



**THE INSTITUTE OF
OUR LADY OF MERCY**
ANNUAL REPORT 2019



Bridge Gate Convent, Derby
(Leased to 'Women's Work, Derby' in 2019)

Registered Charity No. 290544

Annual Report for the year ended 31 December 2019

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Trustees and Advisers for the year ended 31 December 2019

Name of the Charity

Institute of Our Lady of Mercy

Date of Registration

30 November 1984

Charity Registration No

290544

Trustees

Norah Frances Cronin	(Sr. Colette Cronin)
Johanna Elizabeth Breen	(Sr. Joan Breen)
Mary Bernadette Holmes	(Sr. Bernadette Holmes)
Barbara Jane Jeffery	(Sr. Barbara Jeffery)
Mary Teresa Mullen	(Sr Maura Mullen)
Lynne Julie Spendelow	(Sr. Lyndsay Spendelow)

Principal Address

The Generalate
Convent of Mercy
Cemetery Road
Yeadon
Leeds LS19 7UR

Property Advisers

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

Legal Advisors

IBB Law LLP
Capital Court
30, Windsor Street
Uxbridge
Middlesex UB8 1AB

Investment Advisers

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

Principal Bankers

Co-operative Bank plc
P.O. Box 101
1, Balloon Street
Manchester M60 4EP

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29, Wellington Street
Leeds LS1 4DL

Report of the Trustees for the year ended 31 December 2019

Introduction

The trustees have pleasure in presenting their report and financial statements for the year ended 31 December 2019. The reports and statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and with the Charity's own Trust Deed.

The Institute of Our Lady of Mercy is an Order of Roman Catholic Sisters of Mercy (the Congregation). It is one of three strands of the Mercy family in Great Britain, stemming from the first foundation of Catherine McAuley. It was formed from the union of twenty autonomous Congregations and was formally recognised by the Vatican as a Religious Congregation of Pontifical Rights in November 1983.

The Charity is a charitable trust on which the assets of the Congregation are held and the vehicle through which the charitable activities of the Congregation are conducted. The Charity is governed by a Trust Deed dated 24 October 1984 as amended by a Deed of Revocation and Declaration dated 25 June 1992, a Deed of Declaration dated 9 March 2000 and schemes of the Charity Commission dated 9 February 1989, 15 February 1989, 28 July 1995, and 31 December 2000.

The Charity is registered with the Charity Commission with registered number 290544. The trustees are incorporated under the provisions of Section 251 of the Charities Act 2011 as "The Trustees of the Institute of Our Lady of Mercy" by a Scheme of the Charity Commission dated 29 October 1985.

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

Two dormant subsidiary companies, Endsleigh Centre Services Limited and Kinsale Court Limited were dissolved on 8 October 2019.

The accompanying financial statements relate to the Charity and these charitable trusts.

Institute of Our Lady of Mercy

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Appointment of Trustees

The Congregation is administered by the General Council, which is elected for a five-year term at the 'General Chapter'. The Eighth General Chapter took place from 18 – 27 May 2018.

General Chapters are held every five years. The Institute Constitutions state that “the supreme authority in the Institute is vested by the Church in the General Chapter”. Delegates attending the Chapter determine the policies and priorities of the Institute. They also elect the Institute Leader and General Council from those Sisters who are eligible for election. The Institute Leader and the members of the General Council are, by virtue of clause 6(1) of the Charity’s Trust Deed, also trustees of the Charity.

The Constitutions of the Congregation dictate that the Institute Leader requires the deliberative vote of the General Council to establish and close houses, acquire or alienate goods or property, and determine such matters as the appointment of Local leaders to Communities and the admission of members to the Novitiate.

The Current Trustee Team



Left to Right: Sr Lyndsay Spendelow, Sr. Colette Cronin, Sr. Bernadette Holmes, Sr. Joan Breen, Sr. Maura Mullen and Sr. Barbara Jeffery

Institute of Our Lady of Mercy

Institute Leader: Sister Colette Cronin

Sister Colette is a former Secondary School Teacher and holds overall responsibility for the Institute. She has worked full-time for the Congregation in various roles of responsibility since 1987. She is a member of the Mercy International Association (by virtue of being the Institute Leader) and holds a place on the Board of the Mercy International Association. Sister Colette is a Member of Conference of Religious (CoR) and a Member of the Union International of Superior Generals. She also serves as Governor for two schools: Broughton Hall Catholic High School, Liverpool (a Voluntary Aided school retained by the Institute); and St Joseph's Park Hill School, Burnley (one of the Institute's private schools).

Assistant Leader: Sister Lyndsay Spendelow

Sister Lyndsay has a background in teaching at secondary school level and has also worked as a qualified psychotherapist and facilitator. She has previously held roles in Formation Ministry and Leadership within the Institute. Sr Lyndsay was elected as Assistant Leader at the Eighth General Chapter and is responsible for Safeguarding. She also holds geographical responsibility for the Communities in Essex and North London. At the end of August 2019, Sr Lyndsay withdrew from her roles as Religious Vice Chair of the National Catholic Safeguarding Commission and as a member of the Catholic Council for the Independent Inquiry into Child Sexual Abuse.

Sister Joan Breen

Sister Joan is a former Primary School Head Teacher, who served in both Chadwell Heath, Essex and in Burnley, Lancashire. As a trustee, she holds responsibility for the convents within geographical area of Derbyshire and South and West Yorkshire – including the 'Convent with Care' in Doncaster. She has overall responsibility for Education and serves on the governing bodies of both of the schools that are run by the Institute: St Joseph's Park Hill School, Burnley, Lancashire; and St Joseph's Convent School, Wanstead, London E11. Sr Joan supports Sr Bernadette in her role as lead trustee for Care; is a trustee representative on the Employment Group; and is the trustee responsible for Mercy Associates.

Sister Bernadette Holmes

Sister Bernadette has a nursing background and has focussed on palliative care for much of her career. She gained experience at St Catherine's Hospice Scarborough and was part of the team that set up the Macmillan service for Bridlington and East Yorkshire, establishing both the Bridlington Macmillan Palliative Care Ward and the Driffield Day Hospice. She previously served as a trustee of the Institute from 1998 to 2008, where she developed both the Care Homes and Convents with Care. She worked part time for St Gemma's Hospice Leeds from 2001, moving into outreach work in deprived areas of Leeds as a palliative nurse specialist from 2004 to 2018. Sister Bernadette supports Communities South of London. She links with the Care Homes and staff that work with the Institute, in addition to the Formation Group, the Employment Group and the Mercy Associates. Sister Bernadette is also part of the Leeds Diocesan Dementia Project group.

Sister Barbara Jeffery

Sister Barbara has worked for both the Institute and Union Sisters of Mercy in the field of archives for the past 20 years. She held office as the Chair of the Catholic Archives Society and collaborated on a book on 'The History of the Diocese of Birmingham (1850-2000)' when a member of the Diocesan Historical Commission. She also wrote a book on the Hardman Family

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Sister Barbara Jeffery (continued)

of Birmingham who were instrumental in the Mercy Sisters being established there. She holds geographical responsibility for Convents in Wales, Liverpool, Burnley, Newcastle-under-Lyme and Handsworth, Birmingham. She also acted as trustee for St Mary's Convent Handsworth Charity (Related Party) from 2016 until June 2019.

Sister Maura Mullen

Sister Maura is a former Secondary School Teacher. She has held roles previously in Formation, and in Provincial and Central Leadership within the Congregation. She previously served as an Institute trustee between 1993 and 2003. Sister Maura has also worked in the spheres of Facilitation and Spirituality offering retreats at St. Beuno's Spirituality Centre, individual Spiritual Direction and Supervision and as a team member offering training in this field. Sister Maura holds responsibility for Formation and relates particularly to Communities in the North East including two Convents with Care in Hull and Whitby.

The Induction and Training of Trustees

All trustees are members of the Congregation and as such have a comprehensive knowledge of the various works and structure of the Charity. They meet with the previous team in order to conduct a comprehensive handover, and also meet with the Institute Advisors.

Throughout their term in office, trustees attend formal training courses on the duties of trustees and seek guidance and advice from their legal, investment, Human Resources and property advisers on the day-to-day issues which arise in carrying out their duties.

Organisational Structure

The Organisational Structure Chart can be found on page 8. The trustees conduct the business of the Institute at the principal office in Yeadon under the direction of the Institute Leader. They work full-time for no remuneration.

Various roles of responsibility are held by members of the congregation, for example local leaders. Appointments are made for a specific time-period then reviewed. During 2019 one Sister was appointed and another re-appointed as leader of a local Community. Sister Clare McNamara acts as General Bursar, appointed by the trustees. These members of the Congregation assist the trustees and attend meetings relevant to their activity.

The trustees are also assisted by a small staff team comprising: Business Manager and Executive Assistant to the trustees; Finance Co-ordinator; Human Resources (HR) Co-ordinator; and four part-time administration staff. These roles enable the Institute to develop its finance, human resource, administration and general management functions and provide greater support to its members, staff groups and partner organisations.

The Institute Leader holds overall responsibility. The remaining trustees each hold designated areas of responsibility. All major decisions are made by the group at formal meetings held over three days in 11 months of the year. (An example would include any specific project expenditure over £2,000).

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Organisational Structure (continued)

The General Bursar and Finance Co-ordinator attend the meetings relevant to their activity on a monthly basis. The Institute Property Advisors (The JTS Partnership LLP) and Legal advisors (IBB Law LLP) liaise with trustees and the Staff Team on a regular basis. They submit regular written reports and attend meetings on a bi-monthly basis. The Institute's Auditors (PricewaterhouseCoopers LLP) and Investment Manager (Charles Stanley) attend the meetings on a bi-annual basis.

Occasionally, there is a need to make a decision outside of the scheduled meetings. In this case, a quorum of at least three trustees is required to authorise a decision.

Separate bi-annual meetings are held with the Institute's insurers and independent insurance intermediary (The JTS Partnership LLP).

The trustees from time to time appoint Committees to consider particular topics in greater detail. The committees typically include one or more trustees, members of the Congregation, relevant staff and professional advisers. There are standing committees on employment issues and education.

The Institute operated two private schools in 2019, each run by an appointed Head Teacher, staff and Board of Governors to whom day to day management is delegated. Sr. Joan Breen serves as a Governor on the Board of both schools. Sr. Colette Cronin serves as a Governor on the Board of St Joseph's Park Hill School, Burnley. (Note: St Joseph's Convent School for Girls in Wanstead, London was closed in July 2020, see pg. 23).

The Institute operated three Care Homes through most of 2019, run by appointed Care Home Managers. A Clinical Partner and Care Business Partner provide the necessary professional support to the Managers and Staff of the Care Homes. These two part-time consultant roles assist the trustees in their statutory obligations. (Note: St Mary's Care Home in Worthing was sold as a going concern in November 2019, see pg. 31).

The Congregation

The Catholic Church requires members of a Religious Congregation to profess three vows: Poverty, Chastity and Obedience. Sisters of Mercy take a fourth vow: 'to serve the poor, sick and those in need' – our 'Charism'.

The Sisters covenant all their personal income to the Charity and live in established community houses. Each community budgets for groceries, utilities, vehicle costs and property maintenance. Each Sister is given a small allowance each year in order to allow her a little autonomy and to manage any personal costs that arise. Extraordinary items such as large-scale property maintenance are considered by the General Council and funded centrally.

Sisters who are members of the Congregation follow their own Apostolate on behalf of the Congregation: Many Sisters hold (or have held) teaching and nursing posts or perform other valuable work in the community. At the end of 2019 there were 176 Sisters ministering from approximately 50 sites in Britain, Peru, Kenya, South Sudan and Romania.

Further information on the activities of our Sisters can be found on pages 35-45.

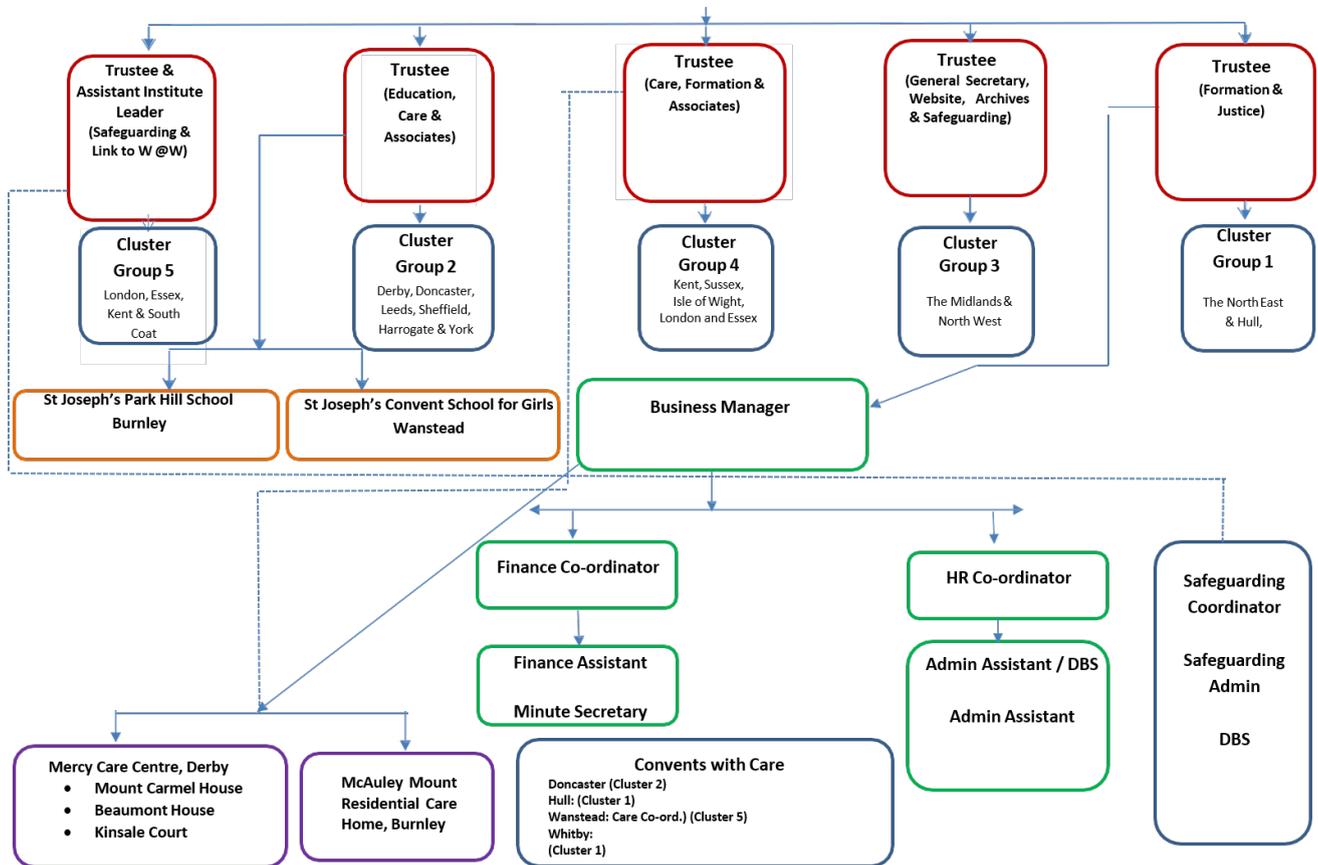
Institute of Our Lady of Mercy

ORGANISATIONAL STRUCTURE CHART

IOLM Organisation chart

2019

Institute Leader



As at December 2019

Key: Red Trustee/Leadership Team, Green: Generalate Team, Blue: Communities, Purple: Care Homes, Brown: Schools

Mercy Associates

There are various groups of Mercy Associates throughout the UK consisting of Sisters, lay men and women and young people. These groups study the life of Catherine McAuley and are imbued with the Charism of Mercy. They pray together and carry out works of Mercy.

The Mercy Associate National Commission was set up in 2000. Some Institute Sisters serve on the Commission, together with Sisters from the other Mercy Groups and several lay people.

Some Mercy Associate groups begun by Sisters are now continuing on their own when convents have closed, or Sisters have moved away. These groups maintain their links to the National Commission and take part in national and local events.

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Employees

The Institute recognises that staff lie at the heart of its mission and charitable work. The work of staff directly supports both beneficiaries and the welfare of the Sisters. In the past, Sisters and staff have worked very closely together, for example in schools and care homes. As this is no longer possible with an aging Sister profile, the Institute looks to provide the necessary vision and support for staff in fresh ways. Many Sisters sit alongside staff on management teams overseeing operational elements of the Institute’s work, for example in the Institute’s governance, in care homes, in schools and in employment matters. The sharing of this Mercy ethos and charism with staff continues formally and informally through building supportive relationships and demonstrating pastoral concern for all our staff whatever their role or location. The sharing of Mercy wisdom and experience from the Sisters is a hallmark of the Institute’s support to all its valued staff.

As at the end of 2019, the Charity had 282 employees, equating to 214 full time equivalents (FTE’s) (full time being 35 hours). A breakdown of employee numbers is given in the table below:

	Staff Numbers	Percentage	FTE	FTE Percentage
Care Homes	110	39%	98	46%
Convents with Care	82	29%	59	27%
Convents	30	11%	12	6%
Institute-Run Schools	51	18%	38	18%
Other	9	3%	7	3%
Total Employees	282	100%	214	100%

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

Role Purpose	FTE	FTE Percentage
Care	156	73%
Education	31	14%
Administration	15	7%
Maintenance	12	6%
Total	214	100%

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

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Pay Policy

The Institute continues to develop its approach to remuneration.

The Institute aims to pay competitive rates of pay to attract and retain staff who possess the skills and talents needed to deliver our charitable aims and objectives. Careful consideration is made of affordability, current market rates, business plans and the relationship between job responsibility and pay. The Institute strives to ensure responsible use of resources alongside the desire to be an attractive employer of choice in our sector.

All staff employed outside of London were paid at least the 'real living wage' and the Institute continues to work towards implementing this for London based staff.

The wider 'employment offer' at the Institute includes a staff benefits scheme to help reduce the cost of daily living expenses, increased holiday entitlements, a cycle to work scheme, discounted gym membership and a comprehensive employee assistance programme including health and wellbeing. Staff also benefit from many personal development opportunities appropriate to their role.

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Gender Pay Gap Statement

From April 2017, Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year, showing the difference between the average earnings of all men and all women.

Mirroring the rest of the Care sector where most of our staff are engaged, the Institute employs significantly more women than men. At the reporting date of 5 April 2019, we employed 325 people. 89.2% of these were women and 10.8% were men. This is a 2% increase of female staff from 2018.

The Institute is publishing the results of six calculations using hourly pay rates as at 5th April 2019. These calculations do not reveal individual salary information.

Median gender pay gap in hourly pay



The data shows that on average the Institute pays women 2.52% more than men, resulting in a negative gender pay gap. There has been a 5.52% increase in the median rate of pay for women between 2018 and 2019.

Mean gender pay gap in hourly pay



The data shows that on average the Institute pays women 4.52% more than men, resulting in a negative gender pay gap. There has been a 6.52% increase in the mean rate of pay for women between 2018 and 2019.

The median and mean gender pay calculations both show that on average female staff have higher pay than male staff. This is due to the larger proportion of female staff in higher paid management roles in the Institute.

Bonus Payments

While the Institute of Our Lady of Mercy does not pay bonuses to staff, one exceptional payment was made in the reporting period as follows: percentage payment made to males 0%, percentage

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[Gender Pay Gap Statement \(continued\)](#)

Bonus Payments (continued)

payment made to females 0.3%. Due to the very small percentage involved this resulted in both a 0% median and 0% mean average bonus payment.

Equal Pay

It is important to note that a gender pay gap is different to equal pay. Unequal pay is unlawful, and while a gender pay gap is not unlawful it is something to review and address. There can be many causes of a gender pay gap, some of which are not in the control of an employer. Further analysis on the Institute gender pay gap figures is provided below.

Equal pay deals with the pay differences between men and women who carry out the same roles, similar jobs or work of equal value. The Institute strives to ensure that our rates of pay ensure equality for both men and women carrying out work of equal value.

Proportion of males and females in each pay quartile

We can better understand the gender pay gap when we analyse all male and female roles across the Institute and divide them into four pay bands. The lowest rates of pay are in the first quartile and the highest in the fourth quartile.

2019

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	13%	10%	10%	11%
Women	87%	90%	90%	89%

For comparison purposes, the 2017 and 2018 data are given below.

2018

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	8%	12%	16%	14%
Women	92%	88%	84%	86%

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[Gender Pay Gap Statement \(continued\)](#)

Proportion of males and females in each pay quartile (continued)

2017

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	8%	8%	15%	19%
Women	92%	92%	85%	81%

While the 2019 pay quartiles continue to show a high proportion of female staff across the full pay range, there has been a noticeable increase in the number of female staff across the second, third and fourth quartiles compared to the 2018 data. This positive increase in the higher pay rates and a lower representation in the lowest quarter has been a significant factor in generating a negative gap (where women are paid more than men) than the previous positive gender pay gap (where men are paid more than women).

Commitment to equality and good employment

We are pleased that the Institute’s gender pay gap has reduced significantly in the last year as a result of the actions taken.

Our reported small negative pay gap (where on average women get paid more than men) is a reverse of the wider picture where the national median average is 8.9%* for full time employees and 17.3%* for all employees. Not being complacent, the Institute remains fully committed to working towards our target of having a zero gender pay gap. We set out below some of the strategies we are using to achieve this aim.

Our thorough review of pay rates continued in the second half of 2019 with gender pay gap considerations incorporated into the pay review process alongside those at the point of recruitment. We continued to ensure that roles which had previously been undervalued received increases which provide pay equality in future years.

Career development opportunities are available to all staff irrespective of whether they work full time or part time. Similarly, the Institute reiterates its commitment to encouraging employees to take advantage of the many opportunities to undertake professional development, which is available at all levels and in all roles. Where possible, training is offered at different times to meet the needs of part time staff.

Where business needs allow, the Institute supports all staff who have caring responsibilities by offering various work patterns, job sharing opportunities and shared parental leave.

In relation to recruitment, the Institute considers offering senior roles on a part time basis and will continue to review its recruitment processes to further reduce the possibility of unconscious bias with additional training in this important area. We require recruiting managers to analyse all new roles to help ensure that good job design and equitable reward is considered at the earliest stage of the recruitment process. We provide clear rates of pay to all job candidates.

We remain committed to removing any unnecessary barriers in our desire to be a fair employer, rewarding staff irrespective of gender or identity.

SAFEGUARDING

Institute Safeguarding Policy Statement

The Institute of Our Lady of Mercy is committed to the national safeguarding policies of the Catholic Church in England and Wales, to take all reasonable steps to protect all who are vulnerable from any form of abuse and to promote a safe environment for them.

This commitment flows from the fact that we are all made in the image and likeness of God and the Church's common belief in the dignity and uniqueness of every human life. We start from the principle that each child, young person and adult at risk has a right to expect the highest level of care and protection, love, encouragement and respect that we can give.

The Institute will liaise closely and openly with statutory agencies to ensure that any concerns or allegations of abuse are promptly reported and appropriately dealt with, victims supported, and perpetrators held to account.

Our expectation is that this statement will be accepted and upheld by our Sisters and Associates, Staff, Volunteers and all who work for and with us in the Institute and also those who use our premises.

As part of the Roman Catholic Church in England and Wales, the Institute of Our Lady of Mercy upholds the common commitment to safeguarding as an integral part of the life and ministry of all its members. This is reflected in the Institute's affirmation of the 'One Church' approach to safeguarding children, young people and adults who may be at risk. The 'One Church' approach refers to the commitment by members of the Church to adhere to the same national safeguarding policies and procedures of the Catholic Church in England and Wales which can be seen at www.csas.uk.net/procedures. The Institute's Safeguarding Policy is compliant with these national policies and procedures.

The responsibilities of the Leadership Team (trustees), Safeguarding Coordinator, each member of the Institute, employees and volunteers are referred to in this document. The Institute has measures in place to ensure that all employees and volunteers (which includes Sisters) have DBS clearance as required by their roles.

The Institute Safeguarding Commission (including external professionals) works with dedication to support and oversee implementation of the policy. Recruitment of new members to the Safeguarding Commission has taken place since the last Report.

The Institute has responded to any requests for information from the Catholic Safeguarding Advisory Service (CSAS) or the Conference for Religious (CoR) to assist the work of the Independent Inquiry for Child Sexual Abuse (IICSA), seeking always to be transparent in its handling of safeguarding issues.

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External Safeguarding Links

Sister Clare Smith, the Institute's Safeguarding Coordinator, attends meetings of the National Catholic Safeguarding Coordinators and is a member of the Executive Advisory Safeguarding Group (EASG). The EASG advises the Executive of the Conference of Religious (CoR) on Safeguarding matters and helps to maintain standards and links within Catholic Safeguarding, offering informal support to other religious orders. Sr Clare has been the Religious representative on the Hallam Diocese Safeguarding Commission for over five years.

Having been elected as Assistant Congregational Leader at the Institute's General Chapter in May 2018, Sister Lyndsay Spendelow withdrew from her roles as Religious Vice Chair of the National Catholic Safeguarding Commission (NCSC), membership of the EASG and also as CoR representative on the Catholic Council for the Independent Inquiry into Child Sexual Abuse (CCIICSA) at the end of August 2019.

In support of the work of the CCIICSA, the Institute made a prior year donation of £50,000 to the Catholic Trust for England and Wales in response to a request for all Congregations to try to assist with financing the legal costs of the CCIICSA. No donation was made in 2019.

Institute of Our Lady of Mercy

Related Parties

The Charity works closely with the following charitable organisations, having been involved in their formation:

Mercy Great Britain CIO (Registered Charity No.1154195)

Mercy Great Britain CIO raises funds for the Mercy International Association. The Mercy International Centre, based at the original Convent of Mercy in Baggot Street, Dublin, is the focal point for all Sisters of Mercy throughout the world.

As stated previously, Sr. Colette Cronin is a member of the Mercy International Association by virtue of being the Institute Leader. She also holds a place on the Board of the Mercy International Association.

No funds were donated to the charity in 2019 (2018: £nil).

Women@TheWell (W@W, Registered Charity No. 1118613)

The Women@TheWell Charity was established by the Institute of Our Lady of Mercy in 2006. The charity provides services to vulnerable women trapped in multiple cycles of abuse and social exclusion. Services are provided for women by women in a supportive environment with the goals of diverting them from the criminal justice system and working towards meaningful and rewarding social participation.

The Institute of Our Lady of Mercy has the right to appoint two trustees of Women@TheWell. In 2019 the following members of the Institute served as trustees for Women@TheWell: Sr Anne Hewitt, Sr Esther Boles and Sr Jude Groden (who retired in December 2019). The CEO of Women@TheWell, Sr. Lynda Dearlove, is a member of the Institute of Our Lady of Mercy. Three members of the Congregation were active volunteers at Women@TheWell in 2019.

Women@TheWell leases two floors of a property from the Institute of our Lady of Mercy in Kings Cross London at a peppercorn rent. The Institute donated £180,000 to the charity in 2019 (2018: £180,000).

St Mary's Convent Handsworth Charity (Registered Charity No. 1124374)

The St Mary's Convent Handsworth Charity was a charitable company formed jointly with the Union of the Sisters of Mercy to manage the Convent at Handsworth Birmingham established by the Foundress Catherine McAuley in 1841. St Mary's remains a working Convent of the Sisters of Mercy and in addition to its being a valuable archive and heritage centre the Sisters there provide spirituality and outreach to the people living in the multicultural and multi-faith community of Handsworth. Three Institute Sisters were resident in Handsworth in 2019. The Institute covers their maintenance costs.

The trustees of St Mary's Convent Handsworth Charity resolved to transfer its assets and undertakings to the Union of the Sisters of Mercy at the end of 2018, with the Charity then becoming dormant. Sister Barbara Jeffery, Institute trustee, also served as trustee for St Marys Convent Handsworth Charity until 11 June 2019. The Charity was officially removed and amalgamated into the Union of the Sisters of Mercy on 5 March 2020.

No funds were donated to the charity in 2019 (2018: £nil).

OBJECTIVES AIMS AND ACTIVITIES

The Charity's principal objects are set out in its Trust Deed and are the advancement of religion and other charitable work under the direction of the Institute including, in particular, the relief of poverty, the advancement of the Roman Catholic Religion, the advancement of education and the nursing of the sick poor in England and Wales or anywhere in the world; or which are carried on by a charity having similar charitable objects.

The work of the Sisters of Mercy in relieving poverty, nursing the sick and advancing education and religious studies is today still inspired by the Foundress, Catherine McAuley. Under the direction of the Institute's trustees this work is carried on by individual Sisters acting within parish communities, in schools, care homes and in the wider community.

The trustees, members and staff continue to examine ways of fulfilling the Trust's objects in the face of the continuing challenges of the increasing age profile and the decline in the number of Sisters. A programme of property holdings rationalisation continues in order to concentrate the work of the Sisters in the most efficient manner. Where appropriate, property is leased to other charitable organisations which have similar aims.

Public Benefit

The trustees confirm that they have complied with their duty under section 17(5) of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit.

The trustees have referred to the Charity Commission's guidance on public benefit and in particular to its supplementary guidance on the advancement of religion both when reviewing the Charity's objectives and in planning future activities. On pages 18 to 47 of this report, details of the many and varied activities carried out and supported by the Charity have been set out. In each case it is possible to see the public benefit that is delivered by the Charity. In summary, the Charity provides public benefit in the following ways:

- by the provision of education to young people at Mercy schools and in Voluntary Aided and independent schools and academies that operate on sites provided by the Charity;
- through the provision of care to the sick and frail at the Charity's three care homes and at the Congregation's convents with care;
- through the sheltered accommodation and days centres provided by the Charity;
- by the thousands of hours of pastoral work carried out by the Sisters in parishes and with other charitable organisations; and
- through the support that the Charity provides, in the form of donations and the provision of premises, to other charities at concessionary rates.

STRATEGIC REPORT

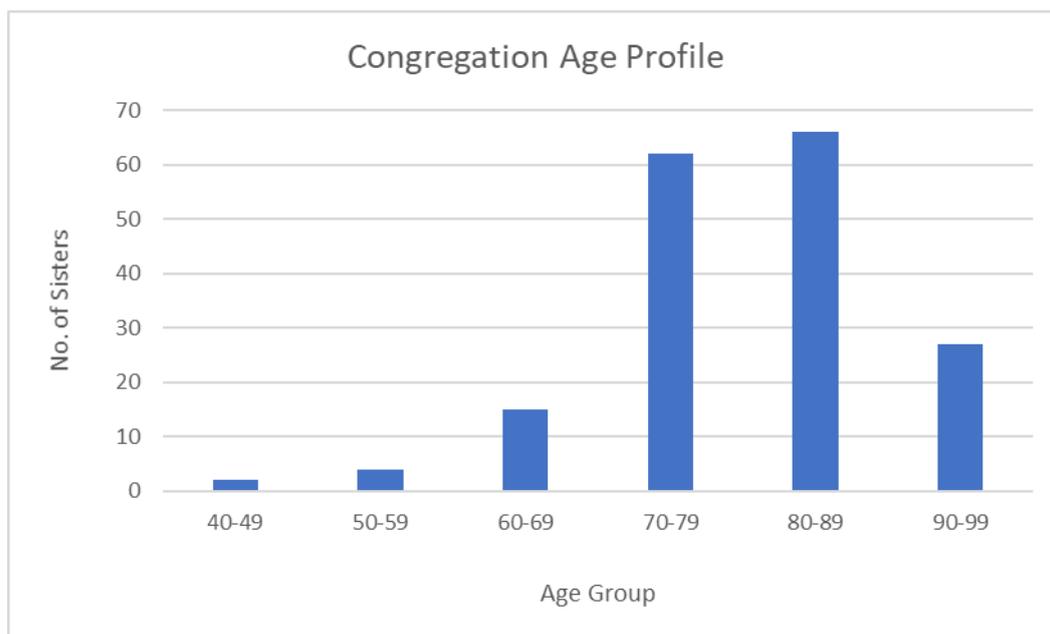
Simplification of Activities

At the Seventh Chapter, trustees were briefed to rationalise and streamline activities so that the Institute's affairs can be more easily managed. This has been a long-term process and continues.

The organisation has reduced the number of Care Homes that it runs. St Mary's, Worthing was sold in November 2019 (please refer to page 31 for more details).

The organisation has also been reviewing the operation of its two independent primary schools over the course of 2019. Sadly, St Joseph's Convent School in Wanstead was closed in July 2020 (please refer to page 24 for more details).

The needs of the congregation and the increasing congregational age profile is a priority for trustees. At the end of 2019, the mean Congregation Member age is 80. Approximately one third of the Congregation is now in receipt of formal care. It is anticipated that the numbers requiring care will increase during the next five to ten years, before the number decreases, as the congregation inevitably becomes smaller.



Trustees review housing requirements on a regular basis. Two Convents in the Derby area were closed in 2019. Following the closure of the Oldham Convent in 2018, a smaller property was purchased in 2019 to house a Sister whose Ministry continues in the area. The completion of the extension of the Convent with Care in Hull came to fruition in 2019. Please refer to page 33 for more information.

The Institute continues to rationalise its property holdings. Where possible, the Institute seeks to utilise property for charitable purposes. However, much of the Estate is made up of older buildings. Public facing charities often prefer properties that are energy efficient and compliant with modern accessibility requirements.

Institute of Our Lady of Mercy

Simplification of Activities (continued)

On the closure of the Convent at Bridge Gate, trustees were very pleased to be able to lease the building to Women's Work Derby. This is a multiple award-winning charity working with and supporting the most vulnerable and disadvantaged women living in Derbyshire. (For more information see pages 39 to 40).

The following properties were disposed of in 2019:

- Canvey Island, 'White House' former convent and youth ministry staff accommodation.
- Ednaston, The Lodge, formerly part of the Ednaston St Mary's Nursing Home site.
- Hornchurch, former Convent with Care
- Lanchester, a residential property.

At the time of going to press, three further properties have been sold in 2020.

Financial Administration

During 2019, trustees considered options in relation to the development of a system which would enable the Institute's financial management processes to be streamlined. The Institute are now working with an accountancy practice to develop a new financial system, with a phased implementation which began in 2020.

The property of St Mary's Care Home in Worthing was subject to a restriction within the financial accounts. This restriction dated back to an original gift to the Bournemouth Community from Lady Georgiana Fullerton who provided a property in Bournemouth, to be used for the provision of Care. The net proceeds from the sale of St Mary's Worthing have been kept within a restricted fund within the accounts 'The Fullerton Fund'. This will be used for the relief of the sick and poor in England and Wales.

Trustees reviewed the structure of investment funds and have simplified the division and management of these with effect from 2020. Trustees also considered investment policy in the light of the huge increase in Climate Change and the impact of fossil fuel on the environment. Trustees reached agreement on the policy in May 2019. At that time, direct exposure to fossil fuel investments was 6.4% of the overall value of the portfolios. By the end of 2019 this figure had been reduced to 3.9% and at the time of writing stands at 2.0%

Institute of Our Lady of Mercy

[IT Developments](#)

During 2019, the Institute reviewed its IT infrastructure to ensure hardware and software remains fit for purpose. It also worked with design consultants to create a new website. This was launched at the end of the year and is now updated on a regular basis: www.ourladyofmercy.org.uk.

The new website allows those outside the congregation to learn about Religious Life. Using the latest software, it benefits from a fresh and simplified appearance which guides users more intuitively towards the information they are searching for. The Institute's twitter feed is also linked to the homepage of the website.



Search with keywords...

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Welcome to the website of the Institute of Our Lady of Mercy

On 12th December 1831 Catherine McAuley and her two companions made their vows as the first Sisters of Mercy and the Congregation was launched. 189 years later we are able to reach out to people through the use of modern technology and social media.

Even more today we need to reach out to people during this time of the coronavirus pandemic. We pray for all those who have lost loved ones, for our NHS staff and health Care workers who give of themselves so unstintingly and we pray that a vaccine may soon be found that could bring relief to us all.

Sr Colette Cronin, Institute Leader

[Who we are](#)



A summary of activity against each of the Institute's main objectives is given on pages 21 to 45.

Institute of Our Lady of Mercy

THE ADVANCEMENT OF EDUCATION

The Institute of Our Lady of Mercy is involved in education in several ways, particularly contributing their experience on school governing bodies. The Institute owned, managed and financed two Convent schools at Burnley and Wanstead in 2019. The Institute also acts as trustees of two Voluntary Aided schools in the Archdiocese of Liverpool. Increasingly, the Institute's involvement lies in making available school premises and equipment to other Catholic educational bodies on concessionary terms. The trustees see the use of these properties for Catholic education as a significant contribution to the local community and an efficient way of pursuing the advancement of education.

The Mercy Education Group is committed to the full development and the achievement of the potential of each person, particularly those who are disadvantaged or marginalised, conducted in an atmosphere of care, respect and joy. The group will continue to find ways to encourage and support the Ethos in the Mercy Schools, where they have formed relationships to promote the legacy of Catherine McAuley.

A Mercy Education Day is held annually in the Mercy Heritage Centre, Bermondsey, London. This is open to Headteachers, Staff and Governors of Catholic Schools. The 2019 event, 'Catholic Education in a Changing Society', was facilitated by staff from the Diocese of Hexham and Newcastle. The main speaker was Deborah Fox, Director of Education for the Diocese of Hexham and Newcastle. The prayer was led by Claire Hetherington, Primary RE and Catholic Ethos adviser.



Sister Patricia with Claire and Deborah

Institute of Our Lady of Mercy

Mercy Schools

The tables on pages 22 to 24 show the location of schools which were originally founded by Sisters of Mercy, where the freehold of the site continues to be owned by the Institute in England.

Voluntary Aided or Academy Schools leased to the local Dioceses

These schools now fall within the state sector and continue to flourish as Grant-Aided Roman Catholic schools run by Local Education Authorities or as Academy Trusts. In most of these cases, leases have been granted to the local Roman Catholic Dioceses who maintain the property and ensure that it is used as a Catholic school.

The Institute's Financial Statements do not include any value for Voluntary Aided or Academy schools leased to the local dioceses as the value represented by these sites is not realisable by the Institute for so long as they continue to be used by the schools in question.

Name	Lessee
St Paul's RCVA School, Alnwick	Diocese of Hexham & Newcastle
St Joseph's Catholic Primary, Bermondsey	The Trustees of the RC Diocese of Southwark
St John Fisher Catholic Voluntary Academy, Alvaston, Derby	St John Fisher Catholic Academy Trust
The McAuley Catholic High School, Doncaster	The Trustees of the Diocese of Hallam
St Mary's Catholic Primary School, Eltham, London SE9	The Trustees of the RC Diocese of Southwark
St Mary's College, Hull	The Trustees of the Diocese of Middlesbrough
Endsleigh Holy Child Voluntary Catholic Academy, Hull (Part of St Cuthbert's Roman Catholic Academy Trust).	The Trustees of the Diocese of Middlesbrough
St Mary's Catholic Primary School, Whitstable (Part of Kent Catholic Schools Partnership (a Multi-Academy Trust)).	The Trustees of the RC Diocese of Southwark

Institute of Our Lady of Mercy

Voluntary Aided Schools retained by the Institute of Our Lady of Mercy

Direct ownership of the sites of these schools continue to be retained by the Institute. Sr Colette Cronin serves as a governor of Broughton Hall Catholic High School.

There is a grant received from the Department for Education and Skills for building works at the respective schools. See note 14 for further details of these grants.

Name	Responsible Authority
Broughton Hall Catholic High School, West Derby, Liverpool	Liverpool Local Education Authority
Maricourt Catholic High School, Maghull, Liverpool	Sefton Local Education Authority

Private Fee-Paying Schools in buildings owned by the Institute of Our Lady of Mercy

There are a number of instances where parents have formed bodies to take over the running of former independent Convent schools on the understanding that the Roman Catholic ethos will be maintained.

Name	Responsible Authority/Lessee
Our Lady's School Abingdon, Oxfordshire	Leased to Our Lady's Abingdon Trustees Ltd
St Mary's Hare Park School, Gidea Park, Essex	Leased to St Mary's Hare Park School
St Philomena's School, Frinton-on-Sea, Essex	Leased to St Philomena's School Ltd
Mylnhurst Catholic Preparatory School & Nursery, Ecclesall, Sheffield	Leased to Mylnhurst Ltd and Mylnhurst Sports Education and Leisure

Schools run by the Institute of Our Lady of Mercy

In 2019, the Institute owned, managed and financed two Convent schools at Burnley and Wanstead, with 51 staff (38 FTE). Sr. Joan Breen acted as Governor at both schools. Sr. Colette Cronin also acts as Governor for St Joseph's Park Hill School.

Name	Responsible Authority
St Joseph's Park Hill School Burnley, Lancashire	Institute of Our Lady of Mercy
St Joseph's Convent School, Wanstead, London, E11 *	Institute of Our Lady of Mercy

* The Institute closed St Joseph's Convent School in July 2020.

Institute of Our Lady of Mercy

Schools run by the Institute of Our Lady of Mercy (continued)

St Joseph's Convent School in Wanstead has received additional support from the trustees in recent years, following a reduction in pupil numbers and subsequent operating deficits. A comprehensive recovery plan and subsidy had been put in place to support the school with a view to the achievement of sustainable student numbers and income. However, in 2020, the coronavirus pandemic meant that the forecasted improvement in the financial position of the school was advised to be unlikely to materialise. In early June 2020, trustees opened consultation regarding the proposed closure of the school. Following this consultation period and with deep sadness the school closed in July 2020. The Institute remains grateful for all the Sisters, staff, students and the wider community who have contributed to the schools many achievements in its 102-year history.

During 2019 the Institute continued to provide central business and financial expertise to Institute-run schools. This direct support ensured a unified approach to areas such statutory compliance and provides economies of scale in the provision of professional services.

Both schools received successful Independent Schools Inspectorate (ISI) reports during 2019 (Regulatory Compliance February 2019 at St Joseph's, Park Hill and Regulatory Compliance and Educational Quality January 2019 at St Joseph's Convent School, Wanstead).

Other Property Utilised by Schools

Name	Property
St Thomas More School, Colchester	Former Convent Building

Other Involvement in Education

Many members of the Congregation have worked as teachers within Roman Catholic schools in their career and hold a great interest in education. As at the end of 2019, Sisters recorded active volunteering in education settings totalling 3,928 hours (equivalent to 2.3 FTE). 5 Sisters act as school governors for 8 individual schools.

Bermondsey Heritage Centre

The Institute Archives have been based in Bermondsey since 1984 and continue to be added to over the years. A Heritage Centre was developed on site in 2005. Many visitors from around the world visit the Heritage Centre as Bermondsey is the hub from which so many Mercy Foundations were made.

Archival material is still collected, with Communities encouraged to send in their annals each year. Photographs and plans of our buildings are also collected and where a house is closed, attempts are made to preserve the history of the building and its Sisters.

A new archivist was appointed in April 2019. A focus for 2019 was the transfer of catalogue data onto an improved system which will prove to be a valuable asset moving forward.

Institute of Our Lady of Mercy

Other Involvement in Education (continued)

Bermondsey Heritage Centre (continued)

The Institute continues to forge strong links with other Mercy Archivists working in this country: The Archivist from the Union of the Sisters of Mercy GB in Birmingham and those who work in several Federation Convents of Mercy in Sunderland, Gravesend and Midhurst.

Durham University Bursary

Advancing the Roman Catholic religion and education, the Institute supports the Catherine McAuley Scholarships at the Centre for Catholic Studies at Durham University. £20,000 has been awarded in 2019. The Centre continues to honour the McAuley Charism and enables talented students to pursue Master and Doctoral programmes. A Sister represents the trustees on the Board for the selection of the scholarship students and the trustees are invited to Durham when students report on their research. The Institute's sponsorship supports a mix of full and part-time students studying both MA and PhD programmes. Recipients come from a wide variety of backgrounds, being chosen because of their ability, potential and need of financial assistance.

Bailiffgate Museum, Alnwick

The Institute makes available certain rooms at a nominal rent for the benefit of the Bailiffgate Museum in Alnwick.

Institute of Our Lady of Mercy

NURSING OF THE SICK, POOR AND SHELTERED ACCOMODATION

The provision of care for the elderly forms the largest part of the Institute's charitable activities with the largest number of direct beneficiaries. The Institute is committed to ensuring high quality care in an environment where each person's dignity is esteemed and valued and where individuality and privacy are respected. The Institute seeks to achieve this aim by promoting the ethos and values gifted by our Foundress, Venerable Catherine McAuley.

Following the successful sale and transfer of St Mary's Residential Care Home in Worthing to a new owner, the Charity still owns and operates two Registered Care Homes and four 'Convents with Care' which provide accommodation and care for elderly and frail members of the Institute.

Care Management Structure

The Care management team ensures the Institute meets its legal obligation to run safe, effective, caring, responsive and well led homes. The Independent Care Quality Consultant oversees the clinical, quality assurance and regulatory compliance of the Institute's homes and assists with clinical training. The Independent Care Business Consultant supports the senior management team with day to day business issues in the homes. Both strive to empower and coach Care Home Managers in their challenging occupation, supporting them through any difficulties. All these roles are managed by the Institute's Business Manager on behalf of the trustees and are closely supported by the lead trustee for Care.

The Independent Care Quality Consultant is the CQC Nominated Individual. She reviews clinical and operational policies ensuring compliance with CQC regulations and best practice. Trustees and Care Home Managers use the internal quality assurance audits (Regulation 17 Reports) to identify strengths and the implementation of areas for further service development.

During 2019, a review of the management support offered to the Institute's care homes led to the extension of support given by the Independent Care Quality Consultant to Convents with Care. Community Leaders and Care-Co-ordinators benefit from regular site clinical support visits. Care co-ordinators also receive the peer support, training and best practice updates from the regular care management meetings.

The Institute's Care Management Group meets four or five times a year. This provides valuable opportunities for Care Home Managers and Care Co-ordinators at Convents with Care to come together to share best practice, discuss day to day commonly experienced issues and receive continuing professional development/training. Attendees include Care Home Managers, Care Co-ordinators the Independent Care Quality Consultant, the Independent Care Business Consultant, the lead trustees for Care, trustees who link with Communities with Care, the HR Co-ordinator and the Business Manager.

During the COVID-19 pandemic the Care Management Team met weekly in the Spring and Summer of 2020 using remote technology to support the Care Home Managers, Care Co-ordinators and their teams with the various challenges this worldwide crisis brought.

Trustees maintain a programme of Care Home visits. Their twice-yearly attendance at resident and families' meetings allows for constructive two-way conversations and improves the knowledge and

Institute of Our Lady of Mercy

Care Management Structure (continued)

understanding of care home operations amongst trustees, while increasing transparency amongst these key beneficiaries.

Registered Care Homes

At the time of approving this Trustee report, both of the Institute’s registered Care Homes have been inspected by the Care Quality Commission (CQC) between 2017 and 2018 and are currently rated as ‘Good’ in all areas.

Name	Registration Body	Last CQC inspection date and overall outcome
McAuley Mount Residential Care Home Burnley, Lancashire	Care Quality Commission (CQC)	20 August 2018 ‘Good’
Mercy Care Centre: Mount Carmel House Beaumont House Kinsale Court extra care apartments Derby, Derbyshire	Care Quality Commission (CQC)	5 September 2017 ‘Good’
St Mary’s Residential Care Home * Worthing, West Sussex	Care Quality Commission (CQC)	25 April 2019 ‘Outstanding’

* The Institute sold St Mary’s as a going concern in November 2019.

McAuley Mount, Burnley

The dedicated staff team at McAuley Mount seek to provide the highest standard and quality of care to each resident. Person-centred values are put into practice during their day to day work. Residents are very content, describing staff as *‘caring and compassionate’* and remarking that *‘nothing is too much trouble’*. The Home celebrated important milestones with two staff members during the course of the year: both had been employed at the Home for 20 Years.

Lancashire County Council carried out a quality and compliance audit in November 2019 where ‘all areas’ were met with no recommendations.

The Home attempts to engage all residents in developing and planning the next steps for the home. Residents are consulted on a number of matters, ranging from the colour of new chairs for the lounge to the planning of activities to be completed on an individual or group basis. In 2019 the Home participated in a group called ‘Activities R Us’ which brought together residents from a range of Care Homes. The group enabled residents to keep in touch with local communities and to explore the local area. Activities ranged from a simple chat with a cup of tea or cake, to more structured entertainment. Staff and residents alike really enjoyed the group’s Christmas party.

Institute of Our Lady of Mercy
[McAuley Mount, Burnley \(continued\)](#)



The Home has also formed a choir called "Hymn and Hers". It consists of residents, Sisters, staff and relatives, with ages ranging from 48 to 97. *"Our first performance was on December 6th when we sang a collection of our favourite carols and entertained fellow residents, family and friends."*

Institute of Our Lady of Mercy
McAuley Mount, Burnley (continued)



Institute of Our Lady of Mercy

[Mercy Care Centre, Derby](#)

Mercy Care Centre adopted an electronic medication administration system in April 2019. The staff team, some of whom had never used a computer, rose to the challenge and were working with the system effectively within a few months. At the end of the year, it was commented that they could not remember a time they did not use it. All said they would never go back to a paper system.

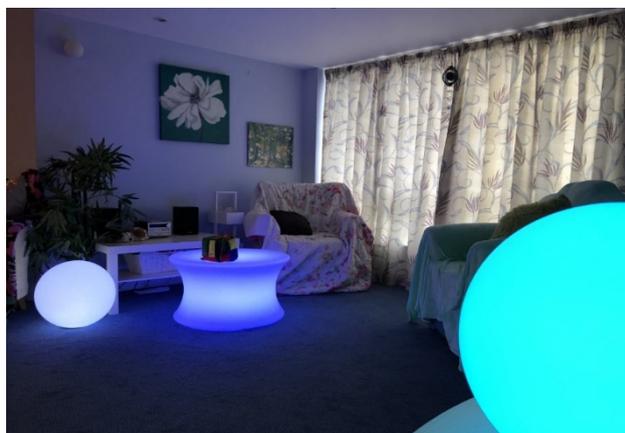
Regular activities take place within the Home. In May 2019, musical instruments were purchased, and a room was designated as a music room: Residents can be heard using the steel drum and triangles during activities. Events held during the year included the 'Garden Party Themed' Summer Fayre; the celebration of Diwali, a visit to the pantomime and a Christmas Fayre.



Part of the garden was cleared to create a sensory garden. Residents helped to plant lots of new colourful plants with lovely aromas including lavender, sweet peas, and rosemary. Residents enjoy watching this area flourish, with exciting scents and lots of insect activity.

The hairdressing salon was upgraded in September 2019: the room was redecorated, and new hairdryers and chairs purchased.

The sensory room received an upgrade in October 2019 with the purchase of equipment, including a sensory table, ball lights, rope lights, sensory pictures and twiddles muffs.



Institute of Our Lady of Mercy

Mercy Care Centre, Derby (continued)

Further capital investment included the fitting of stair lifts to both Beaumont House and Kinsale Court. These are for use in an emergency should the lift fail in either building.

St Mary's, Worthing

St Mary's Care Home in Worthing was sold to an established healthcare provider in November 2019. The transitional period was successfully managed with the transfer of staff and continuity of care for residents.

CQC 'Outstanding' Rating

Prior to the sale, the Home was overall rated 'Outstanding' in July 2019 by the Care Quality Commission, a significant achievement. The inspection domains of Caring, Responsive, and Well Led were graded 'Outstanding' and the domains of Safe and Effective were rated 'Good' The trustees are very appreciative of the dedication and professionalism of all staff who have helped make this outcome possible for the benefit of residents. The Manager of the Home was particularly recognised:

The registered manager was passionate about providing a service which was caring, compassionate and reflected the values of the organisation. These were based on an ethos of "Compassion, empowerment, inclusiveness, justice and respect for human dignity"

National Care Awards 2019

Nicole Homewood, Manager of St Mary's Residential Care Home Worthing, was also nominated for the Care Home Manager of the Year Award, as part of the National Care Awards 2019. This was an exceptional achievement which she thoroughly deserved. Nicole was one of six nominees, all highly qualified and experienced managers from across the country. This was an exceptional achievement which she thoroughly deserved.



Institute of Our Lady of Mercy

A History of St Mary's Worthing

Henrietta Adele, the Dowager Duchess of Newcastle sought to fulfil the terms of the will of her late husband. He had particularly left money for the establishment of a Convalescent Home for poor people. Two properties on Westbrooke Road, Worthing, were purchased.

The Houses were offered to the Bishop of Southwark who in turn sought the help of Sisters of Mercy in Bermondsey for the project. The Home was put under the protection of Our Lady and named St Mary's. Accommodation was provided for a minimum of 60 patients and demand was great. A new wing was added in 1895, funded by the Duchess.

During World War 1, the Home was placed at the service of the military authorities and as many as 75 soldiers were billeted there. Later the Sisters looked after wounded soldiers before it once more became a Convalescent Home and a Holiday Home for the elderly.

Throughout the intervening decades, St Mary's provided a service of care and compassion to the sick and elderly. The Home was upgraded during the 1990s and, in order to give more accommodation for residents, two houses were purchased on Salisbury Road into which the Sisters moved.

The new owner of St Mary's Worthing is respectful of the Home's ethos and values. The Chapel is still used as a place of worship. Sisters of Mercy based in the locality continue to provide pastoral care to residents.



QH St Marys Worthing

Institute of Our Lady of Mercy

Convents with Care

As detailed earlier, the ageing profile of the Institute means that many members of the Congregation require increasing amounts of 'care'. Where possible, premises are adapted so that the Sisters can be cared for in Convent houses, and the trustees work with and support Sisters so that they can remain in their home Convents for as long as possible. Four Convents (Doncaster, Hull, Wanstead and Whitby) have been designated to care for Sisters. Convents with Care offer 24-hour care.

Development of Convent with Care at Hull

The further development of the Convent with Care facility in Hull was completed in 2019 following delays regarding the insolvency of the original design and build contractor. The resident Sisters now benefit from a larger community room and more spacious chapel which is also suitable for wheelchair use. The completion of the extension was celebrated with the consecration of the new altar and the blessing of the new extension on 30 September 2019.



Institute of Our Lady of Mercy

Sheltered Accommodation

The Institute owns a sheltered accommodation scheme in Derby, comprising 22 flats. This scheme is now managed by 'Johnnie Johnson' Housing Trust on behalf of the Institute.

St Anne's Court, Newcastle upon Tyne is let on a long lease to the trustees of the 'Orders of St John Care Trust'.

Name	Responsible Authority
Catherine McAuley Flats Derby, Derbyshire	'Johnnie Johnson' Housing Trust
St Anne's Court Newcastle upon Tyne	The Orders of St John Care Trust

Other Involvement in Care

Historically, many of the Congregation have worked within the nursing profession and many have dedicated their lives to caring for others. As at the end of 2019, Sisters recorded active volunteering in the 'Nursing of the Sick Poor & Sheltered Accommodation' totalling 6,436 hours (equivalent to 3.8 FTE). Please refer to the table on page 44.

Convent Houses at Filey and Hornsea are used as centres for retreat, rest or respite and other houses serve the needs of the disabled.

As in other areas of Ministry, the Institute leases properties to external organisations in order to further its Objectives of Nursing the Sick and Disabled:

Organisation and Location	Description
St Cuthbert's Care Alnwick, Northumberland	Works with the most disadvantaged, poor, vulnerable or dispossessed in society.
Zoe's Place, Life Hospital Trust Crossbeck, Normanby	Offers respite and palliative terminal care to babies and support to their parents.
Life Centre, Life Hospital Trust Liverpool, Merseyside	Offers respite and palliative terminal care to children and support to their parents.
Rainbows Bereavement Support GB Liverpool	Provides support to children to grieve and grow after loss.



Institute of Our Lady of Mercy

ADVANCEMENT OF RELIGION AND OTHER CHARITABLE WORK

The Institute of Our Lady of Mercy contributes, by the work of individual Sisters, to both religious and wider education in schools; they work with a wide range of people including young offenders, refugees, the homeless, young people, people with disabilities, the elderly and prisoners. Many Sisters of the Institute are active in local parishes in the religious education of both adults and children. In particular, the Sisters work in sacramental preparation and the Rite of Christian Initiation of Adults (RCIA), the formal religious education of adults who are exploring the possibility of conversion to the Catholic faith. The Sisters are also involved in retreat and prayer ministry and various types of counselling services. Some Sisters are trained to offer alternative therapies for the well-being of the whole person. Others provide valuable support in their local parishes by undertaking pastoral and social work. Often this work is done for little or no financial remuneration, thus contributing to the benefit of the general public.

Properties owned by the Institute are also leased to other charitable organisations for a variety of purposes at nil or concessionary rents:

Alnwick, Northumberland: The Costello Centre	Used for community purposes.
Brentwood, Essex	Sion Catholic Community for Evangelism
Derby, Bridge Gate	Women's Work
Eltham, London: The Haven Centre	Used for a variety of community purposes.
Kings Cross, London: Women@TheWell	Provides services to vulnerable women.

The Institute also makes financial donations to many Charities who carry out work in line with their aims and objectives. Please refer to Notes 3 and 19 on pages 63 and 77.

Congregational Activity

As stated previously, Members of the Congregation follow their own individual Apostolate and contribute to society in several different ways:

Several Sisters work directly for the Congregation (for which they receive no remuneration).

Some Sisters conduct paid work outside of the Congregation in respect of which they receive a salary or are paid a stipend, which they then in turn covenant to the Charity.

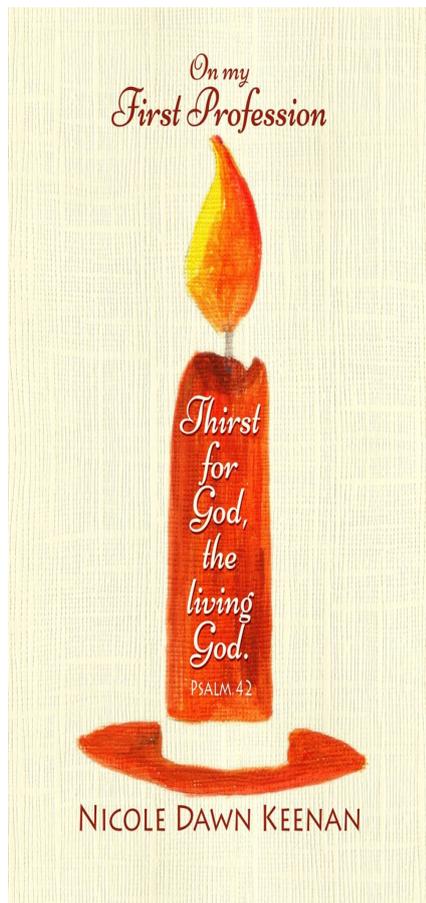
Whilst many Sisters are retired, or are retiring from paid professions, a large proportion are active volunteers.

Despite the aging profile of the Congregation, Sisters have recorded more than 61,000 hours of community service during 2019 (please refer to the table on page 44).

Collaboration with other organisations and charities operating in the same field has also been an important way in which the Sisters have sought to meet the needs of those it is seeking to help.

A list of some other organisations with which the Sisters work is set out on page 45.

Institute of Our Lady of Mercy A First Profession



On the 8 September 2019, the Institute had the joy of accepting the First Profession of Sister Nicole Keenan. She had chosen the symbol of a burning candle for the cover of the mass booklet.

“A burning candle is a symbol of selfless generosity. It stands so unwavering in its place, so erect, so clear in perfect readiness to be of service.” (Romano Guardini).

“Even as it lights a new candle, the strength of the original flame is not diminished.” (Thomas Jefferson).

In congratulating Sister Nicole on her First Profession, Sister Colette reminded her of what Catherine McAuley, the foundress of the Sisters of Mercy, said – *“you cannot be otherwise than happy while the Spirit of your vocation animates your actions”*.

Institute of Our Lady of Mercy

An Oak Jubilee

In addition to the celebration of a First Profession, the trustees joined many Sisters and Communities for Jubilee Celebrations marking key milestone anniversaries of the Profession of Religious Vows. A rare celebration, however, was an Oak Jubilee when one Sister marked 80 years as a Professed Sister of Mercy.

Sister Josepha had been resident in McAuley Mount Care Home in Burnley for several years. She was described as *“a gentle presence; she goes about her business of prayerful times with the Lord, and her visitation of other residents. She has a keen eye for others’ needs, and a winning smile which helps her through times of difficulty. She is an inspiration to staff, Sisters and residents alike”*.

The theme of the Jubilee Mass, celebrated by Fr. Ian Kelly, Canon Deeney, Fr. Flynn and Fr. Dakin was one of gratitude for Sister Josepha’s faithful commitment over the last 80 years. Her life as a Sister was contained in a wall display of photographs going back quite some time. Sr Josepha took this celebration very much in her stride, welcoming over twenty relatives and friends from Wexford, Cumbria, Oxford and Wakefield.

“After Mass, during which we renewed our Vows, our joy was plain to see – and hear! There were gifts, flowers, photos, applause and hugs all round. Drinks were served in the conservatory, with ample time for congratulations and gifts. Sister received some very beautiful gifts and more flowers, followed by a toast in her honour, and much tuneful congratulation! After the cutting of the cake, Sister Colette shared her own experiences of Sister Josepha’s example and influence as a Sister of Mercy for over 80 years, concluding “Loving congratulations, dear Josepha, on the great day of your Oak Jubilee. You have shown, and are still showing, that “great oaks from little acorns grow””.

Sister Josepha celebrated her 100th Birthday in 2020, and sadly passed away later in the year after a lifetime of faithful service.



Institute of Our Lady of Mercy

Union of Superior Generals (UISG) Rome Conference

The Union of Superior Generals brings together Leaders of Catholic Religious Orders across the world. Sister Colette is a member by virtue of being the Leader of the congregation. In May 2019, she attended a Conference in Rome attended by over 800 Superior Generals from all over the world. Such conferences take place every three years.

The Theme of the 2019 Conference was 'Sowers of Prophetic Hope'. Talks and discussions centred around - 'A vision for the future of Religious Life', by caring for both creation and by living interculturally. Sr Colette reflected that it was inspiring to meet with Sisters from so many different cultures and to witness to the number of people whose lives are made better by the reaching out in compassion by so many religious orders in all parts of the world.

Mercy International Events

The Sisters of the Institute of Our Lady of Mercy are part of a global Mercy Family. Leaders of Mercy Congregations worldwide formed Mercy International Association 25 years ago and the first Mercy Convent, founded by Catherine McAuley, in Baggot Street Dublin became Mercy International Centre. The Silver Jubilee of Mercy International Centre was held in September 2019, when many Sisters, Associates and Partners in Mercy came together at Baggot Street to mark this special event and celebrate all that has been achieved over the 25 years.



Come and rest awhile with me.

The beautiful bronze statue of Catherine in the newly refurbished garden in Baggot Street invites us to come and sit. Sisters Roisin Kelly (Highbury, London) and Joan Breen (The Generalate, Yeadon) do just that.

Institute of Our Lady of Mercy

180 Years of Mercy Presence in England

On 19 November 2019, the Bermondsey Community marked 180 years of their foundation. Catherine McAuley founded the first Mercy Convent in England on 19 November 1839 in Bermondsey, London. Many changes have taken place during those 180 years but the same could be written about the present Convent that was written back then - 'The Convent of Mercy soon became known as a place where anyone in trouble, whether Catholic or not, could find help'.

170 Years of Mercy Presence in Derby

The first Sisters of Mercy to arrive in Derby came from Kinsale, Co. Cork, in 1849. Their first convent in Nottingham Road was described as '*an unhealthy place all told*' but the Sisters lived there and ministered to the people of Derby until they moved to Bridge Gate in 1862. The house was originally the home of Lady Mary Elizabeth Beaumont who generously gifted her home to the Sisters. Bridge Gate became the Mother House of the Derby Community. During the early years, the Sisters reached out to many people in need, they founded branch houses, opened schools, and established nursing facilities.

Beechwood was a Branch House founded from Bridge Gate in 1968. Ten years later the Catherine McAuley Flats were built in the grounds and officially blessed and opened by Bishop McGuinness, the then Bishop of Nottingham in 1979.

Following a period of discussion with the Communities, two separate Convents in Derby were closed in 2019. One Convent remains in the area.

On 23 September, Bishop Patrick McKinney, Bishop of Nottingham, was the main celebrant at a Mass of Thanksgiving, in St Mary's Church, marking the closure of both convents. The Bishop also thanked the Sisters for their presence in the Diocese for 170 years and their work with the people of Derby and beyond. It was recounted that ten days after arriving in Derby the Sisters were visiting the poor and the sick in their homes. Seven months later they had the joy of welcoming a new novice. In 1856 the four Sisters, returning from nursing the sick and wounded soldiers during the Crimean War, were given a military guard of honour. The Community continued to grow until the 1960's.

Grant of 25 Year Lease to Women's Work, Derby

On a positive note, the Sisters in Bridge Gate were very pleased that their home would be leased to Women's Work, Derby: a multiple award-winning charity, founded in 2003, which provides a professional service working with and supporting the most vulnerable and disadvantaged women living in Derbyshire. This work is particularly dear to the Sisters, as the Congregation, founded in Dublin in 1831 by Venerable Catherine McAuley, had the care of vulnerable women as one of its core ministries.

"We were ecstatic when contact with the Sisters of Mercy led to the gift of the Convent. After 10 years of managing in a four bedroomed detached property converted to offices, we struggled to accommodate the hundreds of women and children we were supporting each year. With only one counselling room, a small crèche for five children and one workshop room.

The property was more than we could have imagined providing over 7000 square feet of adaptable space. With the green light from the planning department and grants secured from The

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Grant of 25 Year Lease to Women's Work, Derby (continued)

Clothworkers Foundation, The Bernard Sunley Charitable Foundation, The Charles Hayward Foundation and a capital reserve from WW, the renovations of the old convent began in November 2020.

For a grade II listed building, the Convent had been well-maintained and was in extremely good condition. Our relatively small budget of £160,000 enabled us to overhaul the property. It now boasts an open plan office for twenty staff; a two-storey crèche that can hold up to 20 children; two large workshop rooms; seven counselling rooms; a relaxation / yoga studio; two kitchens; a disabled shower room; and gardens.

Work was completed on time and within budget in early March 2020. The staff started the long-awaited transition to a new site and moved into Bridge Gate on 9th March 2020.

We were blessed to be able to move into this magnificent building and carry on our passionate work from here. We are honoured to join the Sisters' tangible presence of dedication to support the disadvantaged, poor and vulnerable women and children here in Derby.

Their inspiration has been the most blessed gift they could leave us. The Sisters' teaching, nursing and acts of compassion still have the power to continue to shape and strengthen our work outreaching to the most helpless and underprivileged in our society."

Dionne Reid
CEO of Women's Work (Derbyshire) Ltd



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Institute Gatherings

Following the General Chapter in 2018, the Leadership Team organised a number of meetings for the Sisters during 2019. These Gatherings took place in different locations to enable as many Sisters as possible to participate. Six were held in total: two in London; two in Derby; and two in Yeadon; with two members of the trustee team attending each. The Gatherings focussed on the recommendations by Delegates at the General Chapter and the progression on these.

FLAME 2019

Catholic Youth Ministries Federation (CYMFED) organise the FLAME conference every two years. The Theme for the 2019 event was *Significance* and was held at Wembley Arena. Sisters from the Formation Community and the Vocation Ministry Team attended the event along with over 8,000 enthusiastic young people from all the dioceses of England and Wales.



Nine Sisters of Mercy sharing in the day's events

Work with Asylum Seekers

On 20 February 2019, the trustees invited three groups of people to visit and to talk about their work with Refugees and Asylum Seekers. The trustees had previously made the decision to support two new charities this year – namely Alnwick Food Bank and Leeds Asylum Seekers. The meeting in February was very informative and the trustees were made aware of a new project called 'Whispers of Hope'. During the year this project was developed further and by November the trustees had given a donation to 'Whispers of Hope' to enable them to rent a house. This is used for women who are experiencing or fleeing from domestic abuse, or sexual exploitation and have the added challenge of an uncertain or complex immigration status. One of the Sisters of the Congregation is part of the Hosting Community for this project.

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Justice

Many of the Sisters take an active part in supporting justice both at local and national levels. One Sister took part in Team Child Dynamix 'Sleep Easy' 2019, staying out all night in a home-made shelter on a very cold February night. The funding raised by the 'Sleep Easy' event is used directly to support vulnerable young people that may be homeless, sofa surfing, living in temporary accommodation, or moving into accommodation for the first time.

Climate Change

Many Sisters are concerned with climate change and undertake action to influence this. Many Sisters honoured 'Earth Day' on 22 March, in addition to 'Earth Hour' on 30th March – the world's biggest switch off event, ever mindful of Pope Francis's additional 8th Corporal work of Mercy – ***Caring for Our Common Home.***

There was a Mercy presence at a march in London on 12 May when thousands of people took to the streets to demand urgent action on climate change. Several Sisters took part in the Climate Change Mass Lobby of Parliament on 26 June and some Sisters met their MP to question him on his commitment to Climate Change. Three Sisters attended Greenbelt 2019 in August, their mission statement reads – 'Our mission is to create spaces, like festival where art, faith and justice collide'. One of the Sisters was the Keynote Speaker at World Day of the Poor event held in Middlesbrough Cathedral on 16 November.



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Social and Pastoral Work

- Administration and secretarial support to church organisations
- Advocacy and support for asylum seekers and refugees
- Authors of spiritual books
- Community social work with the homeless
- Counselling work in schools, prisons, bereavement and generic counselling
- Facilitation of groups and communities
- Nursing – palliative care, geriatric, psychiatric and theatre
- Working with Services for the Deaf
- Pastoral care – chaplaincy in schools, hospitals, hospices and prisons
- Social Services work with children and young people
- Spiritual direction, retreat work and leading prayer groups
- Supervision of counsellors
- Supervision of Spiritual Directors
- Training carers for respite care
- Trusteeship
- Working with abused women
- Working in homecare services for the elderly, the housebound and those suffering from dementia
- Working in parishes, visiting, helping in Catechetical programmes, helping parishioners develop their spiritual lives.
- Working with Youth

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VOLUNTARY WORK DONE BY SISTERS IN 2019

	Annual Hours	FTE Equivalent
Institute of Our lady of Mercy		
Community Leadership and Administration	14,924	8.9
Gardening	1,269	0.8
Hospitality	8,030	4.8
Other	6,250	3.7
Institute Volunteering	30,473	18.2
Advancement of Education		
School Governance	283	0.2
School Volunteering	2,691	1.6
Youth Work	95	0.1
Adult Education	490	0.3
Other	369	0.2
Education Volunteering	3,928	2.4
Nursing of Sick Poor & Sheltered Accommodation		
Counselling	122	0.1
Hospital / Care Home Visiting	928	0.6
Visitation	2,386	1.4
St Vincent dePaul Society (SVP)	682	0.4
Women @ The Well /drop in	433	0.3
Other	1,885	1.1
Nursing of Sick Poor Volunteering	6,436	3.9
Advancement of Religion		
Catechesis / RCIA	406	0.2
Mercy Associates	447	0.3
Parish Music	1,398	0.8
Parish Work	7,545	4.5
Prison Chaplaincy/visiting	407	0.2
Retreats	586	0.3
Visitation	807	0.5
Trusteeships	76	0.0
Youth Associates	20	0.0
Spiritual Direction	482	0.3
Other	1,788	1.1
Advancement of Religion Volunteering	13,962	8.2
Other Charitable Work		
Counselling	544	0.3
Neighbourhood Schemes (please state in comments)	40	0.0
Work with immigrants/asylum seekers	857	0.5
Homeless	1,151	0.7
Charity Fundraising	583	0.3
Trusteeships	75	0.0
Other	3,484	2.1
Other Charitable Work Volunteering	6,734	3.9
Total Recorded Volunteering	61,533	36.6

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Charities and Organisations that Sisters Work With

Alexandra Court Care Home, Hull	St Barnado's Hospice
Alzheimer's Society	St Cuthbert's Retreat Centre
Apostleship of the Sea	St Vincent de Paul Society (SVP)
Association of Senior Religious	Rite of Christian Initiation in Adults (RCIA)
Brooklands Nursing Home, Liverpool	Roman Catholic Diocese of Arundel and Brighton
CAFOD	Roman Catholic Diocese of Birmingham
Catholic Nurses Guild (local and national)	Roman Catholic Diocese of Brentwood
Catholic Safeguarding Advisory Service	Roman Catholic Diocese of Hexham and Newcastle
Christian Aid	Roman Catholic Diocese of Leeds
Citizens' Advice Bureau	Roman Catholic Archdiocese of Liverpool
Conference of Religious	Roman Catholic Diocese of Middlesbrough
Cruse Bereavement Care	Roman Catholic Diocese of Nottingham
Dellow Centre for the Homeless, Aldgate	Roman Catholic Diocese of Salford
Demelza Children's Hospice	Roman Catholic Archdiocese of Southwark
Durham University – Centre for Catholic Studies	Roman Catholic Archdiocese of Westminster
H.M. Prison Service	St Bede's Pastoral Centre – stipend
Hospital Chaplaincy – Pennine Acute Trust	St Beuno's Retreat Centre – Honorarium received
Hull Homeless and Rootless	Sheffield Churches Community Care
Inspire Sheffield	Sheffield City Council MIRG (Major Incident Response Group)
Justice & Peace	Society for the Protection of Unborn Children (SPUC)
Lark Spirituality Centre	Teikyo University of Japan in Durham
Leeds Teaching Hospitals	Thomas Lee Nursing Home, Liverpool
Lighthouse	TRAC (Trafficking Charity)
Legion of Mary	Trinity Day Centre
Newman Circle	Walsingham Association
NHS Hospitals	Welcome Centre, Ilford
Padley Centre, Derby	Whispers of Hope
Proclaim 15 Groups	Willowbrook Hospice, Liverpool
RAPT (The Rehabilitation of Addicted Prisoners Trust)	Women@TheWell
Rathbone Rehabilitation Unit, Liverpool	Worthing Homeless Project
SOVA	

Charitable Donations

The Institute also makes financial donations to a wide range of charities. Trustees respond to appeals on behalf of the Congregation. In addition, each Community also has its own budget to contribute to local charities and those in need.

PLANS FOR THE FUTURE

Immediate plans for the future in relation to each of the Institute's principal Objects have been highlighted on pages 18 to 47. However, the impact of the COVID-19 Pandemic cannot be ignored.

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries now affected. Many governments have been taking increasingly stringent steps to help contain or delay the further spread of the virus. There has been a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Given the inherent uncertainties, the trustees cannot, at this time, reasonably or practicably estimate the impact this will have on its financial position in the future. However, the trustees will continue to closely monitor the impact of the COVID-19 outbreak on the operations and activities of the Institute.

Like most charities, the COVID-19 pandemic necessitated that the trustees undertake a comprehensive review of all spending in the Institute against a backdrop of significantly lower dividends and other returns on investments. While necessary and painful cost savings have been achieved, the Institute will need to remain vigilant and remain ready to respond to external economic influences. The Institute continues to review its business operations, processes and structures to ensure they remain fit for purpose.

Trustees are currently considering the management and administration support necessary to support leaders of Convents with Care, given the increasing age profile of Institute Members.

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

The COVID-19 pandemic delayed the planned implementation of new IT equipment in Institute Care homes, a revised schedule will see this work completed by the close of 2020. In addition, the Institute has invested in an electronic care planning system for use in its registered care homes from autumn 2020. This will bring considerable staff time savings and increase the provision of timely and accurate data in care delivery.

Challenged by the constraints of lockdown and a subsequent change in business priorities the roll out of the Institute's new financial management system, will pick up pace in the last quarter of 2020. At the time of writing, the new software has been implemented in Institute Independent Schools and will be released to Care Homes from October 2020 and Convents from January 2021.

GDPR eLearning continues to be delivered and was revised during 2020 with fresh modules for continued roll out into 2021. Regular site data audits and reviews by the Institute's Data Protection Officer supports managers and staff with their ongoing compliance with the policies and procedures.

PLANS FOR THE FUTURE (continued)

As detailed earlier in the Report, trustees are seeking to divest from companies dealing in fossil fuels. Progress continues to be made in this area.

FINANCIAL REVIEW

Risk Management

With the support of its professional advisors and staff team the Institute maintains a comprehensive risk register which is reviewed on a yearly basis and more regularly when required. Where key risks are identified mitigating actions are agreed and the appropriate remedies actioned to ensure that risks are kept within the agreed risk profile for the Institute. Managed risks include both internal Institute issues and areas where the Institute has obligations to regulators and other stakeholders.

The declining number of religious Sisters who are able to provide the necessary vision and direction of the charity is mitigated through support for all staff and a programme of continued professional development in which all staff directly or indirectly benefit. The Institute strives to achieve this by using fit for purpose policies and procedures, placing a strong emphasis on developing positive working relationships and following organisational values in day to day operations. The involvement of advisors, and increased management support (e.g. Finance and Human Resources) at the Generalate also helps to manage risk. Similarly, with the falling number of Sisters the functions and responsibilities taken on by lay staff become increasingly important for the Institute to keep under review.

The rising cost of providing care to elderly Sisters along with increased instability in the financial markets particularly during the COVID-19 pandemic are both eased by using investment managers who provide regular reports on investment performance and benchmark financial returns. While this approach has ensured that sufficient working capital is available to meet the Institute's needs, the Institute is responding to the financial challenges of the 2020 pandemic by continually reviewing the draw on its resources and cash flow, ensuring that prudent stewardship decisions are made in these unprecedented times.

The Institute continues to operate key centres for older Sisters at which high level care can be provided more efficiently.

In September 2020, the Institute appointed its first lay Safeguarding Coordinator taking over from a retiring Sister. The appointment will help ensure that the Institute continues to invest in ongoing training in relation to its safeguarding responsibilities whilst also supporting the trustees, other Sisters, and staff in their duty of care towards vulnerable groups.

Trustees recognise that the ongoing strategic management of the Institute is an area that requires considerable attention on an ongoing basis. When issues arise and decisions are required trustees seek the support and advice of their team at the Generalate together with their professional advisors. Similarly, the management of their care facilities and school benefits from a commitment to take advice from the Institute's staff and advisors together with a readiness to adjust their resourcing priorities as is deemed necessary to meet changing operational needs.

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Fundraising

The Institute is predominantly funded by income from the covenanted salaries and pensions of Sisters, care home fees, school fees, rents and investment income, rather than seeking to raise money from the public through fundraising appeals.

The Institute is aware of the importance of protecting the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate and the nature of the way in which funds are raised means that the risks of abuse are inherently low.

The Institute does not engage external agents to carry out fundraising on its behalf and, in view of the limited reliance on donations from outside the Congregation, it has not signed up to any voluntary scheme for regulating fundraising, or to any voluntary standard for fundraising, nor has it taken specific steps to protect vulnerable people and the public from unreasonable intrusions into their privacy, unreasonably persistent approaches for money or property and undue pressure to give money or property. It has received no complaints about fundraising activities.

Other Policies

The policies of the Charity with regard to investments, financial procedures and grant making are clearly set down in policy statements. These are all reviewed on a regular basis and amended where necessary to take account of changing circumstances and practices. All Communities are issued with financial guidelines.

The requirements of Charity law and their bearing upon the working practices of the Charity have been the subject of discussion at trustee Meetings. The importance of full compliance with legal requirements is understood.

INVESTMENTS

Powers

The investments of the charity are pooled together and invested as a whole, the capital and interest being applied pro rata to the capital invested. There are two subsidiary Trusts:

- The Costello Fund (Alnwick) - this is invested in quoted securities
- The Fullerton Fund – this is formed from the net proceeds of the sale of St Mary's Residential Care Home, Worthing – this will be invested in quoted securities in the future.

The investment powers of the trustees, which are set out in the Trust Deed, are widely drawn and authorise the trustees to sell, call in and convert money and to vary and transpose investments (subject to such consents as may be required by law). Power is given to invest monies in the purchase of stocks, funds, securities or other investments (including freehold and leasehold property) of whatsoever nature and wheresoever and whether involving liability or not; the trustees have the same full and unrestricted powers of investing and transposing all investments as if they were entitled thereto beneficially. Where income arising from investments is not applied to the objects of the charity there is power to invest and accumulate the same. In this respect, the trustees, by order of the Charity Commission, are authorised to appoint Investment Advisers and to delegate to them discretionary powers of management. Charles Stanley & Company Limited have been appointed Investment Advisers.

Policy

The Investment Policy of the trustees laid down to the Investment Advisers is “to achieve long term growth of both capital and income together with a reasonably high level of current income”.

The present division of the portfolio, of about 40% invested in cash, fixed interest and alternative assets and 60% in equity investments, is considered satisfactory and gives an acceptable level of risk to the trustees. The trustees require ethical considerations to be taken into account in the choice of investments in accordance with these guidelines. In broad terms ethically acceptable investments, mostly equities, are chosen because they do not, through their activities, disadvantage any part of the world population or make irresponsible use of natural resources.

Additionally, such investments should benefit the community at large by seeking to improve living standards. Specifically, investments not meeting these criteria include those engaging largely in arms manufacture and trade activities which encourage a reduction in moral standards, those who profit by exploitation of underprivileged work forces (who are often in countries with oppressive regimes) and those whose activities are of questionable legality and such investments do not form part of the Charity's portfolio.

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Policy on Reserves

The trustees' policy is to maintain the current level of reserves, as far as is possible (having taken account of the potential for fluctuation in the investment markets). It is hoped that the investment of reserves will provide a secure, long term income stream for the Charity.

This income stream will enable the Charity to fulfil its continuing obligations to its beneficiaries and to preserve the ongoing legacy of the Institute of Our Lady of Mercy well into the future.

The trustees will continue to monitor and review their policy on a yearly basis.

The unrestricted reserves amount to £152.7m (2018: £152.3m).

The Charity's policy on restricted funds is to record separately donations, grants and other income sources where restrictions are imposed that are narrower than the Charity's overall objectives.

Grant Making Policy

Grants, which comprise gifts and charitable bequests, are considered by the trustees on a regular basis when it is decided which charities or causes are to be supported. The grants are made to support charitable work.

When considering grant requests, the trustees assess:

- The extent to which the grant would further the Institute's Aims and Objectives.
- The operational and financial viability of the organisation making the request.
- Whether the grant will complement or continue the charitable work of the Institute in a particular community.

Social Investment Policy

The trustees' policy is that where possible they will seek to make investments that further the aims of the charity for the public benefit. The trustees do not expect a financial return or the main purpose of these investments is not for a financial return. These investments mainly relate to properties being let, usually at a peppercorn or below market rent, to individuals or organisations that are related to the advancement of the charity's aims.

Summary

The Institute funds its charitable activities mainly through incoming resources from Sisters salaries and pensions, care home fees, school fees, investment income, the sale of investments and the sale of fixed assets surplus to requirements. The Institute had a surplus of £0.6m for the year ended 31 December 2019 (2018: deficit of £7.1m). Restricted funds totalled £17.6m (2018: £17.4m) and unrestricted funds totalled £152.7m (2018: £152.3m).

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Statement of Trustees' responsibilities

The trustees are responsible for preparing the trustees' Annual 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 period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, 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 business.

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

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

INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Charity will be proposed at the next trustees' meeting.

APPROVED BY THE TRUSTEES ON 27 OCTOBER 2020

Signed: *N. J. Cronin*.....

TRUSTEE

Signed: *B. Jeffery*.....

TRUSTEE

Date: 27 October 2020

Institute of Our Lady of Mercy

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

Report on the audit of the financial statements

Opinion

In our opinion, the Institute of Our Lady of Mercy's financial statements (the financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the charity balance sheet as at 31 December 2019; the statement of financial activities for the year then ended, the cash flow statement for the year then ended, the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Institute of Our Lady of Mercy

Independent auditors' report to the trustees of the Institute of Our Lady of Mercy (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 52, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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 this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

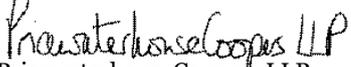
Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds
27 October 2020

Statement of Financial Activities for the year ended 31 December 2019

	Note	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Total funds 2018 £
Incoming resources					
<i>Donations</i>	1	387,429	-	387,429	97,287
<i>Income from charitable activities:</i>					
Sisters' salaries and pensions		2,917,211	-	2,917,211	3,001,028
School fees		1,338,107	-	1,338,107	1,342,312
Care home fees		2,752,153	-	2,752,153	2,746,003
Grants receivable		169,726	-	169,726	198,661
<i>Investment income</i>	2	3,094,973	78,912	3,173,885	3,214,733
<i>Other income:</i>					
Sundry income		37,043	-	37,043	27,061
Total incoming resources		10,696,642	78,912	10,775,554	10,627,085
Expenditure on:					
<i>Raising funds:</i>					
Investment property costs	4	48,610	-	48,610	58,332
Investment management costs	4	216,196	6,619	222,815	135,879
<i>Charitable activities</i>					
Convents and religious activities	4	11,271,331	44,000	11,315,331	10,651,696
Schools and education	4	1,382,997	-	1,382,997	1,663,702
Care homes and other care activities	4	3,900,647	-	3,900,647	4,456,753
<i>Other expenditure:</i>					
Loss on disposal of investment properties		51,000	-	51,000	-
Loss/(profit) on disposal of fixed assets		229,175	331,825	561,000	(3,152,606)
Total resources expended		17,099,956	382,444	17,482,400	13,813,756
Net expenditure before investment gains		(6,403,314)	(303,532)	(6,706,846)	(3,186,671)
<i>Net gains/(losses) on investments</i>	10	7,064,631	201,724	7,266,355	(3,882,498)
Net income/(expenditure) before transfers		661,317	(101,808)	559,509	(7,069,169)
Transfers between funds	14	(329,682)	329,682	-	-
Net movement in funds		331,635	227,874	559,509	(7,069,169)
Total funds brought forward at 1 January 2019		152,356,146	17,406,018	169,762,164	176,831,333
Total funds carried forward at 31 December 2019		152,687,781	17,633,892	170,321,673	169,762,164

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above. There is no material difference between the net (outgoing)/incoming resources on ordinary activities before taxation and the (outgoing)/incoming resources for the financial year stated above and their historical cost equivalents.

The Statement of Financial Activity is presented on an individual basis only as the subsidiary undertakings that were dormant in the previous period have been dissolved during the year ended 31 December 2019.

The accounting policies and notes on pages 58 to 79 form part of these financial statements.

Institute of Our Lady of Mercy

Charity balance sheet as at 31 December 2019

	Note	Charity 2019 £	Charity 2018 £
Fixed assets			
Tangible assets	9	85,095,295	90,641,171
Investments	10	78,668,638	71,665,582
Total fixed assets		163,763,933	162,306,753
Current assets			
Debtors (including £503,467 (2018: £503,467) due after one year)	11	630,981	1,619,404
Cash at bank and in hand	21	6,979,808	7,422,754
Total current assets		7,610,789	9,042,158
Creditors – amounts falling due within one year	12	(1,053,049)	(1,586,747)
Net current assets		6,557,740	7,455,411
Total assets less current liabilities		170,321,673	169,762,164
Net assets		170,321,673	169,762,164
The funds of the charity:			
<i>Restricted income funds</i>	14	17,633,892	17,406,018
<i>Unrestricted funds</i>	14	152,687,781	152,356,146
Total funds	15	170,321,673	169,762,164

The financial statements on pages 55 to 79 were approved by the trustees on **27 OCTOBER** 2020 and signed on their behalf:

TRUSTEE

N. J. Cronin

TRUSTEE

B. Jeffery

The accounting policies and notes on pages 58 to 79 form part of these financial statements.

Cash flow statement for the year ended 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Net cash used in operating activities	20		(6,845,825)		(5,953,061)
Cash flows from investing activities					
Dividends, interest and rents from investments	2	3,173,885		3,214,733	
Purchase of tangible assets	9	(1,264,680)		(753,015)	
Proceeds from sale of tangible assets		4,281,375		5,146,170	
Proceeds from sale of investment properties		445,000		-	
Purchase of investments	10	(5,269,102)		(3,132,400)	
Proceeds from sale of investments	10	5,036,401		3,459,208	
Net cash provided by investing activities			6,402,879		7,934,696
Change in cash and cash equivalents in the year			(442,946)		1,981,635
Cash and cash equivalents brought forward			7,422,754		5,441,119
Cash and cash equivalents carried forward			6,979,808		7,422,754

The accounting policies and notes on pages 58 to 79 form part of these financial statements.

Institute of Our Lady of Mercy

Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Charity has adopted FRS 102 and the Charities SORP FRS 102 in these financial statements.

Basis of preparation

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

Institute of Our Lady of Mercy meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investments properties and investments.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Charity accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of the accounting policies.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Charities trustees.

The Charity took advantage of the following exemption in the prior year:

- I. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the prior year financial statements, includes the Charity's cash flows;

This exemption has not been taken in the 2019 financial statements on the basis that consolidated financial statements have not been required to be prepared.

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Freehold land & buildings

Land and buildings include freehold and leasehold premises. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

(ii) Plant and machinery, equipment and motor vehicles

Plant and machinery, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Institute of Our Lady of Mercy

Accounting policies (continued)

Tangible fixed assets (continued)

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

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

Individual fixed assets costing £250 or more are capitalised at cost.

Investment properties

Investment properties are valued annually.

Investment properties have been valued by The JTS Partnership LLP, Chartered Surveyors, who are independent external valuers.

The valuations were in accordance with the requirements of the RICS UK Valuation Standards and FRS 102. Investment Properties are valued to Market Value assuming that the property would be sold subject to any existing leases.

The valuer's opinion of Market Value was primarily derived using:

- comparable recent market transactions on arm's length terms.
- using an estimate of the future potential net income generated by use of the property, because its specialised nature means that there is no market-based evidence available.

Fixed assets – securities

The quoted securities are valued at market value based on the bid price of the quotation in the Stock Exchange Daily Official list or similar recognised market value. Realised and unrealised gains and losses on sale or revaluation of investments are taken to the Statement of Financial Activities in the period in which they arise.

Fixed assets – subsidiary undertakings

Investments in subsidiary undertakings are stated at cost but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Cash and cash equivalents

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

Financial instruments

The Charity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure.

Institute of Our Lady of Mercy

Accounting policies (continued)

Financial instruments (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income and expenditure.

The Charity has chosen to designate certain debt instruments that would be classified as basic financial instruments as fair value through profit and loss as permitted by section 11.4 (b) of FRS 102. The recognition, measurement and disclosure requirements of FRS 102 in respect of financial instruments measured at fair value through income and expenditure have been applied to these designated financial instruments. Financial assets designated as at fair value through income and expenditure at inception are those that are managed and whose performance is evaluated on a fair value basis.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

Investment income

Income is included in the Statement of Financial Activities on the following bases:

UK Dividends and Fixed Interest Stocks when the income due is declared as being payable. Bank and short-term deposit interest is accrued up to the accounting date.

Fees and similar income

Fees receivable and charges for teaching or residential care are accounted for in the period in which the service is provided. Income from sisters earning salaries and sisters receiving pensions is accounted for on an accruals basis.

Grants receivable

Grants are recognised in the Statement of Financial Activities when receivable and in accordance with the terms of the grant.

Major grants received towards the cost of acquiring fixed assets are included as restricted income, and transfers made to unrestricted funds as the assets are depreciated.

Institute of Our Lady of Mercy

Accounting policies (continued)

Donations, legacies and gifts

Donations, legacies and gifts are included in the Statement of Financial Activities when the trustees are reasonably certain that the funds will be received.

Expenditure

All expenditure, including any irrecoverable VAT, is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs comprise the administrative costs and overheads for the running of the charity's activities. These costs have been allocated to the charity's activities in proportion to the total costs of those charitable activities.

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objectives. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the trustees.

Governance costs

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

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Operating leases

All operating leases are charged to the profit and loss account in the financial year to which the payments relate.

Fund accounting

Unrestricted funds are those available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains/(losses) are allocated to the appropriate fund.

Pensions

Teaching staff belong to the Teachers' Superannuation Scheme, which is a defined benefit scheme. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The effects of this are disclosed in Note 16.

The Institute operates a defined contribution scheme for other staff. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The costs of the defined contribution scheme are charged to relevant activity within unrestricted funds based on the type of work performed.

Related party transactions

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

Accounting policies (continued)

Realised gains and losses

All gains and losses are taken to the Statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of financial activities.

Critical judgements and estimates

Valuation of investment properties

The Charity makes an annual estimate of the open market value of investment properties. The trustees take into account advice from third parties, including valuations performed externally, and by using all knowledge and information available to them, including market yields, replacement cost, tenant covenant strength, the availability of suitable purchasers, the wider property market conditions and the nature of the asset held.

Notes to the financial statements for the year ended 31 December 2019

1 Donations

	2019	2018
	£	£
Donations and gifts	387,429	97,287

Donations are received from various sources including parent teacher association donations from schools, care home donations from visitors and donations made for the overseas missions. In 2019, there was a specific legacy donation made by one individual valued at £286,734 included in the donations balance.

2 Investment income

	Unrestricted	Restricted	2019	2018
	£	£	£	£
Bank interest	344,373	-	344,373	2,423
Income from quoted investments	2,050,642	78,912	2,129,554	2,732,151
Income from fixed asset investment properties	699,958	-	699,958	480,159
	3,094,973	78,912	3,173,885	3,214,733

3 Grants payable

The amount payable in the year comprises:

	2019	2018
	£	£
Mission	101,545	187,653
Evangelisation	99,118	64,218
Homeless	195,717	169,091
Education	37,584	105,389
Terminally ill	20,210	68,750
Costello	56,500	95,177
Fullerton	44,000	-
CCIICSA investigation	-	50,000
	554,674	740,278

Notes to the financial statements for the year end 31 December 2019 (continued)

3 Grants payable (continued)

The amount payable in the year comprises:

	2019	2018
	£	£
Institutional	499,788	695,519
Individuals	54,886	44,759
	554,674	740,278

The number of grants is summarised below:

	2019	2018
	Number	Number
Institutional	892	1,361
Individuals	691	217
	1,583	1,578

The largest institutional grants are included in note 19.

Institute of Our Lady of Mercy

Notes to the financial statements for the year end 31 December 2019 (continued)

4 Resources expended

	Staff costs	Other costs	Support costs allocation	Depreciation	Grants payable	2019	2018
	£	£	£	£	£	£	£
Investment property costs	-	48,610	-	-	-	48,610	58,332
Investment management costs	-	222,815	-	-	-	222,815	135,879
<u>Charitable activities</u>							
Convents and religious activities	2,840,382	3,631,573	2,379,017	1,911,355	553,004	11,315,331	10,651,696
Schools and education	1,067,700	251,481	21,666	41,178	972	1,382,997	1,663,702
Care homes and other care activities	3,190,497	680,181	13,623	15,648	698	3,900,647	4,456,753
	7,098,579	4,834,660	2,414,306	1,968,181	554,674	16,870,400	16,966,362

Support costs have been allocated to running costs in proportion to the total costs of those charitable activities.

Notes to the financial statements for the year end 31 December 2019 (continued)

5 Governance and support costs

	2019 £	2018 £
Support costs		
Postage and telephones	117,716	138,923
Property and general administration	1,246,382	1,287,096
Legal fees	491,614	271,346
Other expenses	48,292	43,091
Other professional fees	26,817	33,058
	1,930,821	1,773,514
	2019 £	2018 £
Governance costs		
Auditors' remuneration	69,420	68,400
Accountancy fees	103,260	126,933
Other fees	61,250	-
Legal fees	82,587	80,181
Other professional fees	166,968	162,104
	483,485	437,618

Apportionment of governance and support costs

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key charitable activities (see note 4) in the year. Governance and support costs have been allocated to the three key charitable activities in proportion to the total costs of those charitable activities.

The above costs include the related VAT where applicable.

Notes to the financial statements for the year end 31 December 2019 (continued)

6 Net outgoing resources

	2019	2018
	£	£
Net outgoing resources is stated after charging/(crediting):		
Depreciation of owned assets	1,968,181	2,076,267
Operating lease costs	84,983	153,525
Auditors' remuneration for:		
Audit services	69,420	68,400
Accountancy services	103,260	126,933
Other advice	61,250	-
Loss on disposal of investment properties	51,000	-
Loss/(gain) on disposal of tangible fixed assets	561,000	(3,152,606)

7 Staff costs

	2019	2018
	£	£
Resources expended		
School services	1,067,700	1,395,839
Care homes	3,190,497	3,597,878
Other staff	2,840,382	2,116,714
	7,098,579	7,110,431

	2019	2018
	£	£
Analysis of staff costs		
Wages and salaries	5,941,420	6,284,768
Social security costs	471,146	430,228
Pension costs	508,974	219,065
	6,921,540	6,934,061
Care homes agency staff	177,039	176,370
	7,098,579	7,110,431

Notes to the financial statements for the year end 31 December 2019 (continued)

7 Staff costs (continued)

The number of employees who had employee benefits in excess of £60,000 were:

	2019	2018
	Number	Number
Number of employees with employee benefits within each band		
£60,000 to £69,999	-	1
£70,000 to £79,999	1	2
	1	3

No trustee received any remuneration from the Charity (2018: None). All the trustees are members of the Congregation and beneficiaries of the Charity and reside in the Charity's property and have no money of their own, having taken a vow of poverty. All living costs and items such as travel expenses are incurred by the Charity. Other than the trustees there are no key management personnel.

	2019	2018
	Number	Number
The monthly average number of employees analysed by function		
School services	51	51
Care homes & convents with care	144	234
Other staff	122	38
	317	323

8 Taxation

The Charity is a registered charity and as such is entitled to certain tax exemptions on income and gains from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these surpluses are applied solely for charitable purposes.

Notes to the financial statements for the year end 31 December 2019 (continued)

9 Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	99,004,355	6,224,498	1,350,265	553,297	107,132,415
Additions	1,173,661	30,282	38,177	22,560	1,264,680
Disposals	(5,289,831)	(151,532)	(15,221)	(23,495)	(5,480,079)
At 31 December 2019	94,888,185	6,103,248	1,373,221	552,362	102,917,016
Accumulated depreciation					
At 1 January 2019	8,577,847	6,094,555	1,345,596	473,246	16,491,244
Charge for the year	1,883,923	45,861	8,782	29,615	1,968,181
Disposals	(468,675)	(136,701)	(13,706)	(18,622)	(637,704)
At 31 December 2019	9,993,095	6,003,715	1,340,672	484,239	17,821,721
Net book amount					
At 31 December 2019	84,895,090	99,533	32,549	68,123	85,095,295
At 31 December 2018	90,426,508	129,943	4,669	80,051	90,641,171

Notes to the financial statements for the year end 31 December 2019 (continued)

10 Investments

	Quoted securities £	Investment properties £	Total £
Cost or valuation			
At 1 January 2019	63,844,192	7,821,390	71,665,582
Additions	4,817,802	451,300	5,269,102
Disposals	(5,036,401)	(496,000)	(5,532,401)
Revaluations	7,240,552	25,803	7,266,355
At 31 December 2019	70,866,145	7,802,493	78,668,638
Unrestricted funds	68,778,810	7,802,493	76,581,303
Restricted funds	2,087,335	-	2,087,335
	70,866,145	7,802,493	78,668,638

Quoted securities are represented by:

Equity	59,351,555
Corporate debt	7,319,971
Sovereign	3,204,880
Preference shares	989,739
	70,866,145

In addition, the Charity's cost of investments in subsidiaries during the year was £nil (2018: £1). These subsidiaries were dissolved on 8 October 2019.

	Country of registration	Ownership		Principal activity
		2019	2018	
Endsleigh Centre Services Limited	England	-	100%	Dormant company
Kinsale Court Limited	England	-	100%	Dormant company

Notes to the financial statements for the year end 31 December 2019 (continued)

11 Debtors

	2019 £	2018 £
Due within one year		
Other debtors	-	100,895
Prepayments and accrued income	127,514	56,709
Deferred consideration on sale of property	-	958,333
Due after more than one year		
Loans	503,467	503,467
	630,981	1,619,404

Debtors includes three loans, one to a registered charity, which is secured and is interest free, and two loans to individuals which are interest free. Repayments due after more than one year are repayable as follows:

	2019 £	2018 £
Between one and two years	21,689	21,689
Between two and five years	100,000	100,000
Over five years	381,778	381,778
	503,467	503,467

12 Creditors – amounts falling due within one year

	2019 £	2018 £
Accruals and deferred income	430,984	1,118,471
Other creditors	501,372	398,276
Taxation and social security	120,693	-
	1,053,049	1,586,747

Notes to the financial statements for the year end 31 December 2019 (continued)

13 Financial instruments

The Charity has the following financial instruments:

Financial assets measured at amortised cost	Charity 2019 £	Charity 2018 £
Other debtors	-	100,894
Deferred consideration on sale of property	-	958,333
Loans	503,467	503,467
	503,467	1,562,694

Financial assets measured at fair value through income and expenditure	Charity 2019 £	Charity 2018 £
Quoted securities	70,866,145	63,844,192

Financial liabilities measured at amortised cost	Charity 2019 £	Charity 2018 £
Other creditors	501,372	398,277

Notes to the financial statements for the year end 31 December 2019 (continued)

14 Charity funds

Restricted funds comprise the following external trust funds. The unexpended balances held on trusts are to be applied for specific purposes.

2019

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Gains and losses on fixed assets	Fund balances carried forward
	£	£	£	£	£	£	£
Restricted funds							
Maricourt High School – grants	2,043,495	-	-	(55,027)	-	-	1,988,468
Broughton Hall High School – grants	12,937,758	-	-	(305,148)	-	-	12,632,610
Fullerton Fund	-	-	(44,000)	812,090	-	-	768,090
External Trust Funds Investments							
Special account No 5	51,245	764	(164)	-	7,148	-	58,993
Costello Fund	1,970,520	78,148	(6,455)	(51,058)	194,576	-	2,185,731
	17,003,018	78,912	(50,619)	400,857	201,724	-	17,633,892
Property							
St Mary's Residential Care Home, Worthing							
St Mary's Home, Worthing	403,000	-	-	(71,175)	-	(331,825)	-
Total	17,406,018	78,912	(50,619)	329,682	201,724	(331,825)	17,633,892
Unrestricted funds							
Accumulated funds							
Charity	152,356,146	10,696,641	(17,099,955)	(329,682)	7,064,631	-	152,687,781

Notes to the financial statements for the year end 31 December 2019 (continued)

14 Charity funds (Continued)

The restricted funds consist of the following:

- Special account No 5 is a separate fund in which a sister's personal assets are held in accordance with Canon Law.
- The Costello Fund is a separate fund concerned with the advancement of education generally. The assets of the fund are mostly quoted investments.
- The St Mary's Residential Care Home, Worthing was a separate fund governed by a separate trust deed and was concerned with the provision of a convalescent home for the sick and poor, its only asset was the freehold property St Mary's Home, Worthing, which was run by the Charity. On disposal of the freehold property the proceeds have been transferred to form the Fullerton Fund for the relief of the sick and poor in England and Wales.
- Maricourt High School, Maghull and Broughton Hall High School, Liverpool funds are in respect of grants received from the Department for Education and Skills for building works at the respective schools. These grants are initially credited to restricted reserves. The funds are transferred to unrestricted funds at the same rate that the properties are depreciated, 2019: £360,175 (2018: £360,175).

2018

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£	£	£	£	£	£
Restricted funds						
Maricourt High School – grants	2,098,522	-	-	(55,027)	-	2,043,495
Broughton Hall High School – grants	13,242,906	-	-	(305,148)	-	12,937,758
External Trust Funds Investments						
Special account No 5	51,864	673	(159)	-	(1,133)	51,245
Costello Fund	2,096,256	83,706	(6,402)	(100,734)	(102,306)	1,970,520
	17,489,548	84,379	(6,561)	(460,909)	(103,439)	17,003,018
Property						
St Mary's Residential Care Home, Worthing						
St Mary's Home, Worthing	403,000	-	-	-	-	403,000
Total	17,892,548	84,379	(6,561)	(460,909)	(103,439)	17,406,018

Notes to the financial statements for the year end 31 December 2019 (continued)

14 Charity funds (Continued)

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£	£	£	£	£	£
Unrestricted funds						
Accumulated funds						
Charity	158,932,811	10,542,706	(13,801,221)	460,909	(3,779,059)	152,356,146
Group	158,938,785	10,542,706	(13,807,195)	460,909	(3,779,059)	152,356,146

15 Total funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Fund balances at 31 December are represented by				
Tangible assets	70,474,217	14,621,078	85,095,295	90,641,171
Investments	76,580,110	2,088,528	78,668,638	71,665,582
Current assets	6,686,503	924,286	7,610,789	9,042,158
Current liabilities	(1,053,049)	-	(1,053,049)	(1,586,747)
Total net assets	152,687,781	17,633,892	170,321,673	169,762,164

Notes to the financial statements for the year end 31 December 2019 (continued)

16 Pensions

There are two pension schemes in operation for employees of the Institute. These are a defined contribution scheme for non-teaching staff and the Teachers' Pension Scheme ('TPS'), a defined benefit pension scheme.

The assets of the defined contribution scheme are held separately from those of the Institute in an independently administered fund. The pension cost charge represents contributions payable by the Institute to the fund.

Teachers' Pension Scheme

The schools are members of the Teachers' Pension Scheme ('TPS'), a defined benefit pension scheme, to which both the schools and staff contribute. The TPS is a multi-employer scheme governed by the Teachers' Pension Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament. The scheme is accounted for as a defined contribution scheme.

The total pension cost for the year was £508,974 (2018: £219,065) and amounts paid to the TPS have been made in accordance with the rates recommended by the actuary.

The Government has set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The employer contributions rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and valuation report which was published in March 2019. This confirmed that from September 2019 the Government is increasing the TPS employer contribution rates from 16.48% currently to 23.68% - an increase of more than 40%. The Institute has decided to continue its membership of the TPS for the academic year 2019/2020. It is hoped that during 2021 further guidance will become available to allow any informed review of the benefits membership of the TPS provides. There is no change in the income-related contributions that teachers pay (which average 9.6% of salary).

17 Related parties

The trustees consider that their relationship with Women@thewell, a registered charity, is such that it is a related party, by virtue of some common trustees. The Institute leases premises to Women@thewell at a peppercorn rent. During the year the Institute donated £180,000 to the charity (2018: £180,000) and has grant commitments totalling £600,000 over the next 4 years.

Notes to the financial statements for the year end 31 December 2019 (continued)

18 Operating lease commitments

At 31 December 2019, the Charity had total commitments under non-cancellable operating leases of:

	2019 Motor vehicles £	2018 Motor vehicles £
Operating leases which expire:		
Payable within 1 year	68,486	93,204
Payable within 2 to 5 years	43,247	119,212
	111,733	212,416

19 Institutional grants

The largest institutional grants comprise:

	2019 £	2018 £
Brighton Voices	50,000	50,000
Broughton Hall School, Liverpool	1,027	61,921
CAFOD – India Kerala Floods Appeal	-	10,000
CAFOD – Indonesia Tsunami Appeal	-	10,000
Catholic Trust for England & Wales	20,000	50,000
DEC Cyclone IDAI Appeal	10,000	-
Durham University - Catherine McAuley Scholarship	20,000	20,000
Rainbows GB	3,000	8,000
Sion Catholic Community	8,000	8,000
St Philomena's Catholic School	5,000	14,625
Women@theWell	180,000	180,000
	297,027	412,546
Others	202,761	282,973
Total institutional grants (note 3)	499,788	695,519

Notes to the financial statements for the year end 31 December 2019 (continued)

20 Grant commitments

At 31 December 2019, the Charity had total grant commitments of:

	2019	2018
	£	£
Payable within 1 year	206,500	137,340
Payable within 2 to 5 years.	465,000	72,340
	671,500	209,680

The grant commitments are payable without any contingent conditions attached, with donations to be used for core costs, with the exception where funding is made for Scholarships. Scholarship grants must be used towards providing scholarships. Operations of the grant recipient must continue to run in order to receive the grants committed in the future.

21 Reconciliation of net expenditure to net cash from operating activities

	2019	2018
	£	£
Net expenditure for the year (as per Statement of financial activities)	(6,706,846)	(3,186,671)
Adjusted for:		
Depreciation charges	1,968,181	2,076,267
Losses/(gains) on disposal of tangible assets	561,000	(3,152,606)
Loss on disposal of investment properties	51,000	-
Dividends, interest and rents from investments	(3,173,885)	(3,214,733)
Decrease in debtors	988,423	970,309
(Decrease)/increase in creditors	(533,698)	554,373
Net cash used in operating activities	(6,845,825)	(5,953,061)

Notes to the financial statements for the year end 31 December 2019 (continued)

22 Cash at bank and in hand

	2019	2018
	£	£
Cash at bank	3,183,024	3,589,590
Cash held by investments	3,796,784	3,833,164
Total cash at bank and in hand	6,979,808	7,422,754

23 Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries now affected. Many governments have been taking increasingly stringent steps to help contain or delay the further spread of the virus. There has been a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Given the inherent uncertainties, the trustees cannot, at this time, reasonably or practicably estimate the impact this will have on its financial position in the future. However, the trustees will continue to closely monitor the impact of the COVID-19 outbreak on the operations and activities of the Institute.

In July 2020 St Joseph's Convent School in Wanstead has been closed following a reduction in pupil numbers and operating deficits in recent years. The trustees made the decision following a consultation period.

There have been 3 property sales post year end with total proceeds of £1,018,500 (Isle of Wight Shanklin: £500,000 on 9 June 2020, Abingdon 2 Maud Hale Cottages: £285,000 on 19 June 2020 and Denaby Main: £233,500 on 17 July 2020).