

The Pious Society of the Daughters of St Paul

Annual Report and Accounts

31 December 2020

Charity Registration Numbers:
296042 (England and Wales)
SC037889 (Scotland)

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Trustees	Sister Angela Grant fsp (<i>Delegate Superior</i>) Sister Rosetta (Gregoria) Mignolli fsp Sister Elaine Penrice fsp (<i>Secretary</i>) Sister Mary Ann Salvilla fsp (<i>Bursar</i>)
Council	Sister Angela Grant fsp Sister Maria Healy fsp Sister Lalaine Lilo fsp Sister Mary Ann Salvilla fsp Sister Elaine Penrice fsp Sister Florence Wahome fsp
Principal office	84 Church Street Liverpool L1 3AY
Telephone	0151 709 1328
Website	www.paulineuk.org
Charity registration numbers	296042 (England and Wales) SC037889 (Scotland)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc PO Box 756 Slough Berkshire SL1 4SG
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ McSparran McCormick 19 Waterloo Street Glasgow G2 6AH

Property consultants

Gerald Eve LLP
72 Welbeck Street
London
W1G 0AY

and at

140 West George Street
Glasgow
G2 2HG

Insurance consultants

Marsh Commercial
1st Floor
Gail House
5 Lower Stone Street
Maidstone
Kent
ME15 6NB

The Trustees present their statutory report together with the accounts of the Pious Society of the Daughters of St Paul ("the charity") for the year ended 31 December 2020. The charity trades under the name Pauline Books & Media.

The accounts have been prepared in accordance with the accounting policies set out on pages 30 to 35 of this document 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 Daughters of St Paul ("the Congregation") is an international Roman Catholic religious Congregation founded by Blessed James Alberione in Alba, Italy, in 1915. Mother Thecla Merlo was the co-foundress and first Superior General of the Daughters of St Paul. Mother Thecla died on 5 February 1964 and was proclaimed "Venerable" on 22 January 1991.

In terms of Canon Law the Congregation of the Daughters of St Paul is an Institute of Pontifical status.

On 1 January 2020 the Daughters of St Paul numbered 1,978 sisters throughout 51 countries composed of 218 communities. The Congregation forms part of a worldwide group of congregations known as the Pauline Family. The Daughters of St Paul follow the Congregation's Constitutions and Directory, approved by the Holy See on 26 January 1984.

Mission

As stated in the Constitutions of the Congregation, the name 'Daughters of St Paul' expresses a fundamental relationship with St Paul the Apostle. The main objective of the Congregation is the perfection of charity to be attained through the spirit and practice of the evangelical counsels of poverty, chastity and obedience in common life and to communicate the Good News of Jesus Christ in the world with the most modern means of social communication.

Pauline Books & Media ensures that, at all times, it is acting in the public benefit and the Trustees confirm that they have paid due regard to the Charity Commission's public benefit guidance.

Chapels in Pauline Books & Media Centres are open to the public for prayer and masses. In view of public benefit and a culture of education, Pauline Books & Media seek to provide resources and occasions of encounter to help all people grow in faith and peace. Pauline Books & Media also send products to their communities in poorer countries for distribution in schools and parishes.

As Pauline Books & Media continues to reach out to new people, the sisters explore the most modern ways of proclaiming Jesus Christ to the world. Aware of the potential of the internet, social media and developments in technology, they avail the charity of these new means and appreciate the interest and feedback they receive from the public.

Objectives, activities and relevant policies

Coronavirus pandemic

On 12 March 2020, the WHO declared the Covid-19 virus a pandemic.

From 23 March 2020, the UK Government announced certain restrictive measures which aimed to curtail the spread of the Covid-19 virus.

These historical events ushered in unprecedented times in which the ordinary lives of people, businesses and charities changed dramatically. The UK Government and devolved governments imposed radical but necessary closures of all non-essential services. Those non-essential services included the ordinary business of churches, schools and bookshops. These services had been the daily business of the work of this charity and of Pauline Books & Media. These enforced closures meant that Pauline Books & Media had to suspend almost all of their charitable activities. These circumstances have inevitably impacted the charity's ability to carry out its mandate, and consequently has also had an impact on our financial security.

Impact on the community members of the Daughters of St Paul

The day-to-day work of the sisters who were responsible for working in the book centres changed dramatically. Instead of full-time working hours, the sisters took the time to do additional cleaning and stock-control in the book centres, whilst using the extra time to rest, study or pray. The other sisters continued to work from home.

All members of the community cooperated in trying to decrease expenditure. This was done by carefully monitoring the food and supplies in each community to try and reduce costs as much as possible. Community members all contributed by sacrificing many things, not least haircuts and non-essential purchases. Savings were also made by many sisters sacrificing holidays in their home countries, and making their annual week-long retreat in-house.

All community members sought to comply with Government guidelines regarding restricted movement, hygiene and social distancing. The impact of these social changes and the ensuing financial insecurity had negative psychological and physical implications for some of the sisters.

Despite the UK Government allowing non-essential shops to eventually re-open, Pauline Books & Media decided not to reopen immediately, primarily because key sisters who staff the book centres are over 70 years old, and we deemed this an unnecessary risk to the community members.

Impact on the mission of the Daughters of St Paul

The mission carried out through the Pauline Books & Media book centres has consequently suffered greatly. The charity was not able to host any gatherings at all during 2020. Outreach was also inhibited because we were not able to attend churches or other organised events that would normally be part of our year. However, during the months of closure, the other activities which are supplementary to the book centres and outreach continued, and the sisters continued to work on new products for sale through Pauline Books & Media.

Objectives, activities and relevant policies (continued)

***Coronavirus pandemic* (continued)**

Financial impact on the charity

The financial impact on the charity cannot be underestimated and these unprecedented times were therefore of serious concern and challenge. The income of the charity was greatly reduced across all areas: book centre sales, donations, the income from the stipend of the sister working for the national church, and the income from sales on the Pauline Books & Media website.

Savings, however, were made, chiefly due to the furloughing of staff and the reduced overheads achieved by not having to open the book centres, as well as our inability in many cases to purchase new stock for the book centres (because suppliers were often closed too). Savings were also made, as noted above, by reducing community expenses to the essential.

The re-opening of the Pauline Books & Media centres had cost implications:

- ◆ Reinstatement of staff salaries;
- ◆ Purchase and consummation of personal protection materials;
- ◆ Increased purchase of cleaning materials;
- ◆ Increased overheads of electricity, heating etc.; and
- ◆ Return to purchasing stock from suppliers.

It was hoped that the re-opening of centres would have a positive return from sales, though recent trends have been downwards, and this has been exacerbated by:

- ◆ The general downturn in the nation's economy;
- ◆ Increased unemployment of the local community;
- ◆ Insecurity from customers in relation to shopping and circulation as a result of Covid-19; and
- ◆ Changes of routine and purchasing habits – people where have become accustomed to online shopping and this, as we anticipated, resulted a further decrease in footfall.

Mapping a way forward

The Trustees worked to plan ways forward, which would sustain the charity's work into the future:

- ◆ The www.paulineuk.org website has been integrated with the book centre database, meaning that our online presence has been strengthened. This means that the website can provide access to almost all of the same resources available in our book centres to the wider public, who for some reason or another cannot access our physical centres. This will not only provide easier access for potential clients, but also make possible an increased income from our website. This has in fact, resulted in an increase of sales through the website.

Objectives, activities and relevant policies (continued)

Mapping a way forward (continued)

- ♦ The Trustees consulted the General Government of the Daughters of St Paul on plans to sell some properties and purchase other new properties, in view of reorganising the mission and the communities. This will have the additional effect of releasing some funds which until now have remained locked-up as assets. These plans are explained further below.

Actions taken

The Trustees:

- ♦ Sold their property in Bold Street, Liverpool;
- ♦ Refurbished their Tecla House residential property at Derby Road, in Liverpool, to accommodate 6 sisters;
- ♦ Placed the property at Langley on the market for sale;
- ♦ Placed the property on Kensington High Street on the market for sale;
- ♦ Purchased a new larger building in Church Street, in Liverpool, which will house a new Pauline Books & Media centre of apostolate. This will provide space for the book centre, the warehouse, storage of archives, a chapel for our sisters and clients, offices for the administration and accounts, graphics, productions, website offices, marketing and outreach. The new property will, essentially, provide a replacement for facilities that were previously housed at either Bold Street in Liverpool, Kensington High Street in London and/or at Langley. It is hoped that some space will also be made available to rent-out in order to provide some supplementary income for the charity. This building was purchased for £1.25 million. A short-term loan of €1.25 million has been secured from the General Government in Rome in order to help fund the purchase.
- ♦ Have sought to purchase another residential house that is more suited to the needs of a community of sisters, in Liverpool. This location is more affordable and will be close to the main mission centre of the Daughters of St Paul which is now in Liverpool.



Above: The new purchase on Church Street.

Objectives, activities and relevant policies (continued)

Mapping a way forward (continued)

Actions taken (continued)

- ♦ Are seeking a new, non-retail base in London to maintain a mission presence in the capital.

The above decisions and plans aim to safeguard the ongoing ability to carry out the charity's mission. These decisions were supported by all the sisters, both morally and practically.

Activities: Pauline Books and Media

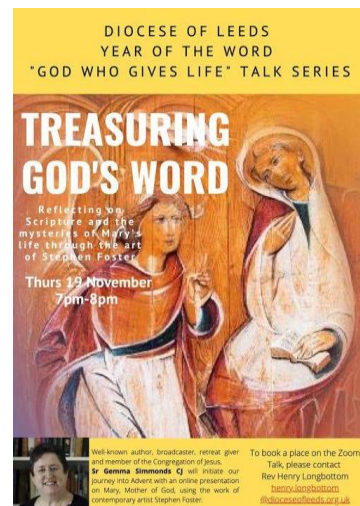
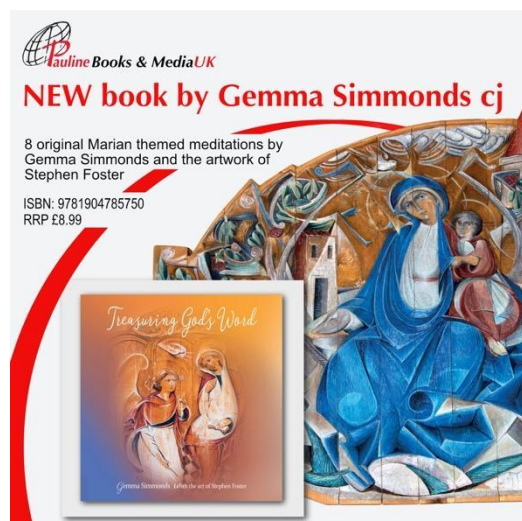
Throughout 2020, the charity's activities have been carried out at five locations throughout the UK: Langley, London, Liverpool, Newcastle and Glasgow. The primary way it has continued to serve the people of the UK during the pandemic has been through its Pauline Books & Media book centres and its websites.

Pauline Books & Media productions are resources sourced, or commissioned and distributed by the charity in order to support local communities in their faith journey and in their educational programmes. Products developed by the sisters are one of the main ways in which they carry out their mission and objectives, as well as being one of their primary sources of income which is used wholly to support the objectives of the charity.

New products in 2020

One of the first products of the year was a reflection book by Sister Gemma Simmonds, reflecting on theological themes and using the art of the late Stephen Foster.

Pauline Books & Media promoted this by video reflections on YouTube with the help of Sister Gemma, and also promoted the product through Leeds Catholic diocese.



Objectives, activities and relevant policies (continued)

Activities: Pauline Books and Media (continued)

New products in 2020 (continued)

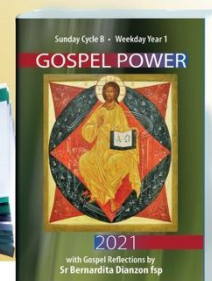
The charity also published a range of seasonal and liturgical publications, such as those displayed to the right and below.



Using the Gospel from the daily liturgy is an excellent way to pray.



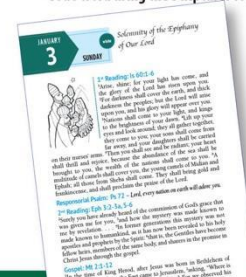
“The Kingdom of God requires our humble collaboration and daily interior commitment...”
Francis



Gospel Power 2021

with Gospel Reflections by Sister Bernardita Dianzon

This is a book that opens up new insight and depth of meaning to reading God's word using the Scriptures for each day in the liturgical year.



- Features**
- Scripture references for daily Mass
 - Response to the Psalm
 - Three Scripture readings for Sunday mass and the weekday Gospel
 - Excellent, short reflection on the Gospel reading for the day
 - A prayer to Jesus

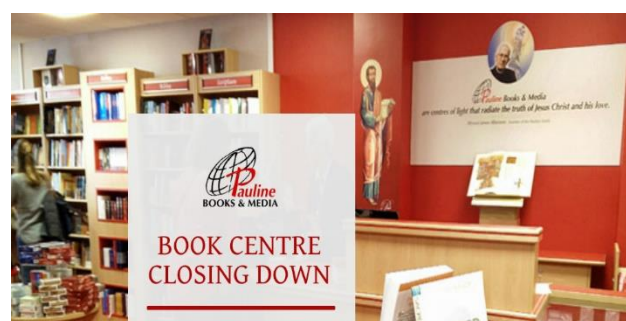
ISBN: 9781904785767 512 pp / £4.99

DISCOUNTS ON QUANTITY ORDERS
email orders@pauline-uk.org
or telephone 01753577629

Activities: Pauline Book and Media centres

London

The Kensington High Street book centre re-opened in late 2020 with the intention to continue, as always, to serve the people of London and beyond. Unfortunately, the lockdown imposed by the necessities of the pandemic precipitated a series of unfortunate events. Prospects for recovery had been dampened further by the initiation of substantial building works directly on either side of the property, which rendered the location less attractive to potential customers when the government eventually permitted resumption of trading by non-essential retail outlets. Prospects for the Kensington Book Centre were not favourable.



We wish to inform you that our Pauline Centre at
199 Kensington High Street
will close on **Saturday, 24 October 2020.**

From 12-24 October, the book centre will open
everyday, except Sunday, from 10.30am-3.30pm.

Considering the financial situation of the charity and the economic downturn over recent years, which has been exacerbated by the impact of the Covid-19 pandemic, the Trustees decided with a heavy heart to close the Book Centre in Kensington High Street.

Objectives, activities and relevant policies (continued)

Activities: Pauline Book and Media centres (continued)

Liverpool

The Liverpool book centre also began the year as normal, opening for sales and service to the people of the city. The Trustees decided to invest in this book centre and planned a refurbishment of the property.

The fortuitous discovery of a suitable property for sale in the centre of Liverpool city prompted the Trustees to abandon the plans to refurbish the Pauline Books & Media centre in Bold Street, in favour of purchasing and using that new location on Church Street to its fullest potential. Funds set aside for the refurbishment were re-purposed and a loan was secured from the Congregational General Government in Rome for the purchase of the new property.

The re-location of the Liverpool book centre inevitably impacted the possible activities for that region, especially regarding the personnel available; much of the work was done by the sisters themselves.

Newcastle

The Book Centre in Newcastle was able to continue to serve the public for those times when government restrictions permitted.



Glasgow

Pauline Books & Media in Glasgow also continued to be open to the public when government restrictions permitted. Efforts were made to support the children of Scotland through promoting spiritual and educational resources in the run-up to Advent and Christmas.



The Glasgow Pauline Books & Media centre renewed its annual Christmas Book Appeal, which encourages customers to purchase a book to be donated to local Children for Christmas.



Objectives, activities and relevant policies (continued)

Activities: *Pauline Book and Media centres* (continued)

Langley: Warehouse & www.pauline-uk.org

The mission activities in the Langley location were perhaps the most important of the year, since it is from here that the mission has continued to be carried out online, in the face of the closures elsewhere in the country. Considerable investment was made into website development to improve our long-term prospects. The integration of our existing stock database to the website cost £3,900.



The requests for resources through our website increased greatly. The challenge of supplying the public with the things they needed throughout the pandemic and lockdown periods was augmented because of

the closure of many suppliers or because of postal delays. The sisters worked diligently in providing a worthy service despite the many frustrations faced during the year.

Langley: www.paulinemission.org

In view of providing a broad range of pastoral service to the public, the Daughters of St Paul launched an additional website, shown to the right. This website has not been created with financial gain in mind, but is an initiative created to build up a virtual community, where ideas and information can be shared.

Social media

Our Social Media presence is also an important part of our efforts to build community, and so our Facebook and YouTube channels have continued to be dedicated to the same mission as our other apostolic activities.



Objectives, activities and relevant policies (continued)

Activities: *Pauline Book and Media centres* (continued)

Social media (continued)

The sisters in Langley used Facebook to give a class on Children's Liturgy through a virtual video-link.

Sections of our Facebook page have been promoted specifically to support children through the lockdown.



General Government and British Delegation

During their meetings, the Trustees reflect on governance issues including the "Relationship with our Generalate in Rome". In view of the expenses incurred by the General Government which is at the service of the Congregation worldwide, each circumscription (Province or Delegation) is asked to contribute a percentage (2%) of turnover to cover part of such costs.

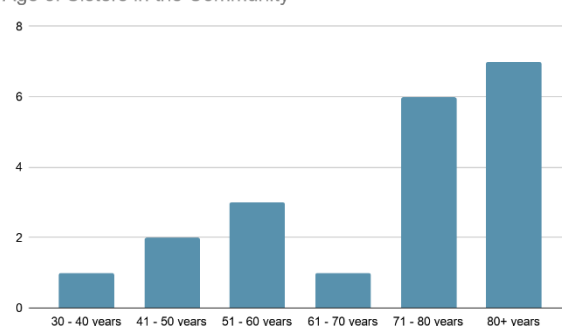
The British Delegation (*Daughters of St Paul*)

The British Delegation of the Daughters of St Paul is made up of 20 sisters from 7 different countries: Ireland, Italy, Kenya, Malta, Philippines, Scotland and the USA. The Trustees are: Sister Angela Grant fsp, (Chair), Sister Mary Ann Salvilla fsp (Bursar), Sister Elaine Penrice fsp (Secretary) and Sister Rosetta Mignolli fsp. They are aware of their specific roles and ensure that all resources are used efficiently and effectively to further the charitable objects (evangelisation through the media of social communication). The Chair, Sister Angela Grant, keeps up to date with announcements and publications by both the Charity Commission in England and Wales and the Office of the Scottish Regulator to ensure that the Trustees comply with all legal and regulatory requirements.

Looking to the future

With the financial climate in the UK at the moment, and the responsibility to care and provide for the members of the religious community who have been entrusted with the mission and activities of the institute, there is a recognisable financial challenge that is only being sustained by the good stewardship of preceding decades. This, however, has become increasingly difficult and is compounded by the reality that the average age of the sisters is 70 years. Of 20 members, only 7 of these are under the average age. This personnel situation has little prospect of amelioration in the short or medium term.

Age of Sisters in the Community



Objectives, activities and relevant policies (continued)

Looking to the future (continued)

Presently there are 4 sisters who are responsible for leadership and management of the charity, all of whom carry out other responsibilities in the mission. The community leader is overseeing the direction and management of all locations, whilst the board of advisers frequently supports mission activities throughout the UK. One sister oversees the care of the elderly members full-time, as well as the day-to-day management of the Langley house where the active community and guests are catered for. One sister is the Bursar, who supports staff in the local Pauline Books & Media centres. One sister works three days a week with the Catholic Bishops Conference of England & Wales, and is responsible for the management of the productions of Pauline Books & Media.

Three sisters collaborate in a vocations ministry, which supports young women who are reflecting on what to do with their lives, as well as seeking to find new members to secure the mission in future years. Five sisters work full time in the Book Centres, three of whom are over 70 years old. The other sisters mostly work full-time in the Langley site, supporting the various other aspects of our mission including distribution, order fulfilment, marketing and customer service. It should be noted that all sisters make some practical contribution to the life and mission of the institute, including the ministry of prayer, welcoming and hospitality.

Reorganising the Delegation of Great Britain

The ongoing work and deliberation of mapping out the future of the charity in the UK is moving forward. Considerable investment of time and financial resources will continue to be needed to secure the harity for the medium and long-term.

Advisors

In consideration of the challenges of present times, this year the Trustees have a panel of four external advisers who represent a breadth of experience from financial, business and religious backgrounds. Besides these, the Trustees have also been consulting with Gerard Eve LLP (real estate advisors) and with Buzzacott LLP.

The aforementioned advisors have been consulted regarding their expertise in investment, sustainability and property management, with a view as to how to better prepare the charity to move securely into the future.

Safeguarding

The Trustees are committed to Safeguarding as an integral part of the life and ministry of the Daughters of St. Paul in Great Britain. They are fully aware of the Safeguarding policies, procedures and recommendations of the Catholic Church of England, Wales and Scotland. The Trustees are updated on Safeguarding matters by the Catholic Advisory Service on Safeguarding (CSAS).

The sisters are offered periodic updates on safeguarding training and the Trustees ensure that both sisters and employees are reminded of their rights and responsibilities in this regard.

Objectives, activities and relevant policies (continued)

General Data Protection Regulation (GDPR)

The Trustees took note of the Data Protection Act 2018. They hold a copy of the summary guide to GDPR compliance in the UK. They also have a copy of "GDPR: 12 answers for Religious Orders" (Stone King Solicitors) and the Brochure on Retention of Accounting Records (Buzzacott LLP).

Reserves policy

The Reserves Policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. The general fund should comprise between 25% and 50% of forecast annual operating expenditure. The retirement fund is reviewed annually with the Trustees taking advice on the minimum amount required per person, in accordance with changes to the average retirement period, the cost of living and changes to the demographic of the Congregation.

Insurance brokers

Since 2016 our insurers have been Jelf, founded in 1989. They changed their name in 2020 and are now called Marsh Commercial.

Year-end accounts

The Trustees reviewed the 2020 year end accounts. They are aware of the overall decline in income over the past years and are seeking advice as to how to respond best to the challenge.

Fundraising

The charity aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data with other organisations, and ensures that its communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2020, the charity received no complaints about its fundraising activities.

Financial review

Results for the year

Total income for the year amounted to £968,450 (2019 – £1,012,610). Of the total income, £390,013 (2019 – £907,062) was derived from the charity's primary purpose trading activities. The decrease in income from charitable activities reflected the closure of all non-essential shops and businesses as a result of the Coronavirus pandemic lockdowns during 2020. Included within total income are gains on the disposal of tangible fixed assets of £339,868 (2019 – £nil), representing the sale of the charity's property in Bold Street, in Liverpool.

Financial review (continued)

Results for the year (continued)

Total expenditure for the year amounted to £1,063,566 (2019 – £1,340,146). Of this total, £972,348 (2019 – £1,317,567) was directly related to the costs of the charity's primary purpose trading activities. As with income from charitable activities, the fall in charitable expenditure is a result of the closure of non-essential shops and businesses due to the Coronavirus pandemic. Despite the pandemic and the charity's position in an increasingly cost competitive market, the charity has managed to achieve gross profit margins at an average of 38% (2019 – 38%). Net expenditure for the year (after accounting for the £339,868 surplus on disposal of property) was £95,116 (2019 – £327,536).

Reserves policy

Our reserves policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. The general fund should comprise between 25% and 50% of forecast annual operating expenditure.

Financial position

The balance sheet shows total funds of £4,830,973 (2019 – £4,926,089). Of this, £3,979,687 (2019 – £4,035,573) represents the net book value of the charity's tangible fixed assets used to support the work of the sisters minus the value of the short term loan from the Congregation's General Government of £1,150,092 (€1.25 million) to help finance the purchase of property. A further £800,000 (2019 – £800,000) represents designated monies set aside to support the sisters in the long term.

Free reserves, therefore, are those shown on the balance sheet as general funds and amounted to £51,286 at 31 December 2020 (2019 – £90,516). This level of free reserves is deemed insufficient by the Trustees and they have implemented a detailed restructuring plan which includes the receipt of the short-term loan from the General Government in Rome for the purchase of the new building in Church Street, in Liverpool.

The Trustees have resolved to take a number of important actions, which it is anticipated will allow the repayment of the loan during 2021 or 2022 and will return the charity's free reserves to a more appropriate level for long-term sustainability. The actions include:

- ◆ To sale of the charity's property at Langley, Berkshire.
- ◆ To sale of the charity's property in Kensington, London.

As a consequence of these sales the Trustees intend:

- ◆ To purchase another house in Liverpool that is better suited to the needs of the older sisters. Liverpool provides both for a more affordable location than the South of England and will be close to the main mission centre of the Daughters of St Paul which has now been established as being Liverpool.
- ◆ To seek to find a new, non-retail base in London to maintain our mission presence in the capital.

Financial review (continued)

Financial position (continued)

The charity has in recent years been suffering annual deficits and there remains a desire to increase the amounts designated for the future care of the sisters – both of these factors will continue to place pressure on free reserves over the longer term, although it is hoped that these pressures will be ameliorated by the actions described above.

Principal risks and uncertainties

The Coronavirus pandemic has severely affected the mission carried out through Pauline Books & Media. The Trustees have developed plans to guard the sustainability of the charity's work in the near future and the sisters continue to work on new products for sale through Pauline Books & Media. They are currently developing best practice in regard to the future mission of the charity.

The Trustees have identified and considered major risks that the charity may be exposed to. Having assessed the major risks to which the charity is exposed, the Trustees believe that by monitoring progress, and by being informed also through reading relevant documentation from the Charity Commission, they have established effective systems to mitigate these 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.

Competition from large scale retailers

In recent years, competition from larger retailers, particularly those with an online presence, such as Amazon, has led to a decline in revenues for Pauline Books & Media. The charity also bears the additional overheads associated with maintaining its presence on the high street in four different locations across the UK. The Trustees acknowledge the impact of the trends in the retail sector and, as a response, the charity invested in a new website which went live on 1 October 2015. The charity is now also trading through Amazon Marketplace. The Trustees are hopeful that the new online platforms will help the charity to better compete online going forward.

Planning for the care of elderly sisters

An analysis of the age profile of the members of the Delegation shows that the average age of members at 31 December 2020 was 70 years. The Trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters 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 sisters. 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, but constrained by the availability of unrestricted reserves; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

Principal risks and uncertainties (continued)

Availability of financial resources

As noted in the financial review above, the charity's balance of free reserves remains a concern for the longer term due to the recurring deficits and the desire to increase the amounts designated for the longer term care of the sisters of the Congregation. The Trustees continue to consider options to manage this issue longer term and their plans are set out above.

Governance, structure and management

In terms of Canon law, the Congregation of the Daughters of St Paul is an Institute of Pontifical status. It is governed at an international level by the Superior General and her Council in Rome. The members of the General Government are elected every six years at a General Chapter, by representatives of all the Provinces and Delegations of the Congregation.

The British Delegation of the Daughters of St Paul is governed by the Delegate Superior and her Council. The Delegate and Councillors are appointed by the Superior General following a consultation of the members of the British Delegation following a consultation of the members of the British Delegation.

In terms of Civil law, the Charity is governed by a Trust Deed dated 16 January 1987, a scheme of the Charity Commission dated 14 January 1997 and the Deed of Variation dated 12 July 2013. The Charity is registered with the Charity Commission for England and Wales with registration number 296042. The Charity is registered with the Office of the Scottish Charity Regulator in Scotland with number SC037889.

Trustees

The following Trustees were in office at the date on which this report was approved and served throughout the year to 31 December 2020.

Trustee	Appointed/ resigned
Sister Angela Grant fsp (Delegate Superior)	
Sister Gregoria Mignolli fsp	
Sister Elaine Penrice fsp (Secretary)	
Sister Mary Ann Salvilla fsp (Bursar)	

The Trustees are all members of the Congregation in Great Britain. They are well versed in the charism of the Congregation and are selected for their personal qualities, and their understanding and experience of the works and ministries of the Daughters of St Paul. Together they have a good skills mix and act as a board. They are ultimately responsible for the policies, activities and assets of the charity. When necessary, the Trustees seek advice and support from the charity's professional advisers. They attend the meetings of the Conference of Religious of England, Wales, Scotland, the Catholic Charity Conference and meetings of the Association of Provincial Bursars.

Governance, structure and management (continued)

Statement of Trustees' responsibilities

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

The law applicable to charities in England and Wales and in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of the 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 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 departure 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 Charities (Accounts and Reports) Regulations, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Structure and management reporting

The Government of Delegation controls the activities of the charity within the following departments:

- ◆ Editorial/production: researching new products and arranging for their production and launch;
- ◆ Graphic design: an in-house origination and design service for new products, web pages and advertising;

Governance, structure and management (continued)

Structure and management reporting (continued)

- ◆ Wholesale sales at Slough: a warehouse operation, serving wholesale and retail outlets, Church and educational establishments;
- ◆ Retail sales: the retail operation of the Pauline Books & Media Centres in Langley, Liverpool, Newcastle upon Tyne and Glasgow;
- ◆ Marketing and publicity: market research, product publicity and trade exhibitions;
- ◆ Central administration: secretarial, accounting, finance and computer services;
- ◆ Websites www.pauline-uk.org and www.paulinemission.org; and
- ◆ Communities' administration of the religious and private lives of the sisters.

The Trustees hold regular meetings throughout the year and examine the Trustees' report and accounts. Special meetings are called to approve capital expenditure, policies regarding employment of lay staff, risk management, health and safety matters, updating reserves policy, and so on. All Trustee meetings are held at the Convent of Our Lady, Middle Green, Slough, SL3 6BS. The Trustees regularly report to, and are accountable to, the General Government of the Congregation in Rome and require that Government's agreement for property transactions and the spending of large sums of money.

Key management personnel

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation 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 to the charity.

Employees

The Charity employs 13 part-time employees.

- ◆ 1 person in accounts and administration
- ◆ 11 persons to assist in the various retail and distribution services across the four (previously five) locations.

The charity is an equal opportunities employer and will apply objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability. Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.

Governance, structure and management (continued)

Employees (continued)

The Trustees recognise that the laity are an integral part of building up the Kingdom of God and that they have their vocation and their rights to be involved in mission.

From 1 February 2017, Pauline Books & Media was required to provide a workplace pension for all employees who meet the criteria governing automatic enrolment.

The scheme for which Aviva is the provider, has become a qualifying scheme for automatic enrolment purposes. Pauline Books & Media remains committed to adhering to the ongoing requirements governing automatic enrolment.

Signed on behalf of the Trustees:

Sister Mary Ann Salvilla fsp

Trustee

Approved on: 28 September 2021

Independent auditor's report to the Trustees of The Pious Society of the Daughters of St Paul

Opinion

We have audited the accounts of The Pious Society of the Daughters of St Paul (the 'charity') for the year 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 year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework i.e. Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and those that relate to data protection (General Data Protection Regulation); 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 Trustees as to 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.

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

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

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias, particularly in respect to the methodology applied by the charity in determining the provision against obsolescent stock;
- ◆ Used data analytics to investigate the rationale behind any significant or unusual transactions;
- ◆ Tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the charity's financial procedures; and
- ◆ Performed substantive testing on expenditure incurred to ensure it complied with the charity's stated purpose.

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 Trustees and enquiring of Trustees 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 other management and the inspection of regulatory and legal correspondence, if any.

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

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

Use of our report

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

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

28 September 2021

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

Statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds	
		2020 £	2019 £
Income from:			
Donations	1	94,193	79,687
Bank interest	2	1,678	5,256
Charitable activities			
. Communications media income	3	390,013	907,062
Other sources			
. Gain on disposal of tangible fixed assets	10	339,868	—
. Foreign exchange gains		79,684	20,605
. Coronavirus Job Retention Scheme funding		63,014	—
Total income		968,450	1,012,610
Expenditure on:			
Charitable activities			
. Spreading the Gospel through communications media	4	972,348	1,317,567
Other items			
. Foreign exchange losses		91,218	22,579
Total expenditure		1,063,566	1,340,146
Net expenditure and net movement in funds	7	(95,116)	(327,536)
Reconciliation of funds			
Total funds brought forward at 1 January 2020		4,926,089	5,253,625
Total funds carried forward at 31 December 2020		4,830,973	4,926,089

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

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	10		5,129,779		4,035,573
Current assets					
Stocks	11	247,216		261,236	
Debtors	12	147,874		61,456	
Short term deposits		—		700,000	
Cash at bank and in hand		1,122,842		431,738	
		1,517,932		1,454,430	
Liabilities:					
Creditors: amounts falling due within one year	13	(1,816,738)		(563,914)	
Net current (liabilities) assets			(298,806)		890,516
Total net assets			4,830,973		4,926,089
The funds of the charity:					
Unrestricted funds					
. Tangible fixed assets fund	14		3,979,687		4,035,573
. Designated funds	15		800,000		800,000
. General fund			51,286		90,516
			4,830,973		4,926,089

Approved by the Trustees
and signed on their behalf by:

Sister Mary Ann Salvilla fsp

Trustee

Approved on: 28 September 2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(245,634)	(174,618)
Cash flows from investing activities:			
Bank interest received		1,678	5,256
Purchase of tangible fixed assets		(1,636,455)	(10,741)
Disposal of tangible fixed assets		720,000	4,880
Net cash used in investing activities		(914,777)	(605)
Cash flows from financing activities:			
Cash inflows from new borrowing		1,151,515	423,980
Net cash provided by financing activities		1,151,515	423,980
Change in cash and cash equivalents in the year		(8,896)	248,757
Cash and cash equivalents at 1 January 2020	B	1,131,738	882,981
Cash and cash equivalents at 31 December 2020	B	1,122,842	1,131,738

Notes to the statement of cash flows for the year to 31 December 2020.

A Reconciliation of net expenditure to net cash used in operating activities

	2020 £	2019 £
Net expenditure (as per the statement of financial activities)	(95,116)	(327,536)
Adjustments for:		
Depreciation charge	163,397	172,683
Interest receivable	(1,678)	(5,256)
Gain on disposal of tangible fixed assets	(339,868)	—
Decrease in stocks	14,020	30,912
(Increase) decrease in debtors	(86,418)	10,234
Increase (decrease) in creditors	100,029	(55,655)
Net cash used in operating activities	(245,634)	(174,618)

B Analysis of changes in net debt

	2019 £	Cash flows £	Foreign exchange movements £	2020 £
Cash and cash equivalents				
Cash at bank and in hand	431,738	691,104	—	1,122,842
Short term deposits	700,000	(700,000)	—	—
	1,131,738	(8,896)	—	1,122,842
Borrowings				
Loans due within one year	—	(1,151,515)	1,423	(1,150,092)
Total cash and cash equivalents net of borrowings	1,131,738	(1,160,411)	1,423	(27,250)

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 in respect to 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.

Critical accounting estimates and areas of judgement

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

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

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the provision made in respect to slow moving or obsolete stock which has been determined through a review of sales patterns for all stock lines;
- ◆ the provision required for any bad or doubtful debts which has been determined following an assessment of the likelihood of recovery of long-standing debts; and
- ◆ the assumptions adopted in estimating the ideal level of the sisters' retirement reserve; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The financial impact on the charity cannot be underestimated and these unprecedented times were therefore of serious concern and challenge. The income of the charity was greatly reduced across all areas: book centre sales, donations, the income from the stipend of the sister working for the national church, and the income from sales on the Pauline Books & Media website.

Savings, however, were made, chiefly due to the furloughing of staff and the reduced overheads achieved by not having to open the book centres, as well as the inability in many cases to purchase new stock for the book centres (because suppliers were often closed too). Savings were also made by reducing community expenses to the essential.

The re-opening of the Pauline Books & Media centres had cost implications:

- ◆ Reinstatement of staff salaries;
- ◆ Purchase and consummation of personal protection materials;
- ◆ Increased purchase of cleaning materials;
- ◆ Increased overheads of electricity, heating etc.; and
- ◆ Return to purchasing stock from suppliers.

It was hoped that the re-opening of centres would have a positive return from sales, though recent trends have been downwards, and this has been exacerbated by:

- ◆ The general downturn in the nation's economy;
- ◆ Increased unemployment of the local community;
- ◆ Insecurity from customers in relation to shopping and circulation as a result of Covid-19; and
- ◆ Changes of routine and purchasing habits – people where have become accustomed to online shopping and this, as we anticipated, resulted a further decrease in footfall.

Although the charity's free reserves were deemed insufficient at 31 December 2020 at £51,286, this position is a result of the charity's ongoing restructuring and relocation plan. This is being financed with the assistance of a short-term loan of €1.25 million (£1,150,092) obtained from the Congregation's General Government in Rome for the purchase of the new building in Church Street, in Liverpool.

The Trustees have resolved to take a number of important actions which it is anticipated will allow the repayment of the loan during 2021 or 2022 and return the charity free reserves to a level that ensures long term sustainability. The actions include:

- ◆ To sell the charity's property at Langley, Berkshire.
- ◆ To sell the charity's property in Kensington, London.

Assessment of going concern (continued)

As a consequence of these sales the Trustees intend:

- ◆ To purchase another house in Liverpool that is better suited to the needs of the older sisters. Liverpool provides both for a more affordable location than the South of England and will be close to the main mission centre of the Daughters of St Paul which has now been established as being Liverpool.
- ◆ To seek to find a new, non-retail base in London to maintain our mission presence in the capital.

The charity has in recent years been suffering annual deficits and there remains a desire to increase the amounts designated for the future care of the sisters – both of these factors will continue to place pressure on free reserves over the longer term, although it is hoped that these pressures will be ameliorated by the actions described above. Whilst the restructuring and relocation plans are being implemented during 2021 and 2022, the Congregation's General Government has confirmed that it will continue to provide financial support to the charity to enable it to pay its debts as they fall due.

Therefore, the Trustees are of the opinion that the charity has planned carefully in order to meet its liabilities as they fall due and, whilst they acknowledge that there will be challenges ahead, they are of the opinion that the use of the going concern assumption in the preparation of these financial statements is appropriate.

Income recognition

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income includes income from charitable activities, donations, local Government support grants, grants from the Government's Coronavirus Job Retention Scheme, bank interest and other income.

Income from charitable activities relates to the turnover derived from the charity's primary purpose trading activity, principally the sale of religious book, media and artefacts. The income is recognised when the significant risks and rewards of ownership have transferred to the buyer. This is usually when the stock has been dispatched to the customer.

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.

Income recognition (continued)

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.

Support grants from local government bodies are recognised when the charity becomes entitled to the funding, receipt of the grant is probable and the value of the grant is measurable

Any surplus on disposal of tangible fixed assets is credited to the statement of financial activities on completion of the legal process to dispose of the assets and comprises the difference between the sale proceeds net of associated costs and the net book value of the assets immediately prior to disposal.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities when the Charity is entitled to receive the funds and when the amount receivable can be quantified.

Services provided by members of the Congregation

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

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. The majority of expenditure is directly attributable and any apportionment between headings is negligible. The classification between activities is as follows:

- ◆ Expenditure on charitable activities comprises the direct cost of goods sold in relation to the charity's primary purpose trading activity as well as the cost of the living and personal expenses of the sisters.

Indirect support costs are wholly allocated to the cost of charitable activities and include staff costs, depreciation, governance costs and other overheads including those in relation to the running and upkeep of the book centres and the central office. Governance costs relate to the costs of public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

- ◆ Other expenditure which includes sundry costs such as losses made on the disposal of tangible fixed assets and foreign exchange losses.

Pension costs

Contributions to employees' group personal pension plans and the charity's workplace pension scheme are debited to the statement of financial activities in the year in which they are payable.

Tangible fixed assets

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

Tangible fixed assets are capitalised and depreciated at the following annual rates on a straight line basis in order to write them off over their estimated useful lives:

♦ Freehold buildings	2% per annum
♦ Fixtures and fittings	10% per annum
♦ Computer software and equipment	20% per annum
♦ Motor vehicles	20% per annum

Freehold land and buildings purchased on or prior to 17 June 1997 are included in the accounts at a valuation carried out by Gerald Eve LLP, Chartered Surveyors and property consultants, at that date. In accordance with the transitional provisions of FRS 102, the 1997 valuation is now deemed to be cost. Land and buildings purchased on or after 18 June 1997 and all other tangible fixed assets are included on the balance sheet at cost.

Stocks

Stocks of finished goods and goods for resale are valued at the lower of cost and net realisable value after making due allowance for obsolescence.

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. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

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 tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

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

Foreign currencies

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

Leased assets

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

1 Donations and legacies

	2020 £	2019 £
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	38,304	40,177
Local Government support grants re Covid-19	35,000	—
Donations	20,889	39,510
	94,193	79,687

2 Bank interest

	2020 £	2019 £
Interest receivable	1,678	5,256

3 Communications media income

	2020 £	2019 £
Turnover from trading activities	389,383	906,927
Royalties and copyright income	630	135
	390,013	907,062

4 Spreading the Gospel through communications media

	2020 £	2019 £
Costs of goods sold	240,645	559,212
Community living and personal expenses	96,444	141,280
Support costs (note 5)	635,259	617,075
	972,348	1,317,567

5 Support costs

	2020 £	2019 £
Staff costs (note 8)	186,383	217,373
Depreciation	163,397	172,683
Book centre and office expenses	271,069	213,684
Governance costs (note 6)	14,410	13,335
	635,259	617,075

6 Governance costs

	2020 £	2019 £
Auditor's remuneration	14,410	13,335

7 Net expenditure and net movement in funds

This is stated after charging:

	2020 £	2019 £
Staff costs (note 8)	186,383	217,373
Auditor's remuneration		
. Statutory audit services	14,410	13,335
Rentals under operating leases	4,500	4,824
Depreciation	163,397	172,683

Rentals under operating leases relate to the rental of the bookshop space at the Cathedral Church of St Mary in Clayton Street West, Newcastle, under a rolling agreement with Sursum Corda Limited.

8 Staff costs and remuneration of key management personnel

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	178,468	204,067
Social security costs	3,342	7,224
Other pension costs	4,573	6,082
	186,383	217,373

The average number of employees during the year, analysed by function, both on an average headcount and full-time equivalent (FTE) basis, was as follows:

	2020 FTE	2019 FTE	2020 Average number	2019 Average number
Charitable activities				
. Spreading the Gospel through communications media	9	11	15	19

No employees earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year (2019 – none).

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation 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 to the charity (2019 – £nil).

9 Taxation

The Pious Society of the Daughters of St Paul 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.

10 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computer software and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2020	5,694,125	747,153	459,647	57,315	6,958,240
Additions	1,628,715	5,017	4,003	—	1,637,735
Disposals	(610,554)	(52,551)	—	(15,550)	(678,655)
At 31 December 2020	<u>6,712,286</u>	<u>699,619</u>	<u>463,650</u>	<u>41,765</u>	<u>7,917,320</u>
At historic cost	6,430,668	699,619	463,650	41,765	7,635,702
At deemed cost (1997 valuation)	281,618	—	—	—	281,618
	<u>6,712,286</u>	<u>699,619</u>	<u>463,650</u>	<u>41,765</u>	<u>7,917,320</u>
Depreciation					
At 1 January 2020	1,818,638	618,168	440,911	44,950	2,922,667
Charge for the year	113,071	32,884	11,969	5,473	163,397
Disposals	(230,422)	(52,551)	—	(15,550)	(298,523)
At 31 December 2020	<u>1,701,287</u>	<u>598,501</u>	<u>452,880</u>	<u>34,873</u>	<u>2,787,541</u>
Net book values					
At 31 December 2020	<u>5,010,999</u>	<u>101,118</u>	<u>10,770</u>	<u>6,892</u>	<u>5,129,779</u>
At 31 December 2019	<u>3,875,487</u>	<u>128,985</u>	<u>18,736</u>	<u>12,365</u>	<u>4,035,573</u>

The charity's freehold land and buildings were revalued to open market value on 17 June 1997. The valuation was carried out by Gerald Eve LLP, chartered surveyors and property consultants. As permitted under the transitional arrangements of Financial Reporting Standard 102, the charity has continued to adopt a policy of not updating this valuation which is now deemed to be cost. With the exception of freehold land and buildings, all other assets are included above at historic cost.

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

During the year, as part of the ongoing restructuring of the charity, the Trustees disposed of one of the charity's properties in Liverpool realising a surplus on disposal of £339,868.

At 31 December 2021, the Charity had capital commitments of £238,063 (2019 – £nil) in respect to refitting work at the newly acquired property in Church Street, Liverpool.

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	247,216	261,236

12 Debtors

	2020 £	2019 £
Trade debtors	14,156	21,015
Other debtors	98,487	415
Prepayments and accrued income	35,231	40,026
	147,874	61,456

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Loan from the Congregation's General Government (see below)	1,150,092	—
Other amounts due to the Congregation's General Government	485,906	468,414
Expense creditors	121,447	39,202
Payments due in respect of tangible fixed assets	1,280	—
Other creditors and accruals	40,223	37,968
Deferred income	17,790	18,330
	1,816,738	563,914

The loan from the Congregation's General Government was advanced to enable the purchase of a property in Liverpool, the acquisition of which forms part of the charity's ongoing restructuring and relocation plans. The loan is interest free and will be repaid from the proceeds of the sale of other properties which are currently being marketed for sale.

14 Tangible fixed assets fund

	Total 2020 £	Total 2019 £
At 1 January 2020	4,035,573	4,202,395
Net movement in tangible fixed assets in the year	1,094,206	(166,822)
Less: Loan received towards the purchase of property (see note 13)	(1,150,092)	—
At 31 December 2020	3,979,687	4,035,573

15 Designated fund

The funds of the charity include the following designated fund which has been set aside out of unrestricted funds by the Trustees for specific purposes:

	At 1 January 2020 £	New designations £	Transferred to general fund £	At 31 December 2020 £
Retirement fund	800,000	—	—	800,000
	At 1 January 2019 £	New designations £	Transferred to general fund £	At 31 December 2019 £
Retirement fund	1,000,000	—	(200,000)	800,000

The retirement fund comprises monies to apply towards the needs of caring for members of the Community in the longer term.

16 Analysis of net assets between funds

	General fund £	Designated fund £	Tangible fixed asset fund £	Total 2020 £
Fund balances at 31 December 2020 are represented by:				
Tangible fixed assets	—	—	5,129,779	5,129,779
Current assets	717,932	800,000	—	1,517,932
Creditors: amounts falling due within one year	(666,646)	—	(1,150,092)	(1,816,738)
Total net assets	51,286	800,000	3,979,687	4,830,973
	General fund £	Designated fund £	Tangible fixed asset fund £	Total 2019 £
Fund balances at 31 December 2019 are represented by:				
Tangible fixed assets	—	—	4,035,573	4,035,573
Current assets	654,430	800,000	—	1,454,430
Creditors: amounts falling due within one year	(563,914)	—	—	(563,914)
Total net assets	90,516	800,000	4,035,573	4,926,089

17 Pension scheme

The charity operates a group personal pension plan. The assets of the plan are held separately from those of the charity in independently administered funds. Employees may contribute 3% of their gross salary to the plan, which is matched by an equal contribution from the charity. The pension cost charge represents contributions payable by the charity to the plans and amounted to £4,573 (2019 – £6,082).

18 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Daughters of St Paul by virtue of the fact that the Superior General of the Congregation and her Council appoint the Trustees. The Daughters of St Paul in Great Britain do not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the Congregation in Great Britain are vested in the Trustees of the charity, who undertake all transactions entered into in the course of the charitable activities of the Congregation in Great Britain.

19 Related party transactions

Income from donations and legacies includes the salaries and pensions of certain Trustees of the charity received under Gift Aid or Deed of Covenant. For the year ended 31 December 2019, the total value of these receipts amounted to £16,629 (2019 – £18,091). Other transactions with Trustees are disclosed in note 8.

There are no other related party transactions that require disclosure (2019 – none).

20 Property plans and commitments

The Trustees have placed the charity's properties situated in Kensington, London and Langley, Berkshire on the market for sale and it is hoped that these will result in net proceeds of circa £8 million. On completion of these sales, it is the intention of the Trustees to purchase two further residential properties, one in Liverpool and the other in the London area. These property transactions are part of the wider structural re-organisation and relocation of the charity which is described in both the Trustees' report and these accounts.