

**THE COMMUNITY OF THE ORDER OF THE
DISCALCED CARMELITES, KENSINGTON**

Registered Charity Number 284525

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Haysmacintyre LLP
Chartered Accountants
London

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2021

Incorporated Trustee	The Charity of the Discalced Carmelites
Trustees	The Trustees of the Charity of the Discalced Carmelites The Reverend Felix Okolo (appointed 5 August 2020) The Reverend Alexander Ezechukwu (appointed 5 August 2020) The Reverend Thaddeus Ekuma (appointed 5 August 2020) The Reverend Anthony Parsons (appointed 5 August 2020) The Reverend John Grennan The Reverend James Noonan The Reverend Liam Finnerty The Reverend Christopher Clarke (resigned 5 August 2020)
Provincial Superior	The Reverend John Grennan
Provincial Bursar	The Reverend Alexander Ezechukwu
Principal Office	Carmelite Priory 41 Kensington Church Street London W8 4BB
Charity Registration Number	253645
Governing Instrument	Trust Deed dated 23 August 1967
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Pothecary Witham Weld 70 St. George's Square London SW1V 3RD
Principal Bankers	Royal Bank of Scotland Plc London Notting Hill Gate Branch 78 Notting Hill Gate London W11 3HS
Investment Managers	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London EC4V 4ET
Investment Power	The provisions of the Trustee Act 2000 apply

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

TRUSTEES' ANNUAL REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Introduction

The Community of the Order of Discalced Carmelites, Kensington is part of an international Religious Order the Discalced Carmelite Friars which is represented in England by a number of charitable trusts. Most of these trusts, including the Community of the Order of Discalced Carmelites, Kensington, are administered by the Trustees of the Charity of the Discalced Carmelites as appointed by a Charity Commission Order dated 12 December 2001. The connected charities through which the Order carries out its charitable activities are set out in note 12 to the accounts.

Governing instrument

The Governing Instrument of the charity, a Trust Deed dated 23 August 1967 states its principal objective to be "such charitable purposes which advance the religious work for the time being carried out by or under the direction of the Society as the Trustees with approval of the Superior shall from time to time think fit".

Governance

The Charity of the Discalced Carmelites has six trustees, the Provincial Superior and five other members. The power of appointing new Trustees rests with the Provincial Superior.

New trustees are given an introduction to the workings of the charity and are given previous sets of accounts and reports to read. Regular training is made available to all trustees. The charity's key management personnel are its trustees who are unremunerated.

OBJECTIVES AND ACTIVITIES

The Carmelite Community have responsibility for a church which is open to the public from approximately 7.00am to 7.00pm each day for church services and private prayer. The priests provide a service of spiritual support and pastoral counselling to all who come. The priests are responsible for the administration of the local parish and to visit the sick, lonely and housebound members of the parish.

The priests help in providing pastoral care in other local parishes and schools and give lectures and retreats both in London and in other parts of the country. One of the priests helps with chaplaincy work at University Hospital. The community also offers chaplaincy service at the Cromwell Hospital.

Part of the property is the Carmelite Parish Centre which is a meeting place for many parish activities. It is also used by a variety of other groups for religious and charitable purposes. The use of the Centre by the San'Egidio outreach to homeless people is seen an important public benefit contribution. There is no charge for use of the Centre but donations are accepted. The Carmelite Parish Centre is also used on weekdays by a nursery school. The use is governed by a licence agreement.

The Charity also provides accommodation for members of the Order of Discalced Carmelites who come from abroad for the purpose of learning English or to pursue other academic courses. The Charity is also at present providing funding for the education of international Carmelite students.

A professional Choir sings and provides music in the church each Sunday. The choir was funded partly by donations from the Carmelite Church Choir Fund. From July 2015 onwards the Trustees of the Fund passed its investments over to the Community Order of Discalced Carmelites, Kensington, and the Trust itself deregistered from the Charity Commission in December 2015.

Public benefit

The Trustees confirm that they have complied with the duty in section 11 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The Trustees review the activities of the charity against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims which are set in such a way as to benefit society as a whole. The benefits are set out in the review of activities shown above.

**THE COMMUNITY OF THE ORDER OF
COMMUNITY OF THE ORDER OF DISCALCED CARMELITES, KENSINGTON**

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE

The community currently has three members actively engaged in its ministry and charitable activity. It continues to support a retired member.

When a member's work involves a stipend or an ex-gratia honorarium, the money goes into the common funds of the charity; where there is a wage or salary any earnings are covenanted to the charity. The charity has a continuing commitment to support members of the Order, including some who are not resident at Kensington, many of whom continue to carry out charitable work long past the normal retirement age.

The charity, with the collaboration of a number of other people, continues to help to support a charitable project known as the "Rahab Project", to help victims of sex trafficking and prostitution.

PLANS FOR FUTURE PERIODS

The Trustees do not envisage any major changes to the charity in the near future. A Chapter was held in July 2021 which decided on the corporate structure of charities and financial position of the impact of the pandemic as well as the strategic direction of the charity.

FINANCIAL REVIEW

Donations and bequests decreased from £429,707 to £213,730 this year. This is a source of income which varies significantly from year to year. Income in 2020 was boosted because of a large legacy received. Restricted funds consist of the balance of the Choir Fund and a Fund to cover Priest's training which is still to be spent.

Income from investments decreased from £61,872 in the previous year to £52,765 this year. There was a deficit for the year of £37,556 (2020: surplus of £101,719) but there were investment gains of £413,564 (2020: losses of £121,466) making a net surplus of £376,008 (2020: deficit of £19,747). Funds stood at £3,692,669 at the year-end consisting of £3,679,206 of unrestricted funds and £15,463 of restricted funds. Expenditure increased from £545,422 to £559,588 in the year.

Funds stood at £3,316,661 at the year-end (2020 - 3,302,358) consisting of £3,301,246 of unrestricted funds and £15,463 of restricted funds,

The charity's principal investment holding of COIF Income Shares were valued at £2,081,700 (£1,668,136 at 31 March 2020).

Reserves Policy

The charity's reserves at the year-end stood at £3,679,206 (2020 - £3,301,246) of which £794k is represented by fixed assets which are required for the charity's continuing activities. A fund of approximately £800k is estimated to be required to provide for the members in old age. The balance remaining of £2,085k covers approximately 62 months normal expenditure which the trustees consider to be a reasonable but not excessive provision for the ongoing requirements of the charity. This is particularly in light of the uncertainty of income and the financial commitments of the charity as discussed above.

Both the Church and the Priory are Grade Two listed buildings. The Trustees take seriously their responsibility to care for and maintain these buildings. During the year there was a major refurbishment of the priory. The Trustees try to ensure there is sufficient funding available for maintenance of the buildings.

The charity also held restricted funds totalling £15,463 at the year end. Full details are shown in note 12 to the financial statements.

COMMUNITY OF THE ORDER OF DISCALCED CARMELITES, KENSINGTON

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Risk Review

The Trustees have considered the major risks to which the Charity is exposed. Every effort is being made to mitigate those risks. The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- The Order has an obligation, both moral and legal, to provide care for its members, none of whom has resources of his own and all of whom have devoted a significant part of their lives to the activities of the charity. Wherever possible, care is provided for frail and unwell members within the community. The incidence of such care needs is impossible to predict and the Trustees therefore believe that it is incumbent upon them to maintain reserves at an appropriate level to ensure that the charity is able to meet this obligation – see Reserves Policy above.
- Along with all other organisations who serve in the community, the Trustees recognise the absolute necessity of ensuring the protection and safety of all those the Charity serves. This means that all Fathers who are in any kind of ministry in Great Britain have had to obtain clearance from the Disclosure and Barring Service (DAB). The Trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS).
- It is absolutely necessary to ensure that our property continue to be safe places for the Fathers and visitors to use. Attention is given to keeping our properties in good repair. General maintenance is regularly carried out. There is an on-going programme to ensure compliance with the increasing demands of Health and Safety Regulations particularly with regard to Fire Regulations. The Trustees regularly review insurance provision.
- The trustees are mindful that at some time in the medium to longer term, there may be issues in relation to succession planning for the governance of the charity. With an ageing group of Fathers, it may be necessary to consider appointing lay trustees (that is trustees who are not members of the Congregation) and/or Fathers from overseas areas where there is a greater pool of younger members. Such steps may require constitutional changes for the charity. The Trustees are in the process of exploring the issues and the options.

Investment Policy

The investment target is to achieve a certain return of both income and capital growth with no more than a moderate level of risk. The charity avoids direct investment in armaments, pornography and “anti-life” pharmaceuticals. The vast majority of the charity’s funds are invested in Common Investment Funds.

During the year the value of the investments recovered following a decline when the pandemic struck in March 2020. The charity takes the view that such investment values are volatile, although it is anticipated that over the longer term there will be increased growth in values. However this volatility emphasises the need for caution when reviewing reserve levels which incorporate their market value.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England and 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 then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable 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 charity will continue in business.

COMMUNITY OF THE ORDER OF DISCALCED CARMELITES, KENSINGTON

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and with the Trust Deed dated 23 August 1967. 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 1st June 2022 and signed as authorised on their behalf by:

A handwritten signature in brown ink that reads "John Grennan, OED". The signature is written in a cursive style.

Reverend John Grennan
Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF COMMUNITY OF THE ORDER OF DISCALCED CARMELITES, KENSINGTON

Opinion

We have audited the financial statements of Community of the Order of Discalced Carmelites, Kensington for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes. 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 31 March 2021 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.

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' 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.

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF COMMUNITY OF THE ORDER OF DISCALCED CARMELITES, KENSINGTON (continued)

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.

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:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Canon law, employment law, health and safety regulations and charity law, and 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 2011 and payroll taxes.

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 recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Evaluating management's controls designed to prevent and detect irregularities
- Identifying and testing journals, in particular journal entries posted with unusual descriptions and those entered at the year-end; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and 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 Auditors

10 Queen Street Place
London
EC4R 4AG

Date: 1 June 2022

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

THE COMMUNITY OF THE ORDER OF THE DISCALCED CARMELITES, KENSINGTON

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted Funds £	Restricted Funds £	Total 2021 £	2020 £
INCOME FROM:	Notes				
Donations and legacies					
Members stipends and pensions		35,097	-	35,097	24,187
Collections, donations and bequests		213,730	-	213,730	429,707
Grants		-	-	-	141,613
Other					
Other trading activities					
Investments		52,765	-	52,765	61,872
Other		64,025	-	64,025	3,928
Total income		<u>365,617</u>	<u>-</u>	<u>365,617</u>	<u>661,307</u>
EXPENDITURE ON:					
Charitable Activities	2	<u>401,221</u>	<u>1,952</u>	<u>403,173</u>	<u>559,599</u>
Total expenditure		<u>401,221</u>	<u>1,952</u>	<u>403,173</u>	<u>559,599</u>
Net (expenditure)/income before gains on investments		(35,604)	(1,952)	(37,556)	101,719
Net gains on investments		<u>413,564</u>	<u>-</u>	<u>413,564</u>	<u>(121,466)</u>
Net movement in funds		<u>377,960</u>	<u>(1,952)</u>	<u>376,008</u>	<u>(19,747)</u>
RECONCILIATION OF FUNDS					
Fund balances brought forward 1 April 2020		<u>3,301,246</u>	<u>15,415</u>	<u>3,316,661</u>	<u>3,336,408</u>
Fund balance carried forward 31 March 2021		<u><u>£3,679,206</u></u>	<u><u>£13,463</u></u>	<u><u>£3,692,669</u></u>	<u><u>£3,316,661</u></u>

The notes on pages 11 to 18 form part of these accounts.

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

BALANCE SHEET

AS AT 31 MARCH 2021

			2021		2020
	Notes	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	6		794,018		774,711
Investments	7		2,081,700		1,668,136
			<u>2,875,718</u>		<u>2,442,847</u>
CURRENT ASSETS					
Debtors	8	394,772		394,581	
Cash at bank and in hand		457,482		497,483	
		<u>852,254</u>		<u>892,064</u>	
CREDITORS: Amounts falling due within one year	9	(35,303)		(18,250)	
NET CURRENT ASSETS			<u>816,951</u>		<u>873,814</u>
NET ASSETS			<u>£3,692,669</u>		<u>£3,316,661</u>
FUNDS					
Unrestricted funds:					
Designated funds- Support of older members	10	800,000		800,000	
General		<u>2,879,206</u>		<u>2,501,246</u>	
			3,679,206		3,301,246
Restricted funds	11		<u>13,463</u>		<u>15,415</u>
			<u>£3,692,669</u>		<u>£3,316,661</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 1 June 2022 and were signed below on its behalf by:

John Grennan, ocd

Reverend John Grennan
Trustee

The notes on pages 11 to 18 form part of these accounts.

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	£	2021	£	£	2020	£
Cash flows from operating activities:						
Net cash provided by operating activities (see below)			1,420			58,464
Cash flows from investing activities:						
Dividends and interest from investments	52,765			55,539		
Purchase of tangible assets	(94,186)			(66,600)		
Net cash (used in) investment activities			(41,421)			(11,061)
Change in cash and cash equivalents in the year			(40,001)			47,403
Cash and cash equivalents at the start of the Year			497,483			450,080
Cash and cash equivalents at the end of the year			£457,482			£497,483

NOTES TO THE CASH FLOW STATEMENT

**RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£	£
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	376,008	(19,747)
Depreciation charges	74,879	34,361
(Gains)/losses on investments	(413,564)	121,466
Dividends & interest from investments	(52,765)	(55,539)
Increase/(decrease) in creditors	17,053	(21,915)
(Increase) in debtors	(191)	(162)
Net cash provided by operating activities	£1,420	£58,464

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

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).

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees to make significant judgements and estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. 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 Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' Report for more information).

Income recognition

Income is recognised 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 Trust 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 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 declared and notification has been received of the dividend due. 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.

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)

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:

- Expenditure on raising funds comprise fees paid in respect of fund management in relation to the charity's quoted investments.
- Expenditure on charitable activities includes the costs of running the charity's community 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, direct and support costs in respect to the support of members of the Congregation and their ministry. It also includes governance costs.

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.

Tangible Fixed Assets

Prior to 31 March 1996 all capital expenditure was written off as incurred. In order to arrive at a reasonable valuation of parish property, taking into account age, type, condition and life expectancy, the Trustees considered that present insured values should be discounted by around 50% and in subsequent years be depreciated at 2% per annum. Subsequent acquisitions or improvements are capitalised at cost. The estimated value of furniture and equipment at 1 April 1996 has been capitalised in the financial statements. Subsequent additions are capitalised at cost.

Improvements to land and buildings and purchase of other assets costing more than £2,000 are capitalised.

Depreciation is calculated by the straight line method to write off the cost/value, less anticipated residual value, over the expected useful lives of assets as follows.

Freehold buildings	50 years
Leasehold buildings	Over period of lease
Furniture and equipment	5 years
Property improvements	4 years
Computers, IT & Media	3 years

Investments

Quoted investments are stated at their fair value.

Realised and unrealised gains (or losses) are reflected in the Statement of Financial Activities in the year in which they occur. No distinction is made between realised and unrealised gains in the Statement of Financial Activities as the Trustees consider that the disclosure of total gains/losses show a truer and fairer view.

Fund Accounting

Funds held by the charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)

Financial Instruments

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.

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 bank accounts.

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.

2. EXENDITURE -2021

	Staff Costs £	Depreciation £	Other £	2021 Total £	2020 Total £
Charitable activities:					
Advancement of religious work					
Church	39,620	-	66,670	106,290	133,194
Premises and equipment	39,620	74,879	34,917	149,416	255,114
Community expenditure	-	-	85,419	85,419	98,298
Charitable payments	-	-	41,723	41,723	78,078
Governance costs	-	-	20,325	20,325	14,777
	<u>£79,240</u>	<u>£74,879</u>	<u>£249,054</u>	<u>£403,173</u>	<u>£579,461</u>

All other costs are directly attributable to the activities to which they relate. Support costs - staff costs, where members of staff work on multiple activities are allocated on the basis of time spent.

EXENDITURE -2020

	Staff Costs £	Depreciation £	Other £	2020 Total £
Charitable activities:				
Advancement of religious wor				
Church	41,014	-	82,343	123,257
Premises and equipment	41,013	34,361	179,740	255,114
Community expenditure	-	-	88,362	88,362
Charitable payments	-	-	78,078	78,078
Governance costs	-	-	14,777	14,777
	<u>82,027</u>	<u>34,361</u>	<u>443,200</u>	<u>559,588</u>
Raising funds:				
Repository costs	-	-	-	-
	<u>£82,027</u>	<u>£34,361</u>	<u>£443,200</u>	<u>£559,588</u>

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

CHARITABLE PAYMENTS

	2021	2020
	£	£
Charitable payments comprise:		
ODC Carmelites – Retreat House Chester	11,620	11,119
Growing in Faith	-	15,058
Carmelite Provincial Fund	12,400	12,000
Friends of Whitefriars Oxford Trust	-	17,925
RAHAB Project	8,250	9,000
Others	9,453	976
	<u>£41,723</u>	<u>£66,078</u>

3. GOVERNANCE COSTS

	2021	2020
	£	£
These comprise:		
Auditors remuneration - Audit	7,700	7,700
- Accountancy	6,462	7,077
Legal fees	6,162	-
	<u>£20,325</u>	<u>£14,777</u>

4. STAFF COSTS

	2021	2020
	£	£
Wages and other staff costs	61,928	70,097
Social security costs	5,454	5,468
Pension costs	5,275	1,298
Casual wages	6,583	5,831
	<u>£79,240</u>	<u>£82,694</u>

The average numbers of full-time equivalent employees in the year was:

	No.	No.
Church and Community	<u>2</u>	<u>2</u>

The charity's key management personnel are its trustees who are unremunerated.

5. TRANSACTIONS WITH TRUSTEES

The trustees of the Charity are also members of the Order and as such have taken vows of poverty under which they have renounced all personal rights to income and capital. The Charity provides for all the essential needs of all members of the Order to enable them to live and work together in devotion to the aims of the Order. The living costs of the trustees are therefore borne by the Charity.

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

6. TANGIBLE FIXED ASSETS

	Property Improvement	Freehold Land and Buildings	Long Leasehold Land and Buildings	Motor Vehicles	Computers, IT & Media	Furniture And Equipment	Total
	£	£	£	£	£	£	£
Valuation/Cost							
At 1 April 2020	186,130	1,250,000	4,335	11,500	-	85,514	1,537,479
Additions	75,543	-	-	11,325	7,318	-	94,186
At 31 March 2021	261,673	1,250,000	4,335	22,825	7,318	85,514	1,631,665
Depreciation							
At 1 April 2020	63,713	600,000	2,041	11,500	-	85,514	762,768
Charge for year	47,123	25,000	85	2,180	491	-	74,879
At 31 March 2021	110,836	625,000	2,126	13,680	491	85,514	837,647
Net Book Value							
At 31 March 2021	£150,837	£625,000	£2,209	£9,145	£6,827	£-	£794,018
At 31 March 2020	£122,417	£650,000	£2,294	£-	£-	£-	£774,711

Net book value at 31 March 2021 represents Fixed Assets used for direct charitable purposes.

7. INVESTMENTS

	2021 £	2020 £
Listed investments at market (fair) value		
Balance at 1 April 2019	1,668,136	1,789,602
Additions	-	-
Disposals	-	-
Gains and losses	413,564	(121,466)
Balance at 31 March 2020	£2,081,700	£1,668,136
Represented by:		
Listed on, or valued by referenced to, a UK stock exchange		
Common Investment Fund – COIF Charities Investment Fund – income shares	2,075,488	1,663,209
Equities and preference shares	6,212	4,927
	£2,081,700	£1,668,136
Investment income comprises:		
From listed investments	52,427	51,673
Bank deposit interest	338	1,866
	£52,765	£53,539

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

8. DEBTORS	2021	2020
	£	£
Sundry debtors	390,139	390,139
Prepayments	4,633	4,442
	<u>£394,772</u>	<u>£394,581</u>

9. CREDITORS	2021	2020
	£	£
Trade creditors	12,791	1,846
Taxation and social security	300	300
Accruals and deferred income	20,454	14,428
Other taxes and social security	1,758	1,676
	<u>£35,303</u>	<u>£18,250</u>

10. DESIGNATED FUNDS

(a) Support of older members

The trustees have designated funds to provide for the charity's commitment to provide for the retirement and care in old age and sickness of the Order's members.

(b) Analysis of movements – 2021

	1 April 2020 £	Income £	Expenditure, Gains and Transfers £	31 March 2021 £
Support of older members	800,000	-	-	800,000

Analysis of movements – 2020

	1 April 2019 £	Income £	Expenditure, Gains and Transfers £	31 March 2020 £
Support of older members	800,000	-	-	800,000

11. RESTRICTED FUNDS - 2021

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains and Transfers £	Balance at 31 March 2021 £
Priest's Training Fund	11,620	-	-	-	11,620
Choir Fund	3,795	-	(1,952)	-	1,843
	<u>£15,415</u>	<u>£104,262</u>	<u>£(1,952)</u>	<u>-</u>	<u>£13,463</u>

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

RESTRICTED FUNDS – 2020	Balance at 1 April 2019 £	Income £	Expenditure £	Gains and Transfers £	Balance at 31 March 2020 £
Upkeep and maintenance of the Church	-	117,993	(117,993)	-	-
Sick and Retired Priests fund	-	12,000	(12,000)	-	-
Priest's Training Fund	-	11,620	-	-	11,620
Choir Fund	34,050	-	(30,255)	-	3,795
	<u>£34,050</u>	<u>£ 141,613</u>	<u>£(160,248)</u>	<u>£ -</u>	<u>£15,415</u>

Upkeep and maintenance of the Church

Grants were received as part of the Growing in Faith Programme and from St Theresa's Church. The funds were to be used for the upkeep and maintenance of the fabric of the Church. The fund was spent in the year.

Sick and Retired Priest's Fund

A grant was also received as part of the Growing in Faith Programme. This fund was transferred to the Carmelite Provincial Fund which provides care for sick and retired priests.

Priest's Training Fund

As part of the Growing in Faith Programme, a grant was provided in the previous year for training of priests. This amount has been carried forward for future spending.

Choir Fund

Funds were transferred from the Carmelite Church Choir Trust when that Trust deregistered from the Charity Commission. Funds are to be used to maintain and promote the Church's choir and have been spent on this in the year.

12. ALLOCATION OF NET ASSETS BETWEEN FUNDS - 2021

	Unrestricted Fund £	Restricted Fund £	2021 Total £	2020 Total £
Fixed assets	794,018	-	794,018	774,711
Investments	2,081,700		2,081,700	1,668,136
Current assets	838,791	13,463	852,254	892,064
Creditors	(35,303)	-	(35,303)	(18,250)
	<u>£3,679,206</u>	<u>£13,463</u>	<u>£3,692,669</u>	<u>£3,316,661</u>

ALLOCATION OF NET ASSETS BETWEEN FUNDS - 2020

	Unrestricted Fund £	Restricted Fund £	2020 Total £
Fixed assets	774,711	-	774,711
Investments	1,668,136		1,668,136
Current assets	876,649	15,415	892,064
Creditors	(18,250)	-	(18,250)
	<u>£3,281,373</u>	<u>£15,415</u>	<u>£3,316,661</u>

**THE COMMUNITY OF THE ORDER OF
THE DISCALCED CARMELITES, KENSINGTON**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

13. CONNECTED CHARITIES

The following are connected charities:

Charity Registration No

Carmelite Provincial Fund	284525
Discalced Carmelites (England)	27224
Friends of Whitefriars Oxford Trust	207738
Carmelite Church Choir Trust	1059899
St Joseph's Roman Catholic Church and Priory Gerrards Cross	249602

During the year £12,400 (2020: £12,000) was paid to the Carmelite Provincial Fund, £nil (2020: £17,905) and nil was paid to Friends of Whitefriars Oxford Trust.

14. STATEMENT OF FINANCIAL ACTIVITIES – 2020

	Unrestricted Funds £	Restricted Funds £	Total 2020 £
INCOME FROM:			
Donations and legacies			
Members stipends and pensions	24,187	-	24,187
Collections, donations and bequests	429,707	-	429,707
Grants	-	141,613	141,613
Other			
Other trading activities			
Repository sales	-	-	-
Investments	61,872	-	61,872
Other	3,928	-	3,928
Total income	519,694	141,613	661,307
EXPENDITURE ON:			
Charitable Activities	399,340	160,248	559,588
Total expenditure	399,340	160,248	559,588
Net income before gains and losses on investments	120,354	(18,635)	101,719
Net gains on investments	(121,466)	-	(121,466)
Net movement in funds	(1,112)	(18,635)	(19,747)
RECONCILIATION OF FUNDS			
Fund balances brought forward 1 April 2019	3,302,358	34,050	3,336,408
Fund balance carried forward 31 March 2020	£3,301,246	£15,415	£3,316,661