

**GRACE AND COMPASSION BENEDICTINES**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2019**

Charity Number: 1056064

**GRACE AND COMPASSION BENEDICTINES**

**TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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# **GRACE AND COMPASSION BENEDICTINES**

## **TRUSTEES ANNUAL REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **TRUSTEES**

Kathryn Yeeles  
Carmel Murtagh  
Paula Tharasanthiras  
Jaya Susai  
Thaya Moses

The Trustees who served during the year and since the year end are listed above. Trustees are appointed by the Prioress General and her General Council.

##### **PRIORESS GENERAL**

Kathryn Yeeles

##### **GENERAL BURSAR**

Jaya Susai

##### **PRINCIPAL OFFICE**

Grace and Compassion Convent  
St Mary's House  
38/39 Preston Park Avenue  
Brighton  
BN1 6HG

##### **CHARITY REGISTRATION NO**

1056064

##### **GOVERNING INSTRUMENT**

Trust Deed dated 20 January 1996

##### **AUDITORS**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

##### **SOLICITORS**

Stone King  
13 Queen Square  
Bath  
BA1 2HJ

##### **BANKERS**

National Westminster Bank Plc  
8 Pavilion Buildings  
Castle Square  
Brighton  
BN1 1DP

##### **INVESTMENT MANAGERS**

Charles Stanley & Co. Limited  
55 Bishopsgate  
London EC2N 3AS

##### **INVESTMENT POWERS**

Under the Congregation's Trust Deed there are no limitations in the Trustees' powers of investment.

## **GRACE AND COMPASSION BENEDICTINES**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Grace and Compassion Benedictines is a registered Charity (1056064) administered by the Benedictine Sisters of Our Lady of Grace and Compassion, an international religious Congregation with headquarters in England, providing services in England, Kenya, Uganda, India and Sri Lanka.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The trust is governed by a Trust Deed dated 20 January 1996 and is registered with the Charity Commission, Charity Registration number 1056064. The accounts accompanying this report are those of the English charitable trust and its activities carried out in England and overseas.

#### **Trustees and Organisational Structure**

The Congregation is administered by the General Council which consists of the Prioress General and her four Councillors. These Sisters are elected by the General Chapter for a term of eight years and four years respectively, and three of them, all living in England, are currently the Charity's Trustees together with two other Sisters who are appointed by the Prioress General after consulting her General Council. They are widely experienced in senior management of the Charity's Care Homes and other activities, closely monitoring all aspects of its work, and meeting frequently. They are assisted by an Advisory Body consisting of priests and lay members experienced in social justice and finance, law and property, and a small committee meets throughout the year to advise the trustees with their professional expertise.

Professional and other advisors attend Trustees' meetings as needed, including the Trustees' annual financial meeting, providing an independent perspective on the topics being discussed.

Prospective trustees are provided with full information on the charity's constitution, objects and finances. Training and guidance material, and appropriate external seminars, are made available as necessary.

Care Managers and those responsible for other activities refer to the Prioress General any urgent matters outside the scope of their authority for day-to-day management.

#### **Risk Management**

The Trustees have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties that the charity faces;
- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review.
- The implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that employment matters such as health and safety issues, claims for injury, stress, adequate staff training and vulnerable person protection issues are a key risk for the charity. A key element in the management of the risk is having up to date procedures that are regularly reviewed by the Care Standards Officer. Intensive staff training takes place on a regular basis and specialist consultants advise the charity on health and safety and all staffing issues.

The work has also identified other key risks to the charity due to fraud and error giving rise to financial loss, reputational risk and regulatory action. The charity has in place financial control procedures with appropriate segregation of duties. The trustees are closely involved in the day to day operations with all major risks covered by insurance. Appropriate advice is taken annually from insurers and as, and when, the need arises.

## **GRACE AND COMPASSION BENEDICTINES**

### **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)**

#### **KEY MANAGEMENT**

The Trustees consider that the key management of the Charity consists of themselves and in particular the Prioress General and General Bursar to whom much of the running of the day-to-day running operation devolves. As religious Sisters, under a vow of poverty, the Trustees do not receive remuneration.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and Policy**

The Charity's Trust Deed states its principal objective as "the promotion of religion and education and the relief of poverty and sickness in accordance with the doctrines of the Roman Catholic church and for any other charitable purpose which shall advance the religious, educational and other charitable work for the time being carried on, directed or supported by the Society".

The policy of the charity is to provide comfort and security in a loving family atmosphere for those in need, e.g. the elderly in the UK. Each person is valued, independence and privacy respected; there is maximum freedom, opportunity for development, interests and spiritual care; plenty of activity, yet opportunity for space.

##### **Strategy**

The Charity's strategy is as follows:

- To continue to maintain and improve our service to the elderly and frail in the UK, having in mind, also, the expected growth in the U.K's elderly population; to support our overseas communities in their activities and service.
- To respond to newly encountered needs within our scope; in the UK, and in Africa, India, Sri Lanka, development is demand-led.
- Providing financial support to back up the overseas Sisters' own income-generating and fund-raising efforts.
- To review houses and activities in order to concentrate our human and financial resources where most needed.
- To foster our international Congregation's development and multi-cultural unity, including the training of Sisters in diverse roles to fulfil the Charity's work and develop their religious lives which underpin it.

The outcome of this strategy is evaluated through a long-established review structure comprised of frequent Trustees' meetings and regular meetings of Trustees with Care Managers/Sister Superiors and their Advisory Council. This structure is mirrored overseas. The four-yearly General Chapter (with universal representation) considers all aspects of the strategy.

#### **PUBLIC BENEFIT**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to their aims and objectives, as described elsewhere in this report.

## GRACE AND COMPASSION BENEDICTINES

### TRUSTEES' REPORT

#### FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)

##### Activities

##### *Care and Accommodation in UK*

###### **Retirement Accommodation**

Consists of flats for the active elderly – men, women, married couples - where residents cater for themselves and have maximum independence. Discreet help is available from lay people or the Sisters according to the location and circumstances.

		Numbers Accommodated
Oakampton House and Gate House	Bury St. Edmunds, Suffolk	22
Retirement Flat	Bognor Regis, West Sussex	1
Padua House	Woodingdean, Brighton	15
Brighton Flats	17 Harrington Villas	3
Holy Cross Priory	Heathfield, E. Sussex	55
TOTAL		96

Note: The tenants of the retirement flat in Bognor Regis moved out in March 2020 and the flat is now available for the sisters.

###### **Care Homes**

For the frailer person, 24 hour care is provided in our care homes where residents are comfortable and safe in their own en suite rooms. Facilities include laundry, chiropody, hairdressing, personal shopping, games, outings, interests, and library. There are opportunities for worship - Roman Catholic chapel, Anglican services, and provision for other denominations. The Sisters are committed to loving service, respect for human dignity and the development of each person, valuing their uniqueness. Over the years, the age of residents coming to live in our residential accommodation has increased and the majority are well over 90 years of age.

Holy Cross Care Home provides nursing care for the very frail and dying in a loving family atmosphere, where the Sisters and lay staff are privileged to give physical and spiritual help to both the residents and to their relatives and friends.

Some residents pay privately while others receive funding from their local authority. Our work of providing accommodation for the elderly has grown steadily from 1954, when it was founded at St Mary's House in Brighton.

		Registered Capacity
Holy Cross Care Home	Heathfield, E. Sussex	60
Montana	Bury St. Edmunds, Suffolk	19
More Hall Convent	Stroud, Gloucestershire	10
St. Mary's House	Brighton, E. Sussex	12
TOTAL		101

In its 60 years of existence the Congregation has acquired a considerable estate. This is derived largely from legacies and gifts made by those who are interested in our work or who have benefited from it. The administration of this estate and its proper use has increased and improved through the dedication of the Sisters, who do not receive salaries, and it is the generosity of our benefactors that has enabled the charity to develop.

## GRACE AND COMPASSION BENEDICTINES

### TRUSTEES' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)

#### Support of Overseas Missions

The Congregation's work in the Missions follows the same policy, although there is diversification according to the needs, such as destitution, sickness and lack of employment:

##### India

- *Grace and Compassion Priory, Tiruvannamalai*

We run a home for destitute old people; nursery school for poor children; hospital and village clinics with the full range of treatment, maternity and preventative care for all ages

- *St. Benedict's, Adaiyur, Tiruvannamalai*

Nursing School for those from disadvantaged backgrounds.

- *House of Peace, Yercaud, Salem*

Retreat and Conference Centre, Guest House.

- *Our Lady of Light, Bangalore*

We have a home for frail elderly people.

- *St. Scholastica's, Makkiyad*

Residential and nursing care for the elderly and mentally challenged.

- *St. Joseph's, Piravom*

A newly built home for the elderly was opened in 2018

##### Sri Lanka

- *Melville, Moratuwa*

The Sisters run a care home for the frail elderly which has recently been renovated and extended.

- *St. Joan's, Ja-Ela*

We care for frail elderly, some of whom are unable to pay. The Sisters also do parish work.

- *Villa Maria, Mugunuatawan, Chilaw*

Home for the elderly.

- *Mattakelle*

A small group of Sisters are working in a rural parish where there is a Montessori School.

## GRACE AND COMPASSION BENEDICTINES

### TRUSTEES' REPORT

#### FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)

#### Support of Overseas Missions Sri Lanka (continued)

- *Millewa, Horana*

A new home for the elderly was completed in June 2019 and officially opened in September 2019.

#### Kenya

- *Grace and Compassion Convent, Mundika, Busia*

We have a home for destitute old people, and Sisters support a number of elderly in the local villages. We do some parish work, tailoring, candle-making, host baking and run a small shop which generates some income. The sisters run a nursery and primary school. A Guest House provides accommodation for up to 32 people and is a source of income and a valuable facility for both local and overseas visitors.

There is also a small house in Nairobi to provide a base for Sisters who are studying.

- *Grace and Compassion Convent, Chebukaka*

A small community moved into a former diocesan retreat centre where the sisters run a vocational school.

- *Kibabii*

Following a donation of land near Bungoma we have built a hostel to provide accommodation for female religious and students who are attending the local Universities. This was due to be opened in April 2020.

#### Uganda

- *Grace and Compassion Convent, Irundu, Jinja District*

We do parish work, and run a nursery and primary school.

- *St Mary's House, Jinja*

This house is used as a base for studies and some parish work. Adjacent to the original building we have purchased a second house with some land where the Sisters are growing maize, vegetables and fruit. The property has been renovated and the Sisters have moved into the new convent and a Chapel has been built. A small nursery school was opened in January 2017.

All our overseas houses run farms to provide food and income. Strenuous efforts are made towards self-support, but some shortfall is inevitable as the work is for the poor. Grants are made by the Grace and Compassion Benedictines' UK charity to its partners administered by the Sisters overseas. Capital expenditure is met through applications to grant making charities made by the overseas Communities; appeals in the UK specifically for our Mission work; allocation of legacies made by benefactors wishing to support our Missions.



# GRACE AND COMPASSION BENEDICTINES

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)

The following table gives details of our overseas mission expenditure.

LOCATION	DATE	REASON	AMOUNT in £s
UGANDA	08/10/2018	Allowance for October & November	6,000.00
	23/11/2018	Allowance for December & January	6,000.00
		Donations	1,050.00
	30/01/2019	Allowance for February & March	6,000.00
		Holidays	2,500.00
	19/02/2019	School buses	32,610.32
	26/02/2019	School buses	42,161.83
	25/03/2019	School buses	1,534.84
	04/05/2019	Allowance for May	3,000.00
	24/05/2019	Allowance for June & July	6,000.00
		Vehicle for Irundu	26,000.00
	29/07/2019	Allowance for August & September	6,000.00
	03/09/2019	Vehicle repairs	1,500.00
		<b>TOTAL SENT TO UGANDA</b>	<b>140,356.99</b>
KENYA	01/10/2018	Allowance for October & November	16,500.00
		Medical Expenses	1,000.00
	05/11/2018	Chebukaka Expenses (inc Sr Beatrice)	3,000.00
	23/11/2018	Allowance for December & January	20,000.00
	21/12/2018	Car port and Land Survey	3,000.00
	04/01/2019	Medical Fund	18,700.00
		Holiday Allowance	6,500.00
		Novices and Juniors; Hostel fees	4,800.00
	18/01/2019	Vehicle for Chebukaka	30,000.00
		Allowance for February & March	15,000.00
		Juniorate Course	5,000.00
	19/02/2019	Opening new F.C. A/C (Bungoma)	11,000.00
		Kibabii project	32,000.00
		Solar at Nairobi	7,000.00
	28/02/2019	Allowance for April & May	22,500.00
		Host Baking machines	10,500.00
	09/04/2019	Building fund (Bungoma)	200,000.00
	29/05/2019	Building Fund (Bungoma)	101,850.00
		Student fees	650.00
		Allowance for June & July	22,500.00
	25/07/2019	Allowance for August & September	22,500.00
		Fees and Teachers' bonus	7,500.00
		Building repairs at Nairobi	3,000.00
		Building fund	67,000.00
		<b>TOTAL SENT TO KENYA</b>	<b>631,500.00</b>
SRI LANKA	11/12/2018	Wall and Transformer at Horana	30,000.00
	11/04/2019	Furnishings and generator at Horana	150,000.00
		<b>TOTAL SENT TO SRI LANKA</b>	<b>180,000.00</b>
INDIA	28/02/2019	Start up for building fund	100,000.00
		Nursing Students & Travel	7,000.00
		Apartment in Chennai	48,000.00
	25/07/2019	Building (Bangalore)	100,000.00
		ANM course fee	50,000.00
		<b>TOTAL SENT TO INDIA</b>	<b>305,000.00</b>
		<b>GRAND TOTAL</b>	<b>1,256,856.99</b>

## **GRACE AND COMPASSION BENEDICTINES**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)**

### **ACHIEVEMENTS AND PERFORMANCE**

The Care Village at Holy Cross Priory, Heathfield is now well-established with a 60-bed care home for residents requiring personal and nursing care. This is run to a very high standard and beds are in high demand with a long waiting list.

The 20 retirement flats in the separately accessed top floor named St Benedict's and a further 20 apartments in a new block called St Mary's provide one and two-bedroomed apartments and offer independent living with a range of community facilities available. The conversion of Holy Cross Priory, a grade 11 listed building, into 18 extra-care leasehold apartments, with a restaurant, lounge and function room is complete and all the flats are occupied.

The new chapel is available for the whole care village and Parish community. Other facilities include guest accommodation and a convent for the Sisters.

In transforming what we offer at Holy Cross Priory, we are enabling our work for older people to continue there and flourish, in response to clear future needs and the trend away from residential care, along with the physical condition and out-dated nature of all the existing buildings. There are still some outstanding works to be completed, some of which may have to be paid by the Charity and others by the Contractors. There have been considerable legal costs involved in trying to address these snagging issues.

### **FUNDRAISING**

The Charity does not undertake any formal or organised fundraising activities, either directly or through a professional fundraiser or commercial participator or any person acting on its behalf. We do not engage in cold-calling, door to door or street fundraising.

The Charity appeals for financial assistance for its work in the following 3 ways:

- The inclusion of an appeal slip in its biannual Newsletter ("Our Lady's Newsletter"), which is circulated by post to its supporters and is also on its website. This was discontinued at the end of 2019
- Advertisements in a number of professional journals (e.g.. Charity Choice, Law Society Gazette etc.).
- A donation facility on the Charity website.

No complaints about fundraising activities have been received in either the year or the preceding year. However if a complaint were to be received, we would undertake to resolve it promptly and would envisage that there would never be any need for any complaint to escalate to the stage of referral to the regulator.

The trustees have decided that given the low-key nature of fundraising efforts, there is no need for the charity to be registered with the Fundraising Regulator. However we endeavour to adhere to the standards of the Fundraising Code of Practice.

The trustees are of the opinion that the charity's overall fundraising performance was good and was conducted in fully accordance with the above principles. We are extremely grateful for the generosity of all those who have given to the work of the charity over the years.

## **GRACE AND COMPASSION BENEDICTINES**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)**

### **FINANCIAL REVIEW**

The charity's main form of ongoing income continues to be the fees received in respect of its care facilities. Total income of the charity amounted to £5.95m compared to £6.4m in 2018. The higher figure in 2018 was due to a combination of factors which boosted income in that year.

In 2018, general donations were higher. The level of legacies was broadly unchanged although by their nature they can vary quite widely from one year to another. In addition there were gains on the disposal of fixed assets of £180k (2018: £906k) with the sale of retirement accommodation at Holy Cross in both 2019 and 2018. In addition, there was a sale two other properties, considered to be surplus to requirements, in the earlier year.

Expenditure was higher at £6.46m (2018: £5.77m). The principal change was in the costs of running Residential Accommodation and Care Homes; a rise which was mainly due to the incurring of considerable repair costs at one of the charity's properties. Most other categories of expenditure were broadly unchanged.

The result was a deficit, or net expenditure, before investment gains and losses, for the year of £515k (2018 – net surplus/income of £656k). The investment portfolio, established in 2016 and supplemented by the transfer of investments from the Boughton Fund in 2017, showed gains of £64.9k (2018: £166.7k) giving an overall net decrease in funds of £450k (2018: increase of 822k).

The only change of significance within the balance sheet arose from the investment of a further £2m in the charity's portfolio made with a view to providing a capital base for the charity's long-term needs. This meant that investments increased to just over £7m (2018: £4.8m) whilst cash at bank fell to £3.8m (2018: £5.4m). Tangible fixed assets fell with the sale referred to above and another year's depreciation charge.

### **Investment Powers and Policy**

The trustees are empowered within the Trust Deed to invest any monies as authorised by law for the investment of trust monies in a manner they think fit. The trustees have decided, considering the charity's long-term commitments to support the work in England and elsewhere, that the establishment of an investment portfolio would be appropriate.

The total return (that is income plus/minus capital gains/losses) on the portfolio in the year was approximately 4% which is broadly in line with averages for the charity sector. The trustees are therefore satisfied with the performance of the portfolio but will continue to monitor it closely.

### **Reserves Policy**

The general, unrestricted funds of the charity at the end of the year stood at £20.4m. Of this, some £8m is represented by tangible fixed assets, leaving £12.4m as "free reserves". The intention of the Trustees is to hold one to two years' expenditure in general reserve and the current level is within this range. They will trustees will continue to monitor closely both reserves and expenditure levels.

### **POST BALANCE SHEET EVENT - CORONAVIRUS PANDEMIC**

In February 2020 a coronavirus (Covid-19) has affected the United Kingdom and the elderly and those persons with serious underlying medical conditions are particularly vulnerable. The trustees are acutely aware of the effect that the pandemic may have on its residents in the care homes and residential accommodation and will take all necessary steps, following government guidelines, to protect its residents, staff and sisters.

## **GRACE AND COMPASSION BENEDICTINES**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)**

#### **POST BALANCE SHEET EVENT - CORONAVIRUS PANDEMIC (continued)**

The pandemic has also impacted more generally and upon most sectors of society and the economy. The pandemic and the ensuing lockdown, imposed in order to limit the spread of the disease, have had an adverse effect on the charity's investment portfolio. The value of the charity's investment portfolio by the end of May 2020 had fallen to £6.59m from its year-end value of level of just under £7.04m, a reduction of some £450k or 6.4%. It is inevitable that the charity's investment income will also decline in 2020. The exact financial impact is difficult to assess with any high level of confidence but the Trustees are of the opinion that the charity will be able to meet all of its financial obligations and commitments for the foreseeable future. Thus, they consider that the charity is a Going Concern.

#### **PLANS FOR THE FUTURE**

In January 2020 The Prioress and General Chapter of the congregation established a new charitable incorporated organisation (CIO) to take advantage of the benefits of this new form of legal entity that was created by the Charity Commissioners in March 2013. The trustees will, during the course of 2020, transfer the assets and undertaking of this charity to this new entity. The trustees confirm that there will be no change in the activities and management of the undertaking.

The trustees had, by the end of September 2019, taken the decision to dispose of a property in Brighton as it was considered to be surplus to the ongoing requirements of the charity. The sale was completed after the year-end and generated proceeds of £1.1m.

The charity has no long-term plans to create new care homes and retirement villages, but will continue to improve its existing portfolio of properties in order to provide an up to date and comfortable environment for its elderly residents and tenants.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

The law applicable to charities in England & Wales 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 charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- adopt the going concern basis unless it is inappropriate to presume that the charity will continue on that basis.

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 financial statements comply with the Charities Act 2011 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 8 June 2020 and signed as authorised on their behalf by:



K Yeeles  
Trustee

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

### **OF GRACE AND COMPASSION BENEDICTINES**

#### **Opinion**

We have audited the financial statements of Grace and Compassion Benedictines for the year ended 30 September 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of 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 charity's affairs as at 30 September 2019 and of the charity's net movement in funds 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.

#### **Basis for opinion**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 charity 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.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement, the trustees 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 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 financial statements**

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

### **OF GRACE AND COMPASSION BENEDICTINES**

(continued)

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. 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.

In connection with our audit of the financial statements, 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 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 financial statements 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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; or
- the charity financial statements 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.

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



**Haysmacintyre LLP**  
Statutory Auditor

10 Queen Street Place  
London  
EC4R 1AG

8 June 2020

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

**GRACE AND COMPASSION BENEDICTINES**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Notes	Unrestricted £	Restricted £	Total 2019 £	Total 2018 £ (note 22)
<b>INCOME from</b>					
Donations and Legacies	1	985,717	-	985,717	1,034,194
Charitable activities	2	4,607,150	-	4,607,150	4,331,560
Investments	3	175,712	-	175,712	156,418
Other					
- Gain on disposal of tangible fixed assets	4	179,500	-	179,500	905,765
<b>Total income</b>		<u>5,948,079</u>	<u>-</u>	<u>5,948,079</u>	<u>6,427,937</u>
<b>EXPENDITURE on</b>					
Cost of raising funds					
- Investment management fees		29,257	-	29,257	20,416
Charitable activities	5	2,391,587	4,042,240	6,433,827	5,751,835
<b>Total expenditure</b>		<u>2,420,844</u>	<u>4,042,240</u>	<u>6,463,084</u>	<u>5,772,251</u>
<b>Net income/(expenditure) before gains on investments</b>		<b>3,527,235</b>	<b>(4,042,240)</b>	<b>(515,005)</b>	<b>655,686</b>
Net gains on investments		64,867	-	64,867	166,700
<b>Net income/(expenditure) and movement in funds</b>		<u><b>3,592,102</b></u>	<u><b>(4,042,240)</b></u>	<u><b>(450,138)</b></u>	<u><b>822,386</b></u>
Brought forward at start of year		16,804,711	5,154,547	21,959,258	21,136,872
<b>Carried forward at end of year</b>		<u><b>£20,396,813</b></u>	<u><b>£1,112,307</b></u>	<u><b>£21,509,120</b></u>	<u><b>£21,959,258</b></u>

All operations are continuing and there are no discontinued operations in either year. There are no other gains or losses other than those stated above.

The notes form part of these financial statements.

# GRACE AND COMPASSION BENEDICTINES

## BALANCE SHEET

AT 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible Assets	14	10,935,842	11,454,570
Investments	15	7,036,361	4,824,950
		<u>17,972,203</u>	<u>16,279,520</u>
<b>CURRENT ASSETS</b>			
Debtors	16	287,047	636,678
Cash at bank & in hand		3,762,348	5,417,276
		<u>4,049,395</u>	<u>6,053,954</u>
<b>CREDITORS:</b> Amounts falling due within one year	17 (a)	<u>(512,478)</u>	<u>(362,716)</u>
<b>NET CURRENT ASSETS</b>		<u>3,536,917</u>	<u>5,691,238</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		21,509,120	21,970,758
<b>CREDITORS:</b> Amounts falling due after one year	17 (b)	-	(11,500)
<b>NET ASSETS</b>		<u><u>£21,509,120</u></u>	<u><u>£21,959,258</u></u>
<b>FUNDS</b>			
Unrestricted Funds		20,396,813	16,804,711
Restricted Funds	19	1,112,307	5,154,547
		<u><u>£21,509,120</u></u>	<u><u>£21,959,258</u></u>

The financial statements were approved and authorised for issue by the Trustees on 8 June 2020 and were signed below on its behalf by:

*K. Yeeles*

K Yeeles  
Trustee

*C. Murtagh*

C Murtagh  
Trustee

The notes form part of these financial statements.



**GRACE AND COMPASSION BENEDICTINES**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Cash flows from Operating Activities</b>		
Net cash inflow/(outflow) from operating activities	93,794	(550,560)
<b>Cash flows from investing activities</b>		
Dividends and interest from investments	175,712	156,418
Receipts from sales of investments	15,078	76,928
Payments to acquire investments	(2,161,622)	(209,997)
Receipts from sales of tangible fixed assets	233,610	973,292
Repayment of life tenancies	(11,500)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,748,722)</b>	<b>996,641</b>
<b>Change in cash and cash equivalents in year</b>	<b>(1,654,928)</b>	<b>446,081</b>
Cash and cash equivalents at 1 October 2018	5,417,276	4,971,195
Cash and cash equivalents at 30 September 2019	<b>£3,762,348</b>	<b>£5,417,276</b>

**Notes to the Cash Flow Statement**

**A. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Net movement in funds (as per the Statement of Financial Activities)</b>	(450,138)	822,386
<b>Adjustments for</b>		
Dividends and interest from investments	(175,712)	(156,418)
Depreciation	464,618	468,400
Net transfer from provision for liabilities & charges	(2,300)	(2,300)
(Gains)/Losses on disposal of tangible fixed assets	(179,500)	(905,765)
(Gains)/Losses on investments assets	(64,867)	(166,700)
Decrease/(Increase) in debtors	349,631	(554,955)
Increase/(Decrease) in creditors	152,062	(55,208)
<b>Net cash provided by/(used in) operating activities</b>	<b>93,794</b>	<b>(550,560)</b>

**B. Analysis of cash and cash equivalents**

Cash at bank and in hand	3,762,348	5,417,276
<b>Total cash and cash equivalents</b>	<b>£3,762,348</b>	<b>£5,417,276</b>

## **GRACE AND COMPASSION BENEDICTINES**

### **PRINCIPAL ACCOUNTING POLICIES**

#### **YEAR ENDED 30 SEPTEMBER 2019**

**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**

The financial statements have been prepared in accordance with all statutory requirements and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The charity meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). Figures are presented in sterling and rounded to the nearest pound.

#### **Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the Trustees to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- estimating the economic useful life of tangible fixed assets.

#### **Assessment of going concern**

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

The coronavirus pandemic, as outlined in the trustees report, has led to considerable uncertainty over additional operating costs and has also led to a steep decline in the value of the charity's investment portfolio.

Apart from this, the Trustees of the charity have concluded that there are no other material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 30 September 2020, the most significant factors likely to affect the financial future of the charity are the uncertain economic outlook, particularly that which applies to all organisations providing care services, and the pressure on Local Authority finances with its consequent effect on fee levels and the rate of increase in care costs which is tending to run at above the general rate of inflation.

#### **General Information**

The Charity is registered in England and Wales (charity no: 1056064). The Charity's principal office address is Grace and Compassion Convent, St Mary's House, 38/39 Preston Park Avenue, Brighton, BN1 6HG.

## **GRACE AND COMPASSION BENEDICTINES**

### **PRINCIPAL ACCOUNTING POLICIES (continued)**

#### **YEAR ENDED 30 SEPTEMBER 2019**

##### **Income recognition**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of care services service is deferred until the criteria for income recognition are met.

In accordance with the Charities SORP FRS102, volunteer time is not recognised.

Dividends are recognised once the dividend has been paid.

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.

##### **Expenditure recognition 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 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 comprise fees paid in respect of fund management advice in relation to the charity's portfolio of quoted investments, which is managed under a discretionary management agreement.
- Expenditure on charitable activities includes the costs of running the charity's Nursing and Care Homes and its Retreat Centres as well as all other costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. These costs comprise charitable grants and donations and direct and support costs in respect to the support of members of the Congregation and their ministry. It also includes governance costs.
- Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Charitable grants and donations are made where the Trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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

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

## **GRACE AND COMPASSION BENEDICTINES**

### **PRINCIPAL ACCOUNTING POLICIES (continued)**

#### **YEAR ENDED 30 SEPTEMBER 2019**

##### **Tangible fixed assets**

Individual fixed assets costing £5,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

	Annual rate
Freehold land	Nil
Freehold buildings	2% to 2.5%
Furniture, fittings and equipment	10 %
Motor vehicles	25%

##### **Financial Instruments and investments**

The charity only holds financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Quoted investments are a form of basic financial instrument and are initially recognised at cost and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Gains or losses on investments are disclosed in the statement of financial activities as a combined figure for realised gains or losses from investment sales in the year (sale proceeds less market value last year) and unrealised gains or losses arising from the increase/decrease in value during the year of investments still held.

Receipts on maturity are recognised as investment gains, net of the relevant premiums paid, and the annual premiums are included as an addition to the Deferred Annuity Contract.

As noted above, the main form of financial risk to which the charity is exposed is that of the volatility in investment markets.

##### **Debtors**

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

##### **Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Deposits for more than three months and up to 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 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 after allowing for any trade discounts due.

## **GRACE AND COMPASSION BENEDICTINES**

### **PRINCIPAL ACCOUNTING POLICIES (continued)**

#### **YEAR ENDED 30 SEPTEMBER 2019**

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

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

##### **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.

##### **Resale of Life Tenancies**

Receipts from the resale of life tenancies were held as a provision and recognised as income over a ten year period in line with the amounts that would become payable, in accordance with the terms of the lease, if the life tenant vacated the property. Receipts from the sale of life tenancies were shown gross in the Statement of Financial Activities with a deduction for income deferred until subsequent periods (net of creditors for amounts received in earlier years recognised as income in the current year). By the end of September 2019, there were no deferred sums remaining and it is the policy of the Trustees not to grant or re-sell any further life tenancies.

##### **Pension contributions**

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 9. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2019**

**1. DONATIONS AND LEGACIES**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 £</b>	<b>2018 £</b>
Donations	160,531	-	160,531	247,605
Income donated by Sisters	6,408	-	6,408	6,591
Legacies	818,778	-	818,778	779,998
	<u><b>£985,717</b></u>	<u><b>£-</b></u>	<u><b>£985,717</b></u>	<u><b>£1,034,194</b></u>
Year ended 30 September 2018	<u><u>£1,034,194</u></u>	<u><u>£-</u></u>	<u><u>£1,034,194</u></u>	

**2. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted 2019 £</b>	<b>Unrestricted 2018 £</b>
Residential Accommodation and Nursing Homes	4,125,772	3,850,975
Retirement Accommodation	481,378	480,585
	<u><b>£4,607,150</b></u>	<u><b>£4,331,560</b></u>

**3. INVESTMENT INCOME**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 £</b>	<b>2018 £</b>
Bank deposit interest	-	-	-	-
From portfolio of investments	175,712	-	175,712	156,418
	<u><b>£175,712</b></u>	<u><b>£-</b></u>	<u><b>£175,712</b></u>	<u><b>£156,418</b></u>
Year ended 30 September 2018	<u><u>£74,235</u></u>	<u><u>£82,183</u></u>	<u><u>£156,418</u></u>	

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

**4. GAIN ON DISPOSAL OF TANGIBLE FIXED ASSETS**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Properties</b>				
Proceeds (net of costs)	233,610	-	233,610	973,292
Net book value	(54,110)	-	(54,110)	(67,527)
<b>Net Gain on Disposal</b>	<b>£179,500</b>	<b>£-</b>	<b>£179,500</b>	<b>£905,765</b>

**Year ended 30 September 2018**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2018 £</b>
<b>Properties</b>			
Proceeds (net of costs)	399,755	573,537	973,292
Net book value	(55,972)	(11,555)	(67,527)
<b>Net Gain on Disposal</b>	<b>£343,783</b>	<b>£561,982</b>	<b>£905,765</b>

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

**5. EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>Residential Accommodation and Nursing Homes £</b>	<b>Retirement Accommodation £</b>	<b>Support of Sisters / Pastoral Ministry £</b>	<b>Mission Support and Donations £</b>	<b>2019 Total £</b>	<b>2018 Total £</b>
Staff costs	1,862,518	231,220	-	-	2,093,738	2,012,454
Deprecation	170,886	92,390	-	-	263,276	267,058
Other operational costs	641,124	551,789	101,376	-	1,294,289	1,377,624
Administrative expenses	344,772	105,395	-	-	450,167	438,808
Missions support & donations (note 7)	-	-	-	1,264,123	1,264,123	1,300,200
	<u>3,019,300</u>	<u>980,794</u>	<u>101,376</u>	<u>1,264,123</u>	<u>5,365,593</u>	<u>5,396,144</u>
Support costs	623,228	207,743	155,807	51,936	1,038,714	326,651
Governance costs	17,712	5,904	4,428	1,476	29,520	29,040
	<u><b>£3,660,240</b></u>	<u><b>£1,194,441</b></u>	<u><b>£261,611</b></u>	<u><b>£1,317,535</b></u>	<u><b>£6,433,827</b></u>	<u><b>£5,751,835</b></u>

**Year ended 30 September 2018**

	<b>Residential Accommodation and Nursing Homes £</b>	<b>Retirement Accommodation £</b>	<b>Support of Sisters / Pastoral Ministry £</b>	<b>Mission Support and Donations £</b>	<b>2018 Total £</b>
Staff costs	1,775,207	237,247	-	-	2,012,454
Deprecation	173,061	93,997	-	-	267,058
Other operational costs	594,463	677,792	105,369	-	1,377,624
Administrative expenses	310,026	128,782	-	-	438,808
Missions support & donations (note 7)	-	-	-	1,300,200	1,300,200
	<u>2,852,757</u>	<u>1,137,818</u>	<u>105,369</u>	<u>1,300,200</u>	<u>5,396,144</u>
Support costs	195,990	65,330	48,998	16,333	326,651
Governance costs	17,424	5,808	4,356	1,452	29,040
	<u><b>£3,066,171</b></u>	<u><b>£1,208,956</b></u>	<u><b>£158,723</b></u>	<u><b>£1,317,985</b></u>	<u><b>£5,751,835</b></u>



**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

**6. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Support costs</b>		
Staff costs	5,256	18,885
Establishment expenses	664,921	4,921
Administrative costs	167,195	101,503
Depreciation	201,342	201,342
	<u>1,038,714</u>	<u>326,651</u>
<b>Governance costs</b>		
Audit fees	20,820	23,040
Other	8,700	6,000
	<u>29,520</u>	<u>29,040</u>
	<b><u>£1,068,234</u></b>	<b><u>£355,691</u></b>
<b>Allocation of Governance &amp; Support Costs</b>		
Residential Accommodation and Nursing Homes	640,940	213,414
Retirement Accommodation	213,647	71,138
Support of Sisters and their ministry	160,235	53,354
Mission Support and Donations	53,412	17,785
	<u>£1,068,234</u>	<u>£355,691</u>

**7. MISSION SUPPORT AND DONATIONS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The direct costs of Overseas Outreach includes the payment of grants as follows:		
Support of the Congregation's mission in:		
Uganda	142,623	41,500
Kenya	631,500	255,050
Sri Lanka	180,000	797,000
India	310,000	206,650
	<u>£1,264,123</u>	<u>£1,300,200</u>

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

**8. NET EXPENDITURE FOR THE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>This is stated after charging:</b>		
Depreciation	464,618	468,400
Auditors remuneration		
- Audit fees	18,100	17,350
- Accountancy services	-	-
	<u>          </u>	<u>          </u>

**9. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Staff costs during the year were as follows:		
Wages and salaries	1,774,121	1,730,489
Social security costs	99,023	120,942
Other pension costs	56,696	48,582
	<u>          </u>	<u>          </u>
	1,929,840	1,900,013
Other costs		
(including temporary staff, staff training, subscriptions & uniforms)	169,154	131,326
	<u>          </u>	<u>          </u>
	<b>£2,098,994</b>	<b>£2,031,339</b>
	<u>          </u>	<u>          </u>

No employees earned more than £60,000 during the year or the prior year.

The key management personnel of the charity in charge of directing, controlling and operating the charity on a day to day basis comprise the Trustees.

The charity's Trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with amounts paid in respect of other members of the Congregation, are borne by the charity. No Trustee received any remuneration or reimbursement of expenses in connection with their duties as Trustees.

**10. STAFF NUMBERS**

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
The average monthly head count of employees during the year was:	<u>          </u>	<u>          </u>
	114	112

## **GRACE AND COMPASSION BENEDICTINES**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

#### **11. PENSIONS**

The charity operates a defined contribution Group Personal Pension Plan for its employees. The charity is not liable to finance any shortfall of funding and cannot benefit from over funding. Employer contributions payable into the scheme during the year were at a rate of 3% of pensionable salary and members contributed 2% of pensionable salary.

Employer contributions of £56,696 (2018: £48,582) were paid during the year.

#### **12. TRUSTEE REMUNERATION AND EXPENSES**

The Trustees of the Charity are also members of the Congregation and as such have taken vows of poverty under which they have renounced all personal rights to income and capital. The Charity provides for the essential needs of all members of the Congregation within the Province.

The living costs of the five Trustees are therefore borne by the Charity.

There were no other related party transactions during the year.

#### **13. TAXATION**

As a registered charity the Grace and Compassion Benedictines is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

**14. FIXED ASSETS**

	<b>Freehold Properties £</b>	<b>Furniture, Fittings &amp; Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>COST</b>				
At 1 October 2018	15,169,696	800,358	64,051	16,034,105
Disposals during the year	(64,292)	-	-	(64,292)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	15,105,404	800,358	64,051	15,969,813
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1 October 2018	4,024,579	503,166	51,790	4,579,535
Charge for the year	377,326	80,036	7,256	464,618
On disposals	(10,182)	-	-	(10,182)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	4,391,723	583,202	59,046	5,033,971
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
30 September 2019	<b>£10,713,681</b>	<b>£217,156</b>	<b>£5,005</b>	<b>£10,935,842</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
30 September 2018	£11,145,117	£297,192	£12,261	£11,454,570
	<hr/>	<hr/>	<hr/>	<hr/>

All fixed assets are used for direct charitable purposes.

**15. INVESTMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1 October 2018	4,824,950	4,525,181
Additions at cost	2,161,622	209,997
Disposals (at book value)		
Proceeds	(15,078)	(76,928)
Gains/(losses) by reference to opening value	(9,611)	227
	<hr/>	<hr/>
	(24,689)	(76,701)
Net revaluation gains	74,478	166,473
	<hr/>	<hr/>
At 30 September 2019	<b>£7,036,361</b>	<b>£4,824,950</b>
	<hr/>	<hr/>
<b>Listed on UK Stock exchange</b>		
Equities	5,212,897	4,167,366
Fixed-interest stocks	879,252	337,335
	<hr/>	<hr/>
	6,092,149	4,504,701
Portfolio bank deposits	944,212	320,249
	<hr/>	<hr/>
At 30 September 2019	<b>£7,036,361</b>	<b>£4,824,950</b>
	<hr/>	<hr/>

Since the year-end, the value of the charity's portfolio has been adversely affected by the general decline in investment and financial markets resulting from the Coronavirus pandemic. See Note 21 – Post Balance Sheet Event.

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 30 SEPTEMBER 2019**

<b>16. DEBTORS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees receivable	117,249	90,318
Prepayments and other debtors	169,798	546,360
	<u><b>£287,047</b></u>	<u><b>£636,678</b></u>
Prepayments and other debtors at 30 September 2019 include a legacy of £155,000 receivable from an Estate of which Sister Kathy Yeeles (Trustee) is a co-executor.		
<b>17. CREDITORS:</b>	<b>2019</b>	<b>2018</b>
<b>(a) Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade creditors	73,866	76,348
Accruals and deferred income	438,612	284,068
Life tenancies	-	2,300
	<u><b>£512,478</b></u>	<u><b>£362,716</b></u>
<b>(b) Amounts falling due after more than one year</b>		
Life tenancies (see Note 18)	<u><b>£-</b></u>	<u><b>£11,500</b></u>
<b>18. LIFE TENANCIES</b>	<b>£</b>	<b>£</b>
Balance 1 October 2018	13,800	16,100
Repayments of life tenancies	(11,500)	-
Transferred to income	(2,300)	(2,300)
Balance 30 September 2019	<u><b>£-</b></u>	<u><b>£13,800</b></u>
Due within one year	-	2,300
Due after more than one year	-	11,500
	<u><b>£-</b></u>	<u><b>£13,800</b></u>

# GRACE AND COMPASSION BENEDICTINES

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 30 SEPTEMBER 2019

### 19. RESTRICTED FUNDS

#### Movement in year

	Beginning of year £	Net Income / (Expenditure) £	Gains/ (Losses) on Investments £	End of year £
House of Hospitality Fund	4,054,391	(3,876,500)	-	177,891
Benedictine Sisters Fund	1,100,156	(165,740)	-	934,416
	<u>£5,154,547</u>	<u>£(4,042,240)</u>	<u>£-</u>	<u>£1,112,307</u>

#### Movements in prior year

House of Hospitality Fund	7,194,671	(3,226,265)	85,985	4,054,391
Benedictine Sisters Fund	1,280,885	(180,729)	-	1,100,156
	<u>£8,475,556</u>	<u>£(3,406,994)</u>	<u>£85,985</u>	<u>£5,154,547</u>

**The House of Hospitality and Benedictine Sisters Funds** represent the net assets transferred from these charities under a Charity Commission scheme dated 1 October 1996. These assets are applied in accordance with their respective original purposes which were set out in the terms of the Trusts under which these assets were held in the original charities which will continue to apply. Therefore the residual funds taken over from these charities are shown as restricted funds.

# GRACE AND COMPASSION BENEDICTINES

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<b>Tangible Assets £</b>	<b>Investments £</b>	<b>Net Current Assets £</b>	<b>Total £</b>
<b>Restricted Funds</b>				
House of Hospitality Fund	2,940,198	-	(2,762,307)	177,891
Benedictine Sisters Fund	-	-	934,416	934,416
	<u>2,940,198</u>	<u>-</u>	<u>(1,827,891)</u>	<u>1,112,307</u>
<b>Unrestricted Funds</b>	7,995,644	7,036,361	5,364,808	20,396,813
	<u><b>£10,935,842</b></u>	<u><b>£7,036,361</b></u>	<u><b>£3,536,917</b></u>	<u><b>£21,509,120</b></u>

#### Prior year

##### Restricted Funds

House of Hospitality Fund	3,079,880	-	974,511	4,054,391
Benedictine Sisters Fund	-	-	1,100,156	1,100,156
	<u>3,079,880</u>	<u>-</u>	<u>2,074,667</u>	<u>5,154,547</u>
<b>Unrestricted Funds</b>	8,374,690	4,824,950	3,605,071	16,804,711
	<u><b>£11,454,570</b></u>	<u><b>£4,824,950</b></u>	<u><b>£5,679,738</b></u>	<u><b>£21,959,258</b></u>

#### 21. POST BALANCE SHEET EVENT

In February 2020 a coronavirus (Covid-19) has affected the United Kingdom and the elderly and those persons with serious underlying medical conditions are particularly vulnerable. The trustees are acutely aware of the effect that the pandemic may have on its residents in the care homes and residential accommodation and will take all necessary steps, following government guidelines, to protect its residents, staff and sisters. This may have an impact on the costs of running the homes but it is anticipated that these costs will not have a material effect on the charity's financial results.

The pandemic has also impacted more generally and upon most sectors of society and the economy. The pandemic and the ensuing lockdown, imposed in order to limit the spread of the disease, have had an adverse effect on the charity's investment portfolio. The value of the charity's investment portfolio by the end of May 2020 had fallen to £6.59m from its year-end value of level of just under £7.04m, a reduction of some £450k or 6.4%. It is inevitable that the charity's investment income will also decline in 2020. The exact financial impact is difficult to assess with any high level of confidence but the Trustees are of the opinion that the charity will be able to meet all of its financial obligations and commitments for the foreseeable future. Thus, they consider that the charity is a Going Concern.

**GRACE AND COMPASSION BENEDICTINES**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**22. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES**

		<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2018 £</b>
	Notes			
<b>INCOME from</b>				
Donations and Legacies	1	1,034,194	-	1,034,194
Charitable activities	2	4,331,560	-	4,331,560
Investments	3	74,235	82,183	156,418
Other				
- Gain on disposal of tangible fixed assets	4	343,783	561,982	905,765
<b>Total income</b>		<b>5,783,772</b>	<b>644,165</b>	<b>6,427,937</b>
<b>EXPENDITURE on</b>				
Cost of raising funds				
- Investment management fees		13,185	7,231	20,416
Charitable activities	5	1,707,907	4,043,928	5,751,835
<b>Total expenditure</b>		<b>1,721,092</b>	<b>4,051,159</b>	<b>5,772,251</b>
<b>Net income/(expenditure) and movement in funds</b>		<b>4,062,680</b>	<b>(3,406,994)</b>	<b>655,686</b>
Net gains on investments		80,715	85,985	166,700
<b>Net income/(expenditure) and net movement in funds for the year</b>		<b>4,143,395</b>	<b>(3,321,009)</b>	<b>822,386</b>
<b>Accumulated Funds</b>				
Brought forward at start of year		12,661,316	8,475,556	21,136,872
<b>Carried forward at end of year</b>		<b>£16,804,711</b>	<b>£5,154,547</b>	<b>£21,959,258</b>