

Charity registration number 1183036

Company registration number 11798424 (England and Wales)

CONGREGATION OF OUR LADY OF SION (UK)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONGREGATION OF OUR LADY OF SION (UK)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sister Brenda Dorrian Sister Anne Lee Sister Maureen Cusick
Charity number	1183036
Company number	11798424
Principal address	34 Chepstow Villas London W11 2QZ
Registered office	1 Bickenhall Mansions Bickenhall Street London W1U 6BP
Auditor	Sanders 1 Bickenhall Mansions Bickenhall Street London W1U 6BP
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN

CONGREGATION OF OUR LADY OF SION (UK)

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CONGREGATION OF OUR LADY OF SION (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their annual report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The object of the Order is to promote a world of justice, peace and love by promoting racial and social harmony. The trustees have considered the Charity Commission's general guidance on public benefit when reviewing the aims and objectives.

The policies adopted to achieve that object and which have been unchanged during the year remain in the fields of inter-faith work, education, spirituality and the caring services. These will be developed both short term and long term as the needs arise.

In common with many religious Orders in the United Kingdom & Ireland, the age profile of the members of the Order is changing as existing members grow older and the number of new vocations becomes minimal. The Order has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to promote peace and justice and education.

The Order is organised with various teams to oversee planning.

Many of the activities of previous years' reports remain true but always there are adjustments and developments and sometimes closure of certain activities. During the year, in Dublin, the ministries include Jewish Christian Relations and interfaith dialogue. In Manchester, Birmingham, Salisbury and Worthing, members of the Order are engaged in a combination of some of the following activities; pastoral ministries, catechesis, bible study groups, spiritual direction and retreats. One member of the Order is engaged as the interfaith Diocesan Advisor in Manchester, a need which continues to develop.

Our house in Central London welcomes sisters and friends from around the world who come for meetings and study. One member of the Order there is involved in Spiritual Accompaniment.

The work of the Sion Centre for Dialogue and Encounter in Central London continues to offer courses on spirituality, Jewish Christian Relations and other faith issues. They continue to assess the needs of today and how they can be addressed. They also host meetings of other bodies when they fit into the ethos of the Centre.

One member of the Order in South London is also involved in parish work and in ministry for those sentenced to life imprisonment under the whole life order. Even when members of the Order are officially retired, they continue to be involved in the above activities.

Since early 2020, a new coronavirus, known as Covid-19 has caused disruption in the ministries of the Order. However, the impact has not been great and where possible, the ministries of the Order has continued in another way.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

CONGREGATION OF OUR LADY OF SION (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

Achievements and performance

Activities and Achievements

The Order continues to be involved in Jewish Christian Relations and interfaith dialogue in various towns and cities in the United Kingdom and the Republic of Ireland. The work of the Diocesan Advisor in interfaith continues to develop in Manchester. The Order gives courses in Judaism and Jewish Christian Relations at tertiary level.

The Order continues to run courses from home and in parishes on Biblical study, Judaism and interfaith relations and are meeting an increased interest in this area. They also organise catechetical programmes for young people in parishes and schools.

Some members of the Order offer spiritual guidance in various situations and accompany people on their faith journey. Others are able to offer holistic therapies. There is also involvement in Church ministry.

The Centre for Dialogue and Encounter continues to offer courses on scripture, Jewish Christian relations and spirituality. These have been well attended and the conference facilities have been in demand by outside groups who fit into our ethos.

The Order cares for all the sisters and as the age profile of the Order changes so too does the need to provide more and increasingly expensive care for the members. The particular care needs of each member will be addressed as necessary, and the appropriate care will be provided for each member of the Order.

The trustees consider that the Order continues to meet its objectives.

Financial review

The charity is part of the wider Congregation of Our Lady of Sion. The Order is undergoing a global restructuring which includes resources being shared and managed at a global level, this is known as shared management of resources. As part of this restructuring surplus funds are transferred to Congregation of Notre Dame de Sion Limited (Charity Number 1178995), a connected charity under the common control of the same Order.

The charity will be provided with funds to meet its requirements from the Global Fund and is no longer expected to hold its own reserves. An annual budget will be prepared and approved and if the charity is forecast to have a deficit in funds the shortfall will be met by Congregation of Notre Dame de Sion Limited. Should additional funds be required due to unforeseen circumstances, an application for additional funding would be made to Congregation of Notre Dame de Sion Limited that would be reviewed and supported on case-by-case basis.

CONGREGATION OF OUR LADY OF SION (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Position

The balance sheet shows total funds of £23,477,020. During the previous year the retirement reserve of £3.1m has been transferred back to general funds as the financial requirements of the members of the Order's care needs is now guaranteed by the Congregation of Notre Dame de Sion Limited (Charity Number 1178995).

Financial Performance

The total income of the Unrestricted Fund for the year was £585,175 (2020: £1,454,777). The decrease is mainly due to the charity's investment portfolios amounting to £7,447,284 (2020: £Nil) being donated to the Congregation of Notre Dame de Sion Limited as a consequence the investment income received was significantly reduced. In addition due to Covid 19 rent reductions were offered to the tenants of the two investment properties.

The total resources expended during the year out of the Unrestricted Fund was £9,593,199 (2020: £1,198,600) (see notes 5 and 6). The main reason for the increase in expenditure was the donation of the investment portfolios and cash reserves of £8,700,830 to Congregation of Notre Dame de Sion Limited.

Net gains of £856,923 (2020: £1,154 loss) in the year was mainly due to an increase in value of the investment properties which are broadly in line with the wider property market.

During the year, the investment portfolios of £7,447,284 (2020: £Nil) were transferred to Congregation of Notre Dame de Sion Limited as part of the shared management of resources. The loss on the investments during the period the investments were held was £88,077 (2020: £1,154).

Reserves policy

As explained above the charity carries out a variety of both long term and short term projects including the care and support of its members of the Order.

The trustees have examined the requirement for the free reserves which are those unrestricted funds not invested in fixed assets, investment properties, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the Order's work, the global shared management of resources with the wider Congregation, the reserve should represent approximately 24 months expenditure. The estimated free reserves at 31st December 2021 were £865,872 (2020: £8,332,851). The free reserve at the year-end does not cover the estimated expenditure for the 24 month period after the year end date. The deficit will be funded by Congregation of Notre Dame de Sion Limited.

Principal funding sources

The charity does not receive any external funding except under the shared management of resources from Congregation of Notre Dame de Sion Limited as described above. The Order's main investments are in property.

Risk management

The trustees actively review the major risks which the charity faces on a regular basis and believe that maintaining free reserves at the level stated above will provide sufficient resources in the event of adverse conditions. The trustees have also examined other operational and business risks which are faced and confirm that systems have been established to mitigate the significant risks.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to those risks.

CONGREGATION OF OUR LADY OF SION (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future plans

The charity plans to continue the activities outlined above in the forthcoming years subject to satisfactory funding arrangements.

The charity will work towards developing as an international organisation by working more closely with Sisters of Our Lady of Sion throughout the World. In the coming year there will be a greater emphasis on working internationally.

As mentioned above the charity has donated funds to the connected charity Congregation of Notre Dame de Sion Limited which will be supporting the international charitable work.

Structure, governance and management

The charity is a company limited by guarantee and governed by Memorandum & Articles of Association dated 30 January 2019. The Charity is a registered charity with the UK Charity Commissioner under charity number 1183036.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Sister Brenda McCole (Term ended 1 April 2022)

Sister Brenda Dorrian

Sister Anne Lee

Sister Maureen Cusick (Appointed 1 April 2022)

Appointment of trustees

The trustees are eligible, in committee, to appoint additional trustees under the terms of the Articles of Association. None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Organisational structure

The board of trustees comprises members who meet regularly and are responsible for the strategic direction and policy of the charity. The Order meets regularly throughout the year to make decisions on operational matters, including finance, employment and other performance related activities.

Trustee induction and training

The trustees are usually familiar with the practical work of the charity before being appointed. To date, all trustees have been appointed from among the members of the Order.

Related parties

The Congregation of Our Lady of Sion (UK) is affiliated to the Generalate, an entity based in Rome. The Congregation attends international meetings in various countries and implements policy decisions passed down by the Generalate.

The charity is also connected to the Congregation of Notre Dame de Sion Limited, a charitable company, registered in England and Wales, by virtue of being under the common control of members of the same Order.

CONGREGATION OF OUR LADY OF SION (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of trustees' responsibilities

The trustees, who are also the directors of Congregation of Our Lady of Sion (UK) for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Auditor

In accordance with the company's articles, a resolution proposing that Sanders be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report, including the strategic report, was approved by the Board of Trustees.

Sister Brenda Dorrian

Trustee

Dated: 27 September 2022

Sister Anne Lee

Trustee

Dated: 27 September 2022

CONGREGATION OF OUR LADY OF SION (UK)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CONGREGATION OF OUR LADY OF SION (UK)

Opinion

We have audited the financial statements of Congregation of Our Lady of Sion (UK) (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements 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.

CONGREGATION OF OUR LADY OF SION (UK)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONGREGATION OF OUR LADY OF SION (UK)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report and the strategic report prepared for the purposes of company law, is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

CONGREGATION OF OUR LADY OF SION (UK)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONGREGATION OF OUR LADY OF SION (UK)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and other management (as required by auditing standards), and discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102, the Companies Act 2006 and the Charities Act 2011)
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charitable company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

CONGREGATION OF OUR LADY OF SION (UK)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONGREGATION OF OUR LADY OF SION (UK)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Smith (Senior Statutory Auditor)
for and on behalf of Sanders

28 September 2022

Chartered Accountants
Statutory Auditor

1 Bickenhall Mansions
Bickenhall Street
London
W1U 6BP

CONGREGATION OF OUR LADY OF SION (UK)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income from:</u>			
Donations and legacies	3	254,316	833,643
Investments	4	330,859	621,134
Total income		585,175	1,454,777
<u>Expenditure on:</u>			
Raising funds	5	53,092	344,675
Charitable activities	6	9,540,107	853,925
Total expenditure		9,593,199	1,198,600
Net gains/(losses) on investments	10	856,923	(1,154)
Net (expenditure)/income for the year/ Net movement in funds		(8,151,101)	255,023
Fund balances at 1 January 2021		31,628,121	31,373,098
Fund balances at 31 December 2021		23,477,020	31,628,121

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CONGREGATION OF OUR LADY OF SION (UK)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	4,541,148		4,283,874	
Investment properties	12	18,070,000		17,125,000	
Investments	13	-		7,545,584	
		22,611,148		28,954,458	
Current assets					
Debtors	14	185,639		327,110	
Cash at bank and in hand		847,344		2,673,754	
		1,032,983		3,000,864	
Creditors: amounts falling due within one year	15	(167,111)		(327,201)	
Net current assets		865,872		2,673,663	
Total assets less current liabilities		23,477,020		31,628,121	
Income funds					
Unrestricted funds - general		23,477,020		31,628,121	
		23,477,020		31,628,121	

The financial statements were approved by the Trustees on 27 September 2022

Sister Brenda Dorrian
Trustee

Sister Anne Lee
Trustee

Company Registration No. 11798424

CONGREGATION OF OUR LADY OF SION (UK)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash absorbed by operations	22	(1,887,508)		(560,015)	
Investing activities					
Purchase of tangible fixed assets		(268,852)		(36,638)	
Proceeds on disposal of tangible fixed assets		3,000		-	
Purchase of investments		-		(1,071)	
Investment income received		326,950		642,361	
Net cash generated from investing activities			61,098		604,652
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(1,826,410)		44,637
Cash and cash equivalents at beginning of year			2,673,754		2,629,708
Effect of foreign exchange rates			-		(591)
Cash and cash equivalents at end of year			847,344		2,673,754

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

Congregation of Our Lady of Sion (UK) is a private company limited by guarantee incorporated in England and Wales. The registered office is 1 Bickenhall Mansions, Bickenhall Street, London, W1U 6BP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

1.4 Income

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be measured reliably and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Income from donations and legacies

- Pension and salaries income is accounted for on a receivable basis.
- Cash donations are recognised on receipt. Other donations are recognised once the company has been notified of the donation, unless performance conditions require deferral of the amount.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure is categorised under the following headings:

- Costs of raising funds include the fees paid in relation to investment management, investment property management and the upkeep costs of investment properties.
- Expenditure on charitable activities includes costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. Support costs are allocated directly to support of members of the Congregation and their ministry.

1.6 Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. Where the original cost of certain freehold properties is not readily available, it has been estimated by the trustees. Otherwise all other properties are stated at cost or deemed cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to freehold land and buildings are accounted for on legal completion of the relevant transaction.

Permanent diminution in the value of fixed assets is charged to the Statement of Financial Activities where the amount can be quantified with reasonable accuracy.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10% straight line
Computers	20% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently they are measured at trustees' estimate of fair value based on guidance from estate agents and professional valuers at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the Statement of Financial Activities.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Where held as an ongoing investment they are included as fixed assets.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The charity is exempt from tax on its charitable activities.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Foreign exchange

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

1.16 Funds

The unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

2 Critical accounting estimates and judgements

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

The items in the accounts where these judgements and estimates have been made include:

- estimating the residual value of tangible fixed assets;
- estimating the market value of investment properties

3 Donations and legacies

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Donations and gifts	9,633	439,684
Pensions and salaries	244,683	393,959
	<u>254,316</u>	<u>833,643</u>

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Investments

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Rental income	321,022	466,926
Income from listed investments	9,837	151,078
Interest receivable	-	3,130
	<hr/>	<hr/>
	330,859	621,134
	<hr/>	<hr/>

5 Raising funds

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
<u>Investment management costs</u>		
Portfolio management	10,472	38,028
Investment property management	34,569	34,407
Upkeep of rental properties	8,051	272,240
	<hr/>	<hr/>
Investment management costs	53,092	344,675
	<hr/>	<hr/>

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Charitable activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Staff costs	68,102	69,136
Care services	239,990	375,516
Sisters' living and ministry expenses	112,085	101,796
Donations and gifts	8,714,573	13,006
Premises and support costs	255,084	167,242
Education, training and spiritual direction	31,248	22,722
	<u>9,421,082</u>	<u>749,418</u>
Share of support costs (see note 7)	101,025	92,507
Share of governance costs (see note 7)	18,000	12,000
	<u>9,540,107</u>	<u>853,925</u>

Charitable activities costs are in support of members of the Congregation and their ministries. Included in the above amounts is a foreign exchange loss of £127 (2020: £592).

7 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Accountancy	51,992	-	51,992	42,399	-	42,399
Legal and professional	49,033	-	49,033	50,108	-	50,108
Audit fees	-	18,000	18,000	-	12,000	12,000
	<u>101,025</u>	<u>18,000</u>	<u>119,025</u>	<u>92,507</u>	<u>12,000</u>	<u>104,507</u>
Analysed between						
Charitable activities	<u>101,025</u>	<u>18,000</u>	<u>119,025</u>	<u>92,507</u>	<u>12,000</u>	<u>104,507</u>

Total fees payable to the auditors are £124,040 (2020: £102,500). Of this £18,000 (2020: £12,000) are for audit fees, £92,936 (2020: £79,268) are for other accountancy and consultancy services and £13,104 (2020: £11,232) are property management fees. Property management fees are included in Raising Funds in Note 5 and all other costs are included in Governance costs.

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Employees

No employee received emoluments more than £60,000 per annum. The average monthly number of employees and full time equivalent during the year was:

	2021 Number	2020 Number
	4	4
	<u> </u>	<u> </u>
Employment costs	2021 £	2020 £
Wages and salaries	67,112	65,848
Social security costs	66	1,901
Defined contributon pension costs	924	1,387
	<u> </u>	<u> </u>
	68,102	69,136
	<u> </u>	<u> </u>

10 Net gains/(losses) on investments

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Gain/(loss) on sale of investments	(88,077)	(1,154)
Revaluation of investment properties	945,000	-
	<u> </u>	<u> </u>
	856,923	(1,154)
	<u> </u>	<u> </u>

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2021	4,241,241	264,890	35,681	100,971	4,642,783
Additions	256,385	4,072	-	8,395	268,852
Disposals	-	-	-	(6,445)	(6,445)
At 31 December 2021	4,497,626	268,962	35,681	102,921	4,905,190
Depreciation and impairment					
At 1 January 2021	-	250,139	30,237	78,533	358,909
Depreciation charged in the year	-	2,098	1,600	7,880	11,578
Eliminated in respect of disposals	-	-	-	(6,445)	(6,445)
At 31 December 2021	-	252,237	31,837	79,968	364,042
Carrying amount					
At 31 December 2021	4,497,626	16,725	3,844	22,953	4,541,148
At 31 December 2020	4,241,241	14,751	5,444	22,438	4,283,874
				2021 £	2020 £
Freehold				3,881,743	3,881,743
Long leasehold				615,883	359,498
				4,497,626	4,241,241

Land and buildings are used by the Sisters for their own occupation and these buildings are not depreciated. Their value and condition are reviewed annually by the trustees who are satisfied that the residual value of these properties is not materially less than their book value.

12 Investment property

	2021 £
Fair value	
At 1 January 2021	17,125,000
Net gains or losses through fair value adjustments	945,000
At 31 December 2021	18,070,000

Investment property comprises freehold properties. The fair value of the investment property has been arrived at using the trustees' estimation of market value for similar properties in the relevant locations and based on guidance from estate agents and professional valuers.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Investment property

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021 £	2020 £
Cost	1,838,563	1,838,563
Accumulated depreciation	-	-
Carrying amount	1,838,563	1,838,563

13 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2021	7,545,584
Movement in fair value	(98,300)
Disposals	(7,447,284)
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
At 31 December 2020	7,545,584

	2021 £	2020 £
Investments at fair value comprise:		
UK fixed interest	-	2,107,263
UK equity shares	-	1,828,413
Overseas equity shares	-	2,270,926
Other overseas investments	-	1,169,545
Cash held by investment managers for reinvestment	-	169,437
	-	7,545,584

The historic cost of the fixed asset investments at the year end is £Nil (2020: £6,478,983). During the year, all the fixed asset investments were donated to a connected charity, Congregation of Notre Dame de Sion Limited at market value.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	149,270	313,649
Prepayments and accrued income	36,369	13,461
	<u>185,639</u>	<u>327,110</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	968	4,727
Trade creditors	-	9,960
Other creditors	613	210
Accruals and deferred income	165,530	312,304
	<u>167,111</u>	<u>327,201</u>

Accruals and deferred income includes deferred income of £57,937 (2020: £65,000) in respect of rent invoiced for periods after the year end.

16 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to Statement of Financial Activities in respect of defined contribution schemes was £924 (2020 - £1,387).

17 Unrestricted funds

Unrestricted funds

- General funds are available for use at the discretion of the trustees in furtherance of the objectives of the charity.

	Balance at 1 January 2021	Incoming resources	Resources expended	Revaluations, gains and losses	Balance at 31 December 2021
	£	£	£	£	£
General fund	31,628,121	585,175	(9,593,199)	856,923	23,477,020
	<u>31,628,121</u>	<u>585,175</u>	<u>(9,593,199)</u>	<u>856,923</u>	<u>23,477,020</u>

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Analysis of net assets between funds

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Fund balances at 31 December 2021 are represented by:		
Tangible assets	4,541,148	4,283,874
Investment properties	18,070,000	17,125,000
Investments	-	7,545,584
Current assets	865,872	2,673,663
	<u>23,477,020</u>	<u>31,628,121</u>

19 Operating lease commitments

Lessor

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	<u>194,488</u>	<u>246,488</u>

The charity leases one of its properties on a long term lease. However, the lessee has the right to cancel the lease with 1 years notice. The contracted rents above included 1 years rent in respect of that long lease.

20 Events after the reporting date

Sine the year end, three properties that were classified as fixed assets were sold for a total of £4,715,000 and the net sales proceeds of £4,630,594 were donated to Congregation of Notre Dame de Sion Limited.

21 Related party transactions

During the year the charity entered into the following transactions with related parties:

Sister B Dorrian and Sister A Lee, Trustees of the charity, were also trustees/directors of Our Lady of Sion School, Worthing until June 2020. From June 2020 the charity and Our Lady of Sion School were no longer related parties. The transactions that occurred when the entities were related party was rent received £141,087 and repairs obligations under the lease was £256,681.

The Congregation of Notre Dame de Sion Limited is a related party by virtue of being under common control of the members of the same Order.

During the year, the charity recognised donations from Congregation of Notre Dame de Sion Limited totalling £Nil (2020: £434,040). During the year, the charity donated £8,700,830 (2020: £Nil) to Congregation of Notre Dame de Sion Limited.

CONGREGATION OF OUR LADY OF SION (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22	Cash generated from operations	2021 £	2020 £
	(Deficit)/surplus for the year	(8,151,101)	255,023
	Adjustments for:		
	Investment income recognised in statement of financial activities	(330,859)	(621,134)
	Non cash expenditure	7,461,416	-
	Gain on disposal of tangible fixed assets	(3,000)	-
	Loss on disposal of investments	88,077	1,154
	Fair value gains and losses on investment properties	(945,000)	-
	Depreciation and impairment of tangible fixed assets	11,578	8,342
	Movements in working capital:		
	Decrease/(increase) in debtors	141,471	(253,064)
	(Decrease)/increase in creditors	(160,090)	49,664
	Cash absorbed by operations	(1,887,508)	(560,015)

Cash and cash equivalents consist of cash at bank and in hand amounting to £847,344 (2020: £2,673,754).

23 Analysis of changes in net funds

The charity had no debt during the year.