

SISTERS OF MERCY
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SISTERS OF MERCY

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SISTERS OF MERCY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2020

Trustees	Sister Anne O'Connell, Sister in Charge Sister Magdalene Reilly Sister Elizabeth O'Hara Sister Dolores Nichol Sister Paul Farrar Sister Ursula Hyland (Passed away 6 October 2019)
Charity registered number	200376
Principal office	St Joseph's Convent of Mercy Hillside Drive Gravesend Kent DA12 1NY
Independent auditors	Hedley Dunk Limited Chartered Accountants and Statutory Auditors Trinity House 3 Bullace Lane Dartford Kent DA1 1BB
Bankers	Barclays Bank PLC PO Box No 449 Dartford DA1 1FE
Solicitors	Martin Tolhurst Partnership 7 Wrotham Road Gravesend Kent DA11 0PD

SISTERS OF MERCY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 April 2019 to 31 March 2020.

Objectives and activities

a. Policies and objectives

It is the policy of the Charity to undertake a broad range of charitable activities. The principal areas in which the Charity is involved are set out below:

1. Social and Pastoral Care

The Sisters of Mercy, Gravesend continue to support the work of the House of Mercy at 1 Edwin Street, Gravesend, Kent including making the charity's properties available for their use. McAuley House at 17 Albion Road, Gravesend is fully occupied. Mary Anne Doyle House, Seymour Road, Gravesend opened on 29th September 2014. Edmund Rice House, Gravesend has had all the conversion work finished in the year in preparation for use by House of Mercy and was officially opened on 10th June 2019.

Members of the Congregation also undertake work in community based programmes and local parish work, providing childcare and family support, helping the homeless and giving religious and material assistance.

2. Education

From 1 September 2006 the school was transferred to a separate charitable company. The Congregation continues to be involved with the St Joseph Convent Preparatory School by sitting on the board of Governors and providing pastoral support.

The Trustees confirm they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance

a. Review of activities

During the year the Congregation was active in all the principal areas listed above. A summary of developments is set out below.

Social and Pastoral

Sisters of Mercy, Gravesend work alongside the sick, poor and needy and at the interface of mercy and culture.

The Gravesend community has, since its foundation in 1860, been deeply committed to education and is dedicated to the visitation of the needy and housebound; both concerns of our venerable Foundress. No longer directly involved in schools, because of our age profile, the Sisters give religious instruction after school hours or at the weekends.

Also being employed in a voluntary capacity in several parishes, gives the sisters the opportunity of working with the clergy in the material and spiritual welfare of the people of the parish, especially with the poor, sick and needy. This, at present, includes some prison work and work at the very large Refuge Centre, the Passage in London. Most of our sisters, retired from school, are involved in helping with Parish liturgies, especially with children, children's and adults' choirs and catechesis, hospital chaplaincy and general visiting of the sick in their homes, in Care Homes and in the hospitals, justice and peace work, mission support and prayer ministry.

Throughout the year, the sisters opened the convent grounds and chapel for community and charitable events such as parish retreat days for Mercy associate.

All of our sisters play an active part in caring, both physically and spiritually, for our less able sisters. As all our sisters are cared for at the Convent, lay staff too play a significant part in this work.

Our 'Mercy House', hostel for the homeless in Gravesend, run in collaboration with the Presentation Brothers, is in direct response to a growing need in our area. Among its residents, we cater for some asylum seekers, for whom our manager and trustees work to seek temporary and eventually permanent Residency in the U.K.

South East Kent, especially Gravesend, has a high percentage of Pakistanis, Indians, Malaysians and, more recently Poles, East Europeans and Western Africans all of whom contribute to the vibrancy and well-being of the town. In their different ways, the Sisters play an important role in the integration of these people and in the building up of good relationships.

Education Activities

From 1 September 2006 the school activities were transferred into a new charity governed by a separate board of trustees. The Sisters of Mercy Gravesend, continue to be involved with three of the members of the Congregation being members of the school's governing body. In addition they are members of various subcommittees including the Religious Education Committee which ensures the continued religious focus within the academic programme and a sister assists in the school one day a week.

Outside of the school five of the Sisters are involved in a voluntary capacity in religious education within the parishes.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

The Province has some 14 members, the majority of whom have given most of their working lives to the charitable activities of the Congregation. When this work is outside the Charity, any earnings are covenanted to the Charity.

The number of new vocations is declining and therefore the average age of membership is tending to increase. Younger members, although taking up important charitable work, tend either to work within the charity or, if working outside, in lowly paid jobs. These factors mean that there is a general reduction in the income generated by members. The Charity has a continuing commitment to support members of the Congregation, most of whom continue to carry out charitable work long past the normal retirement age.

Incoming resources in the year was £534,650 (2019: £558,254), a £23,604 decrease due mainly to the decrease in dividend income from investments. Resources expended were £362,791, (2019: £347,007), a £15,784 increase due mainly to the increase in depreciation and professional costs of the charity.

The capital performance of the investments was generally in line with the trend of the stock market. Investment income was lower this year due to the global pandemic, with lower interest payments received during the year.

At the end of the year to 31 March 2020 the total funds of the Charity were £11,112,792. Of this £2,898,104 represents fixed assets needed for the work of the Charity and it is represented by a designated fund. £6,000,000 is designated to provide for the support of older members of the Congregation. The balance of £2,214,688 in General Funds represents approximately six years operating expenditure. The Trustees consider that given the activities of the charity, a fund representing approximately two to three years expenditure should be held in reserve. The Trustees review the reserves to ascertain the ongoing levels required and consider specific charitable causes that can be supported.

b. Financial risk management objectives and policies

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The Trustees will continue to revise their investment portfolio mix with a view to further increasing the amount of investments held in quoted investments and reducing the amounts held in cash deposits.

The Trustees are reviewing their strategies to utilise charitable monies in the local and international areas and are considering things such as:

- Contribution to the homeless in the area;
- Contribution to the hospices in the area;
- Investigation into ways to help in the developing world to eradicate disease and poverty.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Structure, governance and management

a. Constitution

Sisters of Mercy is a registered charity, number 200376, and is constituted under a Trust deed made on 22nd May 1933 by 29 members of the congregation and subsequent deeds dated 25 April 1950, 11 November 1950, 11 October 1960, 3 March 1961, 21 June 1962, 3 July 1962, 6 July 1964 and 14 January 1965.

These Trust Deeds declared trusts "as a Congregation or Community of Roman Catholic Women founded in or about the year 1831 as a charity for the purpose of visiting and nursing the sick poor in their homes, of nursing the sick in hospitals or infirmaries and of feeding the poor and of teaching the children of the poor, and of conducting and serving orphanages and institutions for the care of the poor."

The Deeds set out the uses of assets which the Sister in Charge for the time being of the Congregation shall from time to time direct as either:

- 1) Residences for members of the Congregation;
- 2) Training schools for members of the Congregation;
- 3) Schools for general education both religious and secular;
- 4) Hospitals or refuges or homes for the sick and poor;
- 5) Rest or retreat houses for members of the Roman Catholic Church desiring instruction in the doctrines of religion;
- 6) Generally as places for the exercise of any such charitable purpose or purposes as in the opinion of the Sister in Charge may be conducive to the advancement or maintenance of the Roman Catholic Religion in Great Britain.

b. Methods of appointment or election of Trustees

The Charity has 5 Trustees, the Sister in Charge and 4 other members of the Congregation. The power of appointing new Trustees rests with the community who can also remove any Trustee.

The Trustees are aware of the need for training in respect of charity law and responsibilities of Trustees. They obtain guidance from their legal and financial advisors and Trustees attend courses on an ad hoc basis as required.

Plans for future periods

The charity will continue to support the local community continuing its support for both House of Mercy and St Josephs to meet its objectives of helping the less fortunate and aiding education.

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Statement of Trustees' responsibilities

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

The law applicable to charities in England & 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 its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (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 adequate accounting records that are sufficient to show and explain the Charity's transactions and 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.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Hedley Dunk Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Sister Anne O'Connell

Date: 29 January 2021

SISTERS OF MERCY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SISTERS OF MERCY

Opinion

We have audited the financial statements of Sisters of Mercy (the 'charity') for the year ended 31 March 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SISTERS OF MERCY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SISTERS OF MERCY (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

SISTERS OF MERCY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SISTERS OF MERCY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Hedley Dunk Limited

Chartered Accountants and Statutory Auditors
Trinity House
3 Bullace Lane
Dartford
Kent
DA1 1BB

29 January 2021

Hedley Dunk Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

SISTERS OF MERCY

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:				
Donations and legacies	3	2,992	2,992	2,563
Charitable activities	4	254,580	254,580	258,004
Investments	5	277,078	277,078	297,687
		<u>534,650</u>	<u>534,650</u>	<u>558,254</u>
Total income				
Expenditure on:				
Raising funds	6	17,417	17,417	2,012
Charitable activities	7	345,374	345,374	344,995
		<u>362,791</u>	<u>362,791</u>	<u>347,007</u>
Total expenditure				
Net (losses)/gains on investments		(751,008)	(751,008)	317,713
		<u>(579,149)</u>	<u>(579,149)</u>	<u>528,960</u>
Net movement in funds				
Reconciliation of funds:				
Total funds brought forward		11,691,941	11,691,941	11,162,981
Net movement in funds		(579,149)	(579,149)	528,960
		<u>11,112,792</u>	<u>11,112,792</u>	<u>11,691,941</u>
Total funds carried forward				

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

The notes on pages 13 to 25 form part of these financial statements.

SISTERS OF MERCY

**BALANCE SHEET
AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	2,898,104	2,946,897
Investments	13	7,439,619	8,194,145
		10,337,723	11,141,042
Current assets			
Debtors	14	407,878	308,463
Cash at bank and in hand		394,367	263,137
		802,245	571,600
Creditors: amounts falling due within one year	15	(27,176)	(20,701)
		775,069	550,899
Total assets less current liabilities		11,112,792	11,691,941
Net assets excluding pension asset		11,112,792	11,691,941
Total net assets		11,112,792	11,691,941
Charity funds			
Restricted funds	16	-	-
Unrestricted funds			
Designated funds	16	8,898,104	8,639,368
General funds	16	2,214,688	3,052,573
		11,112,792	11,691,941
Total funds		11,112,792	11,691,941

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

Sister Anne O'Connell

Date: 29 January 2021

The notes on pages 13 to 25 form part of these financial statements.

SISTERS OF MERCY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	609	(285,390)
	<hr/>	<hr/>
Cash flows from investing activities		
Dividends, interests and rents from investments	263,180	297,687
Proceeds from the sale of tangible fixed assets	500	-
Purchase of tangible fixed assets	(33,059)	(301,051)
Proceeds from sale of investments	-	235,988
Loan to school	(100,000)	-
	<hr/>	<hr/>
Net cash provided by investing activities	130,621	232,624
	<hr/>	<hr/>
Cash flows from financing activities		
	<hr/>	<hr/>
Net cash provided by financing activities	-	-
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	131,230	(52,766)
Cash and cash equivalents at the beginning of the year	263,137	315,903
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>394,367</u>	<u>263,137</u>

The notes on pages 13 to 25 form part of these financial statements

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Sisters Of Mercy, Gravesend is an unincorporated charity registered in the United Kingdom. The address of its registered office is St Joseph's Convent of Mercy, Hillside Drive, Gravesend, DA12 1NY. This is also the principal place of business. The charity's operations and principal activities are disclosed in the Trustees' report which accompanies the financial statements.

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.

Sisters 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.

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.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.5 Tangible fixed assets and depreciation

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.

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:

Freehold property	- 50 years
Motor vehicles	- 5 years
Fixtures and fittings	- 4 years

2.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.8 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.

2.9 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.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.10 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method, and investments, which are measured at fair value through statement of financial activities.

2.11 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.12 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

3. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	2,992	2,992	2,563

4. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from charitable activities - Social and Pastoral Care	254,580	254,580	258,004

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rental income	54,540	54,540	54,540
Dividends	161,655	161,655	165,244
Interest	60,883	60,883	77,903
	<u>277,078</u>	<u>277,078</u>	<u>297,687</u>
Total 2019	<u>297,687</u>	<u>297,687</u>	

6. Investment management costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment management fees	<u>17,417</u>	<u>17,417</u>	<u>2,012</u>

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Social and Pastoral Care	<u>345,374</u>	<u>345,374</u>	<u>344,995</u>
Total 2019	<u>344,995</u>	<u>344,995</u>	

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Social and Pastoral Care	325,899	19,475	345,374	344,995
Total 2019	336,266	8,729	344,995	

Analysis of direct costs

	Social and Pastoral Care 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	45,037	45,037	45,825
Depreciation	81,695	81,695	75,027
Telephone	3,378	3,378	2,058
Rates and Water	6,200	6,200	5,515
PPS	2,056	2,056	1,357
Light and Heat	27,967	27,967	31,635
Motor Expenses	15,428	15,428	17,609
Insurance	7,445	7,445	7,241
Household	30,410	30,410	33,891
Repairs & Maintenance	14,302	14,302	20,475
General Office	5,024	5,024	3,023
Chapel	2,789	2,789	1,321
Bank Charges	190	190	1,419
Missions and Charitable Grants	39,458	39,458	40,182
Sisters Welfare	44,520	44,520	49,688
	325,899	325,899	336,266
Total 2019	336,266	336,266	

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Social and Pastoral Care 2020 £	Total funds 2020 £	Total funds 2019 £
Depreciation	156	156	2,027
Professional Fees	12,487	12,487	3,606
Governance costs	6,832	6,832	3,096
	19,475	19,475	8,729
	19,475	19,475	8,729
Total 2019	8,729	8,729	
	8,729	8,729	

9. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £5,000 (2019 - £4,932).

10. Staff costs

	2020 £	2019 £
Wages and salaries	43,449	41,292
Social security costs	1,259	4,354
Contribution to defined contribution pension schemes	329	179
	45,037	45,825
	45,037	45,825

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

	2020 No.	2019 No.
Staff	6	6
	6	6

No employee received remuneration amounting to more than £60,000 in either year.

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 March 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2019	3,841,383	83,555	89,984	4,014,922
Additions	33,058	-	-	33,058
At 31 March 2020	<u>3,874,441</u>	<u>83,555</u>	<u>89,984</u>	<u>4,047,980</u>
Depreciation				
At 1 April 2019	900,001	78,351	89,672	1,068,024
Charge for the year	77,398	4,298	156	81,852
At 31 March 2020	<u>977,399</u>	<u>82,649</u>	<u>89,828</u>	<u>1,149,876</u>
Net book value				
At 31 March 2020	<u><u>2,897,042</u></u>	<u><u>906</u></u>	<u><u>156</u></u>	<u><u>2,898,104</u></u>
At 31 March 2019	<u><u>2,941,381</u></u>	<u><u>5,205</u></u>	<u><u>312</u></u>	<u><u>2,946,898</u></u>

From 1 September 2006 the buildings and equipment relating to St Joseph's Convent Preparatory School Gravesend have been leased to a charitable company. The buildings and equipment have continued to be depreciated as part of the charitable activities of the charity.

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2019	6,340,895	1,853,250	8,194,145
Additions	18,755	1,113,876	1,132,631
Disposals	(32,899)	(1,103,250)	(1,136,149)
Revaluations	(751,008)	-	(751,008)
At 31 March 2020	<u><u>5,575,743</u></u>	<u><u>1,863,876</u></u>	<u><u>7,439,619</u></u>
Net book value			
At 31 March 2020	<u><u>5,575,743</u></u>	<u><u>1,863,876</u></u>	<u><u>7,439,619</u></u>
At 31 March 2019	<u><u>6,340,895</u></u>	<u><u>1,853,250</u></u>	<u><u>8,194,145</u></u>

14. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	400,000	300,000
	<u>400,000</u>	<u>300,000</u>
Due within one year		
Other debtors	2,540	2,540
Prepayments and accrued income	5,338	5,923
	<u>407,878</u>	<u>308,463</u>

The debtors due after more than one year relates to the 3 loans of £100,000, £50,000 and £250,000 made to St Joseph's Convent Preparatory School Gravesend. These concessionary loans have been measured at the amount paid.

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other creditors	3,730	10,740
Accruals and deferred income	23,446	9,961
	27,176	20,701

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds						
Designated funds						
Fixed Asset Fund	2,639,368	-	(81,851)	340,587	-	2,898,104
Support of older members fund	6,000,000	-	-	-	-	6,000,000
	8,639,368	-	(81,851)	340,587	-	8,898,104
General funds						
General Funds	3,052,573	534,650	(280,940)	(340,587)	(751,008)	2,214,688
Total Unrestricted funds	11,691,941	534,650	(362,791)	-	(751,008)	11,112,792

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
Unrestricted funds					
Designated funds					
Fixed Asset Fund	2,716,421	-	(77,053)	-	2,639,368
Support of older members fund	6,000,000	-	-	-	6,000,000
	<u>8,716,421</u>	<u>-</u>	<u>(77,053)</u>	<u>-</u>	<u>8,639,368</u>
General funds					
General Funds	2,446,560	558,253	(269,953)	317,713	3,052,573
	<u>11,162,981</u>	<u>558,253</u>	<u>(347,006)</u>	<u>317,713</u>	<u>11,691,941</u>
Total Unrestricted funds	<u>11,162,981</u>	<u>558,253</u>	<u>(347,006)</u>	<u>317,713</u>	<u>11,691,941</u>

17. Summary of funds

Summary of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Designated funds	8,639,368	-	(81,851)	340,587	-	8,898,104
General funds	3,052,573	534,650	(280,940)	(340,587)	(751,008)	2,214,688
	<u>11,691,941</u>	<u>534,650</u>	<u>(362,791)</u>	<u>-</u>	<u>(751,008)</u>	<u>11,112,792</u>

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

17. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds	8,716,421	-	(77,053)	-	8,639,368
General funds	2,446,560	558,253	(269,953)	317,713	3,052,573
	<u>11,162,981</u>	<u>558,253</u>	<u>(347,006)</u>	<u>317,713</u>	<u>11,691,941</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	2,898,104	2,898,104
Fixed asset investments	7,439,619	7,439,619
Debtors due after more than one year	400,000	400,000
Current assets	402,245	402,245
Creditors due within one year	(27,176)	(27,176)
Total	<u>11,112,792</u>	<u>11,112,792</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	2,946,898	2,946,898
Fixed asset investments	8,194,145	8,194,145
Debtors due after more than one year	300,000	300,000
Current assets	271,599	271,599
Creditors due within one year	(20,701)	(20,701)
Total	<u>11,691,941</u>	<u>11,691,941</u>

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(579,149)	528,960
Adjustments for:		
Depreciation charges	81,851	77,054
(Gains)/losses on investments	751,008	(322,415)
Dividends, interests and rents from investments	(277,078)	(297,687)
Loss/(profit) on the sale of fixed assets	(500)	-
Increase in debtors	(99,415)	(250,080)
Increase/(decrease) in creditors	6,475	(21,222)
Investment management fees	17,417	-
Loan to school	100,000	-
Net cash provided by/(used in) operating activities	609	(285,390)

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	394,367	263,137
Total cash and cash equivalents	394,367	263,137

21. Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	263,137	131,230	394,367
	<u>263,137</u>	<u>131,230</u>	<u>394,367</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £329 (2019 - £179). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Connected Charities

St Joseph's Convent Preparatory School Gravesend

During the year lease rental payments of £54,540 (2019: £54,540) were received.

House of Mercy

This charity has 2 of the same trustees as the Sisters of Mercy. House of Mercy provides care and a place to stay to the homeless of Gravesend. This charity provides rent free, 4 premises from which the House of Mercy operates. At the balance sheet date the charity owed £3,730 (2019 4,542) to the House of Mercy for expenses relating to the purchase and renovation of 56 Pelham Road, which are included in other creditors.