

**Society of
the Sacred Heart
CIO**

**Unaudited Annual Report and
Accounts**

30 June 2019

Charity Registration Number 1179288



Contents

Reports

| | |
|---|---|
| Reference and administrative details of the charity, its trustees and advisers | 1 |
| Report of the trustees | 3 |

Accounts

| | |
|-----------------------------------|----|
| Statement of financial activities | 12 |
| Balance sheet | 13 |
| Principal accounting policies | 14 |
| Notes to the accounts | 15 |

Reference and administrative details of the charity its trustees and advisers

| | |
|------------------------------------|---|
| Trustees | Sister Christine Austin Sister Carol Condon (resigned 30 June 2019) Sister Christine Edwards Sister Catherine Lloyd (appointed 1 July 2019) Sister Jane Maltby (resigned 30 June 2019) Sister Sheila McNamara Sister Lorraine Pratt (resigned 30 June 2019) Sister Margaret Walshe Sister Margaret Wilson (appointed 1 July 2019) |
| Provincial Superior | Sister Jane Maltby (until 30 June 2019) Sister Catherine Lloyd (from 1 July 2019) |
| Administrative Address | 3 Bute Gardens Hammersmith London W6 7DR |
| Telephone | 020 8741 4688 |
| Facsimile | 020 8834 7380 |
| Charity Registration Number | 1179288 |
| Accountant | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | HSBC Bank plc 53-55 Uxbridge Road London W5 5SA |
| Solicitors | Pothecary Witham Weld 70 St George's Square London SW1V 3RD Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR |

Reference and administrative details of the charity its trustees and advisers

| | |
|----------------------------|---|
| Investment managers | CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET |
|----------------------------|---|

The trustees present their annual report together with the accounts of the Society of the Sacred Heart CIO (the 'charity') for the period from 23 July 2018 to 30 June 2019.

The accounts have been prepared in accordance with the accounting policies set out on page 14 of the attached accounts and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and accounts.

Introduction

The Society of the Sacred Heart CIO is a Charitable Incorporated Organisation (CIO) registered with the Charity Commission and governed by a Constitution dated 23 July 2018.

The CIO was set up to continue the work of the Society of the Sacred Heart Charitable Trust (the predecessor charity), an unincorporated charity (Charity Registration Number 227848). With effect from 1 July 2019, the assets, liabilities and activities of the unincorporated charity were transferred to the CIO. The unincorporated charity remains a separate entity and in due course will be removed from the Register.

The Society of the Sacred Heart (the 'Society') is an international Roman Catholic religious order of women (RSCJ). It is governed by its own Constitution. The Society is present on all continents and in 41 countries, and is divided into Provinces by country or region. The central government of the Society - the General Council and the Treasurer General – is based in Rome.

The Society established its first community in England in December 1842: it is now present in several locations around England and retains a retreat centre in Wales. In the Province of England and Wales we mostly live in small communities. Central to our lives is a rhythm of prayer and reflection in solitude and together. This pattern of prayer and reflection, coupled with the desire to live as simply as we can and to meet the needs of our world – locally, nationally and globally - supports us and challenges us to live gospel values and to keep alive a vision of a world where justice and peace may flourish and God's love be made known to all.

The international Society of the Sacred Heart holds a General Chapter every eight years, and the priorities set by this inform the direction and priorities of the members ('RSCJ' or 'sisters') in the ensuing eight year period. The most recent Chapter was held in July-August 2016, and since then, the members of the England-Wales Province have met among themselves, and in a joint meeting with RSCJ from Ireland-Scotland, to begin to discern how these priorities will influence our lives and mission in the coming years. The four priorities of the 2016 Chapter are:

- ◆ To reach new frontiers – *geographical and existential*
- ◆ To live more humanly – *in the radical style of Jesus of Nazareth*
- ◆ To create silence – *to deepen our interior life*
- ◆ To be and to act as one Body – *to revitalise our unity in diversity*

Introduction (continued)

In addition, there were seven recommendations:

- ◆ Sharing resources
- ◆ Service of Education
- ◆ Vocation Ministry
- ◆ International Volunteer Service
- ◆ Justice Peace and the Integrity of Creation
- ◆ Languages in the Society
- ◆ Ways of organising ourselves

Objectives

The objectives of the charity cover a range of charitable activities, which include:

- ◆ the support of the members of the Society and their charitable works;
- ◆ the advancement of education;
- ◆ the advancement of the Roman Catholic religion; and
- ◆ the relief of poverty.

In setting the charity's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Much of our work is interwoven, and our core belief in God and our membership of the Roman Catholic Church underpins every aspect of our lives and mission, as do the Society's educational focus, our commitment to being at the service of the materially and spiritually poor and the marginalised, and the effort to meet the needs of our own members in this Province and in the wider international Society.

Activities and performance

The charity had no activities and hence no income or expenditure in the period to 30 June 2019.

Future plans

Society of the Sacred Heart CIO will continue the work of the predecessor charity. While the trustees do not anticipate any significant change to such activities over the next one to three years, they are exploring the long-term future and direction of the Society (and hence the charity), and considering various options to ensure their material assets and spiritual values continue to be protected in the future according to the spirit in which they were put in place.

Future plans (continued)

Members of the England-Wales Province will continue to work with the other provinces of Europe in a process towards the restructuring/networking of the European provinces. The specific topics to be concentrated on this coming year are: a) The initial formation of our members across our European provinces and the planning for a European noviceship to commence in 2021; b) Networking in other areas of ministry, e.g. schools, eldercare, etc; c) The encouragement of grass-roots gatherings for ministry and support, e.g. in age cohorts etc.

Following the Easter 2019 Assembly of the members with those of the Province of Ireland-Scotland, we will take every opportunity to work with the Province, and will continue the bi-annual meeting with their Provincial Council.

The trustees will review the Province strategic plan for the use of our assets and resources for the sake of mission, and make adjustments as needed. They will continue their reflection on the long-term use of assets and their thinking around our legacy.

The November Province day provided opportunities to continue the process of reflecting on mission and the Society's current reality and Province needs. In March 2020, a three-day Provincial Chapter will be held to prepare for the Extraordinary General Chapter of 2021, specifically concentrating on the restructuring of the Society, and therefore the Province too, into the future. This Special General Chapter will also focus on the sharing and distribution of resources across the whole Society.

There will be an annual team building day for senior lay staff from across the Province, seeking to inform and involve them in the development of policies and action plans.

Our plan to enable the Care Manager of the charity's care home for older members (Duchesne House) to experience good practice in other homes for religious sisters will be implemented and she will be encouraged to make full use of the new opportunities that the recent refurbishment of the home offers. The whole Duchesne campus will be considered to see how best to use this and the trustees will work with the Province membership to understand the opportunities offered.

Relevant policies

Reserves policy

The trustees have examined the requirement for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work and the on-going commitment to support members of the Society, the level of free reserves should be approximately equal to one year's expenditure on unrestricted funds.

The trustees are of the opinion that this provides sufficient flexibility:

- ◆ to cover temporary shortfalls in income due to timing differences in income flows;
- ◆ to ensure adequate working capital for core costs;
- ◆ to allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

Relevant policies (continued)

Reserves policy (continued)

As the charity had no activities in the period from incorporation to 30 June 2019, there were £nil reserves at the balance sheet date. However, with effect from 1 July 2019 the activities, assets and liabilities of the charity's predecessor charity were transferred to the charity. The trustees are confident that this will enable the above reserves policy to be achieved.

Fundraising policy

During the period, the charity did not carry out any direct fundraising with the public. It did not use the services of any third party organisation to help in its fundraising activities and no complaints were received about its fundraising activities during the financial year. However, if a complaint was to be received, by the charity, it would be handled by a senior member of staff or trustee.

Governance, structure and management

Trustees

On 30 June 2019, Sister Jane Maltby concluded her mandate as Provincial Superior and stepped down, together with her Provincial Council – Sister Carol Condon, Sister Sheila McNamara and Sister Lorraine Pratt.

On 1 July 2019, Sister Catherine Lloyd began her first three year mandate as Provincial Superior, supported by her Provincial Council – Sister Christine Edwards, Sister Sheila McNamara and Sister Margaret Wilson.

New trustees are appointed by those trustees already in office at the time of the appointment and the process of appointment is organised by the Chair of Trustees, the Provincial Superior. At any one time there must be a minimum of six trustees but not more than twelve trustees.

Members of the Provincial Council, who are nominated by the members of the Province of England and Wales with nominations being ratified by Rome, are three of the trustees.

Brief biographic details of the trustees in office at the date on which this report was approved are as follows:



Sister Christine Austin is a retired teacher who worked in Secondary Education in the Society's boarding schools at Woldingham and in Kalungu, Uganda. She also taught at St Julian's in Malta. For the last 25 years she has done voluntary work promoting Fair Trade, particularly with Traidcraft and has been involved in raising awareness of Third World issues. Sister Christine is a member of the Finance Advisory Committee.

Governance, structure and management (continued)

Trustees (continued)



Sister Christine Edwards has held a variety of teaching posts in the course of her professional career and has also engaged in youth work. Her last post was as chaplain at a diocesan girl's school in London. She was Chair of Governors to the Sacred Heart Comprehensive School in Newcastle-upon-Tyne for three years. She was a member of the Provincial Team for several years until summer 2009 and was appointed the Canonical Treasurer for the Province in July 2010. She retired from this position in March 2014. She is a member of Council of the University of Roehampton, the Society's safeguarding representative and a member of the Provincial Council from 1 July 2019.



Sister Catherine Lloyd has a background in formal education and ministry with young people working at different times and places as a teacher, Head of Department and Head of Middle School. After training in spiritual accompaniment and counselling, she worked as a School Chaplain at the Sacred Heart High School in Hammersmith. Cath spent some years in the Society's mission in Indonesia where she worked in teacher education, theological formation and in a project with street children.

On returning to the UK, she served as Novice Mistress and worked in the Formation department of the Conference of Religious of England and Wales, where with others she developed inter-congregational provision in the areas of the initial formation of newer members to religious life.

After further studies, Cath worked with a team of consultants to other organisations and groups in the areas of strategic planning, leadership formation and change agency.

This was followed by eight years of international service on the General Council of the society in Rome, after which Cath returned to her ministry of consultation and facilitation, spirituality and formation in the UK and abroad.



Sister Sheila McNamara has worked for many years in Primary Education as a classroom teacher, Deputy Headteacher and Acting Headteacher in schools on Tyneside and North London. Following further study in Dublin in 2000, she continued her journey in education as Diocesan Primary Schools Adviser first in the Archdiocese of Westminster for six years and then in the Diocese of Hexham and Newcastle for seven years. For the last seven years her ministry has been in spirituality, accompanying others in their spiritual journey, leading days of reflection and retreats. Her passion for nurturing the spirituality of the educator inspires her to lead sessions on a local and national level with school staff and leaders. She has served on a number of Provincial Committees as well as serving two years as Chair of Sacred Heart High School, Hammersmith. She is also a member of the Provincial Council.

Governance, structure and management (continued)

Trustees (continued)



Sister Margaret Walshe is a retired teacher who has taught in schools for the Society in Tunbridge Wells, Woldingham, Fenham and Malta and been a lecturer in Professional Education at Roehampton University. She has served on the Executive Committee of the Provincial Bursars Association and was Provincial Bursar from 1996 to 2007. Between 1989 and 1995 she was a member of the Provincial Council. She has been on the governing bodies of Digby Stuart College, the schools in Fenham and Woldingham and been a member of Roehampton University Council. In retirement she is a volunteer with the Pensioners Group at the local Irish Centre, and is a Governor at a primary school in Richmond-on-Thames.



Sister Margaret Wilson entered the Society after completing her Teacher Training in Newcastle upon Tyne. She taught in Sacred Heart schools in Tunbridge Wells and Woldingham before moving to Hammersmith Sacred Heart High School in 1977 to become Head of the Religious Education department. During this time she completed a Masters in Religious Education at Boston College.

In 1990, Margaret was appointed Director of Novices for the Society and remained in that post until 2002. After a sabbatical year in Donegal, she worked in Armagh for three years as a Community Development worker in a deprived area of the city. Returning to England, Margaret worked in Leeds for one year before taking on the service of Provincial for six years. She now lives in Newcastle and is part of the 'Capacitar' training programme in England. In July 2019 she joined the Provincial Council.

Trustees responsibilities statement

The trustees are responsible for preparing the trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;

Governance, structure and management (continued)

Trustees responsibilities statement (continued)

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 relevant Charity (Accounts and Reports) Regulations and the provisions of the charity's 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.

Management

The trustees have the final responsibility for the policies, activities and assets of the charity. Following the transfer of activities, assets and liabilities from the charity's predecessor charity with effect from 1 July 2019, the trustees will meet annually to review developments with regard to the charity and to make significant decisions. The day-to-day management of the charity's activities and the implementation of policies will be delegated to:

- ◆ the trustees who, with the Provincial Superior, form the Provincial Council; and
- ◆ the Finance Advisory Committee; and
- ◆ the appropriate senior staff.

Key management personnel

Following the transfer of activities, assets and liabilities from the charity's predecessor charity with effect from 1 July 2019, the trustees consider that they, together with the Finance and General Manager, will comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees are members of the Society and, whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties as trustees.

The performance and pay of the Finance and General Manager will be reviewed annually. The commitment to staff is to pay them a fair and appropriate salary that is affordable. This is to attract and retain people with the right skills and who, therefore, will have the greatest impact on delivering the charity's objectives.

Governance, structure and management (continued)

Risk Management

The management of risk will be an on-going process and the trustees will undertake regular reviews of the principal risks and uncertainties that the charity faces. They will regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

In preparation for the transfer of activities, assets and liabilities from the charity's predecessor charity with effect from 1 July 2019, the trustees have identified the following risks which will apply to the charity:

- ◆ Loss of key staff
The people who work for the charity will be a key resource and the charity will do all it can to ensure that it has good employment practices and fulfils its duty of care to its employees. The charity will be reliant on a small number of key staff – in particular, the Finance and General Manager and the Care Manager at Duchesne House. There is an overriding commitment to pay all employees fair and appropriate salaries and to ensure that staff receive the training they need to enable them to carry out their roles and contribute positively towards delivering the charity's objectives. Wherever possible, the charity will aim to enable staff to develop their skills and knowledge so as to attract and retain the right people and to build into contracts of employment notice periods that provide some protection to the charity.
- ◆ Restructuring of the care facility
The restructuring of Duchesne House has been undertaken by an award-winning architect, and is now complete. The residents were fully engaged in the process, and the Province was kept up to date with developments by the project manager. The trustees have instructed a landscape architect to develop the garden. As part of the Province's strategic planning, the trustees will consider long-term future use of the care home, given that demand for beds will decrease gradually.
- ◆ Age profile of the members and over-commitment of a few in administration.
An analysis of the age profile of the members of the Society shows that the average age at 30 June 2019 was 78 years. The trustees are aware that there is both a moral and legal obligation to care for the older sisters. None of the sisters have resources of their own as all earnings, pensions and other income have been donated to the predecessor charity under a Gift Aid compliant Deed of Covenant. In future, such income will be donated to the CIO. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care in the years ahead by setting aside assets in a designated fund, the value of which will be based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

Governance, structure and management (continued)

Risk Management (continued)

The age profile of the members is also relevant in terms of identifying those who are both willing and able to serve as trustees of the charity in the future. This matter is being given much thought and possibilities may include introducing members of the Society from other overseas provinces to trusteeship and/or inviting individuals who are not members of the Society to become trustees or join an advisory group that might be consulted by the trustees.

◆ Safeguarding

Members of the Society work with children and adults, including older people, and the trustees recognise the importance and necessity of ensuring the protection and safety of all those that the charity will serve. This means that sisters who are employed or engaged in any ministry, work or volunteering with children or vulnerable adults must obtain clearance from the Disclosure and Barring Service (DBS) and receive training regarding safeguarding.

Staff employed at Duchesne are also required to obtain clearance from the Disclosure and Barring Service and also undergo regular safeguarding training. Policies are updated and reviewed on a regular basis. The Province is aligned, for safeguarding matters, to the Diocese of Southwark, and has a safeguarding representative.

◆ Maintenance and upgrading of properties

All properties will continue to be reviewed for their current use and needs, and a rolling maintenance plan is already in place in order to ensure the properties are upgraded and maintained. This is an ongoing review and process.

◆ Health and safety

Health and safety is an area taken very seriously. Policies will be reviewed and developed.

◆ Brexit

The charity's principal asset will comprise listed investments, the value of which is dependent on movements in the world stock markets, which could be affected by Brexit. The trustees are working with the Fund Manager to mitigate the risks posed by this.

In summary, the trustees have assessed the major risks to which the charity will be exposed, in particular those relating to the specific operational areas, investments and finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, by having in place appropriate insurances and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Approved by and signed on the behalf of the trustees:

Sister Catherine Lloyd
Trustee

Approved by the trustees on: 8 January 2020

Statement of financial activities Period to 30 June 2019

| | 23 July 2018 to 30 June 2019 £ |
|--|---|
| Total income | — |
| Total expenditure | — |
| Net income and net movement in funds for the period and total funds carried forward at 30 June 2019 | — |

All of the charity was dormant during the above financial period.

The charity had no recognised gains and losses during the above financial period and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet 30 June 2019

As there has been no activity from the date of incorporation (i.e. 23 July 2018) to 30 June 2019, the charity had no assets or liabilities at 30 June 2019.

Approved by the trustees
and signed on their behalf by:

Sister Catherine Lloyd
Trustee

Approved on: 8 January 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the period from incorporation on 23 July 2018 to 30 June 2019.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts are presented in sterling and are rounded to the nearest pound.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Critical accounting estimates and areas of judgement

Other than the assessment of going concern, the preparation of the accounts did not require the trustees to make any significant judgements or estimates.

Cash flow statement

The accounts do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Charities SORP (FRS 102) Update Bulletin 1.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

1 Staff costs and remuneration of trustees and key management personnel

During the period from 23 July 2018 to 30 June 2019 the charity employed no staff and therefore incurred £nil staff costs.

The trustees consider that for the period to 30 June 2019, they comprised the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The trustees received no remuneration or reimbursement of expenses in connection with their duties.

2 Taxation

The Society of the Sacred Heart CIO is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

3 Post balance sheet events

On 1 July 2019, the assets, liabilities and activities of the Society of the Sacred Heart Charitable Trust (Charity Registration Number: 227848) were transferred to the charity in accordance with a legal transfer of undertakings deed. The net assets transferred were:

| | Total £ |
|--|--------------------|
| Tangible fixed assets | 7,897,220 |
| Investments | 37,132,008 |
| Debtors | 245,730 |
| Cash at bank and in hand | 4,351,661 |
| Creditors: amounts due within one year | (880,157) |
| | 48,746,462 |
| Representing | |
| Restricted income funds | 10,631 |
| Tangible fixed assets fund | 7,897,220 |
| Programme related investments fund | 1,894,621 |
| General fund | 5,959,204 |
| Designated funds | 32,984,786 |
| | 48,746,462 |