

**Society of
the Sacred Heart
CIO**

Annual Report and Accounts

30 June 2020

Charity Registration Number 1179288



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Reference and administrative details of the charity its trustees and advisers

Trustees	Sister Christine Austin Sister Christine Edwards Sister Catherine Lloyd (appointed 1 July 2019) Sister Sheila McNamara Sister Lorraine Pratt (appointed 1 May 2020) Sister Stephanie Romaine (appointed 1 May 2020) Sister Margaret Walshe Sister Margaret Wilson (appointed 1 July 2019)
Provincial Superior	Sister Catherine Lloyd (from 1 July 2019)
Administrative Address	3 Bute Gardens Hammersmith London W6 7DR
Telephone	020 8741 4688
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Charity Registration Number	1179288
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank plc 53-55 Uxbridge Road London W5 5SA
Solicitors	Pothecary Witham Weld 70 St George's Square London SW1V 3RD Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR

Reference and administrative details of the charity its trustees and advisers

Investment managers	CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
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The trustees present their annual report together with the accounts of the Society of the Sacred Heart CIO (the 'charity') for the year to 30 June 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 37 to 42 of the attached accounts and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and accounts.

Introduction

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

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

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

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

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

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

Introduction (continued)

In addition, there were seven recommendations:

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

Objectives

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

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

Activities and performance

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

In preparing this report we have given particular attention to the ways in which we have sought to respond to the objective of the support of the members of the Society and their charitable works.

This report will begin with an overview of our work in meeting the other objectives. However, much of our work is interwoven, and our core belief in God and our membership of the Roman Catholic Church underpins every aspect of our lives and mission, as do the Society's educational focus, our commitment to being at the service of the materially and spiritually poor and the marginalised, and the effort to meet the needs of our own members in this Province and in the wider international Society.

Review of activities

◆ **Support of the members and their charitable works**

The Society is obliged, legally and morally, to support its members and their charitable ministries. Because of their vow of poverty and the completion of a Deed of Covenant or Gift Aid declaration in favour of the charity, none of the members has resources of her own. Each one, however, has dedicated her life to the worship of God and the good works of the charity.

Review of activities (continued)

♦ Support of the members and their charitable works (continued)

Those who serve in the government and administration of the Province, Sisters and laity, do so in support of the members. The local community is the primary place where each member receives the support she needs, for herself personally and in undertaking our charitable works. By their vows, made to God and through the Society, RSCJ are also committed, at local and structural levels, to facilitate each other's personal, spiritual and psychological growth and wellbeing.

Support of the members begins from the first stages of formation and incorporation. RSCJ are appointed by the Provincial – after consultation with the Province – to accompany and support newer members through each stage, i.e. candidacy, noviciate and temporary vows, and through each discernment and transition.

Vocations ministry

The Provincial Team asked the Vocations Ministry Group to develop a programme of discernment which could be followed by people interested in exploring religious life. Barbara Sweeney RSCJ, Vocations Director, writes:

“During this year we have been reflecting on our work and the direction to take for the future. We decided to suspend Vocations Discernment weekends, and concentrate on a series of workshops entitled ‘Tools for discernment’ to be held on one Saturday a month over five months. Because of the pandemic we decided that this would now have to be online.”

Subsequent planning revealed that as an online programme more people from different parts of the country were going to be able to participate and from a wider base.

Barbara continues *“In addition, there has been a number of women asking for help in discerning their paths in life. Most of these have been at the beginning of their search so it has been important to help them to find a spiritual director.”*

Initial formation

There were no candidates or novices in this year. The members of the formation team and leadership team were involved in the planning to establish the one European noviciate, in English, in Rome due to open in 2021 and the nomination of a novice mistress. Most of this work and European Formation Team's meetings moved onto online platforms after March 2020.

Members of the Society, who have made their initial commitment to the Society are known as Professed in Temporary Vows or PTVs. Those who have made their final commitment but are under 10 years professed are known as Professed Young, (PYs). In the course of this year we had one PTV living in the Province.

Those in initial formation are enabled to attend courses and meetings with their peers in other parts of the Society in Europe, thus helping them to deepen their understanding of religious life and the spirituality and mission of the Society and to grow in the relationship with God which will sustain them in living our aims and priorities. They are usually accompanied to these meetings by formation personnel.

Review of activities (continued)

♦ Support of the members and their charitable works (continued)

Initial formation (continued)

“In August 2019, Siobhan (PTV) and Steph attended the initial session of the European Forum meeting in Joigny and a second in December 2019 in Miraflores just outside Madrid. This forum is a meeting for PTVs and PYs of under 10 years, to meet together in order to get to know one another better, to know more of the reality of the different Provinces in Europe, and to think about the future of Europe together. At this second meeting the PYs of Egypt joined us too and we focused on creating our contribution as a generation group in Europe to the Special Chapter in 2021.”



The Group at Miraflores.

Three meetings were scheduled with the third planned to take place in Warsaw in May 2020. Due to the pandemic this gathering was not possible in person so the group met by Zoom. All three meetings were facilitated by Cath Lloyd RSCJ (ENW).

Siobhan also attended meetings of PTVs firstly in person and latterly by Zoom.

“In September 2019 I went to Warsaw for the weekend, in order to join the Polish PTVs for their formation meeting. The theme of our year was integration and so we spent time reflecting on this. Alicja and Dorota also showed me around Warsaw, including lunch of traditional Pierogi. Once the pandemic began this programme continued but moved on to an online platform.”

One of the Society's three working languages is English. All PTVs in Europe are encouraged to improve their English language capacity. Pre-Covid, the Province of England-Wales hosted two PTVs: Gaetane and Pauline from BFN for short experiences to improve their English language learning.

On-going personal development of the members

Each RSCJ is responsible for her on-going development at every level. At times, an individual may ask for a sabbatical period for spiritual or academic renewal or study. Until recently, the Lifelong Learning Group, together with the Justice and Peace Group, have taken on the responsibility to offer opportunities to individuals and groups for extending their personal growth at the human, spiritual, psychological and emotional levels

Review of activities (continued)

♦ Support of the members and their charitable works (continued)

On-going personal development of the members (continued)

Between November and December 2019, two RSCJ from the ENW province joined a group of 20 other RSCJ in the 65-75 age group from 13 different countries for a renewal programme. It was facilitated by the 3 members of the Society's Ongoing Formation Committee who organise these programmes in different parts of the world. This one took place in Joigny, France, the birthplace of our foundress

Stephanie Romaine and Lorraine Pratt write: *"We began by spending time reflecting and sharing with each other on our lives, our vocation and life in the Society and our ministries and the Mission of the Society."*

We had excellent input for each of the topics from different RSCJ including a creative weekend on 'Emotions at this Stage of Life'. We opened up the JPIC Document: Artisans of Hope, which led onto excellent and scholarly input from Paloma Fernandez de la Hoz RSCJ on 'Laudato Si'. There was consideration of work on the Society's strategic planning for the future through the congregational study and the preparation work for the Special Chapter in 2021."

The programme was supplemented by visits to important cultural locations and other places of importance in our congregational history. It concluded with an eight-day retreat.

Steph continues *"The six weeks could be described as a time of digging up and exploring the roots and shoots of our vocation and planting new seeds for the years to come. We are both very grateful for having had this experience and have returned refreshed, renewed, recycled and ready for the next???? years!"*



The Renewal group in Joigny.

One or two Sisters who hoped to join subsequent cycles of this programme were unable to do so due to the pandemic and the restrictions on travel.

Review of activities (continued)

♦ Support of the members and their charitable works (continued)

On-going personal development of the members (continued)

One of the groups in the Province is the Post-44 group which includes all those RSCJ born after 1944. As a Group they meet three times a year for sharing and mutual support. In April 2020, they had organised a week long residential retreat for their RSCJ peers in other European provinces of the Society. Due to the pandemic this had to be postponed.

Before the pandemic, we were able to host RSCJ from other provinces who came for sabbatical time or to learn English: Noh Eun Sook from Korea, Urszula from Poland and Nadia from Egypt. As the threat of lockdown increased Urszula and Nadia were advised to return to their home provinces.

Support for those in leadership

During the year, members with specific responsibilities, such as Provincial, Provincial Team, and members of the Initial Formation Team and the Finance and General Manager, attended meetings with their European counterparts. Besides addressing matters of common concern or interest, these meetings are also opportunities for personal or group support and personal development. They are also important in terms of further planning for the future organisation of members in Europe and ways of networking and interaction across provinces.

In August 2019, some formation team personnel met in Joigny with the newer members of Europe. Most other scheduled meetings for those in leadership or formation work then moved on to online platforms after March 2020.

In September 2019 and February 2020, the Provincial team were able to take extended time away together in order to develop a strategic plan for the new mandate. The second of these sessions was held at Rydal Hall in the Lake District where they worked with a facilitator.

In March 2020, in light of the growing number of Covid cases and given the age profile of the Sisters in the Province, the Provincial Team decided to postpone the Provincial Chapter. This has since successfully taken place on Zoom and delegates elected for the Special Chapter in 2021.

The Provincial Teams of the Provinces of England-Wales and Ireland-Scotland now meet regularly by Zoom to reflect on issues of mutual concern.

Duchesne House

We offer care to our sick and frail Sisters in Duchesne House, a 16 bed care home run by an experienced manager who works closely with the Society of the Sacred Heart. The aim of the home is to enable the Sisters to live their lives as fully as possible until the end.

At the beginning of the year 2019-2020, the community numbered 11 Sisters. One died in the course of that year.

Review of activities (continued)

♦ **Support of the members and their charitable works** (continued)

Duchesne House (continued)



The Community writes:

"Throughout the year we enjoyed many celebrations, both birthdays and feast days. Stella's Golden Jubilee was a highlight as was VE Day. At other times we enjoyed musical and wildlife entertainments, quizzes, puzzles, bingo and scrabble. Emma Payne, a disabled parishioner, who used to come to Mass would often join us for card games. Every week we followed 'Gently does it' – an armchair exercise programme on DVD. Outings to Wisley Gardens and Richmond Park were occasional joy. Christmas lunch was in a pub! Daily Mass was celebrated by our chaplain Father Jeremiah Cronin who also blessed our newly refurbished house.

In August we were enriched by the Duchesne retreat led by Margaret Wilson RSCJ. Our volunteer Jo Granger was a regular visitor. She would chat with individuals as well as occasionally taking some of us out for a short run in her car. Clare Balfour, a member of the Duchesne Pastoral Team, kept us abreast of Province and general Society news.

Pre-Covid, we had many visitors: among them RSCJ, family and friends. Students and staff came from Digby Stuart College, Ibstock School, Hammersmith Sacred Heart High School, Sacred Heart Primary School Roehampton and Woldingham School. Visits also came from our own School Network staff, Hilary and Anne.

We hosted the Macmillan Fundraising Coffee Morning in September 2019, the Province Day in November 2019 and the Provincial Team Christmas Party in December 2019. It was good to see the children from the Sacred Heart Primary School at Friday morning Mass in our chapel as well as enjoying their Christmas Carol singing in December.

Review of activities (continued)

♦ Support of the members and their charitable works (continued)

Duchesne House (continued)

Until March 2020 life for us was as it used to be, but then it radically changed as the UK went into lockdown due to the coronavirus pandemic. We could no longer have any Masses, nor any visitors, and we could no longer go out. We had to watch Mass on TV. The daily messages from Pope Francis were inspirational and we enjoyed lovely photographs from Margaret Wilson, together with poems / reflections from Sheila McNamara. We also started using Zoom and Skype to be able to join online meetings and prayers with the Provincial Team, other RSCJs, family and friends.

Because of our advanced age, our mission now is to pray and to show the Love of Christ to all with whom we come in contact."

In early March, when it became clear that the Covid-19 pandemic was growing into a national health crisis, we made the decision to "lockdown" the community. We closely followed government guidelines and Public Health England advice and protocols. Some Duchesne staff had to shield and were furloughed. For those staff who wished, the Society assisted with travel to work by taxi to keep them off public transport.

In the first months of the first lockdown, the greatest challenge was access to adequate PPE. Woldingham School CDT department created face visors for staff and the students at Barat House, Roehampton University, helped assemble them. Roehampton University assisted with catering for Duchesne when it was needed.

♦ The relief of poverty

The Society's commitment to the poor and the marginalised and to justice, peace and the integrity of creation, permeates our lives and choices as individuals, local communities and as a Province community. The Province also administers the Ministry Support Fund (MSF), which every year gives grants to small, often local projects nominated by RSCJ who are in some way associated with them.

Much of our commitment to this aim is fulfilled through individual or local community involvement with a specific charity or project. In the East End of London, in an area of urban deprivation, the Boleyn Road community works hard to be good neighbours in a multi-cultural, multi-faith setting. They have also focused on helping refugees. Carol and Mary write:

"Mary has forged a relationship with Andy who spends a lot of time working for refugees in Calais. She keeps the Province connected to his initiative through regular updates. However, we felt the need to do something more for the plight of refugees whilst still keeping a room for the Province. So, we contacted the Jesuit Refugee Service (JRS) and began hosting a refugee in November 2019. JRS were very supportive and it is good to work with a regulated and professional organisation. It was a valuable learning time. But the greater test of learning came in the spring. Covid came between us and JRS 'guests'. Because of the government restrictions JRS stopped any new hosting and so we decided to give JRS the food money we had budgeted for the guests, as they continued to find ways to support refugees at this difficult time."

Other Sisters are deeply committed to work with refugees and migrants. Among them is Lorna:

Review of activities (continued)

♦ The relief of poverty (continued)

"I became involved at a community centre in Battersea, as a teaching assistant in an ESOL class for refugees, the majority of whom were from Somalia, and when lockdown came, this moved online, so a teaching assistant was less needed. I also became a learning mentor for a child from a refugee background, visiting him at home weekly and getting to know his parents. After lockdown, I had weekly contact by telephone and later by Zoom. Both of these were also very important for keeping in touch with family and friends during lockdown."

Silvana has continued her work with Caritas Westminster, the social action agency of the Archdiocese of Westminster. Since March 2020, demands on the services of Caritas have increased dramatically.

"Along with many other agencies, we were constantly learning, improvising and responding however we could, while our engagement levels increased dramatically. The effects of the pandemic on jobs and incomes meant my colleagues and I were now busier than ever, with two of us also covering the work of someone who had care commitments, and had to be furloughed."

The Province has continued to support the work of Chris Austin RSCJ and Monica McGreal RSCJ who work with Fair Trade and specifically with Traidcraft. Chris has written of their work which has been impacted by Covid-19.

"We have been able to continue to work with Traidcraft though on a smaller scale, with a number of parishioners and contacts placing orders, requesting information, collecting and promoting fair trade goods. The Ministry Support grants to Traidcraft are helping a project working in India and Pakistan to improve conditions for "Hidden Home Workers" and also to support women smallholder farmers in Bangladesh. Traidcraft has kept us up to date with the progress of these initiatives."

In response to the Covid-19 crisis, the Province has made donations to sectors that are experiencing great need. These have included charities working with struggling families, the homeless and refugees. Most communities make regular contributions to their local foodbanks.

The Provincial Team was very conscious of the impact of the pandemic on struggling families and offered financial support to our four state funded schools. We also contributed to the University of Roehampton hardship fund.

Hilary, our schools network co-ordinator explains:

"Each school identified families in particular difficulties and used the money in a variety of ways: the secondary schools offered supermarket vouchers, one primary delivered food parcels they made up themselves and the other primary provided some with food or vouchers, but practical help for others including a bed for a child who did not have one. There was much appreciation from the schools for this support of their students."

The Province Justice and Peace Group highlights a variety of issues but in particular those which relate to our commitment to the environment and climate change. They regularly disseminate communications from our International Justice and Peace Co-ordinating Committee and our UN Office.

Review of activities (continued)

♦ The relief of poverty (continued)

Following our joint gathering with the province of IRS in April 2019, we have continued to study the papal document 'Laudato Si' and reflect on its implications for our lives. Our efforts to become fossil free with regard to our investments became a reality in December 2019.

♦ The advancement of the Roman Catholic religion

Since its foundation in 1800 the "end and mission" of the Society of the Sacred Heart has been to make known the love of God, and all members are committed to this, whatever their ministries or circumstances. By living vowed lives exemplifying Gospel values in the context of the Roman Catholic Church, we are each and all contributing to the advancement of religion.

Some of our members carry out their ministries in specifically Roman Catholic contexts, but most have an outreach to people of all faiths and none. We believe that by our presence, as well as the witness of our activities, we meet this object of the charitable trust. Members contribute to the achievement of this objective through their work in:

- ♦ Spirituality ministry – spiritual and retreat direction, formation in faith and prayer, retreat centre;
- ♦ Chaplaincy ministry;
- ♦ Parish ministry; and
- ♦ Ecumenical and inter-faith dialogue and collaboration and the facilitation of faith groups. This is often an underlying aspect of our work in spirituality in general and activities in multi-cultural, multi-faith settings such as Forest Gate in East London.

Spirituality ministry

Several members of the Province engage in ministry as spiritual and retreat directors. This often takes place in an ecumenical context and in retreat centres run by others.

In January 2020 some Sisters joined a team co-ordinating a retreat in daily life organised by the University of Durham chaplaincy and a local parish. Others worked with individuals or on teams in retreat houses, including our own small centre, Llannerchwen, in Brecon, Wales.

Llannerchwen has been open since 1979 and offers opportunities for people from all walks of life to enjoy silence and solitude, with spiritual accompaniment if desired. Sadly, in March 2020, the centre locked down because of the general pandemic situation in Wales and because the lay staff employed to manage the centre on our behalf were shielding. The Centre remains closed.

Most Sisters engaged with spiritual ministry moved their work onto online platforms. Pat Murphy writes that: "*Electronic communication has enabled me to continue much of my ministry with individuals, but as most retreat houses have been closed, directing IGR's hasn't been possible*".

Sheila who also teaches in the area of spirituality saw all her work move online.

Review of activities (continued)

♦ The advancement of the Roman Catholic religion (continued)

Spirituality ministry (continued)

"I continued to teach on the Spiritual Accompaniment Course and to see directees and run Supervision Groups as well as the Teachers' Reflection Group. From the end of March, all these continued, including Team meetings, but in the virtual world and I was amazed how well everything worked on Zoom. Before lockdown, I responded to requests to lead some quiet/retreat days and was part of our Diocesan Partnership Spirituality Group offering prayer/liturgy experiences. We only managed this once during lockdown. I have really appreciated the Zoom world which has enabled participation in webinars, conferences, meetings and prayer opportunities with people all over the world which wouldn't have been possible before lockdown."

Chaplaincy ministry at Digby Stuart College, Roehampton University

The Society funds the post of the Digby Stuart Chaplaincy Community worker, Joanna Grennan. This post is important in helping to build up the Barat House Intentional Community which is an ongoing commitment with Southlands College. In this year the community welcomed six new student members and a seventh returning from a previous year. For a term, students in Barat House, guided by the two chaplaincy community workers, reflected together on the book "Called to community" in order to explore intentional living, developed a collective prayer life and received one-to-one mentoring with a chaplain.

The chaplain and chaplaincy worker led workshops for young Catholic adults transitioning from school to university and workshops for students in Catholic High Schools.

More information on the work of the Chaplaincy activities and the impact of Covid-19 can be found in the Digby Stuart College Trust Annual Report and Accounts.

Parish ministry

All Sisters are parishoners in their local Catholic churches and contribute to the life of these faith communities in many different ways. Two communities of Sisters, Thornley and Walker, live in houses attached to Church premises. In Walker, Newcastle a culturally diverse and economically deprived area, two Sisters are very active in supporting the life of the parish. In October 2019, before the pandemic, the parish priest died suddenly.

Anne McCarthy RSCJ describes the recent role they took on in the parish: *"It was six months before a full-time replacement was found for the parish priest. Each Sunday a visiting priest came to say Mass and it fell to the resident RSCJ community to fill in the gaps. There were many gaps to fill for this very loved and inspiring man. The morning he died one of the community visited each house that she could to tell the parishioners and then help with the funeral arrangements. After that it was answering the door, distributing and compiling the Newsletter and day to day things that needed to be done. The new priest arrived two weeks before lockdown in March and he now has three parishes to run so the work carries on!"*

Review of activities (continued)

♦ The advancement of education

The Society of the Sacred Heart was founded in Paris in 1800 in the aftermath of the French Revolution, with the aim of aiding the rebuilding of a fractured society through the Christian education of girls. In this Province we expanded from providing schools for girls to running co-educational primary schools, secondary schools and teacher training colleges, one of which is now incorporated into the University of Roehampton. Over the past fifty or so years, however, as our understanding of education broadened, many of our Sisters moved out of working in schools, with several re-training and working in related fields, and newer members discerning different ministries according to their background and skills.

But whatever we do, there is a strong educational dimension to the lives of all of the members which permeates all our ministries, service and relationships. This implies a willingness to be open to accept, listen to and learn from others and a generosity of spirit which leads each one to give freely from her experience and wisdom, desiring the growth and development of the other. For many, this daily effort to live in genuine relationships of mutual interaction is lived out in a variety of contexts and in collaboration with many other people so that together all may grow.

We no longer have Sisters teaching in formal education but some work in informal settings, like Carol who teaches English to migrant women in the East End. Sadly, the thriving English class she has taught for many years in the borough and which had recently moved to new premises in the local Gurdwara had to close down in March 2020 because of Covid-19.



Some Sisters teach in non-formal contexts

Lorraine continued her monthly dance group in London and gave a workshop in Budapest. She 'graduated' from a German training programme which qualified her to train other dancers in the name of the Institute and so began to deliver a five session training programme in Madrid, which Covid 19 interrupted!

The Sacred Heart Schools and College Network

In September 2019, a second member of staff joined the Schools and College Network Team with particular responsibility for the work on the Sacred Heart goals in education. The addition of a new member to the Network team has made a huge contribution to the development of our work for the advancement of education this financial year.

Review of activities (continued)

♦ The advancement of education (continued)

The Sacred Heart Schools and College Network (continued)

Ann, the goals coordinator describes the impact of this:



"We have been able to review our regular events and gatherings in a new light: for example, adding fresh activities and a Sacred Heart Goals' focus to the Student Leadership Programme in September 2019 as well as planning a new format for our biannual Heartfest event for the schools. Having a team member resident in the south of England improved personal contact with our institutions in the south east, particularly those in Surrey and Kent. There has also been increased involvement with staff from Digby Stuart College in network events.

More resources have been developed to support Goals' activities and extra visits enable us to better share good practice."

Hilary, the schools network coordinator continues:

"A visit from a Sacred Heart Sister from the Philippines helped us continue our ongoing appeal for the RSCJ projects on those islands as did, later in the year, images from the impact of typhoons in the area. We continue to deepen awareness of the wider Sacred Heart family in a variety of ways including sharing practice in our schools with the international Society's Justice, Peace and Integrity of Creation (JPIC) Commission. The European Schools' Network Meeting in November 2019 included our Network Coordinator leading a consultation exercise from the International Education Commission on the essential elements of Sacred Heart Education as well as a full review of our annual European Teachers' Session in Joigny.

In January 2020 the Network team embarked on a complete review of our formation programmes and materials. This is an ongoing process and will involve consultation with the schools, the College and the Society. The team was also invited to prepare a presentation for the Province's Special Assembly to assist long term planning for the future of Sacred Heart Education in England and further afield.

When the pandemic hit in March 2020 our methods had to shift completely as it did for all. In the lead up our retreat for the School and College Leaders in Joigny was cancelled. Instead, Margaret Wilson RSCJ, at very short notice, offered an overnight retreat on Lindisfarne on the theme of silence and stillness. The two Head and Deputy Head teachers from the Fenham Schools in Newcastle joined Hilary Thompson and Margaret Wilson for the two days. It was a very prayerful and reflective time enabling leaders to reflect and re-focus at an extremely pressured time. It was very much appreciated by those in leadership and we hope offered some spiritual inspiration for the challenges ahead. Little did we realise how much they would need the stillness and silence of the Holy Island of Lindisfarne.

Review of activities (continued)

♦ **The advancement of education** (continued)

The Sacred Heart Schools and College Network (continued)



St Aidan and the Castle on Holy Island

The school network team went online: a weekly Tuesday reflection started, followed soon by a weekly Network prayer time open to all in the network. In May and June, the School Leaders and Goals and Chaplains' met by Zoom with input from RSCJ. The Feast of the Sacred Heart was celebrated with a Zoom Mass attended by staff, governors, students and RSCJ, creating a real sense of belonging. Internationally the technology has also allowed for greater participation, e.g. increasing the numbers in the Core team in Europe.



Mass for the Feast of the Sacred Heart by Zoom.

Review of activities (continued)

♦ The advancement of education (continued)

University of Roehampton

Two Sisters serve on the Council of Roehampton University; Lorna Brockett is a member of the Equality, Diversity and Inclusion sub-committee and Chris Edwards is on the Finance and Estates sub-committee. Chris and Lorraine Pratt are members of the Digby Stuart Liaison Group.

Chris and Lorraine also meet regularly with the Head of Digby Stuart College, the Chaplain and other members of the team to support the development of the mission in Barat House and to explore the ethos within the College. Barat House is a residence on the campus of Digby Stuart College part of the University of Roehampton, occupied by a small community of students which the Sisters of the Rodway community support.

Cath Lloyd RSCJ attends meetings of the Foundation Liaison Group which is made up of representatives of the providing bodies of the constituent colleges of the University.

Future Plans

We will continue to work with the other provinces of the Society as we prepare for an Extraordinary General Chapter in November 2021. This Chapter will focus specifically on the sharing of resources and the re-structuring of the Society and therefore the Province, too, into the future.

We will prepare a post-Chapter Provincial Assembly to provide feedback from the Extraordinary General Chapter to members of the Province.

The Provincial Teams of England-Wales and Ireland-Scotland will meet regularly to reflect on issues of government and mission and to prepare for the Extraordinary General Chapter.

Following our provincial consultation regarding housing and intermediate care provision we will implement decisions made especially in relation to the development of the Duchesne campus and our communities in the North East of England. These include the refurbishment of a property on the Duchesne campus as sheltered accommodation.

We will begin the work of upgrading the technology and working environment in the archives and after consultation with our General Archives in Rome, of digitalising some of the archives themselves.

We will work to improve our communication and use of media, generating more opportunities for networking amongst ourselves and with the members of the province of Ireland-Scotland and the community of Malta. This includes the use of Zoom for meetings, the sharing of prayer and on-going formation.

We will begin a process of reflecting on succession planning and the restructuring of our administration.

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

Relevant policies

♦ Investment policy

The charity has an investment property which is occupied by tenants at a market rent determined by the trustees with professional advice. At 30 June 2020, the market value of the investment property was £1,200,000.

The charity has a portfolio of listed investments which, together with cash held by the investment managers for investment, had a value of £35,185,517 at 30 June 2020.

There are no restrictions on the charity's power to invest.

The listed investments are managed by CCLA Investment Management Limited, which operates within specific guidelines set and regularly reviewed by the trustees.

The investment policy and strategy set by the trustees takes into account income requirements, the risk profile and, in respect to listed investments, the investment manager's views of the market prospects in the medium term. The overall policy with regard to listed investments is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the trustees and, at the same time, with a view to ensuring that the real capital value of the fund exceeds inflation over any five year period. The investment policy requires the investment manager to take account of the ethical, social and environmental concerns of the trustees as expressed in the policy.

The trustees, or representatives of the trustees, met with the investment manager regularly during the year to review the performance of the portfolio and the investment strategy. The target income for 2019-2020 has been met.

The performance of the charity's listed investments has improved with the portfolio giving a capital return of 3.60%. The income yield for the year was 3.28%.

The charity has funds invested with Oikocredit, Ecumenical Development Co-Operative Society U.A. This is an ethical investment which is not held specifically to make a financial return but is held in support of development projects which benefit disadvantaged and marginalised individuals. As a result, these funds are deemed programme related investments and are included on the balance sheet at cost. The cost of the funds held at 30 June 2020 was £244,621.

The charity owns a property which is leased to Sacred Heart High School Hammersmith Academy Trust (Company No. 07941140) at an annual peppercorn rent, and another property that is leased to the Medaille Trust (Charity Registration No. 1117830) at a peppercorn rent to provide accommodation to those who have been victims of human trafficking. These represent properties which are not held specifically to make a financial return and directly further the charitable purposes of the charity. As a result, these properties are considered to be programme related investments and have been included on the balance sheet at deemed cost, less any provision for diminution in value, of £1,050,000 and £600,000 respectively.

The trustees are satisfied that the charity's investment objectives are being met.

Relevant policies

♦ Donations and grant making policy

Donations and grants, principally for the support of those organisations with objectives consistent with those of the charity, were decided on by the trustees. The charity supported the work of the Society overseas by means of donations to the Generalate. These are in support of the Congregation's Solidarity Fund and administration of the central governance.

During the year £662,029 was donated to small and large organisations.

Further details can be found in note 6 to the attached accounts.

♦ Fundraising policy

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

Financial review

The Province now has 43 members, all of whom have given their working lives to the charitable activities of the Society. Where their work is for organisations or institutions independent of the charity, any earnings have been covenanted to the charity. However, as the average age of the membership is increasing, there is a reduction in the earned income generated by members. The charity has an ongoing commitment to support members of the Society, many of whom continue doing charitable work well past the normal age of retirement. With 90% of the Province at retirement age, the investment income will continue to be relied upon by the CIO to supplement the decline in salary and pension income. Sufficient funds need to be built up by the CIO to ensure that investment income will guarantee the continuance of ministries, development of the Novitiate, as well as provision for present care needs and future retirement.

The CIO will continue to support members of the Society who in the main will undertake voluntary work in the areas of education, healthcare, social and pastoral provision as an expression of their commitment "to radiate the very love of the Heart of Christ through love and service" (Constitutions Para 7).

For the purposes of the attached accounts, no monetary value has been placed on the services of Sisters working in the care home or administrative services provided by members of the Society, either in the provincial offices or in communities throughout the Province. As Sisters retire from these positions, both care and administrative costs, borne by the CIO, will rise as paid staff are engaged to replace Sisters.

A summary of the year's results can be found on page 33 of this report and accounts. The figures represent the financial underpinning of the work of the Society.

During the year the total income was £51,630,836, of which £49,014,462 represents the transfer of assets and liabilities from the predecessor charitable trust. Excluding this transfer, total income was £2,616,374.

Financial review

Expenditure totalled £3,384,833 for the year, of which £721,700 related to donations made to other charities plus the annual contribution to the Generalate.

Net expenditure for the year, excluding the transfer from the predecessor charitable trust, amounted to £768,459 before net investment gains of £1,188,836, which gave rise to a net increase in funds (excluding the transfer from the charitable trust) of £420,377.

Reserves policy

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

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

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

Financial position

The balance sheet shows total funds of £49,434,849 and of this £7,453,850 represents the tangible fixed assets used by the Sisters. The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the freehold property and other tangible assets are used in the day to day work of the charity. Hence, the fund cannot be realised easily if needed to meet future contingencies.

Similarly, those investments classified as programme related investments are represented by a separate designated fund - the programme related investments. These investments comprise land and buildings, which are owned by the charity but used by other charities with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees that such assets should continue to be used for these purposes for as long as needed and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

An amount of £16,500,000, had been designated by the trustees to provide for the Sisters in their retirement. The value of the fund has been calculated using actuarial principles to provide for each of the Province's Sisters. Given the increasing age profile of the Sisters and few new vocations this sum will provide only modest resources to look after the Sisters, many of who will need increasing support and increasingly expensive residential and nursing care. There is also a designated fund of £1,477,531, designated to care for the elderly religious in Malta.

Financial review (continued)

Financial position (continued)

The building maintenance fund of £5,000,000 is used to support an action plan for the charity's properties, several of which are in need of substantial maintenance work. The ministry support fund will be used to support charitable work and at 30 June 2020 amounted to £500,000, whilst the international development fund of £2,500,000 will be used to support the international work of the Society. A social justice fund of £7,000,000 is used to provide funds in support of social justice activities, whilst the Barat House Hostel fund of £90,955 represents the net assets of Barat House and has been designated for use by the House only.

Funds which are available to support the work of the Sisters in the future are shown on the balance sheet as general funds and amount to £7,007,211.

The trustees are aware that this level of reserves is in excess of the amount required by the above policy. However, they are aware also of the charity's dependence on its investment portfolio for income. Given the continuing volatility in world stock markets, the trustees believe that it is prudent to hold the high level of free reserves at the present time.

The charity's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

Governance, structure and management

♦ Trustees

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

New trustees are appointed by those trustees already in office at the time of the appointment and the process of appointment is organised by the Chair of Trustees, the Provincial Superior. The trustees are selected from the members of the Province of England and Wales based on the skills and knowledge they can bring to the trustee role. All have previous experience of being a trustee and have received information and training on the role and responsibilities of trustees. At any one time there must be a minimum of six trustees but not more than twelve trustees.

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

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

Governance, structure and management (continued)

♦ Trustees (continued)



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



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



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

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

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

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

Governance, structure and management (continued)

♦ Trustees (continued)



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



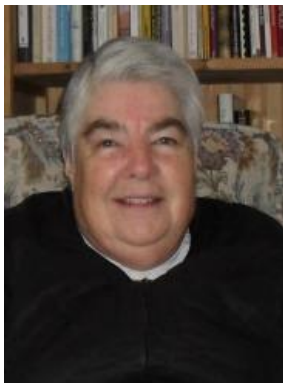
Sister Lorraine Pratt has spent almost all of her life working in education: as Head of Department in the Sacred Heart Comprehensive School in Newcastle; as a Diocesan Youth Officer; as a school chaplain; and then as Chair of Governors at the Sacred Heart School in Hammersmith, school chaplain and living with the student community both in Oxford and London. At present, she is a member of the province initial formation team and works with adults teaching dance meditation as a medium for both enjoyment and spiritual growth.



Sister Stephanie Romaine has taught in both Tunbridge Wells and Woldingham boarding schools from 1971-86 and been part of the handover to lay management in both schools. From 1987-90 she helped set up and then worked as the administrator in a Neighbourhood Mediation Scheme in Leeds where she was also involved in training mediators. At the same time she began training as a counsellor and then as a counselling supervisor and after several years practice, completed her training with a psychotherapy qualification. As a supervisor she worked with counsellors in a drug and alcohol project, and also with trainee counsellors in two independent charities as well as offering counselling to several employee assistance programmes within her own private practice. From 2001-07 she was a member of the Provincial Council. In 2006 she moved to Brecon and with one other Sister helped run the Society's retreat centre, Llannerchwen, for 10 years. During that time she trained as a spiritual director. In 2015 she was involved in the process of preparation and management of the transfer of Llannerchwen to lay management. Since leaving Brecon in 2016 she has continued to offer spiritual direction to deacons, ordinands, and other lay people in Durham. She has had two terms of involvement in the training of the Society's young Religious and continues with that to date. This training has become increasingly collaborative with our Sisters in Europe.

Governance, structure and management (continued)

♦ Trustees (continued)



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



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

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

♦ Trustees' responsibilities statement

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

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

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

Governance, structure and management (continued)

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

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

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

♦ **Management**

The trustees have the final responsibility for the policies, activities and assets of the charity. They meet annually to review developments with regard to the charity and to make significant decisions. The day-to-day management of the charity's activities and the implementation of policies are delegated to:

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

♦ **Key management personnel**

The trustees consider that they, together with the Finance and General Manager and the Care Manager of Duchesne House comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

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

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

♦ **Connected charity**

Details of the connected charity are given in note 23 to the attached accounts.

Governance, structure and management (continued)

♦ Risk management

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

Risk is regularly discussed at trustees' meetings and meetings of the Investment Committee and Financial Advisory Committee. The following risks have been identified as on-going:

♦ COVID-19 pandemic

The COVID-19 pandemic has affected the entire world and the effects of the pandemic have been far reaching within the charity and the lives of the members and staff.

General Impact

A decision was taken early on to place our care home, Duchesne House in lockdown and only key staff and personnel were allowed in and out. Weekly management meetings were arranged (virtually) to review the changing situation, update and discuss new practices and procedures, which included the following:

- ♦ Self-isolation – staff remuneration;
- ♦ Loss of staff due to isolation or illness; and
- ♦ Safety protocols for staff and residents of Duchesne House.

Procedures were put in place to protect the elderly and vulnerable members of the charity who were living in small communities or individually.

Staff welfare was prioritised, measures were put in place to minimise risk. Eligible staff were shielded and furloughed. Where appropriate, staff were encouraged to work from home.

The retreat centre was closed due to staff shielding and government advice.

The Provincial Chapter was postponed; however, this has now taken place using Zoom.

Financial Impact

The Investment Committee has met regularly with our investment managers and concerns regarding the impact of the pandemic on the fund were discussed and continue to be discussed. However, after seeing a significant impact on the value of the fund early in the year, the fund has now recovered and has gained within the year. For the forthcoming year the charity has a target income from the fund which to be met by dividends and cash return. The charity anticipates that this target will be achieved even though it recognises that market volatility could be significant in 2021/2022.

Governance, structure and management (continued)

♦ **Risk management** (continued)

The pandemic will present challenges for the foreseeable future, however the trustees are confident that the charity has the resources to meet its future financial obligations and commitments.

◇ **Safeguarding**

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

Staff employed at Duchesne are also required to obtain clearance from the Disclosure and Barring Service and also undergo regular safeguarding training. Policies and procedures are constantly under review and where necessary updated. The charity is aware of changes with safeguarding practices within the Church due to the recent IICSA report. The Province is aligned, for safeguarding matters, to the Diocese of Southwark, and has a safeguarding representative.

◇ **Loss of key staff**

The people who work for the charity are a key resource and the charity does all it can to ensure that it has good employment practices and fulfils its duty of care to its employees. The charity is be reliant on a small number of key staff – in particular, the Finance and General Manager and the Care Manager at Duchesne House. To ensure the on-going needs of the charity are being met, a review and restructure of staffing within the administration and financial sections of the charity will be undertaken. The charity aims to encourage and assist staff to develop their skills to enable them to carry out their roles and contribute positively towards delivering the charity's objectives.

◇ **On-going needs**

The refurbishment of Duchesne House is now complete other than landscaping the grounds. Following this a consultation took place within the Province, which has revealed the need for accommodation for those who require some measure of support but are not ready to join the care home community. A community house within the grounds of the care home has been identified and a working group has been established to refurbish the property to meet the needs of its future residents.

Governance, structure and management (continued)

♦ Risk management (continued)

- ◇ Age profile of the members and over-commitment of a few in administration

An analysis of the age profile of the members of the Society shows that the average age at 30 June 2020 was 79 years. The trustees are aware that there is both a moral and legal obligation to care for the older Sisters. None of the Sisters have resources of their own as all earnings, pensions and other income have been donated to the charity. As the age profile increases, so too does the need to provide care for the Sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care in the years ahead by setting aside assets in a designated fund, the value of which is based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual Sisters, encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

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

- ◇ Maintenance and upgrading of properties

All properties will continue to be reviewed for their current use and needs and a rolling maintenance plan is in place in order to ensure the properties are upgraded and maintained.

- ◇ Health and safety

Health and safety is an area taken very seriously. Policies are reviewed and the charity has engaged the services of a risk management company.

- ◇ Brexit

The charity's principal asset comprises of listed investments, the value of which is dependent on movements in the world stock markets, and the charity recognises that the impact of Brexit could have a detrimental impact of the value of the fund. The trustees are continuing to work with the Fund Manager to mitigate any potential risk.

Governance, structure and management (continued)

♦ **Risk management** (continued)

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

Approved by and signed on the behalf of the trustees:

Catherine Lloyd

Trustee

Approved by the trustees on: 10.3.2021

Independent auditor's report to the trustees of Society of the Sacred Heart CIO

Opinion

We have audited the accounts of Society of the Sacred Heart CIO (the 'charity') for the year ended 30 June 2020, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. 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 30 June 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 United Kingdom 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.

Other information (continued)

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

24 March 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 30 June 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Income from:							
Donations and legacies	1	756,249	—	756,249	—	—	—
Investments and interest receivable	2	1,143,625	—	1,143,625	—	—	—
Charitable activities	3	95,450	—	95,450	—	—	—
Other sources:							
. Surplus on disposal of tangible fixed assets	4	32,858	—	32,858	—	—	—
. Miscellaneous sources	5	588,192	—	588,192	—	—	—
		2,616,374	—	2,616,374	—	—	—
Transfer from Society of the Sacred Heart Charitable Trust (Charity Registration Number 227848)	22	49,003,831	10,631	49,014,462	—	—	—
Total income		51,620,205	10,631	51,630,836	—	—	—
Expenditure on:							
Charitable activities							
. Donations payable	6	721,700	—	721,700	—	—	—
. Support of members of the Society and their ministry	7	2,658,055	—	2,658,055	—	—	—
. Provision of hostel accommodation	8	5,078	—	5,078	—	—	—
Total expenditure		3,384,833	—	3,384,833	—	—	—
Net income before net gains on investments	10	48,235,372	10,631	48,246,003	—	—	—
Net gains on listed investments	14	1,188,836	—	1,188,836	—	—	—
Net income and net movement in funds		49,424,208	10,631	49,434,839	—	—	—
Reconciliation of funds:							
Balances brought forward at 1 July 2019		—	—	—	—	—	—
Balances carried forward at 30 June 2020		49,424,208	10,631	49,434,839	—	—	—

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

The charity was registered with the Charity Commission on 23 July 2018 and remained dormant until 30 June 2019.

With effect from 1 July 2019, the activities, transactions, assets and liabilities of Society of the Sacred Heart Charitable Trust (the charitable trust), were transferred to the charity (see note 22). The charity's activities commenced on 1 July 2019.

Statement of financial activities Year to 30 June 2020

The table below shows the income (excluding the transfer of net assets), expenditure, gains and losses of the charity for the year to 30 June 2020 compared to that of the charitable trust for the year to 30 June 2019:

	Charity	Charitable Trust
	Year to 30 June 2020	Year to 30 June 2019
	£	£
Income	2,616,374	3,385,943
Expenditure	(3,384,833)	(7,155,953)
Net gains on listed investments	1,188,836	1,429,750
Loss on revaluation of investment property	—	(100,000)
Net income (expenditure)	420,377	(2,440,620)

Balance sheet 30 June 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	13		7,453,850		—
Investments	14		38,280,138		—
			<u>45,733,988</u>		<u>—</u>
Current assets					
Debtors	15	848,706		—	
Cash at bank and in hand		<u>3,586,796</u>		<u>—</u>	
		<u>4,435,502</u>		<u>—</u>	
Creditors: amounts falling due within one year	16	(734,651)		<u>—</u>	
Net current assets			3,700,851		—
Total net assets			<u>49,434,839</u>		<u>—</u>
The funds of the charity:					
Restricted income funds	17		10,631		—
Unrestricted income funds					
. General fund			7,007,211		—
. Tangible fixed assets fund	18		7,453,850		—
. Programme related investments fund	19		1,894,621		—
. Designated funds	20		<u>33,068,526</u>		<u>—</u>
			<u>49,434,839</u>		<u>—</u>

Approved by the trustees and signed
on their behalf by:

Catherine Lloyd

Trustee

Approved by the trustees on: 10.3.2021

Statement of cash flows Year to 30 June 2020

	Notes	2020 £	23 July 2018 to 30 June 2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,369,908)	—
Cash flows from investing activities:			
Investment income received		551,045	—
Interest received		20,557	—
Proceeds from the disposal of tangible fixed assets		172,500	—
Purchase of tangible fixed assets		(179,765)	—
Net cash provided by investing activities		564,337	—
Change in cash and cash equivalents in the year		(805,571)	—
Cash and cash equivalents transferred from Society of the Sacred Heart Charitable Trust (Charity Registration Number 227848)		5,341,541	—
Cash and cash equivalents at 1 July 2019	B	—	—
Cash and cash equivalents at 30 June 2020	B	4,535,970	—

Notes to the statement of cash flows for the year to 30 June 2020.

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

	2020 £	23 July 2018 to 30 June 2019 £
Net movement in funds (as per the statement of financial activities)	49,434,839	—
Adjustments for:		
Depreciation charge	447,179	—
Gains on listed investments	(1,188,836)	—
Transfer from Society of the Sacred Heart Charitable Trust (Charity Registration Number 227848)	(49,014,462)	—
Investment income	(1,123,068)	—
Interest receivable	(20,557)	—
Surplus on disposal of tangible fixed assets	(32,858)	—
Decrease in debtors	237,047	—
Decrease in creditors	(109,192)	—
Net cash used in operating activities	(1,369,908)	—

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	3,586,796	—
Cash held by investment managers	949,174	—
Total cash and cash equivalents	4,535,970	—

Principal accounting policies Year to 30 June 2020

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

Basis of preparation

These accounts have been prepared for the year to 30 June 2020 with comparative information given in respect to the period from incorporation on 23 July 2018 to 30 June 2019.

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

The accounts 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ assessing the probability of the receipt of legacy income;
- ◆ estimating the value of investment properties;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation charge;
- ◆ determining the value of the designated funds needed at the year end and, in particular, estimating the size of the retirement reserve created in order to provide for the continuing care of the members for the remainder of their lives; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

In addition to the above, the full impact following the emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Estimates used in the accounts, particularly in respect to the value of investment properties (see note 14) may be subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under "assessment of going concern", the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

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

The trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the charity and have concluded that there may be some negative consequences such as volatility in the value of the listed investment portfolio and related income. However, the trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. With regards to the next accounting period, the year ending 30 June 2021, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the listed investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income

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

Income comprises donations, legacies, investment income, interest receivable, hostel income, other rents receivable from charitable activities, other income including the surplus on the disposal of tangible fixed assets, and the transfer of assets and liabilities from Society of the Sacred Heart Charitable Trust.

Donations, including salaries and pensions of individual religious received under Gift Aid or Deed of Covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations and grants pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation or grant 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.

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.

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.

Principal accounting policies Year to 30 June 2020

Income (continued)

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.

Hostel income and rents receivable from charitable activities are recognised when the income is contractually due to the charity under rental and tenancy agreements. It is accounted for at fair value and on an accruals basis to the extent that it is probable that the economic benefits will flow to the charity.

The surplus on the disposal of tangible fixed assets is calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

Amounts transferred from Society of the Sacred Heart Charitable Trust (Charity Registration Number 227848) (the charitable trust) have been recognised as income with effect from 1 July 2019, the date specified in the legal transfer of undertakings as being that on which the legal title to the net assets and activities of the charitable trust were transferred to the charity.

Coronavirus Job Retention Scheme grant income is recognised within income from miscellaneous sources when the eligibility criteria are met and a claim has been made.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure

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 stated inclusive of irrecoverable VAT.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs.

The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- ♦ Donations payable
Donations payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. When such donations have not been paid at the end of the financial year they are accrued for.
- ♦ The support of members of the Society and their ministry
Expenditure on the support of members of the Society and their ministry enables the members to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the relief of poverty.

Expenditure (continued)

◆ Provision of hostel accommodation

Expenditure on Barat House which provides accommodation for five students.

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 are the costs associated with the governance arrangements of the charity including audit costs and the necessary legal procedures for compliance with statutory requirements.

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation and enabling their ministry and hence there has been no apportionment between headings.

Tangible fixed assets

All assets costing more than £3,000 and with an expected useful life exceeding one year are capitalised.

◆ Freehold land and buildings

Freehold land and buildings are shown on the balance sheet at cost or, where donated, at their value at the date of donation.

◇ Residential

Buildings designed as, and used wholly or mainly for, private residential accommodation, are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially different from their book value.

◇ Purpose built residential care home

Other buildings comprising a residential care home for elderly Sisters are stated at cost. Depreciation is provided on a straight-line basis over a 15 year period.

◆ Leasehold property

Leasehold property is shown on the balance sheet at cost less depreciation. Depreciation is provided so as to write off the cost of the leasehold property over the remaining period of the lease.

◆ Building improvements

Expenditure on items classed as building improvements is capitalised and depreciated over a ten year period on a straight line basis.

◆ Fixtures and fittings

Expenditure on the purchase and replacement of fixtures and fittings is capitalised and depreciated over a three or four 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 the cost of each vehicle over its estimated useful life.

Principal accounting policies Year to 30 June 2020

Investments

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

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

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

Properties held for investment purposes are included in these accounts at open market value. The valuations have been determined as set out in note 14a to these accounts.

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

Programme related investments

Programme related investments are social investments made directly in pursuit of the charity's charitable purposes.

Unquoted equity investments are held at cost, less any provision for diminution in value, while loans are recorded at cost less any provisions to reflect non-recoverability.

Property is held at cost, less any provision for diminution in value.

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. Cash placed on deposit for more than one year is disclosed as a fixed asset investment. Cash at bank and in hand is a basic financial instrument, which is initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

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.

Principal accounting policies Year to 30 June 2020

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 the charity's tangible fixed assets.

The programme related investments fund represents the value of the charity's programme related investments. These investments comprise land and buildings owned by the charity but used by another charity with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees that such assets should continue to be used for these purposes and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees.

The restricted funds comprise monies raised for, or their use restricted to, a specific purpose or monies subject to donor imposed restrictions in use.

Services provided by members of the Society

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

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to unrestricted funds in the statement of financial activities in the year in which they are payable to the scheme. The expense is allocated to the support of members of the Society and their ministry.

Foreign currencies

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

1 Income from: Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Salaries and pensions of individual religious received under Deed of Covenant or Gift Aid	699,511	—	699,511	—	—	—
Other donations	2,247	—	2,248	—	—	—
Legacies	54,491	—	54,491	—	—	—
	756,249	—	756,249	—	—	—

2 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Income from listed investments						
. UK Common investment funds	1,083,568	—	1,083,568	—	—	—
Rental income from investment property	39,500	—	39,500	—	—	—
Bank interest and interest on short term deposits	20,557	—	20,557	—	—	—
	1,143,625	—	1,143,625	—	—	—

3 Income from: Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Hostel income	36,619	—	36,619	—	—	—
Retreat centre income	32,862	—	32,862	—	—	—
Other rent receivable from charitable activities	25,969	—	25,969	—	—	—
	95,450	—	95,450	—	—	—

4 Income from: Surplus on disposal of tangible fixed assets

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Surplus on the disposal of community properties	26,711	—	26,711	—	—	—
Surplus on the disposal of motor vehicles	6,147	—	6,147	—	—	—
	32,858	—	32,858	—	—	—

5 Income from: Miscellaneous sources

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Compensation receivable in respect to 'Right to Light' claim	497,250	—	497,250	—	—	—
Investment manager fee rebate (note 14)	50,913	—	50,913	—	—	—
Coronavirus Job Retention Scheme grant	31,985	—	31,985	—	—	—
Other	8,044	—	8,044	—	—	—
	588,192	—	588,192	—	—	—

During the year, the charity was awarded compensation for the loss of light affecting a property to which it has freehold title following the construction of an adjacent building by a third party.

The charity furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received of £31,985 relates to staff costs included within the staff costs (note 11).

6 Expenditure on: Donations payable

The charity makes donations to both individuals and institutions in accordance with the donations policy set out in the report of the trustees. The donations payable during the year were as follows:

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Contributions to the Generalate of the Society of the Sacred Heart	59,671	—	59,671	—	—	—
Donations to institutions and individuals (see overleaf)	662,029	—	662,029	—	—	—
	721,700	—	721,700	—	—	—

6 Expenditure on: Donations payable (continued)

Donations paid to institutions and individuals during the year comprised the following:

Recipient	Total 2020 funds £	Total 23 July 2018 to 30 June 2019 funds £
AVP Britain	10,000	—
Bahamas Disaster Fund	5,000	—
Butterfly Tree	3,000	—
The Calais Appeal	4,000	—
Capacitar	4,000	—
Cardinal Hume Centre	5,000	—
Catholic Children's Society	10,000	—
Crisis UK	1,000	—
Digby Stuart College Chaplaincy (Roehampton University)	2,500	—
Fenham Association of Residents (FAR) (including swimming project)	5,500	—
The Glass Door	5,000	—
Katherine Low Settlement	5,000	—
Little Sisters of the Poor	1,000	—
London Irish Centre Charity	2,500	—
Medecins Sans Frontiers	2,500	—
Minsteracres Retreat Centre	20,004	—
Operation Noah	5,000	—
The Peoples' Kitchen	2,500	—
The Refugees and Migrant Project (RAMP)	4,000	—
Sacred Heart High School Hammersmith Academy Trust (see below)	497,250	—
Sacred Heart Primary School	12,375	—
Schools Network	3,000	—
The Shannon Trust	2,500	—
St Augustine's Priory	10,000	—
St Godric's	1,000	—
St Mary's RCVA	1,000	—
Traidcraft Exchange	20,000	—
UNHCR Syria Idlib appeal	2,000	—
Water Aid	1,000	—
West End Refugee Service (WERS)	2,000	—
Young Ministry Team Diocese of Hexham & Newcastle	2,000	—
	651,629	—
Donations of less than £1,000	400	—
Total donations paid to institutions	652,029	—
Donations paid to individuals	10,000	—
Total donations	662,029	—

The donation to Sacred Heart High School, Hammersmith Academy Trust was equivalent to the compensation received by the charity in respect to a 'Right to Light' claim (see note 5). The trustees decided to make this gift as the compensation received was in respect to a building occupied by the school.

7 Expenditure on: Support of members of the Society and their ministry

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 23 July 2018 to 30 June 2019 funds £
Premises	313,801	—	313,801	—	—	—
Sisters' living and ministry expenses	1,684,911	—	1,684,911	—	—	—
Education, training and spiritual renewal	47,638	—	47,638	—	—	—
Schools Network and Archives	4,739	—	4,739	—	—	—
Refurbishments and start-up costs	55,775	—	55,775	—	—	—
Other support costs	504,303	—	504,303	—	—	—
Governance costs (note 9)	46,888	—	46,888	—	—	—
	2,658,055	—	2,658,055	—	—	—

8 Expenditure on: Hostel charges and provision of hostel accommodation

This relates to the provision of hostel accommodation, primarily for those in higher education.

9 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Unrestricted funds £	Restricted funds £	Total 2019 funds £
Auditor's remuneration	46,888	—	46,888	—	—	—

10 Net income before gains on investments

This is stated after charging:

	Total 2020 £	Total 23 July 2018 to 30 June 2019 £
Staff costs (note 11)	1,119,942	—
Auditor's remuneration		
· Statutory audit services	29,230	—
· Other accountancy services (under accrual relating to charitable trust for prior year)	17,658	—
Depreciation	447,179	—

11 Staff costs, key management personnel, trustees' remuneration and expenses and transactions with trustees

	2020 £	23 July 2018 to 30 June 2019 £
Staff costs during the year were as follows:		
Wages and salaries	1,011,993	—
Social security costs	71,220	—
Pension costs	36,729	—
	1,119,942	—

Staff costs per function were as follows:

Support of members of the Society and their ministry	1,119,942	—
--	------------------	----------

No employees earned £60,000 per annum or more (including benefits but excluding employer's pension contributions) during the year (2019 - none).

The average number of employees during the year, analysed by function, was as follows:

	2020	23 July 2018 to 30 June 2019
Support of members of the Society and their ministry	48	—

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the Finance and General Manager and the Care Manager at Duchesne House. The total remuneration of the key management personnel of the charity for the year was £123,044 (2019: £nil).

The charity's trustees are all members of the Society and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Society, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees or members of key management (2019: none).

As members of the Society, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £87,764 (2019 - £nil).

12 Taxation

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

13 Tangible fixed assets

	Total land and buildings (see below) £	Building improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2019	—	—	—	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	9,427,651	1,343,077	232,744	240,503	11,243,975
Additions	48,847	39,115	18,404	42,885	149,251
Disposals	(145,439)	—	—	(37,601)	(183,040)
At 30 June 2020	9,331,059	1,382,192	251,148	245,787	11,210,186
Depreciation					
At 1 July 2019	—	—	—	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	2,691,203	373,770	75,201	206,581	3,346,755
Charge for the year	249,410	122,528	54,579	20,662	447,179
On disposals	—	—	—	(37,598)	(37,598)
At 30 June 2020	2,940,613	496,298	129,780	189,645	3,756,336
Net book values					
At 30 June 2020	6,390,446	885,894	121,368	56,142	7,453,850
At 30 June 2019	—	—	—	—	—

Land and buildings

	Freehold land and buildings			Total land and buildings £
	Residential £	Purpose built £	Long leasehold property £	
Cost				
At 1 July 2019	—	—	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	3,982,997	4,372,550	1,072,104	9,427,651
Additions	—	48,847	—	48,847
Disposals	(145,439)	—	—	(145,439)
At 30 June 2020	3,837,558	4,421,397	1,072,104	9,331,059
Depreciation				
At 1 July 2019	—	—	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	—	2,576,798	114,405	2,691,203
Charge for the year	—	238,920	10,490	249,410
At 30 June 2020	—	2,815,718	124,895	2,940,613
Net book values				
At 30 June 2020	3,837,558	1,605,679	947,209	6,390,446
At 30 June 2019	—	—	—	—

13 Tangible fixed assets (continued)

Land and buildings (continued)

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

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

Capital commitments

At 30 June 2020, no capital commitments existed (2019: £nil).

14 Fixed asset investments

At 30 June 2020 investments comprised:

	2020 £	2019 £
Freehold investment property (see a. below)	1,200,000	—
Listed investments, cash investments and cash held for re-investment (see b. below)	35,185,517	—
Programme related investments (see c. below)	1,894,621	—
	38,280,138	—

Movements on each category of investment are summarised below:

a. Freehold investment property

	2020 £	2019 £
Market value at 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	1,200,000	—
Market value at 30 June 2020	1,200,000	—

The investment property was valued as at 30 June 2019 by the trustees, with professional assistance, on an open market value basis.

b. Listed investments

	2020 £	2019 £
Listed investments		
Market value at 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	33,047,507	—
Net unrealised investment gains	1,188,836	—
Market value at 30 June 2020	34,236,343	—
Cash held by investment managers for re-investment	949,174	—
	35,185,517	—
Cost of listed investments at 30 June 2020	31,901,818	—

14 Fixed asset investments (continued)

b. Listed investments (continued)

At 30 June 2020 listed investments comprised holdings in the following common investment fund:

	2020		2019	
	Market value £	Percentage of total portfolio %	Market value £	Percentage of total portfolio %
COIF Charities Ethical Investment Fund	34,236,343	100.00	—	—

All listed investments within the above fund were dealt in on a recognised stock exchange.

Investment manager fees are deducted automatically from the portfolio on a quarterly basis and are inherent in arriving at the market value of funds held. The fees deducted are based on a fixed percentage which exceeds that contractually payable by the charity. As such, the investment manager rebates fees to the charity every quarter. The rebates, which amount to £50,913 for the year to 30 June 2020 (2019: £nil) are included in these accounts as miscellaneous income.

c. Programme related investments

	2020 £	2019 £
Carrying value at 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	1,894,621	—
Carrying value at 30 June 2020	1,894,621	—

Programme related investments comprise:

	2020 £	2019 £
Freehold properties	1,650,000	—
Oikocredit equity shares	244,621	—
	1,894,621	—

The charity owns a property which is leased to Sacred Heart High School Hammersmith Academy Trust (Company No. 07941140) at an annual peppercorn rent. As the property is used by the School for purposes consistent with the charitable objects of the Society of the Sacred Heart CIO, it is classified as a programme related investment.

The charity owns a property which is leased to The Medaille Trust (Charity Registration No. 1117830) at a peppercorn rent to provide accommodation to those who have been victims of human trafficking. As the property is used by another charity for purposes consistent with the charitable objects of the Society of the Sacred Heart CIO, it is classified as a programme related investment.

14 Fixed asset investments (continued)

c. Programme related investments (continued)

The charity has funds of £244,621 (2019: £nil) held in equity shares of Oikocredit, Ecumenical Development Cooperative Society U.A (Oikocredit). Oikocredit is an ethical investment opportunity which finances development projects benefiting disadvantaged and marginalised people.

15 Debtors

	2020 £	2019 £
Investment income	848,232	—
Other debtors	474	—
	848,706	—

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals	42,030	—
Additions to tangible fixed assets – refurbishment of Duchesne House	24,121	—
Donations payable (note 6)	668,500	—
	734,651	—

17 Restricted funds

	At 1 July 2019 £	Transfer from charitable trust (note 22) £	Income £	Expenditure £	At 30 June 2020 £
Peace garden	—	5,631	—	—	5,631
Other	—	5,000	—	—	5,000
	—	10,631	—	—	10,631

18 Tangible fixed assets fund

	2020 £	2019 £
At 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	7,897,220	—
Net movements in year	(443,370)	—
At 30 June 2020	7,453,850	—

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund 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 could be realisable with ease, in order to meet future contingencies.

19 Programme related investments

	2020 £	2019 £
At 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust (note 22)	1,894,621	—
At 30 June 2020	1,894,621	—

The programme related investment fund represents the value of the charity's programme related investments. As explained in note 14, these investments comprise land and buildings owned by the charity but used by other charities with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees of the charity that such assets should continue to be used for these purposes for as long as needed and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

20 Designated funds

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

	At 1 July 2019 £	Transfer from charitable trust (note 22) £	New designations £	Utilised/ released £	At 30 June 2020 £
Retirement fund	—	16,500,000	—	—	16,500,000
Social Justice fund	—	7,000,000	—	—	7,000,000
International development fund	—	2,500,000	—	—	2,500,000
Barat House Hostel fund	—	57,087	38,986	(5,078)	90,995
Ministry support fund	—	500,000	131,004	(131,004)	500,000
Building maintenance fund	—	5,000,000	100,115	(100,115)	5,000,000
Malta fund	—	1,427,000	49,832	—	1,477,531
	—	32,984,787	319,937	(236,197)	33,068,526

◆ *Retirement fund*

This consists of monies which the trustees have set aside in order to provide for the Sisters for the remainder of their lives. The value of the fund has been calculated using actuarial principles.

◆ *Social Justice fund*

This fund consists of monies which the trustees have set aside to provide funds in support of social justice activities of the Society of the Sacred Heart.

◆ *International development fund*

This consists of monies which the trustees have set aside to support the international work of the Society of the Sacred Heart.

◆ *Barat House Hostel fund*

This fund represents the net assets of Barat House. The assets have been designated for use by the House only.

20 Designated funds (continued)

♦ *Ministry support fund*

This consists of monies which the trustees have set aside for the support of charitable work.

♦ *Building maintenance fund*

This fund represents monies designated by the trustees to support a detailed review of the charity's properties.

♦ *Malta fund*

This represents monies which the trustees have designated for the care of the elderly religious in Malta.

21 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Programme related investments fund £	Designated funds £	Restricted funds £	Total 2020 £
Fund balances at 30 June 2020 are represented by:						
Tangible fixed assets	—	7,453,850	—	—	—	7,453,850
Investments	3,316,991	—	1,894,621	33,068,526	—	38,280,138
Current assets	4,424,871	—	—	—	10,631	4,435,502
Creditors falling due within one year	(734,651)	—	—	—	—	(734,651)
Total net assets	7,007,211	7,453,850	1,894,621	33,068,526	10,631	49,434,839

The total unrealised gains as at 30 June 2020 constitute movements on revaluation and are as follows:

	2020 £	2019 £
Total unrealised gains included above:		
On listed investments	2,334,525	—
On investment property	941,184	—
	3,275,709	—
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 July 2019	—	—
Transfer from Society of the Sacred Heart Charitable Trust	2,086,873	—
Add: net gains arising on revaluation in the year	1,188,836	—
Total unrealised gains at 30 June 2020	3,275,709	—

22 Transfer from Society of the Sacred Heart Charitable Trust

Six trustees of the CIO are also trustees of Society of the Sacred Heart Charitable Trust, a charity registered with the Charity Commission (Charity Commission Registration Number 227848). With effect from 1 July 2019, the activities, assets and liabilities of the charitable trust were transferred to the CIO. The net assets at that date comprised:

	1 July 2019 £
Tangible fixed assets (note 13)	
. Cost	11,243,975
. Depreciation	<u>(3,346,755)</u>
	7,897,220
Fixed asset investments (including cash held by investment managers of £989,880) (note 14)	37,132,008
Debtors	513,730
Cash at bank and in hand	4,351,661
Creditors: amounts falling due within one year	<u>(880,157)</u>
	<u>49,014,462</u>

The assets and liabilities were represented by the following funds:

	2019 £
Restricted income funds (note 17)	10,631
General funds	6,277,204
Tangible fixed assets fund (note 18)	7,897,220
Programme related investments fund (note 19)	1,894,621
Designated funds (note 20)	<u>32,984,786</u>
	<u>49,014,462</u>

23 Connected charity and related party transactions

The charity is connected to the Digby Stuart College Trust, Charity Registration No 1050470, by virtue of the fact that the two charities have some trustees in common, use the same principal address and share some of their administrative facilities.

At 30 June 2020, Digby Stuart College Trust owed the charity £474 (2019: £nil).

Details of donations made to the charity by the trustees during the year are provided in note 11.

There were no other related party transactions during the year requiring disclosure (2019: none).

24 Liability of the member

The Provincial Superior of the Society, by virtue of holding that office, is ex-officio the sole member of the Charitable Incorporated Organisation (CIO) for as long as she holds that office. If the CIO is wound up, the member of the CIO has no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities. It is the duty of the member of the CIO to exercise her powers as a member of the CIO in the way she decides in good faith would be the most likely to further the purposes of the CIO. The member shall before exercising her powers carry out such consultations and obtain such consents, if any, as may be required by the Society's Constitutions.

25 Post balance sheet event

On 26 August 2020, the net assets of the Digby Stuart McCarthy Trust (Charity Commission Registration Number 255622) totalling £13,019 were transferred to the charity. The charity will use the assets for the prevention or relief of poverty and the advancement of education.