

Sisters of Our Lady of the Missions CIO

Annual Report and Accounts

31 December 2022

Charity Registration Number
1163766

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

Trustees	Sister Rose Mary Harbinson (appointed 6 April 2022) Sister Josephine Kane 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 Upper Borough Court Upper Borough Walls Bath BA1 1RG

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 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 18 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 Sisters 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 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 Covid-19 pandemic, the trustees continued to communicate with the charity's investment managers and, whilst there remain 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

In the year 2022, the trustees approved grants for Sisters' Living, Formation and International missioning in Myanmar, Davao, Philippines and Rome. Additionally, a grant was given to the Sisters in the United Kingdom towards the upkeep of the Congregation's heritage site.

RNDM International Formation Center, Davao

The Congregation has an International Formation Center in Davao City, southern Philippines. Every year this Center offers a six-month-long holistic formation program for all Sisters preparing for their perpetual profession. Following this training period, the Sisters are missioned to various parts of the world to carry out the missionary activities of the Congregation. A grant of US\$ 45,000 (forty-five thousand dollars, equivalent to £34,532) was given to this Center for the running of the formation program, international home leave, visa renewal and upkeep of the property.

RNDM Region – Philippines

The Congregation has been present in the Philippines for the past thirty-three years and the primary mission in this country is among the indigenous people of Mindanao, particularly the Menubo tribe. The Sisters are involved in adult education, basic health awareness programs, a dormitory for girls from remote villages who attend school and an eco-farm to support food needs of the community.

Philippines being the only Christian country in Asia, the Congregation sends Sisters from other parts of Asia for religious formation and professional development, particularly from Bangladesh, India, Myanmar and Vietnam. The movement of members internationally involves additional costs such as visas, residency permits, language learning, mission orientation programs and an increased medical cost, since the country does not offer medical care benefits to foreigners. In 2022 a grant of US\$ 50,000 (fifty thousand dollars, equivalent to £41,098) was sent to the Philippines to cover these costs.

RNDM – Myanmar

The Congregation has 75 members of Burmese nationality and they live and work among the many rural communities in the country. The country has been suffering greatly from the military coup in the past two years. The Sisters have not been able to carry out their usual missionary activities. They run a secondary school in the country, but due to the political situation, the school has not been able to function in full capacity. While all our missionary activities were suspended, the Sisters continue to reach out to as many people as possible, sharing food and other essentials.

A grant of US\$ 35,000 (thirty-five thousand dollars, equivalent to £29,362) was given to Myanmar for the living costs, formation and medical needs of the Sisters.

Activities and performance (continued)

Generalate House, Rome

The Congregation has its head offices in Rome. This is where the members of the General Council reside and the over-all governance of the Congregation is carried out. The Congregation is divided into interdependent units known as provinces or regions, each with its own administrative structures. Every two years the Congregation organises an Enlarged General Council meeting to review its vision and mission according to the directions set out at the Congregation Chapter. In August 2022, an Enlarged General Council meeting was held in France. The participants of this meeting were the leaders of provinces and regions from across the world. The main purpose of this meeting was to evaluate the existing structures of governance in the Congregation and to scrutinise new mission proposals that were presented from different parts of the world. The trustees approved a grant of €30,000 (thirty thousand euros, equivalent to £25,550) towards the cost of this meeting which included accommodation, facilitators' fees and some of the travel costs.

RNDM Renewal and Pilgrimage

Every year the Congregation Leadership Team organises a spiritual renewal program for those Sisters who have had several years in the missionary involvements. This program aims to provide a space for spiritual refreshment and prayer as well as a pilgrimage to the heritage sites of the Congregation in France, England and Rome. In 2022, there were twenty participants from Australia, Bangladesh, India, Myanmar, Philippines, Latin America, Vietnam, Taiwan and Rome. The program received a CIO grant of €50,500 (fifty thousand and five hundred euros, equivalent to £43,368) towards the cost of the program.

Heritage Site - Sturry, England

The Congregation has a very significant heritage site in Sturry, England, where Euphrasie Barbier, our foundress is buried. Over the years it has become a sacred place of spiritual pilgrimage to members of the Congregation as well as our past pupils, benefactors and mission partners. In 2022, a grant of £ 18,500 (eighteen thousand and five hundred pounds) was given to upgrade the display cabinets in the heritage room in Sturry.

Future plans

Going forward, the trustees foresee that the usual grants made available to the Sisters in Myanmar, Philippines, Davao and possibly Kenya for Sisters' living and formation will continue in the medium term.

There will also be a need for grants for two Sisters undergoing ongoing formation in Australia and Jerusalem this year.

In 2023, there will be a capacity-building program for the Mission Promoters and Bursars in provinces and regions. This training will be held in Rome and it is anticipated a grant will be made to help meet the cost.

This year also there will be an on-line capacity building training for new unit leaders. The fees of the facilitators will be accessed from the CIO.

Future plans (continued)

Additionally, it has become necessary for the trustees to consider annual grant giving towards the operational cost of the Generalate in Rome, which is at the service of the whole Congregation. Traditionally it has been funded by the contributions from the units in the northern hemisphere. Going forward, the provinces will transfer their surplus into a CIO fund. A CIO grant will be made available to the Generalate through due processes.

An Annual Spiritual Renewal Program for Sisters who have been in missions for 25 or more years will be continued. These programs offer the Sisters to renew their commitment for service to humanity wherever they are missioned.

Preservation of Heritage Sites in France and England

As in other Congregations, the Sisters of Our Lady of the Missions is experiencing a general decline of membership and missionary activities in the 'global north' while the most significant heritage sites are present in this part of the world. The Congregation has plans to preserve the two major heritage sites – the place of our foundation in Lyon, France and the resting place of our Foundress Euphrasie Barbier in Surry, England - for future generations of Sisters.

"Care of our Common Home" projects

The Congregation has a clear commitment to work towards environmental healing and restoration. Our Sisters around the world are already engaged in actions that help the healing of the planet in the context of where they live and work. A chosen collective action is to plant 500,000 (five hundred thousand) trees between 2022 and 2026. Trustees support this vision and they will be open to give grants to this worthy project.

Financial report for the year

Income and expenditure

In the year to 31 December 2022 total income amounted to £215,675 (2021 – £2,374,015). The figure for 2021 included £2,142,548 donated by the Irish Province of the Congregation.

Total expenditure amounted to £288,936 (2021 – £689,014), which included grants of £192,410 (2021 – £598,756) to support the work of the Congregation in the UK and overseas.

The net expenditure for the period before investment losses was £73,261 (2021 – net income of £1,685,001). Investment losses totalled £537,691 (2021 – gains of £404,279). As a consequence, there was a net decrease in funds (or net expenditure) in the period of £610,952 (2021 – net income of £2,089,280).

Investment policy

The trustees expect that the investments will be managed in accordance to the investment principles that are in line with the teaching of the Catholic Church and with an understanding of the nuances of Catholic Social Teaching. The trustees expect the investment advisors to manage the investments that adhere to the risk tolerances of the charity whilst also looking to optimise return.

Financial report for the year (continued)

Investment policy (continued)

Investment Objectives

The objective is for income and capital growth with moderate to high investment risk.

Ethical criteria

The Congregation of Our Lady of the Missions CIO adheres to an ethical policy that seeks not to invest directly in equities that are mainly involved in the manufacture and/or supply of goods and services, which would not be in accordance with social teachings of the Roman Catholic Church and the teachings of the Gospel. The portfolio manager and our advisor understand our policy and give complete co-operation regarding our ethical concerns.

ESG (Environmental, Social and Governance) factors and active stewardship

We expect our investment managers to adhere to the UN Principles for Responsible Investment.

Withdrawals

For the purpose of the charity, the trustees will be making grants each year and the expected level of the grant making will be discussed and made clear to the investment advisors.

Risk

The levels of capital volatility are monitored to ensure that the risk profile of the investments remains appropriate for the needs of the Congregation of Our Lady of the Missions CIO.

Time Horizon

The assets should be invested with a long-term, 5 or more years, time horizon.

Reporting

The manager will report to the trustees at regular agreed intervals as to the progress and relative performance of the Fund.

Investment review

For much of the past 30 years markets have enjoyed a benign backdrop of low inflation, falling interest rates and sustained economic growth. This has been a supportive environment for both bonds and equity markets.

In 2022, however, this changed. The immediate catalyst was the swift change in central bank monetary policy, as inflation started to bite. Inflationary pressures had started to build as economies reopened after the pandemic. Supply chain disruption during the pandemic created shortages, which collided with a sudden increase in demand.

Financial report for the year (continued)

Investment review (continued)

The war in Ukraine exacerbated the situation, as Russia launched its 'special military operations' in February. Governments around the world – but particularly in Europe - were forced to confront their reliance on Russia for much of their energy needs. Commodity prices soared, creating inflationary pressures across all major markets and forcing central banks to raise borrowing costs.

Areas such as technology, where low interest rates had flattered their valuations, were weak, while investors favoured companies in the energy and materials sectors, which were less sensitive to interest rate movements and inflation.

It was a significant reversal in the market environment that had prevailed for over 30 years. The war in Ukraine shifted an inflation problem, brought about by supply chain disruption and the post Covid recovery, to a full-blown cost-of-living crisis. Central banks were slow to act initially dismissing inflation as transitory – thinking it was all linked to the pandemic, but it soon became clear that rising prices would be considerably more persistent than originally expected. Central banks had no alternative but to raise interest rates, with the commensurate hit to growth.

Where inflation has led, interest rates have followed. For much of the year, financial markets have been watching every move from the Federal Reserve (Fed). It raised interest rates six times in 2022, taking the Fed funds rate to 3.75-4% and pushing mortgage rates in the US to 16-year highs. More interest rate rises are likely in 2023 as the central banks in developed markets looks to curb rising prices.

2022 has been a year most investors would rather forget, with bond and equity markets seeing significant falls and uncomfortable volatility. Importantly, holding a portfolio of bonds and equities provided little protection, as both asset classes proved correlated to high inflation. Investors had to turn elsewhere – infrastructure, for example – to find alternative sources of income and capital growth. Notably, the year also saw a considerable rotation from growth to value, ending the long dominance by the technology sector.

The UK has its own idiosyncratic problems, when an ill judged mini-budget' under new Prime Minister Liz Truss in September 2022 crashed the pound and caused a spike in UK borrowing costs. It prompted her resignation and a hasty reversal of almost all the measures from incoming Chancellor Jeremy Hunt. He announced a range of tax rises and spending cuts to shore the UK's international reputation for fiscal responsibility once again. For the time being, UK gilts have settled at a more normalised level. Rising yields meant significant losses for investors. Most bond investors saw double-digit falls in their bond investments over the year and at points, some, longer dated, UK government bonds were down by as much as 40%. This has been very difficult, with many investors holding bonds as a low risk, 'safe haven' asset class in their portfolio. It may be little reassurance, but bond prices have recovered from those lows and yields are now at more reasonable levels reflecting the interest rate environment more accurately. They may once again be able to fulfil their traditional role in portfolios – as a source of income and a diversifier from equities.

Financial report for the year (continued)

Investment policy (continued)

Investors enter 2023 chastened by a difficult year with most major economies at or near recession, there may seem to be little immediate cause for optimism.

The charity's assets are globally invested with a significant US\$ bias, as most of the grants made are in US\$. The returns of the portfolio are therefore significantly altered by the underlying currency effect when reporting in £ for the accounts. The assets are invested with a balanced investment risk and in US\$ terms the portfolio returns were ahead of the ARC comparators.

The investments are held for the long term with an aim of ensuring that the growth of the assets over the long term should exceed the annualised target return for grant making, though it is fully understood that the level of grants made will inevitably fluctuate.

Reserves policy

The charity was only established within the past ten years, it is not possible to project its level and pattern of future expenditure with accuracy at the present time. The situation will become clearer as the years pass. 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 both the Covid-19 pandemic and the more recent geopolitical and macroeconomic tensions. 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 evolves.

Financial position

The balance sheet shows total funds of £7.81 million at 31 December 2022 (2021 – £8.42 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 £7.81 million at 31 December 2022 (2021 – £8.42 million) and, in the light of the charity's commitment to support the Congregation for the long term, they are deemed adequate but not excessive.

Signed on behalf of the trustees

Josephine Kane

Trustee

Approved by the trustees on: 28/09/2023

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 2022 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 2022 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.

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.

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.

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

12 October 2023

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 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from:							
Donations	1	—	—	—	2,167,875	25,507	2,193,382
Investments and interest receivable	2	97,623	—	97,623	62,755	—	62,755
Gains on currency conversion		118,052	—	118,052	117,878	—	117,878
Total income		215,675	—	215,675	2,348,508	25,507	2,374,015
Expenditure on:							
Raising funds							
. Investment management fees		85,932	—	85,932	74,720	—	74,720
Charitable activities							
. Grants, donations and support of missionary work and ministry	3	192,410	—	192,410	445,649	153,107	598,756
. Administrative expenses	4	10,594	—	10,594	15,538	—	15,538
Total expenditure		288,936	—	288,936	535,907	153,107	689,014
Net (expenditure) income before (losses) gains on investments	5	(73,261)	—	(73,261)	1,812,601	(127,600)	1,685,001
Net (losses) gains on investments		(537,691)	—	(537,691)	404,279	—	404,279
Net (expenditure) income and net movement in funds		(610,952)	—	(610,952)	2,216,880	(127,600)	2,089,280
Reconciliation of funds:							
Fund balances brought forward at 1 January 2022		8,419,763	—	8,419,763	6,202,883	127,600	6,330,483
Fund balances carried forward at 31 December 2022		7,808,811	—	7,808,811	8,419,763	—	8,419,763

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 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	8		6,662,567		7,700,114
Current assets					
Debtors	9	5,169		—	
Cash held by investment managers		1,147,225		728,399	
		<u>1,152,394</u>		<u>728,399</u>	
Current liabilities					
Creditors: amounts falling due within one year	10	(6,150)		(8,750)	
Net current assets			<u>1,146,244</u>		719,649
Total net assets			<u>7,808,811</u>		<u>8,419,763</u>
Represented by:					
The income funds of the charity					
Unrestricted funds			<u>7,808,811</u>		<u>8,419,763</u>
			<u>7,808,811</u>		<u>8,419,763</u>

Approved by the trustees and signed on their behalf by:

Josephine Kane

Trustee

Approved by the trustees on: 28/09/2023

Statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(291,536)	1,508,651
Cash flows from investing activities			
Investment income and interest received		92,454	62,755
Payments to acquire investments		(921,833)	(2,797,200)
Receipts from disposals of investments		1,421,689	641,109
Net cash provided by (used in) investing activities		592,310	(2,093,336)
Change in cash and cash equivalents in the period		300,774	(584,685)
Cash and cash equivalents at 1 January 2022	B	728,399	1,195,206
Change in cash and cash equivalents due to exchange rate movements		118,052	117,878
Cash and cash equivalents at 31 December 2022	B	1,147,225	728,399

Notes to the statement of cash flows for the year to 31 December 2022

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(610,952)	2,089,280
Adjustments:		
Losses (gains) on investments	537,691	(404,279)
Exchange rate movements on investments and cash	(118,052)	(117,878)
Investment income and interest receivable	(97,623)	(62,755)
Decrease in creditors	(2,600)	—
Decrease in debtors	—	4,283
Net cash (used in) provided by operating activities	(291,536)	1,508,651

B Analysis of cash and cash equivalents

	2022 £	2021 £
Total cash and cash equivalents: Cash held by investment managers	1,147,225	728,399

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

Principal accounting policies Year to 31 December 2022

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 2022, with comparatives for the year to 31 December 2021.

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 at least one year from the date of approval of these accounts.

The trustees continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets arising from geopolitical events and the macroeconomic climate, 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.

Over the next year, the charity's income may continue to be affected due to the volatility in world stock markets noted above. In terms of expenditure, it is anticipated that grant making may need to increase as needs become more evident. The trustees will continue to keep both income and expenditure under review.

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.

Principal accounting policies Year to 31 December 2022

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.

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.

Principal accounting policies Year to 31 December 2022

Expenditure recognition (continued)

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.

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.

Principal accounting policies Year to 31 December 2022

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.

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 2022

1 Income from: Donations

	Un-restricted funds £	Restricted funds £	2022 £	Un-restricted funds £	Restricted funds £	2021 £
Donation from the Taiwan Province of the Congregation towards the refurbishment of Brooklyn House, UK	—	—	—	—	25,507	25,507
Donation from Irish Province of the Congregation	—	—	—	2,142,548	—	2,142,548
Donation from the Generalate of the Congregation in Rome	—	—	—	25,327	—	25,327
Total funds	—	—	—	2,167,875	25,507	2,193,382

2 Income from: Investments and interest receivable

	Un-restricted funds £	Restricted funds £	2022 £	Un-restricted funds £	Restricted funds £	2021 £
Income from listed investments	97,623	—	97,623	62,755	—	62,755

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

	Un-restricted funds £	Restricted funds £	2022 £	Un-restricted funds £	Restricted funds £	2021 £
Contribution to the Generalate of the Congregation	25,550	—	25,550	—	—	—
RNDM International Formation Center, Davao	34,532	—	34,532	—	—	—
RNDM Renewal Programme	43,368	—	43,368	295,760	153,107	448,867
Support of missionary work and ministry of the Congregation in:						
. Myanmar	29,362	—	29,362	44,004	—	44,004
. Ireland	18,500	—	18,500	—	—	—
. India	—	—	—	42,857	—	42,857
. St Rambert	—	—	—	35,021	—	35,021
. The Philippines	41,098	—	41,098	28,007	—	28,007
	192,410	—	192,410	445,649	153,107	598,756
Allocated support and governance costs (note 4)	10,594	—	10,594	15,538	—	15,538
	203,004	—	203,004	461,187	153,107	614,294

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

4 Support and governance costs

	Un- restricted funds £	Restricted funds £	2022 £	Un- restricted funds £	Restricted funds £	2021 £
Office and administrative costs	794	—	794	2,888	—	2,888
Governance costs – Auditor's remuneration						
· Current year	4,800	—	4,800	7,500	—	7,500
Other professional fees	5,000	—	5,000	5,150	—	5,150
Total funds	10,594	—	10,594	15,538	—	15,538

5 Net (expenditure) income before (losses) gains on investments

This is stated after charging:

	2022 £	2021 £
Auditor's remuneration (including VAT)	4,800	7,500

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

	2022 £
Listed investments	
At 1 January 2022	7,700,114
Additions at cost	921,833
Disposals at book value (proceeds: £1,421,689; losses: £128,986)	(1,550,675)
Unrealised (losses) gains on revaluation	(408,705)
Market value at 31 December 2022	6,662,567
Cost of listed investments at 31 December 2022	6,128,848

Notes to the accounts Year to 31 December 2022

8 Investments (continued)

At 31 December 2022, 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	2022		2021	
	Percentage of portfolio %	Market value £	Percentage of portfolio %	Market value £
SPDR S&P US Div USD	7.1	470,375	5.6	428,455
iShares MSCI World	9.3	617,421	8.8	679,423
iShares MSCI Wo Mi USD	5.7	376,706	—	—
3.25 US Treasury Notes 24	6.2	415,089	—	—

Listed investments held at 31 December 2022 comprised the following:

	2022 £	2021 £
UK equities	541,216	573,193
Overseas equities	3,758,265	4,916,999
Fixed interest	2,140,222	2,001,221
Alternative investments	222,864	208,701
	6,662,567	7,700,114

9 Debtors

	2022 £	2021 £
Prepayments and accrued income	5,169	—

10 Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals	6,150	8,750

Notes to the accounts Year to 31 December 2022

11 Restricted funds

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

	At 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	At 31 December 2022 £
Brooklyn House fund	—	—	—	—	—

	At 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	At 31 December 2021 £
Brooklyn House fund	127,600	25,507	(153,107)	—	—

♦ *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.

12 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2022 £
Fund balances at 31 December 2022 are represented by:			
Fixed asset investments	6,662,567	—	6,662,567
Net current assets	1,146,244	—	1,146,244
Total net assets	7,808,811	—	7,808,811
Unrealised gains included above			
On investment assets	533,719	—	533,719
Reconciliation of movement in unrealised gains			
Unrealised gains at 1 January 2022	1,090,074	—	1,090,074
Less: in respect to disposals in the year	(147,650)	—	(147,650)
Net (losses) gains on revaluation in the year	(408,705)	—	(408,705)
Unrealised gains at 31 December 2022	533,719	—	533,719

12 Analysis of net assets between funds (continued)

	Unrestricted funds £	Restricted funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:			
Fixed asset investments	7,700,114	—	7,700,114
Net current assets	719,649	—	719,649
Total net assets	8,419,763	—	8,419,763
Unrealised gains included above			
On investment assets	1,090,074	—	1,090,074
Reconciliation of movement in unrealised gains			
Unrealised gains at 1 January 2021	821,133	—	821,133
Less: in respect to disposals in the year	(120,613)	—	(120,613)
Net gains on revaluations in the year	389,554	—	389,554
Unrealised gains at 31 December 2021	1,090,074	—	1,090,074

13 Transactions with connected and related parties

In the year to 31 December 2022 total income amounted to £215,675 (2021: £2,374,015), which included £nil (2021: £25,507) donated from the Taiwan Province of the Congregation towards Brooklyn House, £nil (2021: £2,142,548) donated from the Irish Province of the Congregation and £nil (2021: £25,327) donated from the Generalate of the Congregation.

In the same period total expenditure amounted to £288,936 (2021: £689,014), which includes grants of £173,910 (2021: £149,889) to support the work of the Congregation in Rome, the Philippines and Myanmar, £18,500 (2021: £nil) to the Ireland Province for the purchase of display cabinets, and £nil (2021: £448,867) to the UK Province to support their renovation of Brooklyn House.

Two of the charity's trustees are trustees also of the charity which administers the net assets of the UK Province – the Congregation of Our Lady of the Missions CIO (Charity Registration No. 1189330).

There were no other transactions with connected or related parties during the year (2021 – none).

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.