

**The Sacred Hearts
Sisters 1983
Charitable Fund**

Annual Report and Accounts

31 March 2020

Charity Registration Number
287232

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Report of the trustees	2
Independent auditor's report	20

Accounts

Statement of financial activities	23
Balance sheet	24
Statement of cash flows	25
Principal accounting policies	26
Notes to the accounts	32

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

Trustees	Sister Catherine Collins Sister Kathleen Corbett Sister Nora Emperor Sister Eileen McLoughlin Sister Mary Mangan Sister Lorna Walsh
The Superior General	Sister Mary Mangan
The Secretary General	Sister Kathleen Corbett
The General Treasurer	Sister Catherine Collins
Principal address	Chigwell Convent 803 Chigwell Road Woodford Bridge Essex IG8 8AU
Telephone	020 8504 1624
Website	www.sacredheartsjm.org
Charity registration number	287232
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC plc 91 High Street Brentwood Essex CM1 4RU
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Insurance Brokers	DE Ford Insurance Brokers Limited Poppleton Grange Low Poppleton Lane York YO26 6GZ

Report of the trustees Year to 31 March 2020

The trustees present their statutory report together with the accounts of the Sacred Hearts Sisters 1983 Charitable Fund (the charity) for the year ended 31 March 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 26 to 31 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Statement of Recommended Practice on “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), effective from accounting periods commencing 1 January 2015 or later”.

Introduction

The Congregation of the Sisters of the Sacred Hearts of Jesus and Mary (the Congregation) is an International Roman Catholic Religious Congregation supporting 109 sisters worldwide. It was founded in France in 1866. The United Kingdom Congregation became an independent entity in 1903 and has its headquarters at Chigwell Convent in Essex.

The sisters have, over the years, engaged in a variety of services for the poor and deprived, and serve in the United Kingdom, Ireland, USA, Zambia, Uganda, El Salvador and the Philippines.

The Mission Statement of the Sisters is:

*“We, the Sisters of the Sacred Hearts of Jesus and
Mary,
urged by the compassion of Christ
and responsive to the anguish of Peoples and Planet,
are called to help shape Communities
of Gentleness, Justice and Peace
that witness to the healing, liberating and empowering
love of God.”*

Introduction (continued)

With effect from midnight on 31 March 2019, in accordance with a legal transfer of undertakings and a resolution of the trustees, certain of the activities, assets and liabilities of the Charitable Trust were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO), Sisters of the Sacred Hearts of Jesus and Mary CIO, (the CIO) (Charity Registration Number: 1179804).

Mission

Since the transfer of the majority of assets and congregational activities to the newly formed charitable CIO, The Sacred Hearts Sisters 1983 Charitable Trust continues to support the main activity of education and running two schools, St John's Special School, Chigwell and Pield Heath House School, Uxbridge.

Activities, achievements, specific objectives and relevant policies

Education

The trustees are responsible for both schools providing education and care of pupils with special needs. Both schools throughout the year, following on from last year, continue to have discussions with external partners, local diocese and the Catholic Education Service in terms of future governance and leadership.

Pield Heath House School, Uxbridge



Pield Heath House School is a non-maintained, co-educational school for young people with special educational needs between the ages of 7 and 19 years, recognised by the Department for Education and under the Trusteeship of The Sacred Hearts Sisters 1983 Charitable Fund.

The school offers day, residential and respite provision to young people with moderate to severe learning difficulties, autistic spectrum disorders and associated speech, language and communication difficulties within a warm and caring environment where daily life is underpinned by Christian principles.

Since its foundation in 1901, Pield Heath House School has helped young people with learning difficulties to develop their full potential. They have a highly skilled and deeply committed team that prides itself on providing a holistic approach to education, within a caring, spiritual environment where every young person is of equal importance, valued for what they are and encouraged to reach their maximum potential. The staff are passionate in their work with the young people to encourage their progress, celebrate their achievements and inspire confidence in their futures, in close partnership with parents and carers. The school's main purpose is to maximise our students' life experience to enable their independence and inclusion in the wider community.

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

Education (continued)

Pield Heath House School, Uxbridge (continued)

During the year the number of students ranged from 100-98. The School would have been at full capacity however two students left during the year. Although offering places to two other students in September the Local Authorities involved had already placed the students elsewhere. This highlights the fact that although the School in theory could take students at any time throughout the academic year, unless starting with full capacity in September it becomes very difficult to fill any empty spaces.

As of 31 March 2020, students attending the school came from the following Local Authorities:

Barnet 2
Brent – 12
Buckinghamshire – 3
Ealing – 4
Hammersmith & Fulham – 1
Harrow – 11
Hillingdon – 47
Hounslow – 12
Richmond – 1
Slough – 4
Westminster – 1

The focus for the year for school staff and Governors was to continue the work started after the Ofsted report of November 2018.

One of the priorities for Teaching and Learning was the review of the framework for the moderation and scrutiny of work in Literacy and Numeracy. Subject leads in Literacy and Numeracy were mentored by senior leaders to ensure areas of strength and development were identified and fed back to teachers. By March 2020, it was evident that improvement had been made in the standard of work in those core subjects.

Another priority was to ensure that those who receive a Teaching and Learning responsibility (TLR) allowance were able to support and take responsibility and accountability for the development of staff and improve progress of our students.

In the implementation year of the DfE funded Achievement for All pilot scheme, the Numeracy and Literacy leads played a key role along with the Assessment Coordinator focussing on raising standards. A new scheme of work was developed at Key Stage 4 and Key Stage 5 to reflect Preparation for Adulthood outcomes.

The Numeracy Lead has joined the West London Maths Hub, a government scheme to enable schools to work with the Maths Mastery Approach. Sharing good practice across schools and the development of a scheme of work has been the main priority in the White Rose implementation year. As a direct result of this, CPD in specialist maths learning strategies, e.g. Numicon, was undertaken by all Maths teachers and learning support staff.

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

Education (continued)

Pield Heath House School, Uxbridge (continued)

Challenge Partners, a nationwide school quality assurance school peer review scheme, undertook a review of the School in November 2019. The findings recognised that there had been improvements in Middle Leadership across the School. A further outcome of the review is that the School has now developed links with The Loddon School with particular focus on their PLUSS curriculum. They provided training to key members of staff in February 2020 and the curriculum for students with complex learning needs was reviewed with an increased focus on Independence and Life skills.

The Horticultural department continues to thrive and has captured the enthusiasm of students across all key stages. The skill development of the students has been recognised through the numerous awards received during the year.

The Pield Heath student gardeners worked very hard towards the Royal Horticultural Society 'Green Plan It' competition. They were awarded the 'Pupils Choice Award' for the schools 'Eco-Garden/Pizza Plant Model'. The Hillingdon in Bloom competition judges awarded the Pield Heath gardeners the 'Gold Award' for best school display. The impact of the investment into horticulture and vocational activities throughout the School has been an outstanding asset to the whole School community.



During the year the students grew fresh vegetables in the polytunnel and allotment areas on the school site which were used in cookery classes.

The Hillingdon in Bloom competition judges awarded the Pield Heath gardeners the 'Gold Award' for best school display.



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

Education (continued)

Pield Heath House School, Uxbridge (continued)



ICT Mentors have started work with the younger students in the school. They promote E-Safety awareness and will lead an assembly to remind everyone of the importance of E-Safety.

Music for Autism visited and brought a lot of joy. Students were engaged with listening to the classical music which helped them to relax and enjoy the whole experience. They practiced lots of skills including conducting and turn taking.

Thank you to Music for Autism for providing this wonderful musical experience.



In February 2020, the School had an Ofsted Social Care Inspection. This was judged to be Outstanding. It recognised the highly effective service provided that consistently exceed the standards of Good and contributes to significantly improved outcomes and positive experiences for our children and young people. Empowering young people, their parents and carers and acting on their views are central to our service.

The major focus for the School over the next year is the appointment of a Head of Sixth Form and the further development of the therapeutic provision. The Achievement for All pilot scheme will be in its second year and the impact of the new scheme of work will be reviewed.

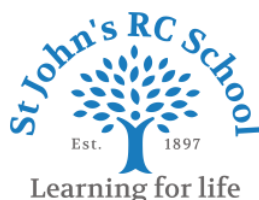
The PLUSS curriculum and links with the Loddon School will be further developed to ensure teachers develop the necessary knowledge and skills to engage students with complex learning needs so they are able to achieve and demonstrate at least good positive outcomes.

The trustees, Governors and Seniors Leaders will continue looking at the options for future governance of the School.

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

Education (continued)

St John's Special School, Chigwell



St John's RC School is a non-maintained special school offering day provision for pupils aged 5 to 19 with a wide range of needs including moderate to severe learning difficulties, autistic spectrum disorder (ASD) and those with associated speech, language and communication difficulties. The School continues to be very popular with parents and Local Education Authorities (LEAs), with 95 pupils on roll.

Since September 2015, St John's has been in partnership with New City College and provides a 19-25 provision for those students who are not quite ready for mainstream college aiming to bridge this gap by meeting their individual needs. The post-19 provision continues to be very successful with 36 students on role.

Based in Woodford Green, Essex the School has students from across the county as well as the London Boroughs. Although a Roman Catholic school, St John's welcomes pupils from all faiths and backgrounds.

St John's is very proud of its team of highly skilled and dedicated staff, including music, speech and language therapists, learning mentors and learning support assistants who work together to ensure that all pupils achieve and grow in confidence and self-esteem within a community of care and learning; developing their independent living skills to their full potential. By offering a curriculum that is varied and challenging and allowing students to progress through the School, many will achieve accreditation through AQA awards, OCR, Asdan and BTEC where appropriate.

The number of students with language and communication difficulties have increased over the past twelve months and students who present with challenging behaviours are less common than in previous years.

Currently the following Local Education Authorities (LEAS) place children at St John's:

- Redbridge 43
- Tower Hamlets 8
- Waltham Forest 9
- Newham 9
- Enfield 9
- Barking and Dagenham 6
- Essex 4
- Hackney 5
- Brent 1
- Camden 1

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

Education (continued)

St John's Special School, Chigwell (continued)

The School continues to offer a broad and balanced curriculum, which meets the needs of young people aged between 5 and 25 with severe and complex learning needs. The curriculum is highly specialised and promotes progress and preparation for adulthood. We offer a range of practical subjects which include horticulture, sport, cookery, hair and beauty and drama. The students complete BTEC qualifications in all of the aforementioned areas but in the forthcoming year this will be reviewed due to the changing cohort of students and their emerging needs.

The semi-formal curriculum that was introduced last year is proving very successful and is now imbedded within our classes. This allows the students to learn through a more practical and hands on visual and tactile approach to learning.

- ◆ Pupils are making good progress across the curriculum and this is evidenced through Evidence for Learning and MAPP2 form of assessment.
- ◆ Pupils are offered a very broad and varied curriculum.
- ◆ For those pupils for whom it is appropriate in key stage 4, they undertake a range of externally set exams in English and in the sixth form qualifications in BTEC and ASDAN, both externally accredited, are offered.
- ◆ Pupils with more complex needs are as previously stated offered a semi-formal curriculum that matches their needs. All pupils have access to advice from therapists, including speech and language, music and occupational health. (This is dependent on the individual students Education and Health care plan).
- ◆ The School operates rigorous quality assurance monitoring including work scrutiny, teacher planning, learning walks and formal and informal lesson observations.

The number of students in the School continues to remain at full capacity. The growth in the primary department has continued and the school is constantly receiving referrals for primary students. The numbers and age range of pupils is evenly spread across the School and key stages.

The last Ofsted inspection was in 2016 and the assessment procedures are now imbedded throughout all key stages, as this was one of their recommendations.

The new safeguarding system is also working effectively and has virtually eliminated the need to use paper documentation.

The post-19 provision is still working very well and the numbers increased since the last report from 34 to 36 students.

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

Education (continued)

St John's Special School, Chigwell (continued)

The School has had a few changes in personnel in the past year, with a new Assistant Head of School. This was originally a temporary post but is now permanent. St John's also has a new Head of Sixth Form and two new class teachers along with another speech and language therapist to add to the team of three. The School is continuing to increase the numbers of classroom assistants to cater for some of the complex young people.

The leadership team is very strong and the driving force behind the school development and with the addition of the new Head of sixth form, the middle leaders are continuing to develop and are again a strong, focused and driving force in the School.

St John's is continuing to work closely with the local authorities and in partnership with the Diocese of Brentwood and with Waltham Forest, and is still in extensive discussions with external partners in exploring future models of governance and leadership.

On a Wednesday afternoon, the whole School has a Club Afternoon, which allows students the opportunity to make choices about which clubs they would like to attend. The students can mix with other students from different classes.

It proved a great success last year so we have extended the range of clubs on offer this year. The students are given the option of changing their clubs half termly. The variety of clubs on offer is quite diverse, from cooking, to dance to gardening.



During the School Summer Holidays, St John's updated the cycle track at the back of the school and installed a brand-new playground onto the field.

The second new playground was installed at the end of October. It has proved very popular with all students.

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

Education (continued)

St John's Special School, Chigwell (continued)



On 3 October one of St John's teachers arranged a Harvest Festival Service, a huge thank you went out to all those who donated food, which was gratefully received by the charity Crisis.

Future plans

Following the transfer of certain of the activities, assets and liabilities of the charity to the newly formed CIO, the remaining activities of the charity continue to be in relation to education and the running of the two schools to the highest standards and to ensure all children are supported and cared for, throughout their education.

Coronavirus

St John's school closed for a total of four weeks to all students and staff but reopened in April to those students who were classed as vulnerable or with parents/carers who were critical or key workers. In total during this period up until the start of the Summer Holiday, St John's had 20 students attending.

Pield Heath School was forced to close for a total of two weeks to all students and staff and reopened in April to those students who were classed as vulnerable or those with parents/carers who were critical or key workers.

Both schools put in place detailed risk assessments and safety and hygiene measures in line with government guidance. All staff and students were provided with PPE.

As yet the pandemic has had no financial implications to either schools' funding. However, we are not yet aware of what the long-term financial impact may be. Staff attendance is a potential risk factor as it would impact the number of students who are able to attend school and be supported by those who are familiar with their needs.

Financial review

Results for the year

A summary of the year's results can be found on page 23 of this report and accounts.

The statement of financial activities shows net income and an increase in funds during the year of £437,427 (2019 – net expenditure of £31,199,301, due to the transfer of certain assets and liabilities to the CIO at 31 March 2019) with total income amounting to £8,484,468 (2019 - £11,527,790) and expenditure totalling £8,047,041 (2019 - £43,496,111).

Total income includes £8,316,612 (2019 - £8,131,093) of education fees and related charges generated by the charity's educational establishments.

Other income includes donations and sundry income in the year.

Total expenditure comprises expenditure on the charity's schools and educational establishments of £8,038,794 (2019 - £7,387,792). The major part of the expenditure on both the schools is staff costs which totalled £6,343,402 (2019 - £6,549,767) representing payments to the schools' staff. Other expenditure in 2019, but no longer within the accounts for the year to 31 March 2020, included the personal and living costs of the members of the Congregation and their ministry, donations paid and the costs of administering and managing the charity. The charity made donations in the year ended 31 March 2019 of £1,165,055 to its connected charity in Ireland, the majority of which were used to assist with the ongoing living and care costs of Sisters in Ireland.

Deducting expenditure from income for the year gives a net income figure for the year of £437,427 (2019 – net expenditure of £31,199,301 which included the transfer of certain assets and liabilities to the newly formed CIO at midnight on 31 March 2019).

Reserves policy and financial position

Reserves policy

The trustees of the charity 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. The trustees consider that, given the nature of the charity's work going forward in respect to education, the level of free reserves should be between 3 and 6 months' projected expenditure.

Financial position

The charity balance sheet shows total reserves of £6,421,062 (2019 - £5,983,635).

Included in this figure was an amount of £690,429 (2019 - £654,600) which was restricted. These monies had either been raised for, and their use restricted to specific purposes, or they comprised donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 18 to the accounts, together with an analysis of movements in the year.

Financial review (continued)

Reserves policy and financial position (continued)

Financial position (continued)

At 31 March 2019 the schools and home fund totalled £5,208,235. With effect from 1 April 2019, this designated fund was reconsidered, as the provision of education is now the principal activity of the charity. Part of the fund, therefore, has become the general funds of the charity with the balance forming part of the tangible fixed assets fund.

The tangible fixed assets fund totals £2,061,182 (2019 - £81,730) and is represented by those tangible fixed assets not financed out of restricted funds.

The balance of general funds at 31 March 2020 was £3,669,451 (2019 - £39,070). These funds are deemed sufficient by the trustees being consistent with the reserves policy set out above.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Congregational Leader and her General Council. They are elected every six years at a General Chapter which is a meeting of representatives from all areas of the Congregation. Members of the General Council are chosen for their personal qualities, their understanding and experience of the ministries of the Sisters throughout the Congregation and to secure a good skills mix among them.

In terms of Civil law, the charity is governed by a trust deed dated 23 May 1983 and is a registered charity, Charity Registration No. 287232. The trustees of the charity are the six members of the Leadership Team. As all trustees are members of the Congregation they have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees spend some time with those trustees leaving office. They also meet with the Congregation's Professional advisers in order to obtain a full briefing of their responsibilities and the charity's position. They have also attended appropriate study days.

According to the Trust Deed the maximum number of trustees shall not exceed eight in number. They are – The Congregational Leader, four Team Members, General Secretary and the General Treasurer.

During the year all or some of the trustees attended:

- ◆ The Provincial Bursars Conference, High Leigh, Hertfordshire
- ◆ Catholic Charities Conference, Church House, London
- ◆ Safeguarding Children in the Catholic Church (CSAS)
- ◆ National Board for Safeguarding Children in the Catholic Church in Ireland (NBSCCI)
- ◆ Trustee training sessions put on by Buzzacott LLP and DE Ford, Insurance Brokers Limited

Governance, structure and management (continued)

Governance (continued)

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. Brief biographical details on each of the trustees in office at the date on which this report was signed are given below:

Sister Catherine Collins

Sister Catherine entered the Congregation in February 1964. After qualifying as a teacher in 1971, she taught children with special needs in Pontville, Ormskirk, Lancashire for three years. In 1975 she was assigned to a teaching position at Lwitikila Girl's Secondary School in Zambia, becoming principal of the school for her last three years there. From 1987 until 2002 she ministered in California, teaching in the Sacred Heart Elementary School from 1987 to 1997, after which she went to St Louis University to study at the Institute for Religious Formation. From 1998 Sister Catherine worked in the Regional Office of the Congregation in California until 2002 when she was appointed Congregational Leader, a position she held until 2008. After a short period in the Philippines she was appointed General Treasurer in January 2012.

Sister Kathleen Corbett

Sister Kathleen entered the Congregation in September 1964. After qualifying as a State Registered Nurse she worked as a theatre nurse in St Winefred's Hospital Cardiff from 1974 until 1978. She joined the staff of our Convalescent Home in Kelton, Aigurth, Liverpool and worked there until 1985. She followed a course in tropical medicine and obtained a certificate in Tropical Medicine at Liverpool School of Tropical Medicine, University of Liverpool. In 1986 she was missioned to Zambia where she worked for twenty years.

On returning to the UK she obtained a Certificate in Further Education at the University of Wales. She returned to Zambia and was appointed Principal of the School of Nursing in Chilonga Hospital. She remained in post until she was made Matron of Chilonga Hospital, Mpika, Zambia.

Sister Kathleen was then appointed to the role of superior/administrator of our mission in Mbala, Zambia. She attended a Training for Formation programme in Kalundu Study Centre, Lusaka and has, since 1989 been involved in administration and formation within the Congregation. She spent two years in Uganda doing Pastoral Ministry in Mukono. Returning to the UK in 2009 she took up the post of Superior in our Residential Care Home in Herne Bay. Since 2009 she has been involved in the formation programme of our newer members. She was elected to the Leadership Team in August 2014.

Sister Nora Emperor

Sister Nora entered the Congregation in September 1967. She trained as a cook following the City and Guilds course at Guildford College, Surrey. After completion of the course she worked in St Dominic's School, Hambledon, Surrey and later went to work in The Jane Hodge Residential Care Home in Cardiff. When Marian House Nursing Home was opened in 1988 she was appointed to organise the kitchen. She remained there until 1994 when she was missioned to Zambia, Africa.

Governance, structure and management (continued)

Governance (continued)

Sister Nora was trained as a Formator at the Kalundu Study Centre, Lusaka and for the next twelve years worked in the Formation programme of our newer members both in Zambia and in the UK.

On her return to Zambia in 2006 she was appointed co-ordinator of Sunsuntila, the Day Care Centre for children orphaned by the AIDS epidemic. She remained at the Centre in Mbala until she was elected to the Leadership Team in August 2014.

Sister Eileen McLoughlin

Sister Eileen entered the Congregation in 1976 having trained as a Primary School Teacher in Glasgow, Scotland. She taught initially in Cranleigh Residential School for Children with special needs and then for nine years in St John Fisher Primary School in Loughton, Essex.

In 1999 Sister Eileen became the Vocations Promoter for the UK and Ireland before being assigned to Colombia in 2003. There she initiated a programme for young people and adults with special needs in a very poor part of Bogota.

Sister Mary Mangan

Mary Mangan was born in Ireland in 1943. She is a teacher by profession having qualified in 1967 and with twenty three years' experience between the classroom and Principal of Schools. She was instrumental in handing over a school to another body that carried on the educational work. In 1990 she went to Ireland to develop a service for children/adults with Intellectual Disability – to de-institutionalise the service and set up a community based service.

During 1996 - 2002 she served on the Congregation's Leadership Team. In 2002-2003 she took a Sabbatical. During 2003 - 2010 she worked with an NGO Ruhama in Dublin, Ireland with women affected by prostitution and women trafficked for sexual exploitation. She retired in 2010 but continued to raise awareness around human trafficking and was influential in setting up an inter-congregational group of religious in Dublin, Ireland to raise awareness against Human Trafficking. She was a member of the Core Group of a Religious European Network against Trafficking Exploitation. She was also involved in spiritual direction ministry. Throughout her career she kept abreast of human development and spiritual growth programmes. In 2014 at the Congregation's General Chapter she was elected Congregational Leader of the Sisters of the Sacred Hearts of Jesus and Mary.

Governance, structure and management (continued)

Governance (continued)

Sister Lorna Walsh

Sister Lorna joined the Congregation in 1966. She had trained as a teacher at Notre Dame College, Liverpool before joining the Sisters. She taught in St Dominic's Primary School, Homerton and then in St John's Open Air School and when the school closed she went with the students to St Dominic's School, Hambledon as Deputy Head. While at St Dominic's, Sister Lorna obtained a BSc from the Open University and in 1976 went to Sacred Heart School, Dagenham as a Science Teacher. She was appointed as Head of Science. When Sacred Heart School merged with Bishop Ward School to become All Saints School, Sister Lorna was appointed as Head of Science for the combined school. In 1990 Sister Lorna was elected to the Leadership Team as Councillor and served for six years until 1996. She then moved to California and worked in low cost housing with the Sisters of Mercy becoming a Senior Manager and working with the homeless population of San Francisco. In 2014 she returned to the UK and was elected onto the Leadership Team.

Trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable 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 applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance, structure and management (continued)

Key management

The trustees consider that they together with the Headteachers of the schools, along with the Executive Principal, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees are members of the Congregation they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or key management.

The pay of the Headteachers of the schools is reviewed by the governors and is based on the School Teachers Pay and Conditions Document and Statutory Regulations affecting the employment and conduct of teaching staff, and for associate staff the National Joint Council for Local Government Services Terms and Conditions.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers. The day-to-day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation or senior staff.

The charity is connected also to Harmony House Community Interest Company (Company Registration No 06565448 (England and Wales)). Several of those who served as trustees of the charity during the year are directors of the company. There were no transactions between the charity and the company.

Working with other organisations

The charity has worked closely with other organisations, charities and public bodies. Working together enhances communication and understanding thus enabling our services and ministries to provide more efficiently and effectively and avoids the duplication of effort. Some of the organisations with which the charity has cooperated during the year are as follows:

- ◆ Roman Catholic Diocese of Westminster, Brentwood, Southwark, Wrexham, Liverpool and Hallam; also with the Bishops in the diocese in the areas where we work overseas;
- ◆ Local Authorities where the schools are situated;
- ◆ National Association of Special Schools;
- ◆ "Network" safeguarding group of religious Congregations;

Governance, structure and management (continued)

Public Benefit

Both the charity and the religious Congregation are called to serve by the words of the founder of the Congregation, Father Victor Braun:

“There are two things in life, Jesus Christ and the poorest of God’s people”

The main area in which the charity has provided public benefit is in its educational activities. While the Congregation is no longer able to provide teaching by Sisters in the UK, the work of our schools, all focused on pupils with special needs, continues to produce excellent results. All pupils are assessed by Local Authorities.

Both schools maintain a Catholic ethos, whilst welcoming pupils from all faiths and religious backgrounds. Members of the Congregation, all with many years of specialist experience, voluntarily serve on the schools’ boards of governors, providing guidance and assistance as required.

One Sister is a Chief Executive Officer or Executive Principal of our two schools and attends all Governors’ meetings, interviews and deals with all legal matters pertaining to employment and training of staff. She reports to the trustees every three months.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks and have reviewed the measures already in place, or needing to be put in place, to deal with them.

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

The trustees have identified the following main areas of risk which may impact on the charity:

- ◆ Covid-19
- ◆ Governance and management
- ◆ Safeguarding
- ◆ Financial
- ◆ Reputational
- ◆ Operational

Governance, structure and management (continued)

Risk management (continued)

Covid-19

- ◆ The outbreak of the Covid-19 pandemic has clearly presented the trustees with challenges and threats to the well-being of the schools and their activities which could not have been foreseen. The trustees and governors recognise their responsibility for the management of risks faced by the schools.
- ◆ Both schools were closed for a period following the outbreak of the pandemic and specific Covid-19 risk assessments have been completed for both sites.
- ◆ Actions taken include social distancing being enforced on site and signage in place across the schools, temperatures of all pupils and staff being checked on arrival, PPE equipment being available for both staff and pupils and remote learning being in place for all students.

Governance and management

- ◆ The leadership of the charity endeavour to lead by example so that they can be seen to be authentically living out our Mission Statement and the Founding Vision of our Founder Father Victor Braun.
- ◆ We have engaged lay members of staff who are aware of our ethos.

Safeguarding

- ◆ We have adopted the safeguarding policies set out in the National Safeguarding Procedures Manual of the Catholic Church in England and Wales for Children and Adults at Risk, for our communities and places of work in the UK. We have a trustee who has comprehensive training in all matters pertaining to safeguarding.

Financial

- ◆ We have an Anti-Fraud, Bribery and Anti-Corruption Policy in place.

Reputational

- ◆ Media responses, prepared by a Public Relations specialist, are circulated to the charity should it be the target of adverse publicity.

Operational

- ◆ The trustees take very seriously the demands of Local Government Authorities. To ensure that in the schools the highest quality of care is provided in a safe environment there is a Health and Safety person who gives regular training sessions to the members of staff on the safe handling of food, equipment, moving and handling of people, moving and handling of objects.
- ◆ Ofsted carry out inspections of the Schools at very short notice.
- ◆ Leadership and senior management teams receive training in all aspects of Health and Safety so as to be aware of the risks and to put in place procedures to deal with them. Trustees meet with our Health & Safety Consultants on a regular basis. We also have a risk management consultant who advises us on new regulations and visits the premises that are used by the public on a regular basis.

Governance, structure and management (continued)

Risk management (continued)

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

Fundraising statement

We manage our own fundraising activities and do 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 the service. During the year ending 31 March 2020 we have not received any complaints.

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 its communication preferences can be changed at any time.

Summary and acknowledgements

This report is a brief summary of the work of the charity during the year to 31 March 2020. The accompanying accounts with this report show the movement of funds in the year ended 31 March 2020.

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

We wish also to record our thanks to the professional bodies on whose advice and expertise we rely.

Approved by the trustees and signed on their behalf by:

Sister Mary Mangan

Trustee

Approved by the trustees on: 22 January 2021

Independent auditor's report to the trustees of The Sacred Hearts Sisters 1983 Charitable Fund

Opinion

We have audited the accounts of The Sacred Hearts Sisters 1983 Charitable Fund (the 'charity') for the year ended 31 March 2020 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 March 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 accounts 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. 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

28 January 2021

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

Statement of financial activities Year to 31 March 2020

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income from:							
Donations and legacies	1	9,360	24,768	34,128	2,149,983	121,514	2,271,497
Investments and interest receivable	2	—	—	—	633,580	—	633,580
Charitable activities							
. Provision of education	3	8,067,640	248,972	8,316,612	7,997,676	133,417	8,131,093
. Provision of care	3	—	—	—	165,336	—	165,336
. Prayer and retreat ministry	3	—	—	—	194,564	—	194,564
Other sources	4						
. Surplus on disposal of tangible fixed assets and other property		44,477	—	44,477	22,657	—	22,657
. Miscellaneous income		54,240	35,011	89,251	89,641	19,422	109,063
Total income		8,175,717	308,751	8,484,468	11,253,437	274,353	11,527,790
Expenditure on:							
Raising funds							
. Investment management rebate		—	—	—	(30,043)	—	(30,043)
Charitable activities							
. Charitable donations and support of missionary work	5	—	—	—	1,637,543	110,670	1,748,213
. Provision of education	6	7,765,872	272,922	8,038,794	7,219,618	168,174	7,387,792
. Provision of care	7	—	—	—	1,087,842	—	1,087,842
. Support of the sisters and their ministry	8	8,247	—	8,247	2,026,371	1,500	2,027,871
		7,774,119	272,922	8,047,041	11,941,331	280,344	12,221,675
. Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO	25	—	—	—	31,226,434	48,002	31,274,436
Total expenditure		7,774,119	272,922	8,047,041	43,167,765	328,346	43,496,111
Net income (expenditure) before gains on investments	11	401,598	35,829	437,427	(31,914,328)	(53,993)	(31,968,321)
Net gains on investments	15	—	—	—	769,020	—	769,020
Net income (expenditure) before transfers		401,598	35,829	437,427	(31,145,308)	(53,993)	(31,199,301)
Transfer between funds		—	—	—	485,652	(485,652)	—
Net income (expenditure) and net movement in funds		401,598	35,829	437,427	(30,659,656)	(539,645)	(31,199,301)
Reconciliation of funds:							
Fund balances brought forward at 1 April 2019		5,329,035	654,600	5,983,635	35,988,691	1,194,245	37,182,936
Fund balances carried forward at 31 March 2020		5,730,633	690,429	6,421,062	5,329,035	654,600	5,983,635

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

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charity were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO), Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804) (see note 25). All of the charity's activities in the year ended 31 March 2020 derived from continuing operations.

Balance sheet 31 March 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	14		2,622,983		2,379,804
Current assets					
Debtors	16	625,635		599,747	
Short term deposits		154,075		146,618	
Cash at bank and in hand		3,210,508		3,044,051	
		3,990,218		3,790,416	
Liabilities:					
Creditors: amounts falling due within one year	17	(192,139)		(186,585)	
Net current assets			3,798,079		3,603,831
Total net assets			6,421,062		5,983,635
The funds of the charity					
Restricted funds	18		690,429		654,600
Unrestricted funds					
. Designated funds	19	—		5,208,235	
. Tangible fixed assets fund	20	2,061,182		81,730	
. General fund		3,669,451		39,070	
			5,730,633		5,329,035
			6,421,062		5,983,635

Approved by the trustees and signed on their behalf by:

Sister Catherine Collins

Trustee

Approved on: 22 January 2021

Statement of cash flows Year to 31 March 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	693,639	(98,551)
Cash flows from investing activities:			
Interest received		—	17,100
Programme related investment income		—	95,000
Income from listed investments		—	521,480
Purchase of tangible fixed assets		(645,934)	(351,921)
Proceeds from the disposal of tangible fixed assets		126,209	100,465
Purchase of investments		—	(20,335,263)
Proceeds from the disposal of investments		—	21,550,813
Net cash (used in) provided by investing activities		(519,725)	1,597,674
Change in cash and cash equivalents in the year		173,914	1,499,123
Cash transferred to the Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)		—	(1,517,342)
Cash and cash equivalents at 1 April 2019	B	3,190,669	3,208,888
Cash and cash equivalents at 31 March 2020	B	3,364,583	3,190,669

Notes to the statement of cash flows for the year to 31 March 2020.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	437,427	(31,199,301)
Adjustments for:		
Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO	—	31,274,436
Depreciation charge	297,273	673,856
Gains on investments	—	(769,020)
Investment income and interest receivable	—	(633,580)
Net gains on disposal of tangible fixed assets	(44,477)	(22,657)
(Increase) decrease in debtors	(25,888)	650,332
Increase (decrease) in creditors	29,304	(72,617)
Net cash provided by (used in) operating activities	693,639	(98,551)

B Analysis of cash and cash equivalents

	2019 £	2018 £
Short term deposits (less than three months)	154,075	146,618
Cash at bank and in hand	3,210,508	3,044,051
Total cash and cash equivalents	3,364,583	3,190,669

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 year to 31 March 2020 with comparative information provided in respect to the year to 31 March 2019.

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

The accounts 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 judgments and estimates.

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

- ◆ Assessing the probability of the receipt of legacy income;
- ◆ Assessing the recoverability of fees receivable in respect to charitable activities and the consequent need for any provision for doubtful debts;
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate; and
- ◆ Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

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.

Assessment of going concern (continued)

In making that assessment, the trustees have considered the impact of the Covid-19 pandemic on the charity's income and expenditure and financial position. However, the full impact 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 the charity's control.

During the current Covid-19 pandemic, the charity's schools were closed for a period of time for the majority of pupils. However, during that period the charity has continued to receive the majority of school fees and grant funding from Local Authorities and the ESFA and has continued to pay its staff and suppliers.

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, legacies, investment income and interest receivable, income from charitable activities and other income including the surplus on the disposal of tangible fixed assets and other property.

Donations 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.

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided or the facilities are used by the charity. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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.

Income recognition (continued)

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.

Dividends are 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 from charitable activities comprises fees and related charges for the provision of education. In addition to fees and related charges in respect to the provision of education, the charity's two schools receive grants from the Department for Education and other trusts and foundations.

Income derived from the levying of fees and charges for the provision of education is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Grants from government departments and other trusts and foundations have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from other sources includes the surplus on the disposal of tangible fixed assets and property assets and miscellaneous income. The surplus on the disposal of tangible fixed assets and property assets is measured at fair value being the difference between the disposal proceeds and the net book value of the assets at the time of sale less any costs associated with the disposal. Such income is accounted for on an accruals basis and is accrued for with effect from the date on which the income is receivable under a signed contract for sale.

Income arising from the disposal of interests in land, including the sale of land subject to a reversionary clause in favour of the charity, are accounted for in accordance with the legal agreements relating to such disposals. The amounts receivable are measured at fair value and accounted for when the amounts due are capable of such measurement and when receipt is probable. In reality, this is on the legal completion of the sale of the relevant land.

Other miscellaneous income is measured at fair value and accounted for on an accruals basis.

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 incurred on charitable activities 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.

Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of education. Such costs included in providing education at the charity's two schools for children with special needs include:-

- ◆ Teaching costs i.e. the cost of teaching and support staff salaries, including pensions and national insurance contribution, educational needs such as books and learning resources and activities.
- ◆ Welfare costs i.e. all domestic costs associated with the schools including employment costs, consumables and catering costs.
- ◆ Premises costs i.e. all costs associated with the premises, grounds and estate belonging to the charity and used for the purposes of education.
- ◆ Administration costs i.e. the costs which are directly attributable to the management of the charity's assets and organisational procedures.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned directly to the activity to which they relate or an allocation is made based on the proportion of the direct expenditure on each activity.

Tangible fixed assets

- ◆ **Inalienable land and buildings**

The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the trustees of the governing bodies of Catholic voluntary-aided schools, which are separate charities and publicly funded, are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

- ◆ **Other freehold land and buildings**

The original land and buildings were financed and provided by the Congregation and as such the assets were transferred to the CIO at 31.03.2019. Expenditure to adapt and improve the buildings financed directly by the schools is capitalised in these accounts. Such improvements are depreciated at between 2% and 10% per annum.

The specialist cycle track at Pield Heath School is depreciated at 5% per annum (i.e. over 20 years) on a straight line basis.

Major building improvements are capitalised and depreciated on a straight line basis at a rate of 10% per annum in order to write the improvements off over their estimated useful life to the charity.

- ◆ **Furniture and equipment**

Expenditure on the purchase and replacement of items of furniture and equipment, including computer equipment, with a cost in excess of £2,000 is capitalised and depreciated over a four to five year period on a straight line basis.

- ◆ **Motor vehicles**

Motor vehicles are capitalised and depreciated over a four year period on a straight line basis, in order to write off each vehicle over its estimated useful life.

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.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the trustees.

The tangible fixed assets fund represents the net book value of those tangible fixed assets which are not financed out of restricted funds or included in the schools and homes fund.

The designated funds are monies set aside out of general funds and designated for specific purposes, although the trustees may ultimately use such funds for other purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

Contributions in respect to defined benefit schemes are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

Contributions in respect to defined contribution schemes are charged to the statement of financial activities in the year in which they are payable to the schemes.

Services provided by members of the Congregation

For the purpose of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Congregation who are trustees.

Operating leases

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

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Salaries and pensions of individual religious received under Gift Aid or deed of covenant	—	—	—	1,007,400	—	1,007,400
Legacies	—	—	—	11,495	2,000	13,495
Donation from Irish Congregation	—	—	—	874,572	—	874,572
Other donations	9,360	24,768	34,128	256,516	119,514	376,030
Total funds	9,360	24,768	34,128	2,149,983	121,514	2,271,497

2 Investment income and interest receivable

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income from listed investments						
.. UK fixed interest	—	—	—	28,503	—	28,503
.. Global equities	—	—	—	491,277	—	491,277
.. Cash instruments	—	—	—	1,700	—	1,700
	—	—	—	521,480	—	521,480
Interest receivable						
.. Bank interest	—	—	—	15,062	—	15,062
.. Interest on cash held by investment managers	—	—	—	2,038	—	2,038
	—	—	—	17,100	—	17,100
Income from programme related investments	—	—	—	95,000	—	95,000
Total funds	—	—	—	633,580	—	633,580

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Provision of education						
Education fees and charges	6,010,134	—	6,010,134	6,017,302	—	6,017,302
Grants, contracts and agreements						
.. Department for Education						
.. Base Funding	2,057,506	—	2,057,506	1,955,590	—	1,955,590
.. Capital improvements grant	—	56,046	56,046	—	23,912	23,912
.. Standards Fund for Non Maintained Special Schools	—	—	—	24,784	—	24,784
.. Teachers Pension Grant	—	62,609	62,609	—	—	—
.. PE Grant	—	24,383	24,383	—	36,984	36,984
.. Teachers Pay Grant	—	30,051	30,051	—	17,888	17,888
.. Pupil Premium	—	75,883	75,883	—	54,633	54,633
	2,057,506	248,972	2,306,478	1,980,374	133,417	2,113,791
Total funds	8,067,640	248,972	8,316,612	7,997,676	133,417	8,131,093

3 Income from charitable activities (continued)

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Provision of care:						
Care home fees	—	—	—	165,336	—	165,336
	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Prayer and retreat ministry:						
Contributions received	—	—	—	194,564	—	194,564

4 Income from other sources

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Surplus on the disposal of other tangible fixed assets:						
. Freehold land and buildings	44,477	—	44,477	19,956	—	19,956
. Furniture, equipment and motor vehicles	—	—	—	2,701	—	2,701
	44,477	—	44,477	22,657	—	22,657
Other miscellaneous income	54,240	35,011	89,251	89,641	19,422	109,063
Total funds	98,717	35,011	133,728	112,298	19,422	131,720

5 Charitable donations and support of missionary work

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Missionary work of the Congregation abroad	—	—	—	435,776	110,670	546,446
Donation to the Congregation in Ireland	—	—	—	1,165,055	—	1,165,055
Donations and grants to other organisations (see below)	—	—	—	31,978	—	31,978
Donations and grants to individuals	—	—	—	4,734	—	4,734
Total funds	—	—	—	1,637,543	110,670	1,748,213

During the year no donations and grants were made to individuals (2019 – 30).

Grants and donations paid to other organisations comprised:

	2020 £	2019 £
Harmony House Dagenham Community Interest Company (see note 25)	—	—
Catholic Council Enquiry	—	5,000
Gem Care Trust	—	20,669
JPIC Links	—	5,000
Solidarity Project	—	—
Abbotswick funding	—	—
Grants and donations of less than £1,000	—	1,309
	—	31,978

6 Provision of education

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Teaching	5,586,476	240,777	5,827,253	5,187,928	120,364	5,308,292
Welfare	546,563	15,560	562,123	534,844	15,011	549,855
Premises (including depreciation)	1,048,482	16,548	1,065,030	780,922	32,763	813,685
Management of the Schools	529,113	37	529,150	680,524	36	680,560
Allocation of support costs (note 9)	55,238	—	55,238	35,400	—	35,400
Total funds	7,765,872	272,922	8,038,794	7,219,618	168,174	7,387,792

7 Provision of care

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Provision of care	—	—	—	841,292	—	841,292
Depreciation of buildings	—	—	—	58,005	—	58,005
Management of the Home	—	—	—	137,218	—	137,218
Allocation of support costs (note 9)	—	—	—	51,327	—	51,327
Total funds	—	—	—	1,087,842	—	1,087,842

8 Support of the sisters and their ministry

Expenditure on the support of the sisters and their ministry enables the members of the Congregation to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic faith, the provision of care, the advancement of education and the relief of poverty. Also included here is expenditure relating to the prayer and retreat centre, Domus Mariae. It is not possible to separate out this expenditure as it is integrated with the work of the sisters and their ministry. Such expenditure comprises:

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Staff costs	—	—	—	730,582	—	730,582
Premises costs	809	—	809	612,034	—	612,034
Sisters' personal and living expenses	—	—	—	473,315	—	473,315
Education, training and spiritual renewal	—	—	—	51,942	—	51,942
Sisters' ministries	—	—	—	27,529	1,500	29,029
Allocation of support costs (note 9)	7,438	—	7,438	130,969	—	130,969
Total funds	8,247	—	8,247	2,026,371	1,500	2,027,871

9 Support costs

	Provision of education £	Provision of care £	Support of sisters and their ministry £	Total 2020 £	Basis of apportionment
Legal and professional fees	31,238	—	4,395	35,633	Pro rata expenditure
Governance costs (note 10)	24,000	—	3,000	27,000	Pro rata expenditure
Miscellaneous expenditure	—	—	43	43	Pro rata expenditure
	55,238	—	7,438	62,676	

	Provision of education £	Provision of care £	Support of sisters and their ministry £	Total 2019 £	Basis of apportionment
Legal and professional fees	16,560	42,327	73,935	132,822	Pro rata expenditure
Governance costs (note 10)	18,840	9,000	29,040	56,880	Pro rata expenditure
Miscellaneous expenditure	—	—	27,994	27,994	Pro rata expenditure
	35,400	51,327	130,969	217,696	

10 Governance costs

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Total funds:						
Auditor's remuneration	27,000	—	27,000	56,880	—	56,880

11 Net income (expenditure) before gains on investments

This is stated after charging:

	Total 2020 £	Total 2019 £
Staff costs (note 12)	6,343,402	7,280,349
Auditor's remuneration:		
· Statutory audit – overall accounts	3,000	29,040
· Non-statutory audit – schools and homes	24,000	27,840
· Non-audit services – HR Consultancy and miscellaneous advice	—	46,748
Depreciation	297,273	673,856
Operating lease rentals	37,656	31,920

12 Staff costs and remuneration of key management

	2020 £	2019 £
Staff costs during the year were as follows:		
Wages and salaries	4,848,932	5,814,431
Social security costs	409,262	481,894
Other pension costs	478,160	436,541
	5,736,354	6,732,866
Payments to agency staff	593,586	529,592
Apprenticeship levy	13,462	17,891
	6,343,402	7,280,349

12 Staff costs and remuneration of key management (continued)

Payments to agency staff reflect the cost of supply teaching staff and agency nurses used because of difficulties recruiting permanent employees as a result of the national shortage of such staff.

	2020 £	2019 £
Staff costs per function were as follows:		
Provision of education	6,343,402	5,787,221
Provision of care	—	762,546
Support of the sisters and their ministry	—	730,582
	6,343,402	7,280,349

There were three employees (2019 – two) who earned between £60,000 and £70,000 per annum and one employee (2019 – nil) who earned between £80,000 and £90,000 per annum (excluding employer's pension contributions but including taxable benefits) during the year. Employer's pension contributions into the defined benefit scheme for those employees totalled £56,382 (2019 - £21,196).

The average number of employees, analysed by function, was:

	2020 No.	2019 No.
Provision of education	203	200
Provision of care	—	38
Support of sisters and their ministry	—	30
	203	268

During the year, the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprised the trustees, the governors of the schools and Headteachers of the schools. During the year ended 31 March 2019, the Care Manager of the care home was also a member of the key management personnel.

No trustee or governor received any remuneration in respect to their services during the year (2019 - £nil) nor any reimbursements of expenses (2019 - £nil).

The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £209,398 (2019 - £133,101).

13 Taxation

The Sacred Hearts Sisters 1983 Charitable Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

14 Tangible fixed assets

	<u>Freehold land and buildings</u>				
	Non-specialised £	Specialised £	Furniture & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2019	81,730	3,664,200	478,156	178,986	4,403,072
Additions	—	353,591	235,168	33,425	622,184
Disposals	(81,730)	(79,721)	(25,015)	(23,500)	(209,966)
At 31 March 2020	—	3,938,070	688,309	188,911	4,815,290
Depreciation					
At 1 April 2019	—	1,582,816	261,476	178,976	2,023,268
Charge for the year	—	178,229	115,562	3,482	297,273
On disposals	—	(79,721)	(25,015)	(23,498)	(128,234)
At 31 March 2020	—	1,681,324	352,023	158,960	2,192,307
Net book values					
At 31 March 2020	—	2,256,746	336,286	29,951	2,622,983
At 31 March 2019	81,730	2,081,384	216,680	10	2,379,804

As permitted under Financial Reporting Standard 102, the charity has continued to adopt a policy of not revaluing its tangible fixed assets. The book value of the land and buildings is based on cost, or where cost is not available, at a trustees' valuation made in 1996. As permitted by FRS 102, with effect from 1 April 2014, the values assigned to these properties are now deemed to be their cost. Other tangible fixed assets are stated at cost.

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 the trustees, is not justified in terms of the benefit to the users of the accounts.

Certain of the charity's properties are subject to covenants which restrict their use and disposal.

15 Investments

No investments were held by the charity at 31 March 2020 (2019 – £nil). Movements in the charity's investments in the year ended 31 March 2019 are shown below.

a. Programme related investment properties

During the year to March 2019, the charity owned property which was not used directly by the charity but was used by another not-for-profit organisation for purposes consistent with the charity's objectives. No programme related investments were held to the year end March 2020 as these assets were transferred to the CIO on 31 March 2019.

	2020 £	2019 £
At 31 March 2019	—	3,080,000
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 25)	—	(3,080,000)
At 31 March 2020	—	—

b. Listed investments and cash held for reinvestment

	2020 £	2019 £
Listed investments		
Market value at 1 April 2019	—	19,464,303
Additions at cost	—	20,335,263
Disposals at book value	—	(20,566,518)
Net unrealised investment losses	—	(215,275)
Market value at 31 March 2020	—	19,017,773
Cash held by investment managers for reinvestment	—	12,283
		19,030,056
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 25)	—	(19,030,056)
Listed investments at 31 March 2020	—	—
Cost of listed investments at 31 March 2020	—	—

16 Debtors

	2020 £	2019 £
Education fees and charges	548,510	524,410
Prepayments and accrued income	73,370	84,243
Other debtors	3,755	13,151
	625,635	621,804
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 25)	—	(22,057)
	625,635	599,747

17 Creditors: amounts falling due within one year

	2020 £	2019 £
Social security and other taxes	—	16,083
Accruals and deferred income	132,010	101,294
Other creditors	60,129	197,787
	192,139	315,164
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 25)	—	(128,579)
	192,139	186,585

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	At 1 April 2019 £	Income £	Expenditure £	At 31 March 2020 £
Capital grants fund	126,641	56,046	(34,466)	148,221
St John's R.C. Special School development fund	66,580	—	(15,779)	50,801
Pield Heath House School appeal fund	104,383	4,536	(4,510)	104,409
Pield Heath House School cycle track and mobility training centre fund	197,896	—	(13,193)	184,703
Other restricted funds	159,100	248,169	(204,974)	202,295
	654,600	308,751	(272,922)	690,429

	At 1 April 2018 £	Income £	Expenditure and transfers £	At 31 March 2019 £
Capital grants fund	633,574	23,912	(530,845)	126,641
St John's R.C. Special School development fund	91,304	—	(24,724)	66,580
Pield Heath House School appeal fund	102,678	2,415	(710)	104,383
Pield Heath House School cycle track and mobility training centre fund	211,089	—	(13,193)	197,896
Overseas Missions fund	31,693	116,599	(148,292)	—
Other restricted funds	123,907	131,427	(96,234)	159,100
	1,194,245	274,353	(813,998)	654,600

The specific purposes for which the funds are to be applied are as follows:

♦ Capital grants fund

This fund represented the liability of the trustees to repay to Government Departments any grants made from public funds towards the capital costs of buildings, additions or improvements thereto, such grants being subject to an undertaking to repay in the event of the asset ceasing to be used for the purpose for which the grant was made.

♦ St John's R.C. Special School development fund

This fund was established in 1994 to raise monies to enhance the development of St John's School.

18 Restricted funds (continued)

♦ Pield Heath House School appeal fund

This fund was established as a separate fund on 3 November 1988. The fund consists of monies donated to the appeal specifically set up to raise and manage funds required to finance the redevelopment and maintenance of the school buildings, and any other improvements, which from time to time may be necessary. Appeal funds may also be used for any purpose connected with the school, its equipment and pupils, at the discretion of the appeal committee.

In the event that the appeal fund is dissolved for any reason, any assets remaining shall be given to the school for its general purposes.

In the event that the premises no longer function as a school, the monies may be used at the discretion of the trustees of the Sacred Hearts Sisters 1983 Charitable Fund.

Transfers from the fund represent expenditure on tangible fixed assets. When the asset is purchased, an amount equal to its cost is released to unrestricted funds.

♦ Pield Heath House School cycle track and mobility training centre fund

This fund represents the net book value of the specialist cycle track and mobility training centre at Pield Heath House School, Hillingdon, Middlesex which was constructed by Hillingdon Council with support from TfL and Marathon Trust.

♦ Other restricted funds

These funds comprise grants and donations received mainly in order to fund events at, and the purchase of equipment within, certain of the charity's homes and schools.

19 Designated funds

	Donations and mission fund £	SSHJM Congregational fund £	Schools and home fund £	Programme related investment fund £	Total £
At 1 April 2018	43,026	18,500,000	4,697,797	3,080,000	26,320,823
Movements in year	(43,026)	(18,500,000)	510,438	(3,080,000)	(21,112,588)
At 1 April 2019	—	—	5,208,235	—	5,208,235
Movements in year	—	—	(5,208,235)	—	(5,208,235)
At 31 March 2020	—	—	—	—	—

♦ Donations and mission fund

This fund represented monies set aside towards the provision of donations and contributions towards missionary work in future years. At midnight on 31 March 2019, the fund was transferred to the CIO.

♦ SSHJM Congregational fund

The SSHJM Congregational fund consisted of funds that the trustees designated to provide for the Sisters in their retirement. Calculations, based on actuarial methods, indicate that £19.37 million needs to be set aside in order to provide a modest sum towards the upkeep and care of Sisters over 65 years of age. In these accounts £18.5 million was set aside for this purpose as there are insufficient funds to provide the full £19.37 million. At midnight on 31 March 2019, the fund was transferred to the CIO.

19 Designated funds (continued)

♦ Schools and home fund

This fund represented the accumulated funds and net current assets of the charity's special schools and residential and care home together with monies designated by the trustees for use by the schools and home, excluding tangible fixed assets. Following the transfer to the CIO, the schools and homes fund has been reclassified as part of either the tangible fixed assets fund or general funds.

♦ Programme related investment fund

This fund represented the book value of those freehold properties occupied by other charitable and non-for-profit organisations for purposes consistent with the charity's objectives. At midnight on 31 March 2019, the fund was transferred to the CIO.

20 Tangible fixed assets fund

	Total 2020 £	Total 2019 £
At 1 April 2019	81,730	8,209,552
Net movement in year	1,979,452	(368,746)
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 25)	—	(7,759,076)
At 31 March 2020	2,061,182	81,730

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets which have not been financed out of restricted funds or the schools and home fund. A decision was made to separate this fund from the other funds of the charity in recognition of the fact that the tangible fixed assets are essential to the day to day work of the charity and as such their value should not be regarded as funds that would be realisable with ease, in order to meet future contingencies.

21 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2020 £
Fund balances at 31 March 2020 are represented by:					
Tangible fixed assets	—	2,061,182	—	561,801	2,622,983
Net current assets	3,669,451	—	—	128,628	3,798,079
Total net assets	3,669,451	2,061,182	—	690,429	6,421,062

21 Analysis of net assets between funds (continued)

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2019 £
Fund balances at 31 March 2019 are represented by:					
Tangible fixed assets	—	81,730	2,298,074	—	2,379,804
Investments	—	—	—	—	—
Net current assets	39,070	—	2,910,161	654,600	3,603,831
Total net assets	39,070	81,730	5,208,235	654,600	5,983,635

22 Pension commitments

Retirement benefits for academic employees of the charity's Schools are provided by a defined benefit scheme, the Teachers' Pension Scheme (TPS), which is funded by contributions from the charity and the employees.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

22 Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The contributions payable to the Scheme for the year were £367,161 (2019 - £306,428).

23 Operating lease commitments

At 31 March 2020, the charity had the following future minimum commitments under non-cancellable leases:

	Equipment	
	2020 £	2019 £
Operating lease payments due:		
. Within one year	31,267	28,756
. One to two years	31,087	18,661
. Two to five years	76,174	19,468
	138,528	66,885

24 Related party transactions

Two of the trustees of the Charitable Trust are also trustees of The Congregation of the Sacred Hearts of Jesus and Mary Trust Company Limited, an entity registered in Ireland (Irish Company Registration Number 197997, Irish Charity Registration Number 20016418).

During the year, the Charitable Trust donated £nil (2019 - £1,165,055) to the Irish Trust, the majority of which was used towards the living and care costs of the Sisters living in Ireland. The Charitable Trust received a donation from the Irish Trust of nil (2019 - £875,572) following the sale of a property.

The trustees of the Charitable Trust are also the trustees of a newly incorporated CIO, Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804). With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the Charitable Trust were transferred to the CIO in accordance with a legal transfer of undertakings deed.

During the year the Charitable Trust paid the CIO £7,140 towards staffing costs borne by the CIO in administering the Charitable Trust. The Charitable Trust paid the CIO £290,000 in the year as a rental for the 2 schools buildings occupied under licence by the Charitable Trust along with a payment of a salary for one sister who remains employed by the Charitable Trust of £73,855.

There were no other related party transactions during the year which require disclosure (2019 – none).

25 Transfer of assets and liabilities

The trustees of the charitable trust are also the trustees of a newly incorporated CIO, Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804).

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charitable trust were transferred to the CIO in accordance with a legal transfer of undertakings deed.

The net assets transferred were:

	31 March 2019 £
Tangible fixed assets	7,765,842
Investments	22,110,056
Debtors	22,057
Cash at bank and in hand	1,505,060
Creditors: amounts due within one year	(128,579)
Total net assets	31,274,436
Representing:	
Restricted funds	48,002
Unrestricted funds	
. Designated funds	21,671,432
. Tangible fixed assets fund	7,759,076
. General funds	1,795,926
	31,274,436

26 Other connected entities

Harmony House Dagenham Community Interest Company (Company No. 06565448 (England and Wales)) works in partnership with the Local Authority, Community and Voluntary organisations in delivering a range of community based services and projects. For several years it has been at the forefront of support provision for refugees and other immigrant groups. It provides also childcare services including a nursery for children aged 3 months to 5 years and services for older people in the borough. Several of the trustees of the charity are directors of the Community Interest Company.

27 Contingent liability

A contingent liability arises in respect of allegations concerning the standard of care provided to children at the Congregation's schools between approximately 1960 and 1980. The amount involved cannot be quantified, but the trustees deny any liability based on the facts available to them.

28 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Sisters of the Sacred Hearts of Jesus and Mary by virtue of the fact that the members of the Congregation and/or the Superior General appoint the trustees. The Congregation within the United Kingdom does not hold any assets, incur liabilities or enter into transactions in its own right. Assets and liabilities of the Congregation in the United Kingdom are vested in the trustees of the charity, who undertake all transactions entered into in the course of the Congregation's charitable activities in the United Kingdom.