

**Society of  
the Holy  
Child  
Jesus  
CIO**

**Annual Report and Accounts**

31 August 2019

Charity Registration Number  
1177555

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## Reference and administrative details of the charity, its trustees and advisers

<b>Trustees</b>	Sister Carmel Murtagh (Chairperson) Sister Marguerite Bouteloup Sister Jenny Bullen Sister Maria Dinnendahl Sister Geraldine MacCarthy (resigned 1 May 2020) Sister Catriona McPhail Sister Jean Newbold (resigned 1 May 2020) Sister Angela O'Connor Sister Celestina Oyidu Okwori Sister Anne Stewart Sister Eileen Crowley (appointed 1 May 2020) Sister Judith Lancaster (appointed 1 May 2020)  The trustees are incorporated under the Charities Act 2011
<b>Province Leader</b>	Sister Carmel Murtagh (until 1 May 2020) Sister Angela O'Connor (from 1 May 2020)
<b>Provincial Bursar</b>	Sister Angela O'Connor (until 1 May 2020) Sister Carmel Murtagh (from 1 May 2020)
<b>Principal office</b>	Provincial Offices 14-16 Norham Gardens Oxford OX2 6QB
<b>Website address</b>	<a href="http://www.shcj.org">www.shcj.org</a>
<b>Charity Registration Number</b>	1177555
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative details of the charity, its trustees and advisers

**Investment managers** Smith & Williamson Investment Management LLP  
25 Moorgate  
London  
EC 2R 6AY

Payden & Rygel  
333 South Grand Avenue  
Los Angeles  
California 90071  
United States of America

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

James Hambro & Partners LLP  
Ryder Court  
14 Ryder Street  
London  
SW1Y 6QB

Morgan Stanley Private Wealth Management  
1850 K Street NW, Suite 900  
Washington  
DC20006

**Bankers** National Westminster Bank plc  
PO Box 2342  
55 Kensington High Street  
London  
W8 5EQ

Metro Bank  
4-5 Queen Street  
Oxford  
OX1 EJ

## **Trustees' report** 31 August 2019

The trustees present their statutory report and the accounts of the Society of the Holy Child Jesus CIO (the "charity") for the period from 14 March 2018 to 31 August 2019.

The accounts have been prepared in accordance with the accounting policies set on pages 38 to 43 of the attached accounts and comply with the charity's constitution, applicable laws and requirements of 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).

### **Introduction**

The Society of the Holy Child Jesus (SHCJ) (referred to as the "Society") is an international Roman Catholic Religious Order of around 350 sisters worldwide, with a network of associates. It was founded in England in 1846 and the Generalate is now situated in Rome, Italy. The Society comprises three provinces, Europe, Africa and the Americas.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered. The charity is a Charitable Incorporated Organisation (CIO) and is governed by a Constitution dated 14 March 2018 and is registered under the Charities Act 2011 – Charity Registration No. 1177555.

### **Mission**

The object of the Society of the Holy Child Jesus CIO is to support the religious and other charitable works carried on by the Society and its members.

By caring for individual members of the Society throughout their lives with the Society, the charity aims to enable and support the sisters to live out their faith and to put that faith into practice through a wide variety of religious and other charitable works.

When setting objectives and planning the work of the charity for the year, and when encouraging the work of individual sisters, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

The work or ministries of the sisters fall into the following main areas:

#### ***Worship and prayer***

Members of the Society are given the opportunity for private prayer and continued spiritual and theological development. In addition, members celebrate and pray with the wider community including people of all faiths and none. They do this through the provision of spiritual guidance, being available to listen in times of need, through giving retreats and days of reflection as well as celebration of the liturgy through prayer groups and church services.

**Mission** (continued)

***Education***

Having previously been involved in teaching, particularly in schools founded by the Society, a number of sisters continue their involvement as governors and/or trustees in schools founded by the Society in England, Ireland and France. These schools are, or were under the auspices of, separate charities and outside the scope of these accounts. Some members continue to be engaged in teaching at various levels. The Society funds individuals to undertake theological education at undergraduate and research levels. Donations are given to support programmes in schools that address the needs of vulnerable students.

***Human development, social and pastoral work***

Members of the Society are involved in various forms of human development, facilitation, social and pastoral work throughout the country, including support of families and elderly people and voluntary support work in hospitals. The sisters aim to help in particular poor and marginalised people in society regardless of their personal background, faith, gender or individual circumstances.

***Caring for members of the Society***

As well as maintaining retired members of the Society, many of whom are still active in a variety of ministries, the charity operates a care home, Apley Grange, in Harrogate for those members who require extra care. Apley Grange also cares for a small number of private residents.

***Grant making***

In February 2019 the Society became a grant making body. The purpose of the grants is to support environmental justice, social justice, anti-trafficking projects, projects that support refugees and asylum seekers and educational projects that help maximise the potential of those who have experienced social and economic disadvantage.

***Overseas Work of the Society***

In addition to its broader grant making activities, the charity supports the work of the Society in Nigeria, Ghana, Kenya and the USA. This is done through support of a Society wide strategic plan.

***Associates***

Associates are women and men who make a commitment to the Society and involve themselves in its spiritual and apostolic work. The trustees support the Associates in developing their ministry to the wider community and by enabling, wherever possible, their independent development.

**Mission** (continued)

***Hospitality***

All communities offer hospitality to some degree, whether it is welcoming occasional guests, providing accommodation for parish groups to meet, or providing a space where individuals may come to reflect and pray. The community at Norham Gardens, Oxford, offers this on a more organised basis.

**Activities, specific objectives and relevant policies**

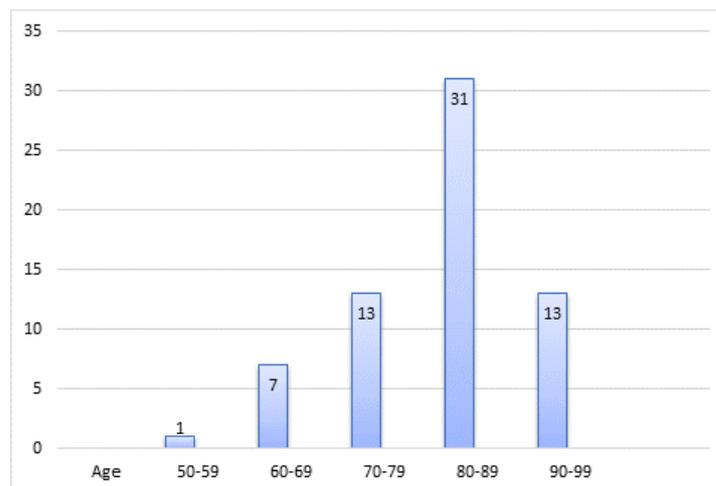
***Activities and specific objectives***

As stated above under 'Mission', the aims of the charity are to care for individual members of the Society throughout their lives with the Society and so to enable and support them to live out their faith and to put that faith into practice through a wide variety of religious and other charitable works.

***Caring for members of the Society***

The age profile of members of the Society is increasing and fewer women are joining the Society in Europe. The Society has an obligation, both moral and legal, to provide care for its members, none of whom has resources of her own. All Society members have devoted their lives to educational, pastoral or social ministries particularly to those who are most in need. A number of sisters did (or do) not receive salaries or occupational pensions. Among these are sisters who have served in Africa, in administration, or in church or social ministries that depended on providing services at low or no cost. Consequently, this has implications for present and future use of funds.

The age profile of the Society in the European Province is shown graphically below:



The charity provides for all sisters irrespective of any pension income or lack of it. Earned income has become insignificant in the context of the accounts as a whole, because of retirement or sisters changing ministries. The charity is now substantially reliant on investment income to enable the sisters to continue in ministry.

**Activities, specific objectives and relevant policies** (continued)

***Caring for members of the Society*** (continued)

As the age profile increases so does the need to provide increasing, and increasingly expensive, care for the sisters; many of the older members are resident at Apley Grange Care Home in Harrogate and this will be the case for some years. The trustees give careful consideration to the impact of this situation on the work of individual members of the Society, on property requirements and on the financial implications.

The objectives of the trustees over the next few years in respect to the care of the sisters include:

- ◆ Providing support and care for all members of the Society, responding to the changing needs of the members of the Society;
- ◆ Maintaining Apley Grange and ensuring that quality care is provided in a manner that is financially sustainable;
- ◆ Enabling all members of the Society to continue in ministry for as long as possible; and
- ◆ Reviewing the properties owned by the charity and determining their suitability as homes as the sisters age. Where properties are deemed unsuitable for current needs, alternative accommodation will be found for the sisters.

***Enabling and supporting members in a variety of religious and charitable works***

The principal works in which the sisters engage include: worship and prayer; education in its widest sense of encouraging mature reflection on the needs of the present day and working with others groups to enact this; human development and spiritual and pastoral work; and care of the sisters.

***Worship and prayer***

The charity is committed to helping as many people as possible to join with the sisters in worship and prayer, with the aim of putting faith into action.

The objective of the trustees is to support sisters who are involved in a number of activities which include:

- ◆ Promoting Gospel values and vision including the promotion of human dignity, respect for different cultures and faith traditions;
- ◆ Encouraging care and respect for all creation, promoting prayer resources that focus on care of our common home;
- ◆ Engaging in parish ministries, catechesis, visiting the housebound, sick or dying;
- ◆ Organising retreats and reflection days which give members of the wider community the opportunity to have periods of time for quiet contemplation and reflection, and the chance to study and consider the Gospel; and
- ◆ Promoting the Associate programme which allows a wider group to share in the charism of the Society.

**Activities, specific objectives and relevant policies** (continued)

***Enabling and supporting members in a variety of religious and charitable works***  
(continued)

*Education*

The charity enables and supports the educational activities of its members. Sisters:

- ◆ Teach at tertiary level (Biblical Studies, Canon Law, Christian Ethics, and Pastoral Theology);
- ◆ Teach at primary level;
- ◆ Serve as governors of schools or colleges;
- ◆ Are involved in adult education including adult literacy programmes, the University of the Third Age (U3A) and Age-UK;
- ◆ Support a network of schools founded by the Society by means of an annual meeting of headteachers; and
- ◆ Support the educational work of local charities and NGOs working with vulnerable people by providing a space at the Society's premises in Oxford where they may hold training sessions.

*Human and spiritual development and pastoral work*

The charity owns and operates a Retreat and Conference Centre in Oxford, the Cherwell Centre, which comprises facilities for day conferences and meetings, and a number of ensuite bedrooms for guests. The facilities include a small chapel, a comfortable sitting room, a library and a large spacious conference room. The facilities are used by parish, local and ecumenical groups as well as other charities.

In operating the Cherwell Centre the trustees aim to:

- ◆ Provide a space in which groups and individuals can reflect in a peaceful atmosphere;
- ◆ Encourage a sense of dignity and self-worth and promote a caring relationship and respect for others;
- ◆ Promote community education by providing a space that can be used by other charities;
- ◆ Provide a space that also supports the work of the charity by offering a meeting space for members of the Society; and
- ◆ Actively support the Cherwell Centre financially so that those who benefit by coming are not restricted because of their own economic constraints.

The charity aims to enable and support sisters in ministries which fulfil the Society's mission to help people to grow strong in faith and lead fully human lives.

**Activities, specific objectives and relevant policies** (continued)

***Enabling and supporting members in a variety of religious and charitable works***  
(continued)

*Human and spiritual development and pastoral work* (continued)

The following are examples of the work done by Sisters in this category:

- ◆ Working in parishes – visiting parishioners, helping in catechetical programmes and helping parishioners develop their spiritual lives;
- ◆ Involvement in a variety of Church organisations and charities;
- ◆ Advocacy and support for asylum seekers and refugees;
- ◆ Community social work with homeless people e.g. drop-in centres, food banks;
- ◆ Various justice and peace initiatives;
- ◆ Spiritual direction and retreat work; and
- ◆ Working to support women who have escaped from trafficking.

The objectives of the trustees in this area include:

- ◆ Enabling all members of the Society to carry out meaningful social and pastoral work within the community, with particular reference to those in need by reason of youth, age, financial hardship, or other disadvantage.
- ◆ Ensure that resources are available to support sisters in this work. The majority of sisters are now retired and not in receipt of a salary.
- ◆ Support work done by other organisations in the areas of human development and pastoral care through the charity's grant making.

*Caring for retired sisters*

The Society owns and runs Apley Grange, a registered care home for older and infirm sisters and private residents who are not members of the Society. Care is provided respecting the dignity, privacy, rights and quality of life of all residents. Apley Grange can accommodate 42 residents. Respite care is offered to both sisters and private residents on a temporary basis. Short term accommodation is offered to guests and visiting family members and this contributes to the homely and friendly atmosphere. Apley Grange is a place where older sisters are able to support the religious and charitable works of the charity. Prayer is at the centre of the life of the community. Private residents, staff and guests are welcome to join the community for worship. A small centre adjacent to the main house offers hospitality to local community groups and provides a space where they can hold meetings. This strengthens the links between the local community and the residents of Apley Grange.

**Activities, specific objectives and relevant policies** (continued)

***Enabling and supporting members in a variety of religious and charitable works***  
(continued)

*Caring for retired sisters* (continued)

In operating the home, the trustees aim to:

- ◆ Provide residents with excellent care which will enable them to live life as fully as possible to the end;
- ◆ Ensure that the home remains an integral part of the community of the Society and of the local wider community in Harrogate;
- ◆ Employ qualified staff to care for the residents; ensure that staff receive appropriate ongoing training and updating;
- ◆ Ensure that the home continues to meet the requirements of the Care Quality Commission (CQC) and that any recommendations arising from the inspections are acted upon quickly and effectively; and
- ◆ Maintain the financial security of the home through careful budgeting, controlling and monitoring expenses, securing all possible sources of statutory income, and continuing to welcome fee-paying residents.

*Grant making*

During the year, the charity has developed a grant making function making one-off grants distinct from the more informal donation giving which continues to operate but which typically gives smaller amounts to organisations well known to one or more of the sisters. Grants support the objects of the charity through enabling and encouraging the work of charities operating in England, Ireland and Wales. As the age profile in the Society has changed and fewer sisters are in active ministry, the trustees have chosen to widen the charity's outreach and public benefit by giving grants to support social justice, environmental justice, anti-trafficking, projects that support refugees and asylum seekers, and educational projects that help maximise the potential of those who have experienced social and economic disadvantage.

Donations and other payments in support of ministry are decided by the trustees in consultation with other members of the Society as appropriate.

*Overseas work*

The charity provides financial support to the ministries of the Society across the world through contributions to the Generalate in Rome. In particular, the charity now contributes financially to rapidly developing ministries in Ghana and Nigeria in the African Province of the Society.

The trustees' objectives are to support ministries recommended to them by the Society Leadership Team after consideration by the International Finance Committee on which there are two members of the European province.

**Activities, specific objectives and relevant policies** (continued)

***Associate programme***

The associate programme offers those who are not members of the Society, men and women, the opportunity to share in the charism and mission of the Society through connections with ministries sponsored by the Society and regular meetings for prayer and reflection.

The objectives of the trustees are to:

- ◆ Include the associates in the life of the Society; and
- ◆ Enable sisters to support associates' meetings for prayer and reflection.

***Volunteers***

Throughout the year, the members of the Society give their time to assist people who are poor, vulnerable, marginalised or in need of help in a number of different ways, including asylum seekers, refugees, people who are housebound, hospital patients, students from overseas and people who are homeless. This voluntary work contributes to the overall achievement of the charity's objectives. It is very difficult to provide any sort of quantitative analysis.

In addition, members are involved in administering the work of the Society and charity, without their contribution the charity would not be able to function as effectively or fully as it does. Because of the diversity of work, it is difficult to quantify this contribution in monetary terms. However, a conservative estimate of expenses saved is around £275,000.

***Investment policy and performance***

The charity's investments during the year were managed by Smith & Williamson Investment Management LLP, Sarasin and Partners LLP, James Hambro & Partners LLP, Payden & Rygel and Morgan Stanley Private Wealth Management. There are no restrictions on the charity's power to invest.

The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment managers' views of the market prospects in the medium term.

The policy is to maximise total return through a diversified portfolio whilst providing a level of income advised by the trustees from time to time. There is also an ethical policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Roman Catholic Church.

The performance of the portfolio and the charity's investment strategy are reviewed by an investment committee which meets with the investment managers every six months and reports back to the trustees.

The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and comply with the ethical guidelines given to them.

**Activities, specific objectives and relevant policies** (continued)

***Investment policy and performance*** (continued)

During the year the charity's investments achieved an income yield of 2% (2018 – 3%). At the end of the year the charity's portfolio of listed investments comprised 71% UK equities (2018 – 85%), 26% overseas stocks (2018 – 11%) and 3% cash (2018 – 4%).

Since the year end the Charity has experienced a drop in the value of its investment portfolio as investment markets have reacted to the Covid-19 pandemic. At 15 May 2020, the charity's investments had a market value of £90,708,195 representing a 6.6% drop in value since the year end.

***Fundraising policy***

The charity manages its own fundraising activities and does not employ the services of a Professional Fundraiser. Any complaints about the quality of our fundraising activities are thoroughly investigated so that we find ways to improve our service. During the year ended 31 August 2019, the charity received no complaints about its fundraising activities.

Some of our funding comes from voluntary donations. The trustees are vigilant in applying the donations according to the wishes of the donors. The charity applies best practice to protect donors' data and never sells data; it never swaps data with other organisations and ensures that communication preferences can be changed at any time.

**Achievements and performance**

***Grants, donations and support of ministry and missionary work***

During the year the charity employed a grant maker and developed a grant making policy. Grants are given to registered charities and other charitable organisations operating in England, Ireland and Wales.

The priorities for grant support are:

- ◆ Education in the widest sense – particularly educational projects that help maximise the potential of those who have experienced social and economic disadvantage;
- ◆ Environmental Justice – projects that support the care of the earth and eco-justice;
- ◆ Social Justice – projects that tackle poverty, the causes of poverty and economic inequality, particularly homelessness;
- ◆ Anti-trafficking – projects that aim to help those who are victims of human trafficking and are escaping exploitation, projects addressing modern slavery; and
- ◆ Refugees and asylum seekers – projects supporting migrants, asylum seekers and refugees.

In 2018-19 a total of £524,185 was paid out in grants to 17 organisations (see note 6 to the accounts).

**Achievements and performance** (continued)

**Grants, donations and support of ministry and missionary work** (continued)

**Anawim** was given a grant of £48,000 towards the salaries of two Operations Managers and a Volunteer Coordinator. Anawim exists to support women over 18 years of age who are involved in and around prostitution, homelessness, offending behaviour, drug abuse and sexual exploitation. Beneficiaries include all women who use the Anawim Centre which equates to approximately 800 women per year.



*“The robin reminds me of my dad. Whenever I visit my Dad’s grave I see a robin there, and the ladybirds represent my first born son, as there always seems to be a ladybird wherever he is! The butterfly is a symbol for my mum as she loves butterflies. The tree has golden roots as this is where I have come from and represents everything I have dealt with in life. The scissors show where this has been cut off, and now new branches blossom, representing a new life for myself. The rainbow behind has four stripes, each of these are four close friends who have really supported me through this journey. This was my first course at Anawim and it’s been absolutely fantastic, the people have been brilliant”.*

**A Rocha UK** was given a grant of £17,000 towards the salary of the Wolf Fields Community Reserve Manager. In July 2015, A Rocha UK started the regeneration of a 3-acre abandoned allotment area in Southall into a community greenspace and wildlife haven. The Wolf Fields site was a rubbish infested, heroin dealing, area described by the police as “one of the worst areas for drug related crime in the Borough”. The site has been regenerated and is the focus of an environmental education programme for local school children, interfaith and community events and last year received 1,000 visitors. By supporting the salary of the Community Reserve Manager, the Society of the Holy Child Jesus CIO is supporting the training of 500 residents in aspects of nature conservation, the recruitment of 20 new longer term volunteers and an increased range of training available to volunteers.

*‘Wolf fields is one of the best examples of community engagement in London and a shining example of what can be achieved when people work together’*

Councillor Harhajan Kaur Dheer  
Former Mayor of Ealing Council

**Music4Wellbeing** runs a Kent based network of life-long learning, community engagement support groups to benefit older people living with significant life challenges, e.g. degenerative ill-health, full time caring, bereavement, loneliness and other marginalisation situations. £11,370 was granted for core funding to help Music4Wellbeing deliver 105 creative activity sessions across Kent involving around 380 participants working alongside new collaborative intergenerational, multi-ethnic, multi-faith partners.

**Achievements and performance (continued)**

**Grants, donations and support of ministry and missionary work (continued)**

What the M4W 'family' say



*'I like everything about it.'*  
(Joan, Deal)

*'You do something different each week. You never know what we'll get up to!'*  
(Eileen, Canterbury)

*'Well, you're all in it together. Like a team'*  
(Jean, Herne Bay)

*'You can see people who are exhausted caring every day are relieved of the stress and anxiety by fully engaging in the activities'*  
(Nicola, M4W Therapeutic Arts Practitioner)

Web address: [music4wellbeing.org.uk](http://music4wellbeing.org.uk)



The current M4W network

People with Parkinson's/other neurological conditions, carers, family and friends:

- Ashford
- Chatham
- Dover
- Gravesend
- Maidstone

People with dementia, carers, family and friends:

- Canterbury
- Herne Bay

Open to everyone:

- Deal
- Margate

Every group welcomes friends, family members of all ages, and volunteers

For more info phone 07790 263762 or email: [trish@music4wellbeing.org.uk](mailto:trish@music4wellbeing.org.uk)

**Our services are offered free to participants.**

We are a not-for-profit organisation. We rely on charitable grants and donations and the voluntary work of many dedicated people.



**Bringing Harmony To Life!**



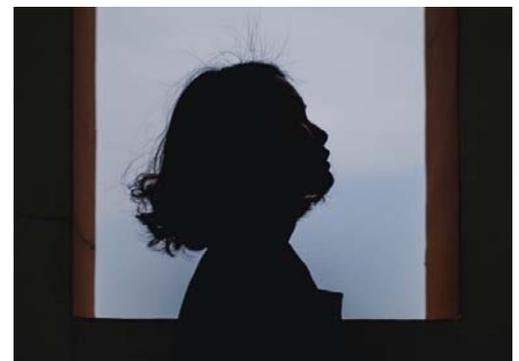
Supporting older people who are navigating life challenges: dementia; ill-health; caring; in need of company

**'I wouldn't miss it for the world'**

(Carer, Herne Bay)



**ECPAT UK** (Every Child Protected Against Trafficking) received £49,288 towards core staff costs. ECPAT is a children's rights organisation working to protect children from trafficking and transnational exploitation. The grant will help deliver core activities which impact not only on dozens of victims enrolled in the youth programme, but thousands of children and young people across the UK who are affected by current law, policy and practice.



Hanh\* was just 15 years old and homeless in Vietnam when she was approached by two women. They pretended to offer her help, then drugged her. She was trafficked to China and across Europe before arriving in the UK where she was sexually exploited for two months, until the day she seized an opportunity to escape. When Hanh finally found a police station, she was identified as a potential victim of trafficking and referred into the National Referral Mechanism (NRM). Hanh was relieved when she received an official decision confirming her status as a victim of trafficking - she thought her ordeal was over but it was only the beginning of a series of challenges that left Hanh desperate and struggling to rebuild her life.

\*Name changed to protect the young person's identity

**Achievements and performance (continued)**

**Grants, donations and support of ministry and missionary work (continued)**

*"I was having a lot of nightmares and was feeling very down about what happened to me. I cried a lot. When I asked my social worker for some counselling, I was asked why I thought I needed it as I seemed to be doing alright. My social worker and her manager made me believe that I couldn't have counselling. I didn't understand my right to have counselling so just didn't ask them again. My foster carer saw how sad I was, but also didn't help.*

*I needed to speak to someone – a professional who could help me deal with what I went through. I just wanted to get better, go to school and start work, but it was hard for me to access courses and work as I didn't have the right to work the UK. I was scared about the future and worried that if I was sent back to Vietnam, my traffickers would find me. I can't think about what they would do to me as they will know that I talked to the police.*

*Even though I had a letter from the Government saying I was a victim of exploitation, it took over 3 years of court appeals before I was finally granted leave to remain in the UK. It was so stressful. I don't know what I would have done without the support of ECPAT UK and my friends in the youth group. They have made a big difference to my life and my future. At the group, they help me deal with all the difficulties I have. ECPAT UK even found me a therapist. I'm really grateful to be able to develop my skills, confidence and independence – without ECPAT UK I would not be who I am today".*

**Support of Society Ministry in the African Province**

During the year the charity provided funding for the building of a primary school classroom block in Ghana. The block has enabled the children in the nursery school to progress to primary school and allowed the enrolment of additional students.

The headmistress writes:

*"The establishment of a primary school in Nkasaim is timely. It is beneficial not only to the local farming community of Nkasaim and its environs but also to the migrating government workers in the newly created Regional Capital, Goaso. The primary school will respond to the high demand for enrolment of children from both rural and urban areas. The primary school will grant all children, irrespective of their sex, religion, class or background the quality basic education which will develop their potential and make them useful members of their community and the nation at large. The chiefs, the Catholic Bishop and Ghana Education Service officers visit the school often, remarking that it is a model school and the pride of the Ahafo Region of Ghana".*



**Achievements and performance** (continued)

***Support of Society Ministry in the African Province*** (continued)

A classroom block for a Junior High School was built in Cape Coast, Ghana. This was the first phase of implementation of a plan for the provision of Junior High School education for 700 students who will board. Students will progress from the existing primary school into the Junior High School.



The charity also provided funding for the building of two convents in Nigeria, one in Bauchi and the other in Nise. Both convents will provide secure accommodation for sisters. They will also enable the Society to increase the number of sisters working in the areas and so extend its ministry.



Handling over the site to the contractors

Construction of convent

***Education***

The sisters are involved in a range of educational activities in formal and informal settings. As well as having sisters directly involved in education, the Society gives financial support to educational projects that are in line with the charity's objects.

Five sisters act as governors or trustees of schools. Three sisters teach in Third Level Institutions. One sister works as a counsellor in a secondary school. One sister teaches in a primary school and supports the Religious Education Department. Two retired sisters visit primary schools to offer reading support. A retired sister is a tutor for an online course run through a university.

As governors or trustees sisters support the governance of Catholic Schools. One of our sisters who is a trustee of a Catholic school in Birmingham is the liaison for safeguarding and Religious Education and chair of the Risk and Compliance Committee. All the sisters promote the education of the whole person and an inclusive view of Catholic Education which welcomes into the school community children of different backgrounds and faiths.

**Achievements and performance** (continued)

**Education** (continued)

Several sisters are involved in informal education. Two retired sisters run IT classes for retirees, supported by Age UK.

The Society supports an Educational Network of seven schools founded by the Society and promoting a Holy Child philosophy of education. School connections have been strengthened over the years through annual meetings and exchange visits between the schools. In 2019 a meeting of Head Teachers and other staff members was held in Mayfield, England.



The Society has a long history of involvement in Higher Education. Now that the number of sisters directly involved in such education has decreased, the trustees have sought new ways for the charity to support initiatives in Higher Education. In 2018-19 the charity donated significant financial support to support two projects initiated by St Mary's University, Twickenham, London. One is the creation of a Catholic Leadership College that identifies, develops and supports the next generation of Catholic leaders in education and provides support to Catholic Schools converting to academy status. This is being done through (1) an Aspiring Heads Programme, (2) a School Improvement Programme which has trained approximately 20 Head Teachers from schools in the Westminster Diocese to support schools considering converting to academy status, (3) a Multi Academy Trusts Programme for directors, governors, CEOs and bursars. The second project is the creation of a Research and Support Centre that focuses on the education of marginalised children and young adults.

**Caring for retired sisters**

The charity operates a care home, Apley Grange, in Harrogate for members who require extra care. The primary ministry of the care home is to provide appropriate individual and personalised care, including nursing care when needed, to both members of the Society and other women residents who are not members of the Society, some of whom are members of other religious congregations. The home can accommodate up to 42 residents. At 31 August 2019 there were 34 long-term residents.



**Achievements and performance** (continued)

***Caring for retired sisters*** (continued)

In operating the home the trustees continue to aim to:

- ◆ Provide person centred care;
- ◆ Model how fulfilling life can be in a care home;
- ◆ Offer excellent care in a welcoming, homely and dignified manner;
- ◆ Excel in end of life care;
- ◆ Ensure that the home continues to meet the requirement of the Care Quality Commission;
- ◆ Maintain financial security through careful budgeting, monitoring of expenses, securing of all possible sources of statutory income and welcoming fee-paying residents; and
- ◆ Employ qualified staff, ensuring that they receive appropriate ongoing training and updating.

The relative of a resident recently wrote:

*"Words cannot adequately quantify the extreme gratitude I wish to express to yourself [Home Care Manager], your staff, the sisters and residents of Apley Grange for your professionalism. The exemplary care given, alongside the kindness shown to our mother was truly wonderful".*

A candidate for a nursing post wrote:

*"I applied for the post of nurse at Apley Grange following such lovely feedback from existing members of the care team who say Apley is a lovely, homely environment. They also confirm that they feel well supported and are offered such excellent training opportunities".*

The trustees continue to work with the Field Lane Foundation which provides professional management and support and assists the trustees in providing a high-quality service at Apley Grange for infirm sisters and private residents.

***Worship and prayer***

Sisters continued to live and deepen their life of prayer and their spiritual lives. They have led prayer services, offered retreats, days of reflection and provided one to one spiritual direction.

**Achievements and performance** (continued)

***Human and spiritual development and pastoral work***

Sisters have offered retreats to individuals and groups. The Cherwell Centre provides a space in Oxford where individuals and groups may avail of quiet days of reflection or retreat. The Cherwell Centre is available to other charities and NGOs and so supports their work. Some of the groups that used the Centre during the year were: CAFOD, Step Into the Gap, Oxfordshire Cooperative Training Service, Oxford Therapy, Oxford University Education Department and the Samaritans.



The charity continued to provide financial support to other charities and groups that are in line with the ethos and aims of the Society. Amongst these groups are Forest Churches Emergency Night Shelter, Jesuit Refugee Centre, Dover Outreach Centre, Catholic Women Speak, UK Family Poverty Project.

Individual sisters work in local parishes offering pastoral support and spiritual accompaniment. Sisters are involved in a variety of Church organisations such as the SVP, Pax Christi and the Gatehouse Oxford. There is a small pool of sisters who do meaningful work within the organisations in the wider community and many do so on a voluntary basis.

***Associates***

Associates are men and women who are not members of the Society but who choose to share in some way in the mission and spirit of the Society. The group is supported particularly by two members of the Society. The Associates share the sisters' interest in justice and peace. They organise retreats and workshops for their members.

***Volunteers***

The majority of sisters are retired. Many give their time voluntarily to different organisations that support the poor, vulnerable, marginalised and elderly.

A number of sisters are involved in administering the work of the Society and charity. Without their contribution the charity would be unable to function as effectively as it does. The contribution is difficult to quantify, it is estimated that it saves the charity in the region of £275,000 per annum.

***Covid-19***

Since the end of our financial year, the Covid 19 pandemic has changed the shape and nature of our world. It has impacted not only the basic nature of our social interactions but has also had a significant economic impact at every level in ways which have been outside of our control.

**Covid-19** (continued)

As many of the sisters are aged over 70, we have had to adhere to the stringent government advice issued on 23 March. This has meant that normal apostolic activities have had to find new shape or cease altogether. Sisters have tried to find new ways of continuing their ministry and supporting vulnerable neighbours whilst largely remaining in lockdown.

Along with many other charities we cannot at this stage imagine what the new needs will be and what position we ourselves will be in to respond to those needs.

The charity's income will no doubt be affected because of the falls in the values of listed investments as stock markets have reacted to the pandemic. In terms of our expenditure, we can foresee a rise in our daily cost of living expenses due to rise in cost of living during the crisis and the difficulties in obtaining food locally at a good price. Grant making may need to be curtailed whilst we await the recovery of investment markets and the income generated therefrom. We will continue to keep both income and expenditure under review.

Whilst there will undoubtedly be challenges ahead, we do not expect material concerns to arise over the charity's financial position.

**Financial review**

***Results for the year***

A summary of the results for the period from establishment of the CIO on 14 March 2018 to 31 August 2019 can be found on page 33 of this report and accounts. The CIO was operational from 1 September 2018 and hence the income and expenditure represent the activities for the 12 month period to 31 August 2019.

Total income before the transfer of net assets from the Charitable Trust amounted to £3.9 million. £1.2 million was received by way of donations and legacies. This figure includes salaries and pensions of the sisters amounting to £0.9 million donated to the charity using a Gift Aid compliant deed of covenant. Investment income and interest receivable totalled £2.0 million.

The transfer (or donation) of the assets and liabilities of the Charitable Trust with effect from 1 September 2018 provided income of £105.4 million to give total income of £109.3 million.

Expenditure for the period totalled £7.49 million. The total expenditure on the provision of residential care services to fee paying residents was £0.6 million with staff costs representing a very significant proportion of this. Staff costs in total amounted to £1.4 million. Total expenditure incurred on maintaining the members of the Society and supporting them in their pastoral work and ministry amounted to £2.4 million. Grants and donations amounted to £4.1 million following the development of the charity's grant making activities in the year. Fees paid to the charity's investment managers during the year amounted to £0.5 million.

Net income before net investment gains was £101,857,935. Net investment gains of £4,748,900 resulted in a net increase in funds for the year of £106,606,835.

**Financial review** *(continued)*

**Reserves policy and financial position**

*Reserves policy*

The reader will discern from the foregoing that the charity carries out a diverse range of activities and is responsible for care and support of sisters whose average age is increasing and whose needs are changing. The trustees have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes, or otherwise committed. In considering the level of reserves, trustees take into account forecasts of future income and expenditure, potential needs and risks, and the need to ensure the continuity of activity.

In particular, at the current time, the reserves need to be sufficient to enable the charity to operate in the exceptional circumstances created by the Covid-19 pandemic.

The trustees consider that, given the nature of the charity's work and its commitments, the level of free reserves that should be available to the charity should be between two and three years' expenditure.

*Financial position*

At 31 August 2019, the charity had net assets totalling £106,606,835.

Of this, £3.7 million was restricted and was to be applied for specific purposes.

In particular, the level of reserves is deemed sufficient when considered in the light of the uncertainties arising due to the Covid-19 pandemic.

A further £80.9 million had been set aside or designated by the trustees for specific reasons:

- ◆ £40 million had been set aside to provide for the Sisters in their retirement, none of whom have resources of their own. The amount needing to be set aside was re-assessed during the year ended 31 August 2019. The calculations, based on actuarial methods, indicated that £40 million was needed to be set aside to provide support for sisters in their retirement, based on the assumption that sisters will become more dependent as they grow older and the cost of maintaining them will therefore increase;
- ◆ £20.1 million had been set aside for the continued development of a formal grant making programme;
- ◆ £20.2 million comprised a Society Strategic Plan fund to support the international work of the Congregation, including the implementation and achievement of the Society-wide Strategic Plan;
- ◆ £0.2 million had been set aside to fund the future education and formation of Sisters in Africa; and
- ◆ £0.4 million had been designated for the development and refurbishment of property.

£8.7 million (2018 - £8.4 million) represented tangible fixed assets essential for the support and work of the Sisters and not available to meet ongoing expenditure.

**Financial review** *(continued)*

**Reserves policy and financial position** *(continued)*

*Financial position (continued)*

Therefore, at 31 August 2019, the CIO had free reserves of £13.3 million. Whilst the level of free reserves exceeded the reserves policy of the CIO, the trustees are conscious of the fact that listed investments comprise the key asset and that these may be subject to significant fluctuation given the current economic and political uncertainty in the United Kingdom, Europe and elsewhere in the world. The trustees are aware also of the that whilst their grant making project may need to progress more slowly than hoped, it will continue and that there are uncertainties that come inevitably with such a project. Consequently, the trustees are of the opinion that the level of free reserves is adequate but not excessive at the current time. In particular, the level of reserves is deemed sufficient when considered in the light of the uncertainties arising due to the Covid-19 pandemic.

**Tax exemptions etc**

The beneficiaries of the work of the charity have the assurance that all of the income must be applied for charitable purposes in furtherance of the object of advancing the Roman Catholic faith. The charity enjoys tax exemption on income from its activities and on its investment income and gains provided that these are applied for their charitable aims. It is also entitled to a reduction of 80% on business rates on the property occupied for charitable purposes. The financial benefits received as a result of these exemptions are all applied for the purposes of furthering the Roman Catholic faith by enabling and supporting the sisters to live out their faith and to put this into practice through a wide variety of religious and other charitable works, including the operation of a care home.

The nature of the charity's activities means that it has been unable to reclaim VAT input tax on its costs as it is exempt for VAT purposes. The charity has paid tax as an employer through the national insurance contributions it makes.

The charity has brought substantial benefits to the residents in its care home, the local communities where sisters live, and society in general, through its newly development grants programme, the social and pastoral work, care services, and education services provided by sisters, often on a voluntary basis. In addition, the charity has created social assets without cost to the Treasury through social and educational projects supported, the care home's links with the wider community, and through the significant amount of voluntary work carried out by the sisters.

**Future plans**

The trustees do not anticipate any significant change to the charity or its activities over the next two to five years. It is their intention to continue to meet the following objectives:

- ◆ To monitor the needs of sisters as they grow older and, if necessary, adapt the charity's plans in respect of property needs and provision of care to older members.
- ◆ To continue to remain focussed on the importance of worship and prayer to the lives of the individual sisters and the overall mission of the charity.

**Future plans** (continued)

- ◆ To continue to care for the sisters and enable them to carry out their pastoral work and ministry. Focus will be given to assisting those people in particular need, reaching out to as many as possible, and to the categories of ministry which have been outlined above.
- ◆ To support the Society's work in Africa via the Society Strategic Plan for 2019-2025 which has two elements: 'Retirement of Sisters in the African Province' and 'Support of Goals'. Applications can be made for funding to the European province, funds will be paid out only after successful due diligence.
- ◆ To award grants to organisations that apply for funding in line with the priorities outlined in our grant making policy and to monitor the use of such funds.
- ◆ To continue to look for opportunities to support education generally and theological education for women in particular.
- ◆ To continue to operate a high-quality care home for members of the Society and for fee paying residents, at all times meeting the requirements laid down by the Care Quality Commission. Subsequent to the year end, we have reviewed the management structure at Apley Grange to ensure it is the best fit for meeting current needs. As a consequence, the contract with Field Lane has ceased and all management has now been brought 'in house'.
- ◆ To continue to implement the enactments of the Province Chapter of September 2015 and the General Chapter of March 2016, doing what we can to alleviate the struggle and suffering of migrants, refugees and asylum seekers.
- ◆ To continue to support projects such as those outlined in this document.
- ◆ Paying due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically, we will continue to work towards the good stewardship of the monies we receive.

**Governance, structure and management**

***Governing document***

The charity is a Charitable Incorporated Organisation (CIO) governed by a Constitution agreed by the trustees and registered with the Charity Commission on 14 March 2018.

***Liability of the member***

If the CIO is wound up, the member of the CIO has no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

***Governance***

In terms of canon law, the Society is governed at international level by the Superior General and her General Council in Rome. They are elected every six years at a General Chapter, which is a meeting of elected representatives of all provinces of the Society. The European Province is governed by the Provincial Leadership Team (PLT), comprising the Province Leader and four other members, all of whom are trustees, and the membership is involved in their selection.

**Governance, structure and management** (continued)

**Governance** (continued)

In terms of civil law, the charity (which is a CIO) is governed by a constitution dated 14 March 2018 and is registered with the Charity Commission, Charity Registration Number 1177555. In addition to the members of the PLT, there are five further trustees who also understand the work of the province. The trustees work closely with the Province Leadership Team and its advisory committees. Members of the Province Leadership Team and the trustee body are chosen for their personal qualities, skills and understanding of the needs and aspirations of the Province as a whole. The trustees are appointed by the Province Leader based on their knowledge of the Province and particular competencies. At any one time there must be a minimum of four trustees and a maximum of ten.

As all trustees are members of the Society they have a detailed knowledge of the charity and of its structure. On being appointed new trustees have a period of induction when they obtain a full briefing of their responsibilities and the charity's position. During each year, individual trustees attend seminars and training courses to keep themselves up to date with governance, finance and property issues.

All trustees are members of the Society of the Holy Child Jesus and their living and personal costs are borne by the charity. They receive no remuneration for their services as trustees.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts, and brief biographical details on each of the trustees in office at the date of signing the accounts are given below.

*Sister Carmel Murtagh*

Sister Carmel is Province Leader. A former teacher, she has extensive experience of province administration having previously served as a team member for four years and having been a member of the Society leadership team for six years.

*Sister Marguerite Bouteloup*

A former teacher, Sister Marguerite works as a visitor to the homebound, serves on a school board and has responsibility for the Society finances in France. She has worked as the province archivist.

*Sister Jenny Bullen*

Sister Jenny currently works as a primary school teacher and as a counsellor in a secondary school.

*Sister Maria Dinnendahl*

Sister Maria, a former teacher and Province Bursar, is a school governor and has extensive experience of Province administration.

**Governance, structure and management** (continued)

**Governance** (continued)

*Sister Geraldine MacCarthy*

Sister Geraldine has extensive experience of administration having served at various times on the Province Leadership Team as leader and member. She also served as Society Leader for twelve years. She is a member of the Province Leadership Team

*Sister Catriona McPhail*

Sister Catriona, a former midwife and midwife tutor, currently volunteers with St Joseph's Hospice providing end of life support and services to patients with dementia. She is also a member of the Province investment committee.

*Sister Jean Newbold*

Sister Jean is a member of the Province Leadership Team. She is a former teacher with considerable experience of working overseas. She currently teaches English at Cardinal Hume Centre, London. Jean has experience of working on a variety of committees in the province.

*Sister Angela O'Connor*

Sister Angela is Province Bursar and a member of the Province Leadership Team. She has worked in school administration and in parish pastoral work. She is currently directing the work of the Cherwell Centre, in Oxford.

*Sister Celestina Oyidu Okwori*

Sister Oyidu is a member of the African Province Leadership Team. She is also a member of the Society's International Investment Committee. She has experience of administration and is currently responsible for finance in projects being developed in the African province.

*Sister Anne Stewart*

Sister Anne is a member of the Province Leadership Team. She is a former teacher and community worker. She has extensive experience of working in community projects.

**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;

**Governance, structure and management** (continued)

***Trustees' responsibilities statement*** (continued)

- ◆ 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 to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ 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 are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations and the provisions of the charity's Constitution. 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.

***Structure and management reporting***

The trustees are ultimately responsible for policies, activities and assets of the charity. As the executive committee of the trustees, the Province Leadership Team meets six times a year and the trustees meet three times a year to review developments regarding the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies, is delegated to the appropriate members of the Society or senior staff.

The European province comprises 65 sisters who live in several communities in England and Wales, France and Ireland (the latter being supported by separate French and Irish charities). In England and Wales, the communities are situated in London, the Midlands, the South East, the North of England and Wales, the largest of the communities being the care home for the sisters in Harrogate. This is run by a Registered Care Manager who has several years of experience in caring for older people in a care environment. She has been directly managed by The Field Lane Foundation which has expertise in care sector management, and which provides supervision of and direction to the Manager. They report to the Province Leadership Team through a Joint Operations Board (JOB) comprised of members of the Province Leadership Team and representatives from The Field Lane Foundation. The JOB meets four times a year.

**Governance, structure and management** (continued)

***Key management***

The trustees, together with the senior management team of the care home, comprise the key management of the charity who direct, control, run and operate the charity on a day to day basis.

All trustees are members of the Congregation 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 pay of the senior management team of the care home is reviewed annually by the management committee which makes recommendations to the trustees who then consider whether or not to approve the proposals. Pay is normally increased in accordance with average earnings. In view of the nature of operations of the care home and the national shortage of qualified nurses and care staff, the trustees benchmark pay rates against pay levels in other similar charitable care homes and the National Health Service. The remuneration benchmark is based on published pay grades for nursing, care and administrative staff but considers additional responsibilities to ensure that the remuneration paid is fair not out of line with that paid for similar roles.

***Working with other organisations***

The charity works closely with a number of other charities and public bodies which work in the fields of education, providing support to vulnerable groups, and working for justice and peace.

Examples of organisations with which the charity has cooperated during the year:

- ◆ The African and American Provinces of the Society of the Holy Child Jesus;
- ◆ The Roman Catholic archdioceses of Westminster, Birmingham and Southwark;
- ◆ The Roman Catholic dioceses of Arundel and Brighton, Lancaster, Leeds, Northampton and Wrexham;
- ◆ Mayfield School, Sussex; The Priory School, Birmingham; The Cavendish School, London; St Mary's Catholic Academy, Blackpool;
- ◆ Salford Loaves and Fishes; the Cardinal Hume Centre; Church Action on Poverty; Revive-UK; The Gatehouse, Oxford; Age-UK; Helen and Douglas House, Oxford; St Joseph's Hospice Hackney; Ruhama, Dublin; The Destitution Project
- ◆ The Africa-Europe Faith and Justice Network;
- ◆ Conferences of Religious (England, Wales and Ireland); the Association of Provincial Bursars (England and Ireland);
- ◆ St Mary's College, Twickenham; Margaret Beaufort Institute of Theology, Cambridge; and
- ◆ ANDANTE.

**Governance, structure and management** (continued)

***Risk management***

The outbreak of the Covid-19 pandemic has clearly presented us with challenges and threats to the well-being of our charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity and the sisters.

We continue to review and update our risks as well as the documents and procedures in place. This process is deemed particularly important during the current Covid-19 pandemic.

We note above the financial and operational effects of Covid-19. Over and above these, the areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment.

Governance and management covers the risk of the province, and hence the charity, suffering from a lack of direction, at the skills and training of its members and staff, and the good use of resources.

Operational looks at the risks inherent in activities including the operation of the care home, its members engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, difficulties with staff, poor health and safety.

Financial risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, and inappropriate investment policies.

Reputational looks at possible damage to the Society's and hence the charity's reputation.

Laws, regulations, external and environment consider the effects of government policies, the consequences of non-compliance with laws and regulations, and poor risk assessment in the care home and elsewhere.

Having assessed the major risks the trustees believe that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the charity and its successor charity, they have established effective systems to mitigate those risks.

**Governance, structure and management** (continued)

***Risk management*** (continued)

The key risks, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

1. Inappropriate investment policies.

Investment advisors are given guidance on investment strategies to be undertaken (low/medium risk and no speculative activity), with ethical investment guidelines. Performance is reviewed quarterly and on a 1/3/5 year basis. The investment committee, which includes three trustees, is aided in reviewing the performance of managers by Portfolio Review Services. Reporting is made to the trustees at their meetings.

2. Safeguarding allegations.

The charity is fully compliant with the safeguarding policies of the Roman Catholic Church in England and Wales and members receive appropriate training and updating. All active members of the Society have been DBS checked, as have all staff involved in the care of vulnerable adults and any volunteers who work with members of the Society. The care home at Apley Grange has its own safeguarding policy and training sessions are regularly given to staff. The Society is aligned with the Roman Catholic Diocese of Lancaster Safeguarding Commission and one member of the Society is the charity's safeguarding representative and also a member of the Commission. Should there be an allegation of historic abuse, the Society is very well supported and advised by the Commission.

3. Misuse of resources.

Budgets are drawn up annually and monitored. Any large items of expenditure are fully discussed with the trustees at their meetings. Significantly large donations for the development of ministries in the growing African Province of the Society are fully documented and the Province Leader is involved in negotiations and monitoring through attendance at international meetings of the whole Society.

4. Lack of compliance with regulations.

This applies particularly to the care home, Apley Grange in Harrogate. To mitigate risk, The Field Lane Foundation is employed to bring the expertise needed to run such a home. A Joint Operations Board (JOB) of province leadership team members and representatives of Field Lane meet quarterly. It alerts the trustees to any significant issues. The home manager has in place all the required policies, risk assessments and procedures. The home is regularly inspected by the Care Quality Commission.

5. Covid 19

During the current Covid-19 pandemic, we continue to communicate with our investment managers and, whilst there are concerns over the falls in world stock markets, we acknowledge also that we are long term investors. As such, the charity will be able to wait for markets to recover over time whilst we, as trustees, keep a watching brief.

**Trustees' report** 31 August 2019

**Employees, volunteers, and members of the Society**

The trustees wish to record their recognition of the professionalism and commitment of all their staff, volunteers and the individual members of the Society. Their dedication and positive approach are very much appreciated.

Approved by the trustees and signed on their behalf by:

Angela O'Connor

Trustee

Approved by the trustees on: 15 May 2020

**Independent auditor's report to the trustees of the Society of the Holy Child Jesus CIO**

**Opinion**

We have audited the accounts of the Society of the Holy Child Jesus CIO (the 'charity') for the period from 14 March 2018 to 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

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

In preparing the accounts, 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.

**Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

20 May 2020

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Statement of financial activities** Period to 31 August 2019

	Notes	Period from 14 March 2018 to 31 August 2019		
		Unrestricted funds £	Restricted funds £	Total funds £
<b>Income from:</b>				
Donations	1	1,190,091	3,000	<b>1,193,091</b>
Investments and interest receivable	2	1,939,411	99,234	<b>2,038,645</b>
Charitable activities				
. Residential care home		576,370	—	<b>576,370</b>
Other sources				
. Miscellaneous income		41,417	—	<b>41,417</b>
. Surplus on disposal of tangible fixed assets	3	600	—	<b>600</b>
		<u>3,747,889</u>	<u>102,234</u>	<u><b>3,850,123</b></u>
Transfer from the Society of the Holy Child Jesus Charitable Trust	21	101,910,200	3,587,417	<b>105,497,617</b>
		<u>105,658,089</u>	<u>3,689,651</u>	<u><b>109,347,740</b></u>
<b>Expenditure on:</b>				
Raising funds				
. Investment management costs		462,286	—	<b>462,286</b>
Charitable activities				
. Support of members of the Society and their ministry	4	2,375,940	—	<b>2,375,940</b>
. Provision of residential care services	5	565,435	—	<b>565,435</b>
. Donations and grants in support of charitable activities	6	4,049,986	36,158	<b>4,086,144</b>
		<u>7,453,647</u>	<u>36,158</u>	<u><b>7,489,805</b></u>
<b>Net income for the period before gains on investments</b>	8	98,204,442	3,653,493	<b>101,857,935</b>
<b>Net investment gains</b>		4,647,901	100,999	<b>4,748,900</b>
<b>Net income and net movement in funds</b>		<u>102,852,343</u>	<u>3,754,492</u>	<u><b>106,606,835</b></u>
<b>Reconciliation of funds:</b>				
Fund balances at 14 March 2018		<u>—</u>	<u>—</u>	<u>—</u>
Fund balances carried forward at 31 August 2019		<u>102,852,343</u>	<u>3,754,492</u>	<u><b>106,606,835</b></u>

## Statement of financial activities Period to 31 August 2019

With effect from 1 September 2018, the activities, assets and liabilities of The Society of the Holy Child Jesus Charitable Trust transferred as a going concern into this Charitable Incorporated Organisation (CIO).

All recognised gains and losses are included in the above statement of financial activities.

The table below shows the comparative results for the Charitable Trust (excluding transfers):

	<b>CIO</b>	Charitable Trust
	<b>Period from 14 March 2018 to 31 August 2019 £</b>	Year to 31 August 2018 £
Income	<b>3,850,123</b>	3,865,026
Expenditure	<b>(7,489,805)</b>	(3,942,108)
Net expenditure before gains on investments	<b>(3,639,682)</b>	(77,082)
Net investment gains	<b>4,748,900</b>	4,643,987
Net income and net movement in funds	<b>1,109,218</b>	4,566,905

The Society of the Holy Child Jesus CIO commenced activities on 1 September 2018. All activities were continuing activities as at 31 August 2019.

**Balance sheet** 31 August 2019

	Notes	2019 £
<b>Fixed assets:</b>		
Tangible assets	11	8,690,310
Investments	12	97,216,834
		<u>105,907,144</u>
<b>Current assets:</b>		
Debtors	13	459,467
Cash at bank and in hand		1,045,583
<b>Total current assets</b>		<u>1,505,050</u>
<b>Liabilities:</b>		
Creditors: amounts falling due within one year	14	(615,359)
<b>Net current assets</b>		<u>889,691</u>
<b>Total net assets less current liabilities</b>		<b>106,796,835</b>
Creditors: amounts falling due after more than one year	14	(190,000)
<b>Total net assets</b>		<u><b>106,606,835</b></u>
<b>The funds of the charity:</b>		
Restricted funds	15	3,754,492
Unrestricted funds		
. Designated funds	16	80,900,891
. Tangible fixed assets fund	17	8,690,310
. General funds		13,261,142
		<u>106,606,835</u>

Approved by the trustees  
and signed on their behalf by:

Angela O'Connor  
Trustee

Approved on: 15 May 2020

## Statement of cash flows Period to 31 August 2019

	Notes	Period from 14 March 2018 to 31 August 2019 £
<b>Cash flows from operating activities:</b>		
Net cash used in operating activities	A	<b>(5,299,842)</b>
<b>Cash flows from investing activities:</b>		
Investment income and interest received		1,896,184
Proceeds from the disposal of tangible fixed assets		(600)
Purchase of tangible fixed assets		(602,223)
Proceeds from the disposal of investments		47,224,221
Purchase of investments		(45,418,620)
<b>Net cash provided by investing activities</b>		<b>3,098,962</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(2,200,880)</b>
<b>Change in cash and cash equivalent due to exchange rate movements</b>		<b>56,819</b>
Cash at bank and in hand transferred from Society of the Holy Child Jesus Charitable Trust (note 21)		839,857
Cash held by investment managers transferred from Society of Holy Child Jesus Charitable Trust (note 21)		5,141,939
<b>Cash and cash equivalents at 31 August 2019</b>	B	<b>3,837,735</b>

### Notes to the statement of cash flows for the year to 31 August 2019.

#### A Reconciliation of net movement in funds to net cash used in operating activities

	Period from 14 March 2018 to 31 August 2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>106,606,835</b>
<b>Adjustments for:</b>	
Depreciation charge	313,758
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	(105,497,617)
Gains on investments	(4,748,900)
Investment income and interest receivable	(2,038,645)
Net gains on disposal of tangible fixed assets	(600)
Increase in debtors	(116,745)
Increase in creditors	182,072
<b>Net cash used in operating activities</b>	<b>(5,299,842)</b>

**Statement of cash flows** Period to 31 August 2019

**B Analysis of cash and cash equivalents**

	2019 £
Cash at bank and in hand	1,045,583
Cash held by investment managers	2,792,152
<b>Total cash and cash equivalents</b>	<b>3,837,735</b>

## Principal accounting policies 31 August 2019

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 the date of registration of the CIO on 14 March 2018 to 31 August 2019. These are the first accounts of the charity. It remained dormant until 1 September 2018. With effect from 1 September 2018, the activities, assets and liabilities of the Society of the Holy Child Jesus Charitable Trust were transferred to the charity (see note 21).

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 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.

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

### **Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ determining the allocation of costs between different expenditure classifications;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge; and
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions used in determining the value of the retirement fund.
- ◆ estimating the impact of the Covid-19 pandemic on future income and expenditure flows and the charity's financial position especially in the light of the falls in investment values (see going concern below and note 12).

### **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.

However, the full impact on the charity's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still unknown. Since the end of the financial year, the Covid -19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of the social interactions but has also had a significant economic impact at every level in ways which have been outside of our control.

As many of the sisters are aged over 70, the trustees have had to adhere to the stringent government advice issued on 23 March. This has meant that normal apostolic activities have had to find new shape or cease altogether. Sisters have tried to find new ways of continuing their ministry and supporting their vulnerable neighbours whilst largely remaining in lockdown.

Along with many other charities, the trustees cannot at this stage imagine what the new needs will be and what position the Community will be in to respond to those needs.

The charity's income will no doubt be affected because of the falls in the values of listed investments as stock markets have reacted to the pandemic. In terms of expenditure, it is anticipated that there will be a rise in living expenses due to rise in cost of living during the crisis and the difficulties in obtaining food locally at a good price. Grant making may need to be curtailed whilst we await the recovery of investment markets and the income generated therefrom. The trustees will continue to keep both income and expenditure under review.

During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over the falls in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to recover over time whilst the trustees keep a watching brief.

Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

### **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.

Income comprises donations, investment income, interest receivable, fees from the charity's residential care home and income from other sources including the surplus on the disposal of tangible fixed assets.

**Income recognition** (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Fees from the charity's residential care home are recognised when receivable.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income derived from the levying of charges for residential care and support services is measured at the fair value of the consideration received or receivable, excluding discounts and rebates. Fee income is recognised when the charity is entitled to receipt under the relevant contractual agreements.

A surplus on the disposal of tangible fixed assets is defined as the difference between the sale proceeds and the net book value of the asset at the time of disposal and after deducting any costs associated with the disposal. In the case of disposing of a freehold property, the surplus is recognised at the time when legal completion of the sale takes place.

### **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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a) The costs of raising funds comprising fees payable to the charity's professional investment managers.
- b) Expenditure on the support of members of the Society and their ministry enables the members to carry out the charitable work of the Society in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the spread of Christian values. Such expenditure comprises:
  - ◆ staff costs
  - ◆ premises expenditure
  - ◆ sisters' living and personal expenses
  - ◆ training and spiritual renewal
- c) Expenditure incurred in the provision of residential care services to the elderly at the Apley Grange Care Home.
- d) Grants and donations are awarded to support the works of the Society overseas and in support of education and other charitable activities consistent with the charity's objects in the United Kingdom. Grants and donations payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied related conditions if any. Grants and donations approved but not paid for at the end of the financial year are accrued for.

The majority of costs are directly attributable to specific activities. Certain costs in respect to the provision of residential care services have been allocated to expenditure categories by reference to the ratio of the number of fee paying residents to the number of residents who are members of the Society.

Governance costs comprise the costs which are directly attributable to the procedures for compliance with statutory requirements. Governance costs are allocated in full to expenditure on the support of members of the Society and their ministry.

### **Tangible fixed assets**

◆ Land and buildings

Non-specialised buildings are all freehold properties and are defined as those designed as, and used wholly or mainly for, private residential accommodation. They were stated at a trustees' valuation made, with professional assistance, in 1996 based on market value for existing use, with additions since stated at cost. As permitted by FRS 102, with effect from 1 September 2014 the 1996 values assigned to these properties are now deemed to be their cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value.

With the exception of one flat held on a 999 year lease, all specialised land and buildings are freehold. They comprise the Society's provincial administration centre, conference centre and care home for elderly sisters. They were stated at a trustees' valuation made with professional assistance, in 1996 based on replacement cost for existing use. As permitted by FRS 102, with effect from 1 September 2014 the 1996 values assigned to these properties are now deemed to be their cost. Depreciation is provided at 2% per annum on a straight-line basis to write the specialised buildings off over their estimated useful economic life to the order.

The Chapel at Mayfield is not valued for the purposes of the accounts, as permitted by the Charities SORP FRS 102. It is a Grade I listed building and has been in the ownership of the sisters since 1863. The religious and historical nature of the building means that it would be difficult to obtain a meaningful valuation.

◆ Furniture, equipment and plant

Expenditure on the purchase and replacement of furniture and equipment over £2,000 and motor vehicles is capitalised and depreciated over a five year period on a straight line basis. Items classified as plant are capitalised and depreciated over a ten year period on a straight line basis, in order to write the assets off over their estimated useful life.

### **Fixed asset investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

**Fixed asset investments** (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value as 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 at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Deferred annuity contracts represent annuity contracts with an insurance company to provide for individual members of the Society on their retirement. The fund is revalued annually by the trustees. Any resultant surpluses and deficits on revaluation are credited or charged to the statement of financial activities.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Funds structure**

The funds of the charity are, in the main, unrestricted and therefore available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds of the charity are funds representing tangible fixed assets and funds which the trustees have designated for specific purposes. Details of these are provided in note 16 and note 17.

Details of funds which are restricted for certain purposes are given in note 15.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

**Services provided by members of the Society**

For the purposes of these accounts, no monetary value has been placed on administrative and other services provided by members of the Society.

**Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the term of the lease.

**Pension contributions**

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 9. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

**1 Income from: Donations**

	<b>Period from 14 March 2018 to 31 August 2019</b>		
	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Salaries, pensions, social security and similar support of individual religious received under Gift Aid compliant deed of covenant	881,401	—	<b>881,401</b>
Other donations	308,690	3,000	<b>311,690</b>
	<b>1,190,091</b>	<b>3,000</b>	<b>1,193,091</b>

**2 Income from: Investments and interest receivable**

	<b>Period from 14 March 2018 to 31 August 2019</b>		
	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Investment income			
. Listed investments – UK	1,731,130	99,234	<b>1,830,364</b>
. Listed investments – Overseas	199,607	—	<b>199,607</b>
	<b>1,930,737</b>	<b>99,234</b>	<b>2,029,971</b>
Interest receivable			
. Interest on cash held by investment managers	7,870	—	<b>7,870</b>
. Bank interest – UK	804	—	<b>804</b>
	<b>8,674</b>	<b>—</b>	<b>8,674</b>
	<b>1,939,411</b>	<b>99,234</b>	<b>2,038,645</b>

**3 Income from: Surplus on disposal of tangible fixed assets**

	<b>Period from 14 March 2018 to 31 August 2019</b>		
	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Surplus on disposal of motor vehicles	600	—	<b>600</b>

**4 Expenditure on: Support of members of the Society and their ministry**

	<b>Period from 14 March 2018 to 31 August 2019</b>		
	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Staff costs	1,013,738	—	<b>1,013,738</b>
Premises	558,866	—	<b>558,866</b>
Sisters' living and ministry expenses	661,295	—	<b>661,295</b>
Education, training and spiritual renewal	20,869	—	<b>20,869</b>
Governance costs (note 7)	68,944	—	<b>68,944</b>
Other	52,228	—	<b>52,228</b>
	<b>2,375,940</b>	<b>—</b>	<b>2,375,940</b>

**5 Expenditure on: Provision of residential care services**

	Period from 14 March 2018 to 31 August 2019		
	Unrestricted Funds £	Restricted Funds £	Total £
Staff costs	106,437	—	<b>106,437</b>
Premises	110,849	—	<b>110,849</b>
Welfare and other	348,149	—	<b>348,149</b>
	<b>565,435</b>	<b>—</b>	<b>565,435</b>

**6 Expenditure on: Donations and grants in support of charitable activities**

	Period from 14 March 2018 to 31 August 2019		
	Unrestricted Funds £	Restricted Funds £	Total £
<b>Support of the work of the Society overseas</b>			
Africa	2,872,295	—	<b>2,872,295</b>
Lagos	—	8,000	<b>8,000</b>
Generally through the Society's Generalate	73,055	—	<b>73,055</b>
	<b>2,945,350</b>	<b>8,000</b>	<b>2,953,350</b>
<b>General donations – education</b>			
St. Augustine's Primary School	—	2,000	<b>2,000</b>
Holy Child Community School, Sallynoggin	1,500	2,500	<b>4,000</b>
St. Teresa's Catholic Primary School	—	3,000	<b>3,000</b>
St. Mary's University	257,750	—	<b>257,750</b>
The Batey School	—	1,500	<b>1,500</b>
	<b>259,250</b>	<b>9,000</b>	<b>268,250</b>
<b>General donations – other Institutions</b>			
Forest Churches Emergency Night Shelter	1,000	—	<b>1,000</b>
Jesuit Refugee Service	10,000	—	<b>10,000</b>
Dover Outreach Centre	1,000	—	<b>1,000</b>
Age UK Oxfordshire	—	1,000	<b>1,000</b>
Age International	2,000	—	<b>2,000</b>
The Gatehouse	—	1,500	<b>1,500</b>
Ardgillan College	—	1,000	<b>1,000</b>
The Destitution Project	4,000	—	<b>4,000</b>
TRAC	1,000	—	<b>1,000</b>
JPIC	1,000	—	<b>1,000</b>
Oxfam Yeman Appeal	2,000	—	<b>2,000</b>
Salford Loaves and Fishes	20,000	—	<b>20,000</b>
Living Waters Storehouse	2,000	—	<b>2,000</b>
NJPN	1,000	—	<b>1,000</b>
New comfort zone	3,000	—	<b>3,000</b>
Casa Cornellia	5,000	3,000	<b>8,000</b>
Peadar King – KMF Productions	—	5,000	<b>5,000</b>
Mobray Community Church	—	2,058	<b>2,058</b>
Jesuit Missions – Cyclone appeal	5,000	—	<b>5,000</b>
CAFOD	250,000	—	<b>250,000</b>
<b>General donations under £1,000</b>	<b>13,201</b>	<b>2,100</b>	<b>15,301</b>
	<b>321,201</b>	<b>15,658</b>	<b>336,859</b>

Notes to the accounts 31 August 2019

**6 Expenditure on: Donations and grants in support of charitable activities** (continued)

Period from 14 March 2018 to  
31 August 2019

	Unrestricted Funds £	Restricted Funds £	Total £
<b>General donations to individuals</b>	—	3,500	<b>3,500</b>
<b>Grants</b>			
Medaille Trust	24,000	—	<b>24,000</b>
Compassion Acts	7,000	—	<b>7,000</b>
Emmaus Oxford	28,000	—	<b>28,000</b>
Cardinal Hume Centre	48,044	—	<b>48,044</b>
THOMAS	48,000	—	<b>48,000</b>
Volunteer Centre Blackpool	50,000	—	<b>50,000</b>
Voices in Exile	48,776	—	<b>48,776</b>
Ruhama Womens Project	10,000	—	<b>10,000</b>
Music4Wellbeing	11,370	—	<b>11,370</b>
ANAWIM	48,000	—	<b>48,000</b>
Women at the Well	41,556	—	<b>41,556</b>
Baby Basics	26,000	—	<b>26,000</b>
Cirencester Housing for Young People	20,000	—	<b>20,000</b>
ECPAT UK	49,289	—	<b>49,289</b>
Asylum Welcome	7,150	—	<b>7,150</b>
A Rocha UK	17,000	—	<b>17,000</b>
SVP – St Vincent Support Centre Leeds	40,000	—	<b>40,000</b>
	524,185	—	<b>524,185</b>
<b>Total donations and grants</b>	<b>4,049,986</b>	<b>36,158</b>	<b>4,086,144</b>

**7 Governance costs**

Period from 14 March 2018 to  
31 August 2019

	Unrestricted Funds £	Restricted Funds £	Total £
Legal and professional fees	68,944	—	<b>68,944</b>

**8 Net income for the period before gains on investments**

This is stated after charging (crediting):

	Total Period from 14 March 2018 to 31 August 2019 £
Staff costs (note 9)	1,361,887
Auditor's remuneration (including VAT)	
. Audit services – current year	31,000
. Audit services – prior year	20
. Non audit services – recruitment services	17,291
Depreciation	313,758
Operating lease charges	16,115

**9 Staff costs, remuneration of key management personnel and trustees' remuneration**

	Total Period from 14 March 2018 to 31 August 2019 £
Staff costs during the period were as follows:	
Wages and salaries	1,257,621
Social security costs	87,660
Pension costs	16,606
	1,361,887

One employee earned between £60,000 and £70,000 per annum (including benefits) during the period.

The average number of employees during the period (including part time staff):

	Total Period from 14 March 2018 to 31 August 2019
Support of Members of the Society and their ministry, the operation of residential care home and grant making	81

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the senior management team of the charity's care home. The total remuneration (including taxable benefits but excluding employer's pension contributions) of the key management personnel for the period was £60,530.

**9 Staff costs, remuneration of key management personnel and trustees' remuneration**  
(continued)

The charity's trustees are all members of the Society and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Society, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees.

As members of the Society, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the period, the total amount donated by the trustees to the charity was £61,243.

**10 Taxation**

The Society of the Holy Child Jesus 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.

**11 Tangible fixed assets**

	Land and buildings		Furniture, equipment and plant £	Motor vehicles £	Total £
	Non- specialised £	Specialised £			
<b>Cost or valuation</b>					
At 14 March 2018	—	—	—	—	—
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	3,374,169	6,277,808	1,727,863	134,835	<b>11,514,675</b>
Additions	483,778	—	118,445	—	<b>602,223</b>
Disposals and eliminations	—	—	—	(6,210)	<b>(6,210)</b>
At 31 August 2019	<b>3,857,947</b>	<b>6,277,808</b>	<b>1,846,308</b>	<b>128,625</b>	<b>12,110,688</b>
At cost	3,497,947	4,124,808	1,846,308	128,625	<b>9,597,688</b>
At deemed cost	360,000	2,153,000	—	—	<b>2,513,000</b>
	<b>3,857,947</b>	<b>6,277,808</b>	<b>1,846,308</b>	<b>128,625</b>	<b>12,110,688</b>
<b>Depreciation</b>					
At 14 March 2018	—	—	—	—	—
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	—	1,609,897	1,425,250	77,683	<b>3,112,830</b>
Charge for period	—	125,556	171,685	16,517	<b>313,758</b>
On disposals and eliminations	—	—	—	(6,210)	<b>(6,210)</b>
At 31 August 2019	—	<b>1,735,453</b>	<b>1,596,935</b>	<b>87,990</b>	<b>3,420,378</b>
<b>Net book values</b>					
At 31 August 2019	<b>3,857,947</b>	<b>4,542,355</b>	<b>249,373</b>	<b>40,635</b>	<b>8,690,310</b>

The charity's assets were transferred from the Charitable Trust with effect from 1 September 2018 at cost or deemed cost on that date.

All land and buildings are freehold with the exception of a flat included in non-specialised land and buildings which is held on a 999-year lease and which has a net book value at 31 August 2019 of £127,279.

## 11 Tangible fixed assets (continued)

Under previous Generally Accepted Accounting Practice, freehold land and buildings purchased prior to 1996 were held at a book value based on a trustees' valuation made in 1996 based on replacement cost for existing use. As permitted under the transitional provisions of FRS 102 (section 35), the charity has elected to use these valuations as deemed cost.

The remaining properties and other tangible fixed assets are held at cost less accumulated depreciation where applicable.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of some properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the accounts.

Certain of the freehold land and buildings are subject to restrictive covenants in relation to their future disposal.

The charity has title to a number of unique religious artefacts including statues and paintings which form part of the heritage of the Society and which the charity intends to preserve for future generations of Sisters. One of the principal objectives of the charity is "*to support the religious and other charitable works carried on by the Society and its members*". As such, the assets meet the definition of heritage assets in the Charities SORP FRS 102 and are not valued for the purposes of these financial statements. Details of specific items are not given for security reasons.

## 12 Investments

	2019 £
Listed investments	97,143,767
Unlisted investments	
. Deferred annuity contracts	73,067
	<u>97,216,834</u>
	2019 Total £
<b>Listed investments</b>	
Market value at 14 March 2018	—
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	91,469,281
Additions	45,418,620
Disposals (proceeds: £47,224,221; realised gains: £1,030,972)	(46,193,249)
Net unrealised investment gains	3,656,963
Market value at 31 August 2019	<u>94,351,615</u>
Cash held by investment managers for reinvestment	2,792,152
	<u>97,143,767</u>
Cost of listed investments at 31 August 2019	<u>74,869,707</u>

**12 Investments** (continued)

Listed investments (excluding cash held by investment managers for re-investment) held at 31 August 2019 comprised the following:

	2019 £
Listed investments – UK	69,520,071
Listed investments – Overseas	24,831,544
	<u>94,351,615</u>

The following holding represented a material holding when compared to the total portfolio valuation at 31 August 2019:

	Market value £	Percentage of portfolio %
Sarasin Climate active endowments fund class A income	<u>28,090,775</u>	<u>29.7</u>

All listed investments were dealt in on a recognised stock exchange.

<b>Deferred annuity contracts</b>	Total £
Valuation at 14 March 2018	—
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	67,721
Additions	1,200
Surplus on revaluation	4,146
Valuation at 31 August 2019	<u>73,067</u>

The contracts are held with the Eagle Star Assurance Company Limited.

Since the year end the charity has experienced a drop in the value of its investment portfolio as investment markets have reacted to the Covid-19 pandemic. At 15 May 2020, the charity's investments had a market value of £90,708,195 representing a 6.6% drop in value since the year end.

**13 Debtors**

	2019 £
Investment income and income tax recoverable	142,461
Care home fees receivable	34,535
Other debtors	11,362
Prepayments	84,535
Legacies receivable	186,574
	<u>459,467</u>

**14 Creditors**

	2019 £
<b>Amounts falling due within one year</b>	
Monies administered by the charity on behalf of individual members of the Society	314,121
Care home fees received in advance	9,691
Accruals and expense creditors	236,547
Grants and donations payable	55,000
	<b>615,359</b>
<b>Amounts falling due after more than one year</b>	
Grants and donations payable	190,000

**15 Restricted funds**

The funds of the charity include restricted funds comprising the following amounts to be applied for specific purposes:

	At 14 March 2018 £	Transfer from Charitable Trust (note 21) £	Income £	Expenditure £	Gains £	At 31 August 2019 £
Cornelia Connelly Fund	—	3,556,827	99,234	(9,000)	100,999	3,748,060
Donations for specific purposes	—	30,590	3,000	(27,158)	—	6,432
	—	3,587,417	102,234	(36,158)	100,999	3,754,492

The Cornelia Connelly Fund was previously a separate charity, administered by the same trustees as the Society of the Holy Child Jesus Charitable Trust. During 1998 permission was sought and given by the Charity Commissioners under Section 96(6) of the Charities Act 2011 for the accounts of the two charities to be combined, on the condition that the Cornelia Connelly Fund remain as a separate fund within the accounts of the main charity, restricted to the charitable purposes set out in the original trust deed of the Cornelia Connelly Fund, being 'such educational charitable purposes as advance the educational charitable work for the time being carried on in any part of the world by or under the direction or with the support of the European Province'.

## 16 Designated funds

The income funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 14 March 2018 £	Transfer from Charitable Trust (note 21) £	New designations £	Utilised/ released £	At 31 August 2019 £
African Province fund	—	223,494	6,964	—	<b>230,458</b>
Society Strategic Plan fund					
· Retirement fund for support of the African Province	—	8,296,432	27,192	(510,053)	<b>7,813,571</b>
· Support of goals	—	8,807,326	5,985,964	(2,362,243)	<b>12,431,047</b>
Property development and refurbishment fund	—	350,000	—	—	<b>350,000</b>
Grants reserve	—	20,000,000	600,000	(524,185)	<b>20,075,815</b>
Retirement reserve	—	40,000,000	—	—	<b>40,000,000</b>
	—	<b>77,677,252</b>	<b>6,620,120</b>	<b>(3,396,481)</b>	<b>80,900,891</b>

The African Province fund represents monies designated by the trustees to fund the future education and formation of sisters in Africa. It will be utilised as and when applications from the Society Leadership Team are approved by the trustees.

The Society Strategic Plan fund (formerly known as the Congregational fund) represents monies designated by the trustees to support the international work of the Congregation, including the implementation of the Society-wide strategic plan. The fund has two elements: The 'Retirement fund for the support of the African Province' and the 'Support of Goals'. It is the intention that this fund continues to be increased to be held over the next four to five years until they are required by the wider Congregation. Sisters and projects of the Society overseas will be able to apply for monies from the fund but these will be paid out only after successful due diligence and, thereafter, the use of the monies will be monitored closely by the trustees. The trustees will review the Society Strategic Plan fund and the charity's financial position on a year by year basis.

The property development and refurbishment fund represents monies designated by the trustees to build and refurbish a number of the charity's freehold premises.

The grants reserve represents monies designated by the trustees for the charity's grant making programme.

The retirement reserve represents monies designated by the trustees to provide for the sisters in their retirement. It has been calculated using actuarial principles and is reviewed regularly by the trustees in the light of the resources available and likely to be required.

### 17 Tangible fixed assets fund

The tangible fixed asset fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the tangible fixed assets are used in the day-to-day activities of the charity, and the fund value would not be easily realisable if needed to meet future contingencies.

	Total £
At 14 March 2018	—
Transfer from Society of the Holy Child Jesus Charitable Trust (note 21)	8,401,845
Net movement in the year	288,465
At 31 August 2019	<u>8,690,310</u>

### 18 Analysis of net assets between funds

The total unrealised gains as at 31 August 2019 constitute movements on revaluation and are as follows:

	2019 £
<b>Unrealised gains included above:</b>	
On investments	19,481,908
<b>Total unrealised gains at 31 August 2019</b>	<u>19,481,908</u>
<b>Reconciliation of movements in unrealised gains (losses)</b>	
Unrealised gains at 14 March 2018	—
In respect to disposals in the year	(8,818,418)
	<u>(8,818,418)</u>
Add: net gains arising on revaluation arising in the year	3,656,963
Transfer from Holy Child Jesus Charitable Trust	24,643,363
<b>Total unrealised gains at 31 August 2019</b>	<u>19,481,908</u>

### 19 Operating lease commitments

At 31 August 2019, the charity had future minimum commitments in respect to non-cancellable operating leases in respect to land and buildings as follows:

	2019 £
<b>Land and buildings</b>	
Payments which fall due:	
. Within one year	7,200
. Within two to five years	2,446
	<u>9,646</u>
<b>Equipment</b>	
Payments which fall due:	
. Within one year	11,400
	<u>11,400</u>

**20 Ultimate control and liability of member**

The Province Leader of the Congregation for the time being shall automatically, by virtue of holding that office, be ex officio the sole member of the CIO. The sole member is responsible for the appointment of the trustees.

If the CIO is wound up, the member of the CIO has no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

**21 Connected charity and related party transactions**

The trustees of the CIO are also the trustees of the Society of the Holy Child Jesus Charitable Trust (Charity Registration Number 223035).

With effect from 1 September 2018, the activities, assets and liabilities of the Charitable Trust were transferred to the CIO in accordance with a legal deed of transfer.

The net assets transferred were:

	31 August 2018 £
Tangible fixed assets	8,401,845
Listed investments	91,469,281
Unlisted investments	67,721
Cash held by investment managers	5,141,939
Debtors: amounts falling due within one year	200,261
Cash at bank and in hand	839,857
Creditors: amounts due within one year	(603,287)
Creditors: amounts due after more than one year	(20,000)
Total net assets	<u>105,497,617</u>
Representing:	
Restricted funds	3,587,417
Unrestricted funds	
. Designated funds	77,677,252
. Tangible fixed assets fund	8,401,845
. General funds	15,831,103
	<u>105,497,617</u>

During the year a donation of £20,000 was paid to Salford Loaves and Fishes, a charity of which Sister Anne Stewart, a trustee of the CIO, is a trustee.

Amounts donated to the charity during the year by the trustees are disclosed in note 9. There are no further related party transactions requiring disclosure.