

# INSTITUTE OF OUR LADY OF MERCY

ANNUAL REPORT

JANUARY 2023- JUNE 2024

Registered Charity No. 290544



REPORT FOR THE 18-MONTH PERIOD ENDED  
30 JUNE 2024

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## TRUSTEES AND ADVISORS

### FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2024

#### Name of the Charity

Institute of Our Lady of Mercy

#### Date of Registration

30 November 1984

#### Charity Registration No

290544

#### Principal Address

Institute of Our Lady of Mercy  
Convent of Mercy  
Cemetery Road  
Yeadon  
Leeds LS19 7UR

#### Trustees

Mary Bernadette Holmes	(Sr. Bernadette Holmes)	
Bernadette Patricia Roche	(Sr. Bernie Roche)	(Appointed 1 September 2023)
Lynda Irene Dearlove	(Sr. Lynda Dearlove)	(Appointed 1 September 2023)
Catherine Groden	(Sr. Jude Groden)	(Appointed 1 September 2023)
Ita Christina O'Donnell	(Sr. Christina O'Donnell)	(Appointed 1 September 2023)
Norah Frances Cronin	(Sr. Colette Cronin)	(Retired 1 September 2023)
Johanna Elizabeth Breen	(Sr. Joan Breen)	(Retired 1 September 2023)
Barbara Jane Jeffery	(Sr. Barbara Jeffery)	(Retired 1 September 2023)
Mary Teresa Mullen	(Sr. Maura Mullen)	(Retired 1 September 2023)
Lynne Julie Spendelow	(Sr. Lyndsay Spendelow)	(Retired 1 September 2023)

#### Property Advisors

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

#### Investment Advisors

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

#### Legal Advisors (Up to June 2024)

Lupton Fawcett LLP  
2 The Embankment  
Sovereign Street  
Leeds  
LS1 4BA

#### Legal Advisors (From July 2024)

Stone King LLP  
Upper Borough Court  
Upper Borough Walls  
Bath  
BA1 1RG

#### Independent Auditors (Up to June 2024)

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

#### Independent Auditors (From July 2024)

Buzzacotts LLP  
130 Wood Street  
London  
EC2V 6DL

# **REPORT OF THE TRUSTEES FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2024**

## **Introduction**

The Trustees have pleasure in presenting their report and financial statements for the eighteen-month period ended 30 June 2024. The report and statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and with 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.

The Trustees registered a new entity with the Charity Commission: Institute of Our Lady of Mercy CIO (registered Charity Number 1201690) on 24 January 2023. All Trustees of the Charitable Trust are Trustees of the CIO. It was previously reported that it was the intention to transfer the assets and liabilities of the Charitable Trust by no later than 1 January 2024. Trustees, staff and legal advisors are currently undertaking due diligence and other works to facilitate the transfer of the majority of assets and liabilities to the new CIO which is now not due to take place until the end of 2025.

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

The Fullerton Fund has been fully expended within the reporting period and the Institute of Our Lady of Mercy propose to close this subsidiary charitable trust in the near future.

## **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'.

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 Ninth General Chapter took place from 22 May – 2 June 2023 and saw the election of a new Leadership Team (who are also Trustees) who took up office from 1 September 2023. Sr Bernadette Holmes (existing Trustee) was elected as the new Institute Leader. Sr Bernadette Roche was elected as the Assistant Leader; and Sisters Lynda Dearlove, Jude Groden and Christina O'Donnell were also elected to the Leadership Team. Delegates of the Chapter gave the new team the authority to alter the legal structure of the Institute, with the transfer of assets and liabilities from the present Charitable Trust to the Institute of Our Lady of Mercy CIO. (This has been postponed and due diligence is currently being completed).

### **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 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 advisors on the day-to-day issues which arise in carrying out their duties.

Trustees have received training from a number of sources and also by virtue of their memberships of The Conference of Religious (COR), Union of Superior Generals (UISG) and the Association of Provincial Bursars (APB). They have attended training sessions and updates in relation to governance, finance, care, health and safety, GDPR and Safeguarding. Following the period-end, the Institute has also joined the National Council for Voluntary Organisations (NCVO), which will create further training opportunities.



# Institute of Our Lady of Mercy

## Organisational Structure

The Institute Leader holds overall responsibility. The remaining Trustees each hold designated areas of responsibility; However, they work together flexibly as a team. If a Trustee has a period of absence, the remaining Trustees organise to cover their roles between them.

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). Trustees meet regularly outside of formal meetings via conference call facilities. 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.

Various roles of responsibility are held by members of the congregation, for example, as Local Leaders or as part of various committees. These members of the Congregation assist the Trustees and attend meetings relevant to their activity. Appointments are made by Trustees for a specific time-period then reviewed. Sister Clare McNamara acted as General Bursar until her retirement on 1 September 2023. (This role is now undertaken by a lay member of staff, the Head of Finance).

As part of the review of operations and the ongoing preparation for transfer from the Charitable Trust to the CIO, the Trustees have given considerable thought and reflection in the reporting period to the most appropriate organisational structure to enable the new CIO to be as effective as possible in both caring for members of the Institute and delivering services to its many beneficiaries. Consequently, from the summer of 2024, a revised head office staff structure was implemented with the new roles of Chief Executive Officer, Head of Finance and Business and Compliance Manager. These appointments formally announced in July 2024 further develop the Institute's operational resilience and support the move towards sequentially separating out the operational leadership and management of the Institute from its governance function.

The Senior Leadership Team attend the meetings relevant to their activity on a monthly basis. The Institute Property Advisors (The JTS Partnership LLP) and Legal advisors (Lupton Fawcett LLP) liaise with Trustees and the Staff Team on a regular basis. They deal with the Charity Commission on behalf of the Institute, as to governance and wider issues, including subject access requests and any matter relating to actual or potential litigation, as required and necessary. They submit regular written updating reports and attend Trustee Meetings bi-monthly. The Institute's Independent auditors (PricewaterhouseCoopers LLP) and Investment Manager (Charles Stanley & Company Limited, "Charles Stanley") attend Trustee Meetings on a bi-annual basis.

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 working parties to consider particular topics in greater detail. The working parties typically include one or more Trustees, members of the Congregation, relevant staff and professional advisors. There are working parties on employment, care and communication.

All Sisters were involved in meetings in preparation for the General Chapter in May 2023. A Chapter Co-ordinating Group was formed consisting of three Trustees and four Sisters from the Congregation. This Group worked with the Chapter Facilitator to plan and host various meetings, many of which were conducted online to enable maximum participation.

All Sisters who were able, participated in a General Gathering in May 2024.

## **Institute of Our Lady of Mercy**

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. A member of the Leadership Team serves as a Governor on the Board of St Joseph's Park Hill School, Burnley. The Institute Leader is the Proprietor of the School.

The Institute operates two Care Homes, run by appointed Care Home Managers. The majority of Institute-run Communities with Care are run by appointed Managers. A Care Home Consultant and Business Consultant provide the necessary professional support to the Managers and Staff of the Care Homes and Communities with Care. 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 Trustees.

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. As at 30 June 2024 there were 134 Sisters ministering from approximately 35 sites in Britain, Kenya and Romania.

### **Employees**

The Institute recognizes 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 30 June 2024, the Charity had 238 employees, equating to 191 full time equivalents (FTE's) (full time being 35 hours). A breakdown of employee numbers is given in the table overleaf:

## Institute of Our Lady of Mercy

	Staff Numbers	Percentage	FTE	FTE Percentage
Care Homes	105	44%	96	50%
Communities with Care	72	30%	52.5	27%
Communities	14	6%	7.5	4%
Institute-Run School	35	15%	28	15%
Other	12	5%	7	4%
Total Employees	238	100%	191	100%

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

Role Purpose	FTE	FTE Percentage
Care	152	79%
Education	28	15%
Administration	5	3%
Maintenance	6	3%
Total	191	100%

(Note: With the exception of administration and maintenance staff; those employed within CareHomes and Communities have been classified as “Care”; those employed within schools are classified as “Education”).

### Pay Policy and Commitment to being a Good Employer

The Institute continues to closely monitor and adapt its approach to fair remuneration and reward. This is imperative in the highly competitive UK employment market. Recruitment and retention remain challenging particularly in certain geographic areas and in the Care sector generally. The Institute continues to provide competitive rates of pay for its roles, helping to attract and retain staff who possess the skills, knowledge and values needed to deliver its charitable aims and objectives.

In deciding pay rates each year, Trustees consider a variety of matters; including affordability, current market rates, cost of living rises, the gender pay gap, equitable remuneration, differentiation, business plans and the relationship between job responsibility and pay. All Institute staff continue to be paid at least the ‘real living wage’ including London based staff.

The Institute strives to be an employer of choice for staff in the sectors 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, positive team spirit and the sense of belonging and contribution the working culture provides.



## Institute of Our Lady of Mercy

The Institute is no longer required to formally report on its Gender Pay Gap as the number of employees has now dropped below 250.

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 including during working time to meet the needs of part time staff alongside a blended learning approach to widen further participation.

### Wellbeing

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 and physical health, family matters, responses to the pandemic 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, with signposts to further support options when required.
- **Qualified mental health first aiders:** are in place 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 and ambition.

With mental health an important topic in all parts of society including the workplace, the Institute continues to support staff accessing talking therapies.

The Institute remains indebted to its employees who go above and beyond in delivering high-quality services to beneficiaries.

# **Institute of Our Lady of Mercy**

## **External Links**

Members of the Institute of Our Lady of Mercy have links with many other bodies within the Catholic Church:

### **Mercy International Association (MIA)**

The Sisters of the Institute of Our Lady of Mercy are part of a global Mercy Family. Leaders of Mercy Congregations worldwide are members of Mercy International Association and three Members serve on the Board, together with a number of lay people. The Members meet twice a year, on Zoom in November and in person in Baggot Street Centre, Dublin, in May. This Centre, which was the first Convent of Mercy founded by Catherine McAuley, is now an International Centre for the whole Mercy world and through its website, newsletters and courses connects the Mercy Family and offers a number of events throughout the year for all those connected to the Sisters of Mercy.

### **Conference of Religious (COR)**

The Conference of Religious in England and Wales exists for the benefit of all religious in these countries. The Leader of the Institute, is a member of COR by virtue of her position. Collaboration among leaders is encouraged and COR also provides training for Trustees and Staff.

### **Union of Superior Generals (UISG)**

The Leader of the Institute, is a member of UISG by virtue of her position.

## 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.*

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.

The Institute continues to be a member of the Religious Life Safeguarding Service (RLSS) and the Catholic Safeguarding Standards Agency (CSSA) and attend their AGMs and regular zoom meetings. There is a designated Trustee for Safeguarding and the Institute employs a Safeguarding Lead, who are both closely supported by a voluntary Safeguarding Committee.

### RELATED PARTIES

#### **Mercy Great Britain CIO (Registered Charity No.1154195)**

Mercy Great Britain CIO was established in October 2013 in order to raise 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. Sr Patricia Bell, (a member of the Institute of Our Lady of Mercy is a Trustee for this charity). The Trustees of Mercy Great Britain CIO have been in communication with the Trustees of the Institute with a view to gaining their consent for the future dissolution of this charity.

Sister Bernadette Holmes is a member of the Mercy International Association by virtue of being the Institute Leader.

No funds were donated to the charity in 2023-4 (2022: £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. Sr Bernadette Holmes, Trustee, also acts as Trustee for Women@TheWell. Further members of the Institute served as Trustees for Women@TheWell during 2023-4: Sr Catherine Heron and Sr Susan Browne. Sr Lynda Dearlove, Trustee, was the CEO of Women@TheWell and resigned from this shortly after being elected to stand as Trustee of the Institute of Our Lady of Mercy at the 2023 Chapter. Three members of the Congregation were active volunteers at Women@TheWell in 2023-4.

Women@TheWell leases a property from the Institute of Our Lady of Mercy in Kings Cross London at a peppercorn rent and then sublets back the top two floors of the building to the Institute. Sr Lynda Dearlove is one of the community members living there. The Institute donated £370,935 to the charity in the eighteen-month period to 30 Jun 2024 (2022: £200,000).

#### **Institute of Our Lady of Mercy CIO (Registered Charity No. 1201690)**

As detailed previously in the report, the Institute of Our Lady of Mercy has registered a new Charitable Incorporated Organisation (CIO), which currently lies dormant. It is the intention to transfer the assets and liabilities of the Institute of Our Lady of Mercy Charitable Trust to the CIO. This is currently delayed and is unlikely to happen before 31 December 2025.

# Institute of Our Lady of Mercy

## ARISE Foundation (Registered Charity No. 1165248)

Sr Lynda Dearlove, Trustee, has been a Trustee of the ARISE Foundation since January 2017. . ARISE is a non-governmental organisation dedicated to preventing modern slavery and human trafficking. ARISE facilitates joint anti-trafficking projects with frontline groups in high-risk regions. All projects are locally led by partners. Their accompaniment, which values mentoring and programmatic training for partners, increases the ability of frontline groups to meet the needs of their local communities.

No funds were donated to the charity in 2023-4 (2022: £nil).

## SPACE International

Sr Lynda Dearlove, Trustee, also serves as a Trustee of SPACE International (based in New York). SPACE is an international non-governmental organization that consists of sex trade survivors from around the world, speaking out, changing how people think about prostitution; advocating for the Abolitionist Legislative Model which is the most effective and comprehensive approach in addressing the sex trade.

No funds were donated to the charity in 2023-4 (2022: £nil).

## CAP International

Sr Lynda Dearlove, Trustee, also serves as a Trustee of CAP International (based in Paris). The Coalition for the Abolition of Prostitution (CAP International) is a movement made of grassroots and survivors-led frontline exiting support organisations united around a common objective: the abolition of the systems of prostitution and trafficking in human beings for the purpose of sexual exploitation. As of today, the growing Coalition includes 35 organisations in 27 countries.

No funds were donated to the charity in 2023-4 (2022: £nil).

## Trustee's Pensions

Pension income received from the Trustees, who are Sisters, is included as income within the Statement of Financial Activities.

# 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 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 rationalising property holdings continues, to ensure that property is used as efficiently as possible. 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. 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 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**

### **Planned Transfer to CIO Structure**

The Ninth General Chapter approved the transfer of all assets and liabilities of the Institute of Our Lady of Mercy Charitable Trust to a new charitable incorporated organization: Institute of Our Lady of Mercy CIO (Registered Charity No. 1201690). Working closely with professional advisors over the course of 2023/4, Trustees and staff have undertaken due diligence and other cross function preparatory work to facilitate the transfer to the new CIO. As further progress is made on this significant project, Trustees will be able to plan a revised transfer date which meets the requirements of all involved parties. At present, this is not due to take place before 31 December 2025.

### **Change in Reporting Period**

Trustees had originally planned the transfer of all assets and liabilities to the new Charitable Incorporated Organisation on 30 June 2024. In order for there to be a smooth transition for accounting and reporting purposes, it was determined that it would be preferable to extend the original reporting period by six months .

The Charity Commission allows registered charities to alter its accounting year once every three years. To achieve this, the minimum reporting period is six months and the maximum reporting period is eighteen months. The Charity therefore adopted a new period end of June 2024 and will report to the end of June each year henceforth. The Charity Commission were notified of this intention and our filing has remained up- to-date.

Users of these Financial Statements should be aware of this change and that amounts reported period on period are therefore not directly comparable.

### **New Management Structure**

As part of the review of operations and the ongoing preparation for transfer from the Charitable Trust to the CIO, the Trustees have given considerable thought and reflection in the reporting period to the most appropriate organisational structure to enable the new CIO to be as effective as possible in both caring for members of the Institute and delivering services to its many beneficiaries. Consequently, from the summer of 2024, a revised head office structure was implemented with the new roles of Chief Executive Officer, Head of Finance and Business and Compliance Manager. These appointments announced in July 2024 further develop the Institute's operational resilience and support the move towards sequentially separating out the operational leadership and management of the Institute from its governance function.

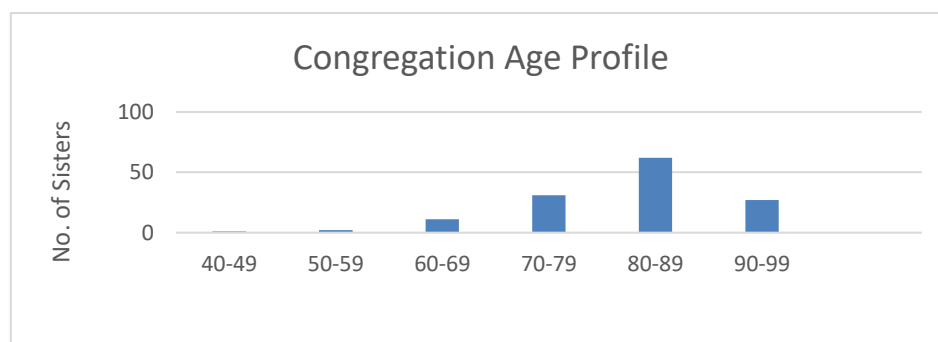
### **Professional Advisers**

Trustees are in the process of reviewing all of the Institute's relationships with professional advisors. As part of this, with effect from 1 July 2024, Stone King LLP have been appointed as the Institute's legal advisers. Similarly, Buzzacotts LLP have been appointed as auditors for the period from 1 July 2024. This review continues.

# Institute of Our Lady of Mercy

## The Changing Needs of the Congregation

The needs of the congregation and the increasing congregational age profile is a priority for Trustees. As at 30 June 2024, the mean Congregation Member age is 82 with a median age of 82.5. Over 50% of the Congregation is in receipt of formal care. It is anticipated that a high proportion of Sisters will require care over the coming years, and that the size of the congregation will diminish.



## Property Management

The Institute is currently refurbishing a property in Brentwood, which will increase the capacity of care facilities available to Sisters in the South. The Sisters currently living in the Community with Care at Wanstead are due to move to Brentwood when it becomes operational. The Wanstead site (including the current convent and former school) was put on the market in 2023 and the Institute exchanged contracts with a third party in 2024. Completion is due to take place between October 2024 and March 2025. Further Communities will join the Sisters at the Brentwood site, and it is therefore likely that additional Convent buildings will then be marketed.

Two convents which were vacated in 2022 were disposed of in 2023: York and Frinton-on-Sea.

There have also been changes in relation to properties leased to charitable organisations. Where possible, the Institute seeks to utilize property for charitable purposes. However, much of the Estate is made up of older buildings. Public facing charities often prefer properties that are in a good state of repair, energy efficient and compliant with modern accessibility requirements.

Newcastle Deaf Centre was sold to the St Vincent De Paul Society in June 2023 (who have leased this building for some time).

16 Bailiffgate in Alnwick was sold in October 2023. This had been leased to St Cuthbert's Care for a number of years, however, they found this building to no longer be fit for purpose.

A number of properties are on the market or being prepared for disposal in 2024.

## IT Developments

Trustees are aware of the importance of robust cyber security and contract an IT consultancy to manage the IT infrastructure. Staff and Sisters receive regular training and updates on cyber security. The Institute is also working with third party providers to look at telephone systems, ensuring that these are fit for purpose ahead of the ISDN and PTSN system closedowns.

# Institute of Our Lady of Mercy

## Summary of Achievements

The achievements of the Charity are contained within this report. In summary, the Institute has provided high-quality education for the pupils of St Joseph's Park Hill School, Burnley. The Charity has also operated high quality Care at its registered Care Homes and Communities with Care. The Institute has also assisted numerous charitable organisations and activities in various ways, including the provision of premises, the voluntary activities of Sisters and the donation of funds.

# THE ADVANCEMENT OF EDUCATION

The Institute of Our Lady of Mercy is involved in education in diverse ways, including governorship. The Institute owned, managed and financed one Convent school in Burnley in 2023-4. The Institute also acts as Trustees of two Voluntary Aided schools in the Archdiocese of Liverpool. The Institute also makes 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.

### Mercy Schools

Pages 18 to 20 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 Schools retained by the Institute of Our Lady of Mercy

Direct ownership of the sites of these schools and the Trusteeship of the schools continues to be retained by the Institute. However, the Trustees continue to consult with the Archdiocese of Liverpool concerning the potential transfer of the trusteeship and land of both Schools to the Archdiocese.

A former Trustee served as a governor of Broughton Hall Catholic High School until September 2023.

A grant was received from the Department for Education and Skills in previous years for building works at the respective schools. See note 23 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

### 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.

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

## Institute of Our Lady of Mercy

### Private Fee-Paying School run by the Institute of Our Lady of Mercy

The Institute owns, manages and finances a Convent school at Burnley.

Name	Responsible Authority/Lessee
St Joseph's Park Hill School, Burnley, Lancashire	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
St Thomas More School, Colchester	The Former Convent Building is leased to the school and makes up part of the school provision.



# 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 three '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 Group 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 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, training and provides an independent auditing perspective. She similarly supports Communities with Care with regular site clinical support visits and quality reports. The Care Consultant is also the Institute's Nominated Individual with the Care Quality Commission ("CQC") and is 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 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.

### Care Management Meetings

The Institute's Care Management Group officially meets four or five times a year. Attendees include Care Home Managers, Communities with Care Managers, the CEO, the HR Co-ordinator, Trustees who link with Communities with Care, the lead Trustees for Care and the independent consultants.

## **Institute of Our Lady of Mercy**

This group continues to make the best use of technology with video conferencing for many of its meetings with occasional face to face events. These meetings remain instrumental in maintaining the support to managers and provide valuable opportunities for the whole care management team to come together to share best practice, explore commonly experienced issues and receive continuing professional development.

### **Care Home Visits**

Trustees and senior managers maintain a programme of Care Home visits.

### **Registered Care Homes**

The Institute owns and operates two CQC registered care homes: Mercy Care Centre in Derby and McAuley Mount Residential Care Home in Burnley. Both homes are rated as 'good' by the CQC. Mercy Care Centre provides up to 50 residents with a mix of residential and specialised dementia care and is adjacent to our close to care apartments in Kinsale Court. McAuley Mount Care Home cares for up to 26 residents.

### **Communities with Care**

The Institute continues to evolve the necessary practical and pastoral support for Sisters and staff as they adjust to the decrease in the number of Sisters and their increasing vulnerability.

In March 2022, the Institute purchased an additional site to be used as a Community with Care in Brentwood, Essex. The property is undergoing a scheme of refurbishment at present in order that it can house and increase the capacity of the current Community with Care in the South. This site will replace the current Wanstead site, which is due to be sold when the Sisters are able to move.

### **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'. This property is no longer appropriate for use. The Trustees of the Order of St John Care Trust wish to withdraw from the lease and this was agreed by the previous Trustees. The current Trustees are progressing the disposal of this site.

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

# Institute of Our Lady of Mercy

## Other Involvement in Care

Many of the Congregation have worked within the nursing profession and many have dedicated their lives to caring for others. Sisters continue to undertake volunteer work supporting the sick and the poor – for example through visitation.

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
Zoe's Place Crossbeck, Normanby	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.
Zoe's Place, Liverpool	Offers respite and palliative terminal care to babies and support to their parents.

# ADVANCEMENT OF RELIGION AND OTHER CHARITABLE WORK

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 migrants and asylum seekers, homeless people, vulnerable young people, people with disabilities, vulnerable elderly and prisoners. Traditionally, Sisters of Mercy have had a particular involvement in supporting vulnerable women. Many Sisters of the Institute are active in local parishes in the religious education of both adults and children, including sacramental preparation and the Rite of Christian Initiation of Adults (RCIA). 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. 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:

Property	Purpose
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 Notes 10 and 28 on pages 51, 52 and 66.

## Congregational Activity

As stated previously, Members of the Congregation follow their own individual ministries 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.

## **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. In addition, each Community also has its own budget to contribute to local charities and those in need. Please refer to Notes 10 and 28 on pages 51, 52 and 66.

# PLANS FOR THE FUTURE

### Adoption of CIO Legal Structure

The Institute of Our Lady of Mercy was established as a Charitable Trust in 1984. This has served the needs of the Institute well, however, the changing demographics of the membership has necessitated exploration of alternative legal structures, and a new Charitable Incorporated Organisation (CIO) was approved by the Charity Commission in January 2023.

Delegates of the Ninth General Chapter of the Institute (which took place from 22 May – 2 June 2023) unanimously gave the new team the authority to alter the legal structure of the Institute, with the transfer of assets and liabilities from the present Charitable Trust to the Institute of Our Lady of Mercy CIO.

As a consequence of due diligence, Trustees have delayed the transfer to CIO until no earlier than 31 December 2025.

The financial statements have therefore been prepared on a basis other than a going concern, however, as all assets and liabilities will be transferred to the new entity, no impairment has been deemed necessary.

### Acts of Chapter – What Mercy may yet be

As detailed above, Delegates of the Chapter gave the new team the authority to alter the legal structure of the Institute, with the transfer of assets and liabilities from the present Charitable Trust to the Institute of Our Lady of Mercy CIO.

The Chapter also considered the next phase of the Mercy story. Many different views and concerns were raised and discussed, but there was a broad consensus that Sisters wish to face the future with positive determination.

Work will begin in the coming year on developing a second charity for mercy ministries, a “Doors of Mercy CIO”.

### Further Changes to Communities with Care

As detailed on page 16, the Institute is currently developing a site for a new Community with Care in Brentwood, Essex. This will provide improved facilities for those Sisters currently resident in the Community with Care in Wanstead, London. It will also allow additional Sisters based in the South to join a Community with Care close to the areas where they have exercised their ministry.



# **Institute of Our Lady of Mercy**

## **Property Disposals**

The Trustees have exchanged contracts on the sale of the Wanstead site (which currently includes the Community with Care in the South and the former St Joseph's Convent School for Girls site). The profit from the sale of this property will offset the costs incurred in recent years for the development at Brentwood.

A number of other properties are being marketed or are being prepared for disposal.

## **Taxation Changes**

The introduction of VAT on School Fees has implications for the Institute of Our Lady of Mercy and Trustees are currently in the process of registering the Charitable Trust for VAT from January 2025.

## **General**

The current level of economic uncertainty within the world and specifically the UK means that Trustees will continue to closely monitor 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.

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

GDPR eLearning and cyber security training continue to be delivered. Regular data protection advice and data 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 2024-5.

The renewal of IT hardware and software continues to ensure that the Institute's operations meet the demand to communicate safely and effectively in a connected world.

# FINANCIAL REVIEW

### Risk Management

With the support of its professional advisors and staff team the Institute maintains a comprehensive risk register which is reviewed regularly. 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 can provide the necessary vision and direction for 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., administration, finance, IT, data protection and human resources) at the Generalate also helps to manage risk. Similarly, with the reducing 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 and high inflation are 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 needs to continually monitor the draw on its resources and cash flow, ensuring that prudent stewardship decisions are made.

The Institute operates three Communities with Care for frail Sisters where high-level care can be provided efficiently in an appropriate environment.

The Institute of Our Lady of Mercy are members of the Religious Life Safeguarding Service (RLSS) and the Catholic Safeguarding Standards Agency (CSSA). The Institute employs a Safeguarding Lead and has a Safeguarding Trustee Sub-Committee, which includes two of the Institute Trustees and a number of lay advisors. The Sub-Committee takes legal advice on safeguarding matters as and when required. This structure 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 wide advice from the Institute's staff and advisors together with a readiness to adjust their resourcing and plans 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.

## Other Policies

The policies of the Charity with regard 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. The Legal Advisers the Institute uses include a specialist Charity Team who attend Bi-Monthly Trustee Meetings.

# 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 was formed from the net proceeds of the sale of St Mary's Residential Care Home, Worthing and has been fully expended over the course of the year. Given that this was being drawn down at a relatively high rate, it was 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 Advisors and to delegate to them discretionary powers of management. Charles Stanley & Company Limited have been appointed Investment Advisors.

### Policy

The Investment Policy of the Trustees laid down to the Investment Advisors is “to achieve long term growth of both capital and income together with a reasonably high level of current income. The assets should be managed to at least maintain the real capital value of the portfolio, whilst generating a sustainable level of income to support the various charitable activities”.

The June 2024 division of the portfolio, of about 37% invested in cash, fixed interest and alternative assets, and 63% in equity investments, is considered satisfactory and gives an acceptable level of risk to the Trustees. The Trustees require ethical considerations to be taken into account in the choice of investments in accordance with these guidelines.

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 should have a positive impact on the quality of life for communities at large, have an ethical approach to climate change, health, housing and medicine, and have a strong human rights record. Specifically, direct investments not meeting these criteria include those engaging in and profiting from the following industries: armaments, mining, tobacco, gambling and pornography. The same guidelines should apply in the use of collective investment vehicles with the exception that the investment manager may select funds so long as there is no material breach of the above criteria. The Trustees do not have an outright exclusion on Fossil Fuels but following a review of the sector have taken the decision to sell down the existing direct equities in the portfolios by no later than 31 December 2025.

# **Institute of Our Lady of Mercy**

Charles Stanley uses the services of Ethical Screening and MSCI to monitor ESG and other related matters regarding the investments and updates to the Trustees are provided at the half-yearly meetings.

## **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 total reserves at the end of the reporting period are £144.2m. Restricted reserves amount to £15.2m. The unrestricted reserves amount to £129.0m (2022: £137.9m).

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 whose work relates 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 £9.7m for the eighteen months ended 30 June 2024 (December 2022: deficit of £9.8m). Restricted funds totalled £15.2m (2022: £16.0m) and unrestricted funds totalled £129.0m (2022: £137.9m). The Institute is in the process of disposing of properties which will give rise to profit on the sale of assets to mitigate the current deficit.

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that 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.
- 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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Institute of Our Lady of Mercy

## INDEPENDENT AUDITORS

Following completion of the audit of the current reporting period and the resignation of PriceWaterhouseCoopers LLP, the Trustees intend to appoint Buzzacotts LLP as independent auditors to the Charity for the next reporting period.

## APPROVAL

The Strategic Report and the Trustees' Report have been approved by the Trustees on 30<sup>th</sup> November 2024

Signed: M. B. Holmes

TRUSTEE Mary BERNADETTE HOLMES.

Date: 30<sup>th</sup> November 2024

Signed: B. Roche

TRUSTEE BERNADETTE PATRICIA ROCHE

Date 30<sup>th</sup> November 2024

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

## **Report on the audit of the financial statements**

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### **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 30 June 2024 and of its incoming resources and application of resources, and cash flows, for the period 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, which comprise: the balance sheet as at 30 June 2024; the statement of financial activities and the statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies and other explanatory information.

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### **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.

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### **Emphasis of matter – financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2.1 to the financial statements which describes the trustees' reasons why the financial statements have been prepared on a basis other than going concern.

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### **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.



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## **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 the posting of inappropriate journal entries so as to misstate 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 manipulation of the financial statements;
- testing significant accounting estimates that we deemed to present a risk of material misstatement;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations; 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](http://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.

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## Other required reporting

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### 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  
3 December 2024

# INSTITUTE OF OUR LADY OF MERCY

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 JUNE 2024

		Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Restricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £	Total funds Year ended 31 December 2022 £
Note					
<b>Income from:</b>					
	4	111,148	-	111,148	26,838
Donations					
	5	9,439,457	-	9,439,457	5,917,302
Charitable activities					
	6	4,148,132	129,182	4,277,314	2,828,988
Investments income					
	7	903,404	-	903,404	821,762
Other income					
<b>Total income</b>		<b>14,602,141</b>	<b>129,182</b>	<b>14,731,323</b>	<b>9,594,890</b>
<b>Expenditure on:</b>					
	8	263,490	9,858	273,348	262,050
Raising funds					
		23,587,074	386,151	23,973,225	14,665,796
Charitable activities					
<b>Total expenditure</b>		<b>23,850,564</b>	<b>396,009</b>	<b>24,246,573</b>	<b>14,927,846</b>
<b>Net expenditure before net (losses)/gains on investments</b>		<b>(9,248,423)</b>	<b>(266,827)</b>	<b>(9,515,250)</b>	<b>(5,332,956)</b>
Net (losses)/gains on investments		(250,170)	14,610	(235,560)	(4,451,007)
<b>Net expenditure</b>		<b>(9,498,593)</b>	<b>(252,217)</b>	<b>(9,750,810)</b>	<b>(9,783,963)</b>
Transfers between funds	23	540,265	(540,265)	-	-
<b>Net movement in funds</b>		<b>(8,958,328)</b>	<b>(792,482)</b>	<b>(9,750,810)</b>	<b>(9,783,963)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		137,920,710	15,992,191	153,912,901	163,696,864
Net movement in funds		(8,958,328)	(792,482)	(9,750,810)	(9,783,963)
<b>Total funds carried forward</b>		<b>128,962,382</b>	<b>15,199,709</b>	<b>144,162,091</b>	<b>153,912,901</b>

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 40 to 67 form part of these financial statements.

# INSTITUTE OF OUR LADY OF MERCY

## BALANCE SHEET AS AT 30 JUNE 2024

	Note	30 June 2024 £	31 December 2022 £
<b>Fixed assets</b>			
Tangible assets	16	77,271,654	78,122,520
Investments	18	55,410,908	62,144,284
Investment property	17	8,508,100	7,896,920
<b>Total fixed assets</b>		<u>141,190,662</u>	<u>148,163,724</u>
<b>Current assets</b>			
Stock	19	2,882	1,780
Debtors	20	850,549	811,279
Cash at bank and in hand	26	3,175,784	5,830,041
<b>Total current assets</b>		<u>4,029,215</u>	<u>6,643,100</u>
Creditors: amounts falling due within one year	21	(1,057,786)	(893,923)
<b>Net current assets</b>		<u>2,971,429</u>	<u>5,749,177</u>
<b>Total assets less current liabilities</b>		<u>144,162,091</u>	<u>153,912,901</u>
<b>Total net assets</b>		<u><u>144,162,091</u></u>	<u><u>153,912,901</u></u>
<b>Charity funds</b>			
Restricted funds	23,24	15,199,709	15,992,191
Unrestricted funds	23,24	128,962,382	137,920,710
<b>Total funds</b>	23,24	<u><u>144,162,091</u></u>	<u><u>153,912,901</u></u>

The financial statements were approved and authorised for issue by the Trustees on 30 November 2024 and signed on their behalf by:

*Sr. Mary Bernadette Holmes*

**Sr Mary Bernadette Holmes**

*Sr Bernadette Patricia Roche*

**Sr Bernadette Patricia Roche**

The notes on pages 40 to 67 form part of these financial statements.

# INSTITUTE OF OUR LADY OF MERCY

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

		Period from 1 January 2023 to 30 June 2024 £	Year ended 31 December 2022 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	25	(11,236,608)	(7,165,340)
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		4,277,314	2,828,988
Purchase of tangible assets		(3,138,599)	(1,995,260)
Proceeds from the sale of tangible assets		1,557,000	1,717,417
Proceeds from sale of investments		8,118,014	4,880,005
Purchase of investments and investment property		(2,231,378)	(1,110,353)
<b>Net cash generated from investing activities</b>		8,582,351	6,320,797
<b>Change in cash and cash equivalents in the period</b>		(2,654,257)	(844,543)
Cash and cash equivalents at the beginning of the period		5,830,041	6,674,584
<b>Cash and cash equivalents at the end of the period</b>		3,175,784	5,830,041

The notes on pages 40 to 67 form part of these financial statements

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 1. General information

Institute of Our Lady of Mercy (the "Charity" or the "Institute") is a registered charity with the Charity Commission with registered number 290544. The principal address of the Charity is The Generalate, Convent of Mercy, Cemetery Road, Yeadon, Leeds, LS19 7UR.

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.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The 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 Charities SORP (FRS 102) published in 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.

#### Going concern

The Trustees registered a new entity with the Charity Commission: Institute of Our lady of Mercy CIO (registered charity number 1201690) on 24 January 2023. All Trustees of the Charitable Trust are Trustees of the CIO.

It is the intention that all of the assets and liabilities of the Charitable Trust will be transferred to the CIO. As explained in the Trustee's Annual report this transfer has been delayed and is unlikely to happen before 31 December 2025.

Trustees will be working with all their advisors to prepare for the transfer by reviewing all relevant agreements, including contracts and property holdings that will need to be transferred to the new charity.

The financial statements have therefore been prepared on a basis other than going concern, however, as all assets and liabilities will be transferred to the new entity at net book value, no adjustments to the carrying values of assets or liabilities have been deemed necessary.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**2. Accounting policies (continued)**

**2.2 Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured *reliably*.

*Fees and similar income*

Fees receivable and charges for teaching or residential care are accounted for in the year 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.

*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.

*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.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.3 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

**2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**2. Accounting policies (continued)**

**2.5 Governance costs**

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

**2.6 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more (£5,000 or more if property related) are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

**(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) Fixtures and fittings, equipment and motor vehicles**

Fixtures and fittings, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

**(iii) Land is not depreciated.** Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**2. Accounting policies (continued)**

**2.7 Investments**

**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:

- (i) comparable recent market transactions on arm's length terms.
- (ii) 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.

**Quoted 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 year in which they arise.

**2.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.9 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.10 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**2. Accounting policies (continued)**

**2.11 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 year 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**2. Accounting policies (continued)**

**2.12 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

**2.13 Pensions**

Teaching staff belong to the Teachers' Superannuation Scheme, which is a multi-employer defined benefit scheme. As the information as to the underlying share of assets and liabilities by employer is not available, the scheme is accounted for as a defined contribution scheme and contributions are charged to the Statement of Financial Activities in the year in which they are payable. The effects of this are disclosed in Note 30.

The Institute operates a defined contribution scheme for other staff. Contributions are charged to the Statement of Financial Activities in the year 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.

**2.14 Related party transactions**

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

**2.15 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.

**2.16 Fund accounting**

General funds are unrestricted funds which are 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 imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**3. 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.

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 4. Donations

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Donations	111,148	111,148

	Unrestricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Donations	26,838	26,838

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 the year ended 30 June 2024, there were 4 specific legacy donations made totalling £46,798 which are included in the donations balance (2022: £Nil).

### 5. Charitable activities

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Sisters' salaries and pensions	4,002,013	4,002,013
School fees	1,442,423	1,442,423
Care home fees	3,954,625	3,954,625
Grant receivable	40,396	40,396
	<u>9,439,457</u>	<u>9,439,457</u>

# **INSTITUTE OF OUR LADY OF MERCY**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024**

### **5. Charitable activities (continued)**

	Unrestricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Sisters' salaries and pensions	2,615,585	2,615,585
School fees	752,588	752,588
Care home fees	2,538,459	2,538,459
Grant receivable	10,670	10,670
	<u>5,917,302</u>	<u>5,917,302</u>

### **6. Investment income**

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Restricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Income from investment properties	947,648	-	947,648
Income from quoted investments	3,106,262	129,182	3,235,444
Bank and other similar interest	94,222	-	94,222
	<u>4,148,132</u>	<u>129,182</u>	<u>4,277,314</u>

	Unrestricted funds Year ended 31 December 2022 £	Restricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Income from investment properties	617,362	-	617,362
Income from quoted investments	1,915,805	65,719	1,981,524
Bank and other similar interest	230,102	-	230,102
	<u>2,763,269</u>	<u>65,719</u>	<u>2,828,988</u>

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 7. Other income

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Sundry income	157,641	157,641
Profit on disposal of fixed assets	745,763	745,763
	<u>903,404</u>	<u>903,404</u>

	Unrestricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Sundry income	60,704	60,704
Profit on disposal of fixed assets	761,058	761,058
	<u>821,762</u>	<u>821,762</u>

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 8. Raising funds

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Restricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Investment management fees	263,490	9,858	273,348

	Unrestricted funds Year ended 31 December 2022 £	Restricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Investment management fees	254,981	7,069	262,050

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 9. Resources expended

	Convents and religious activities Period from 1 January 2023 to 30 June 2024 £	Schools and education Period from 1 January 2023 to 30 June 2024 £	Care homes and other care activities Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
Staff costs	3,519,727	1,230,155	4,817,978	9,567,860
Other costs	6,004,576	273,118	843,079	7,120,773
Support costs allocation	2,997,668	4,539	169,851	3,172,058
Depreciation	3,165,590	3,984	7,529	3,177,103
Grants payable	934,349	874	208	935,431
	<u>16,621,910</u>	<u>1,512,670</u>	<u>5,838,645</u>	<u>23,973,225</u>
	Convents and religious activities Year ended 31 December 2022 £	Schools and education Year ended 31 December 2022 £	Care homes and other care activities Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
Staff costs	2,151,149	646,683	2,792,218	5,590,050
Other costs	3,867,565	118,987	531,815	4,518,367
Support costs allocation	1,898,326	7,069	94,883	2,000,278
Depreciation	2,023,319	5,166	2,814	2,031,299
Grants payable	525,607	841	(646)	525,802
	<u>10,465,966</u>	<u>778,746</u>	<u>3,421,084</u>	<u>14,665,796</u>

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 PERIOD ENDED 30 JUNE 2024**

**10. Analysis of grants**

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Restricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
<b>Grants payable (2024)</b>			
Missions	60,497	-	60,497
Costello	-	132,872	132,872
Fullerton	-	232,409	232,409
Douglas Fund	-	20,870	20,870
Sisters Patrimony	25,000	-	25,000
General	463,783	-	463,783
	<u>549,280</u>	<u>386,151</u>	<u>935,431</u>
	Unrestricted funds Year ended 31 December 2022 £	Restricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
<b>Grants payable (2022)</b>			
Missions	44,479	-	44,479
Costello	-	56,031	56,031
Fullerton	-	173,000	173,000
General	252,292	-	252,292
	<u>296,771</u>	<u>229,031</u>	<u>525,802</u>

Number of grants paid to institutions- 938 (2022- 628) amounting to £832,836 (2022- £440,391)

Number of grants paid to individuals- 1,067 (2022- 303) amounting to £106,891 (2022- £85,411)

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 10. Analysis of grants (continued)

#### Institutional grants

	30 June 2024 £	31 December 2022 £
CAFOD - Ukraine Humanitarian Campaign	-	10,000
CAFOD - Syria/Turkey Earthquake Appeal	10,000	-
DEC Pakistan Floods Appeal	-	10,000
Durham University - Catherine McAuley Scholarship	40,000	20,000
Caritas Internationales - Libya	5,005	-
Caritas Internationales - Morocco	5,005	-
Caritas Internationales - Afghanistan	5,005	-
Caritas Internationales - Crisis in the Holy Land Appeal	5,006	-
Caritas Internationales - Ukraine Appeal	5,006	-
Sion Catholic Community	1,424	8,000
St Joseph's R C Primary School	12,000	6,000
St Monica's Housing	5,000	-
Women@theWell	371,805	200,000
The Verona Fathers (Nekempte School Project)	60,000	-
Whispers of Hope	11,896	-
Women's Work	20,000	-
Others	275,684	186,391
	<u>832,836</u>	<u>440,391</u>

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 11. Governance and support costs

	Unrestricted funds Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
<b>Support costs</b>		
Postage and telephones	125,061	125,061
Property and general administration	1,377,378	1,377,378
Legal fees	256,072	256,072
Other expenses	9,509	9,509
	<hr/>	<hr/>
	1,768,020	1,768,020
<b>Governance costs</b>		
Independent auditors remuneration	132,798	132,798
Accountancy fees	1,200,507	1,200,507
Legal fees	70,733	70,733
	<hr/>	<hr/>
	3,172,058	3,172,058
	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted funds Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
<b>Support costs</b>		
Postage and telephones	104,414	104,414
Property and general administration	851,025	851,025
Legal fees	118,800	118,800
Other expenses	8,022	8,022
	<hr/>	<hr/>
	1,082,261	1,082,261
<b>Governance costs</b>		
Independent auditor's remuneration	136,175	136,175
Accountancy fees	743,017	743,017
Legal fees	38,825	38,825
	<hr/>	<hr/>
	2,000,278	2,000,278
	<hr/> <hr/>	<hr/> <hr/>

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 12. Net outgoing resources are stated after charging/(crediting):

	Period from 1 January 2023 to 30 June 2024 £	Year ended 31 December 2022 £
Depreciation of owned assets	3,178,228	2,031,326
Operating lease cost	115,339	78,506
Independent auditors remuneration for audit services	132,798	136,175
Independent auditors remuneration for accountancy advice	-	21,600
Profit on disposal of tangible assets	(745,763)	(761,058)
	<u>3,178,228</u>	<u>2,031,326</u>

### 13. Staff costs

	Period from 1 January 2023 to 30 June 2024 £	Year ended 31 December 2022 £
Wages and salaries	8,373,383	4,865,145
Social security costs	705,687	437,440
Pension costs	488,790	287,465
	<u>9,567,860</u>	<u>5,590,050</u>

The average number of persons employed by the Charity during the period was as follows:

	Period from 1 January 2023 to 30 June 2024 No.	Year ended 31 December 2022 No.
School services	35	24
Care homes	105	105
Other staff	98	119
	<u>238</u>	<u>248</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024

13. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Period from 1 January 2023 to 30 June 2024 No.	Year ended 31 December 2022 No.
In the band £60,001 - £70,000	1	-

14. Trustees' remuneration and expenses

During the period, no Trustees received any remuneration or other benefits (2022 - £NIL).

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.

During the period ended 30 June 2024, no Trustee expenses have been incurred (2022 - £NIL).

15. 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.

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 16. Tangible assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
<b>Cost or valuation</b>						
At 1 January 2023	91,077,982	-	634,903	6,490,457	1,422,892	99,626,234
Additions	1,957,888	19,326	76,474	1,013,320	71,591	3,138,599
Disposals	(982,334)	-	(7,540)	-	-	(989,874)
At 30 June 2024	92,053,536	19,326	703,837	7,503,777	1,494,483	01,774,959
<b>Depreciation</b>						
At 1 January 2023	13,325,491	-	560,153	6,216,776	1,401,294	21,503,714
Charge for the period	2,804,595	-	51,792	288,107	33,734	3,178,228
On disposals	(170,597)	-	(8,040)	-	-	(178,637)
At 30 June 2024	15,959,489	-	603,905	6,504,883	1,435,028	24,503,305
<b>Net book value</b>						
At 30 June 2024	76,094,047	19,326	99,932	998,894	59,455	77,271,654
At 31 December 2022	77,752,491	-	74,750	273,681	21,598	78,122,520

Included in freehold land and buildings are properties with a net book value of £4,511,408 which, at the period end, were subject to a contract for sale for proceeds of £6,350,000. Exchange of contracts took place on 30 April 2024 with legal completion to be the earliest of (a) 31 March 2025 and (b) the date specified in the completion notice served by the seller on the buyer, and cannot be before 31 October 2024.

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 17. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2023	7,896,920
Additions	811,084
Surplus on revaluation	(199,904)
	<hr/>
At 30 June 2024	8,508,100
	<hr/> <hr/>

### 18. Investments

	Quoted securities £
<b>Cost or valuation</b>	
At 1 January 2023	62,144,284
Additions	1,420,294
Disposals	(8,118,014)
Revaluations	(35,656)
	<hr/>
At 30 June 2024	55,410,908
	<hr/> <hr/>
<b>Net book value</b>	
At 30 June 2024	55,410,908
	<hr/>
At 31 December 2022	62,144,284
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024

18. Investments (continued)

	Period from 1 January 2023 to 30 June 2024 £	Total funds Period from 1 January 2023 to 30 June 2024 £
<b>Quoted securities (2024)</b>		
Equity	47,200,394	47,200,394
Corporate debt	6,594,826	6,594,826
Sovereign debt	835,458	835,458
Preference shares	780,230	780,230
	<u>55,410,908</u>	<u>55,410,908</u>

	Year ended 31 December 2022 £	Total funds Year ended 31 December 2022 £
<b>Quoted securities (2022)</b>		
Equity	54,478,102	54,478,102
Corporate debt	6,823,900	6,823,900
Sovereign debt	72,192	72,192
Preference shares	770,090	770,090
	<u>62,144,284</u>	<u>62,144,284</u>

19. Stocks

	30 June 2024 £	31 December 2022 £
Finished goods and goods for resale	<u>2,882</u>	<u>1,780</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**20. Debtors**

	30 June 2024 £	31 December 2022 £
<b>Due after more than one year</b>		
Loans	479,316	428,467
	<hr/>	<hr/>
	479,316	428,467
<b>Due within one year</b>		
Trade debtors	292,794	206,878
Other debtors	24,827	26,514
Prepayments and accrued income	53,612	149,420
	<hr/>	<hr/>
	850,549	811,279
	<hr/>	<hr/>

Loans due after more than one year relate to a loan to a registered charity, which is secured and is interest free, and one loan to individuals which is interest free.

Loan repayments due within one year included within other debtors amount to £24,827 (2022- £25,000). Loans due after more than one year are repayable as follows: £100,000 (2022- £100,000) is repayable between two and five years and £379,316 (2022- £328,467) is repayable in more than five years.

Trade debtors are stated net of bad debt provision of £4,560 (2022- £4,560).

**21. Creditors: Amounts falling due within one year**

	30 June 2024 £	31 December 2022 £
Trade creditors	274,210	253,013
Taxation and social security	174,306	141,233
Other creditors	61,596	62,468
Accruals and deferred income	547,674	437,209
	<hr/>	<hr/>
	1,057,786	893,923
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024

22. Financial instruments

	30 June 2024 £	31 December 2022 £
<b>Financial assets measured at fair value through income and expenditure</b>		
Financial assets measured at fair value through income and expenditure	55,410,908	62,144,284

Financial assets measured at fair value through income and expenditure comprise quoted investments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**23. Statement of funds**

**Statement of funds - current period**

	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 30 June 2024 £
<b>Unrestricted funds</b>						
Accumulated Funds	137,920,710	14,602,141	(23,850,564)	540,265	(250,170)	128,962,382
<b>Restricted funds</b>						
Maricourt High School- grants	1,823,387	-	-	(82,541)	-	1,740,846
Broughton Hall High School- grant	11,717,165	-	-	(457,724)	-	11,259,441
Fullerton Fund	232,409	-	(232,409)	-	-	-
Special account No 5	72,511	1,758	(268)	-	2,003	76,004
Costello Fund	2,146,719	106,554	(142,462)	-	12,607	2,123,418
The Douglas Fund	-	20,870	(20,870)	-	-	-
	15,992,191	129,182	(396,009)	(540,265)	14,610	15,199,709
<b>Total of funds</b>	<b>153,912,901</b>	<b>14,731,323</b>	<b>(24,246,573)</b>	<b>-</b>	<b>(235,560)</b>	<b>144,162,091</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**23. Statement of 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 Fullerton Fund was created following the disposal of the freehold property of St Mary's Residential Care Home, Worthing which was held in a separate fund concerned with the provision of a convalescent home for the sick and poor. On disposal of the freehold property the proceeds were transferred to 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, 2024: £540,265 (2022: £360,175).
- The Douglas Fund relates to funds received from Mercy International Association on behalf of the Douglas Family to be distributed to a Mercy Ministry (on ministries) engaged in activities which promote the current focus of Mercy Global Action. In 2023 the focus was Water, Migration and Domestic and Family Violence. The Institute distributed the funds to two organisations in the period.

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 23. Statement of funds (continued)

#### Statement of funds - prior period

	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 December 2022 £
<b>Unrestricted funds</b>						
Accumulated Funds	146,861,630	9,529,171	(14,665,669)	532,858	(4,337,280)	137,920,710
<b>Restricted funds</b>						
Maricourt High School- grants	1,878,414	-	-	(55,027)	-	1,823,387
Broughton Hall High School- grant	12,022,314	-	-	(305,149)	-	11,717,165
Fullerton Fund	577,990	-	(173,000)	(172,581)	-	232,409
Special account No 5	90,683	819	(244)	-	(18,747)	72,511
Costello Fund	2,265,833	64,900	(88,933)	(101)	(94,980)	2,146,719
	<u>16,835,234</u>	<u>65,719</u>	<u>(262,177)</u>	<u>(532,858)</u>	<u>(113,727)</u>	<u>15,992,191</u>
<b>Total of funds</b>	<u>163,696,864</u>	<u>9,594,890</u>	<u>(14,927,846)</u>	<u>-</u>	<u>(4,451,007)</u>	<u>153,912,901</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**24. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 30 June 2024 £	Restricted funds 30 June 2024 £	Total funds 30 June 2024 £
Tangible fixed assets	64,271,367	13,000,287	77,271,654
Quoted investments	53,306,084	2,104,824	55,410,908
Investment property	8,508,100	-	8,508,100
Debtors due after more than one year	479,316	-	479,316
Current assets	3,455,301	94,598	3,549,899
Creditors due within one year	(1,057,786)	-	(1,057,786)
<b>Total</b>	<b>128,962,382</b>	<b>15,199,709</b>	<b>144,162,091</b>

**Analysis of net assets between funds - prior period**

	Unrestricted funds 31 December 2022 £	Restricted funds 31 December 2022 £	Total funds 31 December 2022 £
Tangible fixed assets	64,581,967	13,540,553	78,122,520
Quoted investments	60,162,517	1,981,767	62,144,284
Investment property	7,896,920	-	7,896,920
Debtors due after more than one year	428,467	-	428,467
Current assets	5,724,762	489,871	6,214,633
Creditors due within one year	(873,923)	(20,000)	(893,923)
<b>Total</b>	<b>137,920,710</b>	<b>15,992,191</b>	<b>153,912,901</b>

# INSTITUTE OF OUR LADY OF MERCY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

### 25. Reconciliation of net movement in funds to net cash flow from operating activities

	Period from 1 January 2023 to 30 June 2024 £	Year ended 31 December 2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(9,750,810)	(9,783,963)
<b>Adjustments for:</b>		
Depreciation charges	3,178,228	2,031,299
Profit on disposal of tangible assets	(745,763)	(761,058)
(Gain)/loss on investments	235,560	4,451,007
Dividends, interest and rents from investments	(4,277,314)	(2,828,988)
(Increase)/decrease in debtors	(39,270)	72,629
Decrease/(increase) in creditors	163,863	(346,432)
(Increase)/decrease in inventory	(1,102)	166
<b>Net cash used in operating activities</b>	<b>(11,236,608)</b>	<b>(7,165,340)</b>

### 26. Analysis of cash and cash equivalents

	30 June 2024 £	31 December 2022 £
Cash at bank and in hand	1,825,828	2,387,687
Cash held as investments	1,349,956	3,442,354
<b>Total cash and cash equivalents</b>	<b>3,175,784</b>	<b>5,830,041</b>

### 27. Analysis of changes in net debt

	At 1 January 2023 £	Cash flows £	At 30 June 2024 £
Cash at bank and in hand	5,830,041	(2,654,257)	3,175,784
	<b>5,830,041</b>	<b>(2,654,257)</b>	<b>3,175,784</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**28. Grant commitments**

At 30 June 2024, the Charity had total grant commitments of £240,000 payable within one year (2022-£160,000 payable within one year).

The grant commitments are payable without any contingent conditions attached, with donations to be used for core costs. Operations of the grant recipient must continue to run in order to receive the grants committed in the future. These commitments will be funded from general cash reserves.

**29. Pension commitments**

There are two pension schemes in operation for employees of the Institute, these are both expensed from unrestricted funds. 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.

The total pension cost for the period was £488,790 (2022: £287,465) which includes contributions to the TPS of £109,417 (2022: £60,755). Total contributions of £46,471 (2022: £37,733) were outstanding at the period end which includes £9,895 (2022: £6,673) in relation to the TPS. These balances are included in taxation and social security creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, multi-employer defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Institute is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Institute has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2024**

**29. Pension commitments (continued)**

scheme as if it were a defined contribution scheme. The Institute has set out above the information available on the scheme.

**30. 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 period the Institute donated £370,935 to the charity (2022: £200,000) and has grant commitments totalling £240,000 due within one year (2022: £160,000) due within one year)

**31. Operating lease commitments- Lessee**

At 30 June 2024 (comparative period 31 December 2022) the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2024 £	31 December 2022 £
<b>Motor vehicles</b>		
Not later than 1 year	54,677	62,487
Later than 1 year and not later than 5 years	60,762	87,096
	<u>115,439</u>	<u>149,583</u>

**32. Operating lease commitments- Lessor**

At 30 June 2024 (comparative period 31 December 2022) the Charity was entitled to receive minimum lease payments under non-cancellable operating leases as follows:

	30 June 2024 £	31 December 2022 £
<b>Property</b>		
Not later than 1 year	254,055	237,619
Later than 1 year and not later than 5 years	994,444	886,263
More than 5 years	10,769,671	11,122,979
	<u>12,018,170</u>	<u>12,246,861</u>