

**SISTERS OF MERCY SUNDERLAND (229943)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

## SISTERS OF MERCY SUNDERLAND (229943)

### LEGAL AND ADMINISTRATIVE INFORMATION

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Trustees	Miss P.A. Shoulder Miss M.M. Rowntree Miss S.C Christon Miss K. Matthews Mrs A.M. Shanks Mrs A.M. Thompson
Charity number	229943
Principal address	St Anthony's Convent of Mercy Oak Lea Tunstall Road Sunderland Tyne & Wear SR2 7JR
Auditor	Whitnalls Trident House 105 Derby Road Liverpool L20 8LZ
Bankers	National Westminster Bank plc 52 Fawcett Street Sunderland SR1 1SB
Solicitors	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF
Investment advisors	Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN

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# SISTERS OF MERCY SUNDERLAND (229943)

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# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

#### **Objectives and activities**

Our objectives are set to reflect our faith and community aims. Each year the trustees review our objectives and activities to ensure that they continue to reflect our aims. In carrying out this review, the trustees have considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary public guidance on the advancement of religion for the public benefit.

The Charity's objectives are the promotion of the educational, religious and other charitable work of the Roman Catholic Church in England for the benefit of the public in such a way as the trustees shall from time to time, with the consent of the Sister Superior, determine. If, and insofar as the trustees consider, they may not usefully apply assets available for distribution in any one year in England then they shall apply the same with such consent for such work elsewhere.

The Charity carries out a wide range of activities in pursuance of its charitable aims.

#### **Public benefit**

The trustees consider that the strategies employed to achieve the Charity's objectives for 2022 and the principal areas in which the Community is involved, set out below, provide benefit to the wider community in Northeast England, England as a whole, and elsewhere as the trustees see fit.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

#### **Achievements and performance**

During the year to 31st December 2022, the Community was active in all principal areas listed.

The Sisters continued with their work as Parish Administrator, Parish Sister, School Governor and in their catechetical work.

Visitation of the sick and elderly continued and weekly adult education courses continued in the Convent Centre.

Sister Mary Michael was appointed Vicar for Religious in the Diocese of Hexham and Newcastle and has endeavoured to meet all religious brothers and sisters throughout the Diocese either in fixed venues or here in Oaklea.

A visiting sister lead an "Icon" Retreat where participants, through prayer, the Eucharist and individual "writing" of Icons developed their faith in an atmosphere of quiet and reflection.

A sister continues to represent the Federation of Sisters of Mercy for Global Mercy while another sister works for the Apostleship of the Sea, maintaining the Sunderland A.O.S Centre in the Sunderland Docks.

The Community keeps in close contact with St. Anthony's Catholic Girls' Trust which is part of the Bishop Chadwick Academy Trust. One of the sisters continues to be the Chair of Governors and in this role organises opportunities for the sisters to share their favourite prayer pattern with Year 10 students. A video has been made by the sisters and school staff to acquaint the Year 7 students with their Mercy Heritage, Catherine McAuley, and the Oaklea Convent.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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After many years of use, Gabriel House, loaned to the school, is returning to the Community. Other venues are available for school use. The return began on November 30th, 2022 and will be completed by June 2023. The school will renovate and return it in a suitable standard.

The sisters worked very closely with the Youth Ministry Team (see large donations to SIGNIFICANCE.) Sr. M. Josepha represents the Community on the YMT board and is a director.

Three sisters celebrated their Diamond Jubilees – Sr. M. Adrienne, Alphonsus and Aelred.

The Community made several large donations during 2022 of which the most significant were the following: -

- Further donation of £562,500 to Significance, a registered Charitable Incorporated Organisation, set up to assist the Youth Ministry Trust (YMT) and provide grant funding to YMT for the purposes of meeting YMT's ongoing operating costs and to contribute to modernising and developing YMT's facilities, thereby enabling it to be self-sufficient and no longer reliant on grant funding from the Diocese of Hexham & Newcastle.
- £500,000 paid to Durham University as part of a 2 year endowment towards the ongoing core operations and associated running costs of the Centre for Catholic Studies. The Trustees are satisfied that this donation is in furtherance of the Charity's objects.
- A donation of £4,000 was made to St Benedict's Hospice.
- An annual donation of £3,000 was made to The Salvation Army. Further donations will be made for emergency aid, when necessary.
- Donations of £4,000 made to CAFOD.
- A donation of £5,000 was made to the Diocese of Hexham and Newcastle towards its Justice and Peace Refugee Project.

We continued our support of students to assist them in further and higher education, who would otherwise not have been able to afford their courses. Bursary payments were made to 23 students, totalling £57,000.

The Community continues to provide financial assistance to three food banks, families in need and support for families during illness and death. One of the sisters is a volunteer for Fair Share (collecting bread/vegetables etc.,) and delivering them to local drop-ins, foodbanks etc., working in collaboration with local Christian Churches. This continues to be needed with the present high cost of living.

#### **Financial review**

The end of year saw our Balance Sheet in a healthy position with total funds standing at £31,842,637, regardless a decrease of £5,738,020 on the previous year. Before taking into consideration realised losses and gains on our investments, there was a deficit of £1,285,175, which compares with last year's deficit of £818,804.

#### **Policy on reserves**

The Trustees have reviewed their medium-term commitments (up to 5 years) and continue to acknowledge that:-

1. There continues to be increasing financial burdens placed upon us in providing adequate care for what is an ageing community. In addition to this, as Sisters become more frail, specific areas, i.e., catering, cleaning, care, and finances, are managed by employed lay staff with the consequential increase in budgeted costs.
1. As Sisters reach retiring age, they will need retraining in new ministry. It is, therefore, prudent to set aside funds towards potential extra costs. This requires resources for their ongoing development and personal renewal.

We have also reviewed our longer-term commitments (6 to 10 years) and are satisfied that we have a suitable reserves policy in place.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Principal funding sources**

As in previous years, the four main sources of funding were investment income, bank interest, residential home fees and covenanted Sisters' teaching pensions. This year there was a realised deficit of £587,001 (last year surplus £1,318) on sales undertaken by our investment advisors. This last source is not taken into account when budgeting as it is merely a by-product of their transposition of investments during the year and cannot be relied upon.

As reported earlier (in Achievements and Performance) our donations and grants paid amounted to £1,189,415, all made either for the promotion of the Roman Catholic religion or the provision of education.

### **Investment policy and objectives**

The Charity has a formal investment policy which is reviewed on a regular basis.

The investment objective is the achievement of a targeted return of both income and capital growth with a moderate level of risk. The Investment Manager's definition of the current risk level is Medium/High. This is achieved by reference to six asset class indices which together constitute a composite benchmark, against which, portfolio performance is measured. Our investments may be positioned either side of the composite benchmark weightings, in order to take tactical views on respective asset classes.

This policy also provides for our advisors to take account of certain ethical constraints which we have imposed.

The Community's investment powers are governed by the provisions of the Trustee Act 2000.

The Community receives advice from our investment managers, Investec Wealth & Investment Limited, who provide us with quarterly valuations of the portfolio. Our General Manager is instructed to receive weekly (or more frequently as events dictate) reports from the stockbrokers and meet with them at least twice a year to ensure that the fund is managed in accordance with our guidelines and within the ethical principles of the Community.

Our General Manager reports to the Trustees on a regular basis and arranges for the stockbroker who manages the portfolio to visit us twice during the year in order to discuss all matters relating to investment policy with the Trustees.

The Trustees consider all advice received in meetings of the Council, although Sister Superior is empowered to take urgent decisions alone.

### **Investment performance:**

The overall value for the year 2022 was £25,090,253

Portfolio (Gross) -11.5%

Portfolio (Net) -11.8%

Benchmark (Gross) -4.8%

### **Major risks and management of those risks**

The major risks to which the Charity is exposed have been identified and considered. The Trustees are satisfied that procedures are in place to cover all aspects of risk.

Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Procedures are also in place to ensure compliance with the health and safety of staff, clients and visitors to all our premises.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### ***Cash flow risk***

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

### ***Credit risk***

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The charity has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

### **Plans for future periods**

#### **Activities planned to achieve aims**

The Charity plans to continue the activities outlined in depth above, in the forthcoming years, subject to satisfactory funding arrangements.

We intend to review our existing plans to ensure that the Charity's ageing community needs, as identified in the Reserves Policy section, are fully provided for. The health of the Community must be a continual review to ensure that funds are in place to meet all health requirements.

As in previous years we have plans to make a number of charitable donations in 2023.

### **Structure, governance and management**

#### **Nature of governing document**

The charity is governed by the single scheme approved by the Charity Commission on 24th January 2008. This scheme altered or affected the trusts of the charities formerly known as:-

Sisters of Mercy St. Anne's Convent Wolsingham  
Sisters of Mercy St. Anthony's Convent (229943)  
Sisters of Mercy St. Joseph's Convent Gosforth  
Sisters of Mercy Convent of Mercy Seaham  
Sisters of Mercy Convent of Mercy Hexham  
Sisters of Mercy St. Anthony's Secondary School  
Sisters of Mercy Educational Trust  
Sisters of Mercy Ryhope Property Trust

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Trustees**

The trustees who served during the year and up to the date of signature of the financial statements were:

Miss P.A. Shoulder  
Miss M.M. Rowntree  
Miss S.C. Christon  
Miss K. Matthews  
Mrs A.M. Shanks  
Mrs A.M. Thompson

#### **Recruitment and appointment of trustees**

Recruitment of trustees is undertaken by a process of discernment by the Sister Superior.

The power of appointing new trustees is vested in the Sister Superior.

#### **Induction and training of trustees**

As part of the ongoing training programme, existing and new Trustees are made aware of their responsibilities as Trustees of this charity. This programme includes: -

- An introduction to the specific objectives, scope, and policies of the Charity. Most of the Trustees, being members of the Community, are aware of the overall aims and objectives of the Charity, one of the Lay Trustees has worked with the Sisters as Chair of St. Anthony's Catholic Academy and has a deep commitment to the Mercy ethos. The other Lay Trustee has extensive knowledge of parish and Diocesan affairs and the ethos that accompanies these. The Trustees have committed to in-depth training either by Zoom or in person during 2022-23.
- Charity Commission information on trustee responsibilities as signposted through the Commission's guide "The Essential Trustee".
- A summary of the main documents which set out the operational framework for the Charity.
- Copies of the financial position as set out in both the latest published accounts and the latest financial forecast.
- Copies of the latest risk assessments.

The Sisters of Mercy Sunderland (229943) is an autonomous religious order which is administered by Sister Superior for the time being, together with a Council consisting of four members of the Community and four other trustees. Sister Superior and the Council are elected by the members of the Community for a term of three years, but the trustees are appointed for a term of four years. The governing documents require that the trustees, who are an unincorporated body, must be drawn from members of the Community or trusted lay people.

The Chair of Trustees is the Sister Superior of the Community.

The Community lives and operates from the Convent at Sunderland. The Community also has an established Branch House at Wolsingham.

Strategic financial decisions relating to all the Convents are overseen by the Trustees, although the day-to-day management of accounts is undertaken by the Finance Manager, and latterly General Manager. Mandates with the principal bankers are in place to the effect that any two Trustees may sign cheques. In the case of the Branch Houses this authority is delegated to the respective Sisters in Charge but under the ultimate authority of the Trustees.

The accounts accompanying this report are the accounts of the charitable trusts on which the assets of the Community are held.



# SISTERS OF MERCY SUNDERLAND (229943)

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Statement of trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.

*Patricia Shoulder*

Miss P.A. Shoulder  
**Trustee**

8 December 2023

*M.M. Rowntree*

Miss M.M. Rowntree  
**Trustee**

# SISTERS OF MERCY SUNDERLAND (229943)

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)

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#### Opinion

We have audited the financial statements of Sisters Of Mercy Sunderland (229943) (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 that 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# **SISTERS OF MERCY SUNDERLAND (229943)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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#### **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 require us to report to you if, in our opinion:

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

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, 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 cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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##### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

##### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the charity, control environment and business performance;
- the charity's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of members of the Board of Trustees of their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the charity's Statement of Financial Activities, and (ii) the charity's accounting policy for revenue and grant recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Charities Act and the Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued by the joint SORP making body .

In addition, we considered whether other laws and regulations exist that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. In this case we believe that employment laws are applicable.

## **SISTERS OF MERCY SUNDERLAND (229943)**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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##### **Audit response to risks identified**

As a result of performing the above, we identified the presentation of the charity's Statement of Financial Activities, and revenue and grant recognition as the key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of members of the Board of Trustees concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

##### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

## **SISTERS OF MERCY SUNDERLAND (229943)**


### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF SISTERS OF MERCY SUNDERLAND (229943)**

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##### **Use of our report**

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



**Whitnalls**

8 December 2023

**Accountants**

**Statutory Auditor**

Trident House  
105 Derby Road  
Liverpool  
L20 8LZ

Whitnalls is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# SISTERS OF MERCY SUNDERLAND (229943)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<b><u>Income and endowments from:</u></b>			
Donations and legacies	2	414,604	499,855
Investments	3	964,030	1,062,426
Other income	4	-	668
<b>Total income</b>		<b>1,378,634</b>	<b>1,562,949</b>
<b><u>Expenditure on:</u></b>			
Raising funds	5	95,306	106,258
Charitable activities	6	2,568,503	2,275,495
<b>Total expenditure</b>		<b>2,663,809</b>	<b>2,381,753</b>
Net gains/(losses) on investments	11	(4,452,845)	2,591,338
<b>Net movement in funds</b>		<b>(5,738,020)</b>	<b>1,772,534</b>
Fund balances at 1 January 2022		37,580,657	35,808,123
<b>Fund balances at 31 December 2022</b>		<b>31,842,637</b>	<b>37,580,657</b>

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

All income and expenditure derive from continuing activities.

# SISTERS OF MERCY SUNDERLAND (229943)

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	13	6,130,277		6,145,591	
Investments	14	24,796,268		30,468,162	
		<u>30,926,545</u>		<u>36,613,753</u>	
<b>Current assets</b>					
Debtors	15	437,103		471,884	
Cash at bank and in hand		618,708		607,907	
		<u>1,055,811</u>		<u>1,079,791</u>	
<b>Creditors: amounts falling due within one year</b>	16	(139,719)		(112,887)	
Net current assets		<u>916,092</u>		<u>966,904</u>	
<b>Total assets less current liabilities</b>		<u>31,842,637</u>		<u>37,580,657</u>	
<b>Income funds</b>					
Unrestricted funds		31,842,637		37,580,657	
		<u>31,842,637</u>		<u>37,580,657</u>	

The financial statements were approved by the Trustees on 8 December 2023

*Patricia Shoulder*

*M M Rowntree*

Miss P.A. Shoulder  
Trustee

Miss M.M. Rowntree  
Trustee



# SISTERS OF MERCY SUNDERLAND (229943)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(2,177,331)		(1,907,332)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(4,398)		(9,801)	
Proceeds from disposal of tangible fixed assets		9,451		2,000	
Purchase of investments		(4,584,530)		(2,599,290)	
Proceeds from disposal of investments		5,803,579		2,905,350	
Investment income received		964,030		1,062,426	
<b>Net cash generated from investing activities</b>			2,188,132		1,360,685
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			10,801		(546,647)
Cash and cash equivalents at beginning of year			607,907		1,154,554
<b>Cash and cash equivalents at end of year</b>			618,708		607,907

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Charity information

Sisters of Mercy Sunderland is a charity registered by Trust Deed in England and Wales. The principal address is given on the legal and administrative information page at the front of these financial statements. The nature of the charity's operations and principal activities are included on page 1.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Trust Deed, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Fixed assets costing £50 or more are initially recorded at cost.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Not depreciated
Fixtures and fittings	15% per annum
Motor vehicles	25% per annum

Freehold land and buildings are not depreciated.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.11 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Donations and legacies

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Gifts - covenanted pensions and salaries	413,941	439,854
Donations from individuals	663	60,001
	<u>414,604</u>	<u>499,855</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investments

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Income from listed investments	859,539	962,340
Income from unlisted investments	84,417	87,346
Interest receivable	20,074	12,740
	<u>964,030</u>	<u>1,062,426</u>

#### 4 Other income

	Total 2022 £	Unrestricted funds 2021 £
Other income	-	668
	<u>-</u>	<u>668</u>

#### 5 Raising funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Investment manager's fees	95,306	106,258
	<u>95,306</u>	<u>106,258</u>

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 6 Charitable activities

	Charitable activities 2022 £	Charitable activities 2021 £
Staff costs	806,874	751,549
Premises costs	224,561	146,604
Household and provisions	106,167	113,067
Religious and chapel expenses	14,883	33,566
	<u>1,152,485</u>	<u>1,044,786</u>
Grant funding of activities (see note 7)	1,189,415	985,329
Share of support costs (see note 8)	186,735	187,570
Share of governance costs (see note 8)	39,868	57,810
	<u>2,568,503</u>	<u>2,275,495</u>

#### 7 Grants payable

	Charitable activities 2022 £	Charitable activities 2021 £
Grants to institutions: Other	1,132,415	923,329
Grants to individuals	57,000	62,000
	<u>1,189,415</u>	<u>985,329</u>

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Depreciation	10,261	-	10,261	21,721	-	21,721
Telephone	5,206	-	5,206	4,810	-	4,810
Motor and travel	48,202	-	48,202	43,883	-	43,883
Bad and doubtful debts	-	-	-	1,164	-	1,164
Bank charges	3,929	-	3,929	4,421	-	4,421
Printing, postage and stationery	20,606	-	20,606	19,441	-	19,441
Subscriptions	1,895	-	1,895	2,592	-	2,592
Sister's expenses	67,653	-	67,653	73,200	-	73,200
Medical	28,983	-	28,983	15,378	-	15,378
Staff training	-	-	-	960	-	960
Audit fees	-	22,956	22,956	-	23,466	23,466
Legal and professional	-	16,912	16,912	-	34,344	34,344
	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>	<u>187,570</u>	<u>57,810</u>	<u>245,380</u>
Analysed between Charitable activities	<u>186,735</u>	<u>39,868</u>	<u>226,603</u>	<u>187,570</u>	<u>57,810</u>	<u>245,380</u>

Governance costs includes payments to the auditors of £22,956 (2021- £23,466) for audit fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Care Staff	14	13
Domestic Staff	10	9
Management Staff	6	6
Administration Staff	3	3
Total	<u>33</u>	<u>31</u>

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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<b>10</b>	<b>Employees</b>	<b>(Continued)</b>	
	<b>Employment costs</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	730,770	688,952
	Social security costs	63,552	51,360
	Other pension costs	12,552	11,237
		<u>806,874</u>	<u>751,549</u>

There were no employees whose annual remuneration was more than £60,000.

<b>11</b>	<b>Net gains/(losses) on investments</b>	<b>Unrestricted funds</b>	<b>Unrestricted funds</b>
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Revaluation of investments	(3,865,844)	2,590,020
	Gain/(loss) on sale of investments	(587,001)	1,318
		<u>(4,452,845)</u>	<u>2,591,338</u>

## 12 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.



# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	6,040,530	353,774	115,211	6,509,515
Additions	-	4,398	-	4,398
Disposals	-	(1,470)	(29,399)	(30,869)
At 31 December 2022	6,040,530	356,702	85,812	6,483,044
<b>Depreciation and impairment</b>				
At 1 January 2022	-	266,912	97,012	363,924
Depreciation charged in the year	-	13,304	4,166	17,470
Eliminated in respect of disposals	-	(764)	(27,863)	(28,627)
At 31 December 2022	-	279,452	73,315	352,767
<b>Carrying amount</b>				
At 31 December 2022	6,040,530	77,250	12,497	6,130,277
At 31 December 2021	6,040,530	86,862	18,199	6,145,591

### 14 Fixed asset investments

	Listed investments	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2022	26,474,634	3,993,528	30,468,162
Additions	1,817,039	2,767,491	4,584,530
Valuation changes	(3,018,680)	(847,164)	(3,865,844)
Disposals	(5,890,580)	(500,000)	(6,390,580)
At 31 December 2022	19,382,413	5,413,855	24,796,268
<b>Carrying amount</b>			
At 31 December 2022	19,382,413	5,413,855	24,796,268
At 31 December 2021	26,474,634	3,993,528	30,468,162

#### Significant holdings

The trustees have set 5% of the balance sheet value as at 31 December as the threshold for reporting material investments. As at 31 December 2022 the following investments were considered material:

The Charities Property Fund - The holding amounts to 6.48% of the balance sheet value and 8.33% of the total portfolio.

## SISTERS OF MERCY SUNDERLAND (229943)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 14 Fixed asset investments (Continued)

#### 15 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Other debtors	32,000	38,615
Prepayments and accrued income	78,528	75,281
	<u>110,528</u>	<u>113,896</u>
	2022	2021
	£	£
Amounts falling due after more than one year:		
Other debtors	326,575	357,988
	<u>437,103</u>	<u>471,884</u>
Total debtors		

Other debtors include £326,575 (2021 - £357,988) receivable after more than one year. The amount represents a loan advanced to Carntyne Care Home Ltd. to facilitate the disposal of Carntyne Residential Home by the trustees. The loan is repayable within a maximum of 12 years from the balance sheet date.

#### 16 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	12,809	11,589
Other creditors	37,891	-
Accruals and deferred income	89,019	101,298
	<u>139,719</u>	<u>112,887</u>

#### 17 Retirement benefit schemes

##### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £12,552 (2021 - £11,237).

# SISTERS OF MERCY SUNDERLAND (229943)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Analysis of net assets between funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Fund balances at 31 December 2022 are represented by:		
Tangible assets	6,130,277	6,145,591
Investments	24,796,268	30,468,162
Current assets/(liabilities)	916,092	966,904
	<u>31,842,637</u>	<u>37,580,657</u>

### 19 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

### 20 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(5,738,020)	1,772,534
Adjustments for:		
Investment income recognised in statement of financial activities	(964,030)	(1,062,426)
(Gain)/loss on disposal of tangible fixed assets	(7,209)	988
Loss/(gain) on disposal of investments	587,001	(1,318)
Fair value gains and losses on investments	3,865,844	(2,590,020)
Depreciation and impairment of tangible fixed assets	17,470	20,733
Movements in working capital:		
Decrease in debtors	34,781	23,143
Increase/(decrease) in creditors	26,832	(70,966)
<b>Cash absorbed by operations</b>	<u>(2,177,331)</u>	<u>(1,907,332)</u>