

**Charity number: 229662**

**THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

# **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

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## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Trustees</b>	Sister Elizabeth Denny (Sister Mary Monica) Sister Eileen Holland (Sister Mary Cyprian) Sister Miriam Condron (Sister Miriam) Sister Mary Josephine Dolan (Sister Mary Carmel) Sister Agnes Dunne (Sister Mary Thomas)
<b>Charity registered number</b>	229662
<b>Principal office</b>	The Lodge Administration Centre, St. George's Park Ditchling Road Burgess Hill West Sussex RH15 0US
<b>Chair of Trustees</b>	Sister Mary Thomas
<b>Chief Executive Officer</b>	Philip Smith
<b>Estates Director</b>	Stuart Warren
<b>HR Director</b>	Dawn Saunders (left July 2021)
<b>Village Manager</b>	Paul Ray-Gain
<b>Finance Manager</b>	David Pithie
<b>Training Manager</b>	Adrian Muir
<b>Independent auditor</b>	Kreston Reeves LLP Chartered Accountants Statutory Auditor A2 Yeoman Gate Yeoman Way Worthing West Sussex BN13 3QZ
<b>Bankers</b>	Barclays Bank Level 27 1 Churchill Place London E14 5HP
<b>Solicitors</b>	BDP Pitmans LLP 50 The Broadway West London SW1H 0BL
<b>Solicitors</b>	Dentons UK and Middle East LLP 1 Fleet Place London EC4M 7WS

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The Trustees present their annual report together with the audited financial statements of the group and the charity for the year from 1 January 2020 to 31 December 2020.

The group and the charity also trades under the name Augustinian Care. Charity No. 229662.

The address of the charity is:

The Lodge Admin Centre, St George's Park  
Ditchling Road  
Burgess Hill  
West Sussex  
RH15 0US

### Trustees

The Trustees of the charity during the year under review and to the date of this report were:-

Sister Mary Monica	Elizabeth Denny
Sister Mary Thomas	Agnes Dunne
Sister Mary Carmel	Mary Josephine Dolan
Sister Miriam	Miriam Condron
Sister Mary Cyprian	Eileen Holland

The Superior General in England of the Order may exercise the power of appointing and removing trustees.

### Structure, Governance and Management

The charity is unincorporated and run by Trustees drawn from the Roman Catholic religious order, The Order of St. Augustine of the Mercy of Jesus, and is governed by a charitable trust deed dated 10 July 1963 as amended by a scheme dated 1 November 1999. The Trustees are registered as a corporate body, by a certificate of incorporation dated 26 November 1990. The charity's objects are religious and charitable work, the principal activity being the provision of nursing care for infirm and elderly people and those living with Dementia and Alzheimer's on the site at St. George's Park, Burgess Hill.

The current group structure to achieve the above objectives is as follows:

The Order of St. Augustine of the Mercy of Jesus - Registered charity whose main activity is to run Care Homes (with nursing).

St. George's Augustinian Care (Company Limited by guarantee) - Registered charity set up to develop the Retirement Village of 240 apartments and enable the provision of new Care Homes on the site at St George's Park.

St. George's Park Limited - Trading Company wholly owned by St George's - Augustinian Care set up mainly to sell apartments, run the Retirement Village and offer Domiciliary Care services.

The Trustees are ultimately responsible for all Policies and Procedures, activities and assets of the charity. They meet four times a year to review activities of the charity and to make important decisions. When necessary the Trustees seek advice from the charity's professional advisers including property consultants, solicitors and accountants.

The senior management team report to the Trustees at the quarterly meetings and at any ad hoc meetings if necessary and hold monthly meetings with the Care Home managers and deputy managers. The managers hold their own staff meetings for all care and ancillary staff. In addition, the managers prepare monthly reports on the service performance to include: improvement to the quality of care, review of performance including incidents, accidents and complaints, safeguarding and staff performance. The managers report all safeguarding issues to the Trustees.

## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

The charity is controlled by the Order, a diocesan Roman Catholic religious community by virtue of the fact that the Superior General appoints the Trustees.

The Trustees are familiar with their obligations with regard to the appointment, selection and induction of New Trustees. At this moment in time all trustees are Religious Sisters of the Order.

They have updated their training on-line, in line with their responsibilities as Trustees.

#### **Objectives and activities**

The work of the charity is carried out principally through the charity's provision of two Care Homes, each with 60 en-suite bedrooms which provide person-centred care to promote well-being enabling individuals to lead valued and fulfilled lives.

Each Home is run with the following complement of staff:

- Manager
- Deputy Manager
- Administrator
- Staff Nurses
- Team Leader
- Care Assistants
- Ancillary Staff and
- Maintenance Staff.

A Domiciliary Care Agency, operated by St. George's Park Limited and registered with CQC, provides domiciliary assistance which promotes independence for the residents of the Retirement Village at St. George's Park.

The Sisters provide pastoral care to the residents of the Care Homes and their relatives and friends, which is especially comforting at the end of life, to residents of the Retirement Village and in the local community. The Sisters support the parish priests, both Catholic and Church of England, to celebrate mass, the Sacrament of Reconciliation and Anointing and other services to meet the needs of the residents. The Sisters bring Communion to the residents on a weekly basis or as requested.

Two qualified nursing sisters also provide care and support to residents in the Care Homes and residents in St. George's Park.

The Sisters normally support a range of charities, however due to Covid-19 they were unable to do their usual fundraising, despite that the Sisters were still able to support Crisis at Christmas to provide a Christmas lunch and provide warm clothing to the homeless.

The Chapel is used for funeral and other services by the residents of the Care Homes and Retirement Village. There is a memorial package in place which allows the use of the cemetery by residents of the Care Homes and the Retirement Village. This allows for burials in the cemetery and the planting of trees or shrubs around the grounds. During Covid-19 Mass has been streamed each day to both Care Homes and Village apartments for those who may not wish to attend live services in the Chapel.

The Order has Sisters in Birmingham and London where they support the Archbishops and Cardinal and assist with the provision of care for elderly priests either in their own homes or care homes. The two Sisters in Ireland are in a supportive role to their families and provide spiritual support to the Church and the community. In Sussex, Sisters are members of the St. Vincent de Paul team who assist with social activities and visit people in their own homes to support and socialise with them.

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Public Benefit

The benefit of the charity's work is primarily in the care of the sick and infirm. The Trustees are aware of their responsibilities as a charity. Below is a table showing the fees for residents in care which shows that 20% are on lower fees. Whilst setting up plans and objectives for the future, the Trustees give careful consideration to the Charity Commission's guidance on public benefit.

Residents in Care Homes as at 31st December 2020:

	St. Clare's	St. Rita's	Total	Total
Private Full Fee	48	46	94	79.7%
Private Low Fee	2	2	4	3.4%
DSS funded	5	8	13	11.0%
CHC funded	5	2	7	5.9%
Total	60	58	118	100.0%

#### Achievements and Performance

##### Overview

2020 was an unprecedented year.

The effects of Covid-19 on the three Care Homes operating at the start of 2020 meant that there were a number of deaths caused by the virus and a consequent rise in vacancies. Due to continuing shortages of permanent staff and an ongoing and increased dependency on Agency staff it was difficult during the early months of the pandemic to control the virus despite the infection control measures taken in the Homes. The charity has staff who had to shield due to underlying conditions and this continued to be an issue throughout the pandemic. There were also a number of staff who on occasion had to isolate as either they or members of their households or contacts showed symptoms of Covid-19. It has been a very difficult time for the staff and additional support through the Employee Assistance Programme and the introduction of the 'Blue Light Card Scheme', a money saving scheme for a variety of items.

The senior management team were proactive in communication with the residents, their families and the staff keeping them up to date with Government regulations and advice, ensuring there was sufficient PPE equipment available for all staff and that the Homes adhered to all Government requirements: the No.1 priority being the welfare and safety of residents and staff.

During the year, staff engaged in a number of activities to ensure the wellbeing and stimulation of the residents when visitors and family were no longer able to visit the Homes and created interesting and stimulating areas within the Homes for residents and staff. When Government regulations permitted visitor pods were constructed where visits could take place which were pleasant to use and also enabled entertainers to come and entertain residents.

As a result of the reduced number of residents in the Care Homes, which threatened the viability of the charity, the decision was made in August 2020 following a comprehensive review of the financial position to close one of the three Care Homes, St Mary's, and ensure the charity's future. Due to the numbers both of staff vacancies and rooms available in the other two Care Homes, St Clare's and St Rita's, many of the residents and staff at St. Mary's were given the option of transferring to the other Care Homes at St. George's Park and did agree to so transfer.

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### *Care Quality Commission (CQC)*

Throughout 2020 the Trustees kept the CQC informed of developments in the Care Homes during the pandemic including the decision on the closure of St Mary's and the charity received support and information from the CQC. In addition, the Charity Commission were informed and were satisfied that the Trustees had acted responsibly.

Both St Clare's and St Rita's were inspected by CQC in 2019 and each is rated overall "Good". The Care Homes are also accredited under the Gold Standards Framework. The Domiciliary Care service run by St. George's Park Limited was also inspected in 2019 and rated "Good".

Mandatory training is ongoing and is organised for all staff and new joiners to attend in all aspects of care for clinical and care staff. In 2020 during the height of the pandemic most face to face training was suspended and alternative methods needed to be used to deliver training including online delivery using Zoom or Teams. The charity is a member of 'West Sussex Partners in Care' which provides a wide range of training and support to the care sector and helps ensure the charity is aware of current issues affecting the sector.

#### *GDPR*

We continue to review our GDPR compliance, the Finance Manager is the nominated GDPR officer for the organisation.

#### **Financial review**

2020 was a particularly difficult year for the charity as the effect from March 2020 of the Covid-19 pandemic was felt throughout the organisation. Despite our efforts to prevent it and following Government guidance throughout, the virus caused a number of deaths in the Care Homes and a consequent rise in vacancy levels. The financial impact on the charity was substantial, however steps were taken to reduce costs and with Government support through the Job Retention Scheme and The Infection Control Grant, the impact on the charity has been mitigated. With around a third of beds empty Management undertook a comprehensive financial review to ensure the long-term viability of the charity. This resulted in the difficult decision being taken to close one of our three Homes, St. Mary's.

The charity's consolidated statement of financial activities shows net expenditure after taxation for the year of £927,586 (2019: net expenditure of £914,306). The principal sources of funding during the year were fees charged to residents and sales of retirement apartments. The funding environment for the care sector continues to remain challenging.

The net incoming / (outgoing) resources fall into two main charitable activities:

	2020	2019
	£	£
1) Operations of the nursing homes	(1,558,132)	(1,242,073)
2) Retirement Village property sales and associated activities	57,807	204,877

All material fixed assets of the charity are used for direct charitable purposes.

The consolidated balance sheet discloses that the group had net current assets of £8,104,554 at 31 December 2020, and net assets of £36,408,715. The Trustees consider that the assets of the group and charity are sufficient to meet its current obligations. The charity's governing document does not restrict the powers of investment of the Trustees, and therefore all investments held by the charity have been acquired in accordance with the powers available to them.

At 31 December 2020 there was a loan due to the charity from St George's-Augustinian Care of £697,355 (2019: £696,636). The value of this loan will be repaid as further developments at St. George's Park take place.

## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

We are concerned by the increasing costs imposed by Government, such as the ever increasing living wage, which increases above inflation each year, and whilst we have always paid staff above the minimum wage it will have an impact on costs going forward.

The other main financial issue outwith our control is the level of local authority fees, which are significantly less than private fees, and not sufficient to cover costs.

#### **Going Concern**

Despite Covid-19 and after making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

#### **Fundraising**

The charity continued to receive donations throughout 2020 but no fundraising activities were undertaken due to Covid-19.

#### **Reserves Policy**

The Trustees approved a General Reserves policy to maintain reserves as follows:

Minimum - a level of two months expenditures to be maintained

Maximum - no more than four months' expenditure

Target - to aim to achieve and hold reserves at a level of three months expenditure

Total funds at 31 December 2020 were £36,408,715 (2019: £36,712,434) of which £790,582 (2019: £806,734) were held in restricted funds. Unrestricted funds at 31 December 2020 were £35,618,133 (2019: £35,905,700) of which £28,480,642 (2019: £29,170,425) were invested in tangible fixed assets for use by the charity. The charity therefore had free reserves at 31 December 2020 of £7,137,491 (2019: £6,735,275). This is currently above target levels because St Raphael's was reclassified at the end of 2018 from tangible fixed assets to an asset held for sale and arrangements for sale are ongoing.

In the future, a Sisters' Reserve will be established to meet the income required to support the community of Sisters. It was considered that an appropriate target level for this reserve would be £2million. The Trustees take the view that the establishment of such a reserve is a secondary consideration to the principal aim of securing the future of the charity to deliver high quality care within the confines of an environment that is conducive to wellness on a large estate offering views of countryside and, for the UK, rare breed animals.

The Trustees will review the levels of the reserves each year, i.e.

- Decide whether the previously determined requirements remain appropriate.
- If they are, have the required levels been achieved, or are we on target to achieve them to a predetermined timescale?
- If not, then what is to be done to achieve them in the future?

If excess reserves have been established what is to be done with them, and to consider future plans to ensure excess monies are not unnecessarily tied up in the operation.



## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Risk Management and Internal Control**

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks. The principal risk facing the charity is to ensure the wellbeing of residents in our care. The Trustees will continue to implement policies which protect the health of residents and maintain the operation's integrity. The other main risk to the organisation is that of financial risk in the continuing challenging environment facing the care home sector. The organisation maintains the highest possible level of occupancy of its homes to maximize income, while controlling costs without affecting resident safety or wellbeing. Trustees and staff continue to look to increase other sources of income to ensure the charity remains viable.

The Trustees have overall responsibility for ensuring that the charity has a system of internal control.

Such a system of control can provide only reasonable and not absolute assurance against errors or fraud. The controls include clearly documented accounting procedures and a delegation of the authority of the Trustees through the Chief Executive to the rest of the organisation.

Controls safeguard the charity's assets and maintain the integrity of accounting processes.

The charity operates an annual planning and budgeting system with an annual budget approved by the Trustees. Any significant changes to those plans or budgets need specific approval from the Senior Management Team. Monthly revised forecasts are made during the course of the year. The financial reporting system compares results with the budget and previous years' activity on a regular basis.

#### **Future Plans**

The decision taken in 2020 to close St Mary's Care Home has resulted in the charity commencing 2021 operating two Care Homes at St George's Park. Both Homes have been virtually full so far this year and have operated with a much higher percentage of permanent staff in post and greatly reduced reliance on Agency staffing.

The Trustees continue to work with their professional advisors to secure the future viability of the charity (and the group) preserving its ethos and values.

The Trustees have determined to convert the St Mary's property into 27 Assisted Living apartments which will, in part, realise the previous aspiration of linking Care Homes, Home Care and the Retirement Village in an holistic manner and it is intended these will become available during 2022.

The planning permission originally obtained in 2017 for a further phased care development at St George's Park has been updated in 2020 but a decision to proceed further has been postponed due to the impact of Covid-19 and in light of the decision to convert St Mary's. The proposed sale of the St Raphael's site at Danehill has also been delayed by the impact of Covid-19 but following marketing the Trustees have received an offer subject to planning permission (which has been applied for by the prospective purchaser).

The Trustees have also taken steps to establish a Charitable Incorporated Organisation (CIO) to carry on and continue the work of the charity. The CIO was registered with the Charity Commission on 26 April 2021 with the name 'The Order of St. Augustine of The Mercy of Jesus' and with Registered Charity No. 1194230 and the appointment of Trustees to the CIO is, as is the case with the charity, to be made by the Order. It is intended to transfer the charity's undertaking to the CIO within the next year.

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Trustees' responsibilities statement

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 the group and of the incoming resources and application of resources of the group 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;
- Make judgments and accounting 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 group will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and maintain the charity and the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 13th September 2021 and signed on their behalf by:

.....  
Sr. Agnes Dunne  
(Trustee)

## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

#### **Opinion**

We have audited the financial statements of The Order of St. Augustine of the Mercy of Jesus (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2020 and of the group'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 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the 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.

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

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

## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS (CONTINUED)**

#### **Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual 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. 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.

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

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent 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.

#### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements which 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 group's and the parent 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 group or the parent charity 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 as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS (CONTINUED)

#### *Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the Charity and industry, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to Care Quality Commission (CQC) regulations, health and safety, employment law and charity law regarding the use of restricted income. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act, Charities SORP FRS102 and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to, posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties and recoverability of work in progress. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities including the most recent CQC inspection reports; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.

## **THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS (CONTINUED)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

This report is made solely to the charity'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 charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP  
Chartered Accountants  
Statutory Auditor

Worthing

13 September 2021

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>					
Donations and legacies	4	414,392	-	414,392	179,086
Charitable activities	5	8,224,344	-	8,224,344	10,496,668
Other trading activities		1,091,319	-	1,091,319	1,218,669
Investments	6	206,546	-	206,546	163,721
Other income		21,028	-	21,028	23,531
<b>Total income</b>		<b>9,957,629</b>	<b>-</b>	<b>9,957,629</b>	<b>12,081,675</b>
<b>Expenditure on:</b>					
Raising funds		994,646	-	994,646	1,055,244
Charitable activities	7	9,881,122	8,050	9,889,172	11,938,984
<b>Total expenditure</b>		<b>10,875,768</b>	<b>8,050</b>	<b>10,883,818</b>	<b>12,994,228</b>
<b>Net expenditure before taxation</b>		<b>(918,139)</b>	<b>(8,050)</b>	<b>(926,189)</b>	<b>(912,553)</b>
Taxation		(1,397)	-	(1,397)	(1,753)
<b>Net expenditure after taxation</b>		<b>(919,536)</b>	<b>(8,050)</b>	<b>(927,586)</b>	<b>(914,306)</b>
Transfers between funds	17	8,102	(8,102)	-	-
<b>Net movement in funds before other recognised gains</b>		<b>(911,434)</b>	<b>(16,152)</b>	<b>(927,586)</b>	<b>(914,306)</b>
<b>Other recognised gains:</b>					
Gains on revaluation of fixed assets		623,867	-	623,867	-
<b>Net movement in funds</b>		<b>(287,567)</b>	<b>(16,152)</b>	<b>(303,719)</b>	<b>(914,306)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		35,905,700	806,734	36,712,434	37,626,740
Net movement in funds		(287,567)	(16,152)	(303,719)	(914,306)
<b>Total funds carried forward</b>		<b>35,618,133</b>	<b>790,582</b>	<b>36,408,715</b>	<b>36,712,434</b>

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 33 form part of these financial statements.

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	28,480,642	29,170,425
		<u>28,480,642</u>	<u>29,170,425</u>
<b>Current assets</b>			
Stocks	13	496,553	704,054
Debtors	14	804,179	1,336,734
Cash at bank and in hand		4,082,697	3,960,099
Property held for sale		3,403,510	2,573,510
		<u>8,786,939</u>	<u>8,574,397</u>
Creditors: amounts falling due within one year	15	(825,785)	(999,307)
<b>Net current assets</b>		<u>7,961,154</u>	<u>7,575,090</u>
<b>Total assets less current liabilities</b>		<u>36,441,796</u>	<u>36,745,515</u>
Provisions for liabilities	16	(33,081)	(33,081)
<b>Net assets</b>		<u>36,408,715</u>	<u>36,712,434</u>
<b>Total net assets</b>		<u><u>36,408,715</u></u>	<u><u>36,712,434</u></u>
<b>Charity funds</b>			
Restricted funds	17	790,582	806,734
Unrestricted funds	17	35,618,133	35,905,700
<b>Total funds</b>		<u><u>36,408,715</u></u>	<u><u>36,712,434</u></u>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

.....  
Sister Elizabeth Denny (Sister Mary Monica)

.....  
Sister Mary Josephine Dolan (Sister Mary Carmel)

Date: 13 September 2021

The notes on pages 17 to 33 form part of these financial statements.



# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## CHARITY BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	27,148,755	27,827,812
		<u>27,148,755</u>	<u>27,827,812</u>
<b>Current assets</b>			
Stocks	13	64,966	72,314
Debtors	14	3,049,588	3,555,227
Cash at bank and in hand		2,893,078	3,073,258
Property held for sale		3,403,510	2,573,510
		<u>9,411,142</u>	<u>9,274,309</u>
Creditors: amounts falling due within one year	15	(733,380)	(921,475)
		<u>8,677,762</u>	<u>8,352,834</u>
<b>Net current assets</b>		<u>8,677,762</u>	<u>8,352,834</u>
<b>Total assets less current liabilities</b>		<u>35,826,517</u>	<u>36,180,646</u>
<b>Net assets</b>		<u>35,826,517</u>	<u>36,180,646</u>
<b>Total net assets</b>		<u><u>35,826,517</u></u>	<u><u>36,180,646</u></u>
<b>Charity funds</b>			
Restricted funds	17	798,634	806,734
Unrestricted funds	17	35,027,883	35,373,912
		<u>35,826,517</u>	<u>36,180,646</u>
<b>Total funds</b>		<u><u>35,826,517</u></u>	<u><u>36,180,646</u></u>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

.....  
Sister Elizabeth Denny (Sister Mary Monica)

.....  
Sister Mary Josephine Dolan (Sister Mary Carmel)

Date: 13 September 2021

The notes on pages 17 to 33 form part of these financial statements.

**THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	(4,404)	60,986
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	206,546	163,721
Purchase of tangible fixed assets	(48,467)	(88,339)
<b>Net cash provided by investing activities</b>	158,079	75,382
<b>Cash flows from financing activities</b>		
Repayments of finance leases	(31,077)	(48,868)
<b>Net cash used in financing activities</b>	(31,077)	(48,868)
<b>Change in cash and cash equivalents in the year</b>	122,598	87,500
Cash and cash equivalents at the beginning of the year	3,960,099	3,872,599
<b>Cash and cash equivalents at the end of the year</b>	4,082,697	3,960,099

The notes on pages 17 to 33 form part of these financial statements

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. General information

The Order is engaged principally in the provision of accommodation for elderly and infirm residents at convents and houses at the under noted locations:-

St. George's Retreat, Burgess Hill (the mother house)  
St. Raphael's, Danehurst (closed in 2019)

These financial statements include the results of each of the above centres.

The principle activities of its subsidiary companies are as set out in note 21, and were all carried out at its Burgess Hill site.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Order of St. Augustine of the Mercy of Jesus meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

#### 2.2 Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The updated budgeting and forecasting following the decision to close St Mary's in 2020 show an improved outlook for the charity and enables the remaining homes to be run more efficiently. In addition, the current level of cash reserves and the impending sale of St Raphael's, expected in 2022, means the charity has sufficient cash funds to fulfil operational and strategic objectives.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.3 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

**2.5 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

**2.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.7 Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Long-term leasehold property	- straight line over 75 years
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% straight line
Chapel - structural works	- straight line over 100 years
Chapel - refurbishment works	- straight line over 40 years

**2.9 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**2.10 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.11 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.13 Liabilities**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

**2.14 Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**2.15 Financial instruments**

The group only has 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.16 Finance leases and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.17 Pensions**

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2. Accounting policies (continued)

##### 2.18 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

#### 3. Critical accounting estimates and areas of judgment

In the application of the charity's accounting policies the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts going forward relate to determining the fair value of the investment properties, which are sensitive to fluctuations in the property market.

Critical areas of judgment:

At the year end the group has £431,587 of work in progress which is deemed recoverable on the basis that, following the extension of the planning permission, the latest project will go ahead in the future.

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	13,653	13,653	42,640
Grants	276,409	276,409	-
Sisters' pensions and income from deployment	124,330	124,330	136,446
	<u>414,392</u>	<u>414,392</u>	<u>179,086</u>

All income from donations and legacies was unrestricted in the current and prior year.

### 5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Residents' fees and extras	<u>8,224,344</u>	<u>8,224,344</u>	<u>10,496,668</u>

All income from charitable activities was unrestricted in the current and prior year.

### 6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rental income and interest receivable	<u>206,546</u>	<u>206,546</u>	<u>163,721</u>

All income from investments was unrestricted in the current and prior year.



# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. Analysis of expenditure on charitable activities

#### Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Residents' fees and extras	9,881,122	8,050	9,889,172

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Residents' fees and extras	11,824,317	114,667	11,938,984

### 8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Total funds 2020 £	Total funds 2019 £
Residents' fees and extras	9,889,172	9,889,172	11,938,984

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 8. Analysis of expenditure by activities (continued)

#### Analysis of direct costs

	Residents' fees and extra 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	6,283,183	6,283,183	6,795,258
Depreciation	499,951	499,951	617,659
Establishment and care expenses	1,644,297	1,644,297	1,683,229
Staff costs, agency and training	655,847	655,847	1,817,161
Bad and doubtful debts	151,476	151,476	18,546
Bank charges	13,783	13,783	-
Loss on disposal of fixed assets	21,440	21,440	90,073
Farm costs	34,315	34,315	48,429
Legal and professional	72,741	72,741	61,026
Repairs and maintenance	449,767	449,767	745,862
Governance costs	62,372	62,372	61,741
	<u>9,889,172</u>	<u>9,889,172</u>	<u>11,938,984</u>

### 9. Auditor's remuneration

	2020 £	2019 £
Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts	48,162	50,097
Fees payable to the charity's auditor and its associates in respect of:		
All non-audit services not included above	<u>14,212</u>	<u>11,664</u>

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10. Staff costs

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Wages and salaries	6,066,964	6,492,154	5,642,405	6,110,550
Social security costs	536,262	570,622	505,848	544,393
Contribution to defined contribution pension schemes	146,511	150,151	134,930	140,315
	<u>6,749,737</u>	<u>7,212,927</u>	<u>6,283,183</u>	<u>6,795,258</u>

In the year a total of £258,806 was paid in redundancy payments to staff. This occurred in a single redundancy payment upon the closure of St Mary's home. In 2019 a total of £148,404 was paid in redundancy payments to staff. This occurred in a single redundancy payment upon the closure of St Raphael's home.

The average number of persons employed by the charity during the year was as follows:

	Group 2020 No.	Group 2019 No.
Services to residents	213	258
Management and administration	25	27
	<u>238</u>	<u>285</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £120,000	1	1

The senior management team, as described on page 2, have employee benefits totalling £379,042 (2019: £480,556) in the parent charity. The employee benefits of the senior management team for the group totalled £379,042 (2019: £480,556).

#### 11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year, no Trustee expenses have been incurred (2019 - £NIL).

THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
<b>Cost or valuation</b>						
At 1 January 2020	11,619,138	19,685,163	359,971	1,785,835	7,000	33,457,107
Additions	-	13,811	-	34,656	-	48,467
Disposals	-	(443,716)	-	(191,271)	-	(634,987)
Transfers between classes	(830,000)	-	-	-	-	(830,000)
Revaluations	623,867	-	-	-	-	623,867
At 31 December 2020	11,413,005	19,255,258	359,971	1,629,220	7,000	32,664,454
<b>Depreciation</b>						
At 1 January 2020	525,012	2,150,595	281,914	1,329,161	-	4,286,682
Charge for the year	50,388	118,946	16,900	324,443	-	510,677
On disposals	-	(422,276)	-	(191,271)	-	(613,547)
At 31 December 2020	575,400	1,847,265	298,814	1,462,333	-	4,183,812
<b>Net book value</b>						
At 31 December 2020	10,837,605	17,407,993	61,157	166,887	7,000	28,480,642
At 31 December 2019	11,094,126	17,534,568	78,057	456,674	7,000	29,170,425

**THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. Tangible fixed assets (continued)**

**Charity**

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
<b>Cost or valuation</b>						
At 1 January 2020	11,619,138	18,362,163	309,801	1,733,383	7,000	32,031,485
Additions	-	13,811	-	34,656	-	48,467
Disposals	-	(443,716)	-	(191,271)	-	(634,987)
Transfers between classes	(830,000)	-	-	-	-	(830,000)
Revaluations	623,867	-	-	-	-	623,867
At 31 December 2020	11,413,005	17,932,258	309,801	1,576,768	7,000	31,238,832
<b>Depreciation</b>						
At 1 January 2020	525,012	2,150,595	235,713	1,292,353	-	4,203,673
Charge for the year	50,388	118,946	16,050	314,567	-	499,951
On disposals	-	(422,276)	-	(191,271)	-	(613,547)
At 31 December 2020	575,400	1,847,265	251,763	1,415,649	-	4,090,077
<b>Net book value</b>						
At 31 December 2020	10,837,605	16,084,993	58,038	161,119	7,000	27,148,755
At 31 December 2019	11,094,126	16,211,568	74,088	441,030	7,000	27,827,812

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12. Tangible fixed assets (continued)

Freehold properties include land with a net book value of £5,310,216 (2019: £5,310,216) which is not depreciated.

Freehold properties include investment properties of £4,625,000 (2019: £4,831,133).

Leasehold properties include investment properties amounting to £632,000 (2019: £632,000).

Leasehold properties include interest capitalised of £595,000 at the Bank of Ireland base rate plus 1.75%.

Investment properties under Freehold Properties were subject to independent, professional valuation at 31 December 2015. The valuation was undertaken by various local estate agents with good knowledge of the properties and their locations. The value was reviewed by Stuart Warren DipSurv (CEM) MRICS MBIFM before the amounts were approved to be included within the accounts. In 2020 the investment properties were reviewed and the valuations updated where appropriate. Two properties that form part of the sale of St Raphael's were transferred to Property held for sale within current assets.

Investment properties held within Long term leasehold property were subject to an independent, professional valuation at 31 December 2018. The valuation was undertaken by Cuthbert Lake, Chartered Surveyors. It is assumed that the value of these investment properties is in line with their market value and the values are deemed appropriate still as at 31 December 2020.

The group has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Freehold property	319,738	834,482	319,738	834,482

#### 13. Stocks

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Stocks	-	274,651	-	-
Work in progress	431,587	357,089	-	-
Farm valuation	64,966	72,314	64,966	72,314
	496,553	704,054	64,966	72,314

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Due within one year</b>				
Trade debtors	568,760	962,557	540,558	938,346
Amounts owed by group undertakings	-	-	2,300,681	2,255,150
Other debtors	47,056	32,358	34,037	31,409
Prepayments and accrued income	188,363	341,819	174,312	330,322
	<u>804,179</u>	<u>1,336,734</u>	<u>3,049,588</u>	<u>3,555,227</u>

### 15. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	168,523	322,177	144,532	295,432
Corporation tax	1,967	1,753	-	-
Other taxation and social security	124,185	147,020	111,723	121,708
Obligations under finance lease and hire purchase contracts	-	31,077	-	31,077
Other creditors	194,640	225,361	160,457	220,641
Accruals and deferred income	336,470	271,919	316,668	252,617
	<u>825,785</u>	<u>999,307</u>	<u>733,380</u>	<u>921,475</u>

### 16. Provisions

#### group and charity

	Concert hall development £
At 1 January 2020	33,081
	<u>33,081</u>

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 17. Statement of funds

#### Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Taxation £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>							
General Funds - all funds	35,424,700	9,957,629	(10,875,768)	(1,397)	8,102	623,867	35,137,133
Revaluation reserve	481,000	-	-	-	-	-	481,000
	<u>35,905,700</u>	<u>9,957,629</u>	<u>(10,875,768)</u>	<u>(1,397)</u>	<u>8,102</u>	<u>623,867</u>	<u>35,618,133</u>
<b>Restricted funds</b>							
Bursary fund	508,102	-	-	-	(8,102)	-	500,000
Charitable Foundation	237,812	-	-	-	-	-	237,812
Repairs and maintenance	60,820	-	(8,050)	-	-	-	52,770
	<u>806,734</u>	<u>-</u>	<u>(8,050)</u>	<u>-</u>	<u>(8,102)</u>	<u>-</u>	<u>790,582</u>
<b>Total of funds</b>	<u>36,712,434</u>	<u>9,957,629</u>	<u>(10,883,818)</u>	<u>(1,397)</u>	<u>-</u>	<u>623,867</u>	<u>36,408,715</u>



# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 17. Statement of funds (continued)

#### Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Taxation £	Transfers in/out £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>						
General Fund	36,747,642	12,081,675	(12,879,561)	(1,753)	(42,303)	35,905,700
<b>Restricted funds</b>						
Bursary fund	465,799	-	-	-	42,303	508,102
Charitable Foundation	237,812	-	-	-	-	237,812
Repairs and maintenance	175,487	-	(114,667)	-	-	60,820
	<u>879,098</u>	<u>-</u>	<u>(114,667)</u>	<u>-</u>	<u>42,303</u>	<u>806,734</u>
<b>Total of funds</b>	<u>37,626,740</u>	<u>-</u>	<u>(12,994,228)</u>	<u>(1,753)</u>	<u>-</u>	<u>36,712,434</u>

The Bursary Fund has been set up to comply with the section 106 agreement in respect of the new care village development. It will be made available to residents for the purpose of subsidising the care fees of, or providing financial assistance to, only those residents who prior to becoming a resident were not resident in the area of either West or East Sussex Social Services, or have been residents for no more than 5 years. The transfer from the unrestricted funds is based on a percentage of income received in St George's Park Limited in relation to ground rent, apartment sales and sales uplifts.

Charitable foundation - Fleur Fenton Cowles, was an American writer, editor and artist best known as the creative force behind the short-lived Flair magazine, published in the early 1950's. She moved to Europe in 1955 where she was a successful painter and illustrator. She also designed tapestries, accessories, and china for Denby Ltd. She died on June 5, 2009 at St. Raphael's aged 95. In appreciation of the care given to Fleur, £493,000 was donated to the charity by the Fleur Cowles Foundation towards maintenance of the property.

Repairs and maintenance - During 2018, the charity received a donation from an individual to be spent on repairs and maintenance at the site in Ditchling.

# THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 18. Analysis of net assets between funds

#### Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	28,480,642	-	28,480,642
Current assets	7,996,357	790,582	8,786,939
Creditors due within one year	(825,785)	-	(825,785)
Provisions for liabilities and charges	(33,081)	-	(33,081)
<b>Total</b>	<b>35,618,133</b>	<b>790,582</b>	<b>36,408,715</b>

#### Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	29,170,425	-	29,170,425
Current assets	7,767,663	806,734	8,574,397
Creditors due within one year	(999,307)	-	(999,307)
Provisions for liabilities and charges	(33,081)	-	(33,081)
<b>Total</b>	<b>35,905,700</b>	<b>806,734</b>	<b>36,712,434</b>

### 19. Related party transactions

#### St George's Park Limited and St George's - Augustinian Care

During the year recharges of employees' salaries for work carried out relating to the subsidiaries were made. A total of £252,695 (2019 - £230,112) was recharged to St George's Park Limited. At the year end the balance due from St George's - Augustinian Care was £697,355 (2019 - £696,636) and the amount due from St George's Park Limited was £1,600,346 (2019 - £1,558,514).

### 20. Post balance sheet events

The Trustees have taken steps to establish a Charitable Incorporated Organisation (CIO) to carry on and continue the work of the charity. The CIO was registered with the Charity Commission on 26 April 2021 with the name 'The Order of St. Augustine of The Mercy of Jesus' and with Registered charity number 1194230 and the appointment of Trustees to the CIO is, as is the case with the charity, to be made by the Order. It is intended to transfer the charity's undertaking to the CIO within the next year.

## THE ORDER OF ST. AUGUSTINE OF THE MERCY OF JESUS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 21. Principal subsidiaries

The following were subsidiary undertakings of the charity:

<b>Names</b>	<b>Company number</b>	<b>Charity registration number</b>	<b>Holding</b>	<b>Included in consolidation</b>
St George's - Augustinian Care	04718235	1105835	100%	Yes
St George's Park Limited	05225007		100%	Yes

The financial results of the subsidiaries for the year were:

<b>Names</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Profit/(Loss)/ Surplus/ (Deficit) for the year £</b>	<b>Net assets £</b>
St George's - Augustinian Care	-	-	-	47,631
St George's Park Limited	1,045,479	992,069	53,410	534,569

The result of the parent charity for the year was net expenditure of £354,129 (2019: net expenditure £917,431).