

**CHARITY FOR THE SISTERS OF MERCY MIDHURST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Margaret Theresa O'Dwyer Rose Patricia McGovern Brigid Kelly Annette Teresa Cooke Mary McGrath Paula Susan Thomas
<b>Charity number</b>	235961
<b>Principal address</b>	Convent of Mercy 1 St. Margaret's Way Midhurst West Sussex GU29 9FQ
<b>Auditor</b>	Richard Place Dobson Services Limited 1 - 7 Station Road Crawley West Sussex RH14 0SG West Sussex RH10 1HT
<b>Bankers</b>	National Westminster Bank PLC 4 High Street Petersfield GU32 3JF
<b>Solicitors</b>	Pothecary Witham Weld 70 St George's Square London SW1V 3RD
<b>Investment advisors</b>	Charles Stanley C/O Charles Stanley 25 Duke Street London EC2A 4AF

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# CHARITY FOR THE SISTERS OF MERCY MIDHURST

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# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## TRUSTEES' REPORT

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

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The trustees present their report and accounts for the year ended 31 August 2022.

The trustees present their report with the financial statements of the charity for the year ended 31 August 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **Objectives and activities**

The Congregation of the Sisters of Mercy was founded in Baggot Street, Dublin in 1831, for the purpose of setting up schools for children who were financially deprived and also to minister to those in need. A house was founded in Midhurst in 1888 where the Sisters taught the children of the local community. The new Convent and School was placed under the protection of Blessed Margaret Pole and became St Margaret's Convent and School respectively.

The reorganisation of the Order's commitments continued in line with the strategy of rationalisation and consolidation already established in previous years.

The objectives of the Charity are as follows:

- The advancement of the Roman Catholic Religion
- The maintenance and support of the members of the Congregation
- The education of children in accordance with the doctrines of the Roman Catholic Faith
- The advancement of education.
- The relief of suffering
- The charitable work for the time being carried on, promoted or supported by the Order

The primary objective of the Charity is the advancement of the Roman Catholic Religion. In pursuit of this aim, the Charity, through its various ministries, strives to meet the needs of our time wherever possible and as far as our resources allow. The underlying value is the belief in the uniqueness and dignity of each person and the development of their potential at every level. Facilities like the chapel, playing fields and tennis courts are available to the public. A cottage is available where guests come and spend some time with the Sisters.

Our Mission Statement guides and inspires our charitable activities:

As women of the Church today,  
in the steps of our foundress, Catherine McAuley,  
with faith we commit ourselves, to show God's Mercy.  
By standing with those in need,  
reassessing our ministries,  
working to alleviate poverty, injustice and oppression.  
In collaboration with all people of goodwill,  
we strive to make the Gospel live in today's world.  
Through diverse apostolates and in collaboration with others,  
we commit ourselves to proclaim the Good News of God's love.  
To all people of our time by showing concern for those in need,  
Together we create an environment,  
which empowers all to find meaning, healing and wholeness of life.

The trustees have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2022*

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### **Achievements and performance**

Outreach in different areas

The congregation aims to support the religious and charitable works carried out by its members. The ministries of the Sisters of the Congregation, all of which benefit members of the General Public, fall into the following areas:

- Education
- Outreach to ethnic minority groups
- Working with vulnerable women
- Parish Ministry
- Homeless and unemployed

The Trustees recognise the absolute necessity of ensuring the protection and safety of all those whom the charity serves. This means that all Sisters, in any kind of ministry obtain clearance from the Disclosure and Barring Service (DBS). The Trustees are committed to implementing all policies and procedures of Safeguarding set out by the Diocese of Arundel and Brighton and the RLSS (Religious Life Safeguarding Service).

Areas of ministry the Sisters have engaged in:

The Roman Catholic Diocese of Arundel and Brighton

The Sisters were engaged in parish ministry. This involved visiting people in their homes, nursing homes and hospitals, preparing children and adults to receive the Sacraments of First Holy Communion and Confirmation. A sister volunteered at a girls' school. Our Sisters regularly visit the elderly and take them hot food. A Sister worked with the Diocese to set up a 'safe house' for trafficked people. Another Sister worked as the Safeguarding Representative for the parish, organising DBS checks for volunteers and informing re appropriate training opportunities.

Ever aware of the growing numbers of mental health issues, the Sisters are available for people to come and talk to about any issues they may have. Since the outbreak of Covid-19, the Sisters have supported parishioners who are lonely and/or in isolation by phoning regularly to 'check in and chat', as well as volunteering nationally through the NHS Responder scheme. One Sister volunteered at a COVID vaccination centre in Chichester.

The Sisters continued to care for the planet by recycling as much as possible and by using public transport to reduce carbon emissions. They have also kept abreast of global issues and where possible showed support for those who are marginalised.

The Sisters gather each day to pray for the needs of the world and for those who ask for their prayers. For those Sisters who are no longer able to engage in active ministry, this is regarded as a valuable way of contributing to the healing of our world.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## TRUSTEES' REPORT (CONTINUED)

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

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#### Caring for the membership

The Congregation has an obligation, both moral and legal, to provide for its members, none of whom have resources of their own. Throughout the year the Charity continued to support members of the Congregation in their charitable and religious work, as well as the wellbeing of the members. In common with many religious Congregations in England, the age profile of the members of the Congregation is increasing as existing members grow older and the number of vocations has declined. The Charity realises that provision has to be made for the Sisters who need care.

Ongoing repairs and maintenance work was carried out during the year to update the property.

Financial contributions have also been made during the financial year for the relief of suffering. The contributions have been made to:

- Smile Train
- The Leprosy Mission (England and Wales)
- The Air Ambulance
- BEATS Charity supporting orphanage's in Indonesia
- Hospice Aid UK
- CAFOD
- Missionaries of Mother Teresa of Calcutta
- Mary's Meals
- World Cancer Research.
- Aid to the Church in Need
- Christian Blind Mission
- St Patrick's Missionary Society
- Divine Word Missionary Society
- MISSIO

#### **Financial review**

A summary of the year's results can be found on the Statement of Financial Activities on page 10 of this report and accounts.

The Statement of Financial Activities shows total incoming resources of £824,066 and total resources expended of £270,885. Investments (including bond holdings) amounting to £11,721,170 and net current assets of £892,866 are held for the income they earn which go towards the financing of the Charity's present and future needs and the longer term maintenance of the Sisters. The Charity receives little by way of donations from the public. Net incoming resources (before gain on investment holdings) for the year totalled £553,181 due to the sale of the Convent (2021: Net outgoing resources - £19,205).

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to approximately 12 month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. The level of reserves are currently in-line with 12 month's expenditure.

Investments have performed satisfactorily given market conditions. The trustees, with the advice of their brokers, have continued to trust in the long term capacity for markets to maintain their recovery and have made no major alterations in their portfolio, believing it to have the best possible spread in the circumstances.

In summary, the trustees have continued to be consistent in their long term strategy of the consolidation of resources and property assets in order to ensure the future of the sisters and their ministries.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## TRUSTEES' REPORT (CONTINUED)

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

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Part of the Charity's funds is held as investments with the aim of producing an income in the shorter term and capital growth in the longer term. The objective is to achieve a balance between income and capital growth, the longer term growth being necessary for the maintenance of the Sisters, i.e. their retirement. This aim has been shared with the Investment Managers who give advice, knowing the Trustees' policy and ethical views. The Trustees receive at least a quarterly portfolio valuation. The Trustees review their investment policy annually.

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the Trustees have looked at the risk the Congregation currently faces and have reviewed the measures needing to be put in place to deal with them. The Trustees have identified the following main areas where risks may occur:

Governance and Management looks at the risk of the Congregation's composition of current membership: a large percentage of the members are advanced in years and in need of care. The Trustees considered how best to provide for the needs of the older members of the Congregation and how to make good use of resources to support those who are still in active ministry.

Operational risk looks at the risks inherent in the Charity's activities, including working with children and vulnerable adults.

Financial risks include those that could arise as a result of poor budgetary control, inappropriate spending, inappropriate investment policies, etc.

Reputational risk looks at possible damage to the Congregation's and / or charity's reputation as recommended by COPCA.

Laws, regulations, external and environment risks look at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment in the Charity's activities.

Having assessed the major risks to which the Charity is exposed, the Trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the Charity, they have established effective systems to mitigate those risks.

## **FUTURE PLANS**

The plan over the coming year is to continue to negotiate the sale of part of the Playing Fields to Midhurst Bowling Club.

We also plan to add a small extension to one of the houses to create a small sitting room for the Sisters. We will also be able to use it as an overflow for the dining room, which, currently, is just big enough for the Sisters, but is too small to accommodate any visitors.

## **Conclusion**

The Trustees wish to record their recognition of the commitment of the members of the Congregation. Their dedication and contribution to advancing the Mission Statement is much appreciated.

Looking back over the year, the Trustees are grateful to the many people who have offered their expertise to guide and support them. This is regarded as a source of encouragement and affirmation.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

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### Structure, governance and management

The charity is controlled by its governing document, a deed of trust and constitutes an unincorporated charity.

The charity was established by a charitable trust deed on 10 July 1964. The charity's objects are to advance the religious and other charitable work for the time being carried on, by or under the direction of the society as the Trustees, with the approval of the superior, shall from time to time think fit.

On 18th January 2014 the trustees agreed to change their name from Sisters of Our Lady of Mercy (Midhurst, Uckfield & Shoreham by Sea) to Charity for the Sisters of Mercy Midhurst and on 20 May 2015 the objects of the charity were expanded to enable the charitable work to be carried on worldwide.

In terms of Canon Law the Congregation is governed by the Superior and her Council. They are elected every three years at a General Chapter.

In terms of Civil Law the charity is governed by a Trust Deed dated 10 July 1964 and is a registered charity, Charity Registration No. 235961. The Trustees are appointed by the Superior and are all members of the Congregation. They have a detailed knowledge of the work of the Charity and meet on a regular basis.

The trustees who served during the year were:

Margaret Theresa O'Dwyer

Rose Patricia McGovern

Brigid Kelly

Annette Teresa Cooke

Mary McGrath

Paula Susan Thomas

The membership of the Congregation comprises 9 members. The Sisters engage in various ministries and offer practical and spiritual support to those with whom they work. The Superior is responsible for the needs of the Sisters in her community. The bursar is responsible for the financial aspects of the community and liaises with the Superior about matters of this nature.

The Trustees are ultimately responsible for the policies, activities and assets of the charity. In fulfillment of their responsibilities the Trustees meet regularly during the year and when appropriate take professional advice from property consultants, investment managers, solicitors and accountants to assist them in their role.

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



Paula Susan Thomas

Trustee

Dated: 20/03/2023



# **CHARITY FOR THE SISTERS OF MERCY MIDHURST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2022***

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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.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF CHARITY FOR THE SISTERS OF MERCY MIDHURST

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#### Opinion

We have audited the financial statements of Charity for the Sisters of Mercy Midhurst (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

We have nothing to report in this regard.

#### 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.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF CHARITY FOR THE SISTERS OF MERCY MIDHURST

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

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

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, the audit engagement team made enquiries of management, and those charged with governance, regarding the procedures relating to identifying, evaluating and complying with;

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities Act 2011 and the Charities Statement of Recommended Practice. We performed audit procedures to detect non-compliance, which may have a material impact on the financial statements. These included reviewing financial statement disclosures and evaluating advice received from external advisors. There were no significant laws and regulations we deemed as having an indirect impact on the financial statements.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF CHARITY FOR THE SISTERS OF MERCY MIDHURST

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#### Risks identified

#### Audit response

Mangement Override

Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions entered into outside of the normal course of business.

Revenue Recognition

Audit procedures performed included but were not limited to performing walk through tests to identify the control procedures in place and once an understanding of the income process was gained, a substantive test was carried out using a sample basis to ensure the income existed and were complete in the accounts.

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

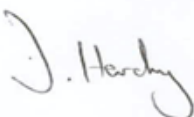
#### Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

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

#### 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.



**Darren Harding (Senior Statutory Auditor)**

**for and on behalf of Richard Place Dobson Services Limited**

Date: ...21/03/2023...

Ground Floor  
1 - 7 Station Road  
Crawley  
West Sussex  
RH10 1HT

Richard Place Dobson Services Limited 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.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2022**

### Current financial year

		Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Total 2022 £	Total 2021 £
	Notes				
<b><u>Income from</u></b>					
Donations received	3	21,030	-	21,030	12,560
Investments	4	174,575	-	174,575	155,801
Other incoming resources	5	77,987	550,474	628,461	80,959
<b>Total income</b>		<b>273,592</b>	<b>550,474</b>	<b>824,066</b>	<b>249,320</b>
<b><u>Expenditure on:</u></b>					
Raising funds	6	-	20,451	20,451	19,383
Charitable activities	7	217,334	34,000	251,334	249,142
<b>Total resources expended</b>		<b>217,334</b>	<b>54,451</b>	<b>271,785</b>	<b>268,525</b>
Net gains/(losses) on investments	11	-	21,078	21,078	543,297
<b>Net incoming resources before transfers</b>		<b>56,258</b>	<b>517,101</b>	<b>573,359</b>	<b>524,092</b>
Gross transfers between funds		(146,288)	146,288	-	-
<b>Net movement in funds</b>		<b>(90,030)</b>	<b>663,389</b>	<b>573,359</b>	<b>524,092</b>
Fund balances at 1 September 2021		342,190	11,957,467	12,299,657	11,775,565
<b>Fund balances at 31 August 2022</b>		<b>252,160</b>	<b>12,620,856</b>	<b>12,873,016</b>	<b>12,299,657</b>

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

All income and expenditure derive from continuing activities.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2022**

Prior financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Total 2021 £
	Notes			
<b><u>Income from</u></b>				
Donations received	3	12,560	-	12,560
Investments	4	155,801	-	155,801
Other incoming resources	5	80,959	-	80,959
<b>Total income</b>		249,320	-	249,320
<b><u>Expenditure on:</u></b>				
Raising funds	6	-	19,383	19,383
Charitable activities	7	216,595	32,547	249,142
<b>Total resources expended</b>		216,595	51,930	268,525
Net gains/(losses) on investments	11	-	543,297	543,297
<b>Net incoming resources before transfers</b>		32,725	491,367	524,092
Gross transfers between funds		(20,214)	20,214	-
<b>Net movement in funds</b>		12,511	511,581	524,092
Fund balances at 1 September 2020		329,679	11,445,886	11,775,565
<b>Fund balances at 31 August 2021</b>		342,190	11,957,467	12,299,657

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

All income and expenditure derive from continuing activities.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	12	258,980		1,125,638	
Investments	13	11,721,170		9,584,526	
			11,980,150		10,710,164
<b>Current assets</b>					
Debtors	15	6,100		9,060	
Cash at bank and in hand		897,299		1,591,123	
			903,399		1,600,183
<b>Creditors: amounts falling due within one year</b>	16	(10,533)		(10,690)	
Net current assets			892,866		1,589,493
<b>Total assets less current liabilities</b>			12,873,016		12,299,657
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	17	12,620,856		11,957,467	
General unrestricted funds		252,160		342,190	
			12,873,016		12,299,657
			12,873,016		12,299,657

The financial statements were approved by the Trustees on 20/03/2023

*P.S. Thomas*

Paula Susan Thomas  
Trustee

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 AUGUST 2022**

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(180,248)		(141,600)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(57,295)		(13,800)	
Proceeds from disposal of tangible fixed assets		1,460,400		-	
Purchase of investments		(2,261,001)		(214,468)	
Proceeds from disposal of investments		169,745		87,643	
Investment income received		174,575		155,801	
<b>Net cash (used in)/generated from investing activities</b>			(513,576)		15,176
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(693,824)		(126,424)
Cash and cash equivalents at beginning of year			1,591,123		1,717,547
<b>Cash and cash equivalents at end of year</b>			897,299		1,591,123



# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2022*

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### 1 Accounting policies

#### Charity information

Charity for the Sisters of Mercy Midhurst is a charity set up under a trust deed and registered with the Charities Commission in England and Wales.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance 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)". 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 £.

#### 1.2 Going concern

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

#### 1.3 Charitable funds

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

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

#### 1.4 Income

Sisters Pensions and Salary income and other incoming resources is included in the Statement of Financial Activities (SOFA) in the year to which it relates.

Donations, legacies and similar incoming resources are included in the year in which they are receivable which is when the charity becomes entitled to the resource.

Income from Investments is included in the SOFA in the year in which it is receivable.

#### 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.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

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#### 1 Accounting policies

(Continued)

All expenditure is included on an accruals basis and is recognised when a legal or constructive obligation arises.

Charitable costs relate to the cost of serving the community and have been allocated directly to functional headings as shown in the SOFA.

Governance costs are included as and when a legal and constructive obligation arises, and include legal and professional costs, audit fees and bank charges.

Support costs are those functions which assist the work of the charity but do not directly relate to undertaking charitable activities. Support costs include governance costs. These costs have been allocated to the main charitable activity.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	Straight line over fifty years
Fixtures, fittings & equipment	15% straight line
Motor vehicles	20% straight line
Improvements to property	15% straight line

All assets costing more than £500 are capitalised.

#### 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.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

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### **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 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 Taxation**

The charity is exempt from tax on its charitable activities.

### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

### **1.13 Retirement benefits**

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

## **2 Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key accounting estimates and judgements are:

Valuation of investments - this is provided by the investment manager and is based on bid value at the year end date.

Estimation of residual value, useful economic life and depreciation of freehold land and buildings.

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 3 Donations received

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Donations	21,030	12,560

### 4 Investments

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Rental income	7,800	7,150
Income from listed investments	130,000	124,098
Interest receivable	36,775	24,553
	174,575	155,801

### 5 Other incoming resources

	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Total 2022 £	Unrestricted funds general 2021 £
Net gain on disposal of tangible fixed assets	-	550,474	550,474	-
Sisters pension income	77,987	-	77,987	80,959
	77,987	550,474	628,461	80,959

### 6 Raising funds

	Unrestricted funds designated 2022 £	Unrestricted funds designated 2021 £
Portfolio management	20,451	19,383
	20,451	19,383

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

### 7 Charitable activities

	Direct charitable expenditure 2022 £	Direct charitable expenditure 2021 £
Staff costs	45,340	42,665
Rates and water	5,177	4,537
Insurance	17,579	18,860
Light and heat	11,748	14,054
Telephone	4,944	4,942
Postage and stationery	1,899	2,063
Provisions and cooking	20,950	16,196
Chapel expenses	80	21
Courses and subscriptions	1,956	1,034
Donations and stipends	4,137	5,645
Repairs and maintenance	50,158	21,230
Sisters' expenses	42,860	51,477
Garden expenses	6,670	4,669
Motor expenses	6,991	3,685
Depreciation	14,028	37,641
	<u>234,517</u>	<u>228,719</u>
Share of governance costs (see note 8)	16,817	20,423
	<u>251,334</u>	<u>249,142</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	217,334	216,595
Unrestricted funds - designated	34,000	32,547
	<u>251,334</u>	<u>249,142</u>

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Bank charges	-	471	471	-	505	505
Auditors' remuneration	-	7,200	7,200	-	7,200	7,200
Legal and professional fees	-	9,146	9,146	-	12,718	12,718
	<u>-</u>	<u>16,817</u>	<u>16,817</u>	<u>-</u>	<u>20,423</u>	<u>20,423</u>
Analysed between						
Charitable activities	-	16,817	16,817	-	20,423	20,423
	<u>-</u>	<u>16,817</u>	<u>16,817</u>	<u>-</u>	<u>20,423</u>	<u>20,423</u>

Governance costs includes payments to the auditors of £7,200 (2021 - £7,200) for audit fees and £4,102 (2021 - £4,036) for other services.

### 9 Trustees

The trustees are also members of the community. Members are maintained by the charity and premises, meals and other living expenses are paid by the charity. None of the trustees (or any persons connected with them) received any remuneration during the year or receive any reimbursement of expenses other than those received as an acting member of the community.

### 10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Midhurst Convent	<u>2</u>	<u>2</u>
<b>Employment costs</b>	<b>2022 £</b>	<b>2021 £</b>
Wages and salaries	38,227	35,682
Social security costs	4,091	3,788
Other pension costs	3,022	3,195
	<u>45,340</u>	<u>42,665</u>

The Trustees are the key members of management and do not receive remuneration from the Charity.

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

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

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

	Unrestricted funds designated 2022 £	Unrestricted funds designated 2021 £
Revaluation of investments	-	543,297
Gain/(loss) on sale of investments	21,078	-
	<u>21,078</u>	<u>543,297</u>

#### 12 Tangible fixed assets

	Land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Improvements to property £	Total £
<b>Cost</b>					
At 1 September 2021	1,449,385	69,800	44,070	-	1,563,255
Additions	-	8,395	-	48,900	57,295
Disposals	(1,155,099)	(69,800)	-	-	(1,224,899)
At 31 August 2022	<u>294,286</u>	<u>8,395</u>	<u>44,070</u>	<u>48,900</u>	<u>395,651</u>
<b>Depreciation and impairment</b>					
At 1 September 2021	345,689	69,799	22,128	-	437,616
Depreciation charged in the year	-	1,141	7,315	5,572	14,028
Eliminated in respect of disposals	(245,173)	(69,800)	-	-	(314,973)
At 31 August 2022	<u>100,516</u>	<u>1,140</u>	<u>29,443</u>	<u>5,572</u>	<u>136,671</u>
<b>Carrying amount</b>					
At 31 August 2022	<u>193,770</u>	<u>7,255</u>	<u>14,627</u>	<u>43,328</u>	<u>258,980</u>
At 31 August 2021	<u>1,103,695</u>	<u>1</u>	<u>21,942</u>	<u>-</u>	<u>1,125,638</u>

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 13 Fixed asset investments

	Listed investments £	Bank Deposit Accounts £	Total £
<b>Cost or valuation</b>			
At 1 September 2021	4,391,003	5,193,523	9,584,526
Additions	122,851	2,138,150	2,261,001
Valuation changes	24,310	-	24,310
Disposals	(148,667)	-	(148,667)
At 31 August 2022	4,389,497	7,331,673	11,721,170
<b>Carrying amount</b>			
At 31 August 2022	4,389,497	7,331,673	11,721,170
At 31 August 2021	4,391,003	5,193,523	9,584,526

The value of investments held outside of the UK was £318,695 (2021: £352,795)

The historical cost of investments was £3,267,216 (2021: £3,194,666).

No investments were held in companies which represented more than 5% of the total fixed assets held.

<b>14 Financial instruments</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	4,389,497	4,391,003
<b>15 Debtors</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Other debtors	1,035	2,161
Prepayments	5,067	6,902
	6,100	9,060
<b>16 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Accruals	10,533	10,690



# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 September 2021	Incoming resources	Movement in funds			Balance at 31 August 2022
	£	£	Resources expended	Transfers	Investments gains/losses	£
Investment fund	10,203,774	-	(20,451)	1,822,685	21,078	12,027,086
Land and buildings fund	1,103,693	550,474	(34,000)	(1,426,397)	-	193,770
Building fund	650,000	-	-	(250,000)	-	400,000
	<u>11,957,467</u>	<u>550,474</u>	<u>(54,451)</u>	<u>146,288</u>	<u>21,078</u>	<u>12,620,856</u>

	Balance at 1 September 2020	Incoming resources	Movement in funds			Balance at 1 September 2021
	£	£	Resources expended	Transfers	Investments gains/losses	£
Investment fund	9,663,705	-	(19,383)	62,942	232,136	10,203,774
Land and buildings fund	1,132,181	-	(28,488)	-	-	1,103,693
Building fund	650,000	-	(4,059)	4,059	-	650,000
	<u>11,445,886</u>	<u>-</u>	<u>(51,930)</u>	<u>71,252</u>	<u>232,136</u>	<u>11,957,467</u>

The Investment Fund is set aside to provide income for the ongoing use in ministries and allowing the sisters to provide the charity objects.

The Land and Buildings Fund is set aside to represent the charity's use of Land and buildings. The movement in the year represents the annual depreciation charge.

The Building Fund represents the balance of funds set aside to cover the ongoing upkeep and repair costs of the buildings..

# CHARITY FOR THE SISTERS OF MERCY MIDHURST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 18 Analysis of net assets between funds

	Unrestricted funds 2022 £	Designated funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Designated funds 2021 £	Total 2021 £
Fund balances at 31 August 2022 are represented by:						
Tangible assets	13,726	245,254	258,980	21,945	1,103,693	1,125,638
Investments	-	11,721,170	11,721,170	-	9,584,526	9,584,526
Current assets/(liabilities)	238,434	654,432	892,866	320,245	1,269,248	1,589,493
	<u>252,160</u>	<u>12,620,856</u>	<u>12,873,016</u>	<u>342,190</u>	<u>11,957,467</u>	<u>12,299,657</u>

Included within the designated fund balance is an investment revaluation reserve of £1,122,281 (2021: £1,196,337).

### 19 Related party transactions

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

### 20 Cash generated from operations

	2022 £	2021 £
Surplus for the year	573,359	524,092
Adjustments for:		
Investment income recognised in statement of financial activities	(174,575)	(155,801)
Gain on disposal of tangible fixed assets	(550,474)	-
Gain on disposal of investments	(21,078)	-
Fair value gains and losses on investments	-	(543,297)
Depreciation and impairment of tangible fixed assets	(10,283)	37,640
Movements in working capital:		
Decrease/(increase) in debtors	2,960	(72)
(Decrease) in creditors	(157)	(4,162)
<b>Cash absorbed by operations</b>	<u>(180,248)</u>	<u>(141,600)</u>

### 21 Analysis of changes in net funds

The charity had no debt during the year.