

SISTERS OF MERCY

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

SISTERS OF MERCY

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SISTERS OF MERCY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

Trustees	Sister Anne O'Connell, Sister in Charge Sister Paul Farrar Sister Magdalene Reilly Sister Elizabeth O'Hara Sister Dolores Nicholl (appointed 15 April 2026) Sister Clare Halpin (appointed 15 April 2026) Sister Helen Gallagher (appointed 15 April 2026) Sister Augustine Day (appointed 15 April 2026)
Charity registered number	200376
Principal office	St Joseph's Convent of Mercy Hillside Drive Gravesend Kent DA12 1NY
Independent auditor	Xeinadin Audit Limited Accountants and Statutory Auditors Trinity House 3 Bullace Lane Dartford Kent DA1 1BB
Bankers	Barclays Bank PLC PO Box No 499 Dartford DA1 1FE
Solicitors	Bridgers Law 1st Floor Office 2nd Floor 3 Jubilee Way Faversham Kent ME13 8GD

SISTERS OF MERCY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Trustees present their annual report together with the audited financial statements of the Charity for the 1 April 2024 to 31 March 2025.

Objectives and activities

• Policies and objectives

It is the policy of the Charity to undertake a broad range of charitable activities. The principal areas in which the Charity is involved are set out below:

1. Social and Pastoral Care

The Sisters of Mercy, Gravesend continue to support the work of the House of Mercy at 1 Edwin Street, Gravesend, Kent including making the charity's properties available for their use. McAuley House at 17 Albion Road, Gravesend is fully occupied. Mary Anne Doyle House, Seymour Road, Gravesend opened on 29th September 2014. Edmund Rice House, Gravesend has had all the conversion work finished in the year in preparation for use by House of Mercy and was officially opened on 10th June 2019. The House of Mercy closed on 29th September 2023.

Members of the Congregation also undertake work in community based programmes and local parish work, providing childcare and family support, helping the homeless and giving religious and material assistance.

2. Education

From 1 September 2006 the school was transferred to a separate charitable company. The Congregation continues to be involved with the St Joseph Convent Preparatory School by sitting on the board of Governors and providing pastoral support. The school closed during the year on 31st August 2021.

The Trustees confirm they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

Financial review

• Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

The Province has some 8 members, the majority of whom have given most of their working lives to the charitable activities of the Congregation. When this work is outside the Charity, any earnings are covenanted to the Charity. All members are of retirement age now, with all pensions covenanted to the Charity.

The Charity has a continuing commitment to support members of the Congregation, most of whom continue to carry out charitable work long past the normal retirement age.

Incoming resources in the year was £637,002 (2024: £494,409), a £62,973 increase due mainly to the increase in dividend income from investments and the increase in the members pensions. Resources expended were £-91,072 (2024: £,584,474), a £675,546 decrease due mainly to the sale of the House Of Mercy premises, a connected charity that closed during the prior year on 29th September 2023.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Resources expended excluding the profit made on the buildings sales were £421,391 in the prior year, so are therefore more comparable.

The capital performance of the investments was generally in line with the trend of the stock market.

At the end of the year to 31 March 2025 the total funds of the Charity were £15,766,571. Of this £3,721,203 represents fixed assets needed for the work of the Charity and it is represented by a designated fund. £6,000,000 is designated to provide for the support of older members of the Congregation. The balance of £6,045,369 in General Funds represents approximately fourteen years operating expenditure. The Trustees consider that given the activities of the charity, a fund representing approximately two to three years expenditure should be held in reserve. The Trustees review the reserves to ascertain the ongoing levels required and consider specific charitable causes that can be supported.

● Material investments policy

The charity's policy prioritises longevity over aggressive wealth accumulation balancing the need for financial returns, whilst adhering to the strict catholic values investment frameworks. This means that the charity does not invest in companies that are involved in life ethics, exploitative industries, addictive substances or weapons. The sisters ensure that the investment managers act in the charity's best interest and engage in regular meetings to enforce this.

● Principal risks and uncertainties

The principal risks and uncertainties of the charity are that of demographic and succession risks, financial and healthcare uncertainties, and governance, compliance and safeguarding risks.

A steady decline in new entrants has led to an ageing population in the convent, directly threatening the long-term viability of the convent. It also leaves fewer able-bodied sisters to handle domestic convent operations, placing reliance on external help.

Rising care costs of the elderly and specialised medical support for dependent sisters is disproportionately high.

Sisters take vows of poverty, with any wages earned going directly to the convent. They generally do not build personal assets, only taking an agreed annual allowance. Since all of the sisters are of retirement age, this leaves the convent heavily reliant on pensions, donations and investment yields, which are subject to market volatility.

Ageing historic convents require expensive structural maintenance, repairs and modernisations.

As the congregations declines in numbers, it becomes increasingly difficult to find members with the capacity to serve in necessary leadership roles, such as Sister in charge.

Like other religious institutions, the convent must strictly adhere to statutory safeguarding policies for vulnerable individuals, requiring ongoing training and rigorous vetting.

Charities are increasingly targeted by digital crimes, forcing charities to implement strict cyber policies to protect their financial assets and communications.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

• Financial risk management objectives and policies

The Convent has employed external administrative and care staff to cover tasks that the sisters can no longer do, along with solicitors and consultants for professional and legal advice.

Investment managers are used for the Convent's portfolios, tailored to charity regulations to secure financial sustainability are used.

A fixed asset fund was designated by the trustees many years ago to ensure there were funds to meet the expensive structural maintenance, repairs and modernisations costs of the convent.

A support of older members fund was also designated by the the sisters to ensure the convent could meet the rising care costs of the elderly and specialised medical expenses of the sisters who are in ill health.

• Principal funding

The convent is primarily funded through a combination of the sisters' pensions now that they are all of retirement age and investment income.

The sisters worked outside of the convent, many of them being teachers and nurses. They contributed their salaries to the community fund. Now that they're all retired the sisters now contribute their state and private pensions.

The Convent relies on its investment portfolios managed by professional firms. These generate annual interest and dividend returns.

Structure, governance and management

• Constitution

Sisters of Mercy is a registered charity, number 200376, and is constituted under a Trust deed made on 22nd May 1933 by 29 members of the congregation and subsequent deeds dated 25 April 1950, 11 November 1950, 11 October 1960, 3 March 1961, 21 June 1962, 3 July 1962, 6 July 1964 and 14 January 1965.

These Trust Deeds declared trusts "as a Congregation or Community of Roman Catholic Women founded in or about the year 1831 as a charity for the purpose of visiting and nursing the sick poor in their homes, of nursing the sick in hospitals or infirmaries and of feeding the poor and of teaching the children of the poor, and of conducting and serving orphanages and institutions for the care of the poor."

The Deeds set out the uses of assets which the Sister in Charge for the time being of the Congregation shall from time to time direct as either:

- 1) Residences for members of the Congregation;
- 2) Training schools for members of the Congregation;
- 3) Schools for general education both religious and secular;
- 4) Hospitals or refuges or homes for the sick and poor;
- 5) Rest or retreat houses for members of the Roman Catholic Church desiring instruction in the doctrines of religion;
- 6) Generally as places for the exercise of any such charitable purpose or purposes as in the opinion of the Sister in Charge may be conducive to the advancement or maintenance of the Roman Catholic Religion in Great Britain.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Structure, governance and management (continued)

• Methods of appointment or election of Trustees

The Charity has 8 Trustees, the Sister in Charge and 7 other members of the Congregation. The power of appointing new Trustees rests with the community who can also remove any Trustee.

The Trustees are aware of the need for training in respect of charity law and responsibilities of Trustees. They obtain guidance from their legal and financial advisors and Trustees attend courses on an ad hoc basis as required.

• Financial risk management

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

The sisters have been planning for the future for a number of years now, with the ageing of the sisters and the decline in new members of the convent being the focus. The sisters could no longer support its connected charities, being St Joseph's Convent Prep school and the House of Mercy charity. The school closed its doors in August 2021 and this property was then sold. The House of Mercy officially closed its doors in September 2023, with the properties in which it operated out of being sold in the years after.

The sisters are in the process of downsizing the living quarters with the Convent and returning the building to its original state of 3 separate houses.

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Xeinadin Audit Limited, has indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Sister Anne O'Connell

Date: 29 May 2026

SISTERS OF MERCY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SISTERS OF MERCY

Opinion

We have audited the financial statements of Sisters of Mercy (the 'charity') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

SISTERS OF MERCY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SISTERS OF MERCY (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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.

SISTERS OF MERCY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SISTERS OF MERCY (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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 communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Through these procedures, we became aware of no actual or suspected non-compliance.

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. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

SISTERS OF MERCY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SISTERS OF MERCY (CONTINUED)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Xeinadin Audit Limited

Accountants and Statutory Auditors

Trinity House

3 Bullace Lane

Dartford

Kent

DA1 1BB

29 May 2026

Xeinadin Audit Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

SISTERS OF MERCY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2025

	Note	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from:				
Donations and legacies	3	-	-	2,150
Charitable activities	4	250,269	250,269	232,223
Investments	5	386,733	386,733	260,036
Total income		637,002	637,002	494,409
Expenditure on:				
Raising funds	6	20,079	20,079	9,772
Charitable activities	7	(111,151)	(111,151)	574,702
Total expenditure		(91,072)	(91,072)	584,474
Net income/(expenditure) before net gains on investments		728,074	728,074	(90,065)
Net gains on investments		38,361	38,361	819,362
Net movement in funds		766,435	766,435	729,297
Reconciliation of funds:				
Total funds brought forward		15,000,136	15,000,136	14,270,839
Net movement in funds		766,435	766,435	729,297
Total funds carried forward		15,766,571	15,766,571	15,000,136

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 28 form part of these financial statements.

SISTERS OF MERCY

BALANCE SHEET AS AT 31 MARCH 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	12	3,361,203	1,741,868
Investments	13	9,552,379	9,479,667
		<u>12,913,582</u>	<u>11,221,535</u>
Current assets			
Debtors	14	81,330	22,566
Investments	15	16,787	-
Cash at bank and in hand		2,769,880	3,820,600
		<u>2,867,997</u>	<u>3,843,166</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(15,007)	(64,565)
		<u>2,852,990</u>	<u>3,778,601</u>
Net current assets			
		<u>15,766,572</u>	<u>15,000,136</u>
Total assets less current liabilities			
		<u>15,766,572</u>	<u>15,000,136</u>
Total net assets		<u>15,766,572</u>	<u>15,000,136</u>
Charity funds			
Restricted funds	17	-	-
Unrestricted funds	17	15,766,572	15,000,136
Total funds		<u>15,766,572</u>	<u>15,000,136</u>

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

Sister Anne O'Connell

Date: 29 May 2026

The notes on pages 14 to 28 form part of these financial statements.

SISTERS OF MERCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	2025 £	2024 £
Cash flows from operating activities		
Net cash used in operating activities	(120,639)	2,231,333
Cash flows from investing activities		
Dividends, interests and rents from investments	386,733	260,036
Proceeds from the sale of tangible fixed assets	1,144,879	1,337,313
Purchase of tangible fixed assets	(2,333,834)	(990,025)
Purchase of investments	(127,859)	(1,630,483)
Net cash used in investing activities	(930,081)	(1,023,159)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	(1,050,720)	1,208,174
Cash and cash equivalents at the beginning of the year	3,820,600	2,612,426
Cash and cash equivalents at the end of the year	2,769,880	3,820,600

The notes on pages 14 to 28 form part of these financial statements

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Sisters Of Mercy, Gravesend is an unincorporated charity registered in the United Kingdom. The address of its registered office is St Joseph's Convent of Mercy, Hillside Drive, Gravesend, DA12 1NY. This is also the principal place of business. The charity's operations and principal activities are disclosed in the Trustees' report which accompanies the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

2.2 Income

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Charity, can be reliably measured.

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

2.3 Expenditure

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

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.3 Expenditure (continued)

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

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

All expenditure is inclusive of irrecoverable VAT.

2.4 Interest receivable

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 institution with whom the funds are deposited.

2.5 Tangible fixed assets and depreciation

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

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 50 years
Motor vehicles	- 5 years
Fixtures and fittings	- 4 years

2.6 Investments

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

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Debtors

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

2.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.9 Liabilities and provisions

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

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

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

2.10 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

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

2.12 Fund accounting

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

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.

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

3. Income from donations and legacies

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Donations	-	-	150
Legacies	-	-	2,000
	-	-	2,150
Total 2024	2,150	2,150	

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

4. Income from charitable activities

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from charitable activities - Social and Pastoral Care	250,269	250,269	232,223
	<u>250,269</u>	<u>250,269</u>	
Total 2024	<u>232,223</u>	<u>232,223</u>	

5. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Dividends	122,185	122,185	177,041
Interest	264,548	264,548	82,995
	<u>386,733</u>	<u>386,733</u>	<u>260,036</u>
Total 2024	<u>260,036</u>	<u>260,036</u>	

6. Investment management costs

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Investment management fees	20,079	20,079	9,772
	<u>20,079</u>	<u>20,079</u>	
Total 2024	<u>9,772</u>	<u>9,772</u>	

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2025 £	Total 2025 £	Total 2024 £
Social and Pastoral Care	(111,151)	(111,151)	574,702
Total 2024	574,702	574,702	

8. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £	Total funds 2024 £
Social and Pastoral Care	(150,553)	39,401	(111,152)	574,702
Total 2024	560,868	13,834	574,702	

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Social and Pastoral Care 2025 £	Total funds 2025 £	Total funds 2024 £
Staff costs	46,544	46,544	52,344
Depreciation	82,083	82,083	42,075
Telephone	11,331	11,331	10,342
Rates and Water	14,218	14,218	10,293
PPS	2,527	2,527	2,656
Light and Heat	33,190	33,190	33,364
Motor Expenses	3,866	3,866	18,366
Insurance	2,636	2,636	4,496
Household	26,182	26,182	25,833
Repairs & Maintenance	20,463	20,463	13,226
Profit/Loss on disposal of fixed assets	(512,463)	(512,463)	163,540
General Office	851	851	1,021
Chapel	935	935	828
Bank Charges	146	146	140
House of Mercy closure costs	980	980	17,335
Missions and Charitable Grants	52,671	52,671	43,110
Sisters Welfare	63,287	63,287	45,194
Loans forgiven	-	-	76,705
	<u>(150,553)</u>	<u>(150,553)</u>	<u>560,868</u>
Total 2024	<u>560,868</u>	<u>560,868</u>	

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Social and Pastoral Care 2025 £	Total funds 2025 £	Total funds 2024 £
Professional Fees	30,143	30,143	4,678
Governance costs	9,258	9,258	9,156
	<u>39,401</u>	<u>39,401</u>	<u>13,834</u>
Total 2024	<u>13,834</u>	<u>13,834</u>	

9. Auditor's remuneration

	2025 £	2024 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	6,498	6,156
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	<u>2,760</u>	<u>3,000</u>

10. Staff costs

	2025 £	2024 £
Wages and salaries	46,018	50,079
Social security costs	92	1,866
Contribution to defined contribution pension schemes	435	399
	<u>46,545</u>	<u>52,344</u>

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

	2025 No.	2024 No.
Staff	<u>6</u>	<u>5</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

10. Staff costs (continued)

No employee received remuneration amounting to more than £60,000 in either year.

No employee benefits were received by trustees or its key management personnel for their services to the charity.

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2024 - £NIL).

During the year ended 31 March 2025, no Trustee expenses have been incurred (2024 - £NIL).

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2024	2,452,071	22,700	89,984	2,564,755
Additions	2,333,834	-	-	2,333,834
Disposals	(783,367)	(6,470)	-	(789,837)
At 31 March 2025	4,002,538	16,230	89,984	4,108,752
Depreciation				
At 1 April 2024	712,235	20,668	89,984	822,887
Charge for the year	80,051	2,032	-	82,083
On disposals	(150,951)	(6,470)	-	(157,421)
At 31 March 2025	641,335	16,230	89,984	747,549
Net book value				
At 31 March 2025	3,361,203	-	-	3,361,203
At 31 March 2024	1,739,836	2,032	-	1,741,868

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

13. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2024	7,758,872	1,720,794	9,479,666
Additions	-	70,783	70,783
Disposals	(36,126)	-	(36,126)
Revaluations	38,056	-	38,056
At 31 March 2025	<u>7,760,802</u>	<u>1,791,577</u>	<u>9,552,379</u>
Net book value			
At 31 March 2025	<u>7,760,802</u>	<u>1,791,577</u>	<u>9,552,379</u>
At 31 March 2024	<u>7,758,872</u>	<u>1,720,794</u>	<u>9,479,666</u>

14. Debtors

	2025 £	2024 £
Other debtors	1,000	-
	<u>1,000</u>	<u>-</u>
Due within one year		
Other debtors	2,540	2,540
Prepayments and accrued income	77,790	20,026
	<u>81,330</u>	<u>22,566</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

15. Current asset investments

	2025 £	2024 £
Unlisted investments	16,787	-
	<u>16,787</u>	<u>-</u>

16. Creditors: Amounts falling due within one year

	2025 £	2024 £
Other creditors	1,000	3,730
Accruals and deferred income	14,007	60,835
	<u>15,007</u>	<u>64,565</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
Unrestricted funds						
Designated funds						
Fixed Asset Fund	1,741,868	-	(82,083)	2,061,418	-	3,721,203
Support of older members fund	6,000,000	-	-	-	-	6,000,000
	<u>7,741,868</u>	<u>-</u>	<u>(82,083)</u>	<u>2,061,418</u>	<u>-</u>	<u>9,721,203</u>
General funds						
General Funds	<u>7,258,268</u>	<u>637,002</u>	<u>173,156</u>	<u>(2,061,418)</u>	<u>38,361</u>	<u>6,045,369</u>
Total Unrestricted funds	<u><u>15,000,136</u></u>	<u><u>637,002</u></u>	<u><u>91,073</u></u>	<u><u>-</u></u>	<u><u>38,361</u></u>	<u><u>15,766,572</u></u>

The fixed asset fund represents the fixed assets needed for the work of the charity. The expenditure represents the depreciation charge for the year on all fixed assets. The transfer from General funds in to the Fixed Asset Fund is the movement of the additions and the disposals of fixed assets in the year.

The Support of Older Members Fund is designated to provide the support of the older members of the congregation, which is particularly relevant now that the sisters are all past retirement age.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
Unrestricted funds						
Designated funds						
Fixed Asset Fund	2,324,883	-	(42,075)	(540,940)	-	1,741,868
Support of older members fund	6,000,000	-	-	-	-	6,000,000
	<u>8,324,883</u>	<u>-</u>	<u>(42,075)</u>	<u>(540,940)</u>	<u>-</u>	<u>7,741,868</u>
General funds						
General Funds	5,945,956	494,409	(542,399)	540,940	819,362	7,258,268
Total Unrestricted funds	<u>14,270,839</u>	<u>494,409</u>	<u>(584,474)</u>	<u>-</u>	<u>819,362</u>	<u>15,000,136</u>

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
Designated funds	7,741,868	-	(82,083)	2,061,418	-	9,721,203
General funds	7,258,268	637,002	173,156	(2,061,418)	38,361	6,045,369
	<u>15,000,136</u>	<u>637,002</u>	<u>91,073</u>	<u>-</u>	<u>38,361</u>	<u>15,766,572</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

18. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
Designated funds	8,324,883	-	(42,075)	(540,940)	-	7,741,868
General funds	5,945,956	494,409	(542,399)	540,940	819,362	7,258,268
	<u>14,270,839</u>	<u>494,409</u>	<u>(584,474)</u>	<u>-</u>	<u>819,362</u>	<u>15,000,136</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	3,361,203	3,361,203
Fixed asset investments	9,552,379	9,552,379
Debtors due after more than one year	1,000	1,000
Current assets	2,866,997	2,866,997
Creditors due within one year	(15,007)	(15,007)
Total	<u>15,766,572</u>	<u>15,766,572</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	1,741,868	1,741,868
Fixed asset investments	9,479,667	9,479,667
Current assets	3,843,166	3,843,166
Creditors due within one year	(64,565)	(64,565)
Total	<u>15,000,136</u>	<u>15,000,136</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2025 £	2024 £
Net income for the year (as per Statement of Financial Activities)	766,435	729,297
Adjustments for:		
Depreciation charges	82,083	42,075
Gains on investments	38,361	819,362
Dividends, interests and rents from investments	(386,733)	(260,036)
Loss/(profit) on the sale of fixed assets	(512,463)	163,540
Decrease/(increase) in debtors	(58,764)	695,583
Increase/(decrease) in creditors	(49,558)	41,512
Net cash provided by/(used in) operating activities	(120,639)	2,231,333

21. Analysis of cash and cash equivalents

	2025 £	2024 £
Cash in hand	2,769,880	3,820,600
Total cash and cash equivalents	2,769,880	3,820,600

22. Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	3,820,600	(1,050,720)	2,769,880
Liquid investments	-	16,787	16,787
	3,820,600	(1,033,933)	2,786,667

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

23. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £435 (2024 - £399). Contributions totalling £Nil (2024 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 March 2025 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2025 £	2024 £
Not later than 1 year	2,509	2,509
Later than 1 year and not later than 5 years	8,744	4,391
	<u>11,253</u>	<u>6,900</u>

25. Related party transactions

St Joseph's Convent Preparatory School Gravesend

Loans of £Nil (2024: £76,705) were forgiven as the school was closed on 31 August 2021.

House of Mercy

This charity had 2 of the same trustees as the Sisters of Mercy. House of Mercy provided care and a place to stay to the homeless of Gravesend. This charity provided rent free, 4 premises from which the House of Mercy operated. The charity closed on 30th September 2023. Closure costs totalling £Nil (2024: £17,335) have also been recognised as expenses.