

Sisters of Our Lady of the Missions CIO

Annual Report and Accounts

31 December 2020

Charity Registration Number
1163766

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Reference and administration details of the charity, its trustees and advisers

Trustees	Sister Josephine Kane Sister Margo Murphy Sister Lissy Sebastian Inno van den Berg Derek Wilson
Registered address	108 Spencer Road London HA3 7AR
Correspondence address	Via di Bravetta 628 00164 Roma Italy
Telephone	+39 333 248 7864
Charity registration number	1163766
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment managers	Victoria Private Investment Office 28 Charles Street London W1J 5EN Citi Private Bank Citigroup Centre 33 Canada Square London E14 5LP
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

The trustees present their report together with the accounts of the Sisters of Our Lady of the Missions CIO (the “charity”) for the year to 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 21 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and accounts.

Introduction

The Sister of Our Lady of the Missions CIO was established on 29 September 2015 as a charity to separate the restricted “grant making funds” of the Charity for Roman Catholic Purposes Administered in Connection with the Congregation of Our Lady of the Missions (Charity Registration Number 233599) into a separate charity, with separate trustees directly focused on the grant making activities the funds are segregated for.

The charity is governed by a Constitution dated 29 September 2015 and is registered with the Charity Commission, Charity Registration No. 1163766.

Principal activities and aims

The principal aims of the charity are to help support the special aims of the Sisters of the Congregation of Our Lady of the Missions (“the Congregation”, also known as Religieuses de Notre Dame des Missions or RNDM) to extend the Kingdom of God chiefly through the work of Christian education, pastoral care and development of the human person. The particular focus is women and children, especially those who are marginalised by poverty, ill health, unjust social structures and a lack of opportunity to sustain themselves. This has led the Sisters to become involved in health care projects, setting up schools and orphanages and basically responding to the needs of their situation. The project work is always dictated by the needs of local communities.

Our RNDM sisters find mission in many areas but they are broadly defined under education, health care, social development and pastoral work. The essence of the charity is to help the sisters of RNDM continue in their mission and also to help the charism of our foundress Euphrasie Barbier and their communities to continue and thrive.

Today, the Sisters live and work in 21 different countries from the UK and Ireland to New Zealand, India, Myanmar, Vietnam, Bangladesh, South Sudan and Kenya, with many other countries as well. Thanks to the lives and work of the early missionary Sisters, the Sisters are blessed with young, dynamic women from these countries who have become Sisters of Our Lady of the Missions and continue to work among their own people. The aims of the charity are to provide solidarity funding for the Sisters of the Congregation of Our Lady of the Missions, to help finance scholarships for the future education of the Sisters, and to help maintain the charism of the Congregation across its international reach.

Governance, structure and management

Members' liability

The members of the CIO are those trustees in office for the time being. If the CIO is wound up, the members of the CIO have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Governance

The Leader of the Congregation appoints the trustees for a period of three years. At any one time, there must be a minimum of three trustees.

The names of the trustees who served during the period are set out as part of the reference and administration details on page 1 of this report and accounts. Except where stated, all trustees were appointed on the date of incorporation and served throughout the period.

Trustees' responsibilities statement

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Constitution. 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.

Governance, structure and management (continued)

Structure and management reporting (continued)

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including investment managers, solicitors and accountants.

Key management personnel

The trustees consider that they comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The trustees receive no remuneration in respect of their duties.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

The outbreak of the Covid-19 pandemic has clearly presented the trustees with challenges and threats to the well-being of the charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity and the Sisters.

The trustees continue to review and update the risks as well as the documents and procedures in place. This process is deemed particularly important during the current Covid-19 pandemic.

The trustees believe that the charity's principal risk will arise from the fact that it donates significant sums in support of the wider Congregation. The vast majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees will always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet regularly with the investment managers and the managers' performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs – both now and in the future. During the current Covid-19 pandemic, the trustees continue to communicate with the charity's investment managers and, whilst there are concerns over the volatility in world stock markets, the trustees acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Activities and performance

2020 saw the trustees agree total grants of £256,907 for the year, which was approximately 4% of the value of the charity assets. As outlined in our report last year under “future plans” the trustees reviewed applications for grants in relation to formation and scholarship costs, solidarity grants and a grant for the renewal courses.

Congregation Chapter 2020

Sisters of Our Lady of the Missions are bound by Canon Law to hold a Congregation Chapter every six years. While in session, it is the highest legislative body of the Congregation. The delegates to the Congregation Chapter are selected through a democratic process of election done in all units across the Congregation. The number of delegates is determined by the number of members in each unit.

The Congregation Chapter 2020 took place at the Salesian Retreat House, Hua Hin in Thailand from 18 January to 15 February. There were 55 voting members who deliberated on the mission of the Congregation and set new priorities and directions for the next six years. The priorities for mission include a serious commitment to address the climate crisis and care for our planet earth. The Congregation also renewed its commitment to be in solidarity with, and work with, the most vulnerable peoples of the world, particularly women, children, indigenous people and victims of human trafficking. A new central leadership team of five members was elected at the Chapter and given the mandate to lead the implementation of the Chapter directions for the next six years.

A grant of €80,000 (£72,038) was given to the Generalate to help meet the cost of this international gathering.

RNDM Region – Philippines

A grant was again made to the Philippines. Our Congregation has been present in the Philippines since 1987. At the request of Archbishop Philip Smith of Cotabato, Mindanao, the Congregation established a foundation in his diocese to work among an indigenous group called the Dulangan Menubo. The missionary involvements include adult education in remote villages, rural health work, supporting rural farmers, training of farmers, skills development and livelihood projects as well as a dormitory for young girls to enable them to attend school.

The second foundation in the city of Cotabato houses the Congregation’s formation program where young women undergo training to be future missionaries. Cotabato is a city of great cultural and religious diversity. Our sisters are involved in interreligious dialogue and peace building activities.

The sisters in Manila are involved in many socially engaging ministries. They work among the urban poor, with street children and are involved in a micro-finance program for women from the slum areas in the city. The Manila community is also a house of administration and accommodation for RNDM sisters from other countries, particularly from Bangladesh, India, Myanmar and Vietnam who undergo professional training in the fields of theology, social work, spirituality and counselling.

Activities and performance (continued)

RNDM Region – Philippines (continued)

The CIO has made a grant to help support the financial needs of the Congregation in the Philippines. The region is not financially self-sufficient as most of the sisters are foreigners and their work is voluntary. Additionally, there are costs related to international home leave, immigration, visa renewals and health care. The Philippines, being a Christian country that has good educational institutions, is an ideal location for many Sisters to study. A grant of US \$63,000 (£50,237) was transferred to the Philippines in 2020 to cover the living costs, international missioning and formation costs of the Sisters in that region.

An additional grant of US\$10,000 (£7,891) was given to the international formation centre in Davao in the Philippines as partial payment for the cost of the formation program.

RNDM – Kenya

A grant of US\$30,000 (£23,330) was made to the Kenya province. The Congregation has about 30 sisters in Kenya which include members from other parts of the Congregation who offer their services voluntarily. We work among the urban poor in parishes, teach in village schools and help in health and nutrition programs as well as giving care and support services such as physiotherapy, education, skills training to children and young adults who are physically challenged and some who suffer from epilepsy. The pandemic has affected all the missionary activities in the province while the opportunity to find income through ministries has been reduced.

The grant supported international missionary needs such as home leave, health insurance, spiritual formation and ongoing formation costs within the province. As the province grows, there are plans to improve the facilities for the Sisters, both for the novitiate and for medical centres.

RNDM – Myanmar

The Congregation in Myanmar has seventy five members who are engaged in many vital ministries, caring for the most vulnerable in the missions. Caring for a group of families who are affected by leprosy, preventative actions towards ending human trafficking, care of the orphans and pastoral ministries are among some of the services that the sisters in Myanmar offer to the society.

The Covid-19 pandemic has affected the life of the Sisters and those who are under their care. Most of the sources of income come from donations and gifts. The year 2020 has been a challenging one for the donors as well. A grant of US\$41,000 (£31,876) was given to Myanmar to help cover the living costs, mission activities and formation.

Special donations in time of the pandemic

A grant of €5,000 (£4,454) was given to UISG (Union of International Superiors General) in Rome to help those congregations of Women Religious who struggled to find funds to care for their members during the pandemic. The grant assisted towards food and medical help.

A grant of €5,000 (£4,454) was given to Caritas Italy that organised emergency food supplies to those families and persons affected by Covid-19 around the city of Rome, particularly the migrants, many of whom lost their jobs during the long lockdown period. The donation enabled the organisation to provide food and emergency medical assistance.

Future plans

The charity is expected to make grants after reviewing applications from Sisters and from Provinces that will correspond to its aims and guidelines. A review of how the grants have been used will be reviewed by the trustees as part of their ongoing due diligence.

There is an expectation that grants again will be made in relation to the regions of Latin America, Myanmar, Kenya and the Philippines. The Congregation's charitable activities in these countries continue to face new challenges as the people struggle for lack of basic necessities of life. The CIO will complete the renovation of the heritage site in Sturry, Canterbury in the UK in the coming year.

L'Abbaye, St Rambert, France

As many other establishments around the world, the Congregation's renewal centre in St Rambert, France has not been able to manage its running costs from 2020, owing to the pandemic. The annual revenue comes from hosting groups for spiritual renewal and training groups. This ministry could not continue during the pandemic, but the overhead costs of employment and maintenance continue to be a challenge. There will be a need for financial support for this centre for the next two to three years.

New ministry in USA

The Congregation envisions a new ministry involvement in the city of New York to work in collaboration with LifeWay Network, an NGO that works with victims of human trafficking. Two Sisters are missioned to this new missionary outreach. An annual grant from the CIO will be a source of finances for the life and mission of these Sisters.

Covid-19

Since March 2020, the Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of our social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

Along with many other charities the charity is continuing to reflect on what the new needs will be and what position it will be in to respond to those needs.

The charity's income will no doubt continue to be affected because of the volatility in world stock markets and the impact of the pandemic on the corporate sector and the consequent reduction in dividends. In terms of expenditure, the trustees can foresee that grant making and donations may be affected whilst the charity awaits the return of stability to investment markets and the income generated therefrom. The trustees will continue to keep both income and expenditure under review.

Whilst there will undoubtedly be challenges ahead, the trustees do not expect material concerns to arise over the charity's financial position.

Financial report for the year

Income and expenditure

In the year to 31 December 2020 total income amounted to £276,158 (2019 – £154,392), which included £54,679 donated by the Australian Province of the Congregation (2019 - £42,321) and £128,065 (2019 - £nil) donated from the New Zealand Province of the Congregation.

Financial report for the year (continued)

Income and expenditure (continued)

Total expenditure amounted to £338,182 (2019 – £265,595), which includes grants of £72,038 (2019 – £58,767) towards the RNDM General Council and grants of £175,962 (2019 – £87,462) to support the work of the Congregation in the UK, the Philippines, Kenya and Myanmar.

The net expenditure for the period before investment gains was £62,024 (2019 – net expenditure of £111,203). Investment gains totalled £125,385 (2019 – gains of £498,834). As a consequence, there was a net increase in funds (or net income) in the period of £63,361 (2019 – £387,631).

Investment policy

The investments are expected to conform with a balanced global portfolio with a reporting currency to the trustees in American dollars though understanding that the auditing and reporting to the Charity Commission will be in pounds sterling.

The instructions given to the charity's investment managers are to generate approximately 4% over an investment cycle and to always have enough available cash to cover a year's grant making activity as well as the ability to cover unexpected requirements.

There is an expectation that the investment managers will not generally invest in investment products that do not align themselves with the Catholic ethos.

There was clearly an expectation that 2020 would be a difficult year for investments after Covid struck with force in late March and we saw much of the world go into lockdown. Surprisingly though we witnessed the fastest and shortest "bear market". Markets recovered and the final investment return in £ was only a little behind target, returning +3.22% net of fees. The \$ return was 6.36% net of fees.

The portfolio had suffered a significant drawdown by mid-March but had recovered half of this loss in the next couple of months, though it wasn't until October before we recovered fully this drawdown.

The portfolio benefited towards the end of the year with some rotation towards value stocks from the growth and technology stocks that had dominated investment returns over the previous number of years. This technology outperformance was enhanced by the need to stay at home and the fast adoption of new technologies and ways of working. The performance of Tesla and Zoom really highlighted this.

Over the next few years there is an expectation that the riskier assets in the portfolio, equities, will have to do much of the heavy lifting in terms of returns. In 2020 our fixed income exposures (which include our convertible exposure) returned over 8% in \$ terms. With the continued fiscal stimulus being brought forward, especially after the Democrat win in the US elections, inflation becomes a clear threat and the recent moves in US treasuries shows the potential capital hit to portfolios.

Financial report for the year (continued)

Investment policy (continued)

Our cash weighting has remained high as the planned grants for the next year or so may well be higher than usual, though we are looking to reduce our cash weighting by around 5%.

The first quarter of 2021 has been reasonably positive for investments though there are concerns that markets have travelled a little too far ahead of actual corporate numbers and further evidence of a global economic recovery needs to be seen to drive markets higher.

Reserves policy

The charity was only established in September 2015 and it is not possible to project its level and pattern of future expenditure with accuracy at the present time. The situation will become clearer over the next few years. In the meantime, the trustees are content for the charity to hold several years of anticipated unrestricted fund expenditure as free reserves. The trustees consider this level of free reserves appropriate in the exceptional circumstances created by the Covid-19 pandemic. In addition, it is important for the charity to have sufficient reserves to enable it to respond to an urgent need in any province/region or to provide immediate financial assistance as necessary. The trustees will review this policy as time passes and the level and pattern of expenditure becomes clearer.

Financial position

The balance sheet shows total funds of £6.33 million at 31 December 2020 (2019 – £6.27 million).

Funds which are available to support any of the work of the charity in the future (i.e. free reserves) are those shown on the balance sheet as unrestricted. These amounted to £6.20 million at 31 December 2020 (2019 – £6.27 million) and, in the light of the charity's infancy and the commitment to support the Congregation for the long term, they are deemed adequate but not excessive.

Signed on behalf of the trustees



Trustee

Approved by the trustees on: 16/07/2021

Independent auditor's report to the trustees of the Sisters of Our Lady of the Missions CIO

Opinion

We have audited the accounts of the Sisters of Our Lady of the Missions CIO (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent auditor's report Year to 31 December 2020

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Independent auditor's report Year to 31 December 2020

Auditor's responsibilities for the audit of the accounts

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to relevant financial reporting standards and the Charities Act 2011; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing trustee meeting minutes.

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

- ◆ making enquiries of management and representatives from those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships; and
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon.

Independent auditor's report Year to 31 December 2020

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the Charity Commission.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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

Use of our report

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

23 July 2021

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

Statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Income from:							
Donations	1	—	190,228	190,228	42,321	—	42,321
Investments and interest receivable	2	76,259	—	76,259	112,071	—	112,071
Gains on currency conversion		8,689	—	8,689	—	—	—
Other sources		982	—	982	—	—	—
Total income		85,930	190,228	276,158	154,392	—	154,392
Expenditure on:							
Raising funds							
. Investment management fees		68,099	—	68,099	63,456	—	63,456
Charitable activities							
. Grants, donations and support of missionary work and ministry	3	194,279	62,628	256,907	146,229	—	146,229
. Administrative expenses	4	13,176	—	13,176	11,866	—	11,866
. Losses on currency conversion		—	—	—	44,044	—	44,044
Total expenditure		275,554	62,628	338,182	265,595	—	265,595
Net (expenditure) income before gains on investments	5	(189,624)	127,600	(62,024)	(111,203)	—	(111,203)
Net gains on investments		125,385	—	125,385	498,834	—	498,834
Net (expenditure) income		(64,239)	127,600	63,361	387,631	—	387,631
Gross transfers between funds	11	—	—	—	923,822	(923,822)	—
Net movement in funds		(64,239)	127,600	63,361	1,311,453	(923,822)	387,631
Reconciliation of funds:							
Fund balances brought forward at 1 January 2020		6,267,122	—	6,267,122	4,955,669	923,822	5,879,491
Fund balances carried forward at 31 December 2020		6,202,883	127,600	6,330,483	6,267,122	—	6,267,122

All recognised gains and losses for the period are included in the statement of financial activities.

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

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	8		5,139,744		4,855,562
Current assets					
Debtors	9	4,283		4,625	
Cash held by investment managers		1,195,206		1,415,685	
		<u>1,199,489</u>		<u>1,420,310</u>	
Current liabilities					
Creditors: amounts falling due within one year	10	(8,750)		(8,750)	
Net current assets			<u>1,190,739</u>		<u>1,411,560</u>
Total net assets			<u>6,330,483</u>		<u>6,267,122</u>
Represented by:					
The income funds of the charity					
Unrestricted funds			6,202,883		6,267,122
Restricted funds	11		<u>127,600</u>		<u>—</u>
			<u>6,330,483</u>		<u>6,267,122</u>

Approved by the trustees and signed on their behalf by:

Leopoldine Kane

Trustee

Approved by the trustees on: 16/07/2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	A	(146,630)	(189,681)
Cash flows from investing activities			
Investment income and interest received		76,259	112,071
Payments to acquire investments		(939,201)	(307,294)
Receipts from disposals of investments		780,404	192,400
Net cash used in investing activities		(82,538)	(2,823)
Change in cash and cash equivalents in the period		(229,168)	(192,504)
Cash and cash equivalents at 1 January 2020	B	1,415,685	1,652,233
Change in cash and cash equivalents due to exchange rate movements		8,689	(44,044)
Cash and cash equivalents at 31 December 2020	B	1,195,206	1,415,685

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

A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	63,361	387,631
Adjustments:		
Gains on investments	(125,385)	(498,834)
Exchange rate movements on investments and cash	(8,689)	44,044
Investment income and interest receivable	(76,259)	(112,071)
Decrease (increase) in debtors	342	(551)
Decrease in creditors	—	(9,900)
Net cash used in operating activities	(146,630)	(189,681)

B Analysis of cash and cash equivalents

	2020 £	2019 £
Total cash and cash equivalents: Cash held by investment managers	1,195,206	1,415,685

Principal accounting policies Year to 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below:

Basis of preparation

These accounts have been prepared for the year to 31 December 2020, with comparatives for the year to 31 December 2019.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

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

Other than the allocation of governance and support costs between the various categories of expenditure, the key area of judgement is estimating future income and expenditure flows for the purpose of assessing going concern (see below and note 8).

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.

Since March 2020, the Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of the social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

Along with many other charities, the trustees are continuing to reflect on what the new needs will be and what position the Sisters will be in to respond to those needs.

Principal accounting policies Year to 31 December 2020

Assessment of going concern (continued)

The charity's income will no doubt continue to be affected because of the volatility in world stock markets and the impact of the pandemic on the corporate sector and the consequent reduction in dividends. In terms of expenditure, it is anticipated that grant making may be affected whilst the charity awaits the recovery of investment markets and the income generated therefrom. The trustees will continue to keep both income and expenditure under review.

During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

The principal sources of income are donations, investment income from listed investments and interest receivable.

Donations, including contributions receivable from the Province and Regions and pensions received from individual members of the Congregation, receivable in cash or investments, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received in the form of investments are recognised at their market value on the date of the transfer.

Income from listed investments is recognised once the dividend has been declared and notification has been received of 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.

Other income includes exchange gains on currency conversion. See below for the accounting policy for foreign currencies.

Principal accounting policies Year to 31 December 2020

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. The classification between activities is as follows:

- ◆ Expenditure on raising funds comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity. Such costs include grants made in accordance with the charity's objects and costs incurred in support of the Congregational Leadership Team and international meetings/administration.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial period are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued but are disclosed as financial commitments in the notes to the accounts.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support including in the form of financial procedures.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support and governance costs are apportioned using percentages based on the direct expenditure incurred on each of the activities of the charity i.e. the support of the Congregational Leadership Team and international meetings/administration and the support of missionary work and ministry.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised as their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Principal accounting policies Year to 31 December 2020

Fixed asset investments (continued)

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) in investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial period. Unrealised gains and losses are calculated as the difference between the fair value at the period end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the period in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash held by investment managers

Cash held by investment managers is classified as a current asset as it is used to fund the ongoing expenditure of the charity.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the trustees.

Foreign currencies

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

Principal accounting policies Year to 31 December 2020

Services provided by members of the Congregation

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

Notes to the accounts Year to 31 December 2020

1 Income from: Donations

	Un-restricted funds £	Restricted funds £	2020 £	Un-restricted funds £	Restricted funds £	2019 £
Donation from the Australian Province of the Congregation	—	54,679	54,679	42,321	—	42,321
Donation from the New Zealand Province of the Congregation	—	128,065	128,065	—	—	—
Other donations	—	7,484	7,484	—	—	—
Total funds	—	190,228	190,228	42,321	—	42,321

2 Income from: Investments and interest receivable

	Un-restricted funds £	Restricted funds £	2020 £	Un-restricted funds £	Restricted funds £	2019 £
Income from listed investments	71,256	—	71,256	88,185	—	88,185
Interest receivable	5,003	—	5,003	23,886	—	23,886
Total funds	76,259	—	76,259	112,071	—	112,071

3 Expenditure on: Grants, donations and support of missionary work and ministry

	Un-restricted funds £	Restricted funds £	2020 £	Un-restricted funds £	Restricted funds £	2019 £
Contribution to the Generalate of the Congregation	72,038	—	72,038	—	—	—
RNDM Renewal Programme	—	62,628	62,628	58,767	—	58,767
Emergency Response Mission 2020	8,907	—	8,907	—	—	—
Support of missionary work and ministry of the Congregation in:						
. The Philippines	58,128	—	58,128	70,436	—	70,436
. Kenya	23,330	—	23,330	9,287	—	9,287
. Myanmar	31,876	—	31,876	7,739	—	7,739
Total funds	194,279	62,628	256,907	146,229	—	146,229

No grants or donations were made to individuals during either period.

4 Support and governance costs

	Un-restricted funds £	Restricted funds £	2020 £	Un-restricted funds £	Restricted funds £	2019 £
Office and administrative costs	626	—	626	555	—	555
Governance costs – Auditor's remuneration						
· Current year	7,550	—	7,550	7,500	—	7,500
· Prior year overprovision	—	—	—	(1,189)	—	(1,189)
Other professional fees	5,000	—	5,000	5,000	—	5,000
Total funds	13,176	—	13,176	11,866	—	11,866

5 Net (expenditure) income before gains on investments

This is stated after charging:

	2020 £	2019 £
Auditor's remuneration (including VAT)	7,550	6,311

6 Staff costs and remuneration of key management personnel

The charity did not employ any staff in either financial period.

The trustees consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. They have received no remuneration or reimbursement of expenses in connection with their duties as trustees in either financial period.

7 Taxation

Sisters of Our Lady of the Missions CIO is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Investments

	2020 £	2019 £
Listed investments		
At 1 January 2020	4,855,562	4,241,834
Additions at cost	939,201	307,294
Disposals at book value (proceeds: £780,404; losses: £72,522)	(852,926)	(209,381)
Unrealised gains on revaluation	197,907	515,815
Market value at 31 December 2020	5,139,744	4,855,562
Cost of listed investments at 31 December 2020	4,318,611	4,112,902

Notes to the accounts Year to 31 December 2020

8 Investments (continued)

At 31 December 2020, the charity's investment portfolio included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

Investment	2020		2019	
	Percentage of portfolio %	Market value £	Percentage of portfolio %	Market value £
SPDR S&P US Div USD	6.8	347,357	7.5	365,435
iShares MSCI World	10.9	559,491	10.4	505,194
iShares MSCI Wo Mi USD	6.2	319,931	6.6	321,878
iShares US TIPS USD-Ac	6.1	315,240	6.1	294,295
iShares Euro Div EUR	5.5	282,850	7.0	338,814
iShares Edg Mom EUR-Ac	6.2	317,991	5.6	271,584
PwSh S&P 500 Lw Vol	—	—	5.8	280,525
HF CFM LTD CLASS A R	5.1	260,233	5.0	243,513

Listed investments held at 31 December 2020 comprised the following:

	2020 £	2019 £
UK equities	140,285	136,962
Overseas equities	3,203,392	3,098,195
Fixed interest	1,579,682	1,604,718
Alternative investments	216,385	15,687
	5,139,744	4,855,562

9 Debtors

	2020 £	2019 £
Prepayments and accrued income	4,283	4,625

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals	8,750	8,750

11 Restricted funds

The income funds of the charity included restricted funds comprising the following unexpended balances held on trusts to be applied for specific purposes.

	At 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	At 31 December 2020 £
Brooklyn House fund	—	190,228	(62,628)	—	127,600

	At 1 January 2019 £	Income £	Expenditure £	Transfers between funds £	At 31 December 2019 £
Latin America and Philippines fund	923,822	—	—	(923,822)	—

◆ *Brooklyn House fund*

These funds represented monies given by the International Congregation to be used to finance the refurbishment of Brooklyn House by the UK Province.

◆ *Latin America and Philippines fund*

These funds represented monies given by the International Congregation to be used to finance the overseas missions of the charity and the broader work of the Congregation in Latin America and the Philippines. The funds have been transferred to unrestricted funds as the International Congregation has confirmed that it now wishes the funds to be applied towards the general purposes of the charity.

12 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2020 £
Fund balances at 31 December 2020 are represented by:			
Fixed asset investments	5,139,744	—	5,139,744
Net current assets	1,063,139	127,600	1,190,739
Total net assets	6,202,883	127,600	6,330,483
Unrealised gains included above			
On investment assets	821,133	—	821,133
Reconciliation of movement in unrealised gains			
Unrealised gains at 1 January 2020	742,660	—	742,660
Add: in respect to disposals in the year	(119,434)	—	(119,434)
Net gains on revaluations in the year	197,907	—	197,907
Unrealised gains at 31 December 2020	821,133	—	821,133

12 Analysis of net assets between funds (continued)

	Unrestricted funds £	Restricted funds £	Total 2019 £
Fund balances at 31 December 2019 are represented by:			
Fixed asset investments	4,855,562	—	4,855,562
Net current assets	1,411,560	—	1,411,560
Total net assets	6,267,122	—	6,267,122
Unrealised gains included above			
On investment assets	742,660	—	742,660
Reconciliation of movement in unrealised gains			
Unrealised gains at 1 January 2019	232,065	47,061	279,126
Add: in respect to disposals in the year	(52,281)	—	(52,281)
Net losses on revaluations in the year	515,815	—	515,815
Transfers between funds (note 11)	47,061	(47,061)	—
Unrealised gains at 31 December 2019	742,660	—	742,660

13 Transactions with related parties

In the year to 31 December 2020 total income amounted to £267,469 (2019 – £154,392), which included £54,679 (2019 – £42,321) donated from the Australian Province of the Congregation and £128,065 (2019 – £nil) donated from the New Zealand Province of the Congregation.

In the same period, total expenditure amounted to £338,182 (2019 – £265,595), which includes grants of £72,038 (2019 – £nil) to the Generalate, £62,628 (2019 – £nil) to the UK Province to support their renovation of Brooklyn House and £113,334 (2019 – £87,462) to support the work of the Congregation in Peru, the Philippines, Kenya and Myanmar.

14 Members' liability

The members of the CIO are those trustees in office for the time being. If the CIO is wound up, the members of the CIO have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.