

**THE MONASTERY OF ST. FRANCIS AND GORTON TRUST**

(A company limited by guarantee)

**Trustees' Report and Consolidated Financial Statements**

**For the year ended December 31st 2020**

**Charity number 1061457**

**Company number 03251869**

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST LIMITED**  
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**FOR THE YEAR ENDED DECEMBER 31st 2020**

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**THE MONASTERY OF ST FRANCIS AND GORTON TRUST LIMITED  
ADMINISTRATIVE INFORMATION  
FOR THE YEAR ENDED DECEMBER 31st 2020**

**TRUSTEES:**

The trustees who served during the year were as follows;

Paul Griffiths DL (Chairman & Company Secretary)  
Jeremy Cole  
Ray Hanks  
Tim Isherwood  
David Oliver  
Piers Sturridge  
Janet Wallwork

The trustees are also the company's directors for the purposes of company law.

**CHIEF EXECUTIVE AND SENIOR LEADERSHIP TEAM**

Elaine Griffiths OBE, DL. Chief Executive  
Jackie Ormiston, Finance & Operations Director

**REGISTERED OFFICE**

The Monastery  
89 Gorton Lane  
Manchester  
M12 5WF

**REGISTERED CHARITY NUMBER**

1061457

**COMPANY NUMBER**

03251869

**STATUTORY AUDITORS:**

Chittenden Horley Ltd  
Chartered Accountants & Registered Auditors  
456, Chester Road  
Old Trafford  
Manchester  
M16 9HD.

**BANKERS**

The Co-operative Bank  
Balloon Street  
Manchester  
M60 4EP

**SOLICITORS**

Brabners LLP  
Horton House  
Exchange Flags  
Liverpool  
L2 3YL.

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST LIMITED  
CHAIR'S REPORT FOR THE YEAR ENDED DECEMBER 31 2020**

It is usual for this brief statement to reflect on the Charity's activities and its volunteers and staff's hard work during the last financial year. However, as in my report last year, I have once again failed to follow the usual precedent. Notwithstanding the continuing uncertainty occasioned by the COVID 19 pandemic, my assessment of the Monastery's position and prospects is now unashamedly positive.

The most apposite word in my vocabulary that conveys the essence of what has and is happening to the Charity in 2020, and subsequently, is **metamorphosis**.

Although the physical structure and integrity of the Charity's heritage assets remains reassuringly unchanged, the COVID 19 pandemic has accelerated a remarkable process of change in the shape of the Charity's work.

The lockdown closure period, which extended over almost three quarters of 2020, represented the metaphorical pupation stage of the transformation. During 2020 the Charity has refocused on its primary community benefit objectives. Whilst commercial trading remains an important constituent element of future activities, it will no longer be the lynchpin of the Charity's business economics.

Although the Pandemic has been the backdrop for this metamorphosis, yet it is the exceptional public funding support that has provided the financial shelter for the transformation. Happily, the strategic vision for the Monastery's future as a community heritage asset has been supported with more than £1m of new public money. These funds have enabled the Charity to continue to meet all its liabilities as they fall due and continue investing for the future.

I should not pretend that there are no significant financial challenges ahead in 2022 and beyond. However, for the reasons summarised below, and stated more fully in the Trustees' Report, the charity group's future has been significantly de-risked.

The total payroll cost base of the charity group has been significantly reduced  
A substantial element of the operational risk associated with the catering activity has been avoided through outsourcing  
Significant elements of debt have been restructured, relieving short-term financial pressures  
The opportunities for fund-raising have been substantially enhanced by embedding other not-for-profit partners in the property  
Financial oversight has been strengthened and successfully adapted to the new business model.

Therefore, notwithstanding the undoubted societal and personal harm that COVID has caused, both directly and indirectly, I commend this year's Annual Report and Accounts, as it conveys good news in hard times. Furthermore, with the benefit of a degree of hindsight, I am confident that by the end of 2022, the public and practical benefits arising from our metamorphosis will be plain to see.

Thank you to everyone who has, in any way, supported our work in Gorton.

*Paul Griffiths*

Paul Griffiths DL  
Chairman & Company Secretary -The Monastery of St. Francis & Gorton Trust.

December 22nd 2021

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST LIMITED  
TRUSTEES' AND DIRECTORS' ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31st 2020**

The trustees present the annual report and the audited financial statements of the Charity and its wholly-owned subsidiary for the year ended December 31st 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the Monastery of St. Francis & Gorton Trust constitution, the charities act 2011, and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102).

**OBJECTIVES AND ACTIVITIES**

A precise version of the Trust's charitable objects are as follows:

- 1) To restore, conserve and maintain the Monastery of St Francis, being of historical & architectural merit.
- 2) To further or benefit the residents of the Gorton district of Manchester and its surrounding areas.
- 3) To advance the education of the public in general including the provision of facilities for education and the education of the public.
- 4) The relief of unemployment for the benefit of the public in such ways as may be thought fit.
- 5) To preserve and protect the health of residents of the Gorton district of Manchester and its surrounding areas.
- 6) The prevention or relief of poverty in the Gorton district of Manchester and its surrounding areas.
- 7) The promotion of equality and diversity for the public benefit by advancing education.
- 8) The promotion of religious harmony for the benefit of the public by educating the public in different religious beliefs.
- 9) Such other exclusively charitable purposes according to the law of England and Wales

**Beneficiaries**

Beneficiaries of the Charity's work include:

- Children, Young People and Age-Friendly groups.
- Volunteers (adults and young people)
- The People of Manchester and local communities
- Voluntary organisations.
- Community Charity & Community Groups.

In shaping our objectives and planning our activities for the year, the trustees confirm they have given regard to guidance published by the Charity Commission, including public benefit: running a charity (PB2) guidance.

2020 was dominated by the Covid Pandemic, with facilities closed from March 2020, re-opening to the public on August 2nd 2021. The Charity was fortunate to secure grants and loans backed by the government. This ensured the Trust was able to survive the effects of the Pandemic. Under normal circumstances, there is a reliance on its own efforts and activities and public donations to maintain the heritage asset.

**ABOUT US**

**WHO WE ARE:** The Monastery of St. Francis & Gorton Trust is a Building Preservation Trust and registered Charity set up almost 25 years ago to try to save, restore and find a viable new use for Pugin's derelict architectural masterpiece, known locally as Gorton Monastery.

**WHAT WE DO:** The Trust's charitable mission is to generate enough income to maintain this precious & sacred heritage asset as a local resource, back at the heart of the community once again.

**HOW WE DO IT:** By law, the Trust has a wholly owned trading subsidiary. This is the Monastery Manchester Ltd-which delivers community, educational and outreach activities and events. This includes charity dinners, community & family life events (weddings, funerals), meetings, community concerts and arts, health & well-being events.

**WHY WE DO IT:** The Trust constantly strives to be self-sufficient and sustainable by generating its own income through the Charity and the Monastery Manchester. It relies heavily on its volunteers and pro-bono professional support.

**YOUR EVENT HELPS US TO HELP OTHERS:** Any proceeds from events held by The Monastery Manchester, are donated to the Charitable Trust for ongoing conservation and maintenance work and to support charitable community projects in education, skills, arts & health.

## **Achievements and Performance**

The Monastery has won over 30 prestigious national & regional awards for its work in regeneration, community benefit, heritage, as a visitor attraction and unique events venue. The social & economic value brought to the City of Manchester by the Monastery since 2007 exceeds £20 million Gross Value Added.

Considered by Manchester City Council as a strategically significant site, the Trusts diverse activities make possible the free to enter use of the building, while at the same time boosting the economy of Manchester and enhancing its reputation to all visitors...be they local Mancunians or from elsewhere.

This Manchester landmark continues to play a pivotal role in the improving fortunes of Gorton. The Monastery's restoration is widely credited as the primary catalyst for the area's regeneration. New Homes are being built in Gorton at an unprecedented rate/with 45 new homes under construction on a brownfield site on Crossley Street adjacent to The Monastery and a new, One Manchester £15.7million development scheme of 102 apartments and 13 houses is underway a few hundred yards away on Gorton Lane.

## **Social & Economic Value**

**Investment in Gorton**- for many local people, the saving of Gorton Monastery was the catalyst for the area's regeneration. Its restoration helped to rebuild confidence and improve people's lives. The more than £12million raised by the Trust to bring the Monastery to this point has encouraged people to move to Gorton because they want to, not because they have to.

**Supporting the local economy**-The charity group endeavours to source goods and services locally. Spend in Manchester, and money remains in Manchester. We believe strongly in giving back to the community through this virtuous circle of buying goods and services.

**World Monument site saved**-Over 25 years in the making it is self-evident that important heritage sites can have a positive social impact. They can help people thrive and develop pride in their communities. Such places can also make people feel better.

**Community & Social Value**- The charity group usually adds to its Community and Social value locally by working with a myriad of Community not-for-profit & charitable partnership groups. In 2020 Covid Pandemic limited activity, but we did what we could.

Regeneration & Homes-The Monastery sits at the heart of one of Manchester's key regeneration areas, and it continues to act as a catalyst to regenerate the area. The perception of the area has improved, property prices increased.

**Employment & Jobs**-Local employment continued to March 2020, when the world changed. By September, sadly, a number of jobs were lost through redundancy.

**Volunteers** are the heart of The Monastery. In 2020, there was reliance on volunteers for the first quarter and from the Chairman and Trustees throughout the entire year. They donated 3,792 hours of time, including travel. Their contribution was worth £167k in the year. In 2013, volunteers were awarded with a Queen's Award for Voluntary Service, the highest award.

**Education & Schools**-Limited due to the Pandemic to the first quarter of 2020 only.

**Environment & Sustainability**-work towards ISO 20121 International Sustainable Event Management was suspended due to the Pandemic. The drive to become more sustainable first began in 2012 when UNESCO granted The Monastery status as a Centre of Expertise in Sustainable Development. The new Welcome Wing is Carbon Neutral and has significant Passive House qualities to its construction. We will pick this up again in 2022.

## **Operating Highlights:**

The Covid Pandemic had a huge impact in the year on the Trust's trading subsidiary, The Monastery Manchester. It saw an 84% decrease in operating profit in the period to a loss of (£312k) (2019: £22k) on revenues of £201k. The prior year was £1.2m revenue. The consolidated result for the year saw revenues of £1.3m (2019: £1.4m) and net income of £355k (2019: £11k) after depreciation of £232k in the year.

**Colleagues.** As a result of the Covid-19 Pandemic, it was regrettable as the organisation prepared for a new way of operating, that eight employees, plus part-time casual workers jobs were lost to redundancy. They and others who remain are sincerely thanked for their hard work, commitment and support to the Trust, especially during what proved to be an extremely difficult year.

**Financial review**

*Overview*

The accounts for this year reveal a strongly contrasting position between the charitable parent and its trading subsidiary (Monastery Manchester) and between the Statement of Financial Activities (SoFA) and the Balance Sheet.

Monastery Manchester Limited has incurred a deficit of more than £300k. On the other hand, the exceptional public grant support awarded to its parent charity (MSFGT) has underpinned a substantial improvement in the net current asset position of the Charity and the charity group. The entire £500k net current liabilities balance reported at the end of 2019 has now been eliminated. Therefore, notwithstanding the devastating impact of COVID 19, the charity group is not facing any short-term solvency or cash flow problems.

With the benefit of hindsight, the period of closure (from March 2020 to August 2021) has provided an unparalleled opportunity for metamorphosis. The resultant transformation of the Charity's modus operandi has enhanced rather than compromised its public benefit focus. This is explained in more detail in the Future Plans section of this report.

From a purely financial perspective, the following summary highlights the critical changes that have occurred and identifies the challenges to be addressed in subsequent accounting periods

<b>Change element</b>	<b>Implications</b>	<b>Future challenges</b>
Subsidiary de-risked, primarily through outsourcing	Reduction in burden of operational management  Much reduced fixed costs with business risks being shared with outsourced caterers  Reduction in gross income potential and profits  Expected savings in business rates (including significant retrospective adjustments)	Hangover financial burden from previous losses and fulfilment obligations to customers who booked before the Pandemic  The necessity of relying on significant financial support from charitable parent  The requirement to devise and monitor appropriate cost allocations between subsidiary and its parent
Charity's significantly increased collaborative activity with other public benefit entities	The various collaborating entities with accommodation and projects based at the Monastery pay rent and/or contribute to service costs to reduce the Charity's exposure to establishment costs.  Fund-raising synergies arise from many of these collaborative activities. MSFGT's prospects for reducing the Charity's exposure to its own establishment costs are reduced.	The Charity's residual core costs for which it must secure grant support is circa £150k per annum. A comprehensive funding strategy to address this requirement is presently in development  The allocation of income between MSFGT and its resident collaborators is expected to be the subject of serious negotiation
Group debt refinanced and additional funds raised to secure short-term needs and contingencies	The charity group has been able to act strategically and invest in organisational development work that will bear fruit in future periods  The Charity's debt servicing costs are reduced, and the debt repayment period has been extended. There is presently a significant contingency buffer to enable the Charity to adapt to developing events	It is anticipated that the charity group's cash balances will decline during 2022. There is, therefore, a limited window of time in which the charity group's total operations must become cash positive  Although the projected debt servicing and repayment burden is manageable, it is nonetheless significant. From 2023 this will act as a drag on the group's financial capacity for further investment.

**Principal funding sources**

Whereas in recent past years, over 90 per cent of the charity group's revenue has been trading income, in the calendar year 2020, this income only accounted for less than 30% of total revenue.

The charity group has been able to meet its liabilities because more than £1m of public funding has been credited in these accounts to offset essential expenditure.

Almost all of this assistance has been provided under the following grant schemes.

***Principal funding sources (continued)***

Local Restriction Support Grants - £530k  
Heritage Emergency Fund - £190k  
Cultural Recovery Fund - £346k  
COVID Job Retention Scheme - £130k

Furthermore, additional funding has been received this year and allocated to expenditure in 2021.

***Reserves policy and financial risk management***

In their report last year, the Trustees acknowledged that the devastating short-term impact of the COVID 19 pandemic on the hospitality and events industry had created additional uncertainty in relation to financial risk oversight.

Although the Pandemic is yet to run its course, the Trustees can draw attention to the effectiveness of the extraordinary public funding entrusted to them. Setting aside for the time being the safeguarding of the future public benefit potential, the Charity's financial position is now greatly improved. Having de-risked its activities, enhanced its future fund-raising prospects, and secured its longer-term financing needs, the charity group is now better placed to realise its long-standing ambition to eradicate historical deficits and build unrestricted funds to at least £200,000.

In the preceding financial overview, the Trustees have demonstrated that they are fully alert to the various challenges that must be overcome if this goal is to be attained.

Trustees are also aware that one of the main risks to be managed relates to their own diligence and competence in overseeing the charity group's affairs. This is particularly pertinent at this time when management succession planning is in prospect.

In summary, at the time of signing these accounts, the Trustees consider that they have undertaken a thoroughgoing and rigorous analysis of the main risks that confront the Charity. They have approved appropriate plans that mitigate these risks and have put in place appropriate financial reporting procedures to ensure they are able to exercise effective oversight of future progress.

***Going Concern considerations***

In view of the continuing deficit on free reserves in the charity group, the Trustees acknowledge that there are uncertainties about the group's ability to continue as a going concern

The Charity has no pre-existing legal obligation to support its trading subsidiary. However, the Trustees have considered that it is in the interests of the Charity to protect both its reputation and the members of the public who are creditors of the subsidiary. Therefore, the Charity is committed to continuing to provide financial support to the subsidiary. Accordingly, in December 2021, the Charity has formally guaranteed the financial obligations of the subsidiary by filing a notice at Companies House under Section 479(c) of the Companies Act, 2006 in respect of the financial year ended December 31st 2021. The subsidiary is budgeted to achieve a significant surplus in 2022, but it is expected to continue requiring significant group support for several years.

At the date of signing these accounts, the current group cash flow forecast for the period to December 31st 2022, predicts that the group will enjoy positive current account balances in excess of £200k. This projection does not include any presently unsecured future funding.

The Trustees expect this forecast to be updated before March 31st 2022, to reflect a realistic but prudent estimate of fund-raising income for this next year and that, accordingly, the currently projected cash balances will be increased.

Acknowledging that uncertainties remain regarding future restrictions associated with COVID 19, the Trustees are confident that they are fully entitled to prepare the accounts on a going concern basis.

## **FUTURE PLANS**

### ***The catalytic effect of the Pandemic***

The forced temporary closure of activities in 2020/21 has necessarily focused attention on reducing core costs and investigation of strategic opportunities for reducing future financial risks.

1. The financial plan envisions reducing costs to circa £700k per annum.
2. The Monastery Trust will become the hub of a vibrant community of charitable activities so that the Charity's aims are delivered vicariously rather than directly, thus reducing financial exposures.
3. Debt has been restricted with significantly reduced debt service costs and a longer-term repayment plan.

The Trust has secured significant public funding to facilitate survival, restructuring and re-imagining future operations. It was also able to secure short-term cash flow due to refinancing with government-backed bank facilities.

The Monastery re-opened its doors to the public on August 2nd 2021, until that point, activity was limited due to the Pandemic to Funerals and the occasional (very restricted numbers) weddings.

In terms of the new operating model and its implementation, trustees are pleased with the progress made and continue through to implementation now the Monastery is open again.

The proper execution of the plan is clearly very important to maximise the potential.

This is how things are taking shape,

The Monastery was re-opened to visitors and the public on August 2nd 2021. Sunday through Thursday from 10 am until 4 pm every day. On Friday's and Saturday's, Weddings and special events will be given exclusivity to generate and maximise commercial income, helping maintain the historic building.

The Monastery will be free entry and free parking, but we ask for donations and sell tickets for specific tours, talks, events, or workshops.

There was a focus on family/community/health & well-being summer programme in August 2021.

There is an "HOUR OF SILENCE" on offer every day, either in the Great Nave or the Private Chapel.

Huge early National success has come from a Trusted Partnership with Manchester Camerata, which has seen a Dementia Music Café in the Nave for people living with Dementia. Substantial media exposure followed, heaping praise all around for this important work.

It is intended to launch a new fund-raising appeal and launch our new visitor attraction, the "Franciscan Footsteps", an Augmented Reality self-guided tour early in 2022. There will be a PR push, linking with local schools and partner organisations to deliver new events to new audiences.

On a separate note, and thanks to the recent Culture Recovery Fund Grant funding, we're also intending to do much more on sustainability and greening the site and on improving the urban landscape linked to educational and interpretation initiatives.

There is a focus on aligning all activities in such a way as to enable proper output measurements using Social Impact Reporting Software.

### **The four pillars of activity we are engaged in embrace the following:**

- 1; Heritage & Culture**
- 2; Health & Wellbeing**
- 3; Ceremony & Celebration**
- 4; Wisdom & Consciousness**

Note 25 to the accounts provides a brief note of significant non-adjusting post balance sheet date events.

## **STRUCTURE GOVERNANCE AND MANAGEMENT**

The Charity is a company limited by guarantee. It is governed by its memorandum and articles of association dated September 19th 1996 as amended by special resolutions dated March 7th 1997, March 19th 1997, February 3rd 2006 and May 2019. It was registered with the Charity Commission on March 20th 1997.

The Directors acting as the Governing Body have the power to admit or refuse membership to any individuals or corporations. Membership may be terminated by resolution of an extraordinary general meeting called for that purpose by the Governing Body.

There are currently seven members of the company, each of whom has agreed to contribute a sum not exceeding £100 in the event of the Charity being wound up.

## **APPOINTMENT, INDUCTION AND TRAINING OF TRUSTEES**

The Directors, who are the Trustees, together form the Governing Body. The Trustees who served during the year, together with any changes up to the date of approving this report, are listed on page 1. It is recognised that the changing nature of the Trust's focus, from restoring an important historic building to ensuring that its multi-faceted role is sustainably established. In the year, no new trustees were appointed.

Trustees are appointed for their specialist skills, knowledge and sound judgement. A relevant skill-set is sought that is appropriate for the successful delivery of the trust aims and objectives and its public benefit strategy. These skills inevitably vary as the trust progresses. We set out to establish a complementary board with a broad mix of skills, which satisfy our charitable objectives.

## **SUCCESSION PLANNING**

In this the 25th year since the Charity was formed to save and restore Gorton Monastery, the Trustees remain committed to planning for future changes in the evolving membership of the Board and of its management. The two co-founders Elaine and Paul Griffiths, are also wholly supportive of a carefully considered approach to succession planning for the two roles they currently occupy and those occupied by existing trustees.

To assist Trustees in this important and progressive initiative, Trust solicitors Brabners LLP via its Charity Practice, are appointed to support the Board and help it navigate through this important process. It is envisaged that a skills matrix of future trustee requirements will be developed during the first quarter of 2022.

Inter-alia, terms of office will be reviewed along with the timing outlook for any changes to current arrangements as the Trust carefully plans a migration to new future arrangements.

## **ORGANISATION**

The Governing Body, which must have not less than one and not more than 20 members, administers the Charity and meets as necessary and usually not less than six times a year. Through appropriate discussion, the planning into our future community activities helps to ensure that the Trust's vision of its role and purpose is realised. The management skills required and the abilities of colleagues employed in the business of the Trust and its subsidiary The Monastery Manchester are naturally different.

Delegated authority rests with the Chief Executive & co-founder of the Trust Elaine Griffiths OBE, DL. Trust Chairman Paul Griffiths is also Chairman of the subsidiary. He is actively involved as a volunteer, chairing board meetings throughout the year and fulfilling Company Secretary duties. This approach ensures transparency between parent and wholly owned subsidiary. Comprehensive reports are provided to trustees on performance by way of monthly P&L and management information reports on a stand-alone and consolidated basis. Key Performance Indicators are reported against targets.

## **PAY POLICY FOR STAFF**

The trustees of The Monastery of St. Francis & Gorton Trust Limited and its leadership team are the key management personnel of the Charity in charge of directing, controlling, running and operating the Charity. All trustees freely give their time, and no trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in note 26 to the accounts.

The average salary in the year of The Monastery's five heads of department, which includes its Chief Executive, was £37,610 per annum (2019: £43k per annum). In the year, the average pension contributions to this group were £1,755 (2019: £1,677) pension contributions started in August 2015.

At the end of December 2020, 7 employees were paid and on the books. (2019: 53, including our bank of casual staff) serving all activities and events in pursuit of our charitable objectives.

### **RELATED PARTIES**

The following transactions and balances are disclosed as related party transactions in accordance with the Charities SRP, FRS 102 and Companies Act 2006. Throughout this year, as in all preceding accounting periods, Mr Paul Griffiths has served as an unpaid Trustee of the Charity, and an unpaid director of The Monastery Manchester Limited (MML), the Charity's trading subsidiary.

During the accounting period, Mr Griffiths donated more than 3,000 hours to the Trust and The Monastery Manchester, and he continues to make no claims for travelling expenses.

Mr Griffiths also purchased goods for both The Monastery Manchester and the Trust totalling £8,926. (2019: £13,400). This was the expenditure for exceptional items required by The Monastery Manchester and the Trust, where there was no trading account for either company available. The amount has been reclaimed in the proper manner for expenses.

Elaine Griffiths, co-founder and Paul Griffiths' wife, is employed by the Charity as Chief Executive Officer received gross remuneration (including pension) of £57,027 (2019 £61,212). Expenses of £2.6k (2019: £2.6k).

### **RISK MANAGEMENT**

The trustees have a risk management strategy that comprises an annual review of the principal risks and uncertainties the charity faces, coupled with the leadership team's ongoing measurement of risk factors.

### **ENVIRONMENTAL POLICY**

The Monastery is committed to being environmentally responsible in the way it operates. The key components of this policy are addressing climate change, reducing waste and encouraging responsible business practice. This policy is enhanced by virtue of the Charity's drive to achieve the ISO 20121 International standard for sustainable event management.

### **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

The trustees (who are also directors of The Monastery of St Francis and Gorton Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT OF DISCLOSURE TO AUDITORS**

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- We have taken all the steps that we ought to have taken as directors to make ourselves aware of any relevant audit information and establish that the company's auditors are aware of that information.

[The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.]

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST LIMITED  
TRUSTEES' AND DIRECTORS' ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31st 2020**

**SMALL COMPANY PROVISIONS AND APPROVAL**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board of Trustees and signed on its behalf by:

*Paul Griffiths*

P GRIFFITHS – Director

Date: 22<sup>nd</sup> December 2021.

## AUDITORS REPORT TO THE MEMBERS OF THE MONASTERY OF ST FRANCIS AND GORTON TRUST FOR THE YEAR ENDED DECEMBER 31 2020

### Opinion

We have audited the financial statements of The Monastery Of St Francis And Gorton Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended December 31st 2020, which comprise The Group and Company Statements of Financial Activities, the Group and Company Balance Sheets the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. 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 financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at December 31st 2020, and of the group's and parent charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

### Basis for opinion

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

### Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, and the Financial Review section of the Trustee's Annual Report.

The various issues referred to in these disclosures indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the [directors' report] for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report and the]<sup>7</sup> directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to [prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **AUDITORS REPORT TO THE MEMBERS OF THE MONASTERY OF ST FRANCIS AND GORTON TRUST FOR THE YEAR ENDED DECEMBER 31 2020**

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, set out in the Directors' and Trustees' Annual Report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the groups and parent charitable company'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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed Auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

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

- the engagement RI ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the directors and other management, and from our commercial knowledge and experience of the computer manufacturing and supply sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the company's remuneration policies.

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 set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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 the financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- reviewing correspondence with relevant regulators.

No instances of material non-compliance were identified.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**AUDITORS REPORT TO THE MEMBERS OF THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
FOR THE YEAR ENDED DECEMBER 31 2020**

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Chittenden Horley Limited*

**Geoffrey Horley MBA FCA DChA – Senior statutory Auditor**

For and on behalf of:  
Chittenden Horley Limited  
Chartered Accountants and Statutory Auditors  
456 Chester Road  
Old Trafford  
Manchester M16 9HD

Date: December 23 2021



*Chittenden Horley Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST**  
**GROUP STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account)**  
**FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2020**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 31/12/2020 £	Total 03/01/2020 £
<b>Incoming resources from generated funds:</b>					
Donations	2	4,015	-	<b>4,015</b>	23,655
Charitable activities	3	88,727	925,500	<b>1,014,227</b>	-
Other trading activities	4	314,229	-	<b>314,229</b>	1,248,415
Investment income - bank interest	5	-	-	-	-
<b>TOTAL INCOME</b>		<u>406,971</u>	<u>925,500</u>	<u><b>1,332,471</b></u>	<u>1,272,070</u>
<b>EXPENDITURE</b>					
Costs of raising funds	6	448,867	502,877	<b>951,744</b>	1,519,036
Expenditure on charitable activities	7	25,457	-	<b>25,457</b>	25,956
<b>TOTAL EXPENDITURE</b>		<u>474,323</u>	<u>502,877</u>	<u><b>977,200</b></u>	<u>1,544,992</u>
Net gains/losses on investments		-	-	-	-
<b>NET INCOME/(EXPENDITURE)</b>	11	<u>(67,352)</u>	<u>422,623</u>	<u><b>355,271</b></u>	<u>(272,922)</u>
Transfers between funds		-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		<u>(67,352)</u>	<u>422,623</u>	<u><b>355,271</b></u>	<u>(272,922)</u>
<b>RECONCILIATION OF FUNDS:</b>					
<b>Balances brought forward</b>	17	<u>3,354,671</u>	<u>4,026,670</u>	<u><b>7,381,341</b></u>	<u>7,654,263</u>
<b>Balances carried forward</b>	17	<u>3,287,319</u>	<u>4,449,293</u>	<u><b>7,736,612</b></u>	<u>7,381,341</u>

The notes on pages 19 to 30 form part of these financial statements

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST**  
**PARENT CHARITY STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account)**  
**FOR THE YEAR ENDED DECEMBER 31ST 2020**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 31/12/2020 £	Total 03/01/2020 £
<b>Incoming resources from generated funds:</b>					
Donations	2	4,015	-	<b>4,015</b>	23,655
Charitable activities	3	88,727	925,500	<b>1,014,227</b>	-
Other trading activities	4	48,000	-	<b>48,000</b>	120,253
Investment income - bank interest	5	-	-	-	-
<b>TOTAL INCOME</b>		<b>140,742</b>	<b>925,500</b>	<b>1,066,242</b>	<b>143,908</b>
<b>EXPENDITURE</b>					
Costs of raising funds	6	(129,199)	502,877	<b>373,678</b>	392,301
Expenditure on charitable activities	7	25,457	-	<b>25,457</b>	25,956
<b>TOTAL EXPENDITURE</b>		<b>(103,743)</b>	<b>502,877</b>	<b>399,134</b>	<b>418,257</b>
Net gains/losses on investments		-	-	-	-
<b>NET INCOME/(EXPENDITURE)</b>		<b>244,485</b>	<b>422,623</b>	<b>667,108</b>	<b>(274,349)</b>
Transfers between funds					
<b>NET MOVEMENT IN FUNDS</b>	11	<b>244,485</b>	<b>422,623</b>	<b>667,108</b>	<b>(274,349)</b>
<b>RECONCILIATION OF FUNDS:</b>					
<b>Balances brought forward</b>	17	<b>3,541,166</b>	<b>4,026,670</b>	<b>7,567,836</b>	<b>7,842,185</b>
<b>Balances carried forward</b>	17	<b>3,785,651</b>	<b>4,449,293</b>	<b>8,234,944</b>	<b>7,567,836</b>

The notes on pages 19 to 30 form part of these financial statements

**THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
GROUP BALANCE SHEET AS AT DECEMBER 31<sup>ST</sup> 2020**

		<b>Dec 31st 2020 £</b>	<b>Dec 31st 2020 £</b>	<b>3rd Jan 2020 £</b>	<b>3rd Jan 2020 £</b>
<b>FIXED ASSETS</b>					
Tangible Assets	12		<b>8,031,309</b>		<b>8,261,274</b>
<b>CURRENT ASSETS</b>					
Stock		<b>47,682</b>		<b>64,975</b>	
Debtors	14	<b>370,928</b>		<b>28,032</b>	
Cash at Bank and in Hand		<b>260,913</b>		<b>35,862</b>	
		<b>679,523</b>		<b>128,869</b>	
<b>CREDITORS</b>					
Amounts falling due in one year	15	<b>650,026</b>		<b>647,710</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>29,497</b>	<b>(518,841)</b>	
			<b>8,060,806</b>	<b>7,742,433</b>	
<b>LONG TERM CREDITORS</b>					
Amount falling due beyond one year	16		<b>324,194</b>		<b>361,092</b>
<b>NET ASSETS</b>			<b>7,736,612</b>	<b>7,381,341</b>	
<b>FUNDS</b>					
Unrestricted					
General fund	17	<b>3,785,651</b>		<b>3,541,166</b>	
Non charity trading funds		<b>(498,332)</b>		<b>(186,495)</b>	
			<b>3,287,319</b>		<b>3,354,671</b>
Restricted	17		<b>4,449,293</b>		<b>4,026,670</b>
<b>TOTAL FUNDS</b>			<b>7,736,612</b>		<b>7,381,341</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 19 to 30 form part of these financial statements

**Approved by the Board of Directors and authorised for issue on 22nd December 2021.**

*Paul Griffiths*

Paul Griffiths  
DIRECTOR

Company registration number: 03251869

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
PARENT CHARITY BALANCE SHEET AS AT DECEMBER 31<sup>ST</sup> 2020

		Dec 31st 2020 £	Dec 31st 2020 £	3rd Jan 2020 £	3rd Jan 2020 £
<b>FIXED ASSETS</b>					
Tangible Assets	12		3,347,729		3,457,161
Heritage Assets	13		4,683,480		4,804,114
Investments	14		<u>100</u>		<u>100</u>
			<b>8,031,309</b>		<b>8,261,375</b>
<b>CURRENT ASSETS</b>					
Stock			-		-
Debtors	14	354,118		7,108	
Cash at Bank and in Hand		<u>249,939</u>		<u>2,606</u>	
		<b>604,057</b>		<b>9,714</b>	
<b>CREDITORS</b>					
Amounts falling due in one year	15		<u>76,228</u>	<u>342,160</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u><b>527,829</b></u>		<u><b>(332,446)</b></u>
			<b>8,559,138</b>		<b>7,928,929</b>
<b>LONG TERM CREDITORS</b>					
Amount falling due beyond one year	16		324,194		361,093
<b>NET ASSETS</b>			<u><u><b>8,234,944</b></u></u>		<u><u><b>7,567,836</b></u></u>
<b>FUNDS</b>					
Unrestricted					
General funds	17		3,785,651		3,541,166
Restricted	17		<u>4,449,293</u>		<u>4,026,670</u>
<b>TOTAL FUNDS</b>			<u><u><b>8,234,944</b></u></u>		<u><u><b>7,567,836</b></u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 19 to 30 form part of these financial statements

Approved by the Board of Directors and authorised for issue on 22<sup>nd</sup> December 2021

*Paul Griffiths*

Paul Griffiths  
DIRECTOR

Company registration number: 03251869

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
GROUP AND PARENT CHARITY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2020

		Group 31/12/2020	Group 03/01/2020	Charity 31/12/2020	Charity 03/01/2020
	Notes	£	£	£	£
<b>Cash used in operating activities</b>	19	<b>331,994</b>	34,230	<b>420,712</b>	64,266
<b>Cashflows from investing activities</b>					
Interest and dividends					-
Purchase of tangible fixed assets		(1,833)	(12,813)	(1,833)	(12,812)
Payments to acquire investments		-	-	-	-
<b>Cash provided by/(used in) investing activities</b>		<b>(1,833)</b>	(12,813)	<b>(1,833)</b>	(12,812)
<b>Cashflows from financing activities</b>					
Proceeds from new borrowings		-	-	-	-
Repayment of borrowing		(105,111)	(57,480)	(171,547)	(57,480)
<b>Cash used in financing activities</b>		<b>(105,111)</b>	(57,480)	<b>(171,547)</b>	(57,480)
<b>Increase/(decrease) in cash &amp; cash equivalents in the year</b>		<b>225,050</b>	(36,063)	<b>247,332</b>	(6,026)
<b>Cash and cash equivalents brought forward</b>		<b>35,863</b>	71,926	<b>2,607</b>	8,633
<b>Cash and cash equivalents carried forward</b>		<b>260,913</b>	35,863	<b>249,939</b>	2,607
<b>Cash and cash equivalents consist of:</b>					
Cash at bank and in hand		260,913	35,863	249,939	2,607
bank overdraft		-	-	-	-
		<b>260,913</b>	35,863	<b>249,939</b>	2,607

## 1 ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been prepared: under the historic cost convention, as modified by the revaluation of investments (as set out below) through the Statement of Financial Activities (SoFA); in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective January 1st 2015; FRS102; and the Companies Act 2006. The Charity constitutes a public benefit entity as defined by FRS102.

### Going Concern

The directors acknowledge that the continuing uncertainty occasioned by the COVID 19 pandemic, in the context of the charity group's deficiency in free reserves, prompts concern about whether it remains appropriate to prepare these accounts on a going concern basis.

In this accounting period, the Trustees have been ambitious in securing circa £m from all these sources and have applied these funds for four purposes as agreed with the various funders

1. To fund routine revenue costs incurred during the Pandemic that were not matched by routine income.
2. To undertake essential maintenance and repair work to protect the Charity's heritage assets
3. To invest in various strategic initiatives that underpin a financially viable business model in the post-pandemic period
4. To reduce the deficit on free reserves and provide secure medium-term affordable loans for the recovery period

The combined effect of this work has been successful in stabilising the charity group's financial position. At the date of signing of these accounts, the group is meeting all its liabilities as they fall due. Detailed financial projections have been prepared for the period to December 31st, 2022. These forecasts predict that, without any reliance on future fund-raising, the group has adequate resources to meet all its liabilities throughout this period without recourse to new borrowing.

In their consideration of insolvency risks, the Trustees have reviewed the reliability and prudence of the assumptions that underpin their financial forecasts. They have also interrogated the charity group's employed staff and relevant advisers, as appropriate. The Trustees acknowledge that, if there are significant future restrictions on activity relating to the COVID 19 pandemic, then unplanned deficits might be incurred that would derail the charity group's plans. Nonetheless, the Trustees consider that while this risk is not remote, it is unlikely to crystallise. Apart from this issue, the Trustees are confident that, for reasons explained more fully in the Financial Review Section of the Trustees Annual Report, the assumptions on which the financial projections are based are robust.

Regarding the group's longer-term financial prospects, the Board is confident that the de-risked business model for the trading subsidiary, and the enhanced fund-raising potential generated from the partnership collaborations of the Charity, will enable the charity group to reduce its indebtedness and build reserves. For these reasons, the Trustees are fully satisfied that the Charity's accounts should continue to be prepared on a going concern basis.

### Funds structure

Unrestricted funds are available at the discretion of the trustees in furtherance of the general objectives of the Charity. From time to time, the trustees may designate some or all of these funds for specific purposes; however, such designations may be varied or removed at the Trustees absolute discretion.

Restricted funds, donations or other charitable income, subject to specific conditions by the donor or grantor, or by the appeal's nature, restricted the funds to be used for specific areas of the Charity's work. Details of restricted funds at the year-end are given in Note 18.

### Income recognition

All income is recognised once the Charity has an entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. The following applies to particular types of income:

**Grants**, whether of a capital or revenue nature, are recognised when the Charity has an entitlement to the funds, any performance conditions have been met, and it is probable that the income will be received.

**Donations** from individuals and other bodies (not being of the nature of a grant) are recognised when receivable.

**Earned income** is measured at the fair value of the consideration received or receivable for services and goods supplied, net of discounts and VAT.

### Deferred income

Income is only deferred and included in creditors when:

- The income relates to a future accounting period
- A sales invoice has been raised ahead of the work being carried out, and there is no contractual entitlement to the income until the work has been done
- Not all the terms and conditions of the grant have been met, including the incurring of expenditure, and the grant conditions are such that unspent grant must be refunded

## 1 ACCOUNTING POLICIES (continued)

### Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds	including those associated with fund-raising activities, managing investments and commercial trading by the subsidiary company.
Charitable activities	costs of undertaking the work of the Charity

The Charity is registered for VAT and can recover all input tax charged. Costs are stated exclusive of VAT where charged.

### Allocation of support costs

Support costs are those attributable to functions that assist the Charity's work either by supporting the delivery of charitable activities, or by supporting the generation of funds. They include property costs, back-office functions, staff costs and professional fees. The basis of allocations is set out in Note 8.

### Pension contributions

The Charity operates a defined contribution pension scheme for its employees, agreeing the contribution rates with each individual. The contributions are paid to a third party who invests the contributions in a money purchase plan. Contributions are charged to the SoFA as they become payable.

### Tangible fixed assets and depreciation

Individual fixed assets costing more than £500 are capitalised at cost and are depreciated over their estimated useful lives on a straight-line basis, as set out below.

Depreciation rates are as follows:

Building	nil%	
Kitchen equipment	5%/10%	
Church fittings	nil	because the residual value is not expected to decline over the asset's life.
Equipment & furniture	20%	

### Investments, gains and losses

Fixed asset investments are a form of basic financial instrument and are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The SoFA includes the net gains and losses arising on revaluation and on disposals throughout the year.

Gains and losses on are taken to the Statement of Financial Activities as they arise. Realised gains and losses are calculated as the difference between sale proceeds (net of transaction costs) and the opening carrying value or cost, if acquired during the year. Unrealised gains and losses are calculated on the difference between opening and closing fair values.

### Debtors

Trade and other debtors are recognised at the settlement amount due, and prepayments are valued at the amount prepaid.

### Cash at bank and in hand

Cash at bank and in hand includes cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

### Financial instruments

The Charity has only basic financial instruments, which are initially recorded at cost, and with the exception of investments (as set out above) subsequently measured at their settlement value.

### Group financial statements

The financial statements consolidate the results of the Charity and its wholly-owned subsidiary, The Monastery Manchester Ltd, on a line-by-line basis.

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2020

	31/12/2020			03/01/2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
<b>2 DONATIONS</b>						
Friends donations & subscriptions	-	-	-	-	-	-
Other donations	4,015	-	4,015	23,655	-	23,655
	<u>4,015</u>	<u>-</u>	<u>4,015</u>	<u>23,655</u>	<u>-</u>	<u>23,655</u>

**3 INCOME FROM CHARITABLE ACTIVITIES**

*Revenue income*

Project grants	88,727	925,500	1,014,227	-	-	-
	<u>88,727</u>	<u>925,500</u>	<u>1,014,227</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>88,727</u>	<u>925,500</u>	<u>1,014,227</u>	<u>-</u>	<u>-</u>	<u>-</u>

**4 OTHER TRADING ACTIVITIES**

Rental income	48,000	-	48,000	115,500	-	120,000
Merchandise & cafe sales	-	-	-	1,539	-	253
<b>Total per charity</b>	<u>48,000</u>	<u>-</u>	<u>48,000</u>	<u>117,039</u>	<u>-</u>	<u>120,253</u>
<i>Less eliminated on consolidation:</i>						
Rent re Monastery Manchester L	(48,000)	-	(48,000)	(115,500)	-	(115,500)
Add Subsidiary income	314,229	-	314,229	1,326,816	-	1,326,816
<b>Total per Group</b>	<u>314,229</u>	<u>-</u>	<u>314,229</u>	<u>1,328,355</u>	<u>-</u>	<u>1,331,569</u>

**5 INVESTMENT INCOME**

Neither of the companies in which the Group has investments have paid dividends in the last two years and the Group has not had surplus funds available to invest.

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2020

6 COSTS OF RAISING FUNDS	Support of	External	Total	Support of	External	Total
	MM Ltd	Fundraising	31/12/2020	MM Ltd	Fundraising	03/01/2020
	£	£	£	£	£	£
Direct staff costs	3,814	34,332	<b>38,146</b>	7,291	65,617	<b>72,908</b>
Merchandise for resale	-	56	<b>56</b>	-	13	<b>13</b>
Advertising & printing	-	23,353	<b>23,353</b>	-	3,008	<b>3,008</b>
Support costs	291,824	20,298	<b>312,123</b>	300,928	15,444	<b>316,372</b>
	<u>295,639</u>	<u>78,039</u>	<u><b>373,678</b></u>	<u>308,219</u>	<u>84,082</u>	<u><b>392,301</b></u>
<b>Charged to restricted funds:</b>						
Depreciation	189,490	-	<b>189,490</b>	187,301	-	<b>187,301</b>
Other costs	243,644	69,743	<b>313,387</b>	-	-	<b>-</b>
	433,134	69,743	<b>502,877</b>	187,301	-	<b>187,301</b>
Balance charged to unrestricted fur	(137,495)	8,296	<b>(129,199)</b>	120,918	84,082	<b>205,000</b>
<b>Total per charity</b>	<u>295,639</u>	<u>78,039</u>	<u><b>373,678</b></u>	<u>308,219</u>	<u>84,082</u>	<u><b>392,301</b></u>
Charity costs as above			<b>373,678</b>			<b>392,301</b>
Monastery Manchester Ltd (net of rent charge)			<b>578,066</b>			<b>1,126,735</b>
<b>Per Group</b>			<u><b>951,744</b></u>			<u><b>1,519,036</b></u>

7 CHARITABLE EXPENDITURE	31/12/2020			03/01/2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Community provision	25,457	-	<b>25,457</b>	10,844	-	<b>10,844</b>
Capital project	-	-	<b>-</b>	15,112	-	<b>15,112</b>
<b>Per charity</b>	<u>25,457</u>	<u>-</u>	<u><b>25,457</b></u>	<u>25,956</u>	<u>-</u>	<u><b>25,956</b></u>
<b>Less eliminated on consolidation:</b>						
Charges from MM Ltd	-	-	<b>-</b>	-	-	<b>-</b>
<b>Per Group</b>	<u>25,457</u>	<u>-</u>	<u><b>25,457</b></u>	<u>25,956</u>	<u>-</u>	<u><b>25,956</b></u>

Expenditure in the charity is analysed as follows:

	Direct Costs	Direct Salaries	Support Costs	Total
	£	£	£	£
<b>2020</b>				
Community and charity operations	3,597	-	21,860	<b>25,457</b>
Capital project	-	-	-	<b>-</b>
	<u>3,597</u>	<u>-</u>	<u>21,860</u>	<u><b>25,457</b></u>
<b>2019</b>				
Community and charity operations	-	-	10,844	<b>10,844</b>
Capital project	-	-	15,112	<b>15,112</b>
	<u>-</u>	<u>-</u>	<u>25,956</u>	<u><b>25,956</b></u>

8 SUPPORT & GOVERNANCE COSTS

	31/12/2020					03/01/2020
	Community	Capital Project	MM Ltd	External fundraising	Total	Total
	£	£	£	£	£	£
<b>Support costs</b>						
Support staff	-	-	-	-	-	-
Staff expenses, training & recruitment	-	-	85	588	673	2,569
Property costs	-	-	39,873	831	40,704	34,036
Depreciation	-	-	226,761	10,346	237,107	235,101
Finance & management services	-	-	-	-	-	-
Finance charges & interest	-	-	21,050	-	21,050	30,152
Office costs & other costs	-	-	2,784	5,567	8,351	14,901
	-	-	290,553	17,331	307,885	316,759
<b>Governance costs</b>						
Professional fees	21,860	-	0	-	21,860	17,467
Support staff	-	-	1,271	2,967	4,238	8,101
	21,860	-	1,271	2,967	26,098	25,568
<b>Total support costs</b>	<b>21,860</b>	<b>-</b>	<b>291,824</b>	<b>20,298</b>	<b>333,983</b>	<b>342,327</b>

	03/01/2020				
	Community	Capital Project	MM Ltd	External fundraising	Total
	£	£	£	£	£
<b>Support costs</b>					
Staff expenses, training & recruitment	-	514	257	1,798	2,569
Property costs	-	681	32,675	681	34,037
Depreciation	-	1,333	232,434	1,334	235,101
Finance & management services	-	-	-	-	-
Finance charges & interest	-	-	30,152	-	30,152
Office costs & other costs	-	5,961	2,980	5,960	14,901
	-	8,489	298,498	9,773	316,760
<b>Governance costs</b>					
Professional fees	10,844	6,623	-	-	17,467
Support staff	-	-	2,430	5,671	8,101
	10,844	6,623	2,430	5,671	25,568
<b>Total support costs</b>	<b>10,844</b>	<b>15,112</b>	<b>300,928</b>	<b>15,444</b>	<b>342,328</b>

Direct costs of the capital project are shown after capitalising costs written off in the prior year to revenue.

Support costs are allocated as follows:

Staff costs                                      Estimate of time spent  
 Other costs                                      Estimate of use of resources

## 9 TRADING SUBSIDIARY

The results and balance sheet for the trading subsidiary, The Monastery Manchester Limited, are set below.

	31/12/2020	03/01/2020
	£	£
Turnover	314,231	1,248,162
Cost of sales	<u>358,605</u>	<u>635,929</u>
Gross Profit	(44,374)	612,233
Administration expenses	<u>267,461</u>	<u>610,806</u>
	(311,835)	1,427
Net profit before and after tax (See Note 20)	<u>(311,835)</u>	<u>1,427</u>

Rent of £120,000 payable to the charity (prior period - rent £115,000) and income from sale of services to the charity of £35,000 (prior period £nil) are eliminated on consolidation.

Current assets	75,570	119,154
Creditors due within one year	<u>(573,801)</u>	<u>(305,550)</u>
Total net assets	<u>(498,231)</u>	<u>(186,396)</u>

The Trust has a second subsidiary company, The Angels (Manchester) Limited, which has not traded at any time.

## 10 PAYROLL COSTS

a The group payroll costs are as follows:

Salaries	371,451	615,788
Employer pension contributions	5,761	11,973
Social security costs	<u>15,249</u>	<u>38,466</u>
	<u>392,461</u>	<u>666,227</u>

One employee earned more than £60,000 pa in the band £60k - £70k, (2019 - two).

b The key management personnel consist of the directors (who do are all volunteers) and the key members of staff as listed on page one.

Remuneration benefits	<u>125,081</u>	<u>154,719</u>
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c The average number of employees was as follows:-

	Number	Number
Charitable	-	-
MM Ltd	29	47
Fundraising and events	<u>1</u>	<u>1</u>
	<u>30</u>	<u>48</u>

## 11 GROUP NET INCOMING RESOURCES

This is stated after charging:

Auditors remuneration:-

Audit fees - current year	6,000	5,000
Accountancy fees - current year	4,000	3,130
Accountancy fees - under accrual prior year	-	(6,552)
Depreciation assets held on finance leases		
Depreciation other tangible fixed assets	230,898	231,595
Directors' remuneration (Trust directors)	-	-
Trustee's expenses (see Note 21)	<u>-</u>	<u>-</u>

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2020

12 TANGIBLE FIXED ASSETS

GROUP Cost	Freehold	Kitchen	Church	Equipment	Total
	Land & Buildings £	Equipment £	Fittings £	& Furniture £	
As at January 3 2020	3,461,429	360,617	-	472,390	4,294,436
Additions	-	-	-	1,833	1,833
Disposals				(1,000)	(1,000)
As at December 31 2020	<u>3,461,429</u>	<u>360,617</u>	<u>-</u>	<u>473,223</u>	<u>4,295,269</u>
<b>Depreciation</b>					
As at January 3 2020	155,185	264,663	-	417,428	837,276
Provided	68,856	20,717	-	20,691	110,264
Elim on disposal	-	-	-	-	-
As at December 31 2020	<u>224,041</u>	<u>285,380</u>	<u>-</u>	<u>438,119</u>	<u>947,540</u>
<b>Net Book Value</b>					
As at December 31 2020	<u><b>3,237,388</b></u>	<u><b>75,237</b></u>	<u><b>-</b></u>	<u><b>35,104</b></u>	<u><b>3,347,729</b></u>
As at January 3 2020	<u>3,306,244</u>	<u>95,954</u>	<u>-</u>	<u>54,962</u>	<u>3,457,160</u>

13 HERITAGE ASSETS

GROUP & CHARITY Cost	Freehold	Church	Total
	Land & Buildings £	Fittings £	
As at January 3 2020	6,034,974	86,750	6,121,724
Additions	-	-	-
As at December 31 2020	<u>6,034,974</u>	<u>86,750</u>	<u>6,121,724</u>
<b>Depreciation</b>			
As at January 3 2020	1,316,587	1,023	1,317,610
Provided	120,634	-	120,634
As at December 31 2020	<u>1,437,221</u>	<u>1,023</u>	<u>1,438,244</u>
<b>Net Book Value</b>			
As at December 31 2020	<u><b>4,597,753</b></u>	<u><b>85,727</b></u>	<u><b>4,683,480</b></u>
As at January 3 2020	<u>4,718,387</u>	<u>85,727</u>	<u>4,804,114</u>

14 INVESTMENTS

Name of Subsidiary	Trading activity	% Shares held
The Monastery Manchester Ltd	Management services and event management	100
The Angels (Manchester) Limited	Dormant	100
The Monastery Manchester Ltd		<u>100</u>
The Angels Limited		<u>-</u>
		<u><b>100</b></u>

THE MONASTERY OF ST FRANCIS AND GORTON TRUST  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2020

	Group 31/12/2020	Group 03/01/2020	Company 31/12/2020	Company 03/01/2020
	£	£	£	£
<b>14 DEBTORS</b>				
Trade debtors	5,303	6,857	-	-
Grants & income receivable	345,900	-	345,900	-
VAT refundable	-	-	-	-
Prepayments	19,725	26,068	8,218	11,321
Other debtors	-	-	-	-
	<u>370,928</u>	<u>32,925</u>	<u>354,118</u>	<u>11,321</u>

**15 CREDITORS falling due within one year**

Bank overdraft and loan	-	50,000	-	50,000
Finance lease creditor	-	-	-	-
Working Capital Loan from Architectural Heritage Fund	81,767	75,000	81,767	75,000
Trade creditors	62,317	151,180	31,422	13,357
Amount due to The Monastery Manchester Ltd	187	138	(48,651)	66,436
Social security and other taxes	12,178	26,078	894	7,004
Income received in advance	416,513	191,201	-	-
Accruals & other creditors	77,064	65,089	10,796	6,065
	<u>650,026</u>	<u>558,686</u>	<u>76,228</u>	<u>217,862</u>

**16 CREDITORS falling due after more than one year**

Bank loan due in 2 - 5 years	-	-	-	-
Other loans	55,000	150,675	55,000	150,675
Finance lease creditors due in 2 - 5 years	-	-	-	-
Working Capital Loan from Architectural Heritage Fund	269,194	210,417	269,194	210,417
	<u>324,194</u>	<u>361,092</u>	<u>324,194</u>	<u>361,092</u>

The loan from the Architectural Heritage Fund is secured by a first charge over the charity's freehold land and buildings and is due to be repaid no later than the end of 2022.

The total minimum commitments under finance leases, including interest, are as follows:

Within one year	-	-	-	7,115
Between 2 and 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,115</u>

17. STATEMENT OF FUNDS

GROUP	2019				b/f and c/f 03/01/2020	2020			
	04/01/2019	Income	Expenditure	transfers		Income	Expenditure	transfers	31/12/2020
Unrestricted Funds:	£	£	£	£	£	£	£	£	
General fund	3,440,292	1,272,070	(1,357,691)	-	3,354,671	406,971	(474,323)	-	3,287,319
	3,440,292	1,272,070	(1,357,691)	-	3,354,671	406,971	(474,323)	-	3,287,319
Restricted Funds:									
As below	4,213,971	-	(187,301)	-	4,026,670	925,500	(502,877)	-	4,449,293
	4,213,971	-	(187,301)	-	4,026,670	925,500	(502,877)	-	4,449,293
Total Funds	7,654,263	1,272,070	(1,544,992)	-	7,381,341	1,332,471	(977,200)	-	7,736,612

**Funds analysed between charitable and non-charitable:**

	2019	2020
	£	£
Charity unrestricted and designated	3,785,651	3,541,166
Charity restricted	4,449,293	4,026,670
Trading subsidiary	8,234,944	7,567,836
	(498,332)	(186,495)
	<u>7,736,612</u>	<u>7,381,341</u>

COMPANY	2019				b/f and c/f 03/01/2020	2020			
	04/01/2019	Income	Expenditure	gains/losses & transfers		Income	Expenditure	transfers	31/12/2020
Unrestricted Funds:	£	£	£	£	£	£	£	£	
General fund	3,628,214	143,908	(230,956)	-	3,541,166	140,742	103,743	-	3,785,651
	3,628,214	143,908	(230,956)	-	3,541,166	140,742	103,743	-	3,785,651
Restricted Funds:									
Heritage Emergency Fund	-	-	-	-	-	233,700	(193,071)	-	40,629
Culture Recovery Fund	-	-	-	-	-	691,800	(120,316)	-	571,484
Capital grants expended on fixed assets	4,213,971	-	(187,301)	-	4,026,670	-	(189,490)	-	3,837,180
	4,213,971	-	(187,301)	-	4,026,670	925,500	(502,877)	-	4,449,293
Total Funds	7,842,185	143,908	(418,257)	-	7,567,836	1,066,242	(399,134)	-	8,234,944

17 STATEMENT OF FUNDS (continued)

Transfers and unrealised losses	2020	2019
	£	£
Unrealised losses on investments	-	-
Transfers from restricted funds - capital grants expended but no continuing restrictions	-	3,937,659
	<u>-</u>	<u>3,937,659</u>

**Capital grants expended**

This represents amounts received and expended on the purchase of fixed assets after charging depreciation on those assets to date, where there are continuing restrictions on the use and disposal of the assets.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

**Company fund balances at December 31 2020**

are represented by:-

	Unrestricted funds	Restricted Funds	Total
	£	£	£
Fixed assets	4,194,129	3,837,180	8,031,309
Net current assets/(liabilities)	(84,284)	612,113	527,829
Creditors due in more than one year	(324,194)	-	(324,194)
	<u>3,785,651</u>	<u>4,449,293</u>	<u>8,234,944</u>

**Company fund balances at January 3 2020**

are represented by:-

Fixed assets	4,269,594	4,213,971	8,261,375
Net current assets/(liabilities)	(332,446)	-	(332,446)
Creditors due in more than one year	(361,093)	-	(361,093)
	<u>3,576,055</u>	<u>4,213,971</u>	<u>7,567,836</u>

19 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Group 2020	Group 2019	Charity 2020	Charity 2019
	£	£	£	£
Net movement in funds	355,271	(272,922)	667,108	(274,349)
Depreciation and other fixed asset adjustments	231,798	235,103	231,798	235,103
Deduct interest income shown in investing activities		-	-	-
Deduct gains/add back losses on investments	-	-	-	-
Decrease/(increase) in stocks	17,293	3,131	-	-
Decrease/(increase) in debtors	(342,896)	4,893	(347,010)	4,213
Increase/(decrease) in creditors	70,528	64,025	(131,184)	(103,148)
<b>Net cash generated from/(used in) operating activities</b>	<u>331,994</u>	<u>34,230</u>	<u>420,712</u>	<u>(138,181)</u>

## 20 MOVEMENT IN NET DEBT

Movement in net debt:	At 03/01/20	cashflows	Finance leases	Other non cash	At 31/12/20
Group	£	£	£	£	£
<b>Cash and cash equivalents</b>					
Cash at bank and in hand	35,863	225,050	-	-	260,913
<b>Debt</b>					
Loans etc.	(486,092)	80,131	-	-	(405,961)
<b>Cash and cash equivalents net of debt</b>	<u>(450,229)</u>				<u>(145,048)</u>

There are no borrowings in the subsidiary.

## 21 CONSTITUTION

The Company is limited by guarantee and does not have a share capital. In the event of winding up the members are liable to contribute up to £100 each. The number of members at the year end was 10 (2015 -11).

## 22 CAPITAL COMMITMENTS

The company had no capital commitments at the year end.

## 23 TAXATION

The company is a registered charity and is entitled to claim annual exemption from UK corporation tax under sections 466 to 493 of the CTA 2010.

## 24 CONTINGENT LIABILITY - CAPITAL GRANT

The grant from the Heritage Lottery Fund (HLF) is potentially repayable in full or part if the land and buildings are disposed of or the company is wound up. The land and buildings cannot be disposed of without the prior consent of HLF. There is a second charge over the company's assets in favour of HLF.

The company is required by the HLF to maintain the property in good repair following restoration.

The ERDF funding is repayable in the event of the project not being completed or it achieving its objectives, or there is a change in use of the Monastery within 20 years.

A term of the grant from NWDA is that the property cannot be disposed off during its useful economic life without their prior written consent and in the event of a disposal NWDA is entitled to some or all of the proceeds in proportion to their contribution. These liabilities are not expected to crystallise.

Total funding received for both capital and revenue costs from the major funders is as follows:

	£ '000
Heritage Lottery Fund	4,733
ERDF	3,647
NWDA	330
English Heritage	<u>476</u>

## **25 NON-ADJUSTING POST BALANCE SHEET DATE EVENTS**

In the eleven months between the date of these accounts and the date of approval (December 2021), there have been material events that have impacted on the charity group's financial position and prospects as set out below:

The charity's loan with AHF has been replaced by a term loan with Co-operative Bank, guaranteed by the government. The debts interest cost is significantly reduced and the repayments period extended.

Further government grants have been received which have improved the financial capacity of the charity group to adapt its activities and meet other non-recurring costs.

The trading activities of Monastery Manchester Limited have recommenced from August 2021. In December 2021, the charity formally guaranteed the liabilities of its subsidiary at December 31 2021 under the provisions of Section 479(c) of the Companies Act,2006.

## **26 RELATED PARTIES**

The transactions and balances are disclosed on page 9 of the Trustees' Annual Report as related party transactions in accordance with the Charities SORP, FRS 102 and Companies Act 2006.