

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

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)
Principal Office	Convent of Mercy Oak Lea Tunstall Road Sunderland SR2 7JR
Charity Registration Number	X229943
Solicitors	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF
Bankers and Other Financial Advisors	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
Auditor	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 on19.10.21..... 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:

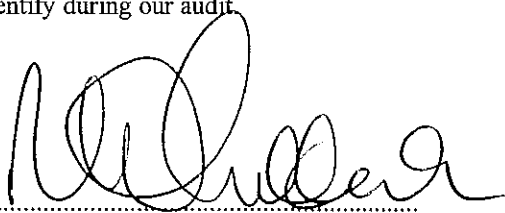
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 £
Income and Endowments from:			
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>
Expenditure on:			
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>
Net income/(expenditure) before gains/(losses) on investments		<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)
Reconciliation of funds			
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 £
Income and Endowments from:			
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>
Expenditure on:			
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>
Net income/(expenditure) before gains/(losses) on investments		<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
Reconciliation of funds			
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 £
Fixed assets			
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
Current assets			
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
Creditors: Amounts falling due within one year	14	<u>(183,853)</u>	<u>(94,851)</u>
Net current assets		<u>1,465,728</u>	<u>2,141,349</u>
Net assets		<u>35,808,122</u>	<u>38,087,260</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>35,808,122</u>	<u>38,087,260</u>
Total funds	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 £
Cash flows from operating activities			
Net cash (expenditure)/income		(2,279,138)	2,884,759
Adjustments to cash flows from non-cash items			
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>
Working capital adjustments			
Decrease/(increase) in debtors	13	116,171	(470,417)
Increase/(decrease) in creditors	14	<u>89,002</u>	<u>(12,849)</u>
Net cash flows from operating activities		<u>(2,741,637)</u>	<u>(1,967,472)</u>
Cash flows from investing activities			
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	<u>848,576</u>	<u>1,129,550</u>
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><u>1,154,553</u></u>	<u><u>1,625,001</u></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

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

3 Income from other trading activities

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

Sisters of Mercy Sunderland (229943)

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

4 Investment income

	Unrestricted funds		
	General	Total	Total
	£	2020	2019
		£	£
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
	<u>863,909</u>	<u>863,909</u>	<u>1,144,618</u>

5 Expenditure on raising funds

a) Costs of trading activities

	Total	Total
	2020	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
	<u>-</u>	<u>278,523</u>

Sisters of Mercy Sunderland (229943)

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

b) Investment management costs

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
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>
	Direct costs	Total	Total
	£	2020	2019
		£	£
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

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
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
	£	£
Staff costs during the year were:		
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	2019
	No	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 £
Cost				
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>
Depreciation				
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>
Net book value				
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 £
Cost or Valuation			
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	(5,651,561)	-	(5,651,561)
At 31 December 2020	<u>24,353,371</u>	<u>3,829,513</u>	<u>28,182,884</u>
Net book value			
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	172,025	79,577
	<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 £
Unrestricted funds					
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

	At 1 January 2020 £	Cash flow £	At 31 December 2020 £
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>