

**The Congregation
of Servants of
Mary (London)**

Annual Report and Accounts

31 December 2021

Charity Registration Number
241434

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Trustees	Sister Michelle Reilly Sister Catherine Francis Farrell Sister Joyce Mary Fryer Sister Ellen O’Riordan (The trustees are incorporated under the Charities Act 2011)
Prioress Provincial	Sister Michelle Reilly
Provincial Treasurer	Sister Dominic Savio Edwards
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Charity registration number	241434
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Principal bankers	HSBC Bank plc 69 Pall Mall London SW1Y 5EY

Investment managers	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL
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Solicitors	Stone King LLP Upper Borough Court Upper Borough Walls Bath BA1 1RG

The trustees present their report together with the accounts of The Congregation of Servants of Mary (London) (the "charity") for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached accounts and comply with the charity's trust deed, 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 United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Congregation of Servants of Mary (the "Congregation"), commonly known as Servites, is an international Roman Catholic religious congregation supporting 165 sisters worldwide. It was founded in 1864 in France. Its Generalate is located in Paris. The UK Servite Sisters are directly governed by the Congregational Prioress, who has delegated the legal responsibilities to her Congregational Councillor, who is the Head Trustee.

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Congregation in England are held.

Charitable objectives: Mission

The object of the Congregation of Servants of Mary (London), as set out in its governing document, is the furtherance of the Roman Catholic faith.

By caring for individual members of the Congregation throughout their lives with the Congregation, the charity aims to enable and support the sisters to live out their faith and to put that faith into practice through a wide variety of religious and other charitable works.

When setting the objectives and planning the work of the charity for the year, and when encouraging the work of individual sisters, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

Activities, objectives and achievements of the UK community

The spiritual principles which underpin the apostolic activity of our Religious Congregation are designed to benefit the public and also to demonstrate our key ministry which is the provision of quality care for our frail elderly sisters. The privileges of charitable status and the benefits which accrue act as an incentive for us to fashion our Mission and Ministries so as to meet the legal definition of charity and to comply with the requirements laid down by the Charity Commission. If we, as a charity, benefit from certain financial exemptions, then we are obliged to demonstrate by clear reporting that the exemptions convey a benefit to society that outweighs the lost revenue.

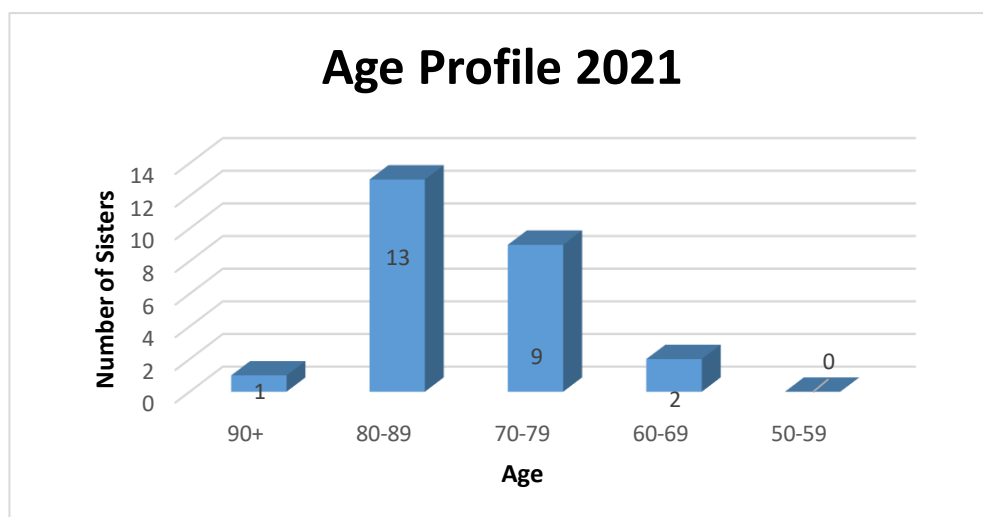
♦ Caring for members of the Congregation

In common with many religious congregations in the UK, the age profile of the members of the Congregation is increasing and currently there are no new vocations emerging in the west but the numbers of sisters are growing in the Democratic Republic of Congo (DRC). The Congregation has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to the care of the elderly, poor and marginalised in our society.

Activities, objectives and achievements of the UK community (continued)

♦ **Caring for members of the Congregation (continued)**

The age profile of the Congregation in the UK at 31 December 2021 is shown graphically below:



As the age profile of the Congregation increases so too does the need to provide increasing and increasingly expensive care to the sisters. We sadly report that four sisters have passed since 31 December 2020. At present, six of the members of the Congregation are receiving care in the charity's care home. Over the next decade, the trustees expect this number requiring care to increase. As a consequence, the trustees are giving careful consideration to the impact of this on the work of individual members of the Congregation, the property requirements of the Congregation and the financial implications. In this regard, the objectives of the trustees over the current year are summarised below. All these objectives will continue to be applicable for the next few years also.

- ♦ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect;
- ♦ Reviewing the charity's properties used as community houses and assessing their suitability as homes for the elderly and frail. Those identified as being unsuitable will be adapted or, if this proves impossible, sold and replaced with properties more appropriate for the elderly. All properties owned by the charity have been included in a 5-year update and maintenance programme; The sisters may need to find suitable nursing homes for sisters with specific medical conditions that need professional interventions and support.
- ♦ Enabling all members of the Congregation to continue with their individual ministries for as long as possible; and
- ♦ Investing time and finances in properties suitable to meet the charity's objectives.
- ♦ Supporting new members and projects in line with the educational objectives of the charity.

Activities, objectives and achievements of the UK community (continued)

◆ Enabling and supporting members in a variety of religious and charitable works

Throughout the year sisters continued to carry out various forms of charitable works in order to fulfil their individual ministries. This work enables the charity to reach out to those in need within society generally and benefit a very significant number of people.

The religious and charitable works of individual members of the Congregation can be divided into these principal areas: worship and prayer, the social and pastoral work of the sisters, trusteeships and support of schools, ministry and the support of overseas missionary work and supporting younger members of the Congregation to live and study in the West to promote our charism.

◆ Worship and prayer

Members of the Congregation are given the opportunity for private worship and to continue to develop their knowledge and trust in Jesus and the Church through quiet prayer, study of the Gospel and spiritual development. In addition, members of the Congregation celebrate and pray with the wider community including people of all faiths and none. They do this through the provision of spiritual guidance or by just being available to listen to others in times of need, through the giving of retreats and the celebration of the Liturgy through prayer groups and church services.

◆ Social and pastoral work

The charity continues to realise its objectives by:

- ◇ Enabling all members of the Congregation to carry out meaningful social and pastoral work within the community after assessing their skills and the needs of the local area;
- ◇ Encouraging and motivating members to work with and assist the poor, elderly and marginalised; and
- ◇ Wherever possible, ensuring sisters are remunerated for such work by way of salary or stipend. Such income is donated to the charity and thereby ensures that the work of the sisters and charity may continue into the future and develop.

Many members of the Congregation are involved in various forms of social or pastoral work throughout the country, including care of the elderly and people with special needs, family support and chaplaincy in hospitals, educational establishments and refugees. The sisters aim to help the poor and marginalised in society regardless of their personal background, faith, gender or individual circumstances.

◆ Education in all its forms

A Servite Sister is Assistant Chaplain at Our Lady's High School. Links with the Servite Sisters are still very strong, and Servite values continue to inform many of the school's processes and priorities. There are also international links with schools and students in countries such as Democratic Republic of Congo, Australia, United States of America, South Africa, France and Italy.

Activities, objectives and achievements of the UK community (continued)

♦ Education in all its forms (continued)

Part of Our Lady's High School's Mission Statement reads:

'Our Lady's Convent High School aims to meet the needs of all its pupils in the 11-19 age range. We provide high quality Catholic comprehensive education within a secure and caring environment, in accordance with Gospel values. Religious education is developed through the whole curriculum and life of the school which is fortunate enough to have its own chapel. The school seeks to enable its pupils: to reach their maximum potential in all areas of the curriculum, using their talents to the greater glory of God to gain a broad cultural enrichment and awareness and leave the school as informed, adaptable young people, well prepared for the next stage of their lives, whether in higher or further education, or in the world of work.'

Our Lady's has high expectations of its pupils in every aspect of their school life. Girls are expected to be attentive during lessons, to be courteous to their teachers, considerate of their fellow pupils and to work to their best of their ability. The school endeavours to enable every girl to do full justice to her God-given talents, to see the wonders of God's creation in the subjects she studies and to learn to be a useful and generous member of the school community. Every member of the teaching staff is involved in the system of pastoral care and discipline. The work is co-ordinated each year by the Year Leader, who is a member of the senior staff and who works together with form and subject teachers, heads of department, deputies and the head teacher.

The sisters are no longer trustees of St Mary's Priory Voluntary Aided Infant School and St Mary's Priory Junior School in the London Borough of Haringey. However, the School, like Our Lady's, retains a Servite link and retains the Servite values. St Mary's School wants to develop a happy, caring and secure community which celebrates the multicultural diversity of the pupils.

Part of the mission statement reads:

'Everyone at our school aspires to create an inclusive environment where we all feel valued and respected so that we can achieve our full potential for lifelong learning'

The children are encouraged to take some responsibility for protecting the resources of the earth. The Walking Bus helps to save energy and creates a sense of community. The school's mission is to provide a positive, inclusive, Catholic environment for learning and growth which promotes excellence and inspires each individual to discover, develop and fulfil their spiritual, intellectual and personal potential and to become lifetime learners. It is felt that the school should provide a nurturing caring social environment, based on Christian values, in which the views of all members are heard, valued and respected and in which students are supported in their complete development as young adults.

- ♦ A Servite sister continues her work as a governor at Servite Primary School in Kensington & Chelsea with special responsibility for Religious Education.

Activities, objectives and achievements of the UK community (continued)

◆ **Education in all its forms (continued)**

The following are examples of the other education work undertaken by the sisters:

- ◇ Catechesis in parishes;
- ◇ School chaplaincy;
- ◇ Education about the Roman Catholic faith with adults (Rite of Christian Initiation of Adults programme);
- ◇ Education re Third World issues (CAFOD);
- ◇ Support of other agencies which deliver education in a direct way;
- ◇ Consultancy with religious communities in strategic planning and identifying educational needs;
- ◇ Work in primary schools in support of the development work carried out by CAFOD;
- ◇ Religious training of Sisters in the Democratic Republic of Congo;
- ◇ Education of a sister from the Democratic Republic of Congo to become a Doctor of Medicine and support further studies in DRC;
- ◇ Training of Democratic Republic of Congo sisters in English language and culture;
- ◇ Supporting the Mama wa Rehema Primary School operated by the International Community in Butembo, Democratic Republic of Congo; and
- ◇ Supporting education by providing, at below market rate, offices to a multi academy trust in Olton.

◆ **Overseas missionary work**

The charity also helps support sisters working in healthcare and social and pastoral fields in the Democratic Republic of Congo, thereby helping some of the world's poorest and most disadvantaged people. Education of the sisters in formation in the DRC, in Belgium, France and the U.S. are also supported. Medical support for the Vutahira Hospital Centre run by the Servite sisters in the DRC is also given funds.

Future plans

Other objectives of the trustees (who are all religious sisters) are laid out below. It is considered that they will continue to be applicable for the next few years.

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect;
- ◆ Reviewing the charity's properties used as community houses and assessing their suitability as homes for the elderly and frail. Those identified as being unsuitable will be adapted or, if this proves impossible, sold and replaced with properties more appropriate for the elderly;
- ◆ Enabling all members of the Congregation to continue with their individual ministries for as long as possible;
- ◆ Inviting interested members from the Democratic Republic of Congo to join at Congregational level; and

Relevant policies

◆ **Safeguarding policy**

The charity has a robust policy for protecting adults at risk of abuse or neglect and has a designated safeguarding lead. In the event of any safeguarding incidents being reported they will be passed on to the relevant authorities as appropriate. The incident will be investigated in accordance with guidelines provided by the Catholic Safeguarding Standards Agency (CSSA) and appropriate action taken as required.

◆ **Fundraising policy**

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers.

The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2021, the charity received no complaints about its fundraising activities.

◆ **Investment policy**

The charity's investments are managed by BlackRock Investment Management (UK) Limited and HSBC Global Asset Management (UK) Limited. There are no restrictions on the charity's power to invest.

The trustees' investment powers are set out in the charity's trust deed. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment managers' views of the market prospects in the medium term.

Relevant policies (continued)

◆ Investment policy (continued)

The policy is to maximise total return through a diversified portfolio whilst providing a level of income advised by the trustees from time to time. There is also an ethical policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Roman Catholic Church, mainly armaments, pornography and oppressive regimes.

The performance of the portfolio and the charity's investment strategy are reviewed by the trustees and their representative who meet with the investment managers at least twice a year.

The trustees receive quarterly reports and summaries detailing the performance of the portfolios.

◆ Grants, donations and support of missionary work and ministry

Grants, donations and other payments in support of missionary work and ministry are decided on by the trustees in consultation with other members of the Congregation as appropriate. In the main, the charity supports the ministries of the Congregation of Servants of Mary in overseas countries. During the year the charity made two donations to the Congregation. Details can be found in note 3 to the accounts.

The trustees continue to give financial support also to United Kingdom organisations whose work is within the objects of the charity. Applications for grants and donations are not invited and the charity does not regard itself as a grant making entity.

◆ Data protection

Members of the Congregation are contacted by email and can request access to all personal information that is retained. Details of staff and Sisters held at St. Juliana's are held in compliance with data protection regulations.

Volunteers

Volunteers are friends of the Community and they share their spiritual gifts with the sisters and general public. Our Associates are in constant communication, their contribution both active and passive i.e. in supportive prayer is invaluable to our works.

Financial review

◆ Results for the year

A summary of the year's results can be found on page 22 of this report and accounts.

During 2021 total income amounted to £1,166,073 (2020 - £1,213,876). Of the income, a total of £419,654 (2020 - £485,483) related to donations and legacies. This figure includes salaries and pensions of the sisters amounting to £391,953 (2020 - £473,155) covenanted to the charity. Investment income and interest receivable totalled £729,561 (2020 - £720,232).

Financial review (continued)

◆ Results for the year (continued)

Expenditure totalled £1,015,313 compared to £1,046,117 in 2020. Expenditure incurred on maintaining the members of the Congregation and supporting them in their pastoral work and ministry amounted to £926,443 (2020 - £964,296). This included staff costs of £423,703 (2020 - £444,996) with £410,611 (2020 - £431,358) being spent on staff employed to care for the sisters in the home in Bognor Regis. Charitable grants and donations made amounted to £26,747 (2020 - £31,613). Further details about grants and donations are provided in note 3 to the accounts. Fees paid to the charity's investment managers during the year amounted to £62,123 (2020 - £50,208).

Net income for the year before investment gains, therefore, was £150,760 (2020 - £167,759). Investment gains of £2,368,284 (2020 - gains of £609,857) resulted in net income or an increase in funds for the year of £2,519,044 (2020 - net expenditure of £777,616).

◆ Investment performance

The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and complied with the ethical guidelines given to them.

During the year the charity's listed investments achieved an income yield of 2.59% (2020 - 1.0%) and a capital yield of 2.55% (2020 - negative 0.25 %). The increase in value of investments at the year end is consistent with a global increase in value. Throughout the year, the trustees have continued to liaise closely with the charity's investment advisers and seek their advice. Given that the charity has no immediate need to realise value from the portfolio other than through income and given that the trustees' intention is to hold investments over the long term, the advice given has been to continue to monitor the investment performance but not to radically amend the investment policy that has been followed in recent years.

The trustees will continue to review performance by meeting with the investment managers twice a year and monitoring investments on a quarterly basis. The trustees view their investments as being for the long term, they remain confident that the policy adopted is appropriate for the charity.

The charity has one programme related investment property held to generate rental income and supports its objectives in Catholic education by leasing at below market value.

◆ Reserves policy and financial position

Reserves policy

The reader will discern from the foregoing that the charity carries out a diverse range of activities and is responsible for care and support of sisters whose average age is increasing and whose needs are changing. The trustees have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work and its commitments, the level of free reserves should be equal to three to five years' expenditure.

Financial review (continued)

♦ Reserves policy and financial position (continued)

Financial position

The balance sheet shows total reserves of £33.8 million (2020 - £31.3 million). Of this, £2.5 million is represented by properties and other tangible fixed assets essential for the support and work of the sisters. A programme related investment fund of £150,000 has been established following the decision and agreement to lease one of the charity's properties on favourable terms to Our Lady and All Saints Catholic multi academy trust, an organisation with educational charitable objectives consistent with the Servite Sisters.

In addition, the trustees have set aside £14 million as designated funds to meet the cost of the care and welfare of the sisters in their retirement. The funds set aside to provide for the sisters in their retirement, none of whom have resources of their own, have been re-assessed during the year. The calculations are based on actuarial methods to provide £75,000 per annum for sisters over 85 years of age, £75,000 per annum for sisters being looked after at St Juliana's, the charity's home in Bognor Regis, £55,000 per annum for sisters over 70 years of age and £50,000 per annum for sisters over 66 years of age.

A further fund of £7 million has been set aside by the trustees to refurbish its properties in the next five years as properties held by the charity are in need of extensive repairs/renovations. The fund is also for acquiring properties as the sisters needs dictate.

Funds available to support the work of the sisters in the future, in particular the support of the Congregation's ministry and its missionary and charitable work overseas, are shown as general funds on the balance sheet and amount to £10.1 million. This figure needs to be considered in the light of the increasing age profile of the sisters and the need for the charity to continue to support the work of the Congregation, both in this country and overseas. Investment assets are important to the charity because of the income generated therefrom. Given the continuing volatility in world stock markets and the low interest rates, there is a real need to retain monies to enable the long term financial stability of the charity. In particular, the level of reserves is deemed sufficient when considered in the light of the current macroeconomic and geopolitical climate.

Discussions continue at an international level about the structure and work of the Congregation going forward. These discussions may have an impact on the focus of the charity's work and hence its need for financial reserves. Consequently, the trustees will continue to review the charity's financial position and its reserves policy over time with a view to ensuring both are consistent with the charity's future plans and commitments. The trustees will assess the need for further designations of funds during the coming financial year. In the meantime, the trustees are content that the free reserves are adequate but not excessive.

Financial review (continued)

◆ Tax exemptions etc

The beneficiaries of the work of the charity have the assurance that all of the income of the charity must be applied for charitable purposes in furtherance of the charity's object of furthering the Roman Catholic faith. The charity enjoys tax exemption on income from its activities and on its investment income and gains provided these are applied for its charitable aims. As a charity, it is also entitled to a reduction of 80% on business rates on the property it occupies for its charitable purposes. The financial benefits received as a result of these exemptions are all applied for the purposes of furthering the Roman Catholic faith by enabling and supporting the sisters to live out their faith and to put that faith into practice through a wide variety of religious and other charitable works.

The nature of the charity's activities means that it is unable to reclaim VAT input tax on its costs as it is exempt for VAT purposes. The charity also pays tax as an employer through the national insurance contributions it makes.

The charity brings very substantial benefits to the local communities and society in general through the sisters' ministries, the social and pastoral work provided by sisters (often on a voluntary basis), and to the pupils/staff in the schools in which the sisters work or have an association.

Governance, structure and management

◆ Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her General Council. They are elected every five years at a General Chapter or meeting of representatives of all communities of the Congregation. The Congregational Prioress appoints her legal representative in the United Kingdom. At present the Head of Trustees, an elected Congregational Councillor is the legal representative. The English Servite Sisters are an entity with shared responsibilities: Administrative Co-ordinator, Pastoral Coordinator, Animation Coordinator and Accompaniment Coordinator. As the number of sisters decrease the responsibilities are shared and lay volunteers/employees support the functioning of the charity. Members of the leadership are chosen for their personal qualities, their understanding and experience of the ministries of the sisters throughout England and to secure a good skills mix among them. To ensure that there is a system of accountability operational throughout the community. The Congregational Councillor, Head Trustee and Trustees receive regular updates about the progress and development of the ministries carried out by the sisters. At least once in her term of office the Congregational Prioress will formally visit all the communities and those sisters who live singly. A visit by the Superior General is made to the English sisters at least once every five years.

Governance, structure and management (continued)

◆ **Governance (continued)**

In terms of Civil law, the charity is governed by a trust deed dated 12 October 1966 and is a registered charity – Charity Registration No. 241434. The trustees of the charity are the members of the UK Servite Sisters. The trustees are incorporated under the Charities Act 2011. The Head Trustee appoints the trustees after discussion with the other trustees. As all trustees are members of the Congregation they have a detailed knowledge of the work of the charity and of its structure. On being appointed new trustees are required to spend time with those trustees leaving office. They also meet with the Congregation's legal, accounting, investment and property advisers to obtain a full briefing of their responsibilities and the charity's position. The Trustees regularly consult and seek assistance from professional advisors.

All trustees are members of The Congregation of Servants of Mary (London) and as such their living and personal costs are borne by the charity. However, they receive no remuneration or expenses for their services as trustees.

The names of the trustees who served during the year are set out on page 1.

The names of the current trustees are:

Sister Michelle Reilly OSM – Congregational Councillor, Head Trustee

Sister (Catherine) Francis Farrell OSM – Trustee – Parish apostolate and working with the sick and elderly.

Sister Joyce Mary Fryer OSM – Trustee

Sister Ellen O'Riordan OSM – Trustee

Sister Dominic Savio Lydia Edwards - Treasurer

◆ **Statement of trustees' responsibilities**

The trustees are responsible for preparing the trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that year. In preparing accounts giving a true and fair view, the trustees are required to:

- ◇ select suitable accounting policies and then apply them consistently;
- ◇ observe the methods and principles 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 United Kingdom and Republic of Ireland (FRS 102);
- ◇ make judgements and estimates that are reasonable and prudent;

Governance, structure and management (continued)

◆ **Statement of trustees' responsibilities (continued)**

- ◇ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◇ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

◆ **Structure and management reporting**

The trustees are ultimately responsible for the policies, activities, and assets of the charity. They meet quarterly or more if needed to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investments managers, solicitors, accountants and HR Facilitators. The day-to-day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation or senior staff.

There were twenty-five sisters in the UK at 31 December 2021. The sisters live in fourteen houses under the jurisdiction of the Congregation Councillor and her Council. The charity owns twelve of these Convents. Of the remaining two, one property is rented and the other belongs to the Parish of High Green, in Sheffield. A house in the grounds of the old Olton Convent known as Bethany is also owned by the charity and is let to a multi-academy trust at a reduced rent in compliance with the charities objectives to support catholic education.

Trustee training included attendance at various courses and conferences, including:

- ◇ Catholic Charities Conference;
- ◇ Safeguarding training
- ◇ Financial Risk Assessment Training;
- ◇ Investment Training;
- ◇ GDPR Training;
- ◇ Risk Assessment Training;
- ◇ Apostolic and Missionary Training; and
- ◇ Religious Training.

Governance, structure and management (continued)

◆ Key management

The trustees consider that they together with the Treasurer, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees and the Treasurer are members of the Congregation and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or Treasurer.

◆ Risk management

The trustees undertake an annual review of the principal risks and uncertainties that the charity faces categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

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.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- ◇ An analysis of the age profile of the members of the Congregation shows that the average age in the UK community at 31 December 2021 was 80 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

Governance, structure and management (continued)

◆ Risk management (continued)

- ◇ Operationally the charity works with children and vulnerable adults including older people. The trustees recognise the absolute necessity of ensuring the protection and safety of all those that the charity serves. This means that sisters engaged in any ministry in Great Britain and all those who work or volunteer for the charity and work with children or vulnerable adults must obtain clearance from the Disclosure and Barring Service (DBS). The trustees are committed fully to implementing the policies of the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS).

The Congregation ensures compliance with all current safeguarding procedures and has adopted the policies of the CSSA and RLSS. The Congregation has supported the work of the Independent Inquiry into Child Sexual Abuse in the Catholic Church. Within the Congregation, Mrs Florence Collins is our named Lay Adult responsible for DBS checks and attending forums/courses. There are policies and procedures in place to ensure immediate action should the need arise.

- ◇ The charity donates sums in support of the wider Congregation and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◇ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet twice a year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs-both now and in the future.
- ◇ The risk of lack of new members is being mitigated by actively recruiting new members from the Democratic Republic of Congo (DRC). The Congregation is growing in Africa and the sisters from the DRC are promoting the objectives of the charity by assisting in the UK and in the DRC.
- ◇ The risk of lack of personnel is high and succession planning is taking place. Funds have been allocated to cover employing the necessary lay professionals required to carry out administrative tasks the sisters can no longer cover.
- ◇ Risk of cyber crime and fraud are high but policies and programmes have been put into place to try to keep risk to a minimum.

Employees, volunteers, and members of the Congregation

The trustees wish to record their recognition of the professionalism and commitment of all their staff, volunteers and the individual members of the Congregation. Their dedication and positive approach are very much appreciated.

Approved by the trustees and signed on their behalf by:

Sr. Michelle H.E.Reilly

Trustee

Approved by the trustees on: 14/09/2022

Independent auditor's report to the trustees of The Congregation of the Servants of Mary (London)

Opinion

We have audited the accounts of The Congregation of the Servants of Mary (London) (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its income and expenditure 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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts 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 accounts 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and trustees and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011; Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and review of minutes of trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud (continued)

- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We did not identify any irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. 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.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 October 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds	
		2021 £	2020 £
Income from:			
Donations and legacies	1	419,654	485,483
Investments and bank interest	2	729,561	720,232
Other sources:			
. Miscellaneous income		8,269	8,161
Total income		1,157,484	1,213,876
Expenditure on:			
Raising funds			
. Investment management		62,123	50,208
Charitable activities			
. Charitable grants and donations	3	26,747	31,613
. Support of members of the Congregation and enabling their ministry	4	917,854	964,296
Total expenditure		1,006,724	1,046,117
Net income before gains on investments	6	150,760	167,759
Net gains on investments	11	2,368,284	609,857
Net income and net movement in funds		2,519,044	777,616
Reconciliation of funds:			
Total funds brought forward at 1 January 2021		31,303,145	30,525,529
Total funds carried forward at 31 December 2021		33,822,189	31,303,145

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

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 December 2021

	Notes	2021 £	2020 £
Fixed assets:			
Tangible assets	10	2,498,877	2,522,912
Investments	11	30,093,767	27,932,270
Programme related investments	12	150,000	—
Total fixed assets		32,742,644	30,455,182
Current assets:			
Debtors	13	16,985	18,798
Cash at bank and in hand		1,124,681	879,927
Total current assets		1,141,666	898,725
Liabilities:			
Creditors: amounts falling due within one year	14	(62,121)	(50,762)
Net current assets		1,079,545	847,963
Total net assets		33,822,189	31,303,145
The funds of the charity:			
Unrestricted income funds			
. Tangible fixed assets fund	15	2,498,877	2,522,912
. Programme related investment fund	16	150,000	—
. Designated funds	17	21,000,000	21,000,000
. General funds		10,173,312	7,780,233
Total charity funds		33,822,189	31,303,145

Approved by the trustees
and signed on their behalf by:

Sr. Michelle H.E. Reilly

Trustee

Approved on: 14/09/2022

Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(544,490)	(526,792)
Cash flows from investing activities:			
Investment income and interest received		732,456	718,712
Purchase of tangible fixed assets		—	(3,343)
Proceeds from the disposal of investments		10,617,390	6,271,486
Purchase of investments		(10,268,919)	(6,421,115)
Net cash provided by investing activities		1,080,927	565,740
Change in cash and cash equivalents in the year		536,437	38,948
Cash and cash equivalents at 1 January 2021	B	861,484	822,536
Cash and cash equivalents at 31 December 2021	B	1,397,921	861,484

Notes to the statement of cash flows for the year to 31 December 2021

A Reconciliation of net movement in funds to net cash used in operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	2,519,044	777,616
Adjustments for:		
Depreciation	24,035	25,741
Gains on investments	(2,368,284)	(609,857)
Investment income and interest receivable	(729,561)	(720,232)
(Decrease) increase in debtors	(1,083)	824
Decrease (increase) in creditors	11,359	(884)
Net cash used in operating activities	(544,490)	(526,792)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,124,681	879,927
Cash held by (due to) investment managers	273,240	(18,444)
Total cash and cash equivalents	1,397,921	861,483

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

Principal accounting policies Year to 31 December 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2021 with comparative figures given for the year to 31 December 2020.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates. As set out in these accounting policies under “going concern”, the trustees have concluded that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ determining the size of the sisters’ retirement fund, in order to provide for the continuing care of the members; and
- ◆ estimating the future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

Assessment of going concern (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income, bank interest, surplus on disposal of tangible fixed assets and miscellaneous income.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income recognition (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Charitable grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

All expenditure is stated inclusive of irrecoverable VAT.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

All expenditure in support and governance is attributable directly to the charitable activity of supporting members of the Congregation and enabling their ministry and hence there has been no apportionment between headings.

Any support and/or governance costs in relation to the provision of donations and grants is considered to be negligible.

Tangible fixed assets

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

◆ Freehold land and buildings

Land and buildings purchased prior to 1998 are included in the accounts at a valuation determined by the trustees as at 1997 or 1998 valuations with professional assistance, based on replacement cost for existing use. As permitted by FRS 102, with effect from 1 January 2014 the value assigned to these properties is now deemed their cost. Land and buildings purchased on or after 1 January 1999 are shown on the balance sheet at cost.

Land and buildings comprise:

- ◇ Non-specialised land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. Such land and buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value.
- ◇ Specialised buildings comprise the Congregation's large residential convents and the care home for the elderly sisters. Depreciation is provided at 2% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the charity.

◆ Furniture and equipment

Expenditure on the purchase and replacement of furniture and equipment is capitalised and depreciated over a five year period, based on the estimated useful life of the asset, on a straight line basis.

◆ Motor vehicles

Motor vehicles are capitalised and depreciated over a four-year period, on a straight line basis, in order to write off the cost of each vehicle over its estimated useful life.

Tangible fixed assets (continued)

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Programme related investments

Programme related investments comprise land and buildings owned by the charity but used by another organisation for purposes consistent with the charity's objectives. The assets are stated at deemed cost. The original cost of the land and buildings classified as programme related investment is not known. Before the reclassification as a programme related investment, the book value of the freehold land and building was based on a valuation made in 2019. Any gains (or losses) arising from disposal or any losses arising from impairment are credited (or charged) to the statement of financial activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

The programme related investment fund represents the net book value of the charity's programme related investments. The existence of the fund highlights the fact that the value representing the property cannot be realised in the short to medium term.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

Pension contributions

Contributions in respect to the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Services provided by members of the Congregation

For the purposes of these accounts, no value has been placed on administrative and other services provided by the members of the Congregation.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Donations and legacies

	2021 £	2020 £
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	391,953	473,155
General donations	27,701	2,558
Legacies	—	9,770
	419,654	485,483

2 Investment income

	2021 £	2020 £
Income from listed investments		
. UK fixed interest	87,137	98,882
. UK equities	77,533	106,887
. UK unit trusts common investment funds	469,583	435,353
. Overseas fixed interest	22,768	23,748
. Overseas equities	36,103	23,040
. UK alternatives and other	25,817	23,470
	718,941	711,380
Rental income	10,610	7,494
Interest receivable		
. Cash instruments	10	618
. Bank interest	—	740
	10	1,358
Total	729,561	720,232

3 Charitable grants and donations

The charity makes grants and donations, principally in support of the overseas work of The Congregation of Servants of Mary (London) and other causes which further the Christian faith and alleviate poverty.

	2021 £	2020 £
Grants in support of the missionary work and ministry of The Congregation of Servants of Mary:		
. Generalate of the Congregation	25,000	29,000
Grants paid to Institutions:		
. Age Concern	110	120
. Our Lady of Sorrow Parish	200	500
. Other	637	—
Grant paid to one individual	800	1,993
	26,747	31,613

4 Support of members of the Congregation and their ministry

	2021 £	2020 £
Staff costs (note 7)	423,703	444,996
Premises	194,973	214,734
Sisters' living and personal expenses	228,357	217,360
Education, training, spiritual renewal and holidays	28,179	32,116
Governance costs (note 5)	29,911	29,886
Other support costs	12,731	25,204
	917,854	964,296

Other support costs include legal and professional fees of £6,796 (2020: £19,949).

5 Governance costs

	2021 £	2020 £
Professional fees	29,911	29,886

6 Net income before gains on investments

This is stated after charging:

	2021 £	2020 £
Staff costs (note 7)	423,703	444,946
Auditor's remuneration (including VAT)		
. Statutory audit services	20,702	20,684
. Other services: accountancy	9,210	9,202
Depreciation	24,035	25,741

7 Staff costs and remuneration, key management personnel and Trustees' remuneration and expenses

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	393,381	413,991
Social security costs	25,473	27,074
Pension costs	4,849	5,881
	423,703	444,946

	2021 £	2020 £
Staff costs per function were as follows:		
Direct support of members of the Congregation and their ministry	417,196	438,996
Administration	6,507	7,950
	423,703	444,946

7 Staff costs and remuneration, key management personnel and Trustees' remuneration and expenses (continued)

The average number of employees during the year, analysed by function, was:

	2021	2020
Direct support of members of the Congregation and their ministry	27	29
Administration	1	1

No employees earned £60,000 per annum or more (including taxable benefits but excluding employer's pension contributions) during the year (2020 - none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Provincial Bursar.

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as a trustee (2020 - none).

8 Transactions with trustees and related parties

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £19,040 (2020 - £17,776).

There were no other related party transactions in the year requiring disclosure (2020 – none).

9 Taxation

The Congregation of Servants of Mary (London) is a registered charity and, therefore, is not liable to income tax or corporation tax on income on gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Land and buildings		Furniture and equipment	Motor vehicles	Total
	Specialised £	Non-specialised £	£	£	£
Cost or valuation					
At 1 January 2021	1,025,000	1,940,358	65,610	91,400	3,122,368
Disposals	—	—	—	(14,840)	(14,840)
At 31 December 2021	1,025,000	1,940,358	65,610	76,560	3,107,528
At cost	—	1,309,358	65,610	76,560	1,451,528
Deemed cost – 1997 and 1998 valuations	1,025,000	631,000	—	—	1,656,000
	1,025,000	1,940,358	65,610	76,560	3,107,528
Depreciation and impairment					
At 1 January 2021	431,416	18,923	57,717	91,400	599,456
Charge for the year	20,500	—	3,535	—	24,035
On disposals	—	—	—	(14,840)	(14,840)
At 31 December 2021	451,916	18,923	61,252	76,560	608,651
Net book values					
At 31 December 2021	573,084	1,921,435	4,358	—	2,498,877
At 31 December 2020	593,584	1,921,435	7,893	—	2,522,912

As permitted under FRS 102, the charity has opted to adopt a policy of not revaluing its tangible fixed assets. The book value of the land and buildings owned at 31 December 1998 is based on trustees' valuations made, with professional assistance, in 1997 and 1998 on the basis of replacement value for existing use. As permitted by FRS 102, with effect from 1 January 2014 the value assigned to these properties is now deemed to be cost. Additions subsequent to 31 December 1998 are stated at cost. Other tangible fixed assets are stated at cost.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of the trustees, is not justified in terms of the benefit to the users of the accounts.

Included as part of non-specialised land and buildings are five long leasehold properties with a total cost of £702,502. All other land and buildings are freehold.

11 Investments

	Investment property £	Listed investments £	2021 £
Market value at 1 January 2021	150,000	27,800,714	27,950,714
Additions at cost	—	10,268,919	10,268,919
Disposals at opening book value (proceeds: £10,617,390; gains: £421,166)	—	(10,196,224)	(10,196,224)
Reclassification as programme related investment (note 12)	(150,000)	—	(150,000)
Net unrealised gains	—	1,947,118	1,947,118
Market value at 31 December 2021	—	29,820,527	29,820,527
Cash held by investment managers	—	273,240	273,240
	—	30,093,767	30,093,767
Cost of investments at 31 December 2021	*	26,842,012	26,842,012
	Investment property £	Listed investments £	2020 £
Market value at 1 January 2020	150,000	27,041,228	27,191,228
Additions at cost	—	6,421,115	6,421,115
Disposals at opening book value (proceeds: £6,271,486; gains: £152,061)	—	(6,423,547)	(6,423,547)
Net unrealised gains	—	761,918	761,918
Market value at 31 December 2020	150,000	27,800,714	27,950,714
Cash due to investment managers	—	(18,444)	(18,444)
	150,000	27,782,270	27,932,270
Cost of investments at 31 December 2020	*	26,378,141	26,378,141

* The cost of the investment property is not readily available but it is believed to be negligible.

The freehold investment property, which has been reclassified as a programme related investment (note 12), comprised a property, access to which is via the grounds of a school formerly owned by the charity. The property was valued at £150,000 as at 16 July 2019 by ehB Reeves, Chartered Surveyors & Commercial Property Consultants. The valuation was determined in accordance with the RICS Valuation – Global Standards 2017 (The Red Book) incorporating the International Valuation Standards (IVS) rules. The basis of valuation was market value. The trustees are of the opinion that there was no change in market value between 16 July 2019 and 31 December 2021.

11 Investments (continued)

Listed investments held at 31 December 2021 comprised the following:

	2021 £	2020 £
UK fixed interest	3,805,619	3,852,309
UK equities	1,309,203	4,292,804
UK unit trusts and common investment funds	19,230,431	17,539,943
Overseas fixed interest	1,155,669	746,789
Overseas equities	4,034,428	944,796
UK alternatives	285,178	424,073
	29,820,528	27,800,714

At 31 December 2021, the following individual holdings were deemed material:

Holding	2021		2020	
	Market value of holding £	Percentage of total portfolio %	Market value of holding £	Percentage of total portfolio %
BlackRock Catholic Charities Growth and Income Fund	18,586,698	62.33	16,926,781	60.89
HSBC FTSE All Share Index Fund	—	—	1,411,237	5.08
HSBC Global Investment Funds	2,086,688	7.00	—	—

All listed investments were dealt in on a recognised stock exchange.

12 Programme related investments

During the year the charity leased one of its properties, known as 'Bethany', on favourable terms to Our Lady and All Saints Catholic multi academy trust, an organisation with educational charitable objectives consistent with the Servite Sisters. As a consequence the property which was previously shown as an investment property has been reclassified as a programme related investment. The value at which the programme related investment is included in the accounts is equivalent to its value immediately prior to reclassification.

	2021 £	2020 £
At 1 January 2021	—	—
Reclassification (note 11)	150,000	—
At 31 December 2021	150,000	—

13 Debtors

	2021 £	2020 £
Interest and investment income receivable	4,960	7,855
Prepayments	12,025	10,943
	16,985	18,798

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Taxation and social security costs	4,911	5,505
Accruals	57,210	45,257
	62,121	50,762

15 Tangible fixed assets fund

	2021 £	2020 £
At 1 January 2021	2,522,912	2,545,310
Net movement in year	(24,035)	(22,398)
At 31 December 2021	2,498,877	2,522,912

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund and other designated funds of the charity in recognition of the fact that the tangible fixed assets are essential to the day-to-day work of the charity and as such their value should not be regarded as funds that would be realisable with ease, in order to meet future contingencies.

16 Programme related investment fund

	2021 £	2020 £
At 1 January 2021	—	—
Net movement in year	150,000	—
At 31 December 2021	150,000	—

The programme related investment fund represents the net book value of the charity's programme related investments. The existence of the fund highlights the fact that the value representing the property leased out on favourable terms to Our Lady and All Saints Catholic multi academy trust, an organisation that will use the property for purposes consistent with the charity's charitable objectives.

17 Designated funds

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

	At 1 January 2021 £	New designations £	Utilised/ released £	At 31 December 2021 £
Sisters' retirement fund	14,000,000	—	—	14,000,000
Property fund	7,000,000	—	—	7,000,000
Total designated funds	21,000,000	—	—	21,000,000

	At 1 January 2020 £	New designations £	Utilised/ released £	At 31 December 2020 £
Sisters' retirement fund	12,000,000	2,000,000	—	14,000,000
Property fund	4,000,000	3,000,000	—	7,000,000
Total designated funds	16,000,000	5,000,000	—	21,000,000

Sisters' retirement fund

The sisters' retirement fund comprises monies set aside to provide for the care and support of members of the Congregation as they grow older. The fund will be utilised over the expected lives of the sisters.

Property fund

The property fund comprises monies to be applied towards the maintenance and updating of the charity's properties over the next five years and for the purchase of new properties as members needs change with age.

18 Analysis of net assets between funds

	Tangible fixed assets fund £	Programme related investment fund £	Designated funds £	General funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:					
Tangible fixed assets	2,498,877	—	—	—	2,498,877
Programme related investments	—	150,000	—	—	150,000
Investments	—	—	21,000,000	9,093,767	30,093,767
Net current assets	—	—	—	1,079,545	1,079,545
Total net assets	2,498,877	150,000	21,000,000	10,173,312	33,822,189
	Tangible fixed assets fund £	Programme related investment fund £	Designated funds £	General funds £	Total 2020 £
Fund balances at 31 December 2020 are represented by:					
Tangible fixed assets	2,522,192	—	—	—	2,522,192
Programme related investments	—	—	—	—	—
Investments	—	—	21,000,000	6,932,270	27,932,270
Net current assets	—	—	—	847,963	847,963
Total net assets	2,522,192	—	21,000,000	7,780,233	31,303,145

The total unrealised gains as at 31 December 2021 constitute movements on revaluation and are as follows:

	2021 £	2020 £
Unrealised gains included above on listed investments:	2,978,516	1,422,573
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2021	1,422,573	911,274
Investments	—	—
. Add/less: in respect to disposals in the year	(391,175)	(250,619)
. Add: net gains (losses) on revaluations	1,947,118	761,918
Total unrealised gains at 31 December 2021	2,978,516	1,422,573

19 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Congregational Prioress and Council by virtue of the fact that the the Congregational Prioress delegates full legal responsibilities to a suitably experienced U.K. Sister to act as Chair of Trustees. The Chair of Trustees together with the other U.K. Trustees plan for the succession and they appoint the new Trustees. The Congregational Council does not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the English Council are vested in the trustees of the charity, who undertake all transactions entered into in the course of the Council's charitable activities.