

# SISTERS OF MERCY SUNDERLAND

England & Wales · Charity number 229943

## Details

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Other names	SISTERS OF MERCY- ST ANTHONY'S CONVENT, ESTABLISHED AT SUNDERLAND
Status	Registered
Legal form	Other
Registered	1963-10-30
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	St. Anthonys Convent Of Mercy Oaklea Tunstall Road Sunderland SR2 7JR
Phone	01915674653

## Activities

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**Objects:** TO PROMOTE THE EDUCATIONAL, RELIGIOUS AND OTHER CHARITABLE WORK OF THE ROMAN CATHOLIC CHURCH IN ENGLAND IN SUCH A WAY AS THE TRUSTEE DSHALL FROM TIME TO TIME (WITH THE CONSENT OF THE SISTER SUPERIOR) DETERMINE. PROVIDED THAT IF AND IN SO FAR AS THE TRUSTEES CONSIDER THEY MAY NOT USEFULLY APPLY ASSETS AVAILABLE FOR DISTRIBUTION IN ANY ONE YEAR IN ENGLAND THEN THEY SHALL APPLY THE SAME WITH SUCH CONSENT FOR SUCH WORK ELSEWHERE.

**Activities:** The Community's principal objectives are the furtherance of Roman Catholic and Christian Primary, Secondary & Adult education in the UK and elsewhere. The alleviation of poverty and human suffering and such other activities as Sister Superior shall direct.

## Classification

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- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, The Prevention Or Relief Of Poverty, Religious Activities
- **Who:** Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies

## Geography

- **Area of benefit:** ENGLAND
- Durham
- Northumberland
- Sunderland

## Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,279,784	£2,516,483	£31,419,917	0
2023-12-31	£1,286,726	£2,016,034	£31,364,051	37
2022-12-31	£1,378,634	£2,663,809	£31,842,637	33
2021-12-31	£1,562,950	£2,381,753	£37,580,657	31
2020-12-31	£1,436,058	£2,237,852	£35,808,122	32

## Trustees

Name	Role	Appointed
Allison Mary Thompson		2020-01-01
Andrea Maria Shanks		2020-01-01
Madeleine Louise Hope		2025-09-05
SISTER PATRICIA ANNE ADRIENNE SHOULDER		2015-06-06
SISTER RAPHAEL MARY MARGARET Rowntree		
SISTER STEPHEN STELLA CATHERINE CHRISTON		2011-10-28
Sister Josepha Kathleen Matthews		2021-08-01

## Linked charities

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- SISTERS OF MERCY, RYHOPE DENE CONVENT RYHOPE, CO DURHAM (229943-1)
- SISTERS OF MERCY, ST ANNE'S CONVENT OF MERCY AND HIGH SCHOOL, WOLSINGHAM, CO DURHAM (229943-2)
- SISTERS OF MERCY, ST ANTHONY'S CONVENT (229943-3)
- SISTERS OF MERCY, ST ANTHONY'S CONVENT (229943-4)
- SISTERS OF MERCY-ST ANTHONY'S SECONDARY SCHOOL (229943-5)
- SISTERS OF MERCY-ST JOSEPH'S CONVENT GOSFORTH (229943-6)
- SISTERS OF MERCY-CONVENT OF MERCY, SEAHAM, CO DURHAM (229943-7)
- SISTERS OF MERCY-CONVENT OF MERCY, HEXHAM, NORTHUMBERLAND (229943-8)

**SISTERS OF MERCY SUNDERLAND**

England & Wales - Charity number 229943

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# Accounts

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**Charity registration number 229943**

**SISTERS OF MERCY SUNDERLAND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

# SISTERS OF MERCY SUNDERLAND

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Miss P A A Shoulder Miss M M Rowntree Miss S Christon Miss K Matthews Mrs A M Shanks Mrs A M Thompson
<b>Charity number</b>	229943
<b>Auditor</b>	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	National Westminster Bank plc 52 Fawcett Street Sunderland SR1 1SB
<b>Solicitors</b>	WBD (UK) LLP The Spark Draymans Way Newcastle Helix Newcastle upon Tyne NE4 5DE
<b>Investment advisors</b>	Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN

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# SISTERS OF MERCY SUNDERLAND

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# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2023*

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The trustees present their annual report and financial statements for the year ended 31 December 2023.

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 governing document, the Charities Act 2011 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**

Our objectives are set to reflect our faith and community aims. Each year the trustees review our objectives and activities to ensure that they continue to reflect our aims.

The Charity's objectives are the promotion of the educational, religious and other charitable work of the Roman Catholic Church in England for the benefit of the public in such a way as the trustees shall from time to time, with the consent of the Sister Superior, determine, if and insofar as the trustees consider they may not usefully apply assets available for distribution in any one year in England, then they shall apply the same with such consent for such work elsewhere.

The Charity carries out a wide range of activities in pursuance of its charitable aims.

During the year to 31<sup>st</sup> December 2023, the Community, together with Trustees have spent much time reflecting on the age profile and wellbeing of the sisters and considering plans for the future.

After much consultation the community decided to draw up an agreement with St. John of God Hospitaller Services. During this year they have worked closely to agree provision for the "operational" management of staff and services. They have experienced a period of change and transition at the latter end of the year, however, with the retirement of some key staff they have found this adjustment to St. John of God a very positive experience, indeed their ethos and mission are very similar to the Sisters.

#### **Public benefit**

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake and, in particular, its supplementary public guidance on the advancement of religion for the public benefit.

The trustees consider that the strategies employed to achieve the Charity's objectives for 2023 and the principal areas in which the Community is involved, set out below, provide benefit to the wider community in Northeast England, England as a whole, and elsewhere as the trustees see fit.

#### **Achievements and performance**

During the year to 31<sup>st</sup> December 2023, the sisters in the Community have continued to be actively involved in many works of Mercy in the Diocese:

Visiting the sick in their homes and hospitals;

Preparing retreats and educational talks in the Convent centre;

Sr Scholastica continues to offer support to seafarers at the Port of Sunderland;

Sisters working in various parishes offering administrative support and prayer reflections in schools;

Sister Michael leads a religious education group in the Centre twice a week and annually provides opportunities for them to have an Icon Writing Retreat where their work is celebrated in liturgy;

A number of the sisters continue to work closely with the Religious Education department in St. Anthony's School and provide opportunities for young people to visit the convent and learn about the "Mercy ethos," "popular piety" and other religious activities;

# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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In July of this year Sr Josepha retired as Chair of Governors of St. Anthony's RC Girls' School following three years of service. Some of the elderly sisters who are unable to take part in active service offer their time to pray in the chapel for the needs of the world and local community;

The sisters work closely with the Youth Ministry Team and Sr. Josepha continues to represent the Community on the YMT board as well as hold the role of a Director;

Early in the year she accompanied over 600 young people and staff to "Flame" at the Wembley Arena in London. The sisters generously paid for transport for any youth groups living in outlying areas of the diocese, helping them get to their nearest train station; and

In August of this year, they were approached by the Multi-Academy Trust to assist St. John Bosco RC Primary School in finding a temporary home as their school had been identified as one of the schools beset with RAAC. It was fortuitous that Gabriel House was available and following a meeting of Trustees with CEO of the Trust, the sisters agreed to welcome the local Primary School into Gabriel House. They have thoroughly enjoyed being part of their journey and helping them in their hour of need. They were visited by Bishop Stephen the new bishop to the Diocese, and he gave his thanks and gratitude for their willingness to step in.

The sisters have also welcomed many visitors to the convent including:

- Senior leadership teams from St. Anthony's to hold meetings in a quiet setting for strategic planning etc.
- YMT leadership team review meetings and retreat meetings for the Interns to reflect on their roles.
- Leadership team meetings from St. Bede's RC School, Peterlee to plan the curriculum.
- A celebration in the chapel, attended by the sisters and members of the Multi-Academy Trust to experience the premier of "Jubilate" written by Will Todd and performed by students from St. Anthony's. This was followed by refreshments for all in our Centre. Two sisters celebrated 70 years of service – Sr. M. Immaculata and Sr. M. Dominica and Sr. M. Josepha celebrated her Golden Jubilee.

The Community made several large donations during 2023 of which the most significant were the following:-

- £15,000 towards supporting Youth Christian Workers.
- £25,000 towards the creation of a website to promote the education of children who are struggling with cancer and are unable to access education.
- £210,000 the final payment of the agreed donation to Significance, as part of a registered charitable Incorporated Organisation, set up to assist Youth Ministry Trust (YMT) and provide grant funding to YMT to support ongoing operating costs and contribute to modernising and developing YMT facilities.
- £5,000 towards supporting Justice and Peace Diocesan Refugee Project in the North East.

The Sisters continue to support local students to assist them in further and higher education, who would otherwise not have been able to afford their courses. 21 students received bursaries totalling £51,000.

The Community continues to provide financial assistance to three food banks, families in need and support for families during illness and death. One of the sisters continues to collect bread and vegetables etc., for local drop-ins and food banks etc., working in collaboration with local Christian Churches. This continues to be needed with the present high cost of living.

#### Financial review

The end of year saw our balance sheet in a healthy position with total funds standing at £31,364,051, an increase of £272,113 on last year £31,091,938. Before taking into consideration realised losses and gains on our investments, there was a deficit of £729,308 compared to a deficit in 2023 of £1,285,175.

# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Policy on reserves

The trustees have reviewed their medium-term commitments (up to 5 years) and continue to acknowledge that:-

- There continues to be increasing financial burdens placed upon us in providing adequate care for what is an ageing community. In addition to this, as Sisters become more frail, specific areas, i.e. catering, cleaning, care, and finances, are managed by employed lay staff with the consequential increase in budgeted costs.

We have also reviewed our longer-term commitments (6 to 10 years) and are satisfied that we have a suitable reserves policy in place.

#### Principal funding sources

As in previous years, the four main sources of funding were investment income, bank interest, residential home fees and covenanted Sister's teaching pensions. This year there was a realised gain of £904,854 (2023: deficit £587,001) on sales undertaken by our investment advisors. This last source is not taken into account when budgeting as it is merely a by-product of their transposition of investments during the year and cannot be relied upon.

As reported earlier (in Achievements and Performance), our donations and grants paid amounted to £413,733 (2023 £1,189,415), all made either for the promotion of the Roman Catholic religion or the provision of education.

#### Investment policy and objectives

The Charity has a formal investment policy which is reviewed on a regular basis.

The investment objective is the achievement of a targeted return of both income and capital growth with a moderate level of risk. The investment Manager's definition of the current risk level is Medium/High. This is achieved by reference to a six asset class indices which together constitute a composite benchmark, against which, portfolio performance is measured. Our investments may be positioned either side of the composite benchmark weightings, in order to take tactical views on respective asset classes.

This policy also provides for our advisors to take account of certain ethical constraints which we have imposed.

The Community's investment powers are governed by the provisions of the Trustee Act 2000.

The Community receives advice from our investment managers, Investec Wealth & Investment Limited, who provide us with quarterly valuations of the portfolio. Our General Manager is instructed to receive weekly (or more frequently as events dictate) reports from the stockbrokers and meet with them at least twice a year to ensure that the fund is managed in accordance with our guidelines and within the ethical principles of the Community.

Our General Manager reports to the trustees on a regular basis and arranges for the stockbroker who manages the portfolio to visit us twice a year in order to discuss all matters relating to investment policy with the trustees.

The trustees consider all advice received in meetings of the Council, although Sister Superior is empowered to take urgent decisions alone.

#### Investment performance:

The overall value of investments held at 31 December 2023 is £25,593,723 (2023: £25,090,253).

# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### **Major risks and management of those risks**

The major risks to which the Charity is exposed have been identified and considered. The trustees are satisfied that procedures are in place to cover all aspects of risk.

Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Procedures are also in place to ensure compliance with the health and safety of staff, clients and visitors to all our premises.

#### **Cash flow risk**

The Charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Charity uses foreign exchange forward contracts and interest rate swap contracts to hedge their exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

#### **Credit risk**

The Charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balances sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The charity has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

#### **Structure, governance and management**

The charity is governed by the single scheme approved by the Charity Commission on 24th January 2008. This scheme altered or affected the trusts of the charities formerly known as:-

Sisters of Mercy St. Annes' Convent Wolsingham  
Sisters of Mercy St. Anthony's Convent (229943)  
Sisters of Mercy St. Joseph's Convent Gosforth  
Sisters of Mercy Convent of Mercy Seaham  
Sisters of Mercy Convent of Mercy Hexham  
Sisters of Mercy St. Anthony's Secondary School  
Sisters of Mercy Educational Trust  
Sisters of Mercy Ryhope Property Trust

The trustees who served during the year and up to the date of signature of the financial statements were:

Miss P A A Shoulder  
Miss M M Rowntree  
Miss S Christon  
Miss K Matthews  
Mrs A M Shanks  
Mrs A M Thompson

#### **Recruitment and appointment of trustees**

Recruitment of trustees is undertaken by a process of discernment by the Sister Superior.

The power of appointing new trustees is vested in the Sister Superior.

# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### **Organisational structure**

The Sisters of Mercy Sunderland (229943) is an autonomous religious order which is administered by Sister Superior for the time being, together with a Council consisting of four members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community for a term of three years, but the trustees are appointed for a term of four years. The governing documents require that the trustees, who are an unincorporated body, must be drawn from members of the Community or trusted lay people.

The Chair of Trustees is the Sister Superior of the Community.

The Community lives and operates from the Convent at Sunderland. The Community also has an established Branch House at Wolsingham.

Strategic financial decisions relating to all the convents are overseen by the trustees, although the day-to-day management of accounts is undertaken by the Finance Manager, and latterly General Manager. Mandates with the principal bankers are in place to the effect that any two Trustees may sign cheques. In the case of the Branch House this authority is delegated to the respective Sisters in Charge but under the ultimate authority of the trustees.

The accounts accompanying this report are the accounts of the charitable trusts on which the assets of the Community are held.

#### **Induction and training of trustees**

As part of the ongoing training programme, existing and new trustees are made aware of their responsibilities as trustees of the Charity. This programme includes:-

- An introduction to the specific objectives, scope, and policies of the Charity. Most of the trustees, being members of the Community, are aware of the overall aims and objectives of the Charity, one of the Lay trustees has worked with the sisters as Chair of St. Anthony's Catholic Academy and has a deep commitment to the Mercy ethos. The other Lay trustee has extensive knowledge of parish and Diocesan affairs and the ethos that accompanies these. The trustees have committed to in-depth training either by Zoom or in person during 2023-24.
- Charity Commission information on trustees responsibilities as signposted through the Commission's guide "The Essential Trustee".
- A summary of the main documents which set out the operational framework for the Charity.
- Copies of the financial position as set out in both the latest published accounts and the latest financial forecast.
- Copies of the latest risk assessments.

# SISTERS OF MERCY SUNDERLAND

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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 and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that 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 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 sufficient 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 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.

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

*S Josepha*

Sister Josepha 21 Oct 2024 10:31:45 BST (UTC +1)

21 October 2024

Miss K Matthews

**Trustee**

21 October 2024

# SISTERS OF MERCY SUNDERLAND

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND

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#### Opinion

We have audited the financial statements of Sisters of Mercy Sunderland (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the 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.

#### 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 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

# SISTERS OF MERCY SUNDERLAND

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 cease operations, or have no realistic alternative but to do so.

#### **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.

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

#### **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. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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 control.

# SISTERS OF MERCY SUNDERLAND

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND

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#### Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) 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 now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

#### 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown 25 Oct 2024 12:56:16 BST (UTC +1)

**Simon Brown BA ACA DChA (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services**

.....25 October 2024

**Chartered Accountants**  
**Statutory Auditor**

Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# SISTERS OF MERCY SUNDERLAND

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<b><u>Income from:</u></b>			
Donations and legacies	<b>2</b>	462,119	414,604
Investments	<b>3</b>	824,607	964,030
<b>Total income</b>		1,286,726	1,378,634
<b><u>Expenditure on:</u></b>			
Raising funds	<b>4</b>	88,604	95,306
Charitable activities	<b>5</b>	1,927,430	2,568,503
<b>Total expenditure</b>		2,016,034	2,663,809
Net gains/(losses) on investments	<b>10</b>	1,001,421	(4,452,845)
<b>Net movement in funds</b>		272,113	(5,738,020)
Fund balances at 1 January 2023		31,091,938	36,829,958
<b>Fund balances at 31 December 2023</b>		31,364,051	31,091,938

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

All income and expenditure derive from continuing activities.

# SISTERS OF MERCY SUNDERLAND

## BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		5,364,145		5,379,578
Investments	13		25,593,723		25,090,253
			<u>30,957,868</u>		<u>30,469,831</u>
<b>Current assets</b>					
Debtors	14	363,480		437,103	
Cash at bank and in hand		173,667		324,723	
			<u>537,147</u>		<u>761,826</u>
<b>Creditors: amounts falling due within one year</b>	15	(130,964)		(139,719)	
Net current assets			<u>406,183</u>		<u>622,107</u>
<b>Total assets less current liabilities</b>			<u><u>31,364,051</u></u>		<u><u>31,091,938</u></u>
<b>Income funds</b>					
Unrestricted funds			<u>31,364,051</u>		<u>31,091,938</u>
			<u><u>31,364,051</u></u>		<u><u>31,091,938</u></u>

The financial statements were approved by the Trustees on 21 October 2024

*S Josepha*

Sister Josepha 21 Oct 2024 10:31:45 BST (UTC +1)

21 October 2024

Miss K Matthews  
Trustee

# SISTERS OF MERCY SUNDERLAND

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	19	(566,761)		(2,177,331)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,999)		(4,398)	
Proceeds from disposal of tangible fixed assets		-		9,451	
Purchase of investments		(8,713,250)		(4,584,530)	
Disposal of investments		8,306,347		5,509,594	
Investment income received		824,607		964,030	
<b>Net cash generated from investing activities</b>			415,705		1,894,147
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(151,056)		(283,184)
Cash and cash equivalents at beginning of year			324,723		607,907
<b>Cash and cash equivalents at end of year</b>			173,667		324,723

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

#### Charity information

Sisters of Mercy Sunderland is a charity registered by Trust Deed in England and Wales. The principal address is given on the legal and administrative information page at the front of these financial statements. The nature of the charity's operations and principal activities are included on page 1.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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 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.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Interest on funds held on deposit is included when receivable and the amount paid can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies (Continued)

#### 1.5 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 are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Fixed assets costing £50 or more are initially recorded at cost.

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:

Freehold land and buildings (restated)	Not depreciated
Fixtures and fittings	15% per annum
Motor vehicles	25% per annum

Freehold land and buildings are not depreciated

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 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).

#### 1.9 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 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.

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Accounting policies

(Continued)

##### **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.

#### 1.11 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.

#### 1.12 Retirement benefits

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

#### 2 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Gifts - covenanted pensions and salaries	450,406	413,941
Donations from individuals	11,713	663
	<u>462,119</u>	<u>414,604</u>

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 3 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Income from investments	808,356	943,956
Interest receivable	16,251	20,074
	<u>824,607</u>	<u>964,030</u>

### 4 Raising funds

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Investment manager's fees	88,604	95,306
	<u>88,604</u>	<u>95,306</u>

### 5 Charitable activities

	Charitable activities 2023	Charitable activities 2022
	£	£
Staff costs	896,520	806,874
Premises costs	235,017	224,561
Household and provisions	91,542	106,167
Religious and chapel expenses	27,733	14,883
	<u>1,250,812</u>	<u>1,152,485</u>
Grant funding of activities (see note 6)	413,733	1,189,415
Share of support costs (see note 7)	146,943	186,735
Share of governance costs (see note 7)	115,942	39,868
	<u>1,927,430</u>	<u>2,568,503</u>

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 6 Grants payable

	<b>Charitable activities 2023 £</b>
Grants to institutions:	
Education grants	254,000
Religious grants	95,000
Community grants	10,000
Other grants < £5,000	19,733
	<u>378,733</u>
Grants to individuals	35,000
	<u>413,733</u>

-

### 7 Support costs

	<b>Support costs £</b>	<b>Governance costs £</b>	<b>2023 £</b>	<b>Support costs £</b>	<b>Governance costs £</b>	<b>2022 £</b>
Depreciation	14,124	-	14,124	10,261	-	10,261
Telephone	12,608	-	12,608	5,206	-	5,206
Motor and travel	41,687	-	41,687	48,202	-	48,202
Write off of loan	32,000	-	32,000	-	-	-
Bank charges	3,036	-	3,036	3,929	-	3,929
Printing, postage and stationary	17,277	-	17,277	20,606	-	20,606
Subscriptions	2,646	-	2,646	1,895	-	1,895
Sister's expenses	1,057	-	1,057	67,653	-	67,653
Medical	19,090	-	19,090	28,983	-	28,983
Staff training	3,418	-	3,418	-	-	-
Audit fees	-	17,500	17,500	-	22,956	22,956
Legal and professional	-	85,455	85,455	-	16,912	16,912
Accountancy fees	-	12,987	12,987	-	-	-
	<u>146,943</u>	<u>115,942</u>	<u>262,885</u>	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>
Analysed between						
Charitable activities	<u>146,943</u>	<u>115,942</u>	<u>262,885</u>	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>

Governance costs includes payments to the auditors of £17,500 (2022- £22,956) for audit fees.

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 8 Trustees

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

### 9 Employees

The average monthly number of employees during the year was:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Care Staff	16	14
Domestic Staff	12	10
Management Staff	6	6
Administration Staff	3	3
	<hr/>	<hr/>
Total	37	33
	<hr/> <hr/>	<hr/> <hr/>

#### Employment costs

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	828,657	730,770
Social security costs	57,947	63,552
Other pension costs	9,916	12,552
	<hr/>	<hr/>
	896,520	806,874
	<hr/> <hr/>	<hr/> <hr/>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<hr/> <hr/>	<hr/> <hr/>

### 10 Net gains/(losses) on investments

	<b>Unrestricted funds</b>	<b>Unrestricted funds</b>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Revaluation of investments and cash movements	96,567	(3,865,844)
Gain/(loss) on sale of investments	904,854	(587,001)
	<hr/>	<hr/>
	1,001,421	(4,452,845)
	<hr/> <hr/>	<hr/> <hr/>

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

#### 12 Tangible fixed assets

	Freehold land and buildings (restated)	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2023	5,289,831	356,702	85,812	5,732,345
Additions	-	1,999	-	1,999
Disposals	-	-	(23,496)	(23,496)
At 31 December 2023	5,289,831	358,701	62,316	5,710,848
<b>Depreciation and impairment</b>				
At 1 January 2023	-	279,452	73,315	352,767
Depreciation charged in the year	-	11,826	2,296	14,122
Eliminated in respect of disposals	-	-	(20,186)	(20,186)
At 31 December 2023	-	291,278	55,425	346,703
<b>Carrying amount</b>				
At 31 December 2023	5,289,831	67,423	6,891	5,364,145
At 31 December 2022	5,289,831	77,250	12,497	5,379,578

See note 20 Prior Period Adjustment for details of restated Freehold land and buildings.

#### 13 Fixed asset investments

	Listed investments	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2023	24,391,680	698,573	25,090,253
Additions	8,012,250	701,000	8,713,250
Valuation changes	383,457	-	383,457
Cash movement	-	(286,890)	(286,890)
Disposals	(7,713,347)	(593,000)	(8,306,347)
At 31 December 2023	25,074,040	519,683	25,593,723
<b>Carrying amount</b>			
At 31 December 2023	25,074,040	519,683	25,593,723
At 31 December 2022	24,391,680	698,573	25,090,253

2023

2022

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Fixed asset investments	(Continued)	
	£	£
Investments at fair value comprise:		
UK Fixed income and equities	10,263,799	14,598,219
Overseas Fixed income and Equities	10,210,916	5,139,231
Commercial Property	2,264,388	2,066,313
Alternatives	2,334,937	2,587,917
Cash and Cash equivalents	519,683	698,573
	<u>25,593,723</u>	<u>25,090,253</u>

### Fixed asset investments revalued

Investments included above are held at market value as at the year end. The historical cost of these investments at the year end was £20,924,496 (2022: £20,786,349).

14 Debtors	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	294,575	32,000
Prepayments and accrued income	68,905	78,528
	<u>363,480</u>	<u>110,528</u>
<b>Amounts falling due after more than one year:</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other debtors	-	326,575
	<u>363,480</u>	<u>437,103</u>
<b>Total debtors</b>	<b>363,480</b>	<b>437,103</b>

Other debtors include £Nil (2022 - £326,575) receivable after more than one year. The amount represents a loan advanced to Carntyne Care Home Ltd. to facilitate the disposal of Carntyne Residential Home by the trustees. The loan is repayable within a maximum of 12 years from the balance sheet date and £294,575 was repaid following the 2023 year end writing off an unrecovered balance of £32,000.

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 15 Creditors: amounts falling due within one year

	2023 £	2022 £
Other taxation and social security	18,837	12,809
Trade creditors	27,190	-
Other creditors	37,003	37,891
Accruals and deferred income	47,934	89,019
	<u>130,964</u>	<u>139,719</u>

### 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 profit or loss in respect of defined contribution schemes was £9,916 (2022 - £12,552).. At the year-end £3,825 was included in other creditors (2022: £nil).

### 17 Analysis of net assets between funds

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Fund balances at 31 December 2023 are represented by:		
Tangible assets	5,364,145	5,379,578
Investments	25,593,723	25,090,253
Current assets/(liabilities)	406,183	622,107
	<u>31,364,051</u>	<u>31,091,938</u>

### 18 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	<u>157,701</u>	<u>151,393</u>

#### Transactions with related parties

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

# SISTERS OF MERCY SUNDERLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 18 Related party transactions

(Continued)

The sisters, who are Trustees of the Charity, covenant their personal pension and income to the charity as shown in donations and legacies.

The charity is a related party with Youth Ministry Trust by having common trustees.

During the year, the charity awarded a grant to Youth Ministry Trust amounting to £40,000 and incurred expenditure on behalf of the Trust, amount to £420. As at the year end, no balances were owed to the Trust.

19 Cash generated from operations	2023	2022
	£	£
Surplus/(deficit) for the year	272,113	(5,738,020)
Adjustments for:		
Investment income recognised in statement of financial activities	(824,607)	(964,030)
Proceeds from disposal of fixed assets	3,310	(7,209)
(Gain)/loss on disposal of investments	-	587,001
Fair value gains and losses on investments	(96,567)	3,865,844
Depreciation and impairment of tangible fixed assets	14,122	17,470
Movements in working capital:		
Decrease in debtors	73,623	34,781
(Decrease)/increase in creditors	(8,755)	26,832
<b>Cash absorbed by operations</b>	<u>(566,761)</u>	<u>(2,177,331)</u>

#### 20 Prior Period Adjustment

During the audit of the 2023 year end, it was identified that an asset held on the balance sheet within freehold property, had been disposed of as part of a larger disposal of property in 2018. As a result, freehold property was being overstated by £750,699.

A prior period adjustment has been performed to reflect that adjustment. The impact of this adjustment is as follows:

Prior to 31 December 2021, the adjustment has resulted in a reduction in freehold property by means of a disposal of £750,699 and a correction to opening reserves of the same value.

As at 31 December 2022, the prior period adjustment of £750,699 has resulted in a reduction in freehold property and a reduction in funds. Freehold property as shown in the signed y/e 31 December 2022 accounts has reduced from £6,040,530 to £5,289,831, and funds have reduced from £31,842,637 to £31,091,938.

**SISTERS OF MERCY SUNDERLAND**

England & Wales - Charity number 229943

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# Accounts

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Charity registration number 229943

**SISTERS OF MERCY SUNDERLAND (229943)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# SISTERS OF MERCY SUNDERLAND (229943)

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Miss P.A. Shoulder Miss M.M. Rowntree Miss S.C Christon Miss K. Matthews Mrs A.M. Shanks Mrs A.M. Thompson
<b>Charity number</b>	229943
<b>Principal address</b>	St Anthony's Convent of Mercy Oak Lea Tunstall Road Sunderland Tyne & Wear SR2 7JR
<b>Auditor</b>	Whitnalls Trident House 105 Derby Road Liverpool L20 8LZ
<b>Bankers</b>	National Westminster Bank plc 52 Fawcett Street Sunderland SR1 1SB
<b>Solicitors</b>	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF
<b>Investment advisors</b>	Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN

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# SISTERS OF MERCY SUNDERLAND (229943)

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# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The trustees present their annual report and financial statements for the year ended 31 December 2022.

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 governing document, the Charities Act 2011 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**

Our objectives are set to reflect our faith and community aims. Each year the trustees review our objectives and activities to ensure that they continue to reflect our aims. In carrying out this review, the trustees have considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary public guidance on the advancement of religion for the public benefit.

The Charity's objectives are the promotion of the educational, religious and other charitable work of the Roman Catholic Church in England for the benefit of the public in such a way as the trustees shall from time to time, with the consent of the Sister Superior, determine. If, and insofar as the trustees consider, they may not usefully apply assets available for distribution in any one year in England then they shall apply the same with such consent for such work elsewhere.

The Charity carries out a wide range of activities in pursuance of its charitable aims.

#### **Public benefit**

The trustees consider that the strategies employed to achieve the Charity's objectives for 2022 and the principal areas in which the Community is involved, set out below, provide benefit to the wider community in Northeast England, England as a whole, and elsewhere as the trustees see fit.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

#### **Achievements and performance**

During the year to 31st December 2022, the Community was active in all principal areas listed.

The Sisters continued with their work as Parish Administrator, Parish Sister, School Governor and in their catechetical work.

Visitation of the sick and elderly continued and weekly adult education courses continued in the Convent Centre.

Sister Mary Michael was appointed Vicar for Religious in the Diocese of Hexham and Newcastle and has endeavoured to meet all religious brothers and sisters throughout the Diocese either in fixed venues or here in Oaklea.

A visiting sister lead an "Icon" Retreat where participants, through prayer, the Eucharist and individual "writing" of Icons developed their faith in an atmosphere of quiet and reflection.

A sister continues to represent the Federation of Sisters of Mercy for Global Mercy while another sister works for the Apostleship of the Sea, maintaining the Sunderland A.O.S Centre in the Sunderland Docks.

The Community keeps in close contact with St. Anthony's Catholic Girls' Trust which is part of the Bishop Chadwick Academy Trust. One of the sisters continues to be the Chair of Governors and in this role organises opportunities for the sisters to share their favourite prayer pattern with Year 10 students. A video has been made by the sisters and school staff to acquaint the Year 7 students with their Mercy Heritage, Catherine McAuley, and the Oaklea Convent.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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After many years of use, Gabriel House, loaned to the school, is returning to the Community. Other venues are available for school use. The return began on November 30th, 2022 and will be completed by June 2023. The school will renovate and return it in a suitable standard.

The sisters worked very closely with the Youth Ministry Team (see large donations to SIGNIFICANCE.) Sr. M. Josepha represents the Community on the YMT board and is a director.

Three sisters celebrated their Diamond Jubilees – Sr. M. Adrienne, Alphonsus and Aelred.

The Community made several large donations during 2022 of which the most significant were the following: -

- Further donation of £562,500 to Significance, a registered Charitable Incorporated Organisation, set up to assist the Youth Ministry Trust (YMT) and provide grant funding to YMT for the purposes of meeting YMT's ongoing operating costs and to contribute to modernising and developing YMT's facilities, thereby enabling it to be self-sufficient and no longer reliant on grant funding from the Diocese of Hexham & Newcastle.
- £500,000 paid to Durham University as part of a 2 year endowment towards the ongoing core operations and associated running costs of the Centre for Catholic Studies. The Trustees are satisfied that this donation is in furtherance of the Charity's objects.
- A donation of £4,000 was made to St Benedict's Hospice.
- An annual donation of £3,000 was made to The Salvation Army. Further donations will be made for emergency aid, when necessary.
- Donations of £4,000 made to CAFOD.
- A donation of £5,000 was made to the Diocese of Hexham and Newcastle towards its Justice and Peace Refugee Project.

We continued our support of students to assist them in further and higher education, who would otherwise not have been able to afford their courses. Bursary payments were made to 23 students, totalling £57,000.

The Community continues to provide financial assistance to three food banks, families in need and support for families during illness and death. One of the sisters is a volunteer for Fair Share (collecting bread/vegetables etc.,) and delivering them to local drop-ins, foodbanks etc., working in collaboration with local Christian Churches. This continues to be needed with the present high cost of living.

#### **Financial review**

The end of year saw our Balance Sheet in a healthy position with total funds standing at £31,842,637, regardless a decrease of £5,738,020 on the previous year. Before taking into consideration realised losses and gains on our investments, there was a deficit of £1,285,175, which compares with last year's deficit of £818,804.

#### **Policy on reserves**

The Trustees have reviewed their medium-term commitments (up to 5 years) and continue to acknowledge that:-

1. There continues to be increasing financial burdens placed upon us in providing adequate care for what is an ageing community. In addition to this, as Sisters become more frail, specific areas, i.e., catering, cleaning, care, and finances, are managed by employed lay staff with the consequential increase in budgeted costs.
1. As Sisters reach retiring age, they will need retraining in new ministry. It is, therefore, prudent to set aside funds towards potential extra costs. This requires resources for their ongoing development and personal renewal.

We have also reviewed our longer-term commitments (6 to 10 years) and are satisfied that we have a suitable reserves policy in place.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Principal funding sources**

As in previous years, the four main sources of funding were investment income, bank interest, residential home fees and covenanted Sisters' teaching pensions. This year there was a realised deficit of £587,001 (last year surplus £1,318) on sales undertaken by our investment advisors. This last source is not taken into account when budgeting as it is merely a by-product of their transposition of investments during the year and cannot be relied upon.

As reported earlier (in Achievements and Performance) our donations and grants paid amounted to £1,189,415, all made either for the promotion of the Roman Catholic religion or the provision of education.

#### **Investment policy and objectives**

The Charity has a formal investment policy which is reviewed on a regular basis.

The investment objective is the achievement of a targeted return of both income and capital growth with a moderate level of risk. The Investment Manager's definition of the current risk level is Medium/High. This is achieved by reference to six asset class indices which together constitute a composite benchmark, against which, portfolio performance is measured. Our investments may be positioned either side of the composite benchmark weightings, in order to take tactical views on respective asset classes.

This policy also provides for our advisors to take account of certain ethical constraints which we have imposed.

The Community's investment powers are governed by the provisions of the Trustee Act 2000.

The Community receives advice from our investment managers, Investec Wealth & Investment Limited, who provide us with quarterly valuations of the portfolio. Our General Manager is instructed to receive weekly (or more frequently as events dictate) reports from the stockbrokers and meet with them at least twice a year to ensure that the fund is managed in accordance with our guidelines and within the ethical principles of the Community.

Our General Manager reports to the Trustees on a regular basis and arranges for the stockbroker who manages the portfolio to visit us twice during the year in order to discuss all matters relating to investment policy with the Trustees.

The Trustees consider all advice received in meetings of the Council, although Sister Superior is empowered to take urgent decisions alone.

#### **Investment performance:**

The overall value for the year 2022 was £25,090,253

Portfolio (Gross) -11.5%

Portfolio (Net) -11.8%

Benchmark (Gross) -4.8%

#### **Major risks and management of those risks**

The major risks to which the Charity is exposed have been identified and considered. The Trustees are satisfied that procedures are in place to cover all aspects of risk.

Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Procedures are also in place to ensure compliance with the health and safety of staff, clients and visitors to all our premises.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### ***Cash flow risk***

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

### ***Credit risk***

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The charity has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

### **Plans for future periods**

#### **Activities planned to achieve aims**

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

We intend to review our existing plans to ensure that the Charity's ageing community needs, as identified in the Reserves Policy section, are fully provided for. The health of the Community must be a continual review to ensure that funds are in place to meet all health requirements.

As in previous years we have plans to make a number of charitable donations in 2023.

### **Structure, governance and management**

#### **Nature of governing document**

The charity is governed by the single scheme approved by the Charity Commission on 24th January 2008. This scheme altered or affected the trusts of the charities formerly known as:-

Sisters of Mercy St. Anne's Convent Wolsingham  
Sisters of Mercy St. Anthony's Convent (229943)  
Sisters of Mercy St. Joseph's Convent Gosforth  
Sisters of Mercy Convent of Mercy Seaham  
Sisters of Mercy Convent of Mercy Hexham  
Sisters of Mercy St. Anthony's Secondary School  
Sisters of Mercy Educational Trust  
Sisters of Mercy Ryhope Property Trust

# SISTERS OF MERCY SUNDERLAND (229943)

## TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2022*

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### **Trustees**

The trustees who served during the year and up to the date of signature of the financial statements were:

Miss P.A. Shoulder  
Miss M.M. Rowntree  
Miss S.C. Christon  
Miss K. Matthews  
Mrs A.M. Shanks  
Mrs A.M. Thompson

### **Recruitment and appointment of trustees**

Recruitment of trustees is undertaken by a process of discernment by the Sister Superior.

The power of appointing new trustees is vested in the Sister Superior.

### **Induction and training of trustees**

As part of the ongoing training programme, existing and new Trustees are made aware of their responsibilities as Trustees of this charity. This programme includes: -

- An introduction to the specific objectives, scope, and policies of the Charity. Most of the Trustees, being members of the Community, are aware of the overall aims and objectives of the Charity, one of the Lay Trustees has worked with the Sisters as Chair of St. Anthony's Catholic Academy and has a deep commitment to the Mercy ethos. The other Lay Trustee has extensive knowledge of parish and Diocesan affairs and the ethos that accompanies these. The Trustees have committed to in-depth training either by Zoom or in person during 2022-23.
- Charity Commission information on trustee responsibilities as signposted through the Commission's guide "The Essential Trustee".
- A summary of the main documents which set out the operational framework for the Charity.
- Copies of the financial position as set out in both the latest published accounts and the latest financial forecast.
- Copies of the latest risk assessments.

The Sisters of Mercy Sunderland (229943) is an autonomous religious order which is administered by Sister Superior for the time being, together with a Council consisting of four members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community for a term of three years, but the trustees are appointed for a term of four years. The governing documents require that the trustees, who are an unincorporated body, must be drawn from members of the Community or trusted lay people.

The Chair of Trustees is the Sister Superior of the Community.

The Community lives and operates from the Convent at Sunderland. The Community also has an established Branch House at Wolsingham.

Strategic financial decisions relating to all the Convents are overseen by the Trustees, although the day-to-day management of accounts is undertaken by the Finance Manager, and latterly General Manager. Mandates with the principal bankers are in place to the effect that any two Trustees may sign cheques. In the case of the Branch Houses this authority is delegated to the respective Sisters in Charge but under the ultimate authority of the Trustees.

The accounts accompanying this report are the accounts of the charitable trusts on which the assets of the Community are held.

# SISTERS OF MERCY SUNDERLAND (229943)

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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 and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that 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 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 sufficient 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 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.

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

*Patricia Shoulder*

Miss P.A. Shoulder  
**Trustee**

*M.M. Rowntree*

Miss M.M. Rowntree  
**Trustee**

8 December 2023

# SISTERS OF MERCY SUNDERLAND (229943)

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)

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#### Opinion

We have audited the financial statements of Sisters Of Mercy Sunderland (229943) (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the 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.

#### 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 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.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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#### **Matters on which we are required to report by exception**

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 cease operations, or have no realistic alternative but to do so.

#### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

##### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the charity, control environment and business performance;
- the charity's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of members of the Board of Trustees of their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the charity's Statement of Financial Activities, and (ii) the charity's accounting policy for revenue and grant recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Charities Act and the Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued by the joint SORP making body .

In addition, we considered whether other laws and regulations exist that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. In this case we believe that employment laws are applicable.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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##### **Audit response to risks identified**

As a result of performing the above, we identified the presentation of the charity's Statement of Financial Activities, and revenue and grant recognition as the key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of members of the Board of Trustees concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

##### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) 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 now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

## **SISTERS OF MERCY SUNDERLAND (229943)**


### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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##### **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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Whitnalls**

8 December 2023

**Accountants**

**Statutory Auditor**

Trident House  
105 Derby Road  
Liverpool  
L20 8LZ

Whitnalls is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## SISTERS OF MERCY SUNDERLAND (229943)

### STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<b>Income and endowments from:</b>			
Donations and legacies	2	414,604	499,855
Investments	3	964,030	1,062,426
Other income	4	-	668
<b>Total income</b>		<u>1,378,634</u>	<u>1,562,949</u>
<b>Expenditure on:</b>			
Raising funds	5	<u>95,306</u>	<u>106,258</u>
Charitable activities	6	<u>2,568,503</u>	<u>2,275,495</u>
<b>Total expenditure</b>		<u>2,663,809</u>	<u>2,381,753</u>
Net gains/(losses) on investments	11	<u>(4,452,845)</u>	<u>2,591,338</u>
<b>Net movement in funds</b>		<u>(5,738,020)</u>	<u>1,772,534</u>
Fund balances at 1 January 2022		<u>37,580,657</u>	<u>35,808,123</u>
<b>Fund balances at 31 December 2022</b>		<u><u>31,842,637</u></u>	<u><u>37,580,657</u></u>

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

All income and expenditure derive from continuing activities.

# SISTERS OF MERCY SUNDERLAND (229943)

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		6,130,277		6,145,591
Investments	14		24,796,268		30,468,162
			<u>30,926,545</u>		<u>36,613,753</u>
<b>Current assets</b>					
Debtors	15	437,103		471,884	
Cash at bank and in hand		618,708		607,907	
		<u>1,055,811</u>		<u>1,079,791</u>	
<b>Creditors: amounts falling due within one year</b>	16	(139,719)		(112,887)	
Net current assets			916,092		966,904
<b>Total assets less current liabilities</b>			<u>31,842,637</u>		<u>37,580,657</u>
<b>Income funds</b>					
Unrestricted funds			31,842,637		37,580,657
			<u>31,842,637</u>		<u>37,580,657</u>

The financial statements were approved by the Trustees on 8 December 2023

*Patricia Shoulder*

*M M Rowntree*

Miss P.A. Shoulder  
Trustee

Miss M.M. Rowntree  
Trustee

## SISTERS OF MERCY SUNDERLAND (229943)

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(2,177,331)		(1,907,332)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(4,398)		(9,801)	
Proceeds from disposal of tangible fixed assets		9,451		2,000	
Purchase of investments		(4,584,530)		(2,599,290)	
Proceeds from disposal of investments		5,803,579		2,905,350	
Investment income received		964,030		1,062,426	
<b>Net cash generated from investing activities</b>			2,188,132		1,360,685
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			10,801		(546,647)
Cash and cash equivalents at beginning of year			607,907		1,154,554
<b>Cash and cash equivalents at end of year</b>			<u>618,708</u>		<u>607,907</u>

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Charity information

Sisters of Mercy Sunderland is a charity registered by Trust Deed in England and Wales. The principal address is given on the legal and administrative information page at the front of these financial statements. The nature of the charity's operations and principal activities are included on page 1.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Trust Deed, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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 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.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### 1.5 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 are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Fixed assets costing £50 or more are initially recorded at cost.

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:

Freehold land and buildings	Not depreciated
Fixtures and fittings	15% per annum
Motor vehicles	25% per annum

Freehold land and buildings are not depreciated.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 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).

#### 1.9 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 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.

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **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.

#### 1.11 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.

#### 1.12 Retirement benefits

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

### 2 Donations and legacies

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Gifts - covenanted pensions and salaries	413,941	439,854
Donations from individuals	663	60,001
	<u>414,604</u>	<u>499,855</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Investments

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Income from listed investments	859,539	962,340
Income from unlisted investments	84,417	87,346
Interest receivable	20,074	12,740
	<u>964,030</u>	<u>1,062,426</u>

#### 4 Other income

	Total 2022 £	Unrestricted funds 2021 £
Other income	-	668
	<u>-</u>	<u>668</u>

#### 5 Raising funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Investment manager's fees	95,306	106,258
	<u>95,306</u>	<u>106,258</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 6 Charitable activities

	Charitable activities 2022 £	Charitable activities 2021 £
Staff costs	806,874	751,549
Premises costs	224,561	146,604
Household and provisions	106,167	113,067
Religious and chapel expenses	14,883	33,566
	<u>1,152,485</u>	<u>1,044,786</u>
Grant funding of activities (see note 7)	1,189,415	985,329
Share of support costs (see note 8)	186,735	187,570
Share of governance costs (see note 8)	39,868	57,810
	<u>2,568,503</u>	<u>2,275,495</u>

#### 7 Grants payable

	Charitable activities 2022 £	Charitable activities 2021 £
Grants to institutions: Other	1,132,415	923,329
Grants to individuals	57,000	62,000
	<u>1,189,415</u>	<u>985,329</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Depreciation	10,261	-	10,261	21,721	-	21,721
Telephone	5,206	-	5,206	4,810	-	4,810
Motor and travel	48,202	-	48,202	43,883	-	43,883
Bad and doubtful debts	-	-	-	1,164	-	1,164
Bank charges	3,929	-	3,929	4,421	-	4,421
Printing, postage and stationery	20,606	-	20,606	19,441	-	19,441
Subscriptions	1,895	-	1,895	2,592	-	2,592
Sister's expenses	67,653	-	67,653	73,200	-	73,200
Medical	28,983	-	28,983	15,378	-	15,378
Staff training	-	-	-	960	-	960
Audit fees	-	22,956	22,956	-	23,466	23,466
Legal and professional	-	16,912	16,912	-	34,344	34,344
	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>	<u>187,570</u>	<u>57,810</u>	<u>245,380</u>
Analysed between						
Charitable activities	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>	<u>187,570</u>	<u>57,810</u>	<u>245,380</u>

Governance costs includes payments to the auditors of £22,956 (2021- £23,466) for audit fees.

#### 9 Trustees

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

#### 10 Employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Care Staff	14	13
Domestic Staff	10	9
Management Staff	6	6
Administration Staff	3	3
	<u>33</u>	<u>31</u>
Total	<u>33</u>	<u>31</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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<b>10 Employees</b>	<b>(Continued)</b>	
<b>Employment costs</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	730,770	688,952
Social security costs	63,552	51,360
Other pension costs	12,552	11,237
	<u>806,874</u>	<u>751,549</u>

There were no employees whose annual remuneration was more than £60,000.

### 11 Net gains/(losses) on investments

	<b>Unrestricted funds</b>	<b>Unrestricted funds</b>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Revaluation of investments	(3,865,844)	2,590,020
Gain/(loss) on sale of investments	(587,001)	1,318
	<u>(4,452,845)</u>	<u>2,591,338</u>

### 12 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	6,040,530	353,774	115,211	6,509,515
Additions	-	4,398	-	4,398
Disposals	-	(1,470)	(29,399)	(30,869)
At 31 December 2022	6,040,530	356,702	85,812	6,483,044
<b>Depreciation and impairment</b>				
At 1 January 2022	-	266,912	97,012	363,924
Depreciation charged in the year	-	13,304	4,166	17,470
Eliminated in respect of disposals	-	(764)	(27,863)	(28,627)
At 31 December 2022	-	279,452	73,315	352,767
<b>Carrying amount</b>				
At 31 December 2022	6,040,530	77,250	12,497	6,130,277
At 31 December 2021	6,040,530	86,862	18,199	6,145,591

### 14 Fixed asset investments

	Listed investments	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2022	26,474,634	3,993,528	30,468,162
Additions	1,817,039	2,767,491	4,584,530
Valuation changes	(3,018,680)	(847,164)	(3,865,844)
Disposals	(5,890,580)	(500,000)	(6,390,580)
At 31 December 2022	19,382,413	5,413,855	24,796,268
<b>Carrying amount</b>			
At 31 December 2022	19,382,413	5,413,855	24,796,268
At 31 December 2021	26,474,634	3,993,528	30,468,162

#### Significant holdings

The trustees have set 5% of the balance sheet value as at 31 December as the threshold for reporting material investments. As at 31 December 2022 the following investments were considered material:

The Charities Property Fund - The holding amounts to 6.48% of the balance sheet value and 8.33% of the total portfolio.

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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14 Fixed asset investments (Continued)

15 Debtors	2022	2021
Amounts falling due within one year:	£	£
Other debtors	32,000	38,615
Prepayments and accrued income	78,528	75,281
	<u>110,528</u>	<u>113,896</u>
	2022	2021
Amounts falling due after more than one year:	£	£
Other debtors	326,575	357,988
	<u>437,103</u>	<u>471,884</u>
<b>Total debtors</b>	<b>437,103</b>	<b>471,884</b>

Other debtors include £326,575 (2021 - £357,988) receivable after more than one year. The amount represents a loan advanced to Carntyne Care Home Ltd. to facilitate the disposal of Carntyne Residential Home by the trustees. The loan is repayable within a maximum of 12 years from the balance sheet date.

16 Creditors: amounts falling due within one year	2022	2021
	£	£
Other taxation and social security	12,809	11,589
Other creditors	37,891	-
Accruals and deferred income	89,019	101,298
	<u>139,719</u>	<u>112,887</u>

17 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 profit or loss in respect of defined contribution schemes was £12,552 (2021 - £11,237).

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18 Analysis of net assets between funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Fund balances at 31 December 2022 are represented by:		
Tangible assets	6,130,277	6,145,591
Investments	24,796,268	30,468,162
Current assets/(liabilities)	916,092	966,904
	<u>31,842,637</u>	<u>37,580,657</u>

#### 19 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

#### 20 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(5,738,020)	1,772,534
Adjustments for:		
Investment income recognised in statement of financial activities	(964,030)	(1,062,426)
(Gain)/loss on disposal of tangible fixed assets	(7,209)	988
Loss/(gain) on disposal of investments	587,001	(1,318)
Fair value gains and losses on investments	3,865,844	(2,590,020)
Depreciation and impairment of tangible fixed assets	17,470	20,733
Movements in working capital:		
Decrease in debtors	34,781	23,143
Increase/(decrease) in creditors	26,832	(70,966)
<b>Cash absorbed by operations</b>	<u>(2,177,331)</u>	<u>(1,907,332)</u>

**SISTERS OF MERCY SUNDERLAND**

England & Wales - Charity number 229943

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# Accounts

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Charity registration number: X229943

# Sisters of Mercy Sunderland (229943)

Annual Report and Financial Statements

for the Year Ended 31 December 2021

**Whitnalls**

Chartered Certified Accountants & Registered Auditors

Trident House  
105 Derby Road  
Liverpool  
L20 8LZ

**Sisters of Mercy Sunderland (229943)**

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## **Sisters of Mercy Sunderland (229943)**

### **Reference and Administrative Details**

<b>Trustees</b>	Miss P.A. Shoulder Miss M.M. Rowntree Miss S.C. Christon Miss K. Matthews (appointed 15 May 2021) Mrs A.M. Shanks Mrs A.M. Thompson Miss J.C. Carlin (resigned 15 May 2021)
<b>Principal Office</b>	Convent of Mercy Oak Lea Tunstall Road Sunderland SR2 7JR
<b>Charity Registration Number</b>	X229943
<b>Solicitors</b>	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF
<b>Bankers and Other Financial Advisors</b>	National Westminster Bank plc 52 Fawcett Street Sunderland SR1 1SB  Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN
<b>Auditor</b>	Whitnalls Chartered Certified Accountants & Registered Auditors Trident House 105 Derby Road Liverpool L20 8LZ

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

The trustees present the annual report together with the financial statements of the charity for the year ended 31 December 2021.

#### **Trustees**

Miss P.A. Shoulder

Miss M.M. Rowntree

Miss S.C. Christon

Miss K. Matthews (appointed 15 May 2021)

Mrs A.M. Shanks

Mrs A.M. Thompson

Miss J.C. Carlin (resigned 15 May 2021)

#### **Objectives and activities**

##### ***Objects and aims***

Our objectives are set to reflect our faith and community aims. Each year the trustees review our objectives and activities to ensure that they continue to reflect our aims. In carrying out this review, the trustees have considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary public guidance on the advancement of religion for the public benefit.

The Charity's objectives are the promotion of the educational, religious and other charitable work of the Roman Catholic Church in England for the benefit of the public in such a way as the trustees shall from time to time, with the consent of the Sister Superior, determine. If, and insofar as the trustees consider, they may not usefully apply assets available for distribution in any one year in England then they shall apply the same with such consent for such work elsewhere.

The Charity carries out a wide range of activities in pursuance of its charitable aims.

##### ***Public benefit***

The trustees consider that the strategies employed to achieve the Charity's objectives for 2021 and the principal areas in which the Community is involved, set out below, provide benefit to the wider community in North East England, England as a whole, and elsewhere as the trustees see fit.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

#### **Achievements and performance**

During the year to 31st December 2021, the Community was active in all principal areas listed above. A summary of key developments is set out below:-

Within the limitations of lockdown and Covid restrictions, the Sisters in Oaklea continued their various ministries, working as parish sisters, parish based committee co-ordinators, school governors and visitors to the elderly and others in need. Other Sisters do very valuable work in the house, attending to visitors and callers, helping to provide food for the poor. Some are involved in adult education programmes.

The Community has provided financial assistance to three food banks, families in need during lockdown and support for families during illness and death. This has been essential during the continuing Covid outbreak. One of the sisters is a volunteer for Fair Share collecting essential foods and delivering them to local drop-ins, foodbanks and the like, working in collaboration with local Christian Churches.

An essential community project during lockdown was singing outside the Convent every Thursday supporting the NHS and showing social solidarity with our neighbours. This gesture of gratitude was continued until March 2021 which led to valuable contact by phone and email with many in Sunderland and beyond. Many of the Sisters continued their work with the vulnerable and those in need by phone, letters and email. Sisters were still able to deliver food parcels to the doors of those in need and continue to collect donations of much needed food from local supermarkets and share the produce with local drop-ins and foodbanks.

As members of Mercy International Association (MIA) the Community continues the strong links with Mercy International in Dublin. The President of the English Federation is Sr Paula Thomas, from Convent of Mercy Midhurst. Our representative for the Global Mercy Action on behalf of the Federation of the Sisters of Mercy is Sr. M. Josepha.

The Community also continued its participation in several programmes aimed at assisting the poor, for example. CAFOD's "Walk for Water" campaign and work with The Apostleship of the Sea.

In February 2021, our finance manager Rob Healey retired after 20 years of faithful service to the Sisters. He dealt with solicitors, auditors, insurance matters and carried out many administrative functions, with the assistance of his team, as well as the finances. He will be greatly missed.

One Sister retired in April 2021 from the Board of Bishop Chadwick M.A.T as Director and was thanked for her time and expertise in this role.

Community Elections took place on 15th May 2021 and Sr. M. Adrienne, (Patricia Shoulder) was elected to the position of Reverend Mother with Sr. M. Josepha (Kathleen Matthews) being elected as her Assistant.

Sr. Josepha, who retired as School Chaplain at St. Anthony's School in July 2020, worked alongside Mr David Harrison to ensure continuity of provision. This valuable work has continued into 2021 involving students, staff and sisters in many positive and prayerful projects.

In August 2021, Michelle Daurat was appointed as General Manager of the charity.

In October 2021, as Covid restrictions slowly relaxed, an Exhibition of Icons was held in the Centre along with a Day of Prayer in honour of St. Teresa of Avila.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

Two sisters were involved in St. Mary's Parish's Confirmation Programme working alongside catechists with some 48 students.

Our pastoral work included one member of the Community who is Chair of Governors at St. Anthony's Girls' Catholic Academy.

One member of the Community continued her work in South Sudan in 2021 as a coordinator based in the UK.

One Sister was appointed as a Trustee onto the Diocesan Board of the Youth Ministry Team (YMT) and is involved with the Emmaus Village Project

The Community made a number of large donations during 2021 of which the most significant were the following:-

- Initial donation of £757,500 to Significance, a registered Charitable Incorporated Organisation, set up to assist the Youth Ministry Trust (YMT) and provide grant funding to YMT for the purposes of meeting YMT's ongoing operating costs and to contribute to modernising and developing YMT's facilities, thereby enabling it to be self-sufficient and no longer reliant on grant funding from the Diocese of Hexham & Newcastle. The Trustees are satisfied that this donation is in furtherance of the Charity's objects
- £5,000 was donated to Cracked Pot Enterprises, a new business set up by a beneficiary of the Oasis Aquila Housing homeless project.
- A payment of £5,000 was made to Perth House, to enable the continuation of a Retreat Centre and outreach especially during the restrictions of lockdown and the lack of income.
- A payment of £9,876 was made to the Diocese of Hexham and Newcastle towards the installation of replacement internal doors within St. Mary's Church, Hexham.
- A payment of £40,000 was made to the Diocese of Hexham and Newcastle towards The Mercy Hub, based at St. Mary's Cathedral, Newcastle. The donation covers 2021 and 2022 and is to assist in the funding of a co-ordinator and to provide funds for activities over the 2 years.
- A donation of £32,000 was made to Young Christian Workers
- Donations totalling £6,000 to CAFOD

We continued our support of students to assist them in further and higher education, who would otherwise not have been able to afford their courses. Bursary payments were made to 25 students, totalling £62,000.

Finally, it is with sadness that we have to report the death of two of our sisters, Sr. M. Enda and Sr. M. Fintan since our last report.

Sr. M. Enda died on 27th September 2021 after 75 years as a Sister of Mercy. She was born in County Clare, Ireland on 24th May 1930. She obtained a degree from Newcastle University and started teaching Geography in St. Anthony's Catholic Girls' School in 1958. In 1973 she became the Headteacher of St. Anthony's and then was elected Rev. Mother in 1976. From 1976 - 2000 she served 5 x 3-year terms of Office as Rev. Mother and 5 x 3-year terms of Office as Mother Assistant. Sr. M. Enda also worked in a leadership role with Mercy England and in Ireland. She was greatly loved by all her sisters and those she worked with.

Sr. M. Fintan died on 31st January 2022 after 77 years as a Sister of Mercy. She was born in Gort, Co. Galway, Ireland on 4th February 1927. She worked in Ryhope, Gainford, and Seaham as a House Mother and Sister in Charge of Children's Homes. Sr. M. Fintan was a gifted seamstress and very hospitable. After retirement she lived in Somerleyton and later in Bishop's House, Newcastle, caring for Bishop Ambrose.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

May they both rest in peace.

#### **Financial review**

The end of year saw our Balance Sheet in a healthy position with total funds standing at £37,580,657, an increase of £1,772,535 on the previous year. Before taking into consideration realised losses and gains on our investments, there was a deficit of £818,803, which compares with last year's deficit of £801,794.

#### ***Policy on reserves***

The Trustees have reviewed their medium term commitments (up to 5 years) and continue to acknowledge that:-

(1) There continues to be increasing financial burdens placed upon us in providing adequate care for what is an ageing community. In addition to this, as Sisters become more frail, specific areas, i.e. catering, cleaning, care and finances, are managed by employed lay staff with the consequential increase in budgeted costs.

(2) As Sisters reach retiring age they will need retraining in new ministry. It is, therefore, prudent to set aside funds towards potential extra costs. This requires resources for their ongoing development and personal renewal.

(3) There may be costs associated with plans for how the buildings are used in the future as the number of Sisters decrease, e.g. feasibility studies; estate agency costs; renovation costs.

We have also reviewed our longer term commitments (6 to 10 years) and are satisfied that we have a suitable reserves policy in place.

#### ***Principal funding sources***

As in previous years, the three main sources of funding were investment income, bank interest, and covenanted Sisters' teaching pensions. This year there was a realised surplus of £1,318 (last year deficit £1,305,624) on sales undertaken by our investment advisors. This last source is not taken into account when budgeting as it is merely a by-product of their transposition of investments during the year and cannot be relied upon.

As reported earlier (in Achievements and Performance) our donations and grants paid amounted to £985,329, all made either for the promotion of the Roman Catholic religion or the provision of education.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

#### ***Investment policy and objectives***

The Charity has a formal investment policy which is reviewed on a regular basis.

The investment objective is the achievement of a targeted return of both income and capital growth by investment with no more than a moderate level of risk. This is achieved by reference to four indices referred to under the heading "Investment Performance" although our total portfolio does not fit with any of the indices or indeed with the relevant WM Charity Index.

This policy also provides for our advisors to take account of certain ethical constraints which we have imposed.

The Community's investment powers are governed by the provisions of the Trustee Act 2000.

The Community receives advice from our investment managers, Investec Wealth & Investment Limited, who provide us with quarterly valuations of the portfolio. Our Finance Manager, and latterly General Manager, is instructed to receive weekly (or more frequently as events dictate) reports from the stockbrokers and meet with them at least twice a year to ensure that the fund is managed in accordance with our guidelines and within the ethical principles of the Community.

Our Finance Manager and General Manager reports to the Trustees on a regular basis and arranges for the stockbroker who manages the portfolio to visit us twice during the year in order to discuss all matters relating to investment policy with the Trustees.

The Trustees consider all advice received in meetings of the Council, although Sister Superior is empowered to take urgent decisions alone.

#### **Plans for future periods**

##### ***Activities planned to achieve aims***

The Charity plans to continue the activities outlined in depth above, both in 2022 and in the forthcoming years, subject to satisfactory funding arrangements.

We intend to review our existing plans to ensure that the Charity's ageing community needs, as identified in the Reserves Policy section, are fully provided for. The health of the Community must be a continual review to ensure that funds are in place to meet all health requirements.

As in previous years we have plans to make a number of charitable donations in 2022.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

#### **Structure, governance and management**

##### *Nature of governing document*

The Charity, known as the Sisters of Mercy Sunderland (229943), is governed by the single scheme approved by the Charity Commission on 24th January 2008. This scheme altered or affected the trusts of the charities formerly known as:-

Sisters of Mercy, St. Anne's Convent Wolsingham  
Sisters of Mercy St. Anthony's Convent (229943)  
Sisters of Mercy St. Joseph's Convent Gosforth  
Sisters of Mercy Convent of Mercy Seaham  
Sisters of Mercy Convent of Mercy Hexham  
Sisters of Mercy St. Anthony's Secondary School  
Sisters of Mercy Educational Trust  
Sisters of Mercy Ryhope Property Trust

##### *Recruitment and appointment of trustees*

Recruitment of trustees is undertaken by a process of discernment by the Sister Superior.

The power of appointing new trustees is vested in the Sister Superior.

##### *Induction and training of trustees*

As part of the ongoing training programme, existing and new Trustees are made aware of their responsibilities as Trustees of this charity. This programme includes: -

- An introduction to the specific objectives, scope and policies of the Charity. Most of the Trustees, being members of the Community, are aware of the overall aims and objectives of the Charity. One of the new Lay Trustees has worked with the Sisters as Chair of St. Anthony's Catholic Academy and has a deep commitment to the Mercy ethos. The other Lay Trustee has extensive knowledge of parish and Diocesan affairs and the ethos that accompanies these. The Trustees have committed to training, either by Zoom or in person, during 2021-22.
- Charity Commission information on trustee responsibilities as signposted through the Commission's guide "The Essential Trustee".
- A summary of the main documents which set out the operational framework for the Charity.
- Copies of the financial position as set out in both the latest published accounts and the latest financial forecast.
- Copies of the latest risk assessments.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2021**

#### ***Organisational structure***

The Sisters of Mercy Sunderland (229943) is an autonomous religious order which is administered by Sister Superior for the time being, together with a Council consisting of four members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community for a term of three years, but the trustees are appointed for a term of four years. The governing documents require that the trustees, who are an unincorporated body, must be drawn from members of the Community or trusted lay people.

The Chair of Trustees is the Sister Superior of the Community.

The Community lives and operates from the Convent at Sunderland. The Community also has an established Branch House at Wolsingham.

Strategic financial decisions relating to all the Convents are overseen by the Trustees, although the day-to-day management of accounts is undertaken by the Finance Manager, and latterly General Manager. Mandates with the principal bankers are in place to the effect that any two Trustees may sign cheques. In the case of the Branch Houses this authority is delegated to the respective Sisters in Charge but under the ultimate authority of the Trustees.

The accounts accompanying this report are the accounts of the charitable trusts on which the assets of the Community are held.

#### ***Major risks and management of those risks***

##### ***Risk management***

The major risks to which the Charity is exposed have been identified and considered. The Trustees are satisfied that procedures are in place to cover all aspects of risk.

Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Procedures are also in place to ensure compliance with the health and safety of staff, clients and visitors to all our premises.

## Sisters of Mercy Sunderland (229943)

### Trustees' Report for the Year Ended 31 December 2021

#### Financial instruments

##### *Objectives and policies*

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

##### *Cash flow risk*

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

##### *Credit risk*

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

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

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 business.

Sisters of Mercy Sunderland (229943)

Trustees' Report for the Year Ended 31 December 2021

**Statement of Trustees' Responsibilities**

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

The annual report was approved by the trustees of the charity on ..... and signed on its behalf by:

P. A. Shoulder  
Miss P.A. Shoulder  
Trustee

M.M. Rowntree  
Miss M.M. Rowntree  
Trustee

S. S. Christon  
Miss S.C. Christon  
Trustee

K. Matthews  
Miss K. Matthews  
Trustee

**Sisters of Mercy Sunderland (229943)**

**Statement of Financial Activities for the Year Ended 31 December 2021**

	Note	Unrestricted funds £	Total 2021 £
<b>Income and Endowments from:</b>			
Donations and legacies	2	499,855	499,855
Investment income	3	1,062,426	1,062,426
Other income	4	669	669
Total Income		1,562,950	1,562,950
<b>Expenditure on:</b>			
Raising funds	5	(106,258)	(106,258)
Charitable activities	6	(2,275,495)	(2,275,495)
Total Expenditure		(2,381,753)	(2,381,753)
<b>Net income/(expenditure) before gains/(losses) on investments</b>		(818,803)	(818,803)
Realised gains/losses on investment assets		1,318	1,318
Unrealised gains/(losses) on investment assets		2,590,020	2,590,020
Net movement in funds		1,772,535	1,772,535
<b>Reconciliation of funds</b>			
Total funds brought forward		35,808,122	35,808,122
Total funds carried forward	16	37,580,657	37,580,657

**Sisters of Mercy Sunderland (229943)**

**Statement of Financial Activities for the Year Ended 31 December 2021**

	Note	Unrestricted funds £	Total 2020 £
<b>Income and Endowments from:</b>			
Donations and legacies	2	572,149	572,149
Investment income	3	<u>863,909</u>	<u>863,909</u>
Total Income		<u>1,436,058</u>	<u>1,436,058</u>
<b>Expenditure on:</b>			
Raising funds	5	(93,718)	(93,718)
Charitable activities	6	<u>(2,144,134)</u>	<u>(2,144,134)</u>
Total Expenditure		<u>(2,237,852)</u>	<u>(2,237,852)</u>
<b>Net income/(expenditure) before gains/(losses) on investments</b>		<u>(801,794)</u>	<u>(801,794)</u>
Realised gains/losses on investment assets		(1,305,624)	(1,305,624)
Unrealised gains/(losses) on investment assets		<u>(171,720)</u>	<u>(171,720)</u>
Net movement in funds		(2,279,138)	(2,279,138)
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>38,087,260</u>	<u>38,087,260</u>
Total funds carried forward	16	<u>35,808,122</u>	<u>35,808,122</u>

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

Sisters of Mercy Sunderland (229943)

(Registration number: X229943)  
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	6,145,591	6,159,510
Investments	12	<u>30,468,162</u>	<u>28,182,884</u>
		36,613,753	34,342,394
<b>Current assets</b>			
Debtors	13	471,884	495,028
Cash at bank and in hand		<u>607,907</u>	<u>1,154,553</u>
		1,079,791	1,649,581
<b>Creditors: Amounts falling due within one year</b>	14	<u>(112,887)</u>	<u>(183,853)</u>
<b>Net current assets</b>		<u>966,904</u>	<u>1,465,728</u>
<b>Net assets</b>		<u>37,580,657</u>	<u>35,808,122</u>
<b>Funds of the charity:</b>			
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>37,580,657</u>	<u>35,808,122</u>
<b>Total funds</b>	16	<u>37,580,657</u>	<u>35,808,122</u>

The financial statements on pages 14 to 29 were approved by the trustees, and authorised for issue on

..... and signed on their behalf by:

P. A. Shoulder  
Miss P.A. Shoulder  
Trustee

M.M. Rowntree  
Miss M.M. Rowntree  
Trustee

S.C. Christon  
Miss S.C. Christon  
Trustee

K. Matthews  
Miss K. Matthews  
Trustee

**Sisters of Mercy Sunderland (229943)**

**Cash Flow Statement for the Year Ended 31 December 2021**

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash income/(expenditure)		1,772,535	(2,279,138)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation and impairment		20,733	24,278
Investment income	3	(1,062,426)	(863,909)
Revaluation of investments		(2,590,020)	171,720
Loss on disposal of fixed assets held for the charity's own use		987	239
		(1,858,191)	(2,946,810)
<b>Working capital adjustments</b>			
Decrease in debtors	13	23,144	116,171
(Decrease)/increase in creditors	14	(70,966)	89,002
Net cash flows from operating activities		(1,906,013)	(2,741,637)
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	3	12,740	15,333
Purchase of tangible fixed assets	11	(9,801)	(6,270)
Sale of tangible fixed assets		2,000	586,677
Purchase of investments	12	(2,599,290)	(4,824,688)
Sale of investments		2,904,032	5,651,561
Income from dividends	3	1,049,686	848,576
Net cash flows from investing activities		1,359,367	2,271,189
Net decrease in cash and cash equivalents		(546,646)	(470,448)
Cash and cash equivalents at 1 January		1,154,553	1,625,001
Cash and cash equivalents at 31 December		607,907	1,154,553

All of the cash flows are derived from continuing operations during the above two periods.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 1 Accounting policies

##### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

##### Basis of preparation

Sisters of Mercy Sunderland (229943) 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 notes.

##### Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

##### Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

##### Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

##### Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

##### Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

## **Sisters of Mercy Sunderland (229943)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### ***Charitable activities***

Charitable expenditure comprises those 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.

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### ***Support costs***

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### ***Governance costs***

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

#### ***Taxation***

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and, therefore, it meets the definition of a charitable trust for UK tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 of the Income Taxes Act 2017 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### ***Tangible fixed assets***

Individual fixed assets costing £50.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### ***Depreciation and amortisation***

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

#### ***Fixed asset investments***

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

#### **Pensions and other post retirement obligations**

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Financial instruments**

##### *Classification*

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

##### *Recognition and measurement*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### 2 Income from donations and legacies

	Unrestricted funds	Total 2021	Total 2020
	General £	£	£
Donations and legacies;			
Donations from individuals	60,001	60,001	-
Gifts - Covenanted pensions and salaries	439,854	439,854	572,149
	<u>499,855</u>	<u>499,855</u>	<u>572,149</u>

Sisters of Mercy Sunderland (229943)

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Investment income

	Unrestricted funds	Total 2021	Total 2020
	General £	£	£
Income from dividends;			
Income from listed investments	962,340	962,340	762,028
Income from other unlisted investments	87,346	87,346	86,548
Interest receivable and similar income;			
Interest receivable on bank deposits	73	73	1,048
Other interest receivable	12,667	12,667	14,285
	<u>1,062,426</u>	<u>1,062,426</u>	<u>863,909</u>

4 Other income

	Unrestricted funds	Total 2021
	General £	£
Other income	<u>669</u>	<u>669</u>

5 Expenditure on raising funds

a) Investment management costs

	Unrestricted funds	Total 2021	Total 2020
	General £	£	£
Other investment management costs;			
Costs of obtaining investment advice	106,258	106,258	93,718
	<u>106,258</u>	<u>106,258</u>	<u>93,718</u>
	<b>Direct costs</b>	<b>Total</b>	<b>Total</b>
	£	2021	2020
Investment management costs	<u>106,258</u>	<u>106,258</u>	<u>93,718</u>

**Sisters of Mercy Sunderland (229943)**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**6 Expenditure on charitable activities**

	<b>Unrestricted funds</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<b>General £</b>	<b>£</b>	<b>£</b>
Charity and donations	923,329	923,329	526,217
Grant funding of activities	62,000	62,000	44,000
Allocated support costs	-	-	323,896
Governance costs	1,290,166	1,290,166	1,250,021
	<u>2,275,495</u>	<u>2,275,495</u>	<u>2,144,134</u>

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

	Grant funding of activity £	Total 2021 £	Total 2020 £
Grants paid	62,000	62,000	44,000
Charity and donations	923,329	923,329	526,217
Loss on disposal of fixed assets	-	-	323,896
	<u>985,329</u>	<u>985,329</u>	<u>894,113</u>

£2,275,495 (2020 - £2,144,134) of the above expenditure was attributable to unrestricted funds and £Nil (2020 - £Nil) to restricted funds.

#### 7 Analysis of governance and support costs

##### Governance costs

	Unrestricted funds  General £	Total 2021 £	Total 2020 £
Staff costs			
Wages and salaries	688,952	688,952	666,545
Social security costs	51,360	51,360	49,612
Pension costs	11,237	11,237	9,060
Staff training	960	960	-
Audit fees			
Audit and accountancy fees	23,466	23,466	20,466
Legal fees	34,344	34,344	35,349
Depreciation, amortisation and other similar costs	21,720	21,720	24,516
Other governance costs	458,127	458,127	444,473
	<u>1,290,166</u>	<u>1,290,166</u>	<u>1,250,021</u>

#### 8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 9 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
<b>Staff costs during the year were:</b>		
Wages and salaries	688,952	666,545
Social security costs	51,360	49,612
Pension costs	11,237	9,060
Other staff costs	960	-
	<u>752,509</u>	<u>725,217</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2021 No	2020 No
Management staff	6	6
Administration staff	3	14
Domestic staff	9	11
Care staff	13	13
	<u>31</u>	<u>44</u>

No employee received emoluments of more than £60,000 during the year

#### 10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

**Sisters of Mercy Sunderland (229943)**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**11 Tangible fixed assets**

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2021	6,040,530	351,904	126,400	6,518,834
Additions	-	9,801	-	9,801
Disposals	-	(7,931)	(11,189)	(19,120)
At 31 December 2021	<u>6,040,530</u>	<u>353,774</u>	<u>115,211</u>	<u>6,509,515</u>
<b>Depreciation</b>				
At 1 January 2021	-	257,753	101,571	359,324
Charge for the year	-	14,666	6,067	20,733
Eliminated on disposals	-	(5,507)	(10,626)	(16,133)
At 31 December 2021	<u>-</u>	<u>266,912</u>	<u>97,012</u>	<u>363,924</u>
<b>Net book value</b>				
At 31 December 2021	<u>6,040,530</u>	<u>86,862</u>	<u>18,199</u>	<u>6,145,591</u>
At 31 December 2020	<u>6,040,530</u>	<u>94,151</u>	<u>24,829</u>	<u>6,159,510</u>

**12 Fixed asset investments**

	2021 £	2020 £
Other investments	<u>30,468,162</u>	<u>28,182,884</u>

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Other investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or Valuation</b>			
At 1 January 2021	24,379,842	3,803,042	28,182,884
Revaluation	2,253,765	336,255	2,590,020
Additions	2,308,867	290,423	2,599,290
Disposals	<u>(2,467,840)</u>	<u>(436,192)</u>	<u>(2,904,032)</u>
At 31 December 2021	<u>26,474,634</u>	<u>3,993,528</u>	<u>30,468,162</u>
<b>Net book value</b>			
At 31 December 2021	<u>26,474,634</u>	<u>3,993,528</u>	<u>30,468,162</u>
At 31 December 2020	<u>24,379,842</u>	<u>3,803,042</u>	<u>28,182,884</u>

#### Significant holdings

The Trustees have set 5% of the balance sheet value as at 31 December as the threshold for reporting material investments. As at 31 December 2021 the following investments were considered material.

Vanguard Funds S & P 500 - The holding amounts to 5.35% of the balance sheet value and 6.60% of the total portfolio

The Charities Property Fund - The holding amounts to 5.97% of the balance sheet value and 7.36% of the total portfolio.

#### 13 Debtors

	2021 £	2020 £
Trade debtors	-	1,164
Prepayments	75,281	68,542
Other debtors	<u>396,603</u>	<u>425,322</u>
	<u>471,884</u>	<u>495,028</u>

Debtors includes £357,988 (2020: £393,321) receivable after more than one year.

	2021 £	2020 £
Other debtors	<u>357,988</u>	<u>393,321</u>

Other debtors include £357,988 (2020 - £393,321) receivable after more than one year. The amount represents a loan advanced to Carntyne Care Home Ltd. to facilitate the disposal of Carntyne Residential Home by the Trustees. The loan is repayable within a maximum of 13 years from the balance sheet date.

**Sisters of Mercy Sunderland (229943)**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**14 Creditors: amounts falling due within one year**

	2021 £	2020 £
Other taxation and social security	11,589	10,996
Other creditors	-	832
Accruals	<u>101,298</u>	<u>172,025</u>
	<u><u>112,887</u></u>	<u><u>183,853</u></u>

**15 Pension and other schemes**

**Defined contribution pension scheme**

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £11,237 (2020 - £9,060).

**16 Funds**

	Balance at 1 January 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 December 2021 £
<b>Unrestricted funds</b>					
General	<u>35,808,122</u>	<u>1,562,950</u>	<u>(2,381,753)</u>	<u>2,591,338</u>	<u>37,580,657</u>

**17 Analysis of net assets between funds**

	Unrestricted funds General £	Total funds £
Tangible fixed assets	6,145,591	6,145,591
Fixed asset investments	30,468,162	30,468,162
Current assets	1,079,791	1,079,791
Current liabilities	<u>(112,887)</u>	<u>(112,887)</u>
Total net assets	<u><u>37,580,657</u></u>	<u><u>37,580,657</u></u>

Sisters of Mercy Sunderland (229943)

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Analysis of net funds

	At 1 January 2021 £	Cash flow £	At 31 December 2021 £
Cash at bank and in hand	1,154,553	(546,646)	607,907
Net debt	<u>1,154,553</u>	<u>(546,646)</u>	<u>607,907</u>

**SISTERS OF MERCY SUNDERLAND**

England & Wales - Charity number 229943

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# Accounts

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Charity registration number: X229943

# Sisters of Mercy Sunderland (229943)

Annual Report and Financial Statements  
for the Year Ended 31 December 2020

**Whitnalls**  
Chartered Certified Accountants & Registered Auditors  
Trident House  
105 Derby Road  
Liverpool  
L20 8LZ

## **Sisters of Mercy Sunderland (229943)**

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## **Sisters of Mercy Sunderland (229943)**

### **Reference and Administrative Details**

<b>Trustees</b>	Miss P.A. Shoulder Miss M.M. Rowntree Miss S.C. Christon Miss K. Matthews (appointed 15 May 2021) Mrs A.M. Shanks (appointed 1 January 2020) Mrs A.M. Thompson (appointed 1 January 2020) Miss J.C. Carlin (resigned 15 May 2021)
<b>Principal Office</b>	Convent of Mercy Oak Lea Tunstall Road Sunderland SR2 7JR
<b>Charity Registration Number</b>	X229943
<b>Solicitors</b>	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF
<b>Bankers and Other Financial Advisors</b>	National Westminster Bank plc 52 Fawcett Street Sunderland SR1 1SB  Barclays Bank plc Jenkins House Bob Hardisty Drive Bishop Auckland DL14 7TH  Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN
<b>Auditor</b>	Whitnalls Chartered Certified Accountants & Registered Auditors Trident House 105 Derby Road Liverpool L20 8LZ

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

The trustees present the annual report together with the financial statements of the charity for the year ended 31 December 2020.

#### **Trustees**

Miss P.A. Shoulder

Miss M.M. Rowntree

Miss S.C. Christon

Miss K. Matthews (appointed 15 May 2021)

Mrs A.M. Shanks (appointed 1 January 2020)

Mrs A.M. Thompson (appointed 1 January 2020)

Miss J.C. Carlin (resigned 15 May 2021)

#### **Objectives and activities**

##### ***Objects and aims***

Our objectives are set to reflect our faith and community aims. Each year the trustees review our objectives and activities to ensure that they continue to reflect our aims. In carrying out this review, the trustees have considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary public guidance on the advancement of religion for the public benefit.

The Charity's objectives are the promotion of the educational, religious and other charitable work of the Roman Catholic Church in England for the benefit of the public in such a way as the trustees shall from time to time, with the consent of the Sister Superior, determine. Provided that if, and insofar as the trustees consider, they may not usefully apply assets available for distribution in any one year in England then they shall apply the same with such consent for such work elsewhere.

The Charity carries out a wide range of activities in pursuance of its charitable aims.

##### ***Public benefit***

The Charity carries out a wide range of activities in pursuance of its charitable aims. The trustees consider that the strategies employed to achieve the Charity's objectives for 2020 and the principal areas in which the Community is involved, set out below, provide benefit to the wider community in North East England, England as a whole, and elsewhere as the trustees see fit.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

#### **Achievements and performance**

During the year to 31st December 2020, the Community was active in all principal areas listed above. A summary of key developments is set out below:-

Within the limitations of lockdown and Covid restrictions, the Sisters in Oaklea continued their various ministries, working as parish sisters, parish based committee co-ordinators, school chaplains and visitors to the elderly and others in need. Other Sisters do very valuable work in the house, attending to visitors and callers, helping to provide food for the poor. Some are involved in adult education programmes.

An essential community project during lockdown was singing outside the Convent every Thursday supporting the NHS and showing social solidarity with our neighbours. This was picked up by social media and led to much contact by phone and email with many in Sunderland and beyond. Many of the Sisters continued their work with the vulnerable and those in need by phone, letters and email.

The Prayer House/Catechetical Centre in Sunderland continued its successful work until March 2020. Groups used the facilities to be spiritually refreshed. The Centre at Seaham was put up for sale mid-2019 and was vacated in August 2019. Any activities usually carried out in Seaham was transferred to the Centre in Sunderland. The sale was completed mid-2020 to a group involved in Nursery provision. We believed this would benefit the school nearby and provide nursery provision for children with special needs.

As members of Mercy International Association (MIA) the Community continues the strong links with Mercy International in Dublin. The Presidency of the English Federation has been taken over by Sr Paula Thomas, Convent of Mercy Midhurst. Our representative for the Global Mercy Action on behalf of the Federation of the Sisters of Mercy is Sr. M. Josepha.

The Community also continued its participation in several programmes aimed at assisting the poor, i.e. CAFOD and work with The Apostleship of the Sea.

Our pastoral work included one member of the Community who is Chair of Governors at St. Anthony's Girls' Catholic Academy.

One member of the Community continued her work in South Sudan in 2020 as a coordinator based in the UK

One Sister has joined the Board of Bishop Chadwick M.A.T and will hold that position until 2023.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

The Community made a number of large donations during 2020 of which the most significant were the following:-

- A payment of £100,000 was made to Oasis Aquila Housing regarding their "Basis Sunderland" project which is a direct access resource for those who are homeless or at risk of homelessness in Sunderland.
- A payment of £60,000 was made to Perth House, to enable the continuation of a Retreat Centre and outreach especially during the restrictions of lockdown and the lack of income.
- A payment of £40,000 was made to sponsor the Youth Section of our Diocesan Pilgrimage to Lourdes which has been kept in reserve until 2021 as lockdown prevented the pilgrimage taking place.
- A payment of £9,000 to support Comboni Missions in Great Britain and Brazil.
- A payment of £7,000 was made to secure the employment of an Outreach Worker for the Mercy Hub for the Diocese of Hexham and Newcastle.
- Bursary payments of £44,000 were made to students to assist them in Further and Higher Education who otherwise would not have been able to afford their courses.

A payment of £5,000 was made to each of the following:

- Destitute Asylum Fund Pakistan
- Mail Force Charity
- African Missionaries
- More Than Dance (Mental Health Support for Children)
- The Graham Wylie Fund (YMT)

The Community has provided financial assistance to three food banks, families in need during lockdown and support for families during illness and death. This has been essential during the Covid outbreak. One of the sisters is a volunteer for Fair Share (collecting bread/vegetables etc.) and delivering them to local drop-ins, foodbanks etc., working in collaboration with local Christian Churches.

During the year, Sr. Mary Catherine (Victoria Battell) decided to leave the Oaklea Community and follow a different apostolate. The Community wishes her well in this new vocation and has provided her with a settlement to enable her to transition from Community living.

Finally, it is with sadness that we have to report the death of two of our sisters, Sr. M. Bede and Sr. M. Cyril since our last report.

Sr. M. Bede died on December 24th 2020 after 61 years as a Sister of Mercy. She was born on Tyneside, trained as a teacher in Fenham, and taught in St. Patrick's in Sunderland, St. Mary's in Hexham and was Headteacher in St. Benet's, Sunderland. She was a gifted artist and shared her art within and outside the Community. She designed and directed the execution of the art work for the Mercy Chapel in St. Mary's Church, Sunderland.

Sr. M. Cyril died on February 25th 2021 after 56 years as a Sister of Mercy. She was brought up mainly in Hartlepool, trained as a teacher in Endsleigh, Hull and taught in St. Anthony's, St. Charles' Gosforth, St. Patrick's Ryhope and the Montessori School in Sunderland. She spent many years spreading devotion to the Blessed Sacrament and Our Lady.

May they both rest in peace.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

#### **Financial review**

The end of year saw our Balance Sheet in a healthy position with total funds standing at £35,808,122, a decrease of £2,279,138 on the previous year. Before taking into consideration realised losses and gains on our investments, there was a deficit of £801,794, which compares with last year's deficit of £481,099.

#### ***Policy on reserves***

The Trustees have reviewed their medium term commitments (up to 5 years) and continue to acknowledge that:-

(1) There continues to be increasing financial burdens placed upon us in providing adequate care for what is an ageing community. In addition to this, as Sisters become more frail, specific areas, i.e. catering, cleaning, care and finances, are managed by employed lay staff with the consequential increase in budgeted costs.

(2) As Sisters reach retiring age they will need retraining in new ministry. It is, therefore, prudent to set aside funds towards potential extra costs. This requires resources for their ongoing development and personal renewal.

We have also reviewed our longer term commitments (6 to 10 years) and are satisfied that we have a suitable reserves policy in place.

#### ***Principal funding sources***

As in previous years, the three main sources of funding were investment income, bank interest, and covenanted Sisters' teaching pensions. This year there was a realised loss of £1,305,624 (last year surplus £117,349) on sales undertaken by our investment advisors. This last source is not taken into account when budgeting as it is merely a by-product of their transposition of investments during the year and cannot be relied upon.

As reported earlier (in Achievements and Performance) our donations and grants paid amounted to £570,217, all made either for the promotion of the Roman Catholic religion or the provision of education.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

#### ***Investment policy and objectives***

The Charity has a formal investment policy which is reviewed on a regular basis.

The investment objective is the achievement of a targeted return of both income and capital growth by investment with no more than a moderate level of risk. This is achieved by reference to four indices referred to under the heading "Investment Performance" although our total portfolio does not fit with any of the indices or indeed with the relevant WM Charity Index.

This policy also provides for our advisors to take account of certain ethical constraints which we have imposed.

The Community's investment powers are governed by the provisions of the Trustee Act 2000.

The Community receives advice from our investment managers, Investec Wealth & Investment Limited, who provide us with quarterly valuations of the portfolio. Our Finance Manager is instructed to receive weekly (or more frequently as events dictate) reports from the stockbrokers and meet with them at least twice a year to ensure that the fund is managed in accordance with our guidelines and within the ethical principles of the Community.

Our Finance Manager reports to the Trustees on a regular basis and arranges for the stockbroker who manages the portfolio to visit us twice during the year in order to discuss all matters relating to investment policy with the Trustees.

The Trustees consider all advice received in meetings of the Council, although Sister Superior is empowered to take urgent decisions alone.

The overall investment return for the year was -1.7% (2019 17.2%) compared with the benchmark's -4.1%.

#### **Structure, governance and management**

##### ***Nature of governing document***

The Charity, known as the Sisters of Mercy Sunderland (229943), is governed by the single scheme approved by the Charity Commission on 24th January 2008. This scheme altered or affected the trusts of the charities formerly known as:-

Sisters of Mercy, St. Anne's Convent Wolsingham  
Sisters of Mercy St. Anthony's Convent (229943)  
Sisters of Mercy St. Joseph's Convent Gosforth  
Sisters of Mercy Convent of Mercy Seaham  
Sisters of Mercy Convent of Mercy Hexham  
Sisters of Mercy St. Anthony's Secondary School  
Sisters of Mercy Educational Trust  
Sisters of Mercy Ryhope Property Trust

##### ***Recruitment and appointment of trustees***

Recruitment of trustees is undertaken by a process of discernment by the Sister Superior.

The power of appointing new trustees is vested in the Sister Superior.

## **Sisters of Mercy Sunderland (229943)**

### **Trustees' Report for the Year Ended 31 December 2020**

#### ***Induction and training of trustees***

As part of the ongoing training programme, existing and new Trustees are made aware of their responsibilities as Trustees of this charity. This programme includes: -

- An introduction to the specific objectives, scope and policies of the Charity. Most of the Trustees, being members of the Community, are aware of the overall aims and objectives of the Charity. One of the new Lay Trustees has worked with the Sisters as Chair of St. Anthony's Catholic Academy and has a deep commitment to the Mercy ethos. The other Lay Trustee has extensive knowledge of parish and Diocesan affairs and the ethos that accompanies these. The Trustees have committed to training, either by Zoom or in person, during 2021-22.
- Charity Commission information on trustee responsibilities as signposted through the Commission's guide "The Essential Trustee".
- A summary of the main documents which set out the operational framework for the Charity.
- Copies of the financial position as set out in both the latest published accounts and the latest financial forecast.
- Copies of the latest risk assessments.

#### ***Organisational structure***

The Sisters of Mercy Sunderland (229943) is an autonomous religious order which is administered by Sister Superior for the time being, together with a Council consisting of four members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community for a term of three years, but the trustees are appointed for a term of four years. The governing documents require that the trustees, who are an unincorporated body, must be drawn from members of the Community or trusted lay people.

The Chair of Trustees is the Sister Superior of the Community.

As well as operating from the Convent at Sunderland, the Community had established Branch Houses at Wolsingham and at Seaham, until the sale of Seaham House in 2020.

Strategic financial decisions relating to all the Convents are overseen by the Trustees, although the day-to-day management of accounts is undertaken by the Finance Manager. Mandates with the principal bankers are in place to the effect that any two Trustees may sign cheques. In the case of the Branch Houses this authority is delegated to the respective Sisters in Charge but under the ultimate authority of the Trustees.

The accounts accompanying this report are the accounts of the charitable trusts on which the assets of the Community are held.

#### ***Major risks and management of those risks***

##### ***Risk management***

The major risks to which the Charity is exposed have been identified and considered. The Trustees are satisfied that procedures are in place to cover all aspects of risk.

Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Procedures are also in place to ensure compliance with the health and safety of staff, clients and visitors to all our premises.

## Sisters of Mercy Sunderland (229943)

### Trustees' Report for the Year Ended 31 December 2020

#### Financial instruments

##### *Objectives and policies*

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

##### *Cash flow risk*

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

##### *Credit risk*

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

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

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

**Sisters of Mercy Sunderland (229943)**

**Trustees' Report for the Year Ended 31 December 2020**

**Statement of Trustees' Responsibilities**

- 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 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 business.

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

The annual report was approved by the trustees of the charity on .....19.10.21..... and signed on its behalf by:

P. A. Shoulder

Miss P.A. Shoulder  
Trustee

M.M. Rowntree

Miss M.M. Rowntree  
Trustee

S. C. Christon

Miss S.C. Christon  
Trustee

K. Matthews

Miss K. Matthews  
Trustee

## **Sisters of Mercy Sunderland (229943)**

### **Independent Auditor's Report to the Trustees of Sisters of Mercy Sunderland (229943)**

#### **Opinion**

We have audited the financial statements of Sisters of Mercy Sunderland (229943) (the 'charity') for the year ended 31 December 2020, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its results 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

## **Sisters of Mercy Sunderland (229943)**

### **Independent Auditor's Report to the Trustees of Sisters of Mercy Sunderland (229943)**

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

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 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 [set out on page 8], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

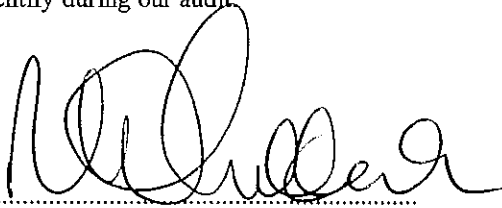
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.

**Sisters of Mercy Sunderland (229943)**

**Independent Auditor's Report to the Trustees of Sisters of Mercy Sunderland (229943)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....  
R. Whittaker (Senior Statutory Auditor)  
For and on behalf of Whitnalls, Statutory Auditor  
Trident House  
105 Derby Road  
Liverpool  
L20 8LZ

Date:..... 20.10.21 .....

## Sisters of Mercy Sunderland (229943)

### Statement of Financial Activities for the Year Ended 31 December 2020

	Note	Unrestricted funds £	Total 2020 £
<b>Income and Endowments from:</b>			
Donations and legacies	2	572,149	572,149
Investment income	4	<u>863,909</u>	<u>863,909</u>
Total Income		<u>1,436,058</u>	<u>1,436,058</u>
<b>Expenditure on:</b>			
Raising funds	5	(93,718)	(93,718)
Charitable activities	6	<u>(2,144,134)</u>	<u>(2,144,134)</u>
Total Expenditure		<u>(2,237,852)</u>	<u>(2,237,852)</u>
<b>Net income/(expenditure) before gains/(losses) on investments</b>		<u>(801,794)</u>	<u>(801,794)</u>
Realised gains/losses on investment assets		(1,305,624)	(1,305,624)
Unrealised gains/(losses) on investment assets		<u>(171,720)</u>	<u>(171,720)</u>
Net movement in funds		(2,279,138)	(2,279,138)
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>38,087,260</u>	<u>38,087,260</u>
Total funds carried forward	16	<u>35,808,122</u>	<u>35,808,122</u>

## Sisters of Mercy Sunderland (229943)

### Statement of Financial Activities for the Year Ended 31 December 2020

	Note	Unrestricted funds £	Total 2019 £
<b>Income and Endowments from:</b>			
Donations and legacies	2	541,442	541,442
Other trading activities	3	221,059	221,059
Investment income	4	<u>1,144,618</u>	<u>1,144,618</u>
Total Income		<u>1,907,119</u>	<u>1,907,119</u>
<b>Expenditure on:</b>			
Raising funds	5	(382,987)	(382,987)
Charitable activities	6	<u>(2,005,231)</u>	<u>(2,005,231)</u>
Total Expenditure		<u>(2,388,218)</u>	<u>(2,388,218)</u>
<b>Net income/(expenditure) before gains/(losses) on investments</b>		<u>(481,099)</u>	<u>(481,099)</u>
Realised gains/losses on investment assets		117,349	117,349
Unrealised gains/(losses) on investment assets		<u>3,248,509</u>	<u>3,248,509</u>
Net movement in funds		2,884,759	2,884,759
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>35,202,501</u>	<u>35,202,501</u>
Total funds carried forward	16	<u>38,087,260</u>	<u>38,087,260</u>

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

**Sisters of Mercy Sunderland (229943)**

**(Registration number: X229943)  
Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	6,159,510	6,764,434
Investments	12	<u>28,182,884</u>	<u>29,181,477</u>
		34,342,394	35,945,911
<b>Current assets</b>			
Debtors	13	495,028	611,199
Cash at bank and in hand		<u>1,154,553</u>	<u>1,625,001</u>
		1,649,581	2,236,200
<b>Creditors: Amounts falling due within one year</b>	14	<u>(183,853)</u>	<u>(94,851)</u>
<b>Net current assets</b>		<u>1,465,728</u>	<u>2,141,349</u>
<b>Net assets</b>		<u>35,808,122</u>	<u>38,087,260</u>
<b>Funds of the charity:</b>			
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>35,808,122</u>	<u>38,087,260</u>
<b>Total funds</b>	16	<u>35,808,122</u>	<u>38,087,260</u>

The financial statements on pages 13 to 28 were approved by the trustees, and authorised for issue on

19.10.21 and signed on their behalf by:

P. A. Shoulder  
Miss P.A. Shoulder  
Trustee

M.M. Rowntree  
Miss M.M. Rowntree  
Trustee

S. C. Christon  
Miss S.C. Christon  
Trustee

K. Matthews  
Miss K. Matthews  
Trustee

**Sisters of Mercy Sunderland (229943)**

**Cash Flow Statement for the Year Ended 31 December 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash (expenditure)/income		(2,279,138)	2,884,759
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation and impairment		24,278	24,196
Investment income	4	(863,909)	(1,144,618)
Revaluation of investments		171,720	(3,248,509)
Loss on disposal of fixed assets held for the charity's own use		239	(34)
		<u>(2,946,810)</u>	<u>(1,484,206)</u>
<b>Working capital adjustments</b>			
Decrease/(increase) in debtors	13	116,171	(470,417)
Increase/(decrease) in creditors	14	89,002	(12,849)
Net cash flows from operating activities		<u>(2,741,637)</u>	<u>(1,967,472)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	4	15,333	15,068
Purchase of tangible fixed assets	11	(6,270)	(26,785)
Sale of tangible fixed assets		586,677	435,742
Purchase of investments	12	(4,824,688)	(2,365,974)
Sale of investments		5,651,561	1,394,015
Income from dividends	4	848,576	1,129,550
Net cash flows from investing activities		<u>2,271,189</u>	<u>581,616</u>
Net decrease in cash and cash equivalents		(470,448)	(1,385,856)
Cash and cash equivalents at 1 January		<u>1,625,001</u>	<u>3,010,857</u>
Cash and cash equivalents at 31 December		<u>1,154,553</u>	<u>1,625,001</u>

All of the cash flows are derived from continuing operations during the above two periods.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 1 Accounting policies

##### **Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

##### **Basis of preparation**

Sisters of Mercy Sunderland (229943) 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 notes.

##### **Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### **Income and endowments**

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

##### **Donations and legacies**

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

##### **Investment income**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

##### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

##### **Raising funds**

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

## **Sisters of Mercy Sunderland (229943)**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### ***Charitable activities***

Charitable expenditure comprises those 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.

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### ***Support costs***

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### ***Governance costs***

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

#### ***Taxation***

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and, therefore, it meets the definition of a charitable trust for UK tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 of the Income Taxes Act 2017 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### ***Tangible fixed assets***

Individual fixed assets costing £50.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### ***Depreciation and amortisation***

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

#### ***Fixed asset investments***

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **Sisters of Mercy Sunderland (229943)**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

#### **Pensions and other post retirement obligations**

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

##### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### 2 Income from donations and legacies

	<b>Unrestricted funds</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>General</b>		
	<b>£</b>	<b>£</b>	<b>£</b>
Donations and legacies;			
Donations from individuals	-	-	2,453
Legacies	-	-	8,475
Gifts - Covenanted pensions and salaries	572,149	572,149	530,514
	572,149	572,149	541,442

#### 3 Income from other trading activities

	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£</b>	<b>£</b>
Trading income;		
Residential care home fees	-	221,059
	-	221,059

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 4 Investment income

	Unrestricted funds	Total 2020	Total 2019
	General	£	£
	£	£	£
Income from dividends;			
Income from listed investments	762,028	762,028	1,032,090
Income from other unlisted investments	86,548	86,548	97,460
Interest receivable and similar income;			
Interest receivable on bank deposits	1,048	1,048	4,197
Other interest receivable	14,285	14,285	10,871
	863,909	863,909	1,144,618

#### 5 Expenditure on raising funds

##### a) Costs of trading activities

	Total 2020	Total 2019
	£	£
Wages and salaries	-	167,135
Staff NIC	-	11,579
Staff pensions	-	2,894
Staff training	-	4,293
Rates	-	720
Water rates	-	2,566
Light and heat	-	11,298
Insurance	-	5,439
Recreational facilities	-	1,753
Repairs and maintenance	-	45,768
Telephone	-	1,994
Household and provisions	-	13,898
Hire of equipment	-	6,069
Printing, postage and stationery	-	1,410
Medical supplies	-	1,366
Advertising	-	341
	-	278,523

**Sisters of Mercy Sunderland (229943)**

**Notes to the Financial Statements for the Year Ended 31 December 2020**

**b) Investment management costs**

	<b>Unrestricted funds</b>		
	<b>General</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Other investment management costs;			
Costs of obtaining investment advice	93,718	93,718	104,464
	<u>93,718</u>	<u>93,718</u>	<u>104,464</u>
	<b>Direct costs</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Costs of trading activities	-	-	278,523
Investment management costs	93,718	93,718	104,464
	<u>93,718</u>	<u>93,718</u>	<u>382,987</u>

**6 Expenditure on charitable activities**

	<b>Unrestricted funds</b>		
	<b>General</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Charity and donations	526,217	526,217	649,510
Grant funding of activities	44,000	44,000	47,000
Allocated support costs	323,896	323,896	41,221
Governance costs	1,250,021	1,250,021	1,267,500
	<u>2,144,134</u>	<u>2,144,134</u>	<u>2,005,231</u>

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

	Activity undertaken directly £	Total 2020 £	Total 2019 £
Grants paid	44,000	44,000	47,000
Charity and donations	526,217	526,217	649,510
Bank charges	-	-	235
Motor and travel expenses	-	-	1,513
General expenses	-	-	3,308
Legal and professional fees	-	-	2,709
Loss on disposal of fixed assets	323,896	323,896	33,456
	<u>894,113</u>	<u>894,113</u>	<u>737,731</u>

£2,144,134 (2019 - £2,005,231) of the above expenditure was attributable to unrestricted funds and £Nil (2019 - £Nil) to restricted funds.

#### 7 Analysis of governance and support costs

##### Governance costs

	Unrestricted funds  General £	Total 2020 £	Total 2019 £
Staff costs			
Wages and salaries	666,545	666,545	628,870
Social security costs	49,612	49,612	47,085
Pension costs	9,060	9,060	8,813
Audit fees			
Audit and accountancy fees	20,466	20,466	25,020
Legal fees	35,349	35,349	52,143
Depreciation, amortisation and other similar costs	24,516	24,516	24,162
Other governance costs	444,473	444,473	481,407
	<u>1,250,021</u>	<u>1,250,021</u>	<u>1,267,500</u>

#### 8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 9 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
<b>Staff costs during the year were:</b>		
Wages and salaries	666,545	628,870
Social security costs	49,612	47,085
Pension costs	9,060	8,813
	<u>725,217</u>	<u>684,768</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2020 No	2019 No
Management staff	6	6
Administration staff	14	8
Domestic staff	11	13
Care staff	13	13
	<u>44</u>	<u>40</u>

No employee received emoluments of more than £60,000 during the year

#### 10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 11 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2020	6,624,135	361,949	137,486	7,123,570
Additions	-	6,270	-	6,270
Disposals	<u>(583,605)</u>	<u>(16,315)</u>	<u>(11,086)</u>	<u>(611,006)</u>
At 31 December 2020	<u>6,040,530</u>	<u>351,904</u>	<u>126,400</u>	<u>6,518,834</u>
<b>Depreciation</b>				
At 1 January 2020	-	255,237	103,899	359,136
Charge for the year	-	16,001	8,277	24,278
Eliminated on disposals	<u>-</u>	<u>(13,485)</u>	<u>(10,605)</u>	<u>(24,090)</u>
At 31 December 2020	<u>-</u>	<u>257,753</u>	<u>101,571</u>	<u>359,324</u>
<b>Net book value</b>				
At 31 December 2020	<u>6,040,530</u>	<u>94,151</u>	<u>24,829</u>	<u>6,159,510</u>
At 31 December 2019	<u>6,624,135</u>	<u>106,712</u>	<u>33,587</u>	<u>6,764,434</u>

#### 12 Fixed asset investments

	2020 £	2019 £
Other investments	<u>28,182,884</u>	<u>29,181,477</u>

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Other investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or Valuation</b>			
At 1 January 2020	26,030,691	3,150,786	29,181,477
Revaluation	(701,972)	530,252	(171,720)
Additions	4,676,213	148,475	4,824,688
Disposals	<u>(5,651,561)</u>	<u>-</u>	<u>(5,651,561)</u>
At 31 December 2020	<u>24,353,371</u>	<u>3,829,513</u>	<u>28,182,884</u>
<b>Net book value</b>			
At 31 December 2020	<u>24,353,371</u>	<u>3,829,513</u>	<u>28,182,884</u>
At 31 December 2019	<u>26,030,691</u>	<u>3,150,786</u>	<u>29,181,477</u>

#### Significant holdings

The Trustees have set 5% of the balance sheet value as at 31 December as the threshold for reporting material investments. As at 31 December 2020 the following investment was considered material.

The Charities Property Fund - The holding amounts to 5.67% of the balance sheet value and 7.20% of the total portfolio.

#### 13 Debtors

	2020 £	2019 £
Trade debtors	1,164	1,164
Prepayments	68,542	137,831
Other debtors	<u>425,322</u>	<u>472,204</u>
	<u>495,028</u>	<u>611,199</u>

Debtors includes £393,321 (2019: £429,333) receivable after more than one year.

	2020 £	2019 £
Other debtors	<u>393,321</u>	<u>429,333</u>

Other debtors include £393,321 (2019 - £429,333) receivable after more than one year. The amount represents a loan advanced to Carntyne Care Home Ltd. to facilitate the disposal of Carntyne Residential Home by the Trustees. The loan is repayable within a maximum of 14 years from the balance sheet date.

## Sisters of Mercy Sunderland (229943)

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 14 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	10,996	14,696
Other creditors	832	578
Accruals	<u>172,025</u>	<u>79,577</u>
	<u>183,853</u>	<u>94,851</u>

#### 15 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £9,060 (2019 - £8,813).

#### 16 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
General	<u>38,087,260</u>	<u>1,436,058</u>	<u>(2,237,852)</u>	<u>(1,477,344)</u>	<u>35,808,122</u>

#### 17 Analysis of net assets between funds

	Unrestricted funds General £	Total funds £
Tangible fixed assets	6,159,510	6,159,510
Fixed asset investments	28,182,884	28,182,884
Current assets	1,649,581	1,649,581
Current liabilities	<u>(183,853)</u>	<u>(183,853)</u>
Total net assets	<u>35,808,122</u>	<u>35,808,122</u>

**Sisters of Mercy Sunderland (229943)**

**Notes to the Financial Statements for the Year Ended 31 December 2020**

**18 Analysis of net funds**

	<b>At 1 January 2020 £</b>	<b>Cash flow £</b>	<b>At 31 December 2020 £</b>
Cash at bank and in hand	1,625,001	(470,448)	1,154,553
Net debt	<u>1,625,001</u>	<u>(470,448)</u>	<u>1,154,553</u>