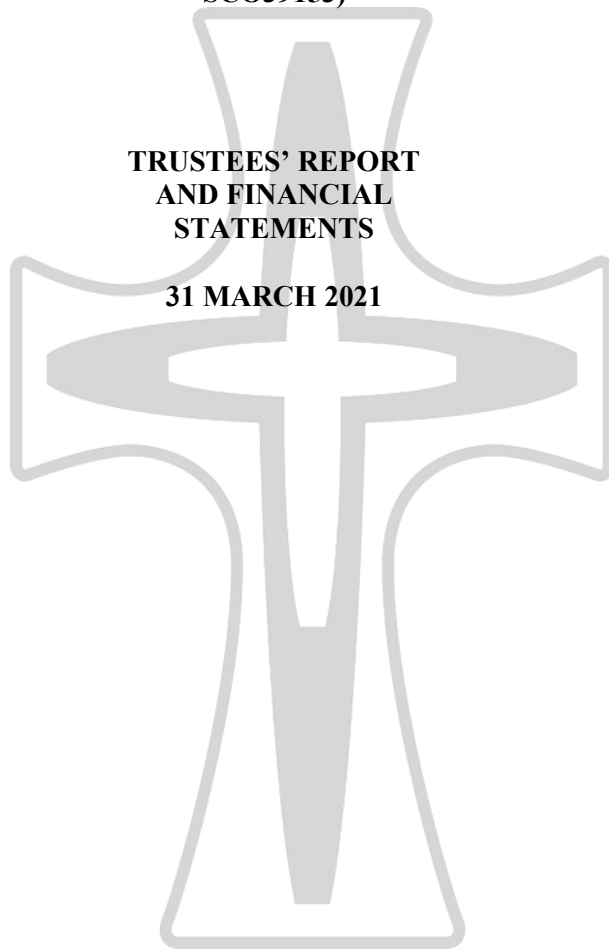


**THE UNION OF THE SISTERS OF
MERCY OF GREAT BRITAIN**

**(Registered Charity Number in England and Wales:
288158) (Registered Charity Number in Scotland:
SCO39153)**

**TRUSTEES' REPORT
AND FINANCIAL
STATEMENTS**

31 MARCH 2021



THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

REFERENCE AND ADMINISTRATIVE DETAILS

| | | |
|--|--|---|
| Name: | The Union of the Sisters of Mercy of Great Britain <i>(We are also known as Sisters of Mercy of the Union)</i> | |
| Governing Instruments: | Trust Deed dated 29 September 1991 | |
| Address: | Mercy Union Generalate 11 Harewood Avenue London NW1 6LD | |
| Charity Commission No: | England and Wales | 288158 |
| | Scotland | SCO39153 |
| The Trustees who served during the year are: | Sister Philomena Bowers (Superior) Sister Evelyn Gallagher (deceased August 2020) Sister Geraldine Lawlor Sister Mary Horgan Sister Monica Killeen | |
| The General Bursar to the Trustees is: | Sister Maureen McNamara | |
| The Finance Director to the Trustees is: | Mr Alan Wraight | |
| The Property Surveyor to the Trustees is: | Mr Brian Kervick | |
| The Solicitors are: | IBB Solicitors Capital Court 30 Windsor Street Uxbridge UB8 1AB | |
| The Independent Auditors are: | Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG | |
| The Investment Advisers: | Rathbone Brothers PLC 8 Finsbury Circus London EC2M 7AZ | BlackRock 12 Throgmorton Avenue London EC2N 2DL |
| The Bankers are: | Bank of Ireland PO Box 2124 Belfast BT1 9RS | |
| Investment Powers: | There are no restrictions on the powers of investment. | |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their report together with the financial statements of the Charity for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2019 (FRS 102).

As we write this report, the country is slowly moving out of the restrictions due to the Covid-19 pandemic. During the year most non-essential activity was curtailed. The impact on the members and their ministry of engagement with the public has been intense. Yet, we will record later much creative engagement.

INTRODUCTION

The Congregation of the Sisters of Mercy was founded by Catherine McAuley in 1831 in Dublin, Ireland. The Union of the Sisters of Mercy, who number ninety four Sisters, have Convents throughout England, Scotland and Wales and Residential Care Homes in England and Wales. Historically, Convents of Mercy have considerable autonomy in the conduct of their day-to-day affairs. The Leadership Team, who are the Trustees, supervise and control the activities of the Charity. Each Convent and Care Home sends accounts to the General Bursar who, with the Finance Director, supports the Trustees in their management of the assets of the Charity.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Every five years, representatives of the Congregation meet in General Chapter with a twofold purpose:

- to set the direction for the next five years;
- to elect a Congregational Leader and Team to implement decisions made.

The Leader and Team are responsible for the pastoral care of the members and make regular visits to each community. The purpose of these visits is to provide support for the Sisters in their personal lives and in their ministry. The visits also provide an opportunity to engage in accountability for the operation of the Charity. Due to the coronavirus pandemic we were unable to meet in 2020 and are planning to meet later in 2021.

The Charity is governed by a Trust Deed dated 29 September 1991 and is a registered charity – Charity Registration Number 288158. The Trustees were incorporated as a body under a Certificate of Incorporation issued by the Charity Commission on 25 June 1984. The Trustees of the Charity are the elected members of the Congregation and, therefore, have a good knowledge of the work of the Charity and its structure.

The names of the Trustees who served during the year are set out as part of the reference and administrative details on page 1 of this report. The Trustees bring to their role a wide variety of leadership and management experience gained in their professional lives and through membership of Boards. They usually attend lectures, conferences and workshops that equip them for their current role. During the financial year covered by the report, we have attended via Zoom.

During the year all or some of the Trustees attended:

Trustee responsibility conferences:

- Safeguarding Leads Zoom meeting
- Safe Spaces / Hurt by abuse
- Supporting survivors of abuse
- IICSA Report
- IICSA Reflection and other issues facing Religious Life
- Farrer & Co Solicitors webinar on Institutional Child Sexual Abuse
- Investment Managers meetings with Trustees – Blackrock / CCLA / Rathbones
- Lasting Power of Attorney CoR
- IBB Solicitors Annual Charity Update

- UISG Talk – “Being a Superior in the Pandemic”
- Religious Life for our World – Creating Communities of Hope – UISG
- Archives – Hidden Histories

Working with Other Organisations / Engaging with Other Professionals

- Providence Row Board Meetings and interim updates in response to Coronavirus
- Ashford Place volunteers Online Meetings – Homeless – Dementia Support
- Nameste Care Dementia Support Webinar
- IFU meetings x2
- CoR General Meeting
- Zoom Training Session

Caring for the Environment

- Ecology - Realising the vision – Webinar CoR
- Ecology Webinar – CoR
- Series (8) on Global Healing – Global Climate Change
- Environment

General topics:

- LGBTQ & Ministry
- Church Hierarchy
- Refugees and Migration
- Role of Women in the Church
- Bereavement and Loss
- Citizens UK/Birmingham Assembly (Zoom)

Individual Trustee Attendance:

- Providence Row Housing Association, London;
- Providence Row, London;
- Ashford Place (Homeless charity);
- Dementia Events/Gatherings/Café;
- Union of International Superiors General (UISG);
- Mercy International Association;
- National Mercy Associate Commission;
- Safeguarding Network Meetings;
- Citizens UK / Birmingham Assembly.

The Trustees are ultimately responsible for the policies, activities and assets of the Charity. They meet at least monthly to review developments with regard to the Charity and its activities. They make appropriate decisions following their review of property, finance, personnel and future needs. The Trustees seek professional advice when making decisions concerning the assets of the Charity. The Trustees engage the following professionals:

- Solicitors;
- Surveyors (valuation and building);
- Investment Managers;
- Accountants;
- Health Care Specialists;
- HR consultant;
- Insurance Brokers.

The day to day management of the Charity's activities and implementation of policies is handled by the Trustees, the General Bursar, the Finance Director and Surveyor.

WORKING WITH OTHER ORGANISATIONS

In order to carry out its mission, the Charity works closely with other charities and public bodies. Working collaboratively with other agencies and charities is of significance to the Trustees. By doing so, the members of the Congregation are able to minister across a wider spectrum. Some of the organisations with which members have been engaged are:

- 11 Dioceses of the Roman Catholic Church;
- Providence Row (for homeless and vulnerable persons) and Providence Row Housing Association;
- Ashford Place (Homeless Centre);
- The Wayside Homeless Centre, Glasgow;
- Care Inspectorate Wales (CIW);
- Care Quality Commission (CQC), England;
- Safeguarding Commission, Westminster Diocese;
- Educational Authorities;
- Other Mercy Congregations in the UK and overseas;
- Other Religious Congregations both male and female.

FUNDRAISING

The charity receives donations from the general public, but does not actively solicit funds for its activities either directly with the public or through the use of any third party fundraisers. No complaints were received during the year.

RISK MANAGEMENT

The Trustees have instituted a risk review programme to identify major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity. The Trustees will continue to review major risks on an annual basis. In particular:

Operational risk

As well as providing care and support for its own members within its own communities, the Charity also owns and operates two care homes which are available to members of the public. These care facilities are subject to regulation by the Care Quality Commission (CQC) and the Care Inspectorate Wales (CIW). To ensure compliance with the requirements of these bodies, the Trustees and senior management are required to attend seminars to alert them to any changes in requirements. If necessary, the Trustees engage a consultancy in care home management to support themselves and local management, and engage an experienced HR Consultant to assist with all employment matters.

Additionally, the Trustees have engaged the services of the Risk Management Department of their Insurance Brokers to undertake the Risk Assessment requirements of all their larger establishments.

Financial risk

The age profile of the members is increasing and there is an obligation to financially provide for them in retirement, especially those requiring care in old age. A designated fund has been formed to hold a professionally administered fund of investments sufficient to provide an income to achieve this.

Missionary risk

The Mission Statement commits the Congregation to work to alleviate poverty. In furtherance of this, with the number of members able to directly participate in this mission declining, the Trustees have designated a donations fund comprising of a professionally administered fund of investments. Income arising is designated for charitable grants and the Trustees receive regular reports to monitor expenditure and ensure it is consistent with its intended purpose.

OBJECTS

The Objects of the Charity are the advancement of religious and other charitable work, for the time being, carried on by or under the direction of The Union of the Sisters of Mercy of Great Britain ("the Society")

as the Trustees, with the approval of the Superior of the Society, shall from time to time think fit. If at any time the Society shall cease to exist, or shall cease to carry on or direct any charitable work, then the Object shall become such lawful charitable purposes connected with the advancement of the Roman Catholic Religion as the Trustees shall decide.

MISSION STATEMENT

“We, The Union of the Sisters of Mercy, in the spirit of Catherine McAuley, commit ourselves to be mercy to all, with a preferential option for the poor. We embrace the challenge of new ministries and will explore creative ways of sharing our life with others, for the sake of the Kingdom.”

We carry out our Mission of Mercy inspired by Gospel values and guided by the charism of the Congregation which is to benefit the public, particularly women and children and those who are poor. This commitment is manifested in the activities of the Charity.

PUBLIC BENEFIT

The Trustees confirm that they have paid due regard to public benefit guidance published by the Charity Commission in determining the objectives for the year and the activities undertaken by the Charity.

The Charity Commission in its “Charities and Public Benefit” Guidance states that there are two key principles to be met in order to show that an organisation’s aims are for the public benefit; firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public. The Trustees are satisfied that the aims and objectives of the charity and the activities reported on to achieve those aims, meet these two principles.

ACTIVITIES

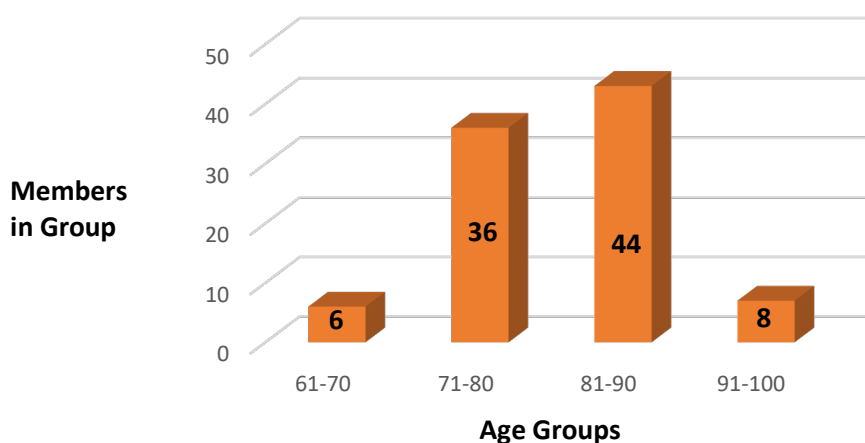
The activities of the Charity can be divided into four principal areas:

- Caring for the members of the Congregation;
- The social and pastoral work of the Sisters;
- The ownership and operation of Care Homes;
- The support of our overseas missions.

Each of these is considered in turn.

Caring for Members of the Congregation

In common with many Religious Congregations, the age profile of the members of the Congregation has changed considerably in recent years. Members grow older and new membership has ceased. At 31 March 2021 the age profile of the Congregation is shown in the following table:



THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees (currently 4) are the elected Leadership Team of the Congregation and, as such, have a particular pastoral role within the Congregation. They, with three local community leaders and two pastoral care team members, are engaged full time in the pastoral care of the membership.

The Congregation has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted all (or a significant part) of their working lives to the ministries and outreach of the Charity. In order to enable the mission of the Charity to be fulfilled, few Sisters enjoyed a full working life of remunerated employment. Now, as the age profile of the Congregation increases, so too does the need to provide care for the members.

At 31 March 2021, 16 members of the Congregation were in residential care in the Charity's own homes and other homes.

Over the next decade, the Trustees expect the number requiring care may increase and are giving careful consideration to the impact of this on its active ministry, on the financial implications and on the property requirements.

To facilitate this, the Trustees aim:

- to enable all members to continue in Mercy ministry;
- to ensure that members who can no longer live independently are provided for;
- to review the Charity's property in the light of the age profile and the members' future needs.

SPIRITUAL LIFE OF THE MEMBERSHIP

Members of the Congregation are given the opportunity for private prayer and reflection (a minimum of 2 ½ hours per day). Through study of the Scriptures, the documents of the Church and other resources they seek to continue their own spiritual development.

While their special commitments are to other members of the Roman Catholic Church, members of the Congregation regularly pray and celebrate with the wider community, including people of all faiths and none. They do this in a variety of ways and always by being available for those who approach them for help and support.

SOCIAL AND PASTORAL WORK

"There are three things the poor prize more highly than gold, tho' they cost the donor nothing; among these are the kind word, the gentle compassionate look and the patient hearing of their sorrows."

Venerable Catherine McAuley

While our fourth vow commits us to care for the materially poor, we are conscious there are many forms of poverty. We respond as best we can.

In previous years, members of the Congregation were in ministry in many pastoral and social settings:

- working in parishes, visiting the housebound and elderly, helping in catechetical programmes;
- retreat work, spiritual development programmes and prayer groups;
- community social work with the homeless;
- pastoral care/chaplaincy in schools, hospitals, hospices and prison;
- bereavement counselling;
- support for asylum seekers, refugees and women who are trafficked;
- various justice and peace initiatives;
- Citizens UK;
- Interfaith Groups;
- Food Banks.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees have encouraged the members of the Congregation to stay connected with their place of ministry and to reach out to their local community, with a special concern for those who are poor and in need.

Most members minister as volunteers. Where Sisters are remunerated by way of salary or stipend, the income is passed to the Charity and thereby ensures that the mission of the Charity may continue into the future.



MINISTRY ACCOUNTS

There follows accounts of the ministries undertaken by members in South Wales, Glasgow, and Birmingham.

Llanelli, South Wales

Two members live in a terraced house in Llanelli. Their usual ministry and outreach to schools, parish and the people of the area was curtailed. However, they were involved in ensuring the Church was safe for worship once Churches re-opened.

The house is a drop-off point for donated food which was then organised into food parcels and delivered to families and individuals in need.



Working with the St. Vincent de Paul Society, founded to support poor families, they were able to ensure the delivery of household items to those who needed them.

These items were generously donated by members of the parish and neighbours as a result of appeals.

Other outreach included:

- Letters and telephone calls to the housebound, those living alone, those caring for family members;
- Support for those who were bereaved;
- Shopping for older people, taking them to medical appointments and helping them manage medication;
- Delivery of the parish newsletter to those unable to travel to Church.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Robroyston, Glasgow

Two members form the community in Robroyston. Their involvement in the parish, in school, in ministry to the homeless has been different this year. As with the majority of our communities, they have been involved in ensuring the Church was safe for worship once Churches re-opened.



Enabling Church to remain open safely.

Both members have played a part in the creation of a new counselling service for people experiencing homelessness. One is on the Board of Trustees and the other has created a website for the organisation.

Other outreach has included:

- Telephone support for ex colleagues and service users;
- Stewarding;
- Providing IT support to Sisters and others.



Making contact with a client of the day centre.



THE FOLAN TRUST
Counselling for people
experiencing homelessness



Are there particular things that continue to cause you distress and that you might not speak about?

The Folan Trust offers one-to-one counselling at a discrete venue in Glasgow City Centre to people who have no address or who are in temporary accommodation at the point when they are referred.

Counselling offers an opportunity to talk about whatever matters most to you and to be supported in working through your thoughts and feelings by an experienced therapist who is trained to listen to and help people who may have experienced trauma.

St Mary's Convent, Birmingham

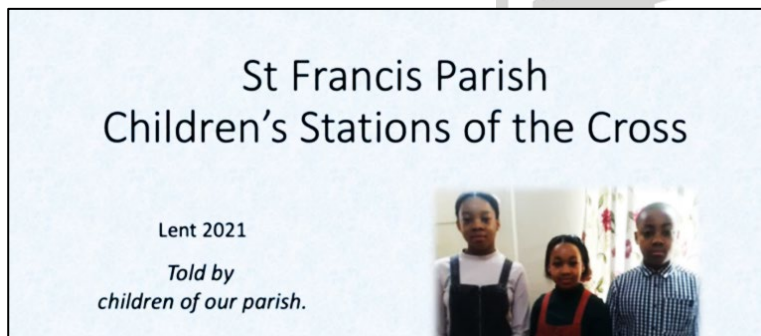
St Mary's Convent is located in Handsworth, a diverse, multi-cultural, multi-faith area of Birmingham. The Convent is a centre for spirituality, heritage and outreach. During this last year, the Community members have needed to find new ways of supporting the people of the area. The Convent has become a distribution centre for food parcels and the Sisters, by the use of technology, have enabled people to be in touch with each other and with the Church. Here are some examples of keeping the Church open safely along with their outreach to the public.



The work of the Sisters has allowed funerals to take place safely.



Setting up live streaming to enable children of the parish to lead the well-known devotion – the Stations of the Cross.



The challenge for Lent was **CHANGE FOR CHANGE** – to place coins in a mug to support **MARY'S MEALS**, a project that provides daily meals for millions of children in Africa and elsewhere. The Convent is the gathering place for mugs which will be passed on.



A parishioner decorated the mug and is handing it in.

Besides distributing food parcels themselves, the Sisters received Christmas food parcels from the Rotary Club and

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

distributed these to people in need in the area.



Food parcels being delivered.

Another important ministry was to keep members of the parish connected and supported in their spiritual life. This was carried out in a number of ways via Zoom:

- Leading times of prayer;
- Enabling members of the parish to speak of their faith.



Leading a time of prayer.



A parishioner speaks of his faith.

One Community Member continued her ministry as a Classroom Assistant in a Primary School.

DEMENTIA CARE

At our General Chapter, held in June 2015, we were given the following mandate:

Dementia Care

In honour of the forthcoming Jubilee Year of Mercy, we mandate the Congregational Leader and Team, in consultation with the membership, to research all aspects of Dementia Care, taking into account the financial resources in the Donations Fund and that this Mercy initiative begins within the Jubilee Year.

Chapter Mandate 2015

Since then we held a number of workshops to inform ourselves of the needs of persons living with dementia and how we can support them. We financed a number of projects undertaken by well-established organisations.

We recently helped fund dementia research care of some marginalised groups in our society and those working in the maritime industry.

MERCY ASSOCIATES

Many communities have established Mercy Associate groups. The Mercy Associates are inspired by the vision of the foundress Venerable Catherine McAuley. The movement provides an opportunity for lay people (youth and adults, female and male, across denominations and cultures) to deepen their own prayer life and spirituality and encourages them to share in and contribute to the life and Mission of the Mercy Community in a way suited to their own lifestyle. In their own unique way Mercy Associates share the spirituality, prayer and ministry of the Sisters of Mercy.

THE OWNERSHIP AND OPERATION OF CARE HOMES

The Charity owns and operates Care Homes for those who are infirm and/or aged. Each of these Homes provides care for the members of the Congregation and for the members of the local area. Over the years the Charity has invested large sums of money in the upgrading of these homes to meet changing needs.

The Mission Statement expresses what we hope to provide at our Care Homes:

*Through our Charism of Mercy and in the spirit of Catherine McAuley
we commit ourselves to serving the needs of the elderly in our Care.*

One Home shares the site with a resident community of Sisters. The lives of the two intertwine for prayer, retreats, social activities and other celebrations. The Sisters in the community provide an important pastoral and spiritual ministry to Residents who are sick or dying.

St Michael's Care Home, Clacton-on-Sea

There are 43 beds at St Michael's purpose-built building. The property faces the promenade and the sea, and many Residents enjoy the added bonus of a sea-view.

St Teresa's Rest Home, Fishguard

St Teresa's is a 26 bed Rest Home. The property faces the sea and a small ferry port with regular services to Rosslare, Ireland. Both Welsh and English are spoken by most members of staff thus enabling Residents to communicate in the language of their choice.

The Trustees take very seriously the demands of the *Care Quality Commission* (England) and *The Care Inspectorate Wales* and have worked closely with the local Government Departments to fulfil their obligations. They visit regularly, are involved in interviews and appointments at management level, attend Advisory Board Meetings three times a year and are available to support the Managers, Staff and Residents.

At the three Advisory Board Meetings, attended by Trustees, Care Home Manager, Assistant Manager, Administrators and the Finance Director, the Trustees encourage good management and review the financial implications of care.

OVERSEAS MISSION

The Charity has two of its members working overseas in South Africa. The Mission is financially supported by the Charity. The Sisters wrote an account of their year:

Mercy Mission – Addo, South Africa

Covid 19 has affected our whole world this year and here in Addo it has highlighted even more the needs of our people, especially children and the most vulnerable. During Lockdown we ran a daily Soup Kitchen at *Place of Mercy and Hope Centre* and we delivered essential food parcels (350 per week) throughout the Sundays River Valley.



This selection of images, highlight the work that is done in Addo to support the local community.

A major project for 2020-2021 has been the development of an Early Learning Centre in Dunbrody. With the assistance of the Italian Citrus Company *Unifrutti*, we refurbished and built on two classrooms to the existing container. This development helps to meet the growing need for early education for 2-5 year old children in the local area and surrounding farms.



WORK OF THE MEMBERSHIP

“Every place has its own need which must be responded to whenever possible.”

Venerable Catherine McAuley

These words have inspired our actions and explain the variety of ministries in which the members are engaged.

Throughout the year, they have given their time to assist and support all in need. This has been done, observing Government restrictions and guidelines, and the following table gives an indication of what has been possible:

- Letter writing to prisoners on death row in USA
- Writing / calling those who have been bereaved, the elderly and those living alone
- Delivering parish newsletters to those housebound / shielding / at home
- Support of local schools via written messages in their newsletter and phone calls and RE liturgies
- Keeping in touch with groups by phone and Zoom (AA / NA / Alanon)
- Providing IT support for Sisters and others; creating a website for a new charity supporting the homeless

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

| |
|--|
| <ul style="list-style-type: none"> • Shopping for the housebound and elderly neighbours • Keeping in touch with parishioners, arranging food drop-off to needy people • Keeping in touch with the care homes that are usually visited, and supporting staff; window visits with residents • Keeping in touch by phone with 14 families and vulnerable people on SVP list • Delivering little gift parcels to the housebound • Delivering food parcels (which includes homemade meals and preserves) – speaking from the gate • Knitting hats and scarves for sailors; knitting for funds for hospice and for the homeless • Litter picking in the neighbourhood • Growing vegetables and cooking meals for neighbours • Sponsored Steps – raising money for charities • Parent and toddler group • Helping in soup kitchen with restricted numbers • Networking with other agencies to help the marginalised • Supporting asylum seekers with ongoing correspondence to the Home Office; writing references for those seeking work • Driving older neighbours and friends to medical appointments • Organising items of warm, waterproof clothing for collection • Keeping in touch with groups that would usually meet at our Convent • Supporting a family member who is ill • Supporting / helping those with whom we live |
| <ul style="list-style-type: none"> • Stewarding to enable Church to remain open safely • Providing spiritual support via Zoom – prayer sessions, devotional services, spiritual / reflective talks • Prayers for medical staff, frontline workers and those affected by Covid-19 • Parish Sister and all that entails – running catechetical programmes online, keeping in touch with parents and children • Facilitated and prepared liturgies • Sacristy ministry • Staying in touch with Mercy Associates and Volunteers • Writing letters and emails to generous donors to the Mercy Centre • Listening and counselling very ill and distressed people on the telephone • Driving priests to and from burials and cremations |

Our Foundress, Venerable Catherine McAuley, advised us:

“You should make hospitality your special care”

and members are always ready to extend hospitality to those who visit or call when circumstances permit..
 We have 4 **Sisters** who have full or part-time ministry in:

- Education;
- Parish/Pastoral Ministry;

and are paid a salary or stipend.

4 Sisters are in full-time ministry of Central Leadership and find some time to:

- Support the National Mercy Associates Commission;
- Support a project for women in the Midlands;

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

- Support a Housing Charity and a centre for people who are homeless.

3 Sisters are in full-time Community Leadership. Their primary role is the pastoral care of the Sisters in community, the co-ordination of activities within the Convent and the overall maintenance of the property. They also outreach to the local area through:

- Shopping for the housebound;
- Supporting employees and co-workers;
- Parish support.

3 Sisters are in full-time ministry at a Retreat Centre where there is usually a very busy schedule.

2 Sisters on a Pastoral Care Team share ministry to the Residents and Staff of a Care Home. They:

- Visit residents in the Home and in Hospital;
- Co-ordinate the spiritual activities in the Home;
- Liaise with Management and Staff when necessary;
- Share the charism of the Sisters of Mercy with care home staff.

They also have ministry beyond their roles which they will resume:

- Trustee of a charity;
- Membership of St Vincent de Paul Society (supporting needy families and individuals);
- Voluntary work with ICPO (Irish Council for Prisoners);

They support bereaved families and are often asked to help arrange the Funeral Services of a deceased resident and/or lead the service at the Crematorium.

2 Sisters are in ministry at the Mercy Spirituality, Heritage and Outreach Centre in Birmingham which is a collaborative community with the Institute of Our Lady of Mercy.

USE OF CHARITY PROPERTY

The 94 members of the Congregation reside at 35 locations:

| | |
|----|----------------------------|
| 21 | in England |
| 7 | in Scotland |
| 4 | in Wales |
| 1 | in Northern Ireland |
| 1 | in the Republic of Ireland |
| 1 | in South Africa |

Every five years, we take a fresh look at our key values of hospitality, spirituality, education and mission among the people with the greatest need locally and globally in contemporary society. (Due to the current pandemic, this gathering is postponed until a later date.)

In order to facilitate new and traditional ministries and the pastoral care of the Sisters we evaluate our properties and recognise when they become too large and unfit for purpose to comply with Charity Law.

In the course of the year our properties were not available to the public, but some engagement took place through:

- Providing food parcels or vouchers to those in need
- Telephoning those who are bereaved, living alone or depressed
- When possible, welcoming those who live alone for a cup of tea
- Occasional Prayer meetings when allowed
- Being a drop off and storage facility for Parish food bank
- Celebrating significant events in the garden
- Writing letters and cards to those living alone

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

- Using Zoom to engage with parishioners
- Taking delivery of mail for neighbours who are working
- Forming “bubbles” for purpose of support when permitted
- Laundering Church linen
- Making the bungalow available to care staff – to facilitate the use of PPE
- Door step visits with neighbours and passers-by.

SCOTLAND

The members of the Congregation living in Scotland are fully engaged in the activities of the Charity. They are involved in ministry as follows (remotely at times):

- in education;
- to older people;
- to people who are homeless;
- in parish;
- networking;
- in full-time ministry in a Pastoral Centre that offers a variety of courses and retreats when permitted.

This year the properties of the Charity were made available to the public for:

- distribution of food parcels and warm clothes;
- helping poor families with food and educational resources;
- meeting those in need at the gate or in the garden.

GRANTS AND DONATIONS

Grants and donations are decided by the Trustees. These are in response to appeals from members of the Congregation, from individuals and organisations. The Trustees make decisions according to the Trust Deed, the Constitutions of the Congregation, its Mission Statement and decisions made over the years by the assembled members. The guidelines used in making donations have been expressed at various times as follows:

- We willingly share not only our material possessions but also our friendship, our influence and ourselves, doing so as stewards, not owners (*Constitution 10*);
- The Trustees shall apply the income for the advance of the religious, educational and other charitable work (*Trust Deed*);
- Care of older people, with special concern for those who are not financially secure, and projects for homeless people (*Chapter 1992*);
- Efforts that actively discourage structures that impoverish women, children and the earth (*Chapter 1996*).

These guidelines from the members of the Congregation assist the Trustees in deciding when to make a donation to an individual, other charity or an organisation.

Some specific donations during the current financial year were:

St Joseph's Hospice (Hackney, London) and the Hospice of St John and St Elizabeth (London) to support people who are coping with a life-limiting and/or terminal condition and their families.

Meals on Wheels (Bucharest, Romania) to provide hot meals daily for families, orphans and elderly people.

Providence Row and other centres offering support to those who are homeless.

We regularly support young people in education. Below are a few notes from students we have supported:

1. *"I wish to write to sincerely thank the Sisters of Mercy for supporting my studies. I recently finished my MA in Medical Ethics and Law, after handing in my dissertation on the relation between autonomy and physician assisted suicide. I found the experience to be incredibly enriching. I focussed solely on end-of-life issues."*
2. *"I have got a job as a research associate in chemical biology... I would like to take this opportunity to thank you for your prayers and support for me and for my small family. You have raised me up to reach my dream ..."*
3. *"The PGCE is excellent and keeps me on my toes. I'm up before dawn to continue reading or to catch a train to my internship at school. I've started teaching my first segments in Mandarin and French... My next research assignment will focus on students with dyslexia and autism."*
4. *"I just received the cheque a day ago and I was honestly in disbelief. I had managed to secure a small part time job in West London working at a bar, which was keeping me ticking over; but they had to let me go due to Covid Pressures. The following day, racked with anxiety about another lockdown, I received your letter. It was enough to cover my exact expenses and a little extra for the coming month of lockdown. I'm genuinely speechless and moved to tears."*

ACHIEVEMENTS AND PERFORMANCE

The following paragraphs outline the main achievements during the year in each of the Charity's principal activities.

1. Care for the Members of the Congregation

Throughout the year the Charity continued to assist and encourage the members of the Congregation in their charitable and religious work. Some members who needed care moved to our Care Homes. The Trustees continually monitor the needs of the members and the suitability of property.

2. Social Pastoral Work

Throughout the year Sisters continued to carry out various forms of social and pastoral ministry. This activity enabled the Charity to reach out to those in need within society generally and to benefit a significant number of people.

3. Care Homes

The quality of care being provided in our Homes is an ongoing focus for the Trustees and management. Each home has a Manager and senior staff who are responsible for the day to day running of the Home.

Each Home has had structural improvements carried out and there is a rolling programme of maintenance and decoration. The requirements of the Care Standards Act 2000 has had implications for us and we have responded as required by the Inspectorates.

We have been compliant with:

- the Regulation and Inspection of Social Care (Wales) Act 2016;
- the Health and Social Care Act 2008 and the Care Act 2014 in England.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

The following table summarises some of the important statistics regarding the Homes:

| | St Teresa's Rest Home | | | St Michael's Care Home | | |
|---|-----------------------|------|------|------------------------|------|-------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Residents | 27 | 26 | 26 | 44 | 43 | 43 |
| Occupancy | 94.63% | 89% | 86% | 97.5% | 99% | 97.1% |
| Staff – Full time (31 hours & over) | 15 | 21 | 16 | 23 | 28 | 30 |
| Staff – Part time (30 hours & below) | 28 | 22 | 25 | 41 | 35 | 39 |

The Managers seek for full occupancy but there are circumstances that make full occupancy difficult at times: the needs of the enquirer cannot be met; the time needed to decorate a room following a death; waiting for decisions regarding funding. The Trustees sometimes accept a less than full occupancy because they are aware that one of their members may need care soon. Such a situation is rare and full occupancy is desirable. This year the Trustees accepted the challenge posed by the pandemic and did not put pressure on Managers to increase occupancy.

CARE HOME ACTIVITIES



Residents enjoy some indoor gardening



An indoor market stall.



Enjoying a themed party.



Enjoying the sunshine in the garden.



Nativity play put on by the Staff.

FINANCIAL REVIEW

“There is very little good can be accomplished without the aid of money, we must look after it in small as well as in great matters.”

Venerable Catherine McAuley

The Statement of Financial Activities and accompanying notes give an account of the finances of the Charity and their management.

Income received during the year included:

- Members' stipends and pensions. This source of income, the most significant source at present, will continue to decline over the next decade as Sisters retire from remunerated employment and membership numbers fall;
- Care Home fees comprise both local authority and private residents' contributions. The Charity spends more on the care of the elderly than is derived from fees; the shortfall has been supported by income and capital gains on the investments of the Care Home Fund;
- Investment income comprised the remaining source of regular income.

Incoming resources from all sources totalled £6.34m (2020: £7.32m). The decrease is mainly attributable to the surplus of £1.69m on disposal of St Mary's School, Swanage in the prior year. Expenditure totalled £5.66m (2020: £6.50m). Before investment gains/(losses) net income was £0.68m (2020: £0.82m).

Investment income was £1.36m (2020: £1.52m). This decline was due to a special distribution from Blackrock in the prior period and lower term deposit interest rates available as compared to the prior period. There were net investment gains in the year of £8.42m (2020: losses £4.28m). The net movement in funds was therefore a surplus of £9.10m (2020 loss £3.46m).

Substantial donations were made in the year to the missions and charitable causes reflecting our commitment particularly to ministries with the poor, the homeless, women and children, and education. During the year £0.73m (2020: £0.88m) was incurred by the Trustees for the care of our Sisters in Residential Care. Much of this care was provided by the Care Homes of the Charity.

The Investment Portfolios of the Charity appear to be substantial in amount but are put into context by consideration of the number of Sisters of whom there are ninety four and of the other long-term commitments of the Charity for which designation has been made in the accounts. All but a very few of the Sisters are now retired from remunerated employment and others, after a lifetime of service for the Charity, have need of residential care.

RESERVES POLICY

Total funds at the year-end stood at £72.48m (2020: £63.38m) of which £65.73m (2020: £57.24m) is designated. The Trustees feel it is necessary to designate those funds required for particular purposes and this policy is explained in full in note 12 to the accounts.

RESERVES POLICY (CONTINUED)

General funds are retained to provide resources to meet the long-term commitments of our mission, for future compliance and administration costs, for the maintenance of our properties and to provide adequate funds for working capital. In the past the cost of our mission was met from our members' surplus salary income but now in retirement, the surplus has become an annual deficit and the cost of our mission must be supported by designated funds and reserves. One of our Care Homes occupies a relatively old building and it is inevitable that there will be increasing costs of maintenance and upgrading of facilities to present-day required standards.

The Trustees' target is to hold £7 million in reserve. The General Fund at the year-end stood at £6.77m (2020: £6.13m). The Trustees consider the current reserves, although not excessive, to be adequate for its requirements and anticipate that proceeds from a forthcoming surplus from asset sales will increase the General Fund to its approximate target.

INVESTMENT POLICY

The Charity's investments are managed as indicated on Page 1. There are no restrictions on the Charity's power to invest. The Trustees, the General Bursar and Finance Director for the Congregation meet the Investment Managers twice a year. At these meetings the performance is reviewed, the income requirement discussed, and the likely market trends presented. The Trustees have in place an Ethical Policy that is reviewed annually. This is a broad policy that attempts to protect the objectives of the Charity as a Catholic Charity and yet give the Managers the freedom to maximise the investment money.

PAY POLICY FOR SENIOR STAFF

The Trustees and the senior management team comprise the key management personnel of the charity, in charge of operating and controlling the Society on a day to day basis. All Trustees give of their own time freely and received no remuneration in the year. Details of Trustees' related party transactions are disclosed in note 2 to the accounts.

The Trustees benchmark the pay of senior staff against pay levels in other comparable organisations on appointment and are advised by specialist consultants where necessary. This is reviewed annually to take account of increases in average earnings and the cost of living.

REVIEW OF DEVELOPMENTS DURING YEAR

The Trustees are confident that the finances will allow them to continue to develop the works of the Congregation. They continue to review all their assets. Communities are reducing in number and this has an effect on the local community and its needs with regard to size of property.

The impact of Covid for the year to 31 March 2021 has been considerable. For the future period it is anticipated it will limit the scope of the pastoral works of the members, and require adjustments in practice elsewhere, especially in the care homes. However, the future financial impact has been assessed as very small.

FUTURE PLANS

The Trustees plan:

- to continue to care for the Sisters and enable them to carry out their pastoral ministry;
- to monitor the needs of the Sisters as they grow older and to take appropriate action when care needs arise;
- to continue supporting their missions abroad;
- to collaborate with the Institute of Our Lady of Mercy at St Mary's Convent, Handsworth, Birmingham, that has been designated a heritage centre for all the Sisters of Mercy and Associates in the UK and serves the local community and environment;

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

- to collaborate with the Passionist Order in its mission at St Non's Retreat Centre, St David's, West Wales;
- to financially support programmes and events to enable Associate members, co-workers and colleagues to fulfil their role in Church and Society;
- to provide the highest possible care for the Residents of the Care Homes and to meet the requirements laid down by the *Care Quality Commission, England* and the *Care Inspectorate Wales*;
- to continue to share our resources with other communities in need and contribute generously to the needs of the Church and the world.

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 & Scotland 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 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.


MEMBERS OF THE CONGREGATION, EMPLOYEES AND VOLUNTEERS

The Trustees acknowledge the dedication and commitment of the members of the Congregation, their employees and volunteers in enabling the mission of the Charity to be fulfilled and developed.

Approved by the Trustees on 29 July 2021 and signed on their behalf by:



Sister Philomena Bowers
Charity Trustee



Sister Geraldine Lawlor
Charity Trustee

OPINION

We have audited the financial statements of the Sisters of Mercy of the Union of Great Britain for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes to the financial statements, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of the charity's net movement in funds 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

We have been appointed as auditor under section 144 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 22 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, 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 preparation of the financial statements such as the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting minutes of trustees meetings;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

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

USE OF OUR REPORT

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

.....
Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date:10 November 2021.....

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

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | General Funds £ | Designated Funds £ | Restricted Funds £ | Total 2021 £ | Total 2020 £ |
|---|-------|--------------------|-----------------------|-----------------------|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | | | | | | |
| Members' salaries and pensions | | 1,917,629 | - | - | 1,917,629 | 2,060,425 |
| Other donations and legacies | | 886,446 | 81,731 | - | 968,177 | 264,363 |
| Charitable activities | | | | | | |
| Care Home Fees receivable | | - | 2,008,522 | - | 2,008,522 | 1,690,436 |
| Investments | | | | | | |
| Investment Income | 3 | 2,566 | 1,353,832 | - | 1,356,398 | 1,515,980 |
| Other Income | | | | | | |
| Rents | | 68,370 | - | - | 68,370 | 67,800 |
| Gains on sale of fixed assets | | 2,210 | - | - | 2,210 | 1,687,212 |
| Other income | | - | 21,380 | - | 21,380 | 30,239 |
| Total income | | <u>2,877,221</u> | <u>3,465,465</u> | <u>-</u> | <u>6,342,686</u> | <u>7,316,455</u> |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| Investment managers' fees | | - | 21,508 | - | 21,508 | - |
| Charitable activities | 4a | | | | | |
| Support for members and their mission | | 1,246,081 | 1,098,370 | - | 2,344,451 | 2,630,539 |
| Care of the elderly | | 311,192 | 2,706,138 | - | 3,017,330 | 2,863,660 |
| Relief of hardship | | 10,102 | 105,818 | - | 115,920 | 123,588 |
| Other charitable activities | | 14,310 | 149,895 | - | 164,205 | 881,472 |
| Total expenditure | | <u>1,581,685</u> | <u>4,081,729</u> | <u>-</u> | <u>5,663,414</u> | <u>6,499,259</u> |
| Net income / (expenditure) before other gains | | 1,295,536 | (616,264) | - | 679,272 | 817,196 |
| Net (losses) / gains on investments | 9 | - | 8,419,424 | - | 8,419,424 | (4,280,538) |
| Net income | | <u>1,295,536</u> | <u>7,803,160</u> | <u>-</u> | <u>9,098,696</u> | <u>(3,463,342)</u> |
| Transfers between funds | 12 | <u>(655,267)</u> | <u>655,267</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | | 640,269 | 8,458,427 | - | 9,098,696 | (3,463,342) |
| Total funds brought forward at 1 April 2020 | | <u>6,133,203</u> | <u>57,244,482</u> | <u>-</u> | <u>63,377,685</u> | <u>66,841,027</u> |
| Total funds carried forward at 31 March 2021 | | <u>£6,773,472</u> | <u>£65,702,909</u> | <u>-</u> | <u>£72,476,381</u> | <u>£63,377,685</u> |

All amounts derive from continuing activities. All gains and losses are included in the Statement of Financial Activities.

The notes on pages 29 to 41 form part of these accounts.

Details of comparative figures by fund are disclosed in note 14.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
BALANCE SHEET
AS AT 31 MARCH 2021

| | | 2021 | 2020 |
|---|-------|---------------------------|---------------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Tangible fixed assets | 8 | 12,027,811 | 11,927,946 |
| Investments | 9 | 51,149,689 | 40,917,125 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 880,632 | 132,164 |
| Term deposits | | 2,040,192 | 6,038,537 |
| Cash at bank and in hand | | 6,647,421 | 4,646,668 |
| | | <u>9,568,245</u> | <u>10,817,369</u> |
| CREDITORS: Amounts falling due within one year | 11 | <u>(269,364)</u> | <u>(284,755)</u> |
| NET CURRENT ASSETS | | <u>9,298,881</u> | <u>10,532,614</u> |
| TOTAL NET ASSETS | | <u><u>£72,476,381</u></u> | <u><u>£63,377,685</u></u> |
| RESTRICTED FUNDS | 12 | - | - |
| UNRESTRICTED FUNDS | | | |
| Designated Funds: | 12 | | |
| Convent Fund | | 248,424 | 218,507 |
| Donations Fund | | 16,494,875 | 14,343,857 |
| Property Fund | | 11,976,744 | 11,837,905 |
| Retirement and Care Fund | | 36,644,814 | 30,562,538 |
| Residential Care Homes Fund | | <u>338,052</u> | <u>280,945</u> |
| | | 65,702,909 | 57,244,482 |
| General Funds | 12 | <u>6,773,472</u> | <u>6,133,203</u> |
| | | <u><u>£72,476,381</u></u> | <u><u>£63,377,685</u></u> |

Approved by the Trustees on 29 July 2021 and signed on their behalf by

Sister Philomena Bowers

Sister Philomena Bowers
Charity Trustee

Sister Geraldine Lawlor

Sister Geraldine Lawlor
Charity Trustee

The notes on pages 29 to 41 form part of these accounts.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | 2021 £ | 2020 £ |
|--|--------------|-------------------|--------------------|
| Cash Flows from operating activities | | | |
| Net cash provided by (used in) operating activities | | (1,134,806) | (1,432,973) |
| Cash flows from investing activities | | | |
| Dividends, interest and rents from investments | | 1,380,677 | 1,515,773 |
| Proceeds from the sale of fixed assets | | 2,210 | 1,687,212 |
| Purchase of fixed assets | | (432,533) | (349,066) |
| Proceeds from sale of investments | | 192,468 | - |
| Purchase of investments | | (2,001,017) | (68,920) |
| Net cash provided by investing activities | | (858,195) | 2,784,999 |
| Change in cash and cash equivalents in the reporting period | | (1,993,001) | 1,352,026 |
| Cash and cash equivalents at the beginning of the reporting period | | 10,685,217 | 9,333,191 |
| Cash and cash equivalents at the end of the reporting period | | £8,692,216 | £10,685,217 |
| | | 2021 £ | 2020 £ |
| Net income / (expenditure) for the reporting period (as per the statement of financial activities) | | 9,098,696 | (3,463,342) |
| Adjustments for: | | | |
| Depreciation charges | | 332,668 | 308,089 |
| Profit on disposal of fixed assets | | (2,210) | - |
| (Gains)/losses on investments | | (8,419,424) | 4,280,538 |
| Dividends, interest and rents from investments | | (1,356,398) | (1,517,050) |
| Donation of property at net book value | | - | 561,330 |
| Donation of property, plant and equipment | | - | (1,687,212) |
| (Increase)/decrease in debtors | | (772,747) | 56,473 |
| Increase/(decrease) in creditors | | (15,391) | 28,201 |
| Net cash provided (used in) operating activities | | £(1,134,806) | £(1,432,973) |
| Analysis of cash and cash equivalents | | 2021 £ | 2020 £ |
| Term deposits | | 2,040,192 | 6,038,537 |
| Cash in hand | | 6,647,421 | 4,646,668 |
| Cash held by broker | | 4,603 | 12 |
| Total cash and cash equivalents | | £8,692,216 | £10,685,217 |

The notes on pages 29 to 41 form part of these accounts.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

a) **General information**

The Union of the Sisters of Mercy of Great Britain is an unincorporated registered charity in England and Wales (number 288158) and in Scotland (number SCO39153). Its registered address is Mercy Union Generalate, 11 Harewood Avenue, London, NW1 6LD.

b) **Basis of preparation**

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

c) **Preparation of accounts on a going concern basis**

The Trustees consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserve levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

d) **Funds Structure**

All the funds of the Charity are unrestricted funds. Unrestricted funds comprise those funds that the Trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in notes 12.

e) **Tangible Fixed Assets**

Land and buildings are stated at their cost or deemed cost based on existing use value as at 31 March 1997. All motor vehicles are capitalised at cost.

Depreciation is calculated by the straight-line method to write off the cost/value, less anticipated residual value, over the expected useful lives of assets as follows:

| | |
|---------------------|-----------------|
| Freehold land | not depreciated |
| Freehold buildings | 50 years |
| Leasehold buildings | 50 years |
| Plant and machinery | 10 years |
| Motor vehicles | 4 years |

f) **Investments**

Investments are a form of basic financial instrument and are initially shown in the accounts at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values 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 end of the year and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

ACCOUNTING POLICIES (continued)

f) Investments (continued)

In addition, the Charity has established a pension scheme for certain Sisters. The scheme is a Deferred Annuity Contract whereby a certain guaranteed sum is payable to the Charity at a fixed future date. No value can readily be attributed to the contract as future returns are dependent on bonuses which in turn depend on investment returns and inflation. Therefore the asset included in the balance sheet in respect of this scheme is valued on the basis of premiums paid to date in respect of Sisters still in the scheme. Receipts on maturity are recognised as investment gains net of the relevant premiums paid and the annual premiums are included as addition to the Deferred Annuity Contract.

g) Debtors

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

h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j) Fees Receivable

Fees receivable are accounted for in the period in which the relevant services are provided.

k) Members' Salaries and Pensions

Members' salaries and pensions are received under Deeds of Covenant from members of The Union of the Sisters of Mercy and are stated inclusive of income tax but net of any deductions for social security payments and contributions to occupational pension schemes.

l) Legacies and Donations

Legacies and donations are recognised when receivable or when the Charity becomes legally entitled to them. Receipts of property, investments or other gifts in kind are included at market value.

m) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Charity.

n) Irrecoverable VAT

Irrecoverable VAT is included with the category of expense to which it relates.

1. ACCOUNTING POLICIES (continued)

o) Charitable activities

Direct charitable expenditure consists of all expenditure directly relating to the objects of the Charity. The cost of charitable activities includes grants made and an apportionment of overhead and support costs as shown in note 4.

p) Allocation of overhead and support costs

Overhead and support costs exclusively incurred for a particular activity have been allocated to that activity. General overhead and support costs have been allocated between charitable activities in line with the proportion of total direct and grant funded costs incurred on each activity. The allocation of overhead and support costs is analysed in note 4.

q) Employee benefits

Short term benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Pension Scheme

The charity operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the charity in an independently administered fund. The pensions costs charged in the accounts represent the contributions payable in the year.

r) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed above.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

2. TRANSACTIONS WITH TRUSTEES AND RELATED PARTIES

The Trustees of the Charity are also members of the Congregation and as such have taken vows of poverty under which they have renounced all personal rights to income and assets. They are therefore entirely dependent on the Charity for all their living expenses. The Trustees do not receive any payments or benefits for carrying out their duties other than their living expenses which are met by the Charity in their capacity as members of the Religious Order.

Sister Evelyn Gallagher r.i.p served as a Trustee of Providence Row. A donation of £5,000 (2020 -£15,000) was made to Providence Row during the year.

INVESTMENT

3 INCOME

| | 2021 | 2020 |
|---------------------------|-------------------|-------------------|
| | £ | £ |
| Listed Investments | 1,334,876 | 1,458,194 |
| Cash Deposits | 21,522 | 57,786 |
| | <u>£1,356,398</u> | <u>£1,515,980</u> |

ANALYSIS OF CHARITABLE EXPENDITURE

4a

| | Activities undertaken Directly | Grant Funded Activities | Support Costs | Total 2021 | Total 2020 |
|---------------------------------------|---------------------------------------|--------------------------------|----------------------|-------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Support for members and their mission | 2,140,139 | - | 204,312 | 2,344,451 | 2,630,539 |
| Care of the elderly | 2,686,217 | 68,162 | 262,951 | 3,017,330 | 2,863,660 |
| Relief of Hardship | - | 105,818 | 10,102 | 115,920 | 123,588 |
| Other Charitable activities | | | | | |
| Evangelisation | - | 73,960 | 7,061 | 81,021 | 109,536 |
| Children's charities | - | 6,000 | 573 | 6,573 | 33,699 |
| Education | - | 14,500 | 1,384 | 15,884 | 631,510 |
| Homeless | - | 10,500 | 1,002 | 11,502 | 21,506 |
| Medical | - | 28,500 | 2,721 | 31,221 | 26,882 |
| Missions | - | 15,435 | 1,474 | 16,909 | 50,274 |
| Women's Charities | - | 1,000 | 95 | 1,095 | 8,065 |
| | <u>£4,826,356</u> | <u>£323,875</u> | <u>£491,675</u> | <u>£5,641,906</u> | <u>£6,499,259</u> |

ANALYSIS OF SUPPORT COSTS

| | Support for Members | Care of the Elderly | Relief of Hardship | Other | 2021 Total |
|-------------------------|----------------------------|----------------------------|---------------------------|----------------|-------------------|
| | £ | £ | £ | £ | £ |
| Staff | 161,555 | 207,923 | 7,988 | 11,315 | 388,781 |
| Administration | 17,179 | 22,109 | 849 | 1,203 | 41,340 |
| Professional | 11,317 | 14,564 | 560 | 793 | 27,234 |
| Governance (audit fees) | 14,261 | 18,355 | 705 | 999 | 34,320 |
| | <u>£204,312</u> | <u>£262,951</u> | <u>£10,102</u> | <u>£14,310</u> | <u>£491,675</u> |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

| 4b | ANALYSIS OF CHARITABLE EXPENDITURE | Activities undertaken Directly | Grant Funded Activities | Support Costs | 2019 Total |
|----|---|---------------------------------------|--------------------------------|----------------------|-------------------|
| | | £ | £ | £ | £ |
| | Support for members and their mission | 2,446,363 | - | 184,176 | 2,630,539 |
| | Care of the elderly | 2,549,787 | 113,376 | 200,497 | 2,863,660 |
| | Relief of Hardship | - | 114,935 | 8,653 | 123,588 |
| | Other Charitable activities | | | | |
| | Evangelisation | - | 101,867 | 7,669 | 109,536 |
| | Children's charities | - | 31,340 | 2,359 | 33,699 |
| | Education | - | 587,295 | 44,215 | 631,510 |
| | Homeless | - | 20,000 | 1,506 | 21,506 |
| | Medical | - | 25,000 | 1,882 | 26,882 |
| | Missions | - | 46,754 | 3,520 | 50,274 |
| | Women's Charities | - | 7,500 | 565 | 8,065 |
| | | <u>£4,996,150</u> | <u>£1,048,067</u> | <u>£455,042</u> | <u>£6,499,259</u> |

ANALYSIS OF SUPPORT COSTS

| | Support for Members | Care of the Elderly | Relief of Hardship | Other | 2020 Total |
|-------------------------|----------------------------|----------------------------|---------------------------|----------------|-------------------|
| | £ | £ | £ | £ | £ |
| Staff | 127,062 | 138,323 | 5,970 | 42,578 | 313,933 |
| Administration | 17,123 | 18,641 | 804 | 5,738 | 42,306 |
| Professional | 26,520 | 28,870 | 1,246 | 8,887 | 65,523 |
| Governance (audit fees) | 13,471 | 14,663 | 633 | 4,513 | 33,280 |
| | <u>£184,176</u> | <u>£200,497</u> | <u>£8,653</u> | <u>£61,716</u> | <u>£455,042</u> |

5 ANALYSIS OF GRANTS

| | 2021 Total | 2020 Total |
|-----------------------------|-------------------|-------------------|
| | £ | £ |
| Grants made to institutions | 197,117 | 930,162 |
| Grants made to individuals | 126,758 | 118,375 |
| | <u>£323,875</u> | <u>£1,048,537</u> |
| | Number | Number |
| Institutions | 48 | 47 |
| Individuals | <u>11</u> | <u>10</u> |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

| 6 RECIPIENTS OF INSTITUTIONAL GRANTS: | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Large Institutional Donations | | |
| Diocese of Westminster Education Department | - | 561,330 |
| Providence Row Charity | 5,000 | 15,000 |
| Daniel's Corporation, Romania | 33,895 | 33,640 |
| St Joseph's Hospice | 10,000 | 10,000 |
| St John's Hospice | 10,000 | 10,000 |
| Mercy International Associates | - | 7,136 |
| Diocese of Menevia | 10,000 | - |
| Addo, South Africa | 15,435 | 40,755 |
| Sagesse High School | - | 6,000 |
| CAFOD | 10,000 | 10,000 |
| SCIAF | 10,000 | 10,000 |
| Ashford Place | 5,000 | 10,000 |
| St Mary's Monastery | 18,000 | - |
| St Patrick's Parish | 5,000 | - |
| Irish Chaplaincy | - | 5,000 |
| The Living Room | - | 5,000 |
| Rise Theatre | - | 5,000 |
| E-qualities | - | 5,000 |
| Our Lady of the Rosary | - | 5,000 |
| Citizens UK | - | 30,000 |
| St Mary's University, Twickenham | - | 15,895 |
| St John Lloyd School | - | 5,000 |
| Nigeria School | - | 8,000 |
| Other | 64,787 | 132,406 |
| | <u>197,117</u> | <u>930,162</u> |

The donation to the Diocese of Westminster Education Department represents the transfer of the premises of St Edward's Catholic Primary School, Lisson Grove, London NW1 6LH at net book value as shown in note 8.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

7 STAFF COSTS

| | 2021 | 2020 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and Salaries | 2,127,350 | 1,914,620 |
| Social Security costs | 133,375 | 120,881 |
| Other Pension Costs | 138,352 | 115,546 |
| | <u>£2,399,077</u> | <u>£2,151,047</u> |

The key management personnel of the charity comprise the Trustees, the General Bursar, the Finance Director, the Buildings Surveyor and the Care Home Managers. The total employee benefits of the key management personnel of the charity was £212,794 (2020: £207,920).

The average monthly head count was 122 staff (2020: 119 staff) and the average number of full-time equivalent employees (including part-time staff) during the year was:

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| | Number | Number |
| Residential Homes | 80 | 77 |
| Convents | 3 | 3 |
| Other | 5 | 5 |
| | <u>88</u> | <u>85</u> |

One member of staff received between £60,001 and £65,000 per annum (2020-21).

The 94 Sisters of the Order who are under vows of Poverty, Chastity and Obedience conduct many of the activities of the Charity. No amounts are included in Staff Costs in respect of Sisters' services.

8 TANGIBLE FIXED ASSETS

| | Freehold land and Buildings | Leasehold land and Buildings | Plant and Machinery | Motor Vehicles | Total |
|------------------------|--|---|--------------------------------|---------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Valuation | | | | | |
| At 1 April 2020 | 16,739,528 | 329,896 | 482,400 | 304,440 | 17,856,264 |
| Additions | - | - | 406,338 | 26,195 | 432,533 |
| Disposals | - | - | - | (22,990) | (22,990) |
| At 31 March 2021 | <u>16,739,528</u> | <u>329,896</u> | <u>888,738</u> | <u>307,645</u> | <u>18,265,807</u> |
| Depreciation | | | | | |
| At 1 April 2020 | 5,605,821 | 62,400 | 18,833 | 241,264 | 5,928,318 |
| Eliminated on disposal | - | - | - | (22,990) | (22,990) |
| Charge for the year | <u>243,523</u> | <u>2,600</u> | <u>48,241</u> | <u>38,304</u> | <u>332,668</u> |
| At 31 March 2021 | <u>5,849,344</u> | <u>65,000</u> | <u>67,074</u> | <u>256,578</u> | <u>6,237,996</u> |
| Net Book Value | | | | | |
| At 31 March 2021 | <u>10,890,184</u> | <u>264,896</u> | <u>821,664</u> | <u>51,067</u> | <u>12,027,811</u> |
| At 31 March 2020 | <u>11,133,707</u> | <u>267,496</u> | <u>463,567</u> | <u>63,176</u> | <u>11,927,946</u> |

Apart from a small proportion of excess accommodation which is let and minimal use for management and administrative purposes, all fixed assets are held for direct charitable purposes.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

| 9 | INVESTMENTS | 2021 £ | 2021 £ |
|---|----------------------|-------------|-------------|
| | Listed investments | 51,112,725 | 40,795,591 |
| | Unlisted investments | 32,361 | 121,522 |
| | | 51,145,086 | 40,917,113 |
| | Portfolio cash | 4,603 | 12 |
| | At 31 March 2021 | £51,149,689 | £40,917,125 |

| | General Fund £ | Donations Fund £ | Retirement Fund £ | Total £ |
|---------------------------------------|----------------------|------------------------|-------------------------|-------------|
| Market Value at 1 April 2020 | 10,000 | 10,344,586 | 30,562,527 | 40,917,113 |
| Additions | - | 2,000,000 | 1,017 | 2,001,017 |
| Disposals | - | - | (192,468) | (192,468) |
| Realised gains | - | - | 89,736 | 89,736 |
| Unrealised revaluation gains/(losses) | - | 2,150,288 | 6,179,400 | 8,329,688 |
| | 10,000 | 14,494,874 | 36,640,212 | 51,145,086 |
| Portfolio Cash | - | - | 4,603 | 4,603 |
| Market Value at 31 March 2021 | £10,000 | £14,494,874 | £36,644,815 | £51,149,689 |
| Cost at 31 March 2021 | £10,000 | £11,000,000 | £33,340,429 | £44,350,429 |

| | Listed Investments £ | Unlisted Investments £ | Total £ |
|---|----------------------------|------------------------------|-------------|
| UK Managed funds | 51,112,725 | - | 51,112,725 |
| Deferred Annuity Contracts and Investment Bonds | - | 32,361 | 32,361 |
| | £51,112,725 | £32,361 | £51,145,086 |

| 10 | DEBTORS | 2021 £ | 2020 £ |
|----|-------------------------------|-----------|-----------|
| | Trade and other debtors | 14,729 | 7,565 |
| | Prepayment and accrued income | 865,903 | 124,599 |
| | | £880,632 | £132,164 |

| 11 | CREDITORS: Amounts falling due within one year | 2021 £ | 2020 £ |
|----|--|-----------|-----------|
| | Trade and other creditors | 74,973 | 113,759 |
| | Accruals | 176,943 | 153,006 |
| | Other tax and social security | 17,448 | 17,990 |
| | | £269,364 | £284,755 |

12. CHARITABLE FUNDS

- a) The Trustees have designated funds out of the unrestricted funds for specific purposes as follows:

Convent Fund

94 Sisters form the membership of the Charity residing in 35 locations. The Trustees have designated funds to provide for the day to day running of these convents. Funds of £940,623 were transferred from the general fund during the year.

Donations Fund

A fund has been designated backed by a portfolio of investments. The purpose of this fund is to support the charitable activities, other than support for its members, of the Charity.

Property Fund

In order to fulfil its charitable objectives, the Charity needs a large number of properties. These properties, although they are unrestricted assets cannot be realised without undermining the Charity's work. Trustees therefore feel that it is appropriate to reflect the book value of properties by means of a designated fund. The movement in the Property Fund represents the property transactions and depreciation in properties during the year. With effect from 31 March 2020, this now includes non-moveable plant and equipment.

Retirement and Care Fund

A fund has been designated to enable the Charity's commitment to provide for the retirement and care in old age and sickness of its members including the cost of nursing and residential care home fees. An initial designation of £30.3 million which has subsequently grown to £36.6 million has been made whilst the Trustees have estimated that a fund of some £41 million will be required to make provision for the ongoing needs of members after taking account of their occupational pension rights. The Trustees have designated an investment portfolio for this Fund and the deferred annuity contract pension scheme established for certain Sisters.

Residential Care Homes Fund

The charity operates two residential care homes. The Trustees consider it appropriate to designate funds for the working capital requirements of these activities. During the year there was a transfer from the General Fund of £556,617.

- b) ***General Fund***

General funds are retained to provide resources to meet the long-term commitments of our mission, for future administration and compliance costs, for the maintenance of our properties and to provide adequate funds for working capital. In the past the cost of our mission was met from our members' surplus salary income but now in retirement the surplus has become an annual deficit and the cost of our mission must be supported by designated funds and reserves. The General Fund at the year-end stood at £6.8 million.

The Trustees' have calculated that a reserve of £7 million is an appropriate amount for this purpose. Sales proceeds from surplus assets in the forthcoming year will bring the General Fund to its target level of reserves.

All unrestricted funds are available to be spent for any of the purposes of the charity. The Charity's salary and pension income and significant items of property, care fees and grant expenditure has been centralised. For administrative simplicity most such income and expenditure is conducted through the General Fund bank accounts. Periodically, transfers of income and capital are made from other Funds into the General Fund in order to maintain the General Fund near to target levels.

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

12c ANALYSIS OF CHARITABLE FUNDS
2021

| | Balance at 1 April 2020 | Income | Expenditure | Transfers | Gains on Investments | Balance at 31 March 2021 |
|-----------------------------------|-------------------------------|-------------------|---------------------|-------------|-------------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Convent Fund | 218,507 | 77,372 | (988,078) | 940,623 | - | 248,424 |
| Donations Fund | 14,344,587 | 408,369 | (292,159) | (205,915) | 2,239,993 | 16,494,875 |
| Property Fund | 11,837,905 | - | (246,123) | 384,962 | - | 11,976,744 |
| Retirements and Care Fund | 30,562,538 | 945,373 | (21,508) | (1,021,020) | 6,179,431 | 36,644,814 |
| Residential Care Homes Fund | 280,945 | 2,034,351 | (2,533,861) | 556,617 | - | 338,052 |
| Designated Funds | 57,244,482 | 3,465,465 | (4,081,729) | 655,267 | 8,419,424 | 65,702,909 |
| General Fund | 6,133,203 | 2,877,221 | (1,581,685) | (655,267) | - | 6,773,472 |
| Restricted Fund | - | - | - | - | - | - |
| | <u>£63,377,685</u> | <u>£6,342,686</u> | <u>£(5,663,414)</u> | <u>£-</u> | <u>£8,419,424</u> | <u>£72,476,381</u> |

d) ANALYSIS OF CHARITABLE FUNDS
2020

| | Balance at 1 April 2019 | Income | Expenditure | Transfers | Gains on Investments | Balance at 31 March 2020 |
|-----------------------------------|-------------------------------|-------------------|---------------------|-------------|-------------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Convent Fund | 246,644 | 127,463 | (1,168,373) | 1,012,773 | - | 218,507 |
| Donations Fund | 15,270,366 | 295,677 | (1,012,304) | 716,628 | (925,780) | 14,344,587 |
| Property Fund | 12,208,656 | - | (246,123) | (124,628) | - | 11,837,905 |
| Retirements and Care Fund | 33,848,435 | 1,198,624 | - | (1,129,763) | (3,354,758) | 30,562,538 |
| Residential Care Homes Fund | 340,158 | 1,712,189 | (2,430,613) | 659,211 | - | 280,945 |
| Designated Funds | 61,914,259 | 3,333,953 | (4,857,413) | 1,134,221 | (4,280,538) | 57,244,482 |
| General Fund | 4,926,768 | 3,982,502 | (1,641,846) | (1,134,221) | - | 6,133,203 |
| Restricted Fund | - | - | - | - | - | - |
| | <u>£66,841,027</u> | <u>£7,316,455</u> | <u>£(6,499,259)</u> | <u>£-</u> | <u>£(4,280,538)</u> | <u>£63,377,685</u> |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

13 STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR

| | Notes | General Funds £ | Designated Funds £ | Restricted Funds £ | Total 2020 £ |
|---|-------|--------------------|-----------------------|-----------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | | | | | |
| Members' salaries and pensions | | 2,060,425 | - | - | 2,060,425 |
| Other donations and legacies | | 143,689 | 120,674 | - | 264,363 |
| Charitable activities | | | | | |
| Care Home Fees receivable | | - | 1,690,436 | - | 1,690,436 |
| Investments | | | | | |
| Investment Income | 3 | 21,524 | 1,494,456 | - | 1,515,980 |
| Other Income | | | | | |
| Rents | | 67,800 | - | - | 67,800 |
| Gains on sale of fixed assets | | 1,687,515 | - | - | 1,687,212 |
| Other income | | 1,852 | 28,237 | - | 30,239 |
| Total income | | <u>3,982,502</u> | <u>3,333,953</u> | <u>-</u> | <u>7,136,455</u> |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Investment managers' fees | | - | - | - | - |
| Charitable activities | 4a | | | | |
| Support for members and their mission | | 1,355,133 | 1,275,406 | - | 2,630,539 |
| Care of the elderly | | 216,344 | 2,647,316 | - | 2,863,660 |
| Relief of hardship | | 8,653 | 114,935 | - | 123,588 |
| Other charitable activities | | 61,716 | 819,756 | - | 881,472 |
| Total expenditure | | <u>1,641,846</u> | <u>4,857,413</u> | <u>-</u> | <u>6,499,259</u> |
| Net Income / (expenditure) before other gains | | 2,340,656 | (1,523,460) | - | 817,196 |
| Net (losses) / gains on investments | 9 | - | (4,280,538) | - | (4,280,538) |
| Net income | | 2,340,656 | (5,803,998) | - | (3,463,342) |
| Transfers between funds | 12 | <u>(1,134,221)</u> | <u>1,134,221</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | | 1,206,435 | (4,669,777) | - | (3,463,342) |
| Total funds brought forward at 1 April 2019 | | <u>4,926,768</u> | <u>61,914,259</u> | <u>-</u> | <u>66,841,027</u> |
| Total funds carried forward at 31 March 2020 | | <u>£6,133,203</u> | <u>£57,244,482</u> | <u>£-</u> | <u>£63,377,685</u> |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

14a. ANALYSIS OF NET ASSETS BY FUND 2021

| | Restricted Fund £ | Convent Fund £ | Donations Fund £ | Designated Funds Property Fund £ | Retirement and Care Fund £ | Residential Care Homes Fund £ | General Fund £ | Total Funds £ |
|--|----------------------|-------------------|---------------------|--|-------------------------------|----------------------------------|-------------------|--------------------|
| Fund balances at 31 March 2021 are represented by | | | | | | | | |
| Tangible fixed assets | - | - | - | 11,976,744 | - | 9,672 | 41,395 | 12,027,811 |
| Investments | - | - | 14,494,875 | - | 36,644,814 | - | 10,000 | 51,149,689 |
| Current Assets | - | 248,424 | 2,000,000 | - | - | 506,170 | 6,813,651 | 9,568,245 |
| Current liabilities | - | - | - | - | - | (177,790) | (91,574) | (269,364) |
| | <u>£0</u> | <u>£248,424</u> | <u>£16,494,875</u> | <u>£11,976,744</u> | <u>£36,644,814</u> | <u>£338,052</u> | <u>£6,773,472</u> | <u>£72,476,381</u> |
| Unrealised gains / (losses) included above on listed investments | <u>£-</u> | <u>£-</u> | <u>£5,494,875</u> | <u>£-</u> | <u>£3,304,385</u> | <u>£-</u> | <u>£-</u> | <u>£8,799,260</u> |

THE UNION OF THE SISTERS OF MERCY OF GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

ANALYSIS OF NET ASSETS BY
14b. FUND 2020

Designated Funds

| | Designated Funds | | | | | | |
|--|------------------|--------------|----------------|---------------|--------------------------|-----------------------------|--------------|
| | Restricted Fund | Convent Fund | Donations Fund | Property Fund | Retirement and Care Fund | Residential Care Homes Fund | General Fund |
| | £ | £ | £ | £ | £ | £ | £ |
| Fund balances at 31 March 2020 are represented by: | | | | | | | |
| Tangible fixed assets | - | - | - | 11,837,905 | - | 29,534 | 60,507 |
| Investments | - | - | 10,344,587 | - | 30,562,538 | - | 10,000 |
| Current assets | - | 218,507 | 4,000,000 | - | - | 418,029 | 6,180,833 |
| Current liabilities | - | - | - | - | - | (166,618) | (118,137) |
| | £- | £218,507 | £14,344,587 | £11,837,905 | £30,562,508 | £280,945 | £6,133,203 |
| | | | | | | | £63,377,685 |
| Unrealised gains / (losses) included above on listed investments | £- | £- | £2,344,587 | £- | £(2,777,895) | £- | £- |
| | | | | | | | £(433,398) |

15 Related party transactions

There were no related party transactions in either the current or prior year other than those referred to in note 2