



THE INSTITUTE OF OUR LADY OF MERCY

ANNUAL REPORT 2020



The rainbow is a sign of hope in 2020

Registered Charity No. 290544

Annual Report for the year ended 31 December 2020

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Trustees and Advisers for the year ended 31 December 2020

Name of the Charity

Institute of Our Lady of Mercy

Date of Registration

30 November 1984

Charity Registration No

290544

Trustees

Norah Frances Cronin	(Sr. Colette Cronin)
Johanna Elizabeth Breen	(Sr. Joan Breen)
Mary Bernadette Holmes	(Sr. Bernadette Holmes)
Barbara Jane Jeffery	(Sr. Barbara Jeffery)
Mary Teresa Mullen	(Sr Maura Mullen)
Lynne Julie Spendelow	(Sr. Lyndsay Spendelow)

Principal Address

The Generalate
Convent of Mercy
Cemetery Road
Yeadon
Leeds LS19 7UR

Property Advisers

The JTS Partnership LLP
Number One
The Drive
Great Warley
Brentwood
Essex CM13 3DJ

Legal Advisors

IBB Law LLP
Capital Court
30, Windsor Street
Uxbridge
Middlesex UB8 1AB

Investment Advisers

Charles Stanley & Company Limited
25, Luke Street
London EC2A 4AR

Principal Bankers

Co-operative Bank plc
P.O. Box 101
1, Balloon Street
Manchester M60 4EP

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29, Wellington Street
Leeds LS1 4DL

Report of the Trustees for the year ended 31 December 2020

Introduction

The trustees have pleasure in presenting their report and financial statements for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011, the 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) issued on 2 October 2019, and the Charity's own Trust Deed.

The Institute of Our Lady of Mercy is an Order of Roman Catholic Sisters of Mercy (the Congregation). It is one of three strands of the Mercy family in Great Britain, stemming from the first foundation of Catherine McAuley. It was formed from the union of twenty autonomous Congregations and was formally recognised by the Vatican as a Religious Congregation of Pontifical Rights in November 1983.

The Charity is a charitable trust on which the assets of the Congregation are held and the vehicle through which the charitable activities of the Congregation are conducted. The Charity is governed by a Trust Deed dated 24 October 1984 as amended by a Deed of Revocation and Declaration dated 25 June 1992, a Deed of Declaration dated 9 March 2000 and schemes of the Charity Commission dated 9 February 1989, 15 February 1989, 28 July 1995, and 31 December 2000.

The Charity is registered with the Charity Commission with registered number 290544. The trustees are incorporated under the provisions of Section 251 of the Charities Act 2011 as "The Trustees of the Institute of Our Lady of Mercy" by a Scheme of the Charity Commission dated 29 October 1985.

There are two subsidiary charitable trusts, the Fullerton Fund and the Costello Fund (Alnwick) both of which have specific objects, and which are separately registered with the Charity Commission as linked charities.

Two dormant subsidiary companies, Endsleigh Centre Services Limited and Kinsale Court Limited were dissolved on 8 October 2019.

The accompanying financial statements relate to the Charity and these charitable trusts.

Institute of Our Lady of Mercy

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Appointment of Trustees

The Congregation is administered by the General Council, which is elected for a five-year term at the 'General Chapter'. The Eighth General Chapter took place from 18 – 27 May 2018.

General Chapters are held every five years. The Institute Constitutions state that "the supreme authority in the Institute is vested by the Church in the General Chapter". Delegates attending the Chapter determine the policies and priorities of the Institute. They also elect the Institute Leader and General Council from those Sisters who are eligible for election. The Institute Leader and the members of the General Council are, by virtue of clause 6(1) of the Charity's Trust Deed, also trustees of the Charity.

The Constitutions of the Congregation dictate that the Institute Leader requires the deliberative vote of the General Council to establish and close houses, acquire or alienate goods or property, and determine such matters as the appointment of Local leaders to Communities and the admission of members to the Novitiate.

The Current Trustee Team



Left to Right: Sr Lyndsay Spendelow, Sr. Colette Cronin, Sr. Bernadette Holmes, Sr. Joan Breen, Sr. Maura Mullen and Sr. Barbara Jeffery

Institute of Our Lady of Mercy

Institute Leader: Sister Colette Cronin

Sister Colette is a former Secondary School Teacher and holds overall responsibility for the Institute. She has worked full-time for the Congregation in various roles of responsibility since 1987. She is a member of the Mercy International Association (by virtue of being the Institute Leader) and held a place on the Board of the Mercy International Association until May 2020. Sister Colette is a Member of Conference of Religious (CoR) and a Member of the Union International of Superior Generals. She also serves as Governor for two schools: Broughton Hall Catholic High School, Liverpool (a Voluntary Aided school retained by the Institute); and St Joseph's Park Hill School, Burnley (one of the Institute's private schools).

Assistant Leader: Sister Lyndsay Spendelow

Sister Lyndsay has a background in teaching at secondary school level and has also worked as a qualified psychotherapist and facilitator. She has previously held roles in Formation Ministry and Leadership within the Institute. Sr Lyndsay was elected as Assistant Leader at the Eighth General Chapter and is responsible for Safeguarding. She also holds geographical responsibility for the Communities in Essex and North London.

Sister Joan Breen

Sister Joan is a former Primary School Head Teacher, who served in both Chadwell Heath, Essex and in Burnley, Lancashire. As a Trustee, she holds responsibility for the convents within geographical area of Derbyshire and South and West Yorkshire – including the 'Convent with Care' in Doncaster. She has overall responsibility for Education and serves on the governing body of St Joseph's Park Hill School, Burnley, Lancashire. Sr Joan supports Sr Bernadette in her role as lead Trustee for Care; is a Trustee representative on the Employment Group; and is the Trustee responsible for Mercy Associates.

Sister Bernadette Holmes

Sister Bernadette has a nursing background and has focussed on palliative care for much of her career. She gained experience at St Catherine's Hospice Scarborough and was part of the team that set up the Macmillan service for Bridlington and East Yorkshire, establishing both the Bridlington Macmillan Palliative Care Ward and the Driffield Day Hospice. She previously served as a Trustee of the Institute from 1998 to 2008, where she developed both the Care Homes and Communities with Care. She worked part time for St Gemma's Hospice Leeds from 2001, moving into outreach work in deprived areas of Leeds as a palliative nurse specialist from 2004 to 2018. Sister Bernadette supports Communities South of London. She links with the Care Homes and staff that work with the Institute, in addition to the Formation Group, the Employment Group and the Mercy Associates. Sister Bernadette is also part of the Leeds Diocesan Dementia Project group.

Sister Barbara Jeffery

Sister Barbara has worked for both the Institute and Union Sisters of Mercy in the field of archives for the past 22 years. She held office as the Chair of the Catholic Archives Society and collaborated on a book on 'The History of the Diocese of Birmingham (1850-2000)' when a member of the Diocesan Historical Commission. She also wrote a book on the Hardman Family of Birmingham who were instrumental in the Mercy Sisters being established there. She holds geographical responsibility for Convents in Wales, Liverpool, Burnley, Newcastle-under-Lyme and Handsworth, Birmingham. She also works in supporting the work of Safeguarding and updating the Institute of Our Lady website.

Institute of Our Lady of Mercy

Sister Maura Mullen

Sister Maura is a former Secondary School Teacher. She has held roles previously in Formation, and in Provincial and Central Leadership within the Congregation. She previously served as an Institute Trustee between 1993 and 2003. Sister Maura has also worked in the spheres of Facilitation and Spirituality offering retreats at St. Beuno's Spirituality Centre, individual Spiritual Direction and Supervision and as a team member offering training in this field. Sister Maura holds responsibility for Formation and relates particularly to Communities in the North East including two Communities with Care in Hull and Whitby.

The Induction and Training of Trustees

All Trustees are members of the Congregation and as such have a comprehensive knowledge of the various works and structure of the Charity. They meet with the previous team in order to conduct a comprehensive handover, and also meet with the Institute Advisors.

Throughout their term in office, Trustees attend formal training courses on the duties of Trustees and seek guidance and advice from their legal, investment, Human Resources and property advisers on the day-to-day issues which arise in carrying out their duties.

Organisational Structure

The Organisational Structure Chart can be found on page 8. The Trustees conduct the business of the Institute at the principal office in Yeadon under the direction of the Institute Leader. They work full-time for no remuneration.

Various roles of responsibility are held by members of the congregation, for example local leaders. Appointments are made for a specific time-period then reviewed. During 2020 three Sisters extended their appointments for one year. Sister Clare McNamara acts as General Bursar, appointed by the Trustees. These members of the Congregation assist the Trustees and attend meetings relevant to their activity.

The Trustees are also assisted by a small staff team comprising: Business Manager and Executive Assistant to the Trustees; Finance Co-ordinator; Human Resources (HR) Co-ordinator; and four part-time administration staff. These roles enable the Institute to develop its finance, human resource, administration and general management functions and provide greater support to its members, staff groups and partner organisations.

The Institute Leader holds overall responsibility. The remaining Trustees each hold designated areas of responsibility. All major decisions are made by the group at formal meetings held over three days in 11 months of the year. (An example would include any specific project expenditure over £2,000).

The General Bursar and Finance Co-ordinator attend the meetings relevant to their activity on a monthly basis. The Institute Property Advisors (The JTS Partnership LLP) and Legal advisors (IBB Law LLP) liaise with Trustees and the Staff Team on a regular basis. They submit regular written reports and attend meetings on a bi-monthly basis. The Institute's Auditors (PricewaterhouseCoopers LLP) and Investment Manager (Charles Stanley) attend the meetings on a bi-annual basis. For most of 2020 meetings with Advisors were held virtually.

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Organisational Structure (continued)

Occasionally, there is a need to make a decision outside of the scheduled meetings. In this case, a quorum of at least three Trustees is required to authorise a decision.

Separate bi-annual meetings are held with the Institute's insurers and independent insurance intermediary (The JTS Partnership LLP).

The Trustees from time to time appoint Committees to consider particular topics in greater detail. The committees typically include one or more Trustees, members of the Congregation, relevant staff and professional advisers. There are standing committees on employment issues and education.

The Institute operated two private schools until July 2020, up to the closure of St Joseph's Convent School for Girls in Wanstead, London. St Joseph's Park Hill School in Burnley is run by an appointed Head Teacher, staff and Board of Governors to whom day to day management is delegated. Sr. Joan Breen and Sr. Colette Cronin serve as Governors on the Board of St Joseph's Park Hill School, Burnley.

The Institute operated two Care Homes through 2020, run by appointed Care Home Managers. A Clinical Consultant and Business Consultant provide the necessary professional support to the Managers and Staff of the Care Homes. These two part-time consultants assist the Trustees in their statutory obligations.

The Congregation

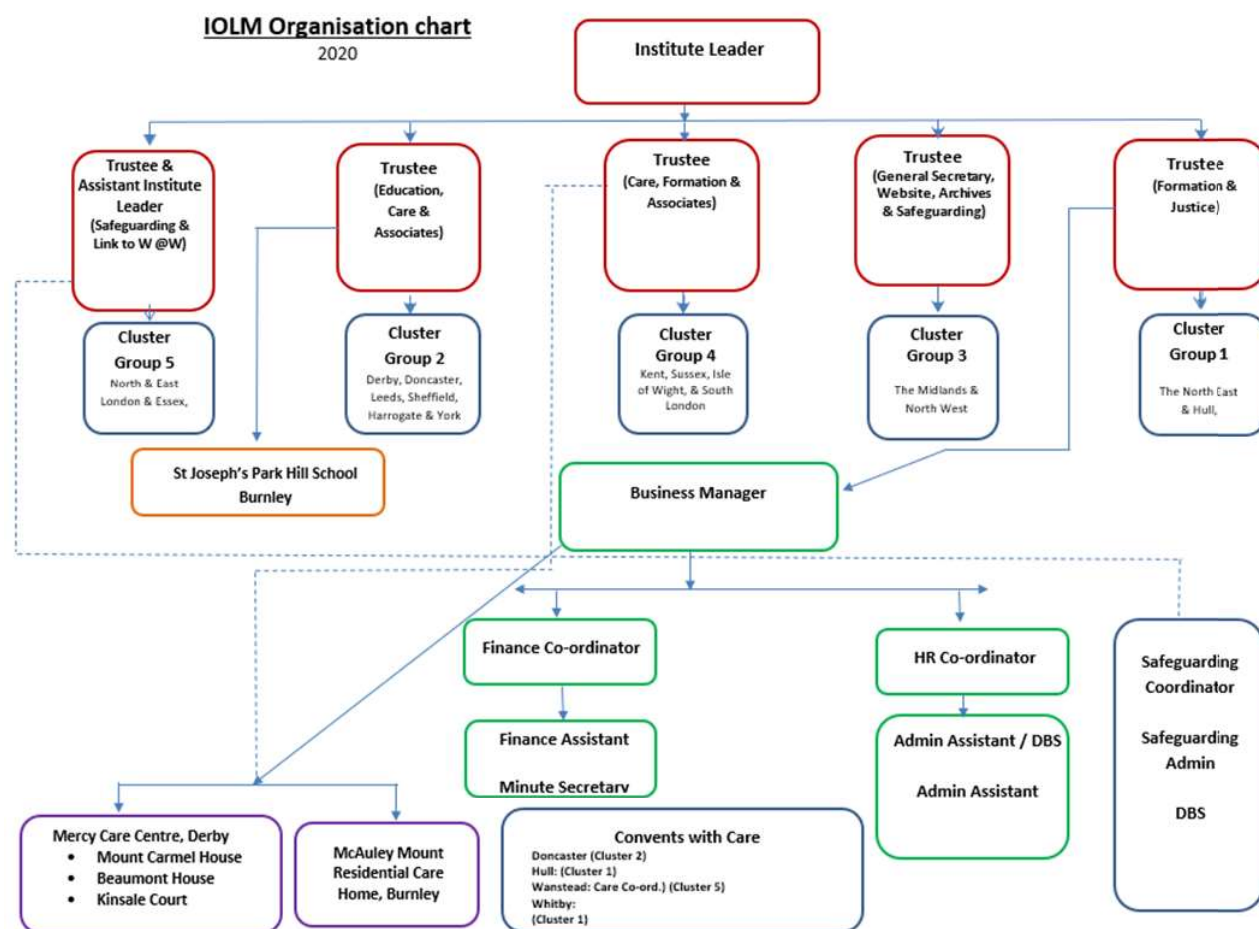
The Catholic Church requires members of a Religious Congregation to profess three vows: Poverty, Chastity and Obedience. Sisters of Mercy take a fourth vow: 'to serve the poor, sick and those in need' – our 'Charism'.

The Sisters covenant all their personal income to the Charity and live in established community houses. Each community budgets for groceries, utilities, vehicle costs and property maintenance. Each Sister is given a small allowance each year in order to allow her a little autonomy and to manage any personal costs that arise. Extraordinary expenditure such as large-scale property maintenance are considered by the General Council and funded centrally.

Sisters who are members of the Congregation follow their own Apostolate on behalf of the Congregation: Many Sisters hold (or have held) teaching and nursing posts or perform other valuable work in the community. At the end of 2020 there were 160 Sisters ministering from approximately 50 sites in Britain, Peru, Kenya, South Sudan and Romania.

Further information on the activities of our Sisters can be found on pages 33-43.

ORGANISATIONAL STRUCTURE CHART



As at December 2020

Key: **Red** Trustee/Leadership Team, **Green**: Generalate Team, **Blue**: Communities, **Purple**: Care Homes, **Orange**: Schools

Mercy Associates

There are various groups of Mercy Associates throughout the UK consisting of Sisters, lay men and women and young people. These groups study the life of Catherine McAuley and are imbued with the Charism of Mercy. They pray together and carry out works of Mercy.

The Mercy Associate National Commission was set up in 2000. Some Institute Sisters serve on the Commission, together with Sisters from the other Mercy Groups and several lay people.

Some Mercy Associate groups begun by Sisters are now continuing on their own when convents have closed, or Sisters have moved away. These groups maintain their links to the National Commission and take part in national and local events.

Institute of Our Lady of Mercy

Employees

The Institute recognises that staff lie at the heart of its mission and charitable work. The work of staff directly supports both beneficiaries and the welfare of the Sisters. In the past, Sisters and staff have worked very closely together, for example in schools and care homes. As this is no longer possible with an aging Sister profile, the Institute looks to provide the necessary vision and support for staff in fresh ways. Many Sisters sit alongside staff on management teams overseeing operational elements of the Institute's work, for example in the Institute's governance, in care homes, in schools and in employment matters. The sharing of this Mercy ethos and charism with staff continues formally and informally through building supportive relationships and demonstrating pastoral concern for all our staff whatever their role or location. The sharing of Mercy wisdom and experience from the Sisters is a hallmark of the Institute's support to all its valued staff.

As at the end of 2020, the Charity had 256 employees, equating to 197 full time equivalents (FTE's) (full time being 35 hours). A breakdown of employee numbers is given in the table below:

	Staff Numbers	Percentage	FTE	FTE Percentage
Care Homes	111	44%	99	50%
Communities with Care	80	31%	57	29%
Convents	29	11%	12	6%
Institute-Run Schools	25	10%	22	11%
Other	11	4%	7	4%
Total Employees	256	100%	197	100%

Across the Institute, the purpose of FTEs can be classified as follows:

Role Purpose	FTE	FTE Percentage
Care	157	80%
Education	18	9%
Administration	16	8%
Maintenance	6	3%
Total	197	100%

(Note: With the exception of administration and maintenance staff; those employed within Care Homes and Convents have been classified as "Care"; those employed within schools are classified as "Education").

Institute of Our Lady of Mercy

Pay Policy

The Institute continues to develop its approach to fair remuneration. The Institute looks to provide competitive rates of pay for roles, thereby attracting and retaining staff who possess the skills, knowledge and values needed to deliver the organisations' charitable aims and objectives.

In deciding pay rates, Trustees consider a variety of matters; including affordability, current market rates, cost of living rises, business plans and the relationship between job responsibility and pay. All Institute staff are paid at least the 'real living wage' including London based staff.

The Institute aims to remain an employer of choice for staff in the sector and the locations in which it operates. Many staff have been with the organisation for a long period of time which is strong testimony to the supportive working environment, good team spirit and the sense of belonging the working culture provides.

The Trustees made a strategic decision early in the pandemic to safeguard the financial wellbeing of Institute staff by ensuring continuation of usual pay during periods of COVID-19 related sickness or isolation. Similarly, the Institute also chose to uplift pay for the small number of staff who were furloughed. This ensured financial support to employees at a difficult time.

A variety of wellbeing initiatives are available for all employees. The 'employment offer' includes:

- **Regular wellbeing information, webinars and advice emails:** on a wide variety of wellbeing topics including mental, physical, and financial wellbeing.
- **Regular team meetings, supervisions/appraisals and care shift debriefings:** staff are supported in a variety of channels to ensure they can freely share any work or personal concerns. This has been particularly important during the pandemic and lockdowns – with signposts to further support options when required.
- **Qualified mental health first aiders:** trained Wellbeing Champions are being implemented at larger sites.
- **Increased holiday entitlements:** to reward staff who have become highly proficient through knowledge and length of service.
- **Cycle to work scheme:** which reduces the cost of buying a new bicycle and supports exercise.
- **Employee assistance programme:** 24/7 counselling and support for staff, plus legal and health information from qualified advisors.
- **Staff benefits scheme:** to reduce the cost of daily living expenses including discounted gym membership.
- **Health app:** a range of interactive tools designed to help staff monitor and improve their own wellbeing from the convenience of their smartphone.
- **Supportive managers:** who go the extra mile in caring for their team members
- **Personal development:** staff benefit from many personal development opportunities appropriate to their role

The support available to staff has undoubtedly had a positive impact on the 2021 staff survey results which remained consistently high despite the pandemic. The wellbeing of staff has always been a key priority and the survey results demonstrate how much staff feel valued and supported. A significant majority of staff who responded to the survey felt the Institute is a fair employer in terms of pay and benefits; the vast majority rate wellbeing and stress levels at work as good or very good and staff feel positive and supported in their work. Work continues with managers and staff on the survey results to make further improvements for the benefit of all.

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Pay Policy (continued)

The staff response to the COVID-19 pandemic has clearly demonstrated how committed the Institute workforce is with very high levels of engagement witnessed throughout the pandemic and beyond. This has ensured the continued delivery of high-quality services to beneficiaries despite the many personal and work challenges staff encountered.

The Institute continues to strive to use its resources appropriately while maintaining the desire to be an attractive employer of choice in its sectors.

Gender Pay Gap Statement

From April 2017, Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year, showing the difference between the average earnings of all men and all women.

Mirroring the rest of the care and primary education sectors where most of our staff are engaged, the Institute employs significantly more women than men. At the reporting date of 5 April 2020, we employed 284 people. 89.4% of these were women and 10.6% were men.

This is a 0.2% increase of female staff from 2019.

The Institute is publishing the results of six calculations using hourly pay rates as of 5th April 2020. These calculations do not reveal individual salary information.

Median gender pay gap in hourly pay



The data shows that on average the Institute pays women 11.37% more than men, resulting in a negative gender pay gap. There has been an 8.85% increase in the median rate of pay for women between 2019 and 2020.

Mean gender pay gap in hourly pay



Institute of Our Lady of Mercy

Gender Pay Gap Statement (continued)

The data shows that on average the Institute pays men 5.69% more than women, resulting in a positive gender pay gap. There has been a 10.21% increase in the mean rate of pay for men between 2019 and 2020.

Bonus Payments

The Institute of Our Lady of Mercy has not paid bonuses to any staff and is therefore not reporting the median or mean data or the proportion of males and females receiving a bonus payment, as this is not applicable.

Equal Pay

It is important to note that a gender pay gap is different to equal pay. Unequal pay is unlawful, and while a gender pay gap is not unlawful it is something to review and address. There can be many causes of a gender pay gap, some of which are not in the control of an employer. Further analysis on the Institute gender pay gap figures is provided below.

Equal pay deals with the pay differences between men and women who carry out the same roles, similar jobs or work of equal value. The Institute strives to ensure that our rates of pay ensure equality for both men and women carrying out work of equal value.

Proportion of males and females in each pay quartile

We can better understand the gender pay gap when we analyse all male and female roles across the Institute and divide them into four pay bands. The lowest rates of pay are in the first quartile and the highest in the fourth quartile.

2020

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	3%	21%	5%	15%
Women	97%	79%	95%	85%

For comparison purposes, the 2017, 2018 and 2019 data is given below.

2019

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	13%	10%	10%	11%
Women	87%	90%	90%	89%

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Gender Pay Gap Statement (continued)

Proportion of males and females in each pay quartile (continued)

2018

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	8%	12%	16%	14%
Women	92%	88%	84%	86%

2017

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	8%	8%	15%	19%
Women	92%	92%	85%	81%

While the 2020 pay quartiles continue to show a very high proportion of female staff across the full pay range (including the fourth quartile/highest paid), there has been an increase in the number of female staff in the lowest quartile (against a significant reduction in the number of men in this quartile). The second quartile shows an 11 % increase in the number of men compared to the 2019 data. With such a small proportion of the Institutes workforce identifying as men small changes to this group of staff can make a noticeable statistical difference to the overall pay gap figures.

While the median and mean gender pay calculations show different narratives, this is explained by the high representation of female staff in both the lower and higher salary quartiles, with most male staff in the middle range scales. This accounts for the mean figure favouring men and the median figure influenced by a large proportion of female staff occupying higher paid management roles.

Although the figures show both a positive and negative gender pay gap, we believe that taken with previous years' data, they demonstrate the Institutes desire to continue to work towards pay equality. It is recognised that meeting a zero gender pay gap is a challenging target when many variables make a noticeable difference in a relatively small workforce.

Our reported mean pay gap of 5.69% (where on average men get paid more than women) and our median positive pay gap of -11.37% (where on average women get paid more than men) is in comparison to the national figures where among full-time employees the gender pay gap in April 2020 was 7.4%, and the gender pay gap among all employees was 15.5%.

Institute of Our Lady of Mercy

Gender Pay Gap Statement (continued)

Commitment to equality and good employment

We set out below some of the strategies we are using to achieve our aims.

The Institute continues to carefully monitor its remuneration, looking at market rates, cost of living increases, affordability and focussing on roles which may have previously been undervalued to ensure we strive for greater pay equality.

Career development opportunities are available to all staff irrespective of whether they work full time or part time. Similarly, the Institute reiterates its commitment to encouraging employees to take advantage of the many opportunities to undertake professional development, which is available at all levels and in all roles. Where possible, training is offered at different times to meet the needs of part time staff alongside a blended learning approach to widen further participation.

Where business needs allow, the Institute supports all staff who have caring responsibilities by offering various work patterns, job sharing opportunities and shared parental leave.

In relation to recruitment, the Institute considers offering senior roles on a part time basis and will continue to monitor its recruitment processes to further reduce the possibility of unconscious bias with additional training in this important area. We require recruiting managers to analyse all new roles to help ensure that good job design and equitable reward is considered at the earliest stage of the recruitment process. We provide clear rates of pay to all job candidates.

We remain committed to removing any unnecessary barriers in our desire to be a fair employer, rewarding staff irrespective of gender or identity.

SAFEGUARDING

Institute Safeguarding Policy Statement

The Institute of Our Lady of Mercy is committed to the national safeguarding policies of the Catholic Church in England and Wales, to take all reasonable steps to protect all who are vulnerable from any form of abuse and to promote a safe environment for them.

This commitment flows from the fact that we are all made in the image and likeness of God and the Church's common belief in the dignity and uniqueness of every human life. We start from the principle that each child, young person and adult at risk has a right to expect the highest level of care and protection, love, encouragement and respect that we can give.

The Institute will liaise closely and openly with statutory agencies to ensure that any concerns or allegations of abuse are promptly reported and appropriately dealt with, victims supported, and perpetrators held to account.

Our expectation is that this statement will be accepted and upheld by our Sisters and Associates, Staff, Volunteers and all who work for and with us in the Institute and also those who use our premises.

Safeguarding update

As part of the Roman Catholic Church in England and Wales, the Institute of Our Lady of Mercy upholds the common commitment to safeguarding as an integral part of the life and ministry of all its members. This is reflected in the Institute's affirmation of the 'One Church' approach to safeguarding children, young people and adults who may be at risk. The 'One Church' approach refers to the commitment by members of the Church to adhere to the same national safeguarding policies and procedures of the Catholic Church in England and Wales.

A new Safeguarding Co-Ordinator for the Institute was appointed in September 2020, to replace Sister Clare Smith who had held the post since 2004.

Following the Elliott Review of Safeguarding Structures in the Catholic Church and the Independent Inquiry into Child Sex Abuse (IICSA) a number of recommendations were made that involved the Church and the Religious Orders facing major changes. The Institute of Our Lady of Mercy, have been working alongside a number of Religious Congregations in implementing a new structure for Safeguarding going forward. This has led to the decision by the Institute to disband its own Safeguarding Commission and to become part of the new Religious Life Safeguarding Service (RLSS). The Institute will in the future have a Trustee Sub-Committee consisting of at least two of the Institute Trustees and a number of lay advisers. The present Safeguarding Co-ordinator will then become the Safeguarding Lead for the Institute.

The Institute has measures in place to ensure that all employees and volunteers (which includes Sisters) have DBS clearance as required by their roles.

Institute of Our Lady of Mercy

Related Parties

The Charity works closely with the following charitable organisations, having been involved in their formation:

Mercy Great Britain CIO (Registered Charity No.1154195)

Mercy Great Britain CIO raises funds for the Mercy International Association. The Mercy International Centre, based at the original Convent of Mercy in Baggot Street, Dublin, is the focal point for all Sisters of Mercy throughout the world.

As stated previously, Sr. Colette Cronin is a member of the Mercy International Association by virtue of being the Institute Leader. She also held a place on the Board of the Mercy International Association until May 2021.

No funds were donated to the charity in 2020 (2019: £nil).

Women@TheWell (W@W, Registered Charity No. 1118613)

The Women@TheWell Charity was established by the Institute of Our Lady of Mercy in 2006. The charity provides services to vulnerable women trapped in multiple cycles of abuse and social exclusion. Services are provided for women by women in a supportive environment with the goals of diverting them from the criminal justice system and working towards meaningful and rewarding social participation.

The Institute of Our Lady of Mercy has the right to appoint two Trustees of Women@TheWell. In 2020 the following members of the Institute served as Trustees for Women@TheWell: Sr Anne Hewitt, Sr Esther Boles and Sr Kathleen Heron (who was appointed in February 2020). The CEO of Women@TheWell, Sr. Lynda Dearlove, is a member of the Institute of Our Lady of Mercy. Three members of the Congregation were active volunteers at Women@TheWell in 2020.

Women@TheWell leases two floors of a property from the Institute of our Lady of Mercy in Kings Cross London at a peppercorn rent. The Institute donated £180,000 to the charity in 2020 (2019: £180,000).

OBJECTIVES AIMS AND ACTIVITIES

The Charity's principal objects are set out in its Trust Deed and are the advancement of religion and other charitable work under the direction of the Institute including, in particular, the relief of poverty, the advancement of the Roman Catholic Religion, the advancement of education and the nursing of the sick poor in England and Wales or anywhere in the world; or which are carried on by a charity having similar charitable objects.

The work of the Sisters of Mercy in relieving poverty, nursing the sick and advancing education and religious studies is today still inspired by the Foundress, Catherine McAuley. Under the direction of the Institute's trustees this work is carried on by individual Sisters acting within parish communities, in schools, care homes and in the wider community.

The trustees, members and staff continue to examine ways of fulfilling the Trust's objects in the face of the continuing challenges of the increasing age profile and the decline in the number of Sisters. A programme of property holdings rationalisation continues in order to concentrate the work of the Sisters in the most efficient manner. Where appropriate, property is leased to other charitable organisations which have similar aims.

Public Benefit

The trustees confirm that they have complied with their duty under section 17(5) of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit.

The trustees have referred to the Charity Commission's guidance on public benefit and in particular to its supplementary guidance on the advancement of religion both when reviewing the Charity's objectives and in planning future activities. On pages 18 to 44 of this report, details of the many and varied activities carried out and supported by the Charity have been set out. In each case it is possible to see the public benefit that is delivered by the Charity. In summary, the Charity provides public benefit in the following ways:

- by the provision of education to young people at Mercy schools and in Voluntary Aided and independent schools and academies that operate on sites provided by the Charity;
- through the provision of care to the sick and frail at the Charity's two care homes and at the Congregation's communities with care;
- through the sheltered accommodation and days centres provided by the Charity;
- by the thousands of hours of pastoral work carried out by the Sisters in parishes and with other charitable organisations; and
- through the support that the Charity provides, in the form of donations and the provision of premises, to other charities at concessionary rates.

STRATEGIC REPORT

The COVID-19 Pandemic

The year 2020 commenced like most other years with meetings, projects and other events planned. A number of these did take place in January, February and in early March.

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries affected. Many governments took increasingly stringent steps to help contain or delay the further spread of the virus, including the UK government.

Like most organisations and charities, the COVID-19 outbreak caused significant disruption to the activities of the Institute of Our Lady of Mercy. Rapid changes had to be implemented to comply with rapidly changing government guidance and the health impact of the pandemic: Institute Care staff had to adapt to new ways of working and the implementation of infection control procedures. School staff had to adapt to delivering lessons remotely; then to facilitate a safe return to the classroom for pupils. Office-based staff members had to adapt to new methods of working in order to work from home, with equipment and facilities being upgraded to accommodate this. Other staff deemed to be clinically vulnerable or unable to work from home were furloughed. Sisters had to curtail or modify their usual voluntary activities, and in some cases, perform roles usually carried out by staff now working from home.

Over the course of the year, a number of Sisters, Staff, Residents and Pupils suffered from the virus, with many more needing to self-isolate. The Institute is grateful for the resilience and determination shown by its staff, who have worked under difficult conditions at times, seeking to ensure that there were no gaps in service. Sadly, five Residents of our Care Homes and three Sisters died with COVID-19 as the cause of death.

The pandemic led to a significant increase in economic uncertainty, evidenced by more volatile asset values and currency exchange rates. Against the backdrop of the expectation of significantly lower dividends and other returns on investments, the Trustees undertook a comprehensive review of all spending in the Institute, seeking to minimise expenditure where possible.

In recognition of the value placed on its staff and their importance in delivering the mission of the Institute, a decision was made to top-up the pay of those staff who needed to be furloughed, ensuring their livelihood. In addition, those staff who contracted COVID-19 or who needed to self-isolate following close contact with an infected person received full pay.

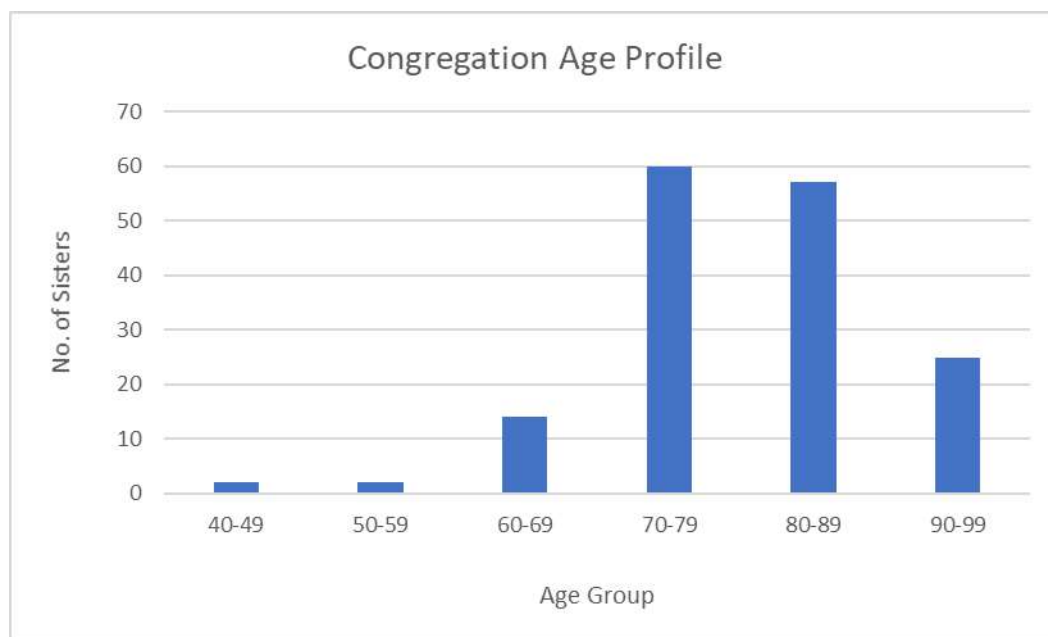
Simplification of Activities

The Trustees continue to rationalise and streamline activities so that the Institute's affairs can be more easily managed.

The needs of the congregation and the increasing congregational age profile is a priority for Trustees. At the end of 2020, the mean Congregation Member age is 80. Approximately one third of the Congregation is in receipt of formal care. It is anticipated that the numbers requiring care will increase during the next five to ten years, before the number decreases, as the congregation inevitably becomes smaller.

Institute of Our Lady of Mercy

The Trustees reviewed the management structure of their Communities with Care during 2020 and 2021 and have now appointed Community with Care Managers and Administrators in three of their Communities with Care. They have also appointed an Administrator in Bermondsey and an Administrator in St Philomena's Derby.



The Institute continues to rationalise its property holdings. Where possible, the Institute seeks to utilise property for charitable purposes. However, much of the Estate is made up of older buildings. Public facing charities often prefer properties that are energy efficient and compliant with modern accessibility requirements.

The organisation sold three properties in 2020, including one that had been gifted to the Institute:

- Abingdon, property gifted to the Institute
- Doncaster, Denaby Main, former Convent and youth ministry centre.
- The Isle of Wight, Shanklin, former convent

At the time of going to press, three further properties have been disposed of in 2021, with the sale of another awaiting completion.

Financial Administration

As detailed in previous reports, Trustees approved the development of a system which allows for the Institute's financial management processes to be streamlined. A phased implementation began in 2020, which continues into 2021.

Trustees reviewed the structure of investment funds and have simplified the division and management of these with effect from 2020. Trustees continue to reduce direct exposure to fossil fuel investments, following a policy change in May 2019. By the end of 2020, direct fossil fuel investments comprised 2.3% of the overall portfolio (from a start-point in May 2019 of 6.4%).

Operation Noah was set up in 2004 to provide a Christian response to the climate crisis. The Institute of Our Lady of Mercy was formally included in their press release in May 2021, announcing the intention for the Institute of Our Lady of Mercy to fully divest from any holdings involved in Fossil Fuel activities within five years.

Institute of Our Lady of Mercy

IT Developments

At the end of 2020, new IT equipment has been installed in Institute Care Homes together with the introduction of an electronic care planning system for use in from October 2020. This is bringing considerable staff time savings and increasing the provision of timely and accurate data in the delivery of high-quality care.

The Website which was developed in 2019 continues to be updated to make it relevant to those who use social media today. A new section on Vocation Ministry was added to the website in 2021.

A summary of activity against each of the Institute's main Objects is given on pages 21 to 43.

Institute of Our Lady of Mercy

THE ADVANCEMENT OF EDUCATION

The Institute of Our Lady of Mercy is involved in education in a number of ways, particularly contributing their experience on school governing bodies. The Institute owned, managed and financed two Convent schools in Burnley and Wanstead in 2020. Sadly, St Joseph's Convent School in Wanstead, London, closed in July 2020 (see page 23). The Institute also acts as Trustees of two Voluntary Aided schools in the Archdiocese of Liverpool. Increasingly, the Institute's involvement lies in making available school premises and equipment to other Catholic educational bodies on concessionary terms. The Trustees see the use of these properties for Catholic education as a significant contribution to the local community and an effective way of pursuing the advancement of education.

The Mercy Education Group is committed to the full development and the achievement of the potential of each person, particularly those who are disadvantaged or marginalised, conducted in an atmosphere of care, respect and joy. The group will continue to find ways to encourage and support the Ethos in the Mercy Schools, where they have formed relationships to promote the legacy of Catherine McAuley.

Due to Covid 19 restrictions, the annual Mercy Education Day was not able to be held in 2020 but the Group kept in touch with the Schools.

Mercy Schools

The tables on pages 22 to 23 show the location of schools which were originally founded by Sisters of Mercy, where the freehold of the site continues to be owned by the Institute in England.

Voluntary Aided or Academy Schools leased to the local Dioceses

These schools now fall within the state sector and continue to flourish as Grant-Aided Roman Catholic schools run by Local Education Authorities or as Academy Trusts. In most of these cases, leases have been granted to the local Roman Catholic Dioceses who maintain the property and ensure that it is used as a Catholic school.

The Institute's Financial Statements do not include any value for Voluntary Aided or Academy schools leased to the local dioceses as the value represented by these sites is not realisable by the Institute for so long as they continue to be used by the schools in question.

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Name	Lessee
St Paul's RCVA School, Alnwick	Diocese of Hexham & Newcastle
St Joseph's Catholic Primary, Bermondsey	The Trustees of the RC Diocese of Southwark
St John Fisher Catholic Voluntary Academy, Alvaston, Derby	St John Fisher Catholic Academy Trust
The McAuley Catholic High School, Doncaster	The Trustees of the Diocese of Hallam
St Mary's Catholic Primary School, Eltham, London SE9	The Trustees of the RC Diocese of Southwark
St Mary's College, Hull	The Trustees of the Diocese of Middlesbrough
Endsleigh Holy Child Voluntary Catholic Academy, Hull (Part of St Cuthbert's Roman Catholic Academy Trust).	The Trustees of the Diocese of Middlesbrough
St Mary's Catholic Primary School, Whitstable (Part of Kent Catholic Schools Partnership (a Multi-Academy Trust)).	The Trustees of the RC Diocese of Southwark

Voluntary Aided Schools retained by the Institute of Our Lady of Mercy

Direct ownership of the sites of these schools continues to be retained by the Institute. Sr Colette Cronin serves as a governor of Broughton Hall Catholic High School.

There is a grant received from the Department for Education and Skills for building works at the respective schools. See note 14 for further details of these grants.

Name	Responsible Authority
Broughton Hall Catholic High School, West Derby, Liverpool	Liverpool Local Education Authority
Maricourt Catholic High School, Maghull, Liverpool	Sefton Local Education Authority

Institute of Our Lady of Mercy

Private Fee-Paying Schools in buildings owned by the Institute of Our Lady of Mercy

There are a number of instances where parents have formed bodies to take over the running of former independent Convent schools on the understanding that the Roman Catholic ethos will be maintained.

Name	Responsible Authority/Lessee
Our Lady's School Abingdon, Oxfordshire	Leased to Our Lady's Abingdon Trustees Ltd
St Mary's Hare Park School, Gidea Park, Essex	Leased to St Mary's Hare Park School
St Philomena's School, Frinton-on-Sea, Essex	Leased to St Philomena's School Ltd
Mylnhurst Catholic Preparatory School & Nursery, Ecclesall, Sheffield	Leased to Mylnhurst Ltd and Mylnhurst Sports Education and Leisure

Other Property Utilised by Schools

Name	Property
St Thomas More School, Colchester	Former Convent Building

Schools run by the Institute of Our Lady of Mercy

In 2020, the Institute owned, managed and financed two Convent schools at Burnley and Wanstead. Sr. Joan Breen acted as Governor at both schools. Sr. Colette Cronin also acts as Governor for St Joseph's Park Hill School.

Name	Responsible Authority
St Joseph's Park Hill School Burnley, Lancashire	Institute of Our Lady of Mercy
St Joseph's Convent School, Wanstead, London, E11 *	Institute of Our Lady of Mercy

* The Institute closed St Joseph's Convent School in July 2020.

St Joseph's Convent School in Wanstead received additional support from the Trustees in recent years, following a reduction in pupil numbers and subsequent operating deficits. A comprehensive recovery plan and subsidy had been put in place to support the school, with a view to the achievement of sustainable student numbers and income. However, the COVID-19 pandemic meant that the forecasted improvement in the financial position of the school was advised to be unlikely to materialise. In early June 2020, Trustees opened consultation regarding the proposed closure of the school. Following this consultation period and with deep sadness the school closed in July 2020. The Institute is grateful to all the Sisters, staff, students and the wider community who have contributed to the schools many achievements in its 102-year history.

Institute of Our Lady of Mercy

Other Involvement in Education

Many members of the Congregation have worked as teachers within Roman Catholic schools in their career and hold a great interest in education. As at the end of 2020, Sisters recorded active volunteering in education settings totalling 3,139 hours (equivalent to 1.9 FTE). 5 Sisters act as school governors for 8 individual schools.

Bermondsey Heritage Centre

The Institute Archives have been based in Bermondsey since 1984 and continue to be added to over the years. A Heritage Centre was developed on site in 2005. Many visitors from around the world visit the Heritage Centre as Bermondsey is the hub from which so many Mercy Foundations were made.

Archival material is still collected, with Communities encouraged to send in their annals each year. Photographs and plans of our buildings are also collected and where a house is closed, attempts are made to preserve the history of the building and the local ministry of the Sisters.

A focus for 2020 was the transfer of catalogue data onto an improved system which will prove to be a valuable asset moving forward.

The Institute continues to forge strong links with other Mercy Archivists working in this country: the Archivist from the Union of the Sisters of Mercy GB in Birmingham and those who work in several Federation Convents of Mercy in Sunderland, Gravesend and Midhurst. There are also close links with the Archivist in Mercy International Centre in Dublin, Ireland.

Durham University Bursary

Advancing the Roman Catholic religion and education, the Institute supports the Catherine McAuley Scholarships at the Centre for Catholic Studies at Durham University. £20,000 has been awarded in 2020 (2019: £20,000). The Centre continues to honour the McAuley Charism and enables talented students to pursue Master and Doctoral programmes. A Sister represents the Trustees on the Board for the selection of the scholarship students and the Trustees often attend the annual meeting in Durham, when students report on their research. The Institute's sponsorship supports a mix of full and part-time students studying both MA and PhD programmes. Recipients come from a wide variety of backgrounds, being chosen because of their ability, potential and need of financial assistance.

Bailiffgate Museum, Alnwick

The Institute makes available certain rooms at a nominal rent for the benefit of the Bailiffgate Museum in Alnwick.

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Other Involvement in Education (continued)

Kindness Week - Park Hill School

Park Hill School's Faith Ambassadors team visited McAuley Mount Care Home and spent some time with the residents, expressing their kindness and concern for others.



Pupils from St Joseph's Park Hill visiting McAuley Mount

CARE OF THE SICK, SUPPORT FOR THE POOR

The provision of care remains the largest part of the Institute's charitable activities with the largest number of direct beneficiaries.

The Institute is committed to ensuring high quality care in an environment where each person's dignity is esteemed and valued and where individuality and privacy are respected. The Institute seeks to achieve this aim by promoting the ethos and values gifted by our Foundress, Venerable Catherine McAuley.

The Charity owns and operates two Registered Care Homes and four 'Communities with Care'. The Communities with Care provide accommodation and care to meet a range of needs to support retired, elderly and frail members of the Institute.

Care Management Structure

The Care management team ensures the Institute meets its legal obligation to run safe, effective, caring, responsive and well led homes.

Care Home Managers, Community with Care Managers and the Care Co-ordinator are supported and managed by the Institute's Business Manager on behalf of the Trustees. They are also closely supported by the lead Trustee for Care and other Trustees. The Business Manager is also the link for the independent consultants, who coach Care Home Managers with a variety of operational matters, supporting them through any difficulties.

Independent Care Consultant

The independent Care Consultant assists senior leaders with the provision of care home consultancy services including quality management, interim management, regulatory compliance, auditing and training. She also supports Communities with Care with regular site clinical support visits. The incumbent Care Consultant stepped down at the end of 2019 and the lead Trustee for Care became the interim CQC Nominated Individual. A new consultant was appointed in January 2021 and an application has been submitted for her to become the new CQC Nominated Individual. She is also responsible for reviewing clinical and operational policies ensuring compliance with CQC regulations and best practice.

Trustees, Care Home Managers and Care Coordinator/Community with Care Managers use the internal quality assurance audits (including Regulation 17 Reports) to identify strengths and the implementation of areas for further service development.

Independent Care Business Consultant

The independent Care Business Consultant supports the senior management team with day-to-day business issues in the homes.

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Care Management Meetings

The Institute's Care Management Group has traditionally met four or five times a year. Attendees include Care Home Managers, Care Co-ordinators, the Business Manager, the HR Co-ordinator, Trustees who link with Communities with Care, the lead Trustees for Care and the independent consultants.

At the start of the COVID-19 pandemic, the Institute began using video meetings to help ensure business continuity when face to face meetings could not take place. The Care Management team met weekly in the Spring and Summer of 2020 using remote technology, to support Care Home Managers, Care Co-ordinators and their teams with the various challenges the worldwide crisis brought. These meetings have subsequently continued on a fortnightly basis.

These forums have been instrumental in maintaining the support to managers and provide valuable opportunities for the whole care management team to come together to share best practice, discuss day to day commonly experienced issues and receive continuing professional development.

Care Home Visits

Trustees maintain a programme of Care Home visits when possible but most of these were cancelled in 2020. Their twice-yearly attendance at resident and families' meetings allows for constructive two-way conversations and improves the knowledge and understanding of care home operations amongst Trustees, while increasing transparency amongst these key beneficiaries.

Since the relative easing of Coronavirus restrictions in 2021, senior leaders have been pleased to pick up their programme of Care Home visits to support residents and staff in person again. They hope these will be allowed to continue as the organisation journeys through the next part of the pandemic.

Registered Care Homes

Name	Registration Body	Last CQC inspection date and overall outcome
McAuley Mount Residential Care Home Burnley, Lancashire	Care Quality Commission (CQC)	CQC infection control and prevention remote inspection 11 February 2021
Mercy Care Centre: Mount Carmel House Beaumont House Kinsale Court extra care apartments Derby, Derbyshire	Care Quality Commission (CQC)	CQC infection control and prevention remote inspection 3 July 2020

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CQC Infection Control and Prevention Remote Inspections

Since the last annual report both of the Institute's registered Care Homes have successfully completed the CQC infection control and prevention remote inspection. Both homes were rated as 'Good' in all areas at their last inspections by the Care Quality Commission (CQC) between 2017 and 2018.

Comments from the CQC infection control and prevention remote inspections include:

McAuley Mount, Burnley:

There were effective processes to minimise the risk to people, staff and visitors from catching and spreading infection. These included regular testing of staff and people living in the home and testing of visitors to the home when restrictions allowed. The health of essential visitors was checked before entering the home.

There were enough staff available to provide people with safe and effective care and support and to provide continuity of support should there be a staff shortage. Staff had access to appropriate support to help them manage their wellbeing should it be required. The registered manager told us staff were valued and appreciated for their hard work and commitment during the pandemic. The dedicated staff team at McAuley Mount seek to provide the highest standard and quality of care to each resident. Person-centred values are put into practice during their day-to-day work. Residents are very content, describing staff as 'caring and compassionate' and remarking that 'nothing is too much trouble'."
CQC Inspection February 2021.

Mercy Care Centre, Derby:

You were very proactive in ensuring people in the home and the staff team were protected, as much as possible from catching the virus. You did this by ensuring the correct PPE was available and used correctly to protect the staff and minimise the spread of transmission throughout the home.

You have increased your infection control practices reducing the risk of transmission and provide staff with clear guidance and training on infection control practices.

You were proactive in ensuring non care staff were trained in care to ensure sufficient staff were available if needed during the outbreak at the home, you were innovative in employing your external trainers to provide housekeeping services when needed and this also enabled staff training to continue.

You confirmed there is good support network in place for staff and you monitored their welfare on an ongoing basis.

People are supported to stay in contact with their loved ones through video chats and by telephone. Some visitors have spent time with their relatives by visiting and sitting on the outside of the patio doors with their relative inside.

CQC Inspection July 2020.

Reports from each of the Care Homes (in their own words) are given on pages 30 – 32.

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Review of Communities with Care

The Trustees undertook a comprehensive review of the management of Communities with Care (CwC) beginning in 2020. This was prompted by the small number of Institute members who would be suitably qualified and available to lead these communities in the future.

Following consultation, it was agreed that for three out of four Communities with Care, general management and day to day oversight would be undertaken by the current Care Coordinators in new expanded roles as CwC Managers. Managers began their new roles from 1 August 2021 and are supported by the appointment of new on-site administrators, cluster leads and the team at the Generalate. Individual CwC also have pastoral support provided by Sisters which is adapted to the needs of individual communities.

Sheltered Accommodation

The Institute owns a sheltered accommodation scheme in Derby, comprising 22 flats. This scheme is now managed by 'Johnnie Johnson' Housing Trust on behalf of the Institute.

St Anne's Court, Newcastle upon Tyne is let on a long lease to the Trustees of the 'Orders of St John Care Trust'.

Name	Responsible Authority
Catherine McAuley Flats Derby, Derbyshire	'Johnnie Johnson' Housing Trust
St Anne's Court Newcastle upon Tyne	The Orders of St John Care Trust

Other Involvement in Care

Historically, many of the Congregation have worked within the nursing profession and many have dedicated their lives to caring for others. As at the end of 2020, Sisters recorded active volunteering in the 'Nursing of the Sick Poor & Sheltered Accommodation' totalling 5620 hours (equivalent to 3.3 FTE). Please refer to the table on page 35.

Convent Houses at Filey and Hornsea are used as centres for retreat, rest or respite and other houses serve the needs of the disabled. Due to restrictions in 2020 these houses were used very little. Following COVID-19 Risk Assessments, it was felt that due to the shared facilities, the Filey Convent accommodation would be difficult for Sisters to manage in the post-COVID era. A decision was made to close the house in Filey in August 2021 and the property is being put on the market.

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Other Involvement in Care (continued)

As in other areas of Ministry, the Institute leases properties to external organisations in order to further its Objectives of Nursing the Sick and Disabled:

Organisation and Location	Description
St Cuthbert's Care Alnwick, Northumberland	Works with the most disadvantaged, poor, vulnerable or dispossessed in society.
Zoe's Place Crossbeck, Normanby	Offers respite and palliative terminal care to babies and support to their parents.
Zoe's Place Liverpool, Merseyside	Offers respite and palliative terminal care to babies and support to their parents.
Rainbows Bereavement Support GB Liverpool	Provides support to children to grieve and grow after loss.

The work of some of these charities was also impacted by the COVID-19 pandemic, with operations becoming restricted. Trustees agreed rent concessions for some of these sites.

McAuley Mount Residential Care Home, Burnley

McAuley Mount Care Home

The year 2021 began as it ended, with Covid-19 restrictions and lockdown. In true McAuley Mount spirit residents and staff did not succumb to despair but joined together to enjoy life, creating new memories to share with family, friends (not forgetting work colleagues) when in Vera Lynn fashion 'we will meet again'.

Masses were live streamed for residents, and Sister Catherine has been leading scripture meditation groups, which have also been popular.



Making table decorations for Mother's Day where the residents enjoyed a cream tea.

Mercy Care Centre



The Mercy Care Centre strives to provide the highest quality of care to those who choose to use our service. We use a "lesson learned" system to assist staff and management recognise areas for improvement and put this learning in place to address these areas.

We have a loyal, committed, and caring staff group who are willing to "go the extra mile". They have worked tirelessly throughout the last year, supporting the residents and each other in difficult and challenging situations. They continue to approach their care role with professionalism and are willing to embrace new ideas, for example the introduction of the electronic care plan system was a considerable change. However, carers now input care in real time, increased information is being recorded and carers have easier access to the care plans. This system has enabled increasingly detailed, comprehensive person-centred care plans to be created for individual residents. The Centre enjoys excellent links with other professionals; the GP and community matron visit weekly, community nursing staff support as required working closely with our GP, community matron and community nursing teams means we can address resident concerns quickly and efficiently avoiding unnecessary hospital admissions. We have linked in with rehabilitation, physiotherapy and occupational therapy, social care, SALT and dietician, continence, and other services as needed either face to face, via telephone or videocall over the past year.

We introduced "resident of the day" in all 3 areas of the home, the residents rotate throughout the month, and are the focus for care plan reviews, medication audits, checking of rooms, toiletries and individual life enrichment. Residents are allocated a Key Worker who introduces themselves to families/advocates, assists with writing and reviewing of care plans as well as providing day to day care of their key residents. This provides continuity of care for residents and their next of kin. We now have Champions in 16 areas of need, split into teams consisting of a manager, senior carers and carer staff. Meetings are held monthly; audits and analysis are completed to continually improve the quality of care the residents receive.

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The life enrichment activities team worked tirelessly with residents and staff to find ideas that were interesting, fun, and engaging for our service users. This was made increasingly difficult due to the restrictions COVID 19 placed on us; however, they rose to the challenge and both houses of the home had a full diary of planned events as well as individual activities taking place. These included live streaming of a pantomime at Christmas; staff dressed as pantomime characters; outside entertainers who performed in the garden every fortnight weather permitting; casino night where residents dressed in their evening attire with mock tails served; story creating; American Independence theme day including staff dressed in an American theme; residents created homemade sundaes in American flag colours; art therapy; cinema shows; chair Zumba sessions; card games; gardening – with a range of vegetables in the green house; theme days - travelling the world and experiencing the food and culture; a weekly bake off competition; music/movement; pottery classes; singing; reminiscence groups; board and floor games to name a few. The celebration of Mass remains at the centre of daily life for those who wish to attend using livestream services.



Some of the residents taking part in life enrichment activities

During the pandemic residents have been supported to communicate with loved ones using telephones with a blue tooth speaker attached to aid hearing at window visits. The home also purchased additional devices to enable more video calls and built a summer house with a Perspex wall partition and intercom system which allowed residents to talk freely with loved ones.

Life has been different and challenging over the past year for all; the staff at Mercy Care Centre have worked together to face these challenges head on while embracing new ideas and have remained committed to always providing high quality care and in so doing have also enhanced their skills.

ADVANCEMENT OF RELIGION AND OTHER CHARITABLE WORK

In usual circumstances, the Institute of Our Lady of Mercy contributes, by the work of individual Sisters, to both religious and wider education in schools; they work with a wide range of people including young offenders, refugees, the homeless, young people, people with disabilities, the elderly and prisoners. Many Sisters of the Institute are active in local parishes in the religious education of both adults and children. In particular, the Sisters work in sacramental preparation and the Rite of Christian Initiation of Adults (RCIA), the formal religious education of adults who are exploring the possibility of joining the Catholic faith. The Sisters are also involved in retreat and prayer ministry, spiritual accompaniment and various types of counselling services. Some Sisters are trained to offer alternative therapies for the well-being of the whole person. Others provide valuable support in their local parishes by undertaking pastoral and social work. Often this work is done for little or no financial remuneration, thus contributing to the benefit of the general public.

Properties owned by the Institute are also leased to other charitable organisations for a variety of purposes at nil or concessionary rents:

Alnwick, Northumberland: The Costello Centre	Used for community purposes.
Brentwood, Essex	Sion Catholic Community for Evangelisation
Derby, Bridge Gate	Women's Work
Eltham, London: The Haven Centre	Used for a variety of community purposes.
Kings Cross, London: Women@TheWell	Provides services to vulnerable women.

The Institute also makes financial donations to many Charities who carry out work in line with their aims and objectives. Please refer to Page 37 and Notes 3 and 19 on pages 61 and 75.

Congregational Activity

As stated previously, Members of the Congregation follow their own individual Apostolate and contribute to society in a number of different ways:

A number of Sisters work directly for the Congregation (for which they receive no remuneration).

Some Sisters conduct paid work outside of the Congregation in respect of which they receive a salary or are paid a stipend, which they then in turn covenant to the Charity.

Whilst many Sisters are retired, or are retiring from paid professions, a large proportion are active volunteers.

Collaboration with other organisations and charities operating in the same field has also been an important way in which the Sisters have sought to meet the needs of those it is seeking to help.

A list of some other organisations with which the Sisters work is set out on page 36.

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Social and Pastoral Work

- Administration and secretarial support to church organisations
- Advocacy and support for asylum seekers and refugees
- Authors of spiritual books
- Community social work with the homeless
- Counselling work in schools, bereavement and generic counselling
- Facilitation of groups and communities
- Nursing – palliative care, geriatric, psychiatric and theatre
- Working with Services for the Deaf
- Pastoral care – chaplaincy in schools and hospices
- Social Services work with children and young people
- Spiritual direction, retreat work and leading prayer groups
- Supervision of counsellors
- Supervision of Spiritual Directors
- Training carers for respite care
- Trusteeship
- Working with abused women
- Working in homecare services for the elderly, the housebound and those suffering from dementia
- Working in parishes, visiting, helping in Catechetical programmes, helping parishioners develop their spiritual lives.
- Working with Youth

Usual activities were of course hampered by the advent of the COVID-19 pandemic in 2020, where all individuals were requested to 'stay at home', with the vast majority of Sisters falling into the 'vulnerable' category.

However, despite the aging profile of the Congregation, and the restrictions in place during the year, Sisters have recorded more than 69,000 hours of community service during 2020 (please refer to the table on page 35).

VOLUNTARY WORK DONE BY SISTERS IN 2020

	Annual Hours	FTE Equivalent
Institute of Our lady of Mercy		
Community Leadership and Administration	21,894	13.0
Gardening	1,639	1.0
Hospitality	825	0.5
Other	4,644	2.8
Institute Volunteering	29,002	17.3
Advancement of Education		
School Governance	330	0.2
School Volunteering	2,127	1.3
Youth Work	60	0.0
Adult Education	155	0.1
Other	467	0.3
Education Volunteering	3,139	1.9
Nursing of Sick Poor & Sheltered Accommodation		
Counselling	70	0.0
Hospital / Care Home Visiting	410	0.2
Visitation	3,327	2.0
St Vincent dePaul Society (SVP)	438	0.3
Women @ The Well /drop in	142	0.1
Other	1,233	0.7
Nursing of Sick Poor Volunteering	5,620	3.3
Advancement of Religion		
Catechesis / RCIA	478	0.3
Mercy Associates	229	0.1
Parish Music	18,195	10.8
Parish Work	2,848	1.7
Prison Chaplaincy/visiting	207	0.1
Retreats	74	0.0
Visitation	1,727	1.0
Trusteeships	12	0.0
Youth Associates	30	0.0
Spiritual Direction	668	0.4
Other	724	0.4
Advancement of Religion Volunteering	25,192	15.0
Other Charitable Work		
Counselling	995	0.6
Neighbourhood Schemes	348	0.2
Work with immigrants/asylum seekers	3,208	1.9
Homeless	700	0.4
Charity Fundraising	221	0.1
Trusteeships	93	0.1
Other	1,396	0.8
Other Charitable Work Volunteering	6,961	4.1
Total Recorded Volunteering	69,914	41.6

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Charities and Organisations that Sisters Work With

Alexandra Court Care Home, Hull	St Barnado's Hospice
Alzheimer's Society	St Cuthbert's Retreat Centre
Apostleship of the Sea	St Vincent de Paul Society (SVP)
Association of Senior Religious	Rite of Christian Initiation in Adults (RCIA)
Brooklands Nursing Home, Liverpool	Roman Catholic Diocese of Arundel and Brighton
CAFOD	Roman Catholic Diocese of Birmingham
Catholic Nurses Guild (local and national)	Roman Catholic Diocese of Brentwood
Catholic Safeguarding Advisory Service	Roman Catholic Diocese of Hexham and Newcastle
Christian Aid	Roman Catholic Diocese of Leeds
Citizens' Advice Bureau	Roman Catholic Archdiocese of Liverpool
Conference of Religious	Roman Catholic Diocese of Middlesbrough
Cruse Bereavement Care	Roman Catholic Diocese of Nottingham
Dellow Centre for the Homeless, Aldgate	Roman Catholic Diocese of Salford
Demelza Children's Hospice	Roman Catholic Archdiocese of Southwark
Durham University – Centre for Catholic Studies	Roman Catholic Archdiocese of Westminster
H.M. Prison Service	St Bede's Pastoral Centre – stipend
Hospital Chaplaincy – Pennine Acute Trust	St Beuno's Retreat Centre – Honorarium received
Hull Homeless and Rootless	Sheffield Churches Community Care
Inspire Sheffield	Sheffield City Council MIRG (Major Incident Response Group)
Justice & Peace	Society for the Protection of Unborn Children (SPUC)
Lark Spirituality Centre	Teikyo University of Japan in Durham
Leeds Teaching Hospitals	Thomas Lee Nursing Home, Liverpool
Lighthouse	TRAC (Trafficking Charity)
Legion of Mary	Trinity Day Centre
Newman Circle	Walsingham Association
NHS Hospitals	Welcome Centre, Ilford
Padley Centre, Derby	Whispers of Hope
Proclaim 15 Groups	Willowbrook Hospice, Liverpool
RAPT (The Rehabilitation of Addicted Prisoners Trust)	Women@TheWell
Rathbone Rehabilitation Unit, Liverpool	Worthing Homeless Project
SOVA	

Institute of Our Lady of Mercy

Charitable Donations

The Institute also makes financial donations to a wide range of charities. Trustees respond to appeals on behalf of the Congregation. These donations are usually made from investment income, an income stream which became uncertain as the COVID-19 pandemic took hold. Trustees took the decision to restrict financial donations made for the remainder of the year to those organisations with whom the Institute has an ongoing connection with a view to maintaining the long-term asset value to allow future donations to be maximised. In addition, each Community also has its own budget to contribute to local charities and those in need. Please refer to Notes 3 and 19 on pages 61 and 75.

The Year 2020 – in Sisters' Own Words

The year 2020 commenced like most other years with meetings and other events planned. A number of these did take place in January, February and in early March before the country went into lockdown and the world became a different place.

The Institute of Our Lady of Mercy together with countless people around the world had to adjust to new ways of being, of communicating and of living life in the new normal. Many staff members worked from home, others were furloughed, care staff learned to work in difficult conditions wearing PPE while teachers taught remotely. For all, Sisters, Pupils, Residents and Staff, Zoom, MS Teams and FaceTime became familiar words, enabling communication for pleasure and for work.

Zoom meetings and gatherings were conducted across the country and worldwide so that people could take part from their homes or offices. We thought that nothing could replace face to face meetings but now we are reflecting on how virtual meetings might cut our carbon footprint and save on personal energy. Also, on many occasions it enabled people unable to travel to take part in meetings and in other celebrations. The recording of a number of funerals for our Sisters or family members ensured that many more were able to join the bereaved in spirit and prayer.

The Queen also mastered Zoom and recorded her first Easter Message in April 2020 in which she reminded the nation that – “this year, Easter will be different for many of us, but by keeping apart we keep others safe. But Easter isn’t cancelled; indeed, we need Easter as much as ever. The discovery of the risen Christ on the first Easter Day gave his followers new hope and fresh purpose, and we can all take heart from this. We know that coronavirus will not overcome us”.



The Queen's first Easter Message

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The Sisters also managed another first - a Zoom Quiz in which 17 Sisters took part.



To enable more Sisters and Staff to avail of the Zoom facility, four virtual 'rooms' were set up. These were given the names of four of our early Sisters who played an important role in the English Mercy Story. 'McAuley Room' was named after the Foundress, Catherine McAuley, who established the first Convent of Mercy in Bermondsey in 1839. Sister Clare Moore was the first Superior of that Community, so the second room was named 'Moore'. The next Convent to be opened was in Birmingham and the first Superior there was Sister Juliana Hardman, so it seems fitting to name the third room 'Hardman'. The fourth room was named 'Gibson' after Sister Liguori Gibson, one of the first Sisters of Mercy in Liverpool, the third Convent to be founded in England. The constant use of these 'rooms' over the year has helped to keep their memory and their wonderful work in mind.

All voluntary work had to be put on hold and the Sisters could not go out to visit the sick and elderly. This was very hard, especially when we heard of the needs of the lonely and the shortage of staff in school and hospital. However, Sisters and staff found new skills in making protective gowns and masks to keep us all safe and cut down on the use of plastic. Sisters and carers also joined in the 'clap for carers' during the time this was held.

COVID-19 sadly entered Whitby Convent with Care in November 2020 and was devastating. Both Sisters and staff were affected and very sadly we lost three sisters to Covid. In the darkness the Community had to look for positives and find some good out of the sorrow endured. The community reflected that "no matter what happens, we can manage an awful situation, work as a team, give excellent care to the sisters and be present for sisters, staff and families. We received support from the community, the Trustees and our GP practice who could not have been more supportive".

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Sadly, the three Sisters that died were not able to have the usual funeral rites, with only a grave side service being permitted. Just after the burial of two sisters in awful winter weather, two rainbows appeared over the bay. This beautiful natural phenomenon was understood by the mourners as a sign that the Sisters were at peace. The rainbow, a symbol synonymous with the pandemic, was also seen to be a sign of hope.

After a period of mourning, the community started to adjust and staff discussed what they could do to remember the three Sister's that had been lost to COVID-19. Staff came up with the idea of having a rainbow made out of stained glass which could be hung in the chapel, for everyone to remember the lost Sister's with a small service to welcome the rainbow into Chapel. After discussions with the community, it was agreed that staff would commission the rainbow and Sisters would organise the service. The June service to welcome the rainbow into chapel with everyone playing a part, provided an appropriate opportunity for everyone to say their goodbyes and fondly remember the good times spent with our Sisters.



View from Whitby Chapel



Clapping for carers and making PPE were among some of the ways staff and sisters showed their support for keyworkers during the pandemic.

Institute of Our Lady of Mercy

Institute Meetings

Following on from the General Chapter in 2018, a meeting was held in Leeds on 22 January 2020 to consider the four areas of Trusteeship, Collaboration, Leadership and Model of Chapter. This meeting was attended by 58 Sisters and facilitated by Helen Bailey. We thought then that we would have similar meetings later in the year but as this proved impossible four groups were set up to look at each of the areas and these continued to meet on Zoom during 2020 and into 2021. Again, meeting on Zoom ensured greater participation.

Handover of Kenyan Muhoroni Mission

Sadly, a planned visit to our Sisters in Kenya did not take place in 2020 due to travel restrictions but two events did take place before our mission in Muhoroni came to an end. In February, the Archbishop of Kisumu blessed the administration block and Chapel of the Primary School where one of our Sisters, the late Sister Mairead Bourke, had taught for some time and whose project Sister Vincent Finnerty has overseen and completed.



Archbishop Philip blessing the new administration block



Handover day at Muhoroni

On 30 November 2020, Sister Vincent Finnerty handed over the Mission in Muhoroni to the Franciscan Missionaries of St Joseph. Two Sisters from Nairobi were able to join Sister Vincent on the day as Sisters were unable to travel from England. It was a day to celebrate all that the Sisters of the Institute had achieved since they arrived in Kenya in the 1970's and to mark the beginning of a new chapter in the mission in Muhoroni.

Institute of Our Lady of Mercy Prison Ministry



Sister Teresa O'Mahoney

Tribute was paid to one of the Sisters, Sister Teresa O'Mahony, who retired from her post as Prison Chaplain in HMP Belmarsh. Sister Teresa had worked at Belmarsh for 20 years. Writing in 'The Irish Chaplaincy Newsletter', Breda Power remarked that Sister Teresa was a wonderful advocate for prisoners and had an affinity with prisoners that can only be described as second to none. Sister Teresa herself said that "as a Chaplain one's time is best spent as a listening ear, respecting each one as an individual, accepting them as and where they are".

Sister Josepha Whitty's 100th Birthday

Sister Josepha marked her 100th birthday on 30 April with a visit from three great nephews and a card from Her Majesty Queen Elizabeth. The visit had to be out of doors due to Covid restrictions, but this did not stop the joy for all concerned, including some staff and pupils from the nearby St Joseph's School. The Manager and Staff of McAuley Mount Care Home ensured that Sister Josepha had a great celebration. Sadly, Sister Josepha died a few months later following a very short illness, but a life lived to the full.



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Other Celebrations

This year other celebrations such as Platinum, Diamond and Golden Jubilees had to be on a much smaller scale owing to Covid. Big birthday celebrations of 90th and 80th were also curtailed but stories were shared in the monthly Newsletter. Some Sisters made the connections with family and friends on Zoom.



Mercy Global Presence

This project which was initiated by Mercy International Association had been offered to all Sisters and Partners in Ministry over a number of years, with contributions from people worldwide. During the pandemic more Sisters than usual took part in the workshops and reflections as these were offered on-line to cover the different time zones where Sisters of Mercy live and minister. The four themes for 2020 were:

- Mercy and Faith Traditions
- Mercy and the Degradation of the Earth
- Mercy and the Displacement of Persons
- New Foundations in Mercy.

Institute of Our Lady of Mercy

Mercy Associates First Meeting Since Lockdown

Sisters kept in touch with members of their Mercy Associates Groups during lockdown supporting and encouraging people. In August the Group from Coolock, Newcastle-under-Lyme, managed to meet outdoors for a short meeting and 'a good cup of tea'.



Whispers of Hope

The Charity 'Whispers of Hope' of which one of the Sisters is a Trustee, was given financial help in 2019 to rent a property used for women who are experiencing or fleeing from abuse. In 2020, the first two ladies who were supported by the Charity and lived in the house were given leave to remain in the UK by the Home Office.

National Justice & Peace Network

In October 2020, Sister Clare Smith, took over as the Institute representative on the National Justice & Peace Network. Sister Clare alerts the Sisters to current issues and highlighted Pope Francis' invitation from his General Audience in August 2020.

"In the next few weeks, I invite you to tackle together the pressing questions that the pandemic has brought to the fore, social ills above all To construct a better world, full of hope for future generations".



PLANS FOR THE FUTURE

Immediate plans for the future in relation to each of the Institute's principal Objects have been highlighted on pages 21 to 43. The COVID-19 Pandemic has continued to impact on activities into 2021, and the legacy of this may continue into the future.

The reduction in the value of investments reflected in this year's annual accounts will hopefully improve as the economy begins to bounce back. However, given the inherent uncertainties, the Trustees cannot, at this time, reasonably or practicably estimate the long-term financial impact of the pandemic. However, the Trustees will continue to closely monitor the impact of the COVID-19 outbreak on the operations and activities of the Institute.

The Institute continues to review its business operations, processes and structures to ensure they remain fit for purpose and will act if necessary to respond to changing circumstances.

Trustees are currently well advanced with plans for a change of management structure in the Communities with Care in order to relieve the burden of day-to-day management on the Sisters.

The Institute continues to work ever more closely with its operational managers, providing them with HR, H&S, Finance, Data Protection and legal expertise. The Head Teacher and School Business Manager are also advised on governance matters.

New IT equipment has been installed in Institute Care Homes together with electronic care planning systems. This should bring considerable staff time savings and increase the provision of timely and accurate data in delivering high quality care.

The Institute's new financial management system should be fully operational by the end of 2021. At the time of writing, the new software has already been implemented in the Generalate, the Institute Independent School, the two Care Homes and a number of convents. Plans are in place for the roll out to remaining Convents.

GDPR eLearning and other briefings continue to be delivered. Regular site data audits and reviews by the Institute's Data Protection Officer supports managers and staff with their ongoing compliance with the policies and procedures. This will continue into 2022.

Following on from the General Chapter in 2018, the Trustees and members of the Congregation are working with their legal advisers on a possible vision for the future of the Institute, in view of the changing demographics of the membership. These discussions will continue with the whole membership throughout 2021 and 2022 with a view to making a final decision on a new organisation structure at the next General Chapter in 2023.

Preparations for the General Chapter in 2023 have also commenced with the appointment of a Chapter Facilitator and the setting up of a Chapter Co-ordinating Group to plan for the future and take forward the discussions.

FINANCIAL REVIEW

Risk Management

With the support of its professional advisors and staff team the Institute maintains a comprehensive risk register which is reviewed on a yearly basis and more regularly when required. Where key risks are identified mitigating actions are agreed and the appropriate remedies actioned to ensure that risks are kept within the agreed risk profile for the Institute. Managed risks include both internal Institute issues and areas where the Institute has obligations to regulators and other stakeholders.

The declining number of religious Sisters who are able to provide the necessary vision and direction of the charity is mitigated through support for all staff and a programme of continued professional development in which all staff directly or indirectly benefit. The Institute strives to achieve this by using fit for purpose policies and procedures, placing a strong emphasis on developing positive working relationships and following organisational values in day-to-day operations. The involvement of advisors, and increased management support (e.g., Finance, data protection and Human Resources) at the Generalate also helps to manage risk. Similarly, with the falling number of Sisters the functions and responsibilities taken on by lay staff become increasingly important for the Institute to keep under review.

The rising cost of providing care to elderly Sisters along with increased instability in the financial markets particularly during the COVID-19 pandemic are both eased by using investment managers who provide regular reports on investment performance and benchmark financial returns. While this approach has ensured that sufficient working capital is available to meet the Institute's needs, the Institute is responding to the financial challenges of the 2020 pandemic by continually reviewing the draw on its resources and cash flow, ensuring that prudent stewardship decisions are made in these unprecedented times.

The Institute continues to operate four Communities with Care for frail Sisters where high-level care can be provided efficiently.

In September 2020, the Institute appointed its first lay Safeguarding Coordinator taking over from a retiring Sister. The appointment will help ensure that the Institute continues to invest in ongoing training in relation to its safeguarding responsibilities whilst also supporting the Trustees, other Sisters, and staff in their duty of care towards vulnerable groups.

Trustees recognise that the ongoing strategic management of the Institute is an area that requires considerable attention on an ongoing basis. When issues arise and decisions are required Trustees seek the support and advice of their team at the Generalate together with their professional advisors. Similarly, the management of their care facilities and school benefits from a commitment to take advice from the Institute's staff and advisors together with a readiness to adjust their resourcing priorities as is deemed necessary to meet changing operational needs.

Institute of Our Lady of Mercy

Fundraising

The Institute is predominantly funded by income from the covenanted salaries and pensions of Sisters, care home fees, school fees, rents and investment income, rather than seeking to raise money from the public through fundraising appeals.

The Institute is aware of the importance of protecting the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate and the nature of the way in which funds are raised means that the risks of abuse are inherently low.

The Institute does not engage external agents to carry out fundraising on its behalf and, in view of the limited reliance on donations from outside the Congregation, it has not signed up to any voluntary scheme for regulating fundraising, or to any voluntary standard for fundraising, nor has it taken specific steps to protect vulnerable people and the public from unreasonable intrusions into their privacy, unreasonably persistent approaches for money or property and undue pressure to give money or property. It has received no complaints about fundraising activities.

Other Policies

The policies of the Charity with regards to investments, financial procedures and grant making are clearly set down in policy statements. These are all reviewed on a regular basis and amended where necessary to take account of changing circumstances and practices. All Communities are issued with financial guidelines.

The requirements of Charity law and their bearing upon the working practices of the Charity have been the subject of discussion at Trustee Meetings. The importance of full compliance with legal requirements is understood.

INVESTMENTS

Powers

The investments of the charity are pooled together and invested as a whole, the capital and interest being applied pro rata to the capital invested. There are two subsidiary Trusts:

- The Costello Fund (Alnwick) - this is invested in quoted securities
- The Fullerton Fund – this is formed from the net proceeds of the sale of St Mary's Residential Care Home, Worthing – this is being drawn down at a relatively high rate and therefore is not invested in quoted securities.

The investment powers of the Trustees, which are set out in the Trust Deed, are widely drawn and authorise the Trustees to sell, call in and convert money and to vary and transpose investments (subject to such consents as may be required by law). Power is given to invest monies in the purchase of stocks, funds, securities or other investments (including freehold and leasehold property) of whatsoever nature and wheresoever and whether involving liability or not; the Trustees have the same full and unrestricted powers of investing and transposing all investments as if they were entitled thereto beneficially. Where income arising from investments is not applied to the objects of the charity there is power to invest and accumulate the same. In this respect, the Trustees, by order of the Charity Commission, are authorised to appoint Investment Advisers and to delegate to them discretionary powers of management. Charles Stanley & Company Limited have been appointed Investment Advisers.

Policy

The Investment Policy of the Trustees laid down to the Investment Advisers is “to achieve long term growth of both capital and income together with a reasonably high level of current income”.

The present division of the portfolio, of about 40% invested in cash, fixed interest and alternative assets and 60% in equity investments, is considered satisfactory and gives an acceptable level of risk to the Trustees. The Trustees require ethical considerations to be considered in the choice of investments and together with the Institute's Investment Manager, have been engaged in the process of reducing investments in companies involved with fossil fuels. In May 2021 the Institute was able to confirm that it will have fully divested from any holdings involved in fossil fuels within five years at the latest. In accordance with this policy Sister Maura Mullen made the following statement on behalf of the Trustees in May 2021:

In the midst of increasing awareness and acknowledgement of our current climate emergency, our attention is directed to the urgent need to cut carbon emissions drastically. This presents us with a clear moral imperative to which we are called to respond by divesting from Fossil Fuel holdings and joining the Global Divestment Announcement on 17 May 2021. We see this as a powerful witness to our faith and values in the context of the April Leaders' Summit on Climate and the UK's hosting of the COP26 in Glasgow in November 2021.

Institute of Our Lady of Mercy

Policy (continued)

In broad terms ethically acceptable investments, mostly equities, are chosen because they do not, through their activities, disadvantage any part of the world population or make irresponsible use of natural resources.

Additionally, such investments benefit the community at large by seeking to improve living standards. Specifically, investments not meeting these criteria include those engaging largely in arms manufacture and trade activities which encourage a reduction in moral standards, those who profit by exploitation of underprivileged work forces (who are often in countries with oppressive regimes) and those whose activities are of questionable legality and such investments do not form part of the Charity's portfolio.

Policy on Reserves

The Trustees' policy is to maintain the current level of reserves, as far as is possible (having taken account of the potential for fluctuation in the investment markets). It is hoped that the investment of reserves will provide a secure, long term income stream for the Charity.

This income stream will enable the Charity to fulfil its continuing obligations to its beneficiaries and to preserve the ongoing legacy of the Institute of Our Lady of Mercy well into the future.

The Trustees will continue to monitor and review their policy on a yearly basis.

The unrestricted reserves amount to £143.6m (2019: £152.7m).

The Charity's policy on restricted funds is to record separately donations, grants and other income sources where restrictions are imposed that are narrower than the Charity's overall objectives.

Grant Making Policy

Grants, which comprise gifts and charitable bequests, are considered by the Trustees on a regular basis when it is decided which charities or causes are to be supported. The grants are made to support charitable work.

When considering grant requests, the Trustees assess:

- The extent to which the grant would further the Institute's Aims and Objectives.
- The operational and financial viability of the organisation making the request.
- Whether the grant will complement or continue the charitable work of the Institute in a particular community.

Social Investment Policy

The Trustees' policy is that where possible they will seek to make investments that further the aims of the charity for the public benefit. The Trustees do not expect a financial return, or the main purpose of these investments is not for a financial return. These investments mainly relate to properties being let, usually at a peppercorn or below market rent, to individuals or organisations that are related to the advancement of the charity's aims.

Institute of Our Lady of Mercy

Summary

The Institute funds its charitable activities mainly through incoming resources from Sisters' salaries and pensions, care home fees, school fees, investment income, the sale of investments and the sale of fixed assets surplus to requirements. The Institute had a deficit of £9.1m for the year ended 31 December 2020 (2019: surplus of £0.6m). Restricted funds totalled £17.0m (2019: £17.6m) and unrestricted funds totalled £143.6m (2019: £152.7m).

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual 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 for the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the 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.

Institute of Our Lady of Mercy

INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Charity will be proposed at the next Trustees' meeting.

APPROVED BY THE TRUSTEES ON 22 OCTOBER 2021

Signed: *A. F. Conin*.....

TRUSTEE

Signed: *B. Jeffery*.....

TRUSTEE

Date: 22/10/2021

Institute of Our Lady of Mercy

Independent auditors' report to the trustees of the Institute of Our Lady of Mercy

Report on the audit of the financial statements

Opinion

In our opinion, the Institute of Our Lady of Mercy's financial statements (the financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of financial activities for the year then ended, the cash flow statement for the year then ended, the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charity's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Institute of Our Lady of Mercy

Independent auditors' report to the trustees of the Institute of Our Lady of Mercy (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to Care Quality Commission and Ofsted regulations in respect of Care Homes and Schools operated by the Charity, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the financial statements, and determined that the principal risks were related to misappropriation of cash and the associated posting of inappropriate journals and cash extraction prior to cash being recorded within the charity's accounting records. Audit procedures performed included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect misappropriation of assets;
- identifying and testing unusual journal entries, in particular those posted to cash;
- testing of the completeness of income; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Institute of Our Lady of Mercy

Independent auditors' report to the trustees of the Institute of Our Lady of Mercy (continued)

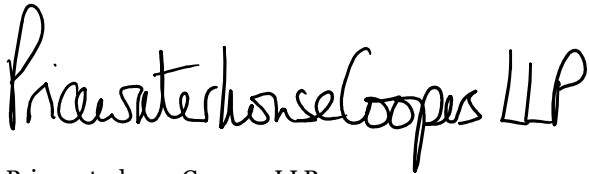
Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
22 October 2021

Statement of Financial Activities for the year ended 31 December 2020

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Incoming resources					
<i>Donations</i>	1	68,522	-	68,522	387,429
<i>Income from charitable activities:</i>					
Sisters' salaries and pensions		2,818,230	-	2,818,230	2,917,211
School fees		934,076	-	934,076	1,338,107
Care home fees		2,148,616	-	2,148,616	2,752,153
Grants receivable		281,842	-	281,842	169,726
<i>Investment income</i>	2	2,548,018	64,104	2,612,122	3,173,885
<i>Other income:</i>					
Sundry income		37,473	-	37,473	37,043
Total incoming resources		8,836,777	64,104	8,900,881	10,775,554
Expenditure on:					
<i>Raising funds:</i>					
Investment property costs	4	-	-	-	48,610
Investment management costs	4	200,622	5,853	206,475	222,815
<i>Charitable activities</i>					
Convents and religious activities	4	11,596,885	190,100	11,786,985	11,315,331
Schools and education	4	1,763,715	-	1,763,715	1,382,997
Care homes and other care activities	4	1,410,531	-	1,410,531	3,900,647
<i>Other expenditure:</i>					
(Profit)/loss on disposal of investment		(36,577)	-	(36,577)	51,000
Loss on disposal of fixed assets		263,814	-	263,814	561,000
Total resources expended		15,198,990	195,953	15,394,943	17,482,400
Net expenditure before investment gains		(6,362,213)	(131,849)	(6,494,062)	(6,706,846)
<i>Net (losses)/gains on investments</i>	10	(3,162,491)	(79,434)	(3,241,925)	7,266,355
Net (expenditure)/income before transfers		(9,524,704)	(211,283)	(9,735,987)	559,509
Transfers between funds	14	464,172	(464,172)	-	-
Net movement in funds		(9,060,532)	(675,455)	(9,735,987)	559,509
Total funds brought forward at 1 January 2020		152,687,781	17,633,892	170,321,673	169,762,164
Total funds carried forward at 31 December 2020		143,627,249	16,958,437	160,585,686	170,321,673

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above. There is no material difference between the net (outgoing)/incoming resources on ordinary activities before taxation and the (outgoing)/incoming resources for the financial year stated above and their historical cost equivalents.

The accounting policies and notes on pages 57 to 78 form part of these financial statements.

Institute of Our Lady of Mercy

Balance sheet as at 31 December 2020

	Note	Charity 2020 £	Charity 2019 £
Fixed assets			
Tangible assets	9	82,472,278	85,095,295
Investments	10	73,707,589	78,668,638
Total fixed assets		156,179,867	163,763,933
Current assets			
Debtors (including £503,467 (2019: £503,467) due after one year)	11	649,065	630,981
Cash at bank and in hand	22	4,894,876	6,979,808
Total current assets		5,543,941	7,610,789
Creditors – amounts falling due within one year	12	(1,138,122)	(1,053,049)
Net current assets		4,405,821	6,557,740
Total assets less current liabilities		160,585,686	170,321,673
Net assets		160,585,686	170,321,673
The funds of the charity:			
<i>Restricted income funds</i>	14	16,958,437	17,633,892
<i>Unrestricted funds</i>	14	143,627,249	152,687,781
Total funds	15	160,585,686	170,321,673

The financial statements on pages 54 to 78 were approved by the trustees on **22 OCTOBER** 2021 and signed on their behalf:

A. F. Cronin

TRUSTEE

B. Jeffery

TRUSTEE

The accounting policies and notes on pages 57 to 78 form part of these financial statements.

Cash flow statement for the year ended 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Net cash used in operating activities	21		(6,747,315)		(6,845,825)
Cash flows from investing activities					
Dividends, interest and rents from investments	2	2,612,122		3,173,885	
Purchase of tangible assets	9	(387,115)		(1,264,680)	
Proceeds from sale of tangible assets		681,686		4,281,375	
Proceeds from sale of investment properties		291,151		445,000	
Purchase of investments	10	(4,198,507)		(5,269,102)	
Proceeds from sale of investments	10	5,663,046		5,036,401	
Net cash provided by investing activities			4,662,383		6,402,879
Change in cash and cash equivalents in the year			(2,084,932)		(442,946)
Cash and cash equivalents brought forward			6,979,808		7,422,754
Cash and cash equivalents carried forward			4,894,876		6,979,808

The accounting policies and notes on pages 57 to 78 form part of these financial statements.

Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Charity has adopted FRS 102 and the Charities SORP FRS 102 in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the 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) issued on 2 October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

The accounts financial statements have been prepared to give a 'true and fair' view and 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 relevant version of the 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) issued on 2 October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Institute of Our Lady of Mercy meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investments properties and investments.

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Charity accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of the accounting policies.

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Freehold land & buildings

Land and buildings include freehold and leasehold premises. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

(ii) Plant and machinery, equipment and motor vehicles

Plant and machinery, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Accounting policies (continued)

Tangible fixed assets (continued)

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Fixtures and fittings	5-10 years
Equipment	2-5 years
Motor vehicles	4 years

Individual fixed assets costing £250 or more are capitalised at cost.

Investment properties

Investment properties are valued annually.

Investment properties have been valued by The JTS Partnership LLP, Chartered Surveyors, who are independent external valuers.

The valuations were in accordance with the requirements of the RICS UK Valuation Standards and FRS 102. Investment Properties are valued to Market Value assuming that the property would be sold subject to any existing leases.

The valuer's opinion of Market Value was primarily derived using:

- comparable recent market transactions on arm's length terms.
- using an estimate of the future potential net income generated by use of the property, because its specialised nature means that there is no market-based evidence available.

Fixed assets – securities

The quoted securities are valued at market value based on the bid price of the quotation in the Stock Exchange Daily Official list or similar recognised market value. Realised and unrealised gains and losses on sale or revaluation of investments are taken to the Statement of Financial Activities in the period in which they arise.

Fixed assets – subsidiary undertakings

Investments in subsidiary undertakings are stated at cost but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial instruments

The Charity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure.

Accounting policies (continued)

Financial instruments (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income and expenditure.

The Charity has chosen to designate certain debt instruments that would be classified as basic financial instruments as fair value through profit and loss as permitted by section 11.4 (b) of FRS 102. The recognition, measurement and disclosure requirements of FRS 102 in respect of financial instruments measured at fair value through income and expenditure have been applied to these designated financial instruments. Financial assets designated as at fair value through income and expenditure at inception are those that are managed and whose performance is evaluated on a fair value basis.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset, and 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.

Investment income

Income is included in the Statement of Financial Activities on the following bases:

UK Dividends and Fixed Interest Stocks when the income due is declared as being payable. Bank and short-term deposit interest is accrued up to the accounting date.

Fees and similar income

Fees receivable and charges for teaching or residential care are accounted for in the period in which the service is provided. Income from sisters earning salaries and sisters receiving pensions is accounted for on an accruals basis.

Grants receivable

Grants are recognised in the Statement of Financial Activities when receivable and in accordance with the terms of the grant.

Major grants received towards the cost of acquiring fixed assets are included as restricted income, and transfers made to unrestricted funds as the assets are depreciated.

Accounting policies (continued)

Donations, legacies and gifts

Donations, legacies and gifts are included in the Statement of Financial Activities when the trustees are reasonably certain that the funds will be received.

Expenditure

All expenditure, including any irrecoverable VAT, is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs comprise the administrative costs and overheads for the running of the charity's activities. These costs have been allocated to the charity's activities in proportion to the total costs of those charitable activities.

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objectives. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the trustees.

Governance costs

Governance costs include external audit, strategic costs and professional services in relation to the governance of the charity.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Operating leases

All operating leases are charged to the profit and loss account in the financial year to which the payments relate.

Fund accounting

Unrestricted funds are those available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains/(losses) are allocated to the appropriate fund.

Pensions

Teaching staff belong to the Teachers' Superannuation Scheme, which is a defined benefit scheme. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The effects of this are disclosed in Note 16.

The Institute operates a defined contribution scheme for other staff. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The costs of the defined contribution scheme are charged to relevant activity within unrestricted funds based on the type of work performed.

Related party transactions

The Charity discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Charity's financial statements.

Accounting policies (continued)

Realised gains and losses

All gains and losses are taken to the Statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if 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. Realised and unrealised investment gains and losses are combined in the Statement of financial activities.

Critical judgements and estimates

Valuation of investment properties

The Charity makes an annual estimate of the open market value of investment properties. The trustees take into account advice from third parties, including valuations performed externally, and by using all knowledge and information available to them, including market yields, replacement cost, tenant covenant strength, the availability of suitable purchasers, the wider property market conditions and the nature of the asset held.

Notes to the financial statements for the year ended 31 December 2020

1 Donations

	2020	2019
	£	£
Donations and gifts	68,522	387,429

Donations are received from various sources including parent teacher association donations from schools, care home donations from visitors and donations made for the overseas missions. In 2020, there were no specific legacy donations made by one individual included in the donations balance (2019: £286,734).

2 Investment income

	Unrestricted	Restricted	2020	2019
	£	£	£	£
Bank interest	335,992	-	335,992	344,373
Income from quoted investments	1,575,141	64,104	1,639,245	2,129,554
Income from fixed asset investment properties	636,885	-	636,885	699,958
	2,548,018	64,104	2,612,122	3,173,885

3 Grants payable

The amount payable in the year comprises:

	2020	2019
	£	£
Missions	107,006	101,545
Evangelisation*	-	99,118
Homeless*	-	195,717
Education*	-	37,584
Terminally ill*	-	20,210
Costello fund	63,997	56,500
Fullerton fund	142,600	44,000
General fund	334,609	-
	648,212	554,674

* amounts previously included in Evangelisation, Homeless, Education and Terminally ill have been combined within the General fund for the 2020 accounts

Notes to the financial statements for the year end 31 December 2020 (continued)

3 Grants payable (continued)

The amount payable in the year comprises:

	2020	2019
	£	£
Institutional	574,529	499,788
Individuals	73,683	54,886
	648,212	554,674

The number of grants is summarised below:

	2020	2019
	Number	Number
Institutional	581	892
Individuals	630	691
	1,211	1,583

The largest institutional grants are included in note 19.

Notes to the financial statements for the year end 31 December 2020 (continued)

4 Resources expended

	Staff costs	Other costs	Support costs allocation	Depreciation	Grants payable	2020	2019
	£	£	£	£	£	£	£
Investment property costs	-	-	-	-	-	-	48,610
Investment management costs	-	206,475	-	-	-	206,475	222,815
Charitable activities							
Convents and religious activities	4,096,017	3,107,346	1,926,246	2,008,096	649,280	11,786,985	11,315,331
Schools and education	1,408,437	292,577	10,242	51,162	1,297	1,763,715	1,382,997
Care homes and other care activities	818,280	575,694	11,418	5374	(235)	1,410,531	3,900,647
	6,322,734	4,182,092	1,947,906	2,064,632	650,342	15,167,706	16,870,400

Support costs have been allocated to running costs in proportion to the total costs of those charitable activities.

Notes to the financial statements for the year end 31 December 2020 (continued)

5 Governance and support costs

	2020 £	2019 £
Support costs		
Postage and telephones	122,710	117,716
Property and general administration*	676,823	1,246,382
Legal fees	512,378	491,614
Other expenses	980	48,292
Other professional fees	-	26,817
	1,312,891	1,930,821
	2020 £	2019 £
Governance costs		
Auditors' remuneration	63,450	69,420
Accountancy fees	483,356	103,260
Other fees	-	61,250
Legal fees	85,065	82,587
Other professional fees	3,146	166,968
	635,017	483,485

Apportionment of governance and support costs

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key charitable activities (see note 4) in the year. Governance and support costs have been allocated to the three key charitable activities in proportion to the total costs of those charitable activities.

The above costs include the related VAT where applicable.

*Accountancy fees have been moved from property and general administration in support costs to Accountancy fees in governance costs as a result of a reclassification of expenses in the current year.

Notes to the financial statements for the year end 31 December 2020 (continued)

6 Net outgoing resources

	2020	2019
	£	£
Net outgoing resources is stated after charging/(crediting):		
Depreciation of owned assets	2,064,632	1,968,181
Operating lease costs	68,486	84,983
Auditors' remuneration for:		
Audit services	63,450	69,420
Accountancy services	80,000	103,260
Other advice	-	61,250
(Profit)/loss on disposal of investment properties	(36,577)	51,000
Loss on disposal of tangible fixed assets	263,814	561,000

7 Staff costs

	2020	2019
	£	£
Resources expended		
School services	1,408,437	1,067,700
Care homes	818,280	3,190,497
Other staff	4,096,017	2,840,382
	6,322,734	7,098,579

	2020	2019
	£	£
Analysis of staff costs		
Wages and salaries	5,460,326	5,941,420
Social security costs	444,657	471,146
Pension costs	388,875	508,974
	6,293,858	6,921,540
Care homes agency staff	28,876	177,039
	6,322,734	7,098,579

Notes to the financial statements for the year end 31 December 2020 (continued)

7 Staff costs (continued)

The number of employees who had employee benefits in excess of £60,000 were:

	2020	2019
	Number	Number
Number of employees with employee benefits within each band		
£60,000 to £69,999	2	-
£70,000 to £79,999	-	-
£80,000 to £89,999	-	-
>£90,000	1	2
	3	2

No trustee received any remuneration from the Charity (2019: None). All the trustees are members of the Congregation and beneficiaries of the Charity and reside in the Charity's property and have no money of their own, having taken a vow of poverty. All living costs and items such as travel expenses are incurred by the Charity. Other than the trustees there are no key management personnel.

	2020	2019
	Number	Number
The monthly average number of employees analysed by function		
School services	40	51
Care homes & communities with care	112	144
Other staff	120	122
	272	317

8 Taxation

The Charity is a registered charity and as such is entitled to certain tax exemptions on income and gains from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these surpluses are applied solely for charitable purposes.

Notes to the financial statements for the year end 31 December 2020 (continued)

9 Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2020	94,888,185	6,103,248	1,373,221	552,362	102,917,016
Additions	142,228	196,631	20,856	27,400	387,115
Disposals	(1,156,201)	(22,784)	(2,732)	(9,001)	(1,190,718)
At 31 December 2020	93,874,212	6,277,095	1,391,345	570,761	102,113,413
Accumulated depreciation					
At 1 January 2020	9,993,095	6,003,715	1,340,672	484,239	17,821,721
Charge for the year	1,973,109	51,964	13,421	26,138	2,064,632
Disposals	(213,003)	(20,482)	(2,732)	(9,001)	(245,218)
At 31 December 2020	11,753,201	6,035,197	1,351,361	501,376	19,641,135
Net book amount					
At 31 December 2020	82,121,011	241,898	39,984	69,385	82,472,278
At 31 December 2019	84,895,090	99,533	32,549	68,123	85,095,295

Notes to the financial statements for the year end 31 December 2020 (continued)

10 Investments

	Quoted securities £	Investment properties £	Total £
Cost or valuation			
At 1 January 2020	70,866,145	7,802,493	78,668,638
Additions	4,198,506	-	4,198,506
Disposals	(5,663,046)	(255,000)	(5,918,046)
Revaluations	(3,691,416)	449,907	(3,241,509)
At 31 December 2020	65,710,189	7,997,400	73,707,589
Unrestricted funds	63,650,416	7,997,400	71,647,816
Restricted funds	2,059,773	-	2,059,773
	65,710,189	7,997,400	73,707,589

Quoted securities are represented by:

Equity	55,467,676
Corporate debt	8,296,844
Sovereign	944,060
Preference shares	1,001,609
	65,710,189

Notes to the financial statements for the year end 31 December 2020 (continued)

11 Debtors

	2020 £	2019 £
Due within one year		
Trade Debtors	29,239	-
Prepayments and accrued income	116,359	127,514
Due after more than one year		
Loans	503,467	503,467
	649,065	630,981

Debtors includes three loans, one to a registered charity, which is secured and is interest free, and two loans to individuals which are interest free. Repayments due after more than one year are repayable as follows:

	2020 £	2019 £
Between one and two years	21,689	21,689
Between two and five years	100,000	100,000
Over five years	381,778	381,778
	503,467	503,467

12 Creditors – amounts falling due within one year

	2020 £	2019 £
Trade Creditors	121,829	-
Other creditors	601,028	501,372
Accruals and deferred income	322,793	430,984
Taxation and social security	92,472	120,693
	1,138,122	1,053,049

Notes to the financial statements for the year end 31 December 2020 (continued)

13 Financial instruments

The Charity has the following financial instruments:

Financial assets measured at amortised cost	Charity 2020 £	Charity 2019 £
Trade Debtors	29,239	-
Loans	503,467	503,467
	532,706	503,467
Financial assets measured at fair value through income and expenditure	Charity 2020 £	Charity 2019 £
Quoted securities	65,710,189	70,866,145
Financial liabilities measured at amortised cost	Charity 2020 £	Charity 2019 £
Trade Creditors	121,829	-
Other creditors	601,028	501,372
	722,857	501,372

Notes to the financial statements for the year end 31 December 2020 (continued)

14 Charity funds

Restricted funds comprise the following external trust funds. The unexpended balances held on trusts are to be applied for specific purposes.

2020

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Gains and losses on fixed assets	Fund balances carried forward
	£	£	£	£	£	£	£
Restricted funds							
Maricourt High School – grants	1,988,468	-	-	(55,027)	-	-	1,933,441
Broughton Hall High School – grants	12,632,610	-	-	(305,148)	-	-	12,327,462
Fullerton Fund	768,090	-	(190,100)	-	-	-	577,990
External Trust Funds Investments							
Special account No 5	58,993	734	-	-	21,788	-	81,515
Costello Fund	2,185,731	63,370	(5,853)	(103,997)	(101,222)	-	2,038,029
Total	17,633,892	64,104	(195,953)	(464,172)	(79,434)	-	16,958,437
Property							
St Mary's Residential Care Home, Worthing							
St Mary's Home, Worthing	-	-	-	-	-	-	-
Total	17,633,892	64,104	(195,953)	(464,172)	(79,434)	-	16,958,437
Unrestricted funds							
Accumulated funds							
Charity	152,687,781	8,836,777	15,198,990	464,172	(3,162,491)	-	143,627,249

Notes to the financial statements for the year end 31 December 2020 (continued)

14 Charity funds (Continued)

The restricted funds consist of the following:

- Special account No 5 is a separate fund in which a sister's personal assets are held in accordance with Canon Law.
- The Costello Fund is a separate fund concerned with the advancement of education generally. The assets of the fund are mostly quoted investments.
- The St Mary's Residential Care Home, Worthing was a separate fund governed by a separate trust deed and was concerned with the provision of a convalescent home for the sick and poor, its only asset was the freehold property St Mary's Home, Worthing, which was run by the Charity. On disposal of the freehold property the proceeds have been transferred to form the Fullerton Fund for the relief of the sick and poor in England and Wales.
- Maricourt High School, Maghull and Broughton Hall High School, Liverpool funds are in respect of grants received from the Department for Education and Skills for building works at the respective schools. These grants are initially credited to restricted reserves. The funds are transferred to unrestricted funds at the same rate that the properties are depreciated, 2020: £360,175 (2019: £360,175).

2019

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Gains and losses on fixed assets	Fund balances carried forward
	£	£	£	£		£	£
Restricted funds							
Maricourt High School – grants	2,043,495	-	-	(55,027)	-	-	1,988,468
Broughton Hall High School – grants	12,937,758	-	-	(305,148)	-	-	12,632,610
Fullerton Fund	-	-	(44,000)	812,090	-	-	768,090
External Trust Funds							
Investments							
Special account No 5	51,245	764	(164)		7,148	-	58,993
Costello Fund	1,970,520	78,148	(6,455)	(51,058)	194,576	-	2,185,731
	17,003,018	78,912	(50,619)	400,857	201,724	-	17,633,892

Notes to the financial statements for the year end 31 December 2020 (continued)

14 Charity funds (Continued)

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Gains and losses on fixed assets	Fund balances carried forward
	£	£	£	£		£	£
Property							
St Mary's Residential Care Home, Worthing	403,000	-	-	(71,175)	-	(331,825)	-
Total	17,406,018	78,912	(50,619)	329,682	201,724	(331,825)	17,633,892
Unrestricted funds							
Accumulated funds							
Charity	152,356,146	10,696,642	(17,099,956)	(329,682)	7,064,631	-	152,687,781

15 Total funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Fund balances at 31 December are represented by				
Tangible assets	68,207,948	14,264,330	82,472,278	85,095,295
Investments	71,647,816	2,059,773	73,707,589	78,668,638
Current assets	4,909,607	634,334	5,543,941	7,610,789
Current liabilities	(1,138,122)	-	(1,138,122)	(1,053,049)
Total net assets	143,627,249	16,958,437	160,585,686	170,321,673

Notes to the financial statements for the year end 31 December 2020 (continued)

16 Pensions

There are two pension schemes in operation for employees of the Institute. These are a defined contribution scheme for non-teaching staff and the Teachers' Pension Scheme ('TPS'), a defined benefit pension scheme.

The assets of the defined contribution scheme are held separately from those of the Institute in an independently administered fund. The pension cost charge represents contributions payable by the Institute to the fund.

Teachers' Pension Scheme

The schools are members of the Teachers' Pension Scheme ('TPS'), a defined benefit pension scheme, to which both the schools and staff contribute. The TPS is a multi-employer scheme governed by the Teachers' Pension Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament. The scheme is accounted for as a defined contribution scheme.

The total pension cost for the year was £388,875 (2019: £508,974) and amounts paid to the TPS have been made in accordance with the rates recommended by the actuary.

The Government has set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The employer contributions rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and valuation report which was published in March 2019. This confirmed that from September 2019 the Government is increasing the TPS employer contribution rates from 16.48% currently to 23.68% - an increase of more than 40%. The Institute has decided to continue its membership of the TPS scheme.

17 Related parties

The trustees consider that their relationship with Women@thewell, a registered charity, is such that it is a related party, by virtue of some common trustees. The Institute leases premises to Women@thewell at a peppercorn rent. During the year the Institute donated £180,000 to the charity (2019: £180,000) and has grant commitments totalling £420,000 over the next 3 years.

Notes to the financial statements for the year end 31 December 2020 (continued)

18 Operating lease commitments

At 31 December 2020, the Charity had total commitments under non-cancellable operating leases of:

	2020 Motor vehicles £	2019 Motor vehicles £
Operating leases which expire:		
Payable within 1 year	71,864	68,486
Payable within 2 to 5 years	75,181	43,247
	147,045	111,733

19 Institutional grants

The largest institutional grants comprise:

	2020 £	2019 £
Brighton Voices	-	50,000
British Red Cross	10,000	-
-Broughton Hall School, Liverpool	-	1,027
Catholic Trust for England & Wales	18,000	20,000
Darton Longman & Todd	5,000	-
DEC Cyclone IDAI Appeal	-	10,000
Durham University - Catherine McAuley Scholarship	20,000	20,000
Rainbows GB	-	3,000
Sion Catholic Community	10,000	8,000
St Francis of Assisi Church	5,000	-
St Joan of Arc	5,000	-
St Joseph' R C Primary School	6,000	-
St Monica's Housing	5,000	-
St Philomena's Catholic School	-	5,000
Verona Fathers – Nekemte School Project	25,000	-
Whispers of Hope	25,000	-
Women@theWell	180,000	180,000
	314,000	297,027
Others	260,529	202,761
Total institutional grants (note 3)	574,529	499,788

Notes to the financial statements for the year end 31 December 2020 (continued)

20 Grant commitments

At 31 December 2020, the Charity had total grant commitments of:

	2020	2019
	£	£
Payable within 1 year	205,750	206,500
Payable within 2 to 5 years	260,000	465,000
	465,750	671,500

The grant commitments are payable without any contingent conditions attached, with donations to be used for core costs, with the exception where funding is made for Scholarships. Scholarship grants must be used towards providing scholarships. Operations of the grant recipient must continue to run in order to receive the grants committed in the future.

21 Reconciliation of net movement in funds to net cash from operating activities

	2020	2019
	£	£
Net movement in funds	(9,735,987)	559,509
Depreciation charges	2,064,632	1,968,181
Losses on disposal of tangible assets	263,814	561,000
(Profit)/loss on disposal of investment properties	(36,577)	51,000
Gains/losses on investments	3,241,925	(7,266,355)
Dividends, interest and rents from investments	(2,612,122)	(3,173,885)
Decrease in debtors	(18,073)	988,423
(Decrease)/increase in creditors	85,073	(533,698)
Net cash used in operating activities	(6,747,315)	(6,845,825)

Notes to the financial statements for the year end 31 December 2020 (continued)

22 Cash at bank and in hand

	2020	2019
	£	£
Cash at bank	2,955,634	3,183,024
Cash held by investments	1,939,242	3,796,784
Total cash at bank and in hand	4,894,876	6,979,808

23 Post balance sheet events

There have been 2 property sales post year end with total proceeds of £580,000 (Leeds, Yeadon: £380,000 on 15 January 2021 and Isle of Wight Newport: £200,000 on 13 July 2021).

On 30 March 2021 the land at Isle of Wight Carisbrook has been transferred to the Diocese of Portsmouth for nil value.