

SISTERS OF MERCY
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

SISTERS OF MERCY

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SISTERS OF MERCY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2019

Trustees	Sister Anne O'Connell, Sister in Charge Sister Magdelene Reilly Sister Elizabeth O'Hara Sister Dolores Nichol Sister Ursula Hyland (deceased 6 October 2019) Sister Paul Farrar (appointed 8 April 2018)
Charity registered number	200376
Principal office	St Joseph's Convent of Mercy Hillside Drive Gravesend Kent DA12 1NY
Independent auditors	Hedley Dunk Limited Chartered Accountants & Statutory Auditor Trinity House 3 Bullace Lane Dartford Kent DA1 1BB
Bankers	Barclays Bank PLC PO Box No 449 Dartford DA1 1FE
Solicitors	Martin Tolhurst Partnership 7 Wrotham Road Gravesend Kent DA11 0PD

SISTERS OF MERCY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their annual report together with the audited financial statements of the Sisters Of Mercy for the year 1 April 2018 to 31 March 2019.

Objectives and activities

● Policies and objectives

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

1. Social and Pastoral Care

The Sisters of Mercy, Gravesend continue to support the work of the House of Mercy at 1 Edwin Street, Gravesend, Kent including making the charity's properties available for their use. McAuley House at 17 Albion Road, Gravesend is fully occupied. Mary Anne Doyle House, Seymour Road, Gravesend opened on 29th September 2014. 56 Pelham Road Gravesend has been acquired and conversion work has been undertaken in the year in preparation for use by House of Mercy.

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

2. Education

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

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

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

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance

● Review of activities

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

Social and Pastoral

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

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

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

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

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

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

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

Education Activities

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

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

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Trustee report (continued)

Financial review

• Going concern

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

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

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

Incoming resources in the year was £558,254 (2018: £564,843), a £6,589 decrease due mainly to the decrease in the Sister's pension income. Resources expended were £347,007, (2018: £367,531), a £20,524 decrease due mainly to the decrease in the direct costs of the charity.

The capital performance of the investments was generally in line with the trend of the stock market. Investment income was higher this year due to the charity investing in fixed term deposits, with higher interest payments received during the year.

At the end of the year to 31 March 2019 the total funds of the Charity were £11,691,941. Of this £2,639,368 represents fixed assets needed for the work of the Charity and it is represented by a designated fund. £6,000,000 is designated to provide for the support of older members of the Congregation. The balance of £3,052,573 in General Funds represents approximately eight and a half years operating expenditure. The Trustees consider that given the activities of the charity, a fund representing approximately two to three years expenditure should be held in reserve. The Trustees review the reserves to ascertain the ongoing levels required and consider specific charitable causes that can be supported.

• Financial risk management objectives and policies

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

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

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

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

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

● Constitution

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

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

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

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

● Methods of appointment or election of Trustees

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

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

Plans for future periods

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

SISTERS OF MERCY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Auditors

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

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

Sister Anne O'Connell
(Chair of Trustees)
Date: 31 January 2020

SISTERS OF MERCY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SISTERS OF MERCY

Opinion

We have audited the financial statements of Sisters of Mercy (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

SISTERS OF MERCY

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

SISTERS OF MERCY

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Hedley Dunk Limited

Chartered Accountants & Statutory Auditor
Trinity House
3 Bullace Lane
Dartford
Kent
DA1 1BB

31 January 2020

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

SISTERS OF MERCY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:				
Donations and legacies	3	2,563	2,563	15,805
Charitable activities	4	258,004	258,004	266,105
Investments	5	297,687	297,687	282,933
Total income		558,254	558,254	564,843
Expenditure on:				
Raising funds	6	2,012	2,012	21,885
Charitable activities	7	344,995	344,995	345,646
Total expenditure		347,007	347,007	367,531
Net gains on investments		317,713	317,713	(44,660)
Net movement in funds		528,960	528,960	152,652
Reconciliation of funds:				
Total funds brought forward		11,162,981	11,162,981	11,010,329
Net movement in funds		528,960	528,960	152,652
Total funds carried forward		11,691,941	11,691,941	11,162,981

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

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

SISTERS OF MERCY

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	2,946,897	2,716,421
Investments	13	8,194,145	8,114,197
		<u>11,141,042</u>	<u>10,830,618</u>
Current assets			
Debtors	14	308,463	58,383
Cash at bank and in hand		263,137	315,903
		<u>571,600</u>	<u>374,286</u>
Creditors: amounts falling due within one year	15	(20,701)	(41,923)
Net current assets		<u>550,899</u>	<u>332,363</u>
Total assets less current liabilities		<u>11,691,941</u>	<u>11,162,981</u>
Net assets excluding pension asset		<u>11,691,941</u>	<u>11,162,981</u>
Total net assets		<u><u>11,691,941</u></u>	<u><u>11,162,981</u></u>
Charity funds			
Restricted funds	16	-	-
Unrestricted funds			
Designated funds	16	8,639,368	8,716,421
General funds	16	3,052,573	2,446,560
Total unrestricted funds	16	<u>11,691,941</u>	<u>11,162,981</u>
Total funds		<u><u>11,691,941</u></u>	<u><u>11,162,981</u></u>

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

Sister Anne O'Connell
(Chair of Trustees)
Date: 31 January 2020

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

SISTERS OF MERCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Cash flows from operating activities		
Net cash used in operating activities	(285,390)	(14,232)
Cash flows from investing activities		
Dividends, interests and rents from investments	297,687	282,934
Purchase of tangible fixed assets	(301,051)	(714,824)
Proceeds from sale of investments	235,988	200,000
Net cash provided by/(used in) investing activities	232,624	(231,890)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	(52,766)	(246,122)
Cash and cash equivalents at the beginning of the year	315,903	562,025
Cash and cash equivalents at the end of the year	263,137	315,903

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

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Sisters of Mercy meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Income

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

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

2.3 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.4 Interest receivable

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

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

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

2.6 Investments

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

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

2.7 Debtors

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

2.8 Cash at bank and in hand

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

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 Liabilities and provisions

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

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

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

2.10 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.11 Pensions

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

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

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

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

3. Income from donations and legacies

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	2,563	2,563	15,805

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Income from charitable activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Members' salaries and pensions	258,004	258,004	266,105

5. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rental income	54,540	54,540	54,540
Dividends	165,244	165,244	168,110
Interest	77,903	77,903	60,283
	<u>297,687</u>	<u>297,687</u>	<u>282,933</u>

6. Investment management costs

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment management fees	2,012	2,012	21,885

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Social and Pastoral Care	344,995	344,995	345,646

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Social and Pastoral Care	336,266	8,729	344,995	345,646
Total 2018	332,501	13,145	345,646	

Analysis of direct costs

	Social and Pastoral Care 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	45,825	45,825	39,781
Depreciation	75,027	75,027	59,618
Telephone	2,058	2,058	7,100
Rates and Water	5,515	5,515	5,742
PPS	1,357	1,357	2,925
Light and Heat	31,635	31,635	27,664
Motor Expenses	17,609	17,609	14,380
Insurance	7,241	7,241	11,456
Household	33,891	33,891	32,285
Repairs and Maintenance	20,475	20,475	20,637
General Office	3,023	3,023	2,659
Chapel	1,321	1,321	1,002
Bank Charges	1,419	1,419	62
Missions and Charitable Grants	40,182	40,182	47,407
Sisters Welfare	49,688	49,688	59,783
	336,266	336,266	332,501

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Social and Pastoral Care 2019 £	Total funds 2019 £	Total funds 2018 £
Depreciation	2,027	2,027	2,365
Professional Fees	3,606	3,606	7,590
Governance costs	3,096	3,096	3,190
	<u>8,729</u>	<u>8,729</u>	<u>13,145</u>

9. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	3,096	3,190
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	<u>655</u>	<u>682</u>

10. Staff costs

	2019 £	2018 £
Wages and salaries	41,292	39,695
Social security costs	4,354	-
Contribution to defined contribution pension schemes	179	86
	<u>45,825</u>	<u>39,781</u>

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

	2019 No.	2018 No.
Staff	<u>6</u>	<u>6</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Staff costs (continued)

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

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 March 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2018	3,536,467	80,940	89,984	3,707,391
Additions	304,916	2,615	-	307,531
At 31 March 2019	3,841,383	83,555	89,984	4,014,922
Depreciation				
At 1 April 2018	829,272	74,053	87,645	990,970
Charge for the year	70,729	4,298	2,027	77,054
At 31 March 2019	900,001	78,351	89,672	1,068,024
Net book value				
At 31 March 2019	2,941,382	5,204	312	2,946,898
At 31 March 2018	2,707,195	6,887	2,339	2,716,421

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

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2018	5,964,959	2,149,238	8,114,197
Additions	21,574	850,000	871,574
Disposals	(21,119)	(1,085,988)	(1,107,107)
Revaluations	375,481	(60,000)	315,481
At 31 March 2019	6,340,895	1,853,250	8,194,145
Net book value			
At 31 March 2019	6,340,895	1,853,250	8,194,145
<i>At 31 March 2018</i>	<i>5,964,959</i>	<i>2,149,238</i>	<i>8,114,197</i>

14. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	300,000	50,000
	300,000	50,000
Due within one year		
Other debtors	2,540	2,540
Prepayments and accrued income	5,923	5,843
	308,463	58,383

The debtors due after more than one year relates to the 2 loans of £50,000 and £250,000 made to St Joseph's Convent Preparatory School Gravesend. These concessionary loans have been measured at the amount paid.

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other creditors	10,740	14,090
Accruals and deferred income	9,961	27,833
	<u>20,701</u>	<u>41,923</u>

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Statement of funds

Statement of funds - current year

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

SISTERS OF MERCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Unrestricted funds						
Designated funds						
Fixed Asset Fund	2,034,626	-	(61,983)	743,778	-	2,716,421
Support of older members fund	6,000,000	-	-	-	-	6,000,000
	<u>8,034,626</u>	<u>-</u>	<u>(61,983)</u>	<u>743,778</u>	<u>-</u>	<u>8,716,421</u>
General funds						
General Funds - all funds	<u>2,975,702</u>	<u>564,843</u>	<u>(305,547)</u>	<u>(743,778)</u>	<u>(44,660)</u>	<u>2,446,560</u>
Total Unrestricted funds	<u>11,010,328</u>	<u>564,843</u>	<u>(367,530)</u>	<u>-</u>	<u>(44,660)</u>	<u>11,162,981</u>

17. Summary of funds

Summary of funds - current year

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

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds	8,034,626	-	(61,983)	743,778	-	8,716,421
General funds	2,975,702	564,843	(305,547)	(743,778)	(44,660)	2,446,560
	<u>11,010,328</u>	<u>564,843</u>	<u>(367,530)</u>	<u>-</u>	<u>(44,660)</u>	<u>11,162,981</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

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

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	<u>528,960</u>	<u>152,652</u>
Adjustments for:		
Depreciation charges	77,054	61,983
Gains/(losses) on investments	(322,415)	40,418
Dividends, interests and rents from investments	(297,687)	(282,933)
Decrease/(increase) in debtors	(250,080)	1,693
Increase/(decrease) in creditors	(21,222)	11,955
Net cash used in operating activities	<u>(285,390)</u>	<u>(14,232)</u>

SISTERS OF MERCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	263,137	315,903
Total cash and cash equivalents	263,137	315,903

21. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £179 (2018 - £85). Contributions totalling £Nil (2018 - £8) were payable to the fund at the balance sheet date and are included in creditors.

22. Connected Charities

St Joseph's Convent Preparatory School Gravesend

During the year lease rental payments of £54,540 (2018: £54,540) were received.

House of Mercy

This charity has 2 of the same trustees as the Sisters of Mercy. House of Mercy provides care and a place to stay to the homeless of Gravesend. This charity provides rent free, 3 premises from which the House of Mercy operates. At the balance sheet date the charity owed £4,542 (2018- £11,216) to the House of Mercy for expenses relating to the purchase and renovation of 56 Pelham Road, which are included in other creditors.