

Institute of Our Lady of Mercy



INSTITUTE OF OUR LADY OF MERCY ANNUAL REPORT 2021



MERCY REPRESENTATIVES ATTENDED COP 26

GLASGOW NOVEMBER 2021

Registered Charity No. 290544

Annual Report for the year ended 31 December 2021

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Institute of Our Lady of Mercy

Trustees and Advisers for the year ended 31 December 2021

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 Advisers (in Transition)

2021 Matters:

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

2022 Matters:

Lupton Fawcett LLP
2 The Embankment
Sovereign Street
Leeds
LS1 4BA

Investment Advisers

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

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds LS1 4DL

Report of the Trustees for the year ended 31 December 2021

Introduction

The Trustees have pleasure in presenting their report and financial statements for the year ended 31 December 2021. The report 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.

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 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.

Institute of Our Lady of Mercy

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 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 held a place on the Board of the Mercy International Association until May 2021. 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 (the Institute's private school).

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. Sister Lyndsay was elected as Assistant Leader at the Eighth General Chapter and is responsible for Safeguarding. She supports the Communities in Essex and North London.

Institute of Our Lady of Mercy

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 supports 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 body of St Joseph’s Park Hill School, Burnley, Lancashire. Sister Joan supports Sister 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 Driffeld Day Hospice. She previously served as a Trustee of the Institute from 1998 to 2008, where she developed both the Care Homes and Communities 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 22 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)’ with a member of the Diocesan Historical Commission. She also wrote a book on the Hardman Family of Birmingham who were instrumental in the Mercy Sisters being established there. She supports Convents in Wales, Liverpool, Burnley, Newcastle-under-Lyme and Handsworth, Birmingham. She also works in supporting the work of Safeguarding and updating the Institute of Our Lady website.

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 supports Communities in the North East including two Communities with Care in Hull and Whitby.

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Organisational Structure

The Organisational Structure Chart can be found on page 9. 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, Sister Clare McNamara acts as General Bursar, and other Sisters act as Local Leaders. These members of the Congregation assist the Trustees and attend meetings relevant to their activity. Appointments are made by Trustees for a specific time-period then reviewed. The Trustees reviewed the management structure of Communities with Care during 2020 and 2021. In 2021, three staff members were promoted to Community with Care Managers and five Administrators were recruited in these and other Convents. These staff members have released Sisters from management and administrative tasks.

The Trustees are also assisted by a small central staff team comprising: Business Manager; 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; However, they work together flexibly as a team. If a Trustee has a period of absence from the Generalate, the remaining Trustees organise to cover their roles between them. 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). 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.

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 and Lupton Fawcett LLP) liaise with Trustees and the Staff Team on a regular basis. They deal with the Charity Commission on behalf of the institute, as to governance and wider issues, as required and necessary. They submit regular written reports and attend Trustee Meetings bi-monthly. The Institute's Independent auditors (PricewaterhouseCoopers LLP) and Investment Manager (Charles Stanley & Company Limited, "Charles Stanley") attend Trustee Meetings on a bi-annual basis. For most of 2021, meetings with Advisors were held virtually.

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.

In 2020, four separate working groups of Sisters were established with the aim of forwarding the recommendations of the 2018 General Chapter, examining the following areas: Trusteeship; Collaboration; Leadership; and Modes of Chapter. The groups engaged with all the Members of the Institute with the work of two of the groups continuing. Please refer to 'Plans for the Future' on page 52 for more information on the workings of the Trusteeship Group and the potential conversion of the Institute of Our Lady of Mercy from a Charitable Trust to a Charitable Incorporated Organisation.

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St Joseph's Park Hill School in Burnley is run by an appointed Head Teacher, staff and Board of Governors to whom day to day management is delegated. Sister Joan Breen and Sister Colette Cronin serve as Governors on the Board of St Joseph's Park Hill School, Burnley.

The Institute operates two Care Homes, run by appointed Care Home Managers. A Care Home Consultant and Business Consultant provide the necessary professional support to the Managers and Staff of the Care Homes. These two part-time consultants assist the Trustees in their statutory obligations.

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'.

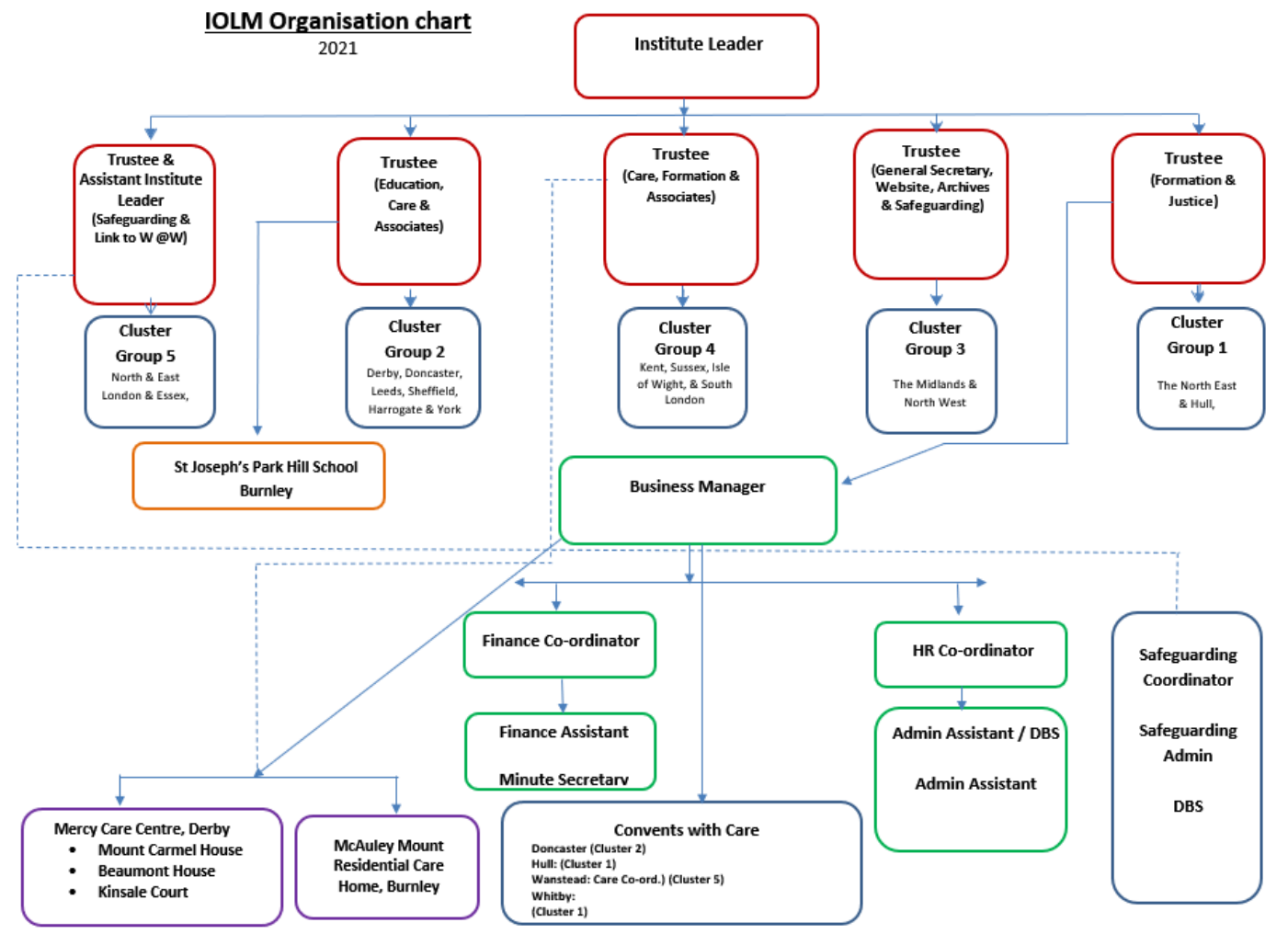
The Sisters covenant all their personal income to the Charity and live in established community houses. Each community budgets for groceries, utilities, vehicle costs and property maintenance. Each Sister is given a small allowance each year in order to allow her a little autonomy and to manage any personal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

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 2021 there were 154 Sisters ministering from approximately 40 sites in Britain, Peru, Kenya and Romania.

Further information on the activities of our Sisters can be found on pages 40-51.

Institute of Our Lady of Mercy

ORGANISATIONAL STRUCTURE CHART



As at December 2021

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.

Institute of Our Lady of Mercy

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 2021, the Charity had 252 employees, equating to 195 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	106	42%	96	49%
Convents with Care	87	35%	62	32%
Convents	24	10%	10	5%
Institute-Run School	24	10%	21	11%
Other	11	3%	6	3%
Total Employees	252	100%	195	100%

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

Role Purpose	FTE	FTE Percentage
Care	156	80%
Education	19	10%
Administration	12	6%
Maintenance	8	4%
Total	195	100%

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

Institute of Our Lady of Mercy

Pay Policy

The Institute continues to closely monitor its approach to fair remuneration. This is increasingly important in the highly competitive UK employment market with its historically low levels of unemployment and resulting difficulties for all sectors to attract the best job candidates. Therefore, the Institute provides competitive rates of pay for its roles, to attract and retain staff who possess the skills, knowledge and values needed to deliver its charitable aims and objectives.

In deciding pay rates, Trustees consider a variety of matters; including affordability, current market rates, cost of living rises, the gender pay gap, equitable remuneration, business plans and the relationship between job responsibility and pay. All Institute staff continue to be paid at least the 'real living wage' including London based staff.

The Institute aims to remain an employer of choice for staff in the sector and the locations in which it operates. Many staff have been with the organisation for a long period of time which is strong testimony to the supportive working environment, good team spirit and the sense of belonging the working culture provides.

The Trustees made a strategic decision early in the pandemic to safeguard the financial wellbeing of Institute staff by ensuring continuation of usual pay during periods of COVID-19 related sickness or isolation. Similarly, the Institute also chose to uplift pay for the small number of staff who were furloughed. This ensured financial support to employees at a difficult time. The Institute was able to transition out of these additional support mechanisms during the later half of 2021 and early 2022 as society moved towards living with COVID-19. All furloughed staff had returned to the workplace by May 2021. The COVID-19 absence pay policy was updated in April 2022 to reflect the reopening of society.

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Wellbeing

A variety of wellbeing initiatives are available for all employees. The 'employment offer' includes:

- **Regular wellbeing information, webinars and advice emails:** on a wide variety of wellbeing topics including mental and physical health, family matters, responses to the pandemic and financial wellbeing.
- **Regular team meetings, supervisions/appraisals and care shift debriefings:** staff are supported in a variety of channels to ensure they can freely share any work or personal concerns, with signposts to further support options when required.
- **Qualified mental health first aiders:** are in place at larger sites.
- **Increased holiday entitlements:** to reward staff who have become highly proficient through knowledge and length of service.
- **Cycle to work scheme:** which reduces the cost of buying a new bicycle and supports exercise.
- **Employee assistance programme:** 24/7 counselling and support for staff, plus legal and health information from qualified advisors.
- **Staff benefits scheme:** to reduce the cost of daily living expenses including discounted gym membership.
- **Health app:** a range of interactive tools designed to help staff monitor and improve their own wellbeing from the convenience of their smartphone.
- **Supportive managers:** who go the extra mile in caring for their team members.
- **Personal development:** staff benefit from many personal development opportunities appropriate to their role and ambition.

As the Institute moved into the second year of the COVID-19 pandemic, a number of staff were provided with individual support through talking therapies. This need is expected to continue with the additional stresses many people are experiencing in challenging times.

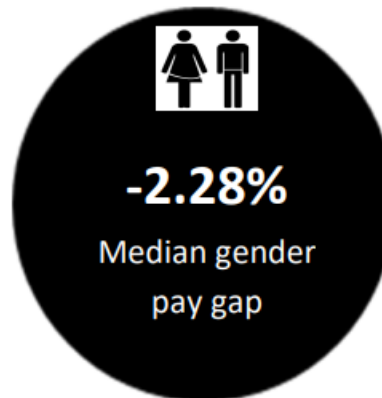
The COVID-19 pandemic has demanded a great deal of stamina, flexibility and effort from staff members in all settings, particularly those working in care and education. The Institute is indebted to employees who have gone above and beyond in navigating frequently changing Government guidance and ensuring the continued delivery of high-quality services to beneficiaries.

Institute of Our Lady of Mercy

2021 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 and primary education sectors where most of our staff are engaged, the Institute employs significantly more women than men. At the reporting date of 5 April 2021, we employed 253 people. 88.9% of these were women and 11.1% were men. This is a 0.5% increase of male staff from last year. The Institute is publishing the results of six calculations using hourly pay rates as of 5th April 2021. 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 2.28% more than men, resulting in a negative gender pay gap. There has been an 9.09% decrease in the median negative gender pay gap between 2020 and 2021.

Mean gender pay gap in hourly pay.



The data shows that on average the Institute pays men 2.61% more than women, resulting in a positive gender pay gap. There has been a 3.08% decrease in the mean positive gender pay gap between 2020 and 2021.

Institute of Our Lady of Mercy

Bonus Payments

The Institute of Our Lady of Mercy has not paid bonuses to any staff and is therefore not reporting the median or mean data or the proportion of males and females receiving a bonus payment, as this is not applicable.

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.

Please refer to data on page 15.

The 2021 pay quartiles continue to show a very high proportion of female staff across the full pay range (including more females in the third and the fourth quartile/highest paid). There has also been a decrease in the number of female staff in the lowest quartile/lowest paid (against an increase in the number of men in the lower quartile). The second quartile shows an 4% increase in the number of women compared to the 2020 data.

Although we have seen a 0.5% increase in the number of men employed (11.1% of the workforce), this remains a small proportion of the Institutes staff. Such small changes to this group of staff can make a noticeable statistical difference to the overall pay gap figures.

While the median and mean gender pay calculations show slightly different results, the gaps (both positive and negative) have noticeably reduced from last year. This improvement is supported by the increased number of female staff in the third and fourth quartiles. Although the number of men employed in the first/lowest quartile has doubled since last year, most male staff remain in the middle range pay scales. Overall, this accounts for the mean figure favouring men (from a small sample size) and the median figure influenced by a large proportion of female staff occupying higher paid teaching, supervisory and management roles.

Although the figures show both a small positive and negative gender pay gap, we are very pleased this gap has reduced. Taken with previous years' data, our continuing commitment to work towards further pay equality is being demonstrated. It is recognised that meeting a zero mean and median gender pay gap is a very challenging target when many variables make a noticeable statistical difference in a relatively small workforce.

Institute of Our Lady of Mercy

2021

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	6%	17%	2%	13%
Women	94%	83%	98%	87%

For comparison purposes, the previous year's data is given below:

2020

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Men	3%	21%	5%	15%
Women	97%	79%	95%	85%

2019

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

2018

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

2017

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

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Our reported median pay gap of -2.28% (where on average women get paid more than men) and our mean positive pay gap of 2.61% (where on average men get paid more than women) sits in comparison to the national gender pay gap figures where in April 2021 among full time staff the gap was 7.9%, for part time staff it was 2.7% and among all employees it was 15.4%.*

The data in this report includes furloughed employees and is based on actual payments made to staff and their usual hours and normal (full) rates of pay.

Commitment to equality and good employment

We set out below some of the strategies we are using to achieve our aims.

The Institute continues to carefully monitor its remuneration, looking at market rates, cost of living increases, affordability and focussing on roles which may have previously been undervalued to ensure we strive for greater pay equality.

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 alongside a blended learning approach to widen further participation.

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 monitor 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.

* Source: <https://www.ons.gov.uk>

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.

Safeguarding update

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.

Following the Elliott Review of Safeguarding Structures in the Catholic Church and the Independent Inquiry into Child Sex Abuse (IICSA) a number of recommendations were made that involved the Church and the Religious Orders facing major changes. The Institute of Our Lady of Mercy, have been working alongside a number of Religious Congregations in implementing a new structure for Safeguarding going forward. The Institute made a one-off donation of £50,000 to the Religious Life Safeguarding Service (RLSS) as it became established in 2021. It also became a member and will benefit from all the support and training on offer. The Institute is also a member of the Catholic Safeguarding Standards Agency (CSSA) and will be complying with the standards set by this body. This led to the decision by the Institute to disband its own Safeguarding Commission and establish a Trustee Sub-Committee consisting of two of the Institute Trustees and a number of lay advisers. Following this change in structures, the Safeguarding Co-Ordinator became the Safeguarding Lead for the Institute.

The Institute has measures in place to ensure that all employees and volunteers (which includes Sisters) have DBS clearance as required by their roles.

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, Sister Colette Cronin is a member of the Mercy International Association by virtue of being the Institute Leader. She also held a place on the Board of the Mercy International Association until May 2021.

No funds were donated to the charity in 2021 (2020: £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 2021 the following members of the Institute served as Trustees for Women@TheWell: Sr Anne Hewitt, Sr Esther Boles and Sr Catherine Heron (who was appointed in February 2020). Sr Anne Hewitt resigned as a Trustee in 2021 and Sr Bernadette Holmes was appointed to replace her in January 2022. 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 2021.

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 2021 (2020: £180,000).

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 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 rationalising property holdings continues, to ensure that property is used as efficiently as possible. 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 20 to 51 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 two care homes and at the Congregation's communities with care.
- through the sheltered accommodation 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

The COVID-19 Pandemic

As detailed in the 2020 Annual Report, 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 affected. Many governments took increasingly stringent steps to help contain or delay the further spread of the virus, including the UK government.

Like most organisations and charities, the COVID-19 outbreak caused significant disruption to the activities of the Institute of Our Lady of Mercy. Rapid changes had to be implemented to comply with rapidly changing government guidance and the health impact of the pandemic: Institute Care staff had to adapt to new ways of working and the implementation of infection control procedures. School staff had to adapt to delivering lessons remotely; then to facilitate a safe return to the classroom for pupils. Office-based staff members had to adapt to new methods of working in order to work from home, with equipment and facilities being upgraded to accommodate this. Other staff deemed to be clinically vulnerable or unable to work from home were furloughed. Sisters had to curtail or modify their usual voluntary activities, and in some cases, perform roles usually carried out by staff now working from home.

Both Staff and Sisters became proficient in the use of video conferencing facilities, which became the default way to hold team meetings and gatherings.

2021 commenced as 2020 ended, with the UK in 'Lockdown'. Schools were closed to pupils, Care Homes were closed to external visitors, some staff were furloughed and those who could work from home were asked to do so. Strict restrictions were in place on non-essential travel and those needing to travel overseas faced quarantine restrictions.

Welcome relief was found in the form of the vaccine programme, with Care staff, elderly residents and Sisters being prioritised. As the vaccine programme was rolled out, restrictions on activity within the United Kingdom were gradually released. As society moved towards living with COVID-19, the Institute was able to transition out of Lockdown too. All furloughed staff had returned to the workplace by May 2021.

Over the course of the last two years, a number of Sisters, Staff, Residents and Pupils suffered from the virus, with many more needing to self-isolate. The Institute is grateful for the resilience and determination shown by its staff, who have worked under difficult conditions at times, seeking to ensure that there were no gaps in service.

The pandemic naturally led to a significant increase in economic uncertainty, evidenced by more volatile asset values and currency exchange rates. Against the backdrop of the expectation of significantly lower dividends and other returns on investments, the Trustees undertook a comprehensive review of all spending in the Institute in 2020, seeking to minimise expenditure where possible. Whilst it could be argued that share prices 'rallied' in 2021, there is still huge economic uncertainty due to the aftermath of the pandemic, the war in Ukraine, spiralling fuel costs and inflation. Building costs are particularly high. As such, Trustees are mindful that caution needs to be exercised in the carrying out of its activities.

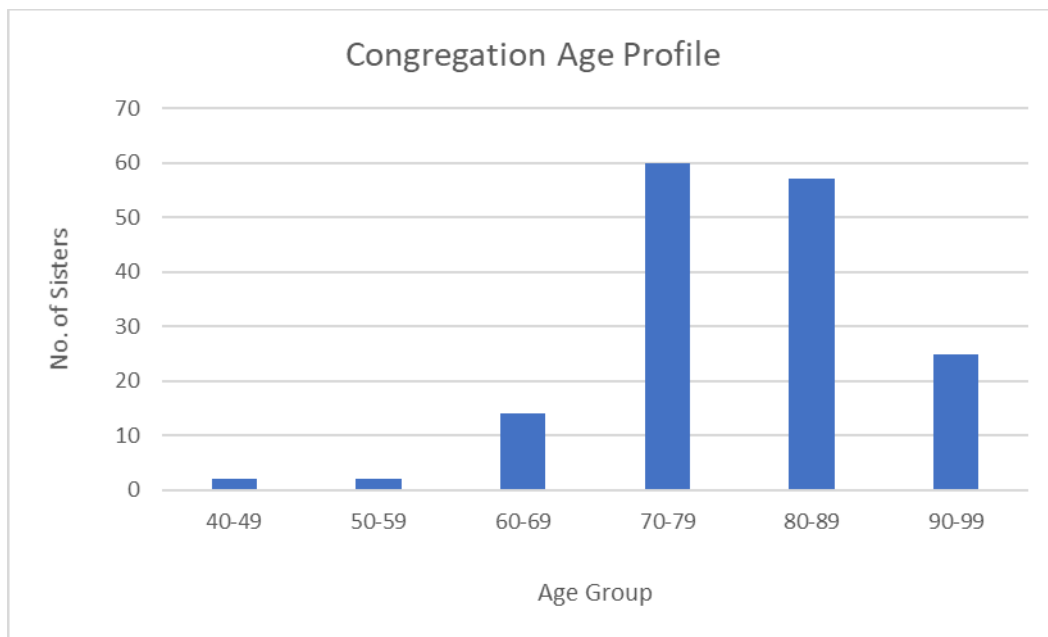
Institute of Our Lady of Mercy

Simplification of Activities

The Trustees continue to rationalise and streamline activities so that the Institute’s affairs can be more easily managed.

Congregational Needs

The needs of the congregation and the increasing congregational age profile is a priority for Trustees. At the end of 2021, the mean Congregation Member age is 81. Approximately one third of the Congregation is 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.



As detailed previously, the Trustees reviewed the management structure of their Communities with Care during 2020 and 2021 and have now appointed Community with Care Managers and Administrators in three of their Communities with Care. They have also appointed an Administrator in Bermondsey and an Administrator in St Philomena’s Derby.

The Institute has also purchased a property in Brentwood, Essex to re-house and increase the capacity of the Community with Care in the South (currently in Wanstead, London). The Brentwood property is currently being refurbished to provide appropriate accommodation to meet the needs of the Community.

Property Rationalisation

The rationalisation of activities undertaken and property holdings continues. A number of Sisters re-located and the decision was taken to close a number of Convents, including the Convent at Filey which had previously been used as a centre for rest, respite and retreats. Activity had been somewhat curtailed as a result of the COVID-19 pandemic, and it was decided that the Convent would not re-open to visitors owing to the age of the Sisters and the fact that the communal facilities would not meet the needs of visitors post-COVID.

Institute of Our Lady of Mercy

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.

The following properties were sold in 2021:

- Canvey Island, Essex – former Youth Centre and rental properties.
- Yeadon Tarn View, Leeds – former Convent.
- Newport, Isle of Wight – former Convent.

In addition, a ‘landlocked’ piece of land was transferred to the Diocese of Portsmouth for nil consideration. This land adjoins to St Thomas of Canterbury Catholic Primary School in Carisbrooke, Isle of Wight.

At the time of going to press, further properties have been sold in 2022:

- Filey – former Convent
- High Heaton, Newcastle-upon-Tyne – former Convent
- North Shields – former Convent

Financial Administration

As detailed in previous reports, Trustees approved the development of a system which allows for the Institute’s financial management processes to be streamlined, working with Sagars Accountants Limited. A phased implementation began in 2020, which continued into 2021. From 2022, all of the Institute’s financial records will be fully recorded on the new financial system. All Convents now share one common bank account which is managed centrally.

IT Developments

With the successful introduction of software including care planning and medication management into our registered care homes completed during 2021/early 2022, the Institute has further ambition to refresh the hardware at other sites to ensure that staff and beneficiaries can continue to access high speed internet connections increasingly necessary for streaming and video conferencing services.

[Change of Legal Advisors](#)

IBB Law LLP (IBB) has served as legal advisors since the inception of the Institute of Our Lady of Mercy in 1983. A strong working relationship had developed between the parties over this time. However, in 2021, IBB made the decision not to have a dedicated charity lawyer going forward. This presented the Trustees with a difficult decision but also the opportunity to do a due diligence exercise in the quest for a legal firm to serve the needs of the Institute into the future. Four firms were interviewed by the Trustees and early in 2022, the decision was made to appoint Lupton Fawcett LLP as the new legal advisers. The transition to the new firm is in process as some current issues will be completed by IBB.

Institute of Our Lady of Mercy

THE ADVANCEMENT OF EDUCATION

The Institute of Our Lady of Mercy is involved in education in a number of ways, particularly contributing their experience on school governing bodies. The Institute owned, managed and financed one Convent school in Burnley in 2021. 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 effective 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.

Due to COVID-19 restrictions, the annual Mercy Education Day was not able to be held in 2021 but the Group kept in touch with the Schools.

[Mercy Schools](#)

The tables on pages 24 to 25 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.



St Joseph's Park Hill School Faith Ambassadors visiting McAuley Mount as part of Kindness Week

Institute of Our Lady of Mercy

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

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

Direct ownership of the sites of these schools continues 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.

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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

Other Property Utilised by Schools

Name	Property
St Thomas More School, Colchester	Former Convent Building

Schools run by the Institute of Our Lady of Mercy

In 2021, the Institute owned, managed and financed one Convent school at Burnley. Sr. Joan Breen and Sr. Colette Cronin act as Governors for St Joseph's Park Hill School.

Name	Responsible Authority
St Joseph's Park Hill School Burnley, Lancashire	Institute of Our Lady of Mercy

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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. There are currently three Sisters who work directly in school settings. As at the end of 2021, Sisters recorded active volunteering in education settings totalling 2,243 hours (equivalent to 1.3 FTE). Seven Sisters act as school governors for seven individual schools.

Bermondsey Heritage Centre and Archives

Bermondsey was the first foundation of Sisters of Mercy in England. In 1839, Catherine McAuley brought a small group of newly trained Sisters from Ireland to work alongside a small group of lay women who were assisting in the running of a school and caring for the poor of the area. Many Mercy Foundations were made from this site and a Heritage Centre was developed on site in 2005. Under usual circumstances, this receives many visitors from around the world.

The Institute Archives have been based in Bermondsey since 1984 and continue to be added to over the years. 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 the local ministry of the Sisters. A focus for 2021 was the transfer of catalogue data onto an improved system which will prove to be a valuable asset moving forward.

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. There are also close links with the Archivist in Mercy International Centre in Dublin, Ireland.

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 2021. 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 often attend the annual meeting in 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.

CARE OF THE SICK, SUPPORT FOR THE POOR

The provision of care remains 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.

The Charity owns and operates two Registered Care Homes and four 'Communities with Care'. The Communities with Care provide accommodation and care to meet a range of needs to support retired, 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.

Care Home Managers, Community with Care Managers and the Care Co-ordinator are supported and managed by the Institute's Business Manager on behalf of the Trustees. They are also closely supported by the lead Trustee for Care and other Trustees. The Business Manager is also the link for the independent consultants, who coach Care Home Managers with a variety of operational matters, supporting them through any difficulties.

Independent Care Consultant

The independent Care Consultant assists senior leaders with the provision of care home consultancy services including quality management, interim management, regulatory compliance, training and provides an independent auditing perspective. She similarly supports communities with Care with regular site clinical support visits and quality reports. The Care Consultant is also the Institute's Nominated Individual with the Care Quality Commission ("CQC") and is responsible for reviewing clinical and operational policies ensuring compliance with CQC regulations and best practice.

Trustees, Care Home Managers and Care Coordinator/Community with Care Managers use the internal quality assurance audits (including Regulation 17 Reports) to identify strengths and areas for further service development.

Independent Care Business Consultant

The independent Care Business Consultant supports the senior management team with day-to-day business issues in the homes.

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Care Management Meetings

The Institute’s Care Management Group officially meets four or five times a year. Attendees include Care Home Managers, Communities with Care Managers, the Business Manager, the HR Co-ordinator, Trustees who link with Communities with Care, the lead Trustees for Care and the independent consultants.

In response to the COVID-19 pandemic, the Care Management team met weekly in the Spring and Summer of 2020 using remote technology, to support Care Home Managers, Care Co-ordinators and their teams with the various challenges the worldwide crisis brought. These short meetings have subsequently continued on a fortnightly basis and have proven invaluable for reviewing the Institute’s response to the pandemic and making timely decisions as an informed management team.

The full meetings have been instrumental in maintaining the support to managers and provide valuable opportunities for the whole care management team to come together to share best practice, explore commonly experienced issues and receive continuing professional development.

Care Home Visits

Prior to the COVID-19 pandemic, Trustees maintained a programme of Care Home visits. Since the easing of Coronavirus restrictions and the gradual re-opening of society, their attendance at resident and families’ meetings allows for constructive two-way conversations and improves the knowledge and understanding of care home operations amongst Trustees, while increasing transparency amongst these key beneficiaries.

Since the reopening of most parts of society during 2021, senior leaders have also been able to pick up their programme of Care Home visits to support residents and staff in person again. Although care home lockdowns can thwart some of these plans at short notice, it has been a welcome return to a regular pattern of site visits and oversight.

Registered Care Homes

Name	Registration Body	Last CQC inspection
McAuley Mount Residential Care Home Burnley, Lancashire	Care Quality Commission (CQC)	CQC infection control and prevention remote inspection 11 February 2021
Mercy Care Centre: Mount Carmel House Beaumont House Kinsale Court extra care apartments Derby, Derbyshire	Care Quality Commission (CQC)	CQC infection control and prevention remote inspection 3 July 2020

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CQC Infection Control and Prevention Remote Inspections

As detailed in the last annual report both of the Institute's registered Care Homes have successfully completed the CQC infection control and prevention remote inspection. Both homes were rated as 'Good' in all areas at their last inspections by the Care Quality Commission (CQC) between 2017 and 2018. Comments from the CQC infection control and prevention remote inspections include:

McAuley Mount, Burnley:

There were effective processes to minimise the risk to people, staff and visitors from catching and spreading infection. These included regular testing of staff and people living in the home and testing of visitors to the home when restrictions allowed. The health of essential visitors was checked before entering the home.

There were enough staff available to provide people with safe and effective care and support and to provide continuity of support should there be a staff shortage. Staff had access to appropriate support to help them manage their wellbeing should it be required. The registered manager told us staff were valued and appreciated for their hard work and commitment during the pandemic. 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'."
CQC Inspection February 2021.

Mercy Care Centre, Derby:

You were very proactive in ensuring people in the home and the staff team were protected, as much as possible from catching the virus. You did this by ensuring the correct PPE was available and used correctly to protect the staff and minimise the spread of transmission throughout the home.

You have increased your infection control practices reducing the risk of transmission and provide staff with clear guidance and training on infection control practices.

You were proactive in ensuring non care staff were trained in care to ensure sufficient staff were available if needed during the outbreak at the home, you were innovative in employing your external trainers to provide housekeeping services when needed and this also enabled staff training to continue.

You confirmed there is good support network in place for staff and you monitored their welfare on an ongoing basis.

People are supported to stay in contact with their loved ones through video chats and by telephone. Some visitors have spent time with their relatives by visiting and sitting on the outside of the patio doors with their relative inside.

CQC Inspection July 2020.

Reports from each of the Care Homes (in their own words) are given on pages 32 – 37.

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Review of Communities with Care

As stated earlier in the report, the leadership roles for Communities with Care were reviewed in 2021. Each facility provides 24-hour care for members of the Congregation, which have historically been managed by Members of the Congregation. However, there has been a decrease in the number of Sisters able to take responsibility for managing such Communities. As a result of the review, three of the Communities now have a lay Manager, assisted by an Administrator, Care and Ancillary Staff. This takes some burden of administration from Community Members and ensures that these Communities can function into the future.

The move away from Sisters as Community Leaders overseeing these Communities with Care has been a significant change for all those involved, not least the resident Sisters. The Institute has worked hard to provide the necessary practical and pastoral support for Sisters and staff as they transition to the new arrangements.

The Institute has purchased an additional site to be used as a Community with Care in Brentwood, Essex. This completed in March 2022. The property will be undergoing a scheme of refurbishment over the coming months in order that it can house and increase the capacity of the current Community with Care in the South.

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 2021, Sisters recorded active volunteering in the 'Nursing of the Sick Poor & Sheltered Accommodation' totalling 6,631 hours (equivalent to 3.9 FTE). Please refer to the table on page 40.

Convent Houses at Filey and Hornsea have been used as centres for holidays, retreats, rest or respite and other houses serve the needs of the disabled. Due to restrictions in 2020 these houses were little used but services began again in Hornsea in 2021. As detailed earlier in the report, the Convent in Filey was closed in August 2021.

Institute of Our Lady of Mercy

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 Crossbeck, Normanby	Offers respite and palliative terminal care to babies and support to their parents.
Zoe's Place Liverpool, Merseyside	Offers respite and palliative terminal care to babies and support to their parents.
Rainbows Bereavement Support GB Liverpool	Provides support to children to grieve and grow after loss.

The work of some of these charities was also impacted by the COVID-19 pandemic, with operations becoming restricted.

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McAuley Mount Residential Care Home, Burnley

The year 2021 began as it ended, with COVID-19 restrictions and lockdown. 2021 and 2022 have had their challenges, with COVID-19 continuing to disrupt plans. The Home has had to go into Lockdown on occasions. However, the amazing staff team at McAuley Mount love a challenge, and we have found alternative ways to keep everyone's spirits up.

We made the most of the sunshine in July 2021 and enjoyed a feast of a BBQ thanks to Stuart who loved cooking outdoors for our resident's. We also enjoyed a visit from Tom Muldoon who blew us away with his swing covers.



Institute of Our Lady of Mercy

As the summer months ended, we embraced the Autumn and winter months. Halloween had us competing to carve the best pumpkin and bonfire night was celebrated in style with fireworks, homemade bonfire toffee and potato pie.



Christmas is always a special time at McAuley Mount and with COVID restrictions affecting visiting, we tried to make 2021 a year to remember. Residents and staff came together to decorate the various Christmas trees we display over the Christmas period. In addition, many of our residents spent weeks creating this wreath during their knit and natter group.

Institute of Our Lady of Mercy

Mercy Care Centre, Derby

2021 and 2022 have remained challenging years for those working in the care industry. Mercy Care Centre staff have continued to provide high quality care in the event of significant staff shortages at times. We have welcomed several new staff members to the Home over the past year who are settling in well and making significant contributions to the Mercy Care Centre Team. Several staff took on more senior positions and we continue to encourage staff development. We also said goodbye to others and wish them well in their future endeavours.

Following the relaxation of nationwide restrictions, the Home has had to close to both visitors and new admissions for three outbreaks of COVID. This has had a subsequent effect on residents, their loved ones and staff, who miss the interaction with visitors. Staff have, however, sought to provide life enrichment for residents.

Some events that took place included:

- Pumpkin carving competition
- Parkin and mulled wine serviced on bonfire night with fireworks.
- Residents' Christmas Carol Concert.
- Christmas Nativity performed by staff for residents.
- Pantomime Day
- One of our residents, dressed as Santa, delivered presents on Christmas Day.



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Residents have continued to have access to religious events although this was made more difficult over lockdown periods. A priest celebrated a weekly mass in Mount Carmel when he was able, and he continued to minister communion and provide individual support as required. One of our residents now provides mass in Mount Carmel, giving the opportunity for services to take place in Beaumont House twice weekly.

The Chapel has had a refurbishment and is used frequently by residents. The Centre has also seen some structural changes. New floors were laid throughout Beaumont House last year, the dining room in Mount Carmel has been given a facelift, and a programme of decoration continues – the Forth Bridge comes to mind!!



Institute of Our Lady of Mercy

ADVANCEMENT OF RELIGION AND OTHER CHARITABLE WORK

In usual circumstances, 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 joining the Catholic faith. The Sisters are also involved in retreat and prayer ministry, spiritual accompaniment 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:

Property	Purpose
Alnwick, Northumberland: The Costello Centre	Used for community purposes.
Brentwood, Essex	Sion Catholic Community for Evangelisation
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 Page 41 and Notes 3 and 19 on pages 72, 73 and 86.

Congregational Activity

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

A number of 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.

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 41.

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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, 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 and hospices
- 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

Usual activities continued to be hampered by the COVID-19 pandemic moving into 2021, where all individuals were requested to 'stay at home'. In addition, the vast majority of Sisters fell into the 'vulnerable' category.

However, despite the aging profile of the Congregation, and the restrictions in place during the year, Sisters have shown resilience and ingenuity and have recorded more than 56,271 hours of community service during 2021, although Community visitation has often been replaced by telephone calls! (Please refer to the table on page 40).

VOLUNTARY WORK DONE BY SISTERS IN 2021

	Annual Hours	FTE Equivalent
Institute of Our lady of Mercy		
Community Leadership and Administration	12,247	7.3
Gardening	2,883	1.7
Hospitality	4,054	2.4
Other	1,771	1.1
Institute Volunteering	20,955	12.5
Advancement of Education		
School Governance	300	0.2
School Volunteering	1,816	1.1
Youth Work	20	0.0
Adult Education	107	0.1
Education Volunteering	2,243	1.4
Nursing of Sick Poor & Sheltered Accommodation		
Counselling	1,145	0.7
Hospital / Care Home Visiting	372	0.2
Visitation	3,402	2.0
St Vincent dePaul Society (SVP)	420	0.3
Women @ The Well /drop in	30	0.0
Other	1,262	0.8
Nursing of Sick Poor Volunteering	6,631	4.0
Advancement of Religion		
Catechesis / RCIA	371	0.2
Mercy Associates	254	0.2
Parish Music	196	0.1
Parish Work	4,738	2.8
Retreats	101	0.1
Visitation	4,703	2.8
Trusteeships	27	0.0
Youth Associates	20	0.0
Spiritual Direction	2,942	1.8
Other	1,323	0.8
Advancement of Religion Volunteering	14,675	8.8
Other Charitable Work		
Counselling	2,625	1.6
Work with immigrants/asylum seekers	78	0.0
Homeless	467	0.3
Charity Fundraising	5,164	3.1
Trusteeships	2,626	1.6
Other	807	0.5
Other Charitable Work Volunteering	11,767	7.1
Total Recorded Volunteering	56,271	33.8

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Charities and Organisations that Sisters Work With

Alexandra Court Care Home, Hull	St Vincent de Paul Society (SVP)
Alzheimer's Society	Rite of Christian Initiation in Adults (RCIA)
Apostleship of the Sea	Roman Catholic Diocese of Arundel and Brighton
Association of Senior Religious	Roman Catholic Diocese of Birmingham
Brooklands Nursing Home, Liverpool	Roman Catholic Diocese of Brentwood
CAFOD	Roman Catholic Diocese of Hexham and Newcastle
Catholic Nurses Guild (local and national)	Roman Catholic Diocese of Leeds
Christian Aid	Roman Catholic Archdiocese of Liverpool
Citizens' Advice Bureau	Roman Catholic Diocese of Middlesbrough
Conference of Religious	Roman Catholic Diocese of Nottingham
Cruse Bereavement Care	Roman Catholic Diocese of Salford
Dellow Centre for the Homeless, Aldgate	Roman Catholic Archdiocese of Southwark
Demelza Children's Hospice	Roman Catholic Archdiocese of Westminster
Durham University – Centre for Catholic Studies	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
Lighthouse	Thomas Lee Nursing Home, Liverpool
Legion of Mary	TRAC (Trafficking Charity)
Newman Circle	Treasures Foundation
NHS Hospitals	Trinity Day Centre
Proclaim 15 Groups	Welcome Centre, Ilford
RAPT (The Rehabilitation of Addicted Prisoners Trust)	Whispers of Hope
Rathbone Rehabilitation Unit, Liverpool	Willowbrook Hospice, Liverpool
SOVA	Women@TheWell
St Barnado's Hospice	Worthing Homeless Project
St Cuthbert's Retreat Centre	

Charitable Donations

The Institute also makes financial donations to a wide range of charities. Trustees respond to appeals on behalf of the Congregation. These donations are usually made from investment income, an income stream which became uncertain as the COVID-19 pandemic took hold. Trustees took the decision to restrict financial donations made with a view to maintaining the long-term asset value to allow future donations to be maximised. In addition, each Community also has its own budget to contribute to local charities and those in need. Please refer to Notes 3 and 19 on pages 72, 73 and 86.

Institute of Our Lady of Mercy

2021 in Sisters' Own Words

The year 2021 began as the previous year had finished, with partial lockdowns, working from home and social distancing still very much in evidence as COVID-19 continued to impact on our lives. However, the year also brought hope, with the rollout of COVID-19 vaccinations. This gave a sense of relief and greater protection. Following the initial jabs, all were invited to have a booster and several restrictions ended in May 2021. It would take a number of months longer for all restrictions to be moved and even into 2022 some people are still cautious and continue to wear masks in confined spaces.

The pandemic has naturally affected our lives in Community as well as our ministries and all had to look for ingenious ways to cope. Many sisters usually spend many hours visiting those in need, the elderly, or those who feel alone. This was replaced by telephone ministry for much of the year, in the hope that those who would not usually see many people still felt that they were connected to others.

Events that would usually take place indoors, became outdoor activities. Sisters Bridie and Betty based in Newcastle-under-Lyme put lots of thought into how they could welcome people to their garden and created displays and focal points for all to enjoy and reflect on.



Institute of Our Lady of Mercy



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UN Climate Change Conference UK 2021

Many in our community were conscious of the significance of the gathering of more than 200 nations in Glasgow in November 2021 for the 26th Conference of the Parties (COP26). This was seen as a very important Summit and one at which huge decisions needed to be made. Several Sisters of the Institute took up the challenge of knitting squares that were used in Glasgow during COP26.



Squares made by the Wanstead Community



Sister Deborah Stokes

Sisters of Mercy were represented by a delegation consisting of Mercy International Association staff, Mercy Global Action staff, and members of the Mercy Global Action Task Force on Climate and water. During the Conference, the Mercy Delegation had a four-tiered approach for advocacy including

- In-person networking
- Distributing the Mercy Global Action Task Force on Climate and Water, COP26 Position Statement
- Sharing Mercy Experiences through Spotlight Flyers
- Social Media Campaign on Twitter

The Group stated: -

“In our reflection on the issues of climate and water, it is evident that we are extracting and using Earth and its common goods as if they are infinite. Addressing climate change is the greatest moral imperative of our time. Climate justice and social justice must be realized.

To halt extreme weather and mitigate the negative impact of climate change on the future sustainability of this planet and on the entire community of life, governments must acknowledge and address the root causes and systems underpinning climate change. Market-based remedies that promote false solutions to climate change, including the commodification of nature, must give way to sustainable and just solutions for both peoples and Earth”.

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For many years now, the Sisters of the Institute have been conscious of the negative impact on the climate caused by the burning of fossil fuels, and particularly reference Pope Francis' encyclical, 'Laudato Si'. In addition to seeking ways of reducing the Institute's own usage of fossil fuels, Sisters have also sought to divest in any holdings involved in fossil fuel activities. Please refer to page 57 for more information.

"I urgently appeal, then, for a new dialogue about how we are shaping the future of our planet. We need a conversation which includes everyone, since the environmental challenge we are undergoing, and its human roots, concern and affects us all".

Pope Francis, 'Laudato Si'

Farewell to Filey

The Convent in Filey was originally purchased by the Hull Community in 1945 and became a popular home for Sisters taking a holiday by the seaside. Over many decades, Sisters and laity have enjoyed the hospitality that made Filey so unique. However, the COVID-19 pandemic stopped the main ministry of the house. After some agonising over the decision, the small community agreed that the House should close. The parish made sure the Sisters knew how much they were appreciated and a final Mass was celebrated on Sunday 8th August with Fathers Martin, Thomas and Ian, Canons of St Norbert concelebrating the Mass. After the Mass there were refreshments and a Norbertine Fizz at the Priory in Muston. The Norbertine Fathers had hired a marquee for all the parishioners to be able to join them in their Farewell to the Sisters.



Fr. Thomas helps the Sisters to cut the cake

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Honour given to former residents of Canvey Island

The disposal of property in Canvey Island, Essex led to a question on how to treat the remains of Sisters of the Society of the Good Shepherd, an Anglican Order, and other residents of the former convent. These were buried in the back garden of our property on Canvey Island; however, the sale of the property would mean that the remains would no longer be under our protection.

Sister Barbara Jeffery obtained permission for the remains of these people to be moved to The Willows Cemetery on Canvey Island. The ground had to settle before any memorials could be erected, however, two new headstones were erected in the cemetery in May 2021 - one for the Sisters and one for the residents. Sister Barbara attended a ceremony for the blessing of the new headstones on 28 July 2021. We feel that we have given honour to this small group of Sisters who were resident on Canvey Island from 1911 to around 1939.



St Joan of Arc Parish Centenary, Highbury, London

The Centenary of St Joan of Arc Church was cancelled in 2020 due to COVID restrictions but was celebrated with great joy on 17 October 2021. Mass was celebrated by Cardinal Vincent Nichols and fourteen priests. Special guests included former Prime Minister, Tony Blair who was accompanied by his wife, and the Lord Mayor of Islington. The three Sisters who live in the parish, together with other Sisters who had lived the parish previously, joined guests and parishioners after Mass for a meal in the adjacent School hall. From its beginning in 1920 the parish has grown to a thriving parish of diversity and warmth.



The Altar of St Joan of Arc Church is prepared for Mass

Institute of Our Lady of Mercy

Sisters Jubilee Celebrations

Several Sisters marked the anniversaries of their profession. With COVID-19 restrictions still in place, numbers had to be restricted but parties still went on, some outdoors! Two Sisters marked their Diamond Jubilees:



Sister Clare Jopson



Sister Bridie Stevens



Sister Teresa Croston marked her Golden Jubilee

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Two Sisters celebrated their Silver Jubilees in 2021: Sister Sue Randall and Sister Cathy Edge.

Sister Cathy chose to make use of zoom for her celebrations and held an evening of prayer and celebration with Sisters, family and friends joining her from many parts of the world. Sister Cathy herself was on the Island of Iona to mark this significant day in her Mercy journey.

Sister Sue Randall was joined by her mother for her celebration

Sisters involvement in other Charities and Organisations

As detailed on page 41, Sisters continued their relationships and involvement with a number of other charities and organisations. A few are mentioned below: -

Whispers of Hope

Two Sisters work with the Charity Whispers of Hope, which supports women who are victims of domestic abuse or sexual trafficking. The Institute of Our Lady of Mercy contributed £25,000 to the work of the charity in 2020.

Sr Geraldine Sweeney is a Trustee of the Charity and acts as a host in one of the houses run by the Charity.

She organised a sponsored abseil event at Alton Castle on 11 September 2021 in which she also took part. This earned her the following headline on the Stoke Sentinel Website:

“Dare-devil nun working at Stoke-on-Trent school abseils down Alton Castle”



Sister Geraldine at the beginning of the descent.

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Justice & Peace Conference

One of the Sisters attended the annual Justice and Peace Conference in Swanwick in July 2021 and shared her story with the Congregation. The Conference was attended by Bishop John Arnold, Bishop of Salford.



Mercy International Association

Institute Sisters continued their involvement with Mercy International Association and took part in many events organised at an international level. 'Opening Doors to an Emerging Future' was a process held in September 2021. This was an invitation to all passionate individuals who felt called to imagine future possibilities on a journey of emergence. This generative conversation was very productive and will be the guiding force for the future.

Sister Colette Cronin completed her term of office on the Mercy International Association board in May 2021 but as Congregational Leader is still a Member of the Association.

Conference of Religious

Sister Colette, as Institute Leader is a member of the Conference of Religious for England and Wales (COR). In addition to attending the Annual Conference, the Institute has been working closely with the Conference in the setting up of the new safeguarding system for Religious. Other members of the Congregation have also been involved with courses run by COR and as few Sisters have given input and training on the Synodal Process and IT. All Sisters receive the monthly COR Newsletter.

Union International of Superior Generals (UISG)

During 2021 all meetings, which are attended by Sister Colette, have been on Zoom. UISG (which has its headquarters in Rome) continues to engage Sisters worldwide on relevant topics in the Church and the world. The meetings in England may continue on Zoom as Sisters are conscious of the planet and not adding unnecessarily to our carbon footprint.

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Ninth General Chapter Preparation

The next General Chapter, the highest authority in the Institute, will take place in May/June 2023. Much preparation has been done for this special event in 2021: a facilitator has been chosen and a co-ordinating group has been established. Dates and a venue have been agreed. The letter of Convocation was sent to all members of the Institute, and several meetings were held. In 2021, these meetings were mostly held on Zoom but two 'face to face' meetings have taken place in the early part of 2022.

The Trusteeship Group have met frequently during 2021, working with Stone King LLP regarding potential change to the charitable structure of the Institute. Consultation has taken place with all members of the Congregation and this is continuing throughout 2022. It is hoped that a draft constitution will be presented to the General Chapter in 2023. Please refer to the following page for more information.

PLANS FOR THE FUTURE

Immediate plans for the future in relation to each of the Institute's principal objects have been highlighted on pages 23 to 51. The following plans are of particular note:

Chapter Preparations, including a Potential Change of Legal Structure

As detailed earlier in the report, the Institute of Our Lady of Mercy was established as a Charitable Trust in 1984. This has served the needs of the Institute well, however, the changing demographics of the membership has necessitated exploration of alternative legal structures.

A recommendation of the Eighth General Chapter was 'The Chapter encourages the new Team to explore structures of leadership, including new models of trusteeship, which will take the Institute effectively into the future.'

To fulfil this recommendation, the Trustees set up a Trusteeship Group to explore the issue. The Group of eight Sisters, including two Trustees, have worked with Stone King Lawyers to consider the best way forward.

The Trusteeship Group have met regularly and have had on-going consultations with all members of the Institute. It is most likely that the Institute of Our Lady of Mercy will convert from a Charitable Trust to a Charitable Incorporated Organisation (CIO). The Trusteeship Group have prepared a draft Constitution for the new body. This would mean that the Trustees of the new Charity will not necessarily need to be members of the Leadership Team nor Members of the Institute.

At their July 2022 Trustees Meeting, the Trustees agreed to begin the process of applying to the Charity Commission to set up a CIO, with the final decision to be made at the Ninth General Chapter in May/June 2023.

In the meantime, the Trustees will be working with all their Advisers to prepare for the transfer by reviewing all relevant agreements, including contracts and property holdings that will need to be transferred to the new Charity.

The proposed transfer, depending on the response from the Charity Commission and the agreement of the Chapter Delegates, will be the 1 January 2024. This date was chosen to correspond to the start of the new financial year.

The financial statements have therefore been prepared on a basis other than a going concern, however, as all assets and liabilities will be transferred to the new entity, no impairment has been deemed necessary.

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Further Changes to Communities with Care

As detailed on page 30, the Institute is currently developing a site for a new Community with Care in Brentwood, Essex. This will provide improved facilities for those Sisters currently resident in the Community with Care in Wanstead, London. It will also allow other Sisters based in the South to join a Community with Care close to the areas where they have exercised their ministry.

Once the new facility is established, Trustees will be able to make decisions regarding options for the broader Wanstead site, which currently also contains the former St Joseph's R.C. School for Girls site.

It is likely that other properties in the South may also become vacant as Sisters move to the new Brentwood property.

General

The current level of economic uncertainty within the world and specifically the UK means that Trustees will continue to closely monitor the operations and activities of the Institute.

The Institute continues to review its business operations, processes and structures to ensure they remain fit for purpose and will act if necessary to respond to changing circumstances.

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

GDPR eLearning and other briefings continue to be delivered. 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. This will continue into 2022.

With the successful introduction of software including care planning and medication management into our registered care homes completed during 2021/early 2022, the Institute has further ambition to refresh the hardware at other sites to ensure that staff and beneficiaries can continue to access high speed internet connections increasingly necessary for streaming and video conferencing services.

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, data protection 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 were 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 instability in the stock market by continually reviewing the draw on its resources and cash flow, ensuring that prudent stewardship decisions are made.

The Institute continues to operate four Communities with Care for frail Sisters where high-level care can be provided efficiently.

As detailed earlier in the report, the Institute of Our Lady of Mercy have joined the Religious Life Safeguarding Service (RLSS) and the Catholic Safeguarding Standards Agency (CSSA). The lay Safeguarding Coordinator appointed in 2020 has now become the Safeguarding Lead for the Institute. This structure 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.

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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.

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 is being drawn down at a relatively high rate and therefore is not invested in quoted securities.

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 2021 division of the portfolio, of about 37% invested in cash, fixed interest and alternative assets and 63% in equity investments, is considered satisfactory and gives an acceptable level of risk to the Trustees. The Trustees require ethical considerations to be considered 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 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.

Institute of Our Lady of Mercy

Divestment from Fossil Fuels

As documented in previous Annual Reports, the Trustees, together with their Investment Manager have been engaged in the process of reducing investments in companies involved with fossil fuels.

For many years the Sisters of the Institute have been made aware of the negative impact on the climate caused by the burning of fossil fuels. Pope Francis in *Laudato Si* challenged everyone on this issue and a growing number of Faith communities, including Dioceses and Religious Congregations have been reducing and eliminating fossil fuel companies from their investment portfolios. The Institute was proud to join a Global Divestment Announcement organised by Operation Noah and Sister Maura Mullen made the following statement on behalf of Trustees on 17 May 2021.

As Trustees of the Institute of Our Lady of Mercy in the UK, we have been working with our Investment Manager during the past 18 months and can now confirm that we will have fully divested from any holdings involved in Fossil Fuel activities in the near future and within five years at the latest.

“In the midst of increasing awareness and acknowledgment of our current Climate emergency, our attention is directed to the urgent need to cut carbon emissions drastically. This presents us with a clear moral imperative to which we are called to respond by divesting from Fossil Fuel holdings and joining the Global Divestment Announcement on 17 May 2021. We see this as a powerful witness to our faith and values in the context of the April Leaders’ Summit on Climate and the UK’s hosting of the COP26 in Glasgow in November 2021.”

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 £146.9m (2020: £143.6m).

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.

Institute of Our Lady of Mercy

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 whose work relates 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 £3.1m for the year ended 31 December 2021 (2020: deficit of £9.7m). Restricted funds totalled £16.8m (2020: £17.0m) and unrestricted funds totalled £146.9m (2020: £143.6m).

Institute of Our Lady of Mercy

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and 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 judgements and accounting 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.
- 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.

Institute of Our Lady of Mercy

INDEPENDENT AUDITORS

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

APPROVED BY THE TRUSTEES ON OCTOBER 2022

Signed: ...*A. J. Conin*...

TRUSTEE

Signed: ...*J. E. Breen*...

TRUSTEE

Date: *21/10/2022*

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 2021 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 balance sheet as at 31 December 2021; 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to the basis of preparation within the accounting policies in the financial statements which describes the trustees' reasons why the financial statements have been prepared on a basis other than 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 our work undertaken in the course of the audit, the Charities Act 2011 requires 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to Care Quality Commission and Ofsted regulations in respect of Care Homes and Schools operated by the Charity, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the financial statements, and determined that the principal risks were related to misappropriation of assets and the associated posting of inappropriate journals prior to cash being recorded within the charity's accounting records. Audit procedures performed included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect misappropriation of assets;
- testing accounting estimates that we deemed to present a risk of material misstatement, including challenging management on the supporting documents provided for the same;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations;
- testing of the completeness of income; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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.

Institute of Our Lady of Mercy

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

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.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
21 October 2022

Statement of Financial Activities for the year ended 31 December 2021

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 Restated* £
Incoming resources					
<i>Donations</i>	1	61,807	-	61,807	68,522
<i>Income from charitable activities:</i>					
Sisters' salaries and pensions		2,612,798	-	2,612,798	2,818,230
School fees		719,662	-	719,662	934,076
Care home fees		2,328,404	-	2,328,404	2,148,616
Grants receivable		154,130	-	154,130	281,842
<i>Investment income</i>	2	2,704,015	82,982	2,786,997	2,612,122
<i>Other income:</i>					
Sundry income		14,864	-	14,864	37,473
Total incoming resources		8,595,680	82,982	8,678,662	8,900,881
Expenditure on:					
<i>Raising funds:</i>					
Investment management costs	4	199,722	6,612	206,334	206,475
<i>Charitable activities</i>					
Convents and religious activities	4	9,576,478	-	9,576,478	9,904,902
Schools and education	4	774,338	-	774,338	1,763,715
Care homes and other care activities	4	3,392,966	-	3,392,966	3,292,614
<i>Other expenditure:</i>					
Loss/(profit) on disposal of investments		168,381	-	168,381	(36,577)
(Profit)/loss on disposal of fixed assets		(442,677)	-	(442,677)	263,814
Total resources expended		13,669,208	6,612	13,675,820	15,394,943
Net (expenditure)/income before investment gains		(5,073,528)	76,370	(4,997,158)	(6,494,062)
<i>Net gains/(losses) on investments</i>	10	7,864,527	243,809	8,108,336	(3,241,925)
Net income/(expenditure) before transfers		2,790,999	320,179	3,111,178	(9,735,987)
Transfers between funds	14	443,382	(443,382)	-	-
Net movement in funds		3,234,381	(123,203)	3,111,178	(9,735,987)
Total funds brought forward at 1 January		143,627,249	16,958,437	160,585,686	170,321,673
Total funds carried forward at 31 December		146,861,630	16,835,234	163,696,864	160,585,686

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 incoming/(outgoing) resources on ordinary activities before taxation and the incoming/(outgoing) resources for the financial year stated above and their historical cost equivalents.

*The 2020 comparative has been restated for a reclassification between care homes and other staff wages whereby convents and religious activities has reduced by £1,882,083 and care homes and other care activities have increased by the same amount. This was due to a mapping error. Overall, total staff costs remain unchanged.

The accounting policies and notes on pages 67 to 88 form part of these financial statements.

Institute of Our Lady of Mercy

Balance sheet as at 31 December 2021

	Note	Charity 2021 £	Charity 2020 £
Fixed assets			
Tangible assets	9	79,090,497	82,472,278
Investments	10	78,261,861	73,707,589
Total fixed assets		157,352,358	156,179,867
Current assets			
Stock		1,947	-
Debtors (including £481,488 (2020: £503,467) due after one year)	11	883,999	649,065
Cash at bank and in hand	22	6,674,584	4,894,876
Total current assets		7,560,530	5,543,941
Creditors – amounts falling due within one year	12	(1,216,024)	(1,138,122)
Net current assets		6,344,506	4,405,819
Total assets less current liabilities		163,696,864	160,585,686
Net assets		163,696,864	160,585,686
The funds of the charity:			
<i>Restricted income funds</i>	14	16,835,234	16,958,437
<i>Unrestricted funds</i>	14	146,861,630	143,627,249
Total funds	15	163,696,864	160,585,686

The financial statements on pages 64 to 88 were approved by the trustees on 21/10/2022 and signed on their behalf:

N. J. Cronin

TRUSTEE

J E Breen

TRUSTEE

The accounting policies and notes on pages 67 to 88 form part of these financial statements.

Cash flow statement for the year ended 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Net cash used in operating activities	21		(6,263,264)		(6,747,315)
Cash flows from investing activities					
Dividends, interest and rents from investments	2	2,786,997		2,612,122	
Purchase of tangible assets	9	(207,404)		(387,115)	
Proceeds from sale of tangible assets		2,077,697		681,686	
Proceeds from sale of investment properties		571,282		291,151	
Purchase of investments	10	(2,724,350)		(4,198,507)	
Proceeds from sale of investments	10	5,538,750		5,663,046	
Net cash provided by investing activities			8,042,972		4,662,383
Change in cash and cash equivalents in the year			1,779,708		(2,084,932)
Cash and cash equivalents brought forward			4,894,876		6,979,808
Cash and cash equivalents carried forward			6,674,584		4,894,876

The accounting policies and notes on pages 67 to 88 form part of these financial statements.

Institute of Our Lady of Mercy

Accounting policies

General information

Institute of Our Lady of Mercy (the “Charity” or the “Institute”) is a registered charity with the Charity Commission with registered number 290544. The principal address of the Charity is The Generalate, Convent of Mercy, Cemetery Road, Yeadon, Leeds, LS19 7UR.

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.

Basis of preparation

The financial statements have been prepared in accordance with the 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) issued on 2 October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

The financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following the relevant version of the 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) issued on 2 October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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).

At their July 2022 Trustees Meeting, the Trustees agreed to begin the process of applying to the Charity Commission to set up a CIO, with the final decision to be made at the Ninth General Chapter in May/June 2023.

In the meantime, the Trustees will be working with all their Advisers to prepare for the transfer by reviewing all relevant agreements, including contracts and property holdings that will need to be transferred to the new Charity.

The proposed transfer, depending on the response from the Charity Commission and the agreement of the Chapter Delegates, will be the 1 January 2024. This date was chosen to correspond to the start of the new financial year.

The financial statements have therefore been prepared on a basis other than a going concern, however, as all assets and liabilities will be transferred to the new entity, no impairment has been deemed necessary.

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.

Tangible 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.

Institute of Our Lady of Mercy

Accounting policies (continued)

Tangible assets (continued)

(ii) Fixtures and fittings, equipment and motor vehicles

Fixtures and fittings, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

(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 tangible assets costing £250 or more are capitalised at cost.

Investments

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.

Quoted 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 year in which they arise.

Stock

Stock is held at lower of cost and net realisable value.

Cash at bank and in hand

Cash at bank and in hand 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.

Accounting policies (continued)

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 year 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.

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.

Accounting policies (continued)

Incoming resources

Fees and similar income

Fees receivable and charges for teaching or residential care are accounted for in the year 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.

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.

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 Statement of Financial Activities 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

Institute of Our Lady of Mercy

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.

Accounting policies (continued)

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 year 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 year 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 Institute. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Trustees, separate disclosure is necessary to understand the effect of the transactions on the Charity's financial statements.

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 2021

1 Donations

	2021	2020
	£	£
Donations and gifts	61,807	68,522

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 2021, there were no specific legacy donations made by one individual included in the donations balance (2020: £Nil).

2 Investment income

	Unrestricted	Restricted	2021	2020
	£	£	£	£
Bank interest	208,606	-	208,606	335,992
Income from quoted investments	1,828,743	82,982	1,911,725	1,639,245
Income from investment properties	666,666	-	666,666	636,885
	2,704,015	82,982	2,786,997	2,612,122

3 Grants payable

The amount payable in the year comprises:

	2021	2020
	£	£
Missions	14,903	107,006
Costello fund	75,607	63,997
Fullerton fund	172,581	142,600
General fund	300,562	334,609
	563,653	648,212

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

3 Grants payable (continued)

The amount payable in the year comprises:

	2021	2020
	£	£
Institutional	478,513	574,529
Individuals	85,140	73,683
	563,653	648,212

The number of grants is summarised below:

	2021	2020
	Number	Number
Institutional	745	581
Individuals	431	630
	1,176	1,211

The largest institutional grants are included in note 19.

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

4 Resources expended

	Staff costs	Other costs	Support costs allocation	Depreciation	Grants payable	2021	2020 Restated*
	£	£	£	£	£	£	£
Investment management costs	-	206,334	-	-	-	206,334	206,475
<u>Charitable activities</u>							
Convents and religious activities	2,080,869	3,178,101	1,821,145	1,933,934	562,429	9,576,478	9,904,902
Schools and education	645,879	106,919	4,667	15,723	1,150	774,338	1,763,715
Care homes and other care activities	2,828,501	550,360	9,522	4,509	74	3,392,966	3,292,614
	5,555,249	4,041,714	1,835,334	1,954,166	563,653	13,950,116	15,167,706

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

*The 2020 comparative has been restated for a reclassification between care homes and other staff wages whereby convents and religious activities has reduced by £1,882,083 and care homes and other care activities have increased by the same amount. This was due to a mapping error. Overall, total staff costs remain unchanged.

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

5 Governance and support costs

	2021 £	2020 £
Support costs		
Postage and telephones	112,265	122,710
Property and general administration*	834,019	676,823
Legal fees	125,721	512,378
Other expenses	32,406	980
	1,104,411	1,312,891
	2021 £	2020 £
Governance costs		
Independent auditors' remuneration	105,125	63,450
Accountancy fees	576,122	483,356
Other professional fees	-	3,146
Legal fees	87,617	85,065
	768,864	635,017

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.

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

6 Net outgoing resources

	2021	2020
	£	£
Net outgoing resources is stated after charging/(crediting):		
Depreciation of owned assets	1,954,166	2,064,632
Operating lease costs	71,864	68,486
Independent auditors' remuneration for:		
Audit services	105,125	63,450
Accountancy services	70,000	80,000
Other advice	1,500	-
Loss/(profit) on disposal of investment properties	168,381	(36,577)
(Profit)/loss on disposal of tangible assets	(442,677)	263,814

7 Staff costs

	2021	2020
	£	Restated* £
Resources expended		
School services	645,879	1,408,437
Care homes	2,828,501	2,700,363
Other staff	2,080,869	2,213,934
	5,555,249	6,322,734

*The 2020 comparative has been restated for a reclassification with care homes increasing by £1,882,083 and other staff wages decreasing by the same amount due to a mapping error. Overall, total staff costs remain unchanged.

	2021	2020
	£	£
Analysis of staff costs		
Wages and salaries	4,856,455	5,460,326
Social security costs	372,401	444,657
Pension costs	300,085	388,875
	5,528,941	6,293,858
Care homes agency staff	26,308	28,876
	5,555,249	6,322,734

Notes to the financial statements for the year ended 31 December 2021(continued)

7 Staff costs (continued)

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

	2021	2020
	Number	Number
Number of employees with employee benefits within each band		
£60,000 to £69,999	1	2
£70,000 to £79,999	-	-
£80,000 to £89,999	-	-
>£90,000	-	1
	1	3

No trustee received any remuneration from the Charity (2020: 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.

	2021	2020
	Number	Number
The monthly average number of employees analysed by function		
School services	26	40
Care homes & communities with care	109	112
Other staff	118	120
	253	272

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.

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

9 Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2021	93,874,212	6,277,095	1,391,345	570,761	102,113,413
Additions	17,762	113,749	28,448	47,445	207,404
Disposals	(3,579,780)	(1,400)	(6,938)	-	(3,588,118)
At 31 December 2021	90,312,194	6,389,444	1,412,855	618,206	98,732,699
Accumulated depreciation					
At 1 January 2021	11,753,201	6,035,197	1,351,361	501,376	19,641,135
Charge for the year	1,834,871	74,809	15,851	28,635	1,954,166
Disposals	(1,952,293)	(806)	-	-	(1,953,099)
At 31 December 2021	11,635,779	6,109,200	1,367,212	530,011	19,642,202
Net book amount					
At 31 December 2021	78,676,415	280,244	45,643	88,195	79,090,497
At 31 December 2020	82,121,011	241,898	39,984	69,385	82,472,278

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

10 Investments

	Quoted securities £	Investment properties £	Total £
Cost or valuation			
At 1 January 2021	65,710,189	7,997,400	73,707,589
Additions	2,514,450	209,900	2,724,350
Disposals	(5,538,750)	(739,664)	(6,278,414)
Revaluations	7,992,672	115,664	8,108,336
At 31 December 2021	70,678,561	7,583,300	78,261,861
Unrestricted funds	68,446,140	7,583,300	76,029,440
Restricted funds	2,232,421	-	2,232,421
	70,678,561	7,583,300	78,261,861

Cost or valuation			
At 1 January 2020	70,866,145	7,802,493	78,668,638
Additions	4,198,506	-	4,198,506
Disposals	(5,663,046)	(255,000)	(5,918,046)
Revaluations	(3,691,416)	449,907	(3,241,509)
At 31 December 2020	65,710,189	7,997,400	73,707,589
Unrestricted funds	63,650,416	7,997,400	71,647,816
Restricted funds	2,059,773	-	2,059,773
	65,710,189	7,997,400	73,707,589

Quoted securities are represented by:

	2021	2020
Equity	61,627,385	55,467,676
Corporate debt	7,170,958	8,296,844
Sovereign debt	974,718	944,060
Preference shares	905,500	1,001,609
	70,678,561	65,710,189

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

11 Debtors

	2021	2020
	£	£
Due within one year		
Debtors	158,777	29,239
Prepayments and accrued income	243,734	116,359
Due after more than one year		
Loans	481,488	503,467
	883,999	649,065

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:

	2021	2020
	£	£
Between one and two years	-	21,689
Between two and five years	100,000	100,000
Over five years	381,488	381,778
	481,488	503,467

12 Creditors – amounts falling due within one year

	2021	2020
	£	£
Trade creditors	237,058	121,829
Other creditors	450,065	601,028
Accruals and deferred income	390,230	322,793
Taxation and social security	138,671	92,472
	1,216,024	1,138,122

Institute of Our Lady of Mercy

Notes to the financial statements for the year ended 31 December 2021(continued)

13 Financial instruments

The Charity has the following financial instruments:

Financial assets measured at amortised cost

	2021	2020
	£	£
Debtors	158,777	29,239
Loans	481,488	503,467
	640,265	532,706

Financial assets measured at fair value through income and expenditure

	2021	2020
	£	£
Quoted securities	70,678,561	65,710,189

Financial liabilities measured at amortised cost

	2021	2020
	£	£
Trade creditors	237,058	121,829
Other creditors	450,065	601,028
	687,123	722,857

Notes to the financial statements for the year ended 31 December 2021(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.

2021

	Fund balances brought forward £	Income £	Expenditure £	Transfers £	Gains and losses on investments £	Fund balances carried forward £
Restricted funds						
Maricourt High School – grants	1,933,441	-	-	(55,027)	-	1,878,414
Broughton Hall High School – grants	12,327,462	-	-	(305,148)	-	12,022,314
Fullerton Fund	577,990	-	-	-	-	577,990
External Trust Funds Investments						
Special account No 5	81,515	747	-	-	8,421	90,683
Costello Fund	2,038,029	82,235	(6,612)	(83,207)	235,388	2,265,833
Total	16,958,437	82,982	(6,612)	(443,382)	243,809	16,835,234
Unrestricted funds						
Accumulated funds	143,627,249	8,595,680	(13,669,208)	443,382	7,864,527	146,861,630
Total	160,585,686	8,678,662	(13,675,820)	-	8,108,336	163,696,864

Notes to the financial statements for the year ended 31 December 2021(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, 2021: £360,175 (2020: £360,175).

2020

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Fund balances carried forward
	£	£	£	£		£
Restricted funds						
Maricourt High School – grants	1,988,468	-	-	(55,027)	-	1,933,441
Broughton Hall High School – grants	12,632,610	-	-	(305,148)	-	12,327,462
Fullerton Fund	768,090	-	(190,100)	-	-	577,990
External Trust Funds						
Investments						
Special account No 5	58,993	734	-	-	21,788	81,515
Costello Fund	2,185,731	63,370	(5,853)	(103,997)	(101,222)	2,038,029
	17,633,892	64,104	(195,953)	(464,172)	(79,434)	16,958,437

Notes to the financial statements for the year end 31 December 2021 (continued)

14 Charity funds (Continued)

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses on investments	Fund balances carried forward
	£	£	£	£		£
Unrestricted funds						
Accumulated funds	152,687,781	8,836,777	(15,198,990)	464,172	(3,162,491)	143,627,249
Total	170,321,673	8,900,881	(15,394,943)	-	(3,241,925)	160,585,686

15 Total funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Fund balances at 31 December are represented by				
Tangible assets	65,183,947	13,906,550	79,090,497	82,472,278
Investments	76,029,439	2,232,422	78,261,861	73,707,589
Current assets	6,864,268	696,262	7,560,530	5,543,941
Current liabilities	(1,216,024)	-	(1,216,024)	(1,138,122)
Total net assets	146,861,630	16,835,234	163,696,864	160,585,686

Notes to the financial statements for the year end 31 December 2021 (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 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 as a split of the Institute's share of gross assets and liabilities is not available.

The total pension cost for the year was £300,085 (2020: £388,875) 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 16.5% currently to 23.7% - an increase of more than 40%. The Institute has decided to continue its membership of the TPS scheme.

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 (2020: £180,000) and has grant commitments totalling £240,000 over the next 3 years.

Notes to the financial statements for the year end 31 December 2021 (continued)

18 Operating lease commitments

At 31 December 2021, the Charity had total commitments under non-cancellable operating leases of:

	2021 Motor vehicles £	2020 Motor vehicles £
Operating leases which expire:		
Payable within 1 year	44,200	71,864
Payable within 2 to 5 years	42,118	75,181
	86,318	147,045

19 Institutional grants

The largest institutional grants comprise:

	2021 £	2020 £
British Red Cross	-	10,000
Catholic Trust for England & Wales	-	18,000
Darton Longman & Todd	-	5,000
Durham University - Catherine McAuley Scholarship	20,000	20,000
Religious Life Safeguarding Services	50,000	-
Sion Catholic Community	8,000	10,000
St Francis of Assisi Church	-	5,000
St Joan of Arc	100	5,000
St Joseph' R C Primary School	6,000	6,000
St Monica's Housing	5,000	5,000
Verona Fathers – Nekemte School Project	-	25,000
Whispers of Hope	-	25,000
Women@theWell	180,000	180,000
	269,100	314,000
Others	209,413	260,529
Total institutional grants (note 3)	478,513	574,529

Institute of Our Lady of Mercy

Notes to the financial statements for the year end 31 December 2021 (continued)

20 Grant commitments

At 31 December 2021, the Charity had total grant commitments of:

	2021	2020
	£	£
Payable within 1 year	200,000	205,750
Payable within 2 to 5 years	60,000	260,000
	260,000	465,750

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 movement in funds to net cash from operating activities

	2021	2020
	£	£
Net movement in funds	3,111,178	(9,735,987)
Depreciation charges	1,954,166	2,064,632
(Profit)/loss on disposal of tangible assets	(442,677)	263,814
Loss/(profit) on disposal of investment properties	168,381	(36,577)
(Gain)/loss on investments	(8,108,336)	3,241,925
Dividends, interest and rents from investments	(2,786,996)	(2,612,122)
(Increase) in debtors	(234,934)	(18,073)
Increase in creditors	77,901	85,073
(Increase) in inventory	(1,947)	-
Net cash used in operating activities	(6,263,264)	(6,747,315)

Institute of Our Lady of Mercy

Notes to the financial statements for the year end 31 December 2021 (continued)

22 Cash at bank and in hand

	2021	2020
	£	£
Cash at bank	4,744,019	2,955,634
Cash held by investments	1,930,565	1,939,242
Total cash at bank and in hand	6,674,584	4,894,876

23 Post balance sheet events

An attempted data breach occurred subsequent to the year end and steps were taken to deal with this appropriately.