

Missionaries of Saint Francis De Sales

Annual Report and Accounts

31 December 2020

Charity Registration Number

234926

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Reference and administrative information

Trustees	Rev Benny Joseph Valiyaveetil (Chair - appointed 24 January 2020) Rev Jean Patrice Coulon Rev Paul Gonsalves (appointed 1 September 2020) Rev Jose Maliekal Rev Sunny Paul
Provincial	Rev Benny Joseph
Provincial Bursar	Rev Terry McGrath
Principal address	28 Peveril Road Duston Northampton NN5 6JW
Administrative office	4 Christ Church Oval Harrogate HG1 5AJ
Registered Office	1 St. Joseph's Cottage Devizes SN10 1DD
Telephone	01423 817515
Website	www.msfstoday.org
Charity Registration Number	234926
Independent Examiner	Amanda Francis Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Santander Corporate & Commercial 2 Triton Square Regents Place London NW1 3AN
Solicitors	Truemans 38 St Aldates Eden House Oxford OX1 1BN

Reference and administrative information

Investment Managers

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London
EC2N 2DL

The trustees present their statutory report together with the accounts of Missionaries of Saint Francis De Sales (the "charity") for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 21 of the attached accounts and comply with the charity's trust deed, applicable laws 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 United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Congregation of the Missionaries of Saint Francis de Sales (the "Congregation") (also known as the Fransalian Fathers) is a Roman Catholic religious congregation with a membership of 1,480 priests and brothers worldwide. It was founded in Savoy in 1838. Today, the Generalate is located in Rome. The Congregation is structured into missions, regions, vice-provinces and provinces. At present, England is constituted as a Province with a Provincial appointed by the Superior General.

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Congregation in England and Wales are held.

Mission

The object of the English Province of the Congregation of the Saint Francis de Sales (ie the charity), as set out in its governing document, is the furtherance of the Roman Catholic faith through pastoral care of churches, education and mission and by caring for members of the Congregation throughout their life.

By its active involvement in various dioceses, the charity aims to re-vitalize parish life, work for the renewal of faith through retreats and counselling, enable and support the members to live out their faith and to put that faith into practice through a variety of religious and other charitable works.

When setting the objectives and planning the work of the charity for the year, and when encouraging the work of individual priests, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The works or ministries of the Fransalian Fathers, and hence the charity, fall into the following main areas:

Worship and prayer

Members of the Congregation are given the opportunity for private worship and to continue to develop their knowledge and trust in Jesus and the Church through quiet prayer, study of the Gospel and spiritual development in the spirit of Saint Francis de Sales. In addition, members of the Congregation celebrate and pray with the wider community including people of all faiths and none. They do this through the animation of parishes and churches, involvement in ecumenical dialogue, both with other Christian denominations, as well as members of Jewish and Muslim faiths. They offer spiritual guidance and are also available to listen in times of need, through the giving of retreats and the celebration of the Liturgy, preaching and teaching, as well as through prayer groups and church services and good pastoral care of people.

Mission (continued)

Social and pastoral work

Many members of the Congregation are involved in various forms of social or pastoral work throughout the country including family support and chaplaincy in hospitals, educational establishments and prisons.

The Fathers aim is to be all things to all people by living a gentle spirit that is open to others and accepting of difference. In particular, their concern is that all people, and especially the poor and marginalised in society, be enabled to live a life that is fully human, no matter what their personal background, faith, gender or individual circumstances.

Overseas missionary work

The charity also helps support other Fransalian Fathers working in education, healthcare and social and pastoral fields in Africa and India, thereby helping some of the world's poorest and most disadvantaged people and contributing to the life and work of the Church. The charity supports projects associated with the works in India or Africa which assures financial aid, closer contacts and better understanding of one another.

Activities, achievements and relevant policies

As stated above under "Mission", one of the aims of the charity is to care for individual members of the Congregation throughout their lives with the Congregation. The charity seeks to enable and support them to live out their faith and to put that faith into practice through a wide variety of religious and other charitable works, as well as by a life of prayer and personal goodness.

The main work of the charity is to share the mission of the Catholic Church, to be involved in parish renewal, education, in the spirit and model of Saint Francis de Sales.

◆ **Worship and prayer**

Worship and prayer includes: promoting the values and vision set out in the Gospel and the teachings of St Francis de Sales including the promotion of human dignity, teaching respect of different cultures, working for a society based on justice and peace and encouraging care and respect for all creation; celebrating Sunday Mass, providing daily Mass, making provision for baptisms, weddings and funerals; providing religious instruction and supervision; creating opportunities for other public devotions and services; the provision of retreats where those who attend can reflect in a peaceful atmosphere rooted in Gospel values; celebrating the sacrament of Penance, especially during the time of Advent and Lent; praying with those who are house bound, sick or dying; preaching and teaching the Faith.

Activities, achievements and relevant policies (continued)

◆ **Social and pastoral work**

The charity enables and supports individual members of the Congregation in ministry and outreach work thereby furthering the message set out in the Gospel to help one another and love one's neighbour.

The following are examples of the social and pastoral work undertaken by individual members: working in parishes, visiting, helping in catechetical programmes and helping parishioners develop their spiritual lives; administrative and secretarial support to Church organisations; pastoral care/chaplaincy in hospitals, hospices, nursing homes; prison visiting; preaching, catechetical instruction and liturgical celebrations with the Syro-Malabar community.

The objectives of the trustees in this area include:

- Enabling all members of the Congregation to carry out meaningful social and pastoral work within the community after assessing their skills and the needs of the local area;
- Encouraging and motivating members to work with and assist the poor, elderly and marginalised;
- Wherever possible, ensuring members are remunerated for such work by way of an offering or stipend. Such income is donated to the charity and thereby ensures that the work of the Congregation and the charity may continue into the future and develop.

◆ **Overseas missionary work**

The charity provides financial support for the Congregation's missions in Africa, as well as specific projects in different parts of India. These are assessed on an individual basis.

The missions are under the control of members of the Congregation and the financial support is used to enable particular works, e.g. set up primary education, provide accommodation and education for street children.

◆ **Grants, donations and support of missionary work and ministry**

Grants, donations and other payments in support of missionary work and ministry are decided on by the trustees in consultation with other members of the Congregation as appropriate. In the main, the charity supports the work of the Congregation in overseas countries.

Whilst the trustees give occasional support to United Kingdom organisations whose work is within the objects of the charity, the charity does not regard itself as a grant making entity and applications for grants and donations are not invited.

Activities, achievements and relevant policies (continued)

Investment policy

The charity's investments are managed by BlackRock Investment Management (UK) Limited and there are no restrictions on the charity's power to invest.

The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term.

The policy is to maximise total return through a diversified portfolio whilst providing a level of income advised by the trustees from time to time. There is also an ethical policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Roman Catholic Church.

The performance of the portfolio and the charity's investment strategy are reviewed by the trustees who meet with the investment managers regularly.

Investment performance

The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and comply with the ethical guidelines given to them.

During the year the charity's listed investments achieved an income yield of 4%.

The trustees will continue to review performance but, given that they view their investments as being for the long term, they remain confident that the policy adopted is appropriate for the charity.

The charity now owns four investment properties located at:

- ◆ St Joseph's Cottage, Devizes (No-2)
- ◆ 83 Princes Road, Teddington
- ◆ 23 Roping Road, Yeovil
- ◆ 27 Queensbury Road, Kettering

The houses have tenants, and the lettings are managed by local estate agents. 27 Queensbury Road was transferred from property used by the trustees as a tangible fixed asset to an investment property at 1 July 2020. St Joseph's Cottage (No-1) will now be used by trustees and has been removed from the list of investment properties and transferred to tangible fixed assets.

Financial review

A summary of the year's results may be found on page 15 of the accounts.

Total income in the year was £141,387 (2019 – £171,459).

Total expenditure in the year was £104,779 (2019 – £178,792). Expenditure of £99,229 (2019 – £173,814) was incurred in caring for the members of the Congregation and enabling them to carry out their work.

The balance sheet shows total funds of £3.01 million (2019 – £2.58 million) of which £222,014 (2019 - £340,605) represents tangible fixed assets of the charity and has been set aside as a separate fund in recognition of the fact that such assets are required to support the day-to-day work of the charity and cannot, therefore, be realised easily if needed to meet future contingencies.

£1,750,000 (2019 - £1,750,000) represents the retirement reserve designed to provide income for members in their retirement. The value of the fund has been calculated using actuarial principles. Given the increasing age profile of some of the members and the lack of new vocations, this sum will provide only modest resources to look after the members, many of whom will need increasing, and increasingly expensive, residential and nursing care.

Free reserves available to support the members and their work generally in the future are shown on the balance sheet as general funds and amount to £1,040,518 (2019 - £485,944).

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work and the ongoing commitment to care for the members, a level of free reserves of at least two to three years' expenditure is acceptable in order to provide for contingencies and unevenness in future outcome.

At the date of the balance sheet, the level of free reserves was £1,040,518 (2019 – £485,944), which equates to over five years' operating expenditure. Free reserves, therefore, are consistent with the above policy. Given the economic uncertainties and their potential impact on world stock markets, the trustees are of the view that the reserve levels are adequate but not excessive. In particular, the level of reserves is deemed sufficient when considered in the light of the uncertainties arising due to the continuing Covid-19 pandemic, which is discussed under risk management.

Future plans

The trustees anticipate changes to the charity and its activities over the next two to five years, mainly through a diminishing number of permanent members and increased dependence on members from Indian Provinces. However, it is their intention to continue to meet the following objectives:

- ♦ To go on encouraging those Fathers in parishes and apostolates;
- ♦ To respond positively to a request from the Nottingham Diocese for three priests who will begin a new mission in that diocese in 2021;

Future plans (continued)

- ◆ To appoint two more priests to pastoral ministry in the Northampton Diocese in 2021;
- ◆ To continue to foster the professional development of the Fathers and encourage best practice;
- ◆ To continue to foster links with the Indian Provinces and encourage exchange visits and work;
- ◆ To continue to remain focused on the importance of worship and prayer to the lives of the individual Fathers and to the overall mission of the charity;
- ◆ To continue to care for elderly Fathers and enable them to maintain a suitable quality of religious and spiritual life;
- ◆ To develop a centre of Fransalian spirituality that can be adopted as a model by others;
- ◆ To innovate and develop new forms of ministry in keeping with the needs of people today;
- ◆ To form groups of lay associates and volunteers who will share our spirituality and mission; and
- ◆ To continue to ensure that the mission remains financially viable by sound budgeting.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed in the universal church by the Superior General and his General Council in Rome. They are elected every six years at a General Chapter or meeting of representatives of all provinces of the Congregation.

The English mission is governed at present by the Administrator and his Council, who are nominated by the Superior General. Members of the Council are chosen for their personal qualities, their understanding and experience of the ministries of the Fathers throughout England and to secure a good skills mix among them.

The members of the English mission together form an apostolic community.

Whilst they do not all live under one roof, they meet regularly for retreats, in-service and fellowship.

The Provincial is required to visit each member at least once a year.

Throughout the year a structure of contact persons facilitates communication and accountability among all the members of the mission and ensures that the Provincial and his Council are aware of the progress and development of the ministries carried out by the members of the mission.

A visitation by the Superior General is made to the English mission once every three years.

Governance, structure and management (continued)

Governance (continued)

In terms of Civil law, the charity is governed by a trust deed dated 23 August 1965 and is a registered charity (Charity Registration Number 234926).

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

All trustees are members of the Congregation of the Missionaries of Saint Francis De Sales (Fransalian Fathers) and as such their living and personal costs are borne by the charity. However, they receive no remuneration or expenses for their services as trustees.

The names of the trustees who served during the year and up to the date these accounts were signed and approved are set out as part of the reference and administrative details on page 1 of this annual report and accounts.

Key management personnel

The trustees consider that they are the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees are members of the Congregation 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.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity.

They meet quarterly to review developments with regard to the charity and its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day-to-day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation.

Within the English Province at present there are seventeen members of the Congregation. Twelve of whom are from other Provinces and here on 'loan', or for studies but fulfilling pastoral ministry at the same time. They live wherever their mission and work require them to be. Because the members are by calling, 'missionaries', their character and lifestyle is 'apostolic' rather than conventual. That means they go to the mission field, they tend to live alone or in twos, rather than in a monastery, and they take responsibility for remaining in communion and contact with one another. Two older members are living in nursing homes.

Governance, structure and management (continued)

Structure and management reporting (continued)

Members are involved in the pastoral care of four parishes in the Diocese of Plymouth; three parishes in the Diocese of Clifton; five parishes in the Diocese of Northampton; the administrative house of the Fransalians is in the Diocese of Leeds.

The trustees receive regular reports from the parishes and dioceses to enable them to fulfil their responsibilities and take important decisions with regard to the various ministries and future planning.

Working with other organisations

The charity works closely with a number of other charities and public bodies which work in the field of church life and ministry, mission, ecumenism, education, and psychological and spiritual well-being. In all cases, working together with other charities and public bodies enhances communication and understanding thus enabling services to the people we serve to be provided more efficiently and effectively and avoiding duplication of effort. Examples of the organisations for which members have worked and with which the charity has cooperated during the year are as follows:

- ◆ Roman Catholic Dioceses of Brentwood, Clifton, Leeds, Northampton, and Plymouth
- ◆ Conference of Bishops of England and Wales
- ◆ The Dympna Centre Ltd.
- ◆ Conference of Religious of England and Wales (COREW)

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.

In addition to the specific challenges presented by the continuing Covid-19 pandemic (see below), the trustees have identified a number of key risks faced by the charity, together with the principal ways in which they are mitigated:

Governance, structure and management (continued)

Risk management (continued)

- ◆ 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. 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.
- ◆ Along with all other organisations who serve in the community, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charity serves. This means that all members who are in any kind of ministry in Great Britain having to obtain clearance through the Disclosure and Barring Service (DBS). Safeguarding is not simply about 'allegations' - at its core is good practice, good care and a concern for people. The DBS form is personal to every member and must be renewed every three years. The trustees arranged for the Congregation in England to be aligned for safeguarding purposes with the Diocese of Northampton. The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS). Safeguarding is an essential element of our life as Fransalians. It is a positive aspect in all our meetings and our commitment to it is displayed on our website.
- ◆ From time to time the charity donates significant sums in support of the wider Congregation and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by the Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ One of the charity's principal assets comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet twice a year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs- both now and in the future.

Governance, structure and management (continued)

Risk management (continued)

- ◆ The Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

The trustees acknowledge and recognise the continuing impact of the Covid-19 pandemic on the charity, its beneficiaries and on wider society. Specifically, the trustees have considered the effects of the pandemic on the charity's day to day operations. It is not anticipated at the current time that the overall financial position of the charity will be adversely affected or its financial solvency threatened.

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 to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Employees, volunteers and members of the congregation

The trustees wish to record their recognition of the professionalism and commitment of all their volunteers and the individual members of the Congregation. Their dedication and positive approach are very much appreciated.

Signed on behalf of the trustees:

Rev Benny Joseph Valiyaveetil

Trustee

Approved on: 30 September 2021

Independent examiner's report to the trustees of Missionaries of Saint Francis De Sales

I report to the charity trustees on my examination of the financial statements of the charity for the year ended 31 December 2020.

Responsibilities and basis of report

As the charity trustees of the charity, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011.

Having satisfied myself that the accounts of the charity are not required to be audited and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with my examination giving me cause to believe in any material respect:

- ◆ accounting records were not kept in respect of the charity as required by section 386 of the Charities Act 2011; or
- ◆ the financial statements do not accord with those records; or
- ◆ the financial statements do not comply with the accounting requirements of section 396 of the Charities Act 2011 other than any requirement that the financial statements give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- ◆ the financial statements have not been prepared in accordance with the methods and principles of "Accounting and Reporting by Charities: the 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)"

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Amanda Francis
Chartered Accountant
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

19 October 2021

Statement of financial activities for the year ended 31 December 2020

	Notes	Unrestricted funds	
		2020 Total £	2019 Total £
Income from:			
Donations	1	70,216	109,379
Investments	2	71,171	62,080
Total income		141,387	171,459
Expenditure on:			
Charitable activities			
. Support of members of the Congregation and their ministry	3	99,229	173,814
. Donations in support of miscellaneous charitable activities		5,550	4,978
Total expenditure		104,779	178,792
Net income (expenditure) before net investment gains		36,608	(7,333)
Net gains on listed investments	9	38,314	106,671
Net gains on investment properties	9	361,061	—
Net income and net movement in funds	5	435,983	99,338
Reconciliation of funds			
Balances at 1 January 2020		2,576,549	2,477,211
Balances at 31 December 2020		3,012,532	2,576,549

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

A separate statement of recognised gains and losses is not required as all gains and losses are included in the above statement of financial activities.

Balance sheet as at 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	8		222,014		340,605
Investments	9		2,620,782		<u>2,110,836</u>
			2,842,796		2,451,441
Current assets					
Cash at bank and in hand		178,136		155,611	
Creditors: amounts falling due within one year	10	(8,400)		(16,452)	
Net current assets			169,736		<u>139,159</u>
Total net assets less current liabilities			3,012,532		2,590,600
Creditors: amounts falling due after more than one year	11		—		(14,051)
Total net assets			3,012,532		<u>2,576,549</u>
The funds of the charity					
Unrestricted funds					
. Tangible fixed assets fund	12		222,014		340,605
. Designated funds	13		1,750,000		1,750,000
. General fund			1,040,518		<u>485,944</u>
			3,012,532		<u>2,576,549</u>

Approved by the trustees and signed on their behalf by:

Rev Benny Joseph Valiyaveetil

Trustee

Approved by the trustees on: 30 September 2021

Principal accounting policies 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 year to 31 December 2020 with comparative information provided for the year to 31 December 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 United Kingdom 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.

Statement of cash flows

The disclosure exemptions permitted by Update Bulletin 1 of the Charities SORP FRS 102 have been taken advantage of in these accounts and a statement of cash flows has not been prepared.

Critical accounting estimates and areas of judgement

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

The only key judgements and estimates used in these accounts is the assessment of the expected useful life of tangible fixed assets, and estimating the impact of the continuing Covid-19 pandemic on future income and expenditure flows and the charity's financial position (see going concern below).

Assessment of going concern

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

The Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only on the basic nature of the social interactions but has also had a significant economic impact at every level in ways which have been outside of the Charity's control. The full impact on the charity's income and expenditure and financial position following the continuing global Covid-19 pandemic is still unknown. The trustees will continue to keep both income and expenditure under review.

Assessment of going concern (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2020, 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 investment income i.e. dividends, rental income and interest receivable.

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.

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

Income derived from the letting of the charity's investment properties is recognised in the period to which the tenancy relates.

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 to the bank.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. All expenses are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a Expenditure on raising funds comprises expenditure of the management and maintenance of the charity's investment properties.
- b Expenditure on the support of members of the Congregation and their ministry which enables the members to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic religion. Such expenditure includes:
 - ◆ Premises costs
 - ◆ Members' living and personal expenses
 - ◆ Education, training and spiritual renewal costs
 - ◆ Governance costs

Governance costs comprise the costs directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

- c Donations in support of miscellaneous charitable activities. These are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

Expenditure is attributable directly to specific activities and does not include any element of apportionment.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

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

- ◆ **Freehold land and buildings**

Freehold land and 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.

- ◆ **Motor vehicles**

Motor vehicles are capitalised and depreciated over a five year period on a reducing balance basis in order to write off each vehicle over its estimated useful life.

Fixed asset investments

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

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

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

Properties held for investment are included in the accounts at the estimated current market value of the relevant property. The valuations are determined by the trustees after consultation with their professional property advisers. Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at 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.

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 accounting

The funds of the charity are all unrestricted and available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds of the charity, the trustees have designated amounts for specific purposes. Details of these are provided in notes 12 and 13.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful economic lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the statement of financial activities over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Services provided by members of the Congregation

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

1 Income from: Donations

	2020 Total funds £	2019 Total funds £
Pastoral offerings, stipends and general donations	21,009	45,161
Salaries and pensions of individual religious received under deed of covenant	49,207	64,218
	70,216	109,379

2 Income from: Investments

	2020 Total funds £	2019 Total funds £
Income from listed investments	26,471	27,621
Bank interest	121	232
Rent receivable	44,579	34,227
	71,171	62,080

3 Expenditure on: Support of members of the Congregation and their ministry

	2020 Total funds £	2019 Total funds £
Premises costs	13,900	44,571
Members' living and ministry expenses	78,793	113,903
Education, training and spiritual renewal	2,816	5,572
Loss on disposal of tangible fixed assets	—	5,993
Governance costs (note 4)	3,720	3,775
	99,229	173,814

4 Governance costs

	2020 Total funds £	2019 Total funds £
Independent examiner's fees	3,600	3,600
Bank charges	120	175
	3,720	3,775

5 Net income (expenditure) and net movement in funds

This is stated after charging:

	2020 £	2019 £
Independent examiner's fees	3,600	3,600
Depreciation on tangible fixed assets	9,306	13,874
Loss on disposal of tangible fixed assets	—	5,993

6 Staff costs and trustees' remuneration

The charity has no employees (2019 – none).

As members of the Congregation, the trustees' living expenses during the year were borne by the charity but they received no remuneration or reimbursement of expenses in connection with their duties as trustees (2019 - £nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees. The total remuneration (including taxable benefits but excluding employer's pension and national insurance contributions) of the key management personnel for the year was £nil (2019 - £nil).

As members of the Congregation, none of the trustees have resources of their own as all of their earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

7 Taxation

Missionaries of Saint Francis de Sales is a registered charity and, therefore, is not liable to income or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Total £
Cost			
At 1 January 2020	301,071	82,440	383,511
Additions	—	23,000	23,000
Disposals	—	(39,972)	(39,972)
Transfers to fixed asset investments	(300,571)	—	(300,571)
Transfers from fixed asset investments	190,000	—	190,000
At 31 December 2020	<u>190,500</u>	<u>65,468</u>	<u>255,968</u>
Depreciation			
At 1 January 2020	—	42,906	42,906
Charge for the year	—	9,306	9,306
Disposals	—	(18,258)	(18,258)
At 31 December 2020	<u>—</u>	<u>33,954</u>	<u>33,954</u>
Net book values			
At 31 December 2020	<u>190,500</u>	<u>31,514</u>	<u>222,014</u>
At 31 December 2019	<u>301,071</u>	<u>39,534</u>	<u>340,605</u>

Included within motor vehicles are cars held under finance leases which have a net book value of £nil (2019 - £14,624) and on which depreciation of £nil (2019 - £2,385) has been charged in the year.

There were no capital commitments at the end of the year (2019 – none).

During the year 27 Queensbury Road was transferred out of freehold land and buildings to fixed asset investments and No-1 St Joseph's Cottage was transferred back to freehold land and buildings to replace it for use of the community.

9 Investments

Fixed asset investments comprised:

	2020 £	2019 £
Freehold investment properties	1,675,000	1,203,368
Listed investments	945,782	907,468
	<u>2,620,782</u>	<u>2,110,836</u>

9 Investments (continued)

Movements on each category of investments are summarised below:

	2020 £	2019 £
Freehold investment properties		
Market value at 1 January	1,203,368	1,203,368
Transfers from tangible fixed assets	300,571	—
Transfers to tangible fixed assets	(190,000)	—
Gains on revaluation	361,061	—
Market value at 31 December	1,675,000	1,203,368

Investment properties were revalued by the trustees with professional assistance to their market value as at 31 December 2020.

	2020 £	2019 £
Listed investments		
Listed investments		
Market value at 1 January	907,468	800,797
Net unrealised gains	38,314	106,671
Market value at 31 December	945,782	907,468

All listed investments were dealt on a recognised stock exchange.

Listed investments held at 31 December comprised the following:

	2020 £	2019 £
Equity based common investment funds	874,029	839,068
UK equities	71,753	68,400
	945,782	907,468

The historical cost of listed investments at 31 December 2020 and at 31 December 2019 was £626,067.

9 Investments (continued)

At 31 December 2020, the listed investment portfolio included the following investments deemed to have a material value:

	2020 Value of holding £	2020 Percentage of the market value of portfolio %
BLK Catholic Charities & Growth Income	874,029	92.41
Aviva plc 8.34% Cumulative Irredeemable Preference Shares	71,753	7.59

10 Creditors – amounts falling due within one year

	2020 £	2019 £
Amounts due under finance leases (note 11)	—	3,600
Accruals	8,400	12,852
	8,400	16,452

11 Creditors – amounts falling due over more than one year

	2020 £	2019 £
Amounts due under finance leases	—	14,051

The charity leases certain motor vehicles under finance leases. The future minimum payments to which the charity was committed at 31 December 2020 are as follows:

	2020 £	2019 £
Payable within:		
. One year (note 10)	—	3,600
. Two to five years	—	14,051
	—	17,651

The charity also leases certain cars under operating leases and future minimum payments for these operating leases payable within 1 year is £4,075 and payable between 2 and 5 years is £8,150.

12 Tangible fixed assets fund

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. The fund recognises the fact that such assets are required for the day-to-day work of the charity and are not available for other purposes or as a general reserve.

13 Designated funds

The unrestricted funds of the charity include the following fund designated for a specific purpose:

	At 1 January 2020 £	New designation £	Utilised/ released £	At 31 December 2020 £
Retirement reserve	1,750,000	—	—	1,750,000

	At 1 January 2019 £	New designation £	Utilised/ released £	At 31 December 2019 £
Retirement reserve	1,750,000	—	—	1,750,000

The retirement reserve has been calculated using actuarial principles and consists of monies set aside by the trustees to assist in providing for the members of the Congregation in their retirement.

14 Analysis of net assets between funds

	Unrestricted funds			Total funds £
	General fund £	Tangible fixed assets fund £	Designated funds £	
Fund balances at 31 December 2020 are represented by:				
Tangible fixed assets	—	222,014	—	222,014
Fixed asset investments	870,782	—	1,750,000	2,620,782
Net current assets	169,736	—	—	169,736
Total net assets	1,040,518	222,014	1,750,000	3,012,532

14 Analysis of net assets between funds (continued)

	Unrestricted funds			Total funds £
	General fund £	Tangible fixed assets fund £	Designated funds £	
Fund balances at 31 December 2019 are represented by:				
Tangible fixed assets	—	340,605	—	340,605
Fixed asset investments	360,836	—	1,750,000	2,110,836
Net current assets	139,159	—	—	139,159
Creditors – amounts falling due after more than one year	(14,051)	—	—	(14,051)
Total net assets	485,944	340,605	1,750,000	2,576,549

The total unrealised gains as at 31 December 2020 constitutes movements on revaluation and are as follows:

	2020 £	2019 £
Unrealised gains included above:		
On investment properties	740,850	379,789
On listed investments	319,715	281,401
Total unrealised gains at 31 December 2020	1,060,565	661,190
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2020	661,190	554,519
Add: net gains arising on revaluation arising in the year	399,375	106,671
Total unrealised gains at 31 December 2020	1,060,565	661,190