against the charity. An overview of the claims is given below with further details given in notes 18 and 19 to the attached accounts.

**Achievements and performance** (continued)

***Vicarious liability and similar claims*** (continued)

♦ **Group Action Claim in England**

Together with a number of co-respondents, the charity was the subject of a vicarious liability claim concerning alleged acts of sexual and physical abuse of pupils at an educational establishment in England between 1958 and 1992. These alleged acts were perpetrated by employees at the establishment in question. The employees concerned included certain brothers who were members of the Institute at the time of the alleged acts.

A Group Action by claimants was brought successfully for vicarious liability against the organisation which owned and managed the establishment. Vicarious liability is a doctrine of English tort law that imposes strict liability on employers for the wrongdoings of their employees. Notwithstanding the fact that the charity was not the employer, as it was neither the owner nor the manager of the establishment, on 21 November 2012 the Supreme Court found that vicarious liability should be extended to the charity as well as to the owner and manager (the co-defendant). As a consequence of the Supreme Court decision, the trustees, whilst accepting that appropriate compensation should be payable to any valid claimants, sought to reach an Agreement over the division of that compensation between the charity and the co-defendant.

Such an Agreement was reached in November 2015 and signed by the relevant parties in July 2018. This Agreement ensures that the charity, in return for an agreed contribution in total of £7.7 million, has been released from any further claim in relation to the Group Action or in relation to any future claims in respect to the educational establishment for damages, claimants' or co-defendant's costs.

Further details of the remaining amounts payable by the charity under the Agreement are provided in notes 17 and 18 to the attached accounts.

♦ **Other Vicarious Liability Claims in England and Wales**

There are, at present, three claims which are being brought against the charity currently within the jurisdiction of the Courts in England and Wales relating to historic incidents of alleged child sex abuse. No liability is accepted at the date of this report. In two of the cases there is currently insufficient corroborative evidence to establish any possible quantum of cost. With the third case the claim is made for no more than £50,000. Legal and professional costs in respect to this claim could amount to £60,000. Therefore, a provision of £110,000 in respect of these claims has been made in the accounts (see note 19 to the accounts).

**Achievements and performance** (continued)

***Vicarious liability and similar claims*** (continued)

♦ **Vicarious Liability Claims in Scotland**

There are over 60 claims relating to historic incidents of alleged physical or sex abuse of children now being brought against the charity in Scotland in respect to alleged incidents that took place at educational establishments in that country. All of these claims relate to events that allegedly took place many years ago. Given the abolition of Limitation by the Scottish Parliament (as of 4 October 2017), the historic claims are now being pursued. To date five claims have been settled at a total cost of £762,000 with one of these being settled since 31 December 2020 for £90,000 plus costs.

It is estimated that the aggregate of the reserve on damages and legal costs may be £8 million. These Scottish claims are not part of the Agreement reached in England and Wales in November 2015. Since the charity was not the employer, attempts are being made by the charity in Scotland to seek a division of damages and costs with the employer organisations which owned and managed the educational establishments but, at present, those organisations have yet to agree any liability. Hence, the estimated full aggregate reserve of £8 million, without any allowance for recovery from the owners and managers, has been provided for in the attached accounts (see note 19 to the accounts).

The trustees have continued to engage legal experts to act on behalf of the charity to advise on the conduct of the claims being brought against the charity in England and Wales and in Scotland. As noted earlier in this report, the trustees of the charity are aware of their duties in respect to safeguarding and have up to date procedures in place. The charity is a member of the Catholic Safeguarding Advisory Service (CSAS). The trustees are committed to acting in a way which is in the best interests of the charity and its beneficiaries, past present and future.

**Covid-19**

As with most businesses and charities within the UK and indeed worldwide the operations of the charity have been greatly affected by the restrictions put in place on our society as a result of the Covid-19 pandemic.

The lockdown has meant that day to day operations, including ministry, general meetings, governance and support for schools have all ceased to operate in their normal way but instead become part of our new normal online experience. St Cassian's Retreat Centre has been affected more directly than the other communities with all retreats cancelled and income stopping completely. A number of the volunteer team and senior staff have continued with their mission, providing online resources for individuals and schools alike. Domestic staff and some retreat staff have been placed on furlough to help offset the losses due to lack of income.

Limited residential school retreats and summer hospitality programmes were able to commence from 17 May 2021 with careful attention being paid to ever changing guidelines and restrictions.



**Achievements and performance** (continued)

***Covid-19*** (continued)

The two care homes have continued throughout the lockdown with all staff being considered key workers. Careful planning and control by their respective managers has ensured that the Brothers have remained safe in their home environments. As most of the Brothers are considered to be in a high risk or vulnerable category they have remained in their homes throughout lockdown but, with all brothers now fully vaccinated, a gradual easing is possible.

The charity's finances have been affected in three main areas - retreat income, governance and mission expenditure and investment income.

Retreat income has stopped completely with the management committee at St Cassian's looking more to remote ministry as well as ensuring that the Centre is safe and compliant for retreatants when they are permitted to return. Government support has been available as the Centre falls within the hospitality and leisure sector and was forced to close.

Expenditure on the governance of the Trust has been greatly reduced as all travel and face to face meeting have stopped. Any planned conferences for the De La Salle mission have also been cancelled.

The reduction in retreat income and Trust expenditure have largely balanced each other out and thus have not had a dramatic effect on the financial planning of the Trust.

The investment portfolio experienced significant falls in value by up to 30% in the early stages of lockdown but has since recovered and exceeded its pre-Covid level. Notwithstanding, the impact of Covid-19 on the global economy and on commercial sectors in particular, has resulted in a reduction in investment income in the latter part of 2020. It is envisaged that this reduction will continue into 2021 as the annual income return on investments is expected to be at a lower level of around 3.2% per annum. This drop in income has required a revision of the investment portfolio management strategy in order to provide the charity with its required operating income.

Despite the challenges presented by Covid-19, the trustees consider that the charity's viability will not be threatened given the strategies which have been, and are being, implemented to deal with the situation in the short to medium term

## **Financial review**

### ***Financial results for the sixteen months***

A summary of the sixteen months' results can be found on page 30 of the attached accounts.

Income for the sixteen months amounted to £2,418,743 (year to 31 August 2019 – £2,237,879), of which £818,121 (year to 31 August 2019 – £598,301) was received by way of covenanted salaries and pensions from members of the Institute and £1,323,838 (year to 31 August 2019 – £1,141,251) was interest and investment income receivable including £83,570 (year to 31 August 2019 – £nil) being rental income from St John's College, Southsea (see below). A further £114,048 (year to 31 August 2019 – £251,132) related to education fees and related charges. Other income comprised £68,703 relating to Coronavirus Job Retention Scheme grants. In the year to 31 August 2019, other income of £184,219 comprised a contribution towards investment management costs by the Generalate of the Institute of the Brothers of the Christian Schools.

Expenditure on raising funds amounted to £140,596 (year to 31 August 2019 – £111,056). Expenditure on charitable activities in the sixteen months related to the provision of education, the support of the members of the Institute and their ministry and donations and contributions to projects. These amounted to £478,250 (year to 31 August 2019 – £446,362), £2,860,275 (year to 31 August 2019 – £1,759,887) and £134,226 (year to 31 August 2019 – £154,337) respectively.

"Negative" expenditure in connection with the vicarious liability and similar claims against the charity of £130,900 (year to 31 August 2019 – expenditure of £2,122,395) is explained under "vicarious liability and similar claims" above and also in notes 18 and 19 to the attached accounts.

Overall, after taking into account realised and unrealised gains on investments of £1,080,820] (2019 – losses of £225,961) there was a net increase in total funds of £17,116 (2019 – decrease of £2,582,119).

At 31 December 2020, the charity had net assets amounting to £16,166,761 (31 August 2019 – £16,149,645), primarily represented by tangible fixed assets of £3,563,041 (31 August 2019 – £3,710,921), investments of £23,120,583 (31 August 2019 – £22,771,370), programme related investments of £4,450,000 (see below), debtors of £394,230 (31 August 2019 – £3,495,372) and cash at bank of £448,080 (31 August 2019 – £2,328,252) offset by creditors and provisions totalling £15,809,173 (31 August 2019 – £16,156,270). The creditors and provisions include amounts in respect to the vicarious liability and similar claims referred to earlier.

The balance sheet shows total funds of £16,166,761 (31 August 2019 – £16,149,645). The funds comprise:

- ♦ Care and development fund of £8,961,000. These are assets (including tangible fixed assets) set aside to assist with the care of members of the Institute, who have no funds or assets of their own, and to enable them to carry out and support the ongoing pastoral work and ministry of the charity;

**Financial review** (continued)

***Reserves policy and financial position*** (continued)

- ♦ Educational support fund of £6,068,000. These are assets (including tangible fixed assets) set aside to assist with the running of the St Cassian's Pastoral Centre in Kintbury and other ongoing educational support activity;
- ♦ General funds of £1,108,999 (31 August 2019 - £1,085,776).

The trustees are satisfied that there are sufficient liquid assets allocated to each of the funds to be able to maintain expenditure of the charitable activities for at least twelve months at the current level of expenditure.

However, the trustees note that if the provision for potential future liability for vicarious and similar claims becomes an actual liability at the level of the Provision, it would in the longer term put in jeopardy the charity's ability to continue its valuable and necessary work and objectives.

The charity also has restricted funds of £28,762 (31 August 2019 - £34,869).

At 31 December 2020, the charity's general funds were showing a balance of £1,108,999 (31 August 2019 – £1,085,776).

If the valuable and necessary work of the charity is to continue into the future, particularly the support of St Cassian's Pastoral Centre, it will be essential for the charity's general funds to be sustainable over the longer term. The charity's designated funds provide some finance with which it will be able to safeguard the future of its mission but these are unlikely to prove sufficient in the longer term. The trustees' longer term policy is that the charity should have sustainable general or "free" reserves equal to at least six to twelve months' expenditure.

The balance on the general funds at 31 December 2020 is after accounting for the creditors and provisions of £8.2 million (31 August 2019 – £11.6 million) towards the payment of compensation in respect to the vicarious liability and similar claims described earlier in this report. However, it is clear that if the charity is to finance the full cost of the vicarious liability and similar claims it will need to raise the liquid funds with which to do so. If it were to do so by disposing of investments, this will lead to a fall in essential investment income and may jeopardise the aim of retaining general fund balances at the level needed to meet at least six to twelve months' expenditure. Hence, it will be necessary for the charity to continue with its programme of disposing of properties and to retain the loan finance secured on the investment portfolio. Whilst such disposals together with the cost of servicing loan finance will have an adverse effect on the charity, thereby reducing the charity's impact by diminishing the potential outreach of its work, it is believed that they are the only way in which the long term future of the charity may be assured and the general funds sustained.

## **Governance, structure and management**

### ***Trustees***

The trustees are an incorporated body under the Charities Act 2011. Under the terms of the trust, the trustees are appointed by the Provincial Superior who, in making these appointments, has regard to the suitable blend of skills and expertise required. Trustees with specific responsibilities take part in relevant training courses and conferences.

The trustees are ultimately responsible for the policies, activities and assets of the charity. The trustees who were in office during the period ending 31 December 2020 and to the date of this report are set out below:

#### ***Brother Michael Curran (appointed October 2019)***

Brother Michael became a member of the Institute in 1981. He was appointed Auxiliary Provincial on 1 September 2019 and was appointed Trustee on 1 October 2019. He holds a master's degree in educational development and management from London University. He spent most of his teaching career teaching science. After retiring from teaching, he worked in the St. Helens care community until he was appointed Auxiliary Provincial.

#### ***Brother John Deeney***

Brother John joined the Institute in 1962. He gained his degree in Modern Languages at Oxford and taught in Portsmouth and Basildon. Since 1985 he has been responsible for organising overseas projects that involve UK students assisting with the development of education in poorer parts of the world.

#### ***Brother Bernard Hayward***

Brother Bernard joined the Institute in 1956. He taught in Manchester, at the Brothers' house of training near Basingstoke, in London and in Bournemouth. He was Provincial Bursar and a trustee from 1993 to 1997 and was re-appointed Provincial Bursar in August 2009 and thereafter a trustee. Brother Bernard retired from his post as Provincial Bursar in 2019 but remains a member of the finance and general purposes committee.

#### ***Brother Laurence Hughes***

Brother Laurence became a member of the Institute in 1967. He was appointed Auxiliary Provincial on 1 April 2012 and then Provincial on 1 September 2014. He was appointed a trustee on 1 July 2012. He studied at Manchester University, and taught in Portsmouth, Ipswich and London. From 1990 to 1995 he was Head of De La Salle College, Jersey after which he was Head of Drama and chaplain at a school in South Shields. He also served as acting Deputy Head for a year. He resigned to take up his new post as Auxiliary on 1 September 2012.

**Governance, structure and management (continued)**

***Trustees (continued)***

***Brother James Kilty***

On 1 April 2008, Brother James Kilty became Provincial on which date he became a trustee. He joined the Institute in 1964 and studied at De La Salle College of Higher Education and Lancaster University. He taught for 14 years in Kintbury and in St Helens and then, over a ten year period, he was responsible for the formation of new candidates to the Province. He was based in Rome for a ten-year period where he served as co-ordinator of Institute formation programmes in English-speaking sectors of the Institute, principally in Africa and Asia. More recently, he served as Director of Formation for the Institute's Asia-Pacific Region based in Singapore. During the General Chapter of 2014, he was made a Regional Superior. He is currently based in Rome, but continues as a trustee.

***Brother Nicholas Sellors***

Brother Nicholas Sellors joined the Institute in 1963. He was educated at Oxford University and then worked in the Province's schools in London, Bournemouth and in Jersey where he was the head of De La Salle College. Thereafter he joined the retreat team at St Cassian's Centre, Kintbury and became the Director of the Centre. He served two terms of office as the Provincial.

***Trustees' meetings***

The trustees meet at least six times a year, usually more frequently. They regularly review the activities of the charity, as well as monitoring the progress of its mission and the needs of its members. They are responsible for deciding policy and for taking the important decisions that affect the charity. Where appropriate, they seek the advice and support of the charity's professional advisers, including charity consultants, investment managers, solicitors, accountants, employment advisers and surveyors.

The day to day management of the charity's activities and the implementation of policies are delegated to members of the Province, or to senior staff who possess the requisite skills and expertise.

***Key management personnel***

The trustees consider that the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the Managers of the two care homes for the care of older and frail members of the Institute, the Director of St Cassian's Pastoral Centre, the Director of Mission and the Chief Financial Officer.

All trustees are members of the Institute and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or key management.

**Governance, structure and management (continued)**

***Key management personnel (continued)***

The remuneration of the Managers of the two care homes, the Director of St Cassian's Pastoral Centre, the Director of Mission and the Chief Financial Officer is approved by the trustees. Such remuneration is set having regard to market salaries for similar roles and after taking into account specific circumstances relating to the charity's needs and circumstances.

***Statement of trustees' responsibilities***

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial 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 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);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's 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.

**Governance, structure and management** (continued)

***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 and 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 Institute, 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 in the operation of its care homes, the members of the congregation engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, difficulties with staff, 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 Institute's, and hence the charity's, reputation.

**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.

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

**Governance, structure and management** (continued)

***Risk management*** (continued)

◆ Age profile

The age profile and health of the members and future operation of the charity. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the members 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 members. 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 based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual members encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

◆ Investments

The value of investments and properties. The value of listed investments 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.

◆ Safeguarding

The trustees recognise the absolute necessity of ensuring the protection and safeguarding of all those whom the charity serves, especially children and vulnerable adults. One appointee of the Province is the named Safeguarding Officer for the Province and is trained accordingly. All the members in the Province and all members of staff and volunteers, who are in contact with people through their ministry, have an Advanced Disclosure from the Disclosure and Barring Service (DBS).

The trustees are committed to implementing all the policies and procedures of the Catholic Safeguarding Advisory Council, England and Wales (CSAC) and the National Office for the Protection of Children and Vulnerable Adults in Scotland (NOPCVA). They take responsibility for identifying, preventing, investigating and responding to all allegations or incidents of abuse.

Her Majesty's Government has established a public inquiry into institutional abuse of children (Independent Inquiry into Child Sexual Abuse). This inquiry is considered to be the most comprehensive ever commissioned by any government and is expected to run for at least five years.

On the charity's behalf, BLM solicitors have responded directly to the Inquiry's investigation team following their request for documents and information.



**Governance, structure and management** (continued)

***Risk management*** (continued)

In Scotland, separately there is a Public Inquiry (The National Inquiry into Historical Abuse) (SCAI) commissioned by Scottish Ministers under the Inquiries Act 2005. Ms Susan O'Brien QC is the Chair of the Inquiry and the other members of the Panel are Mr Glenn Houston and Professor Michael Lamb. Lady Anne Smith is the present Chair. This Inquiry began taking evidence in March 2016. The Provincial, Brother Laurence Hughes has given evidence to SCAI. However, as yet, no specific individual investigatory hearing into the charity has been ordered by SCAI, notwithstanding that such individual hearings have taken place and are taking place concerning other Religious Orders. However, there is no end date for SCAI to conclude.

Both Inquiries will inevitably be the focus of media attention. Consequently, the trustees are conscious of the impact and importance of these inquiries and welcome the focus on victims and survivors of historic abuse.

◆ **Key staff**

Reliance on key staff and the need for succession planning. Advice is taken on investment management, accountancy, actuarial, architectural, legal and business matters from lay professionals. The trustees meet as needed with their advisers to monitor risks and the risk management policy.

The trustees continue to monitor the major risks to which the charity may be exposed and systems are investigated and established to mitigate these risks.

***Schools and educational establishments***

The charity provides an extensive portfolio of land and buildings for a number of secondary schools founded by the Institute, which are now voluntary aided or independent charities and whose finances, therefore, fall outside the charity. These properties are not included in the charity's list of assets because they are not available for disposal. The Brothers are the trustees for most of these schools.

The schools where the charity owns land and, in some cases, the buildings or some of the buildings, are:

De La Salle School Ghyllgrove, Basildon, Essex SS14 2LA	11-16 mixed comprehensive
De La Salle School Ghyllgrove, Basildon, Essex SS14 2LA	11-16 mixed comprehensive

**Governance, structure and management** (continued)

***Schools and educational establishments*** (continued)

St Matthew Academy Lee Terrace, Blackheath, London SE3 9TY	City academy The trusteeship resides with the R.C. Archdiocese of Southwark
De La Salle Academy Trust Carr Lane East, Liverpool L11 4SG	11-18 boys' academy
De La Salle School Mill Brow, St Helens WA10 4QH	11-16 mixed comprehensive
St Joseph's College Beulah Hill, London SE19 3HL	11-18 boys' academy (16 – 18 mixed)
St Peter's School St Catherine's Road, Bournemouth BH6 4AH	3-18 mixed academy The trusteeship is shared with the R.C. Diocese of Portsmouth.
St John's College Grove Road South, Southsea PO5 3QW	2-18 mixed independent

***Financial support for St John's College, Southsea***

In respect to St John's College (the College), the charity owns land and buildings that were leased to the College on a 999 year lease which commenced on 1 September 2015 in return for the sum of £7 million. At 31 August 2015, the charity had advanced a loan to the College of £3 million which was originally repayable over 20 years from September 2015 with interest charged in arrears at 3.5% over the Bank of England bank rate. A replacement loan agreement was put in place with effect from 1 August 2018 in respect to the amount outstanding at that date including accrued interest. This loan was repayable over 22 years in two equal instalments each year, with interest accruing daily at 3.5% over the Bank of England bank rate. The loan was secured by way of a legal charge over the long leasehold buildings.

During the year to 31 August 2019, an additional short term loan facility was made available to the College with interest payable on the same terms as the above loan.

## Trustees' report Period to 31 December 2020

### Governance, structure and management (continued)

#### *Financial support for St John's College, Southsea (continued)*

At 31 August 2019, the College was indebted to the charity in the sum of £3,404,358 and by 31 August 2020, the Outstanding Debt had increased to £3,950,000.

In September 2020, the charity significantly restructured the provision of financial support relating to the College through a Deed of Master Agreement with the College. As part of this, the College agreed to surrender the above mentioned lease and to transfer the freehold of playing fields to the charity for aggregate consideration of £4,450,000. The properties are now classified in the attached accounts as programme related investments. The consideration was satisfied by setting off the amount of the Outstanding Debt being £3,950,000 due from the College at that date (see above) against an equal amount of the price and also by setting off the amount of the Rental Advance of £300,000 under the new lease granted to the College (see below) by the charity under the Deed of Master Agreement against an equal amount of the price. The charity paid the balance of £200,000 to the College in September 2020. At the same time, the charity entered into new leases with the College in respect to four properties on the Southsea site (for two year terms), the remaining Southsea main site (for a ten year term) and the playing fields (for a ten year term).

As part of the Deed of Master Agreement, with effect from September 2020, a loan facility of up to £300,000 was made available to St John's College and this was drawn down in December 2020. Interest is payable on the loan from the date of drawdown at a rate that is the higher of 3.5% and 3.5% above the Bank of England base rate and will accrue daily with unpaid amounts compounded and added to the principal sum. The loan is repayable in three instalments of £40,000 due on 30 April 2021, 30 September 2021 and 31 January 2022 followed by four instalments of £45,000 due on 30 April, 2022, 30 September 2022, 31 January 2023 and 30 April 2023.

#### *Foundations*

The following foundation is owned and administered by the charity.


##### *Pastoral Centre*

St Cassian's Centre  
Kintbury, Hungerford,  
Berkshire  
RG17 9SR

Organises short retreats for young people and courses for teachers. The Centre is managed by a Management Committee which is appointed by, and reports to, the trustees.

Approved by the trustees and signed on their behalf by:

Trustee



Michael B. Curran.  
20<sup>th</sup> July 2021

Approved by the trustees on:

**Independent auditor's report to the trustees of The Province of Great Britain of the Institute of the Brothers of the Christian Schools Charitable Trust**

**Opinion**

We have audited the accounts of The Province of Great Britain of the Institute of the Brothers of the Christian Schools Charitable Trust (the 'charity') for the 16 month period ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the 16 month period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

### **Responsibilities of trustees**

As explained more fully in the 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:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the charity, including the Charities Act 2011, and safeguarding, vetting and barring regulations;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- ◆ making enquiries of management 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;
- ◆ performed substantive testing of expenditure including the authorisation thereof;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

**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 those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

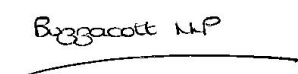
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

27 July 2021

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

## Statement of financial activities Period to 31 December 2020

				16 month period ended 31 December 2020			Year ended 31 August 2019
	Notes	Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
<b>Income from:</b>							
Donations and legacies	1	820,983	6,124	827,107	603,665	13,158	616,823
Primary purpose trading activities	2	85,047	—	85,047	42,235	2,219	44,454
Investments and interest receivable	3	1,323,809	29	1,323,838	1,141,117	134	1,141,251
Charitable activities							
. Provision of education	4	114,048	—	114,048	251,132	—	251,132
Other sources	5	68,703	—	68,703	184,219	—	184,219
<b>Total income</b>		<b>2,412,590</b>	<b>6,153</b>	<b>2,418,743</b>	<b>2,222,368</b>	<b>15,511</b>	<b>2,237,879</b>
<b>Expenditure on:</b>							
Raising funds	6	140,596	—	140,596	111,056	—	111,056
Charitable activities							
. Provision of education	7	465,990	12,260	478,250	426,203	20,159	446,362
. Support of members of the Institute and their ministry	8	2,860,275	—	2,860,275	1,759,887	—	1,759,887
. Donations and contributions to projects	9	134,226	—	134,226	84,673	69,664	154,337
Other items							
. Vicarious liability and similar claims	10	(130,900)	—	(130,900)	2,122,395	—	2,122,395
<b>Total expenditure</b>		<b>3,470,187</b>	<b>12,260</b>	<b>3,482,447</b>	<b>4,504,214</b>	<b>89,823</b>	<b>4,594,037</b>
<b>Net expenditure before gains (losses) on investments</b>		<b>(1,057,597)</b>	<b>(6,107)</b>	<b>(1,063,704)</b>	<b>(2,281,846)</b>	<b>(74,312)</b>	<b>(2,356,158)</b>
Net gains (losses) on investments	15	1,080,820	—	1,080,820	(225,961)	—	(225,961)
<b>Net income (expenditure) and net movement between funds</b>		<b>23,223</b>	<b>(6,107)</b>	<b>17,116</b>	<b>(2,507,807)</b>	<b>(74,312)</b>	<b>(2,582,119)</b>
<b>Balances brought forward at 1 September 2019</b>		<b>16,114,776</b>	<b>34,869</b>	<b>16,149,645</b>	<b>18,622,583</b>	<b>109,181</b>	<b>18,731,764</b>
<b>Balances carried forward at 31 December 2020</b>		<b>16,137,999</b>	<b>28,762</b>	<b>16,166,761</b>	<b>16,114,776</b>	<b>34,869</b>	<b>16,149,645</b>


All income and expenditure in the current and prior periods related to continuing operations.



# Balance sheet 31 December 2020

	Notes	31 December 2020 £	31 December 2020 £	31 August 2019 £	31 August 2019 £
<b>Fixed assets</b>					
Tangible fixed assets	13		3,563,041		3,710,921
Programme related investments	14		4,450,000		—
Investments	15		23,120,583		22,771,370
			<u>31,133,624</u>		<u>26,482,291</u>
<b>Current assets</b>					
Debtors: amounts due within one year	16	174,230		699,332	
Debtors: amounts due after more than one year	16	220,000		2,796,040	
Cash at bank and in hand		<u>448,080</u>		<u>2,328,252</u>	
		<u>842,310</u>		<u>5,823,624</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	<u>(7,699,173)</u>		<u>(7,336,270)</u>	
<b>Net current liabilities</b>			<u>(6,856,863)</u>		<u>(1,512,656)</u>
<b>Total assets less current liabilities</b>			<u>24,276,761</u>		<u>24,969,645</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>—</u>		<u>(400,000)</u>
			<u>24,276,761</u>		<u>24,569,645</u>
<b>Provision for liabilities and charges</b>	19		<u>(8,110,000)</u>		<u>(8,420,000)</u>
<b>Total net assets</b>			<u>16,166,761</u>		<u>16,149,645</u>
<b>The funds of the charity:</b>					
Restricted funds	20		28,762		34,869
Unrestricted funds					
. Designated funds	21	15,029,000		15,029,000	
. General funds		<u>1,108,999</u>		<u>1,085,776</u>	
			<u>16,137,999</u>		<u>16,114,776</u>
<b>Total funds and reserves</b>			<u>16,166,761</u>		<u>16,149,645</u>

Approved by the trustees and signed on their behalf by:

  
Trustee Michael B. Curran  
Approved by the trustees on: 20/7/21

## Statement of cash flows Period to 31 December 2020

	Notes	16 month period ended 31 December 2020 £	Year ended 31 August 2019 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(5,526,961)</b>	(4,479,066)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		<b>1,427,697</b>	1,018,497
Proceeds from the disposal of tangible fixed assets		-	2,900
Purchase of tangible fixed assets		<b>(21,375)</b>	(18,400)
Purchase of programme related investment		<b>(4,450,000)</b>	-
Proceeds from the disposal of investments		<b>4,679,851</b>	3,751,071
Purchase of investments		<b>(4,322,554)</b>	(1,482,665)
Proceeds from loan repayments		<b>3,950,000</b>	103,520
New loan funding		<b>(700,000)</b>	(400,000)
<b>Net cash provided by investing activities</b>		<b>563,619</b>	2,974,923
<b>Cash inflows from financing activities:</b>			
New borrowing		<b>2,708,860</b>	2,212,803
<b>Change in cash and cash equivalents in the year</b>		<b>(2,254,482)</b>	708,660
<b>Cash and cash equivalents at 1 September 2019</b>	B	<b>2,830,368</b>	2,121,708
<b>Cash and cash equivalents at 31 December 2020</b>	B	<b>575,886</b>	2,830,368

### Notes to the statement of cash flows for the sixteen month period to 31 December 2020.

#### A Reconciliation of net movement in funds to net cash used in operating activities

	16 month period ended 31 December 2020 £	Year ended 31 August 2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>17,116</b>	(2,582,119)
<b>Adjustments for:</b>		
Depreciation charge	<b>168,648</b>	127,276
Investment income and interest receivable	<b>(1,323,838)</b>	(1,141,251)
Investment (gains) losses	<b>(1,080,820)</b>	394,555
Deficit on disposal of tangible fixed assets	<b>607</b>	419
Increase in debtors	<b>(21,287)</b>	(11,347)
Decrease in creditors:		
. Due within one year	<b>(2,577,387)</b>	(536,599)
. Due after more than one year	<b>(400,000)</b>	(2,400,000)
(Decrease) increase in provision for liabilities and charges	<b>(310,000)</b>	1,670,000
<b>Net cash used in operating activities</b>	<b>(5,526,961)</b>	(4,479,066)

**Statement of cash flows** Period to 31 December 2020

**B Analysis of cash and cash equivalents**

	<b>31 December 2020 £</b>	31 August 2019 £
Cash at bank and in hand	<b>448,080</b>	2,328,252
Cash held by investment managers	<b>127,806</b>	502,116
<b>Total cash and cash equivalents</b>	<b>575,886</b>	2,830,368

**C Analysis of changes in net funds (debt)**

	At 1 September 2019 £	Cash flows £	At 31 December 2020 £
Cash and cash equivalents	2,830,368	(2,254,482)	<b>575,886</b>
Loan	(2,212,803)	(2,708,860)	<b>(4,921,663)</b>
<b>Total</b>	<b>617,565</b>	<b>(4,963,342)</b>	<b>(4,345,777)</b>

## **Principal accounting policies** Period to 31 December 2020

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

### **Basis of preparation**

These accounts have been prepared for the sixteen months to 31 December 2020 with comparative information given in respect to the year to 31 August 2019.

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

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

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

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

### **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:

- ◆ assessing the probability of the receipt of and the measurement of legacy income;
- ◆ estimating accrued expenditure and, in particular, the liability of the charity in respect to damages and related costs of vicarious liability and similar claims;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate;
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions made in determining the value of the retirement reserve; and
- ◆ assessing future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts, including consideration of the impact of Covid-19 on the charity's operations and finances. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

## **Principal accounting policies** Period to 31 December 2020

### **Assessment of going concern** (continued)

As with most businesses and charities within the UK and indeed worldwide the operations of the charity have been affected by the restrictions put in place on society as a result of the Covid-19 pandemic.

The lockdown has meant that day to day operations, including ministry, general meetings, governance and support for schools have all ceased to operate in their normal way but instead become part of our new normal online experience. St Cassian's Retreat Centre has been affected more directly than the other communities with all retreats cancelled and income stopping completely. A number of the volunteer team and senior staff have continued with their mission, providing online resources for individuals and schools alike. Domestic staff and some retreat staff have been placed on furlough to help offset the losses due to lack of income.

The charity's finances have been affected in three main areas - retreat income, governance and mission expenditure and investment income.

Retreat income has stopped completely with the management committee at St Cassian's looking more to remote ministry as well as ensuring that the Centre is safe and compliant for retreatants when they are permitted to return. Government support has been available as the Centre falls within the hospitality and leisure sector and was forced to close.

Expenditure on the governance of the Trust has been greatly reduced as all travel and face to face meeting have stopped. Any planned conferences for the De La Salle mission have also been cancelled.

The reduction in retreat income and the charity's expenditure have largely balanced each other out and thus have not had a dramatic effect on the financial planning of the charity.

The investment portfolio experienced significant falls in value by up to 30% in the early stages of lockdown but has since recovered and exceeded its pre-Covid level. Notwithstanding, the impact of Covid-19 on the global economy and on commercial sectors in particular, has resulted in a reduction in investment income in the latter part of 2020. It is envisaged that this reduction will continue into 2021 as the annual income return on investments is expected to be at a lower level of around 3.2% per annum. This drop in income has required a revision of the investment portfolio management strategy in order to provide the charity with its required operating income.

Despite the challenges presented by Covid-19, the trustees consider that the charity's viability will not be threatened given the strategies which have been, and are being, implemented to deal with the situation in the short to medium term

As such, 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.

## **Principal accounting policies** Period to 31 December 2020

### **Assessment of going concern** (continued)

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 2021, 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 (see the investment policy and the risk management sections of the trustees' report for more information).

### **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 and legacies, income from primary purpose trading, investment income and interest receivable, fees and related charges for the provision of education and other income including the surplus on the disposal of tangible fixed assets.

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.

Income from primary purpose trading includes income from rental and hospitality. It is accounted for at the fair value of the consideration received or receivable.

Investment income is 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 derived from the levying of fees and related charges comprises income relating to St Cassian's Pastoral Centre. Such income is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and scholarships.

The surplus on the disposal of tangible fixed assets is calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

## **Principal accounting policies** Period to 31 December 2020

### **Income recognition** (continued)

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charity has entitlement to the income and when the amount receivable can be quantified.

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

### **Expenditure recognition**

Expenditure is recognised 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 support costs, including governance costs. The classification between activities is as follows:

Expenditure on raising funds includes the fees paid to investment managers in connection with the management of the charity's listed investments.

Expenditure on charitable activities comprises expenditure on the charity's primary charitable purposes as described in the trustees' report and relates to:

- ◆ The provision of education being costs in relation to St Cassian's Pastoral Centre primarily.
- ◆ The support of members of the Institute and their ministry. Such expenditure enables the members to carry out the charitable work of the Province in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the relief of poverty.
- ◆ Donations made to other organisations and to individuals. The making of grants and donations is not a central part of the charity's activities. Donations are made only in cases where the trustees consider there is real need following a review of the details of each particular case. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the year end.

Expenditure in connection with the vicarious liability and similar claims includes compensation payable together with associated legal and other professional fees.

All expenditure is stated inclusive of irrecoverable VAT.

## Principal accounting policies Period to 31 December 2020

### **Allocation of support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

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. Governance costs are included as a specific category within support costs.

Such expenditure is allocated directly to the relevant categories and apportionment is not required.

### **Tangible fixed assets**

- ♦ Land and buildings

#### ***Non-specialised buildings***

Non-specialised buildings are those designed as, and used wholly or mainly for, private residential accommodation. Those that have been owned since 1996 are stated at cost, or, where cost is not available, at a trustees' valuation made, with professional assistance, in 1996 based on market value for existing use. Under the transitional arrangements of FRS 102 this valuation is now deemed to equate to cost. All other non-specialised buildings are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value.

#### ***Specialised buildings***

Specialised buildings comprise retirement homes, the pastoral centre and the administration centre. Those that have been owned since 1996 are stated at cost, or, where cost is not available, at a trustees' valuation made, with professional assistance, in 1996 based on market value for existing use. Under the transitional arrangements of FRS 102 this valuation is now deemed to equate to cost. All other specialised buildings 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 charity.

#### ***Other land and buildings***

The trustees are the legal owners of land and buildings used exclusively by schools and colleges founded by the Institute, but which are now separate charities. Their occupation of the land and buildings is indefinite and rent free. As such assets have no meaningful value in use to the trustees, no value is attributed to them in the accounts. The schools are situated in Basildon, Bournemouth, London Borough of Lewisham, Liverpool, Southsea and St Helens.

No depreciation is provided on freehold land.



## Principal accounting policies Period to 31 December 2020

### Tangible fixed assets (continued)

#### *Other land and buildings (continued)*

◆ Furniture, equipment and motor vehicles

Expenditure in excess of £1,000 on the purchase and replacement of furniture, equipment and motor vehicles is capitalised and depreciated using the following method and rates per annum:

Office equipment	40% on a reducing balance and 33% straight line
Motor vehicles	30% on a reducing balance and 20% straight line
Furniture and equipment	15% and 20% on a reducing balance

### 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.

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

### Programme related investments

Programme related investments comprise property assets to which the charity has freehold title but which are used by other charitable organisations (including schools) for purposes consistent with the charity's own objectives but here there is also a financial return.

Programme related investments are included in the accounts at cost with any permanent diminution in value below such cost accounted for as charitable expenditure.

### Debtors

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

### Cash at bank and in hand

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

## **Principal accounting policies** Period to 31 December 2020

### **Creditors and provisions**

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

### **Fund structure**

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

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects. They include the net book value of the charity's tangible fixed assets used for the support of the members of the Institute and their ministry in recognition of the fact that the assets are used in the day to day work of the charity and the fund value would not be realisable easily if needed to meet future contingencies.

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

### **Services provided by members of the Institute**

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

### **Pension costs**

The charity contributes to defined contribution schemes for certain employees. The contributions are charged to the statement of financial activities when payable.

# 1 Income from: Donations and legacies

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Salaries and pensions of individual members of the Institute received under deed of covenant	818,121	598,301
Other donations and legacies	8,986	18,522
<b>Total funds</b>	<b>827,107</b>	<b>616,823</b>

All income from donations and legacies is unrestricted except for other donations and legacies of £6,124 (year to 31 August 2019 – £13,158) which are restricted.

# 2 Income from: Primary purpose trading activities

Income from primary purpose trading activities relates to activities for generating funds, including rental and hospitality income.

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
<b>Total funds: Activities for generating funds</b>	<b>85,047</b>	<b>44,454</b>

All income from activities for generating funds was unrestricted in both periods except for £2,219 in the year ended 31 August 2019 which was restricted.

# 3 Income from: Investments and interest receivable

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Listed investment income	1,080,834	995,063
Income from programme related investments	83,570	—
Loan interest	151,416	134,872
Bank interest	8,018	11,316
<b>Total funds</b>	<b>1,323,838</b>	<b>1,141,251</b>

All income from investments and interest receivable is unrestricted except for bank interest of £29 (year to 31 August 2019 – £134) which is restricted.

**4 Income from: Charitable activities - Provision of education**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
<b>Total funds:</b> St Cassian's Pastoral Centre fees and similar income	<b>114,048</b>	<b>251,132</b>

**5 Income from: Other sources**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Contribution by the Generalate of the Institute of the Brothers of the Christian Schools towards prior periods' investment management costs	—	184,219
Coronavirus Job Retention Scheme funding	<b>68,703</b>	—
<b>Total funds</b>	<b>68,703</b>	<b>184,219</b>

**6 Expenditure on: Raising funds**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
<b>Total funds:</b> Investment managers' fees	<b>140,596</b>	<b>111,056</b>

**7 Expenditure on: Charitable activities - Provision of education**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Staff and related costs	<b>305,610</b>	267,058
Other costs	<b>172,640</b>	179,304
<b>Total funds</b>	<b>478,250</b>	<b>446,362</b>

All expenditure on the provision of education is unrestricted except for other costs of £12,260 (year to 31 August 2019 – £20,159) which are restricted.

**8 Expenditure on: Charitable activities - Support of members of the Institute and their ministry**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Staff costs (including agency staff)	1,146,528	732,225
Premises	459,197	288,891
Brothers' living and ministry expenses	294,875	236,749
Education, training and spiritual renewal	29,225	76,058
Depreciation	168,648	127,276
Legal and professional fees	610,923	227,499
Interest payable	108,860	12,803
Governance costs	24,400	42,400
Other costs	17,619	15,986
<b>Total funds</b>	<b>2,860,275</b>	<b>1,759,887</b>

Governance costs include auditor's remuneration for statutory audit services of £24,400 (2019 – £40,800 for statutory audit services and advisory services).

**9 Expenditure on: Charitable activities - Donations and contributions to projects**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
The Generalate of the Institute	20,398	28,666
The District of Ireland, Great Britain and Malta	81,918	30,080
Overseas missions and projects	30,000	88,625
Other	1,910	6,966
<b>Total funds</b>	<b>134,226</b>	<b>154,337</b>

All donations and contributions to projects are unrestricted except for expenditure on overseas missions and projects in the year ended 31 August 2019 of £69,664 which is restricted.

**10 Expenditure on: Other items - Vicarious liability and similar claims**

	16 month period to 31 December 2020 £	Year to 31 August 2019 £
Provision for liabilities in respect to claims of alleged abuse inclusive of costs (note 19):		
· England and Wales	(287,326)	(90,000)
· Scotland	156,426	2,212,395
	<b>(130,900)</b>	<b>2,122,395</b>

All expenditure relating to vicarious liability and similar claims is unrestricted.

# **11 Staff costs and remuneration of trustees and key management personnel**

Staff costs during the year were as follows:

	<b>16 month period to 31 December 2020 £</b>	<b>Year to 31 August 2019 £</b>
Wages and salaries	<b>1,326,809</b>	925,750
Social security costs	<b>90,169</b>	56,582
Pension costs	<b>35,160</b>	16,951
	<b>1,452,138</b>	<b>999,283</b>

Staff costs analysed by function were as follows:

	<b>16 month period to 31 December 2020 £</b>	<b>Year to 31 August 2019 £</b>
Provision of education	<b>305,610</b>	267,058
Support of members of the Institute	<b>1,146,528</b>	732,225
	<b>1,452,138</b>	<b>999,283</b>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	<b>16 month period to 31 December 2020</b>	<b>Year to 31 August 2019</b>
£60,001 to £70,000	<b>1</b>	<b>1</b>

The average number of employees during the period, analysed by function was:

	<b>16 month period to 31 December 2020</b>	<b>Year to 31 August 2019</b>
Provision of education	<b>14</b>	14
Support of members of the Institute	<b>46</b>	50
	<b>60</b>	<b>64</b>

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis together with the Managers of the two care homes for older and frail members of the Institute, the Director of St Cassian's Pastoral Centre, the Director of Mission and the Chief Financial Officer.

**11 Staff costs and remuneration of trustees and key management personnel (continued)**

All trustees are members of the Institute and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or key management (2019 – £nil). The total remuneration for the 16 month period of the other key management personnel (including taxable benefits and employer's national insurance and pension contributions) was £374,046 (year to 31 August 2019 – £254,838).

The charity purchases insurance to protect the charity from loss arising from any wrongful or dishonest act of trustees and to indemnify trustees in respect of losses arising from actions they have taken in good faith. The total cover provided by such insurance is £5 million (year to 31 August 2019 – £5 million) and the total premium paid in respect of such insurance was £11,888 (year to 31 August 2019 – £6,406).

**12 Taxation**

The Province of Great Britain of the Institute of the Brothers of the Christian Schools Charitable Trust is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**13 Tangible fixed assets**

	Freehold land and buildings		Furniture, equipment and motor vehicles	Total
	Specialised £	Non-specialised £	£	£
<b>Cost or valuation</b>				
At 1 September 2019	5,153,272	550,000	557,026	<b>6,260,298</b>
Additions	—	—	21,375	<b>21,375</b>
Disposals	—	—	(29,072)	<b>(29,072)</b>
At 31 December 2020	<u>5,153,272</u>	<u>550,000</u>	<u>549,329</u>	<b><u>6,252,601</u></b>
At cost	—	—	549,329	<b>549,329</b>
At deemed cost (based on 1996 valuation)	<u>5,153,272</u>	<u>550,000</u>	<u>—</u>	<b><u>5,703,272</u></b>
	<u>5,153,272</u>	<u>550,000</u>	<u>549,329</u>	<b><u>6,252,601</u></b>
<b>Depreciation</b>				
At 1 September 2019	2,061,310	—	488,067	<b>2,549,377</b>
Charge for the year	137,077	—	31,571	<b>168,648</b>
On disposals	—	—	(28,465)	<b>(28,465)</b>
At 31 December 2020	<u>2,198,387</u>	<u>—</u>	<u>491,173</u>	<b><u>2,689,560</u></b>
<b>Net book values</b>				
At 31 December 2020	<u><b>2,954,885</b></u>	<u><b>550,000</b></u>	<u><b>58,156</b></u>	<b><u>3,563,041</u></b>
At 31 August 2019	<u>3,091,962</u>	<u>550,000</u>	<u>68,959</u>	<b><u>3,710,921</u></b>

### 13 Tangible fixed assets (continued)

As permitted under the transitional provisions of FRS 102, the charity has continued to adopt a policy of not revaluing its tangible fixed assets. They are stated at cost, or, where cost is not available, at a trustees' valuation made as described in the principal accounting policies. The valuation is now deemed to be cost.

It is likely that the open market values of certain of the charity's land and buildings are materially greater than their book values. 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.

### 14 Programme related investments

Programme related investments represent land and buildings owned by the charity but which are used by other charitable organisations for purposes consistent with the charity's objectives.

	31 December 2020 £	31 August 2019 £
At 1 September 2019	—	—
Additions (see note 16)	4,450,000	—
At 31 December 2020	4,450,000	—
<b>Programme related investments comprise:</b>		
St John's College, Southsea land and buildings	4,450,000	—

### 15 Listed investments

	31 December 2020 £	31 August 2019 £
<b>Listed investments</b>		
Market value at 1 September 2019	22,269,254	24,932,215
Additions at cost	4,322,554	1,482,665
Disposals at opening market value (proceeds: £4,679,853; losses: £276,886)	(4,956,739)	(3,996,759)
Net unrealised investment gains (losses)	1,357,708	(148,867)
Market value at 31 December 2020	22,992,777	22,269,254
<b>Cash held by investment managers for re-investment</b>	127,806	502,116
	23,120,583	22,771,370
Cost of listed investments at 31 December 2020	17,245,787	16,294,048



## 15 Listed investments (continued)

Listed investments (excluding cash) held at 31 December 2020 comprised the following:

	31 December 2020 £	31 August 2019 £
Equities (UK)	11,249,842	10,906,593
Equities (overseas)	7,000,505	5,557,561
Fixed interest investments (UK)	1,929,777	2,121,604
Fixed interest investments (overseas)	718,451	1,299,903
Property funds	564,301	—
Other listed investments (Infrastructure and private equity (property))	1,529,901	2,383,593
	<b>22,992,777</b>	<b>22,269,254</b>

## 16 Debtors

Amounts due within one year	31 December 2020 £	31 August 2019 £
Prepayments	2,164	2,166
Investment income receivable	28,102	46,183
Other debtors	63,964	42,665
Short term loan to St John's College, Southsea	—	400,000
Loan to St John's College, Southsea	80,000	130,456
Loan interest receivable	—	77,852
	<b>174,230</b>	<b>699,322</b>

Amounts due after more than one year	31 December 2020 £	31 August 2019 £
Loan to St John's College, Southsea	<b>220,000</b>	<b>2,796,040</b>

### **Financial support for St John's College, Southsea**

In respect to St John's College (the College), the charity owns land and buildings that were leased to the College on a 999 year lease which commenced on 1 September 2015 in return for the sum of £7 million. At 31 August 2015, the charity had advanced a loan to the College of £3 million which was originally repayable over 20 years from September 2015 with interest charged in arrears at 3.5% over the Bank of England bank rate. A replacement loan agreement was put in place with effect from 1 August 2018 in respect to the amount outstanding at that date including accrued interest. This loan was repayable over 22 years in two equal instalments each year, with interest accruing daily at 3.5% over the Bank of England bank rate. The loan was secured by way of a legal charge over the long leasehold buildings.

During the year to 31 August 2019, an additional short term loan facility was made available to the College with interest payable on the same terms as the above loan.

At 31 August 2019, the College was indebted to the charity in the sum of £3,404,358 and by 31 August 2020, the Outstanding Debt had increased to £3,950,000.

## 16 Debtors (continued)

### *Financial support for St John's College, Southsea (continued)*

In September 2020, the charity significantly restructured the provision of financial support relating to the College through a Deed of Master Agreement with the College. As part of this, the College agreed to surrender the above mentioned lease and to transfer the freehold of playing fields to the charity for aggregate consideration of £4,450,000. These properties are now classified in these accounts as programme related investments (see note 14). The consideration was satisfied by setting off the amount of the Outstanding Debt being £3,950,000 due from the College at that date (see above) against an equal amount of the price and also by setting off the amount of the Rental Advance of £300,000 under the new lease granted to the College (see below) by the charity under the Deed of Master Agreement against an equal amount of the price. The charity paid the balance of £200,000 to the College in September 2020. At the same time, the charity entered into new leases with the College in respect to four properties on the Southsea site (for two year terms), the remaining Southsea main site (for a ten year term) and the playing fields (for a ten year term).

As part of the Deed of Master Agreement, with effect from September 2020, a loan facility of up to £300,000 was made available to St John's College and this was drawn down in December 2020. Interest is payable on the loan from the date of drawdown at a rate that is the higher of 3.5% and 3.5% above the Bank of England base rate and will accrue daily with unpaid amounts compounded and added to the principal sum. The loan is repayable in three instalments of £40,000 due on 30 April 2021, 30 September 2021 and 31 January 2022 followed by four instalments of £45,000 due on 30 April, 2022, 30 September 2022, 31 January 2023 and 30 April 2023.

## 17 Creditors: amounts falling due within one year

	31 December 2020 £	31 August 2019 £
Loan (see below)	4,921,663	2,212,803
Expense creditors	24,635	28,879
Other creditors	94,806	18,943
Accruals	131,639	125,645
Deferred income	231,430	—
Vicarious liability (see note 18)	—	2,400,000
Liability in respect to claims of alleged abuse inclusive of costs (see note 19)	95,000	350,000
Amount due to the Generalate of the Institute of the Brothers of the Christian Schools	2,200,000	2,200,000
	<b>7,699,173</b>	<b>7,336,270</b>

The charity has a loan facility with its investment managers, Rathbone Investment Management Limited. The loan was repayable on demand and was subject to review annually. The maximum amount available to the charity under the loan facility agreement at any one time was £5 million.

**17 Creditors: amounts falling due within one year (continued)**

Since the year end, the facility has been replaced by a 5 year loan agreement with the maximum amount of the loan increased to £6 million. The loan is repayable in full in March 2026. Interest on both loans is payable at 1.75% per annum above the Barclays Bank plc published bank rate and is charged quarterly. The loans are secured against the charity's listed investment portfolio (see note 15).

**18 Creditors: amounts falling due after more than one year**

	<b>31 December 2020 £</b>	31 August 2019 £
Vicarious liability (see below)	—	400,000

Together with a number of co-respondents, the charity was the subject of a vicarious liability claim concerning alleged acts of sexual and physical abuse of pupils at an educational establishment in England between 1958 and 1992. These alleged acts were perpetrated by employees at the establishment in question. The employees concerned included certain brothers who were members of the Institute at the time of the alleged acts.

A Group Action by claimants was brought successfully for vicarious liability against the organisation which owned and managed the establishment. Vicarious liability is a doctrine of English tort law that imposes strict liability on employers for the wrongdoings of their employees. Notwithstanding the fact that the Charity was not the employer as it was neither the owner nor the manager of the establishment, on 21 November 2012 the Supreme Court found that vicarious liability should be extended to the charity as well as to the owner and manager (the co-defendant). As a consequence of the Supreme Court decision, the Trustees, whilst accepting that appropriate compensation should be payable to any valid claimants, sought to reach an Agreement over the division of that compensation between the charity and the co-defendant.

Such an Agreement was reached in November 2015 and signed by the relevant parties in July 2018. This Agreement ensures that the charity, in return for an agreed contribution in total of £7.7 million, has been released from any further claim in relation to the Group Action or in relation to any future claims in respect to the educational establishment for damages, claimants' or co-defendant's costs.

The final amount payable of £2.8 million was paid in the 16 month period ended 31 December 2020.

## 19 Provision for liabilities and charges

	31 December 2020 £	31 August 2019 £
Provision for liabilities in respect to claims of alleged abuse inclusive of costs (see below):		
. England & Wales	110,000	420,000
. Scotland	8,000,000	8,000,000
	<b>8,110,000</b>	<b>8,420,000</b>

The movements in the provisions are as follows:

	31 December 2020 £	31 August 2019 £
As at 1 September 2019	8,420,000	6,750,000
Payments made since the period end and classified as a creditor (note 17)	—	(350,000)
(Decrease) increase in provision	(310,000)	2,020,000
As at 31 December 2020	<b>8,110,000</b>	<b>8,420,000</b>

In addition to the vicarious liability claim detailed in note 18 above, more recently other comparable claims have been made against the charity in both England and Wales and in Scotland.

### ***Vicarious Liability Claims in England and Wales***

There are, at present, three claims which are being brought against the charity currently within the jurisdiction of the Courts in England and Wales relating to historic incidents of alleged child sex abuse. No liability is accepted at the date of approving these accounts. However, since the charity has no indemnity insurance in respect to the majority of these, and based on expert evidence and other advice, a reserve on damages and legal costs of £110,000 for the claims has been included as a provision in these accounts.

### ***Vicarious Liability Claims in Scotland***

There are over 60 claims relating to historic incidents of alleged physical or sex abuse of children now being brought against the charity in Scotland in respect to alleged incidents that took place at educational establishments in that country. All of these claims relate to events that allegedly took place many years ago. Given the abolition of Limitation by the Scottish Parliament (as of 4 October 2017), the historic claims are now being pursued. Three claims were resolved in the year to 31 August 2019, a further claim has been resolved in the period to 31 December 2020 and another since the year end (the latter amount being included as a creditor (see note 17)).

## 19 Provision for liabilities and charges (continued)

### *Vicarious Liability Claims in Scotland (continued)*

It is estimated that, excluding these five resolved claims, the aggregate of the reserve on damages and legal costs may be £8 million. These Scottish claims are not part of the Agreement reached in England and Wales in November 2015. Since the charity was not the employer, attempts are being made by the charity in Scotland to seek a division of damages and costs with the employer organisations which owned and managed the educational establishments but, at present, those organisations have yet to agree any liability. Hence, the estimated full aggregate reserve of £8 million, without any allowance for recovery from the owners and managers, has been provided for in the accounts.

The trustees have continued to engage legal experts to act on behalf of the charity to advise on the conduct of the claims being brought against the charity in England and Wales and in Scotland. As noted earlier in this report, the trustees of the charity are aware of their duties in respect to safeguarding and have up to date procedures in place. The charity is a member of the Catholic Safeguarding Advisory Service (CSAS). The trustees are committed to acting in a way which is in the best interests of the charity and its beneficiaries, past present and future.

## 20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

	At 1 September 2019 £	Income £	Expenditure £	At 31 December 2020 £
St Cassian's Appeal fund	14,870	6,153	(12,260)	8,763
Other funds	19,999	—	—	19,999
	<b>34,869</b>	<b>6,153</b>	<b>(12,260)</b>	<b>28,762</b>

	At 1 September 2018 £	Income £	Expenditure £	At 31 August 2019 £
Lasallian Developing World Projects fund	57,230	12,434	(69,664)	—
St Cassian's Appeal fund	32,018	3,011	(20,159)	14,870
Other funds	19,933	66	—	19,999
	<b>109,181</b>	<b>15,511</b>	<b>(89,823)</b>	<b>34,869</b>

The St Cassian's Appeal fund represents monies raised to support the St Cassian's Pastoral Centre, Kintbury, Berkshire.

## 21 Designated funds

The income fund of the charity includes the following funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 September 2019 £	New designation £	At 31 December 2020 £
Care and Development Fund	8,961,000	—	8,961,000
Education Support Fund	6,068,000	—	6,068,000
	<b>15,029,000</b>	<b>—</b>	<b>15,029,000</b>

	At 1 September 2018 £	New designation (released) £	At 31 August 2019 £
Care and development fund	—	8,961,000	8,961,000
Educational support fund	—	6,068,000	6,068,000
Tangible fixed assets fund	3,823,116	(3,823,116)	—
Retirement reserve	11,500,000	(11,500,000)	—
St Cassian's support fund	2,000,000	(2,000,000)	—
	<b>17,323,116</b>	<b>(2,294,116)</b>	<b>15,029,000</b>

The purposes for which the funds have been set aside are as follows:

- ♦ The care and development fund represents assets (including tangible fixed assets) set aside to assist with the care of members of the Institute, who have no funds or assets of their own, and to enable them to carry out and support the ongoing pastoral work and ministry of the charity;
- ♦ The educational support fund represents assets (including tangible fixed assets) set aside to assist with the running of the St Cassian's Pastoral Centre in Kintbury and other ongoing educational support activity.

## 22 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	31 December Total 2020 £
<b>Fund balances at 31 December 2020 are represented by:</b>				
Tangible fixed assets	534,120	3,028,921	—	3,563,041
Investments	15,570,504	12,000,079	—	27,570,583
Net current (liabilities) assets	(6,885,625)	—	28,762	(6,856,863)
Provisions for liabilities and charges	(8,110,000)	—	—	(8,110,000)
<b>Total net assets</b>	<b>1,108,999</b>	<b>15,029,000</b>	<b>28,762</b>	<b>16,166,761</b>

## 22 Analysis of net assets between funds (continued)

	General funds £	Designated funds £	Restricted funds £	31 August Total 2019 £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	682,000	3,028,921	—	3,710,921
Investments	10,771,291	12,000,079	—	22,771,370
Net current (liabilities) assets	(1,547,515)	—	34,869	(1,512,646)
Creditors due after one year	(400,000)	—	—	(400,000)
Provisions for liabilities and charges	(8,420,000)	—	—	(8,420,000)
Total net assets	1,085,776	15,029,000	34,869	16,149,645

## 23 Contingent liabilities

In the event of closure or sale of voluntary aided schools provided by the charity, it may become liable to repay grants paid by the Department for Education to finance capital expenditure by those schools. Since figures for total capital grants paid are not readily available, it is not possible to quantify the amount of any contingent liability.

In addition to the vicarious liability and similar claims explained in notes 18 and 19, it is possible that there may be further potential claims against the charity concerning the welfare of children. The likelihood of these arising, the amounts that may be claimed and the associated costs cannot be quantified at the current time.

## 24 Related party transactions

Except as disclosed in note 11 to the accounts, there are no other related party transactions requiring disclosure (year to 31 August 2019 – none).