

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

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

SISTERS OF MERCY SUNDERLAND

CONTENTS

	Page
Trustees' report	1 - 6
Independent auditor's report	7 - 9
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 22

SISTERS OF MERCY SUNDERLAND

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 31st 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 31st 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

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

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

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

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

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

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

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

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

BALANCE SHEET

AS AT 31 DECEMBER 2023

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

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 £	£
Cash flows from operating activities					
Cash absorbed by operations	19		(566,761)		(2,177,331)
Investing activities					
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	
Net cash generated from investing activities			415,705		1,894,147
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(151,056)		(283,184)
Cash and cash equivalents at beginning of year			324,723		607,907
Cash and cash equivalents at end of year			173,667		324,723

SISTERS OF MERCY SUNDERLAND

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

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	Charitable activities
	2023	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

	Charitable activities 2023 £
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

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
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:

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

Employment costs

	2023 £	2022 £
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/>

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

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

10 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
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/>

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
	£	£	£	£
Cost				
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
Depreciation and impairment				
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
Carrying amount				
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
	£	£	£
Cost or valuation			
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
Carrying amount			
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 £
Amounts falling due within one year:		
Other debtors	294,575	32,000
Prepayments and accrued income	68,905	78,528
	<u>363,480</u>	<u>110,528</u>
Amounts falling due after more than one year:		
Other debtors	-	326,575
	<u>-</u>	<u>326,575</u>
Total debtors	<u>363,480</u>	<u>437,103</u>

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
Cash absorbed by operations	(566,761)	(2,177,331)

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.