

**THE ALEXIAN BROTHERS OF THE PROVINCE
OF THE SACRED HEART
(Charitable company limited by guarantee)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

Haysmacintyre LLP
Chartered Accountants
Registered Auditors
London

Company Number: 0773307
Registered Charity Number: 233131

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART

LEGAL AND ADMINISTRATIVE DETAILS

Trustees and directors

The directors of the charitable company (the charity) are its trustees for the purpose of company law and throughout this report are collectively referred to as the trustees.

The following served as trustees of the company during the year ended 31 December 2019.

Finbar Butler – Chairman
Dermot O’Leary
Kevin O’Sullivan

Company Secretary

James Kerr

Provincial

Finbar Butler
Churchfield
Knock, Co. Mayo

Registered Office

10 Queen Street Place
London
EC4R 1AG

Charity Registration No.

233131

Company Number

0773307

Governing Instrument

Memorandum & Articles of Association dated 6 September 1963

Auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Solicitors

Druces LLP
Salisbury House
London Wall
London EC2M 5PS

Principal Bankers

The Royal Bank of Scotland
London City Office
62/63 Threadneedle Street
London EC2R 8LA

Investment Managers

Barclays Wealth
1 Churchill Place
London
E14 5HP

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART

(Charitable company limited by guarantee)

TRUSTEES' REPORT

The Trustees present their report and the audited accounts for the year ended 31 December 2019 which have been prepared in accordance with the requirements of the Charities Statement of Recommended Practice, the Companies Act 2006 and applicable accounting standards.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Alexian Brothers of the Province of the Sacred Heart is a Company limited by guarantee and is governed by its Memorandum and Articles of Association dated 6 September 1963. It is also registered as a charity with the Charity Commission. The members' liability is limited. Every member of the Congregation of the Alexian Brothers undertakes to contribute up to £1 to the assets of the company in the event of it being wound up.

Trustee composition, appointment of Trustees, induction and training

The Trustees, who are also the directors of the Charity for the purposes of company law, control all activities under the direction of the Chairman who is also the Provincial of the Alexian Brothers. They act as a Council of Management. Only members of the Congregation may serve and they are appointed by the Council of Management.

Members of the Province elect the Council of Management and the Provincial for a term of four years. The Council of Management appoints the Provincial Bursar. Training is provided internally by more experienced brothers and then externally by the attendance at Conferences and more specifically by professional advisors as required.

RISK MANAGEMENT

The Trustees are closely involved with the review of risk and employ suitable professionals to supplement their own expert knowledge. The Trustees have assessed the major risks to which the charity is exposed, in particular those related to its operations and finances, and are satisfied that systems are in place to mitigate exposure to the major risks faced.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

OBJECTIVES, AIMS AND ACTIVITIES

Objects

The Alexian Brothers are a Roman Catholic Congregation who care for people in all areas of the health field. The Congregation came into being during the Black Plague when members risked their lives by going outside the city walls to care for the dying plague victims and to bury them. Their philosophy is to minister, to the very best of their ability, to those they serve in the belief that each individual person regardless of race, creed or colour is the individual person of Jesus Christ. There are other provinces working in Belgium, Germany, Hungary, the United States and the Philippines.

The primary object in the Memorandum of Articles is: To promote, establish, maintain, conduct and carry on in the United Kingdom of Great Britain, Northern Ireland, the Republic of Ireland and elsewhere, by members of the Roman Catholic Order or Congregation of male religious, known as the Alexian Brothers, institutions, hospitals, homes, residences or other establishments as are intended for the nursing, care, assistance and supporting of the sick, aged, destitute, insane or infirm irrespective of their religion.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

TRUSTEES' REPORT (Continued)

OBJECTIVES, AIMS AND ACTIVITIES (continued)

Review of activities and performance during the year

Drumcondra Dublin:

This comprises:

- Brothers' residence with three Brothers in residence
- A community centre

The Brothers work at the 'Community Centre (Club)'. It provides a variety of recreational and counselling facilities for men and women suffering from mental health issues. The service was established some thirty years ago. An average of thirty people "drop in" on each of three days each week. A 'listening' ear service is available to those who wish to share their problems or concerns. Refreshments are provided. A Library, pool table and musical instruments are also available. Visits are made by the Brothers to clients who may be in hospital.

Outings are arranged to local museums, art galleries and 'some scenic areas on Sunday afternoons and in summer to the sea-side. Films are shown in the winter season. Holidays are arranged for the Club and on occasions they travel overseas. The Club members are accompanied by a Brother and one or two volunteers. The members contribute to their accommodation and meals. At Christmas the Club and volunteers celebrate at one of the local hotels. Full Christmas dinner, gifts, and entertainment are provided.

The community of Brothers also respond to a multitude of calls from the Club-members who may have emotional problems. One Brother works part-time as a volunteer with the Samaritans. One Brother does prison visitation.

The Centre is available to other groups such as

- Legion of Mary
- Corpus Christi Prayer Group
- Relatives of those' suffering from mental Health issues
- John Main Prayer and Counselling Group.

The Centre is fully supported and financed by the Province with occasional voluntary contributions.

St. Alexius Knock Co. Mayo

Accommodates the Provincial Office and the Bursar's office relocated from Drumcondra Dublin.

- 3 Brothers are resident here, including the Provincial and Regional Bursar
- 1 Brother is receiving care in the Local Nursing Home fully funded by the Province.

The property was acquired in 2005 and since then has undergone a complete alteration and refurbishment. Its intended use is as a Novitiate House and providing hospitality in a community setting for people recovering from addictions or for whom no alternative services exist. It is also a house of prayer, hospitality and healing. The ministry continues to develop.

The purchase of an additional adjacent house was completed later and provides accommodation for the monastery guesthouse for those on Retreats etc.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
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TRUSTEES' REPORT (Continued)

OBJECTIVES, AIMS AND ACTIVITIES (continued)

Our Oratory is open from 6.30-8.30 daily and the public are free to visit. Some local people, visitors and religious join the brothers for prayer.

The brothers provide:

- Addiction counselling
- Listening ear service
- Befriending services
- Telephone befriending services
- Providing accommodation and meals at Christmas time for people who live alone
- Responding to people looking for help at the door
- Helping as requested in the local parish
- Hospital visits
- Advocacy service in court
- Online support for people with mental health issues, isolation and loneliness.
- We have a large meeting room where groups meet throughout the year for prayer, training, counselling and support.

We normally have one person living in the community who is in recovery and we endeavour to upskill the person in the following:

- Domestic duties
- Kitchen duties
- Reception duties
- Gardening
- Care of our herd of pygmy goats
- Care of our flock of hens, ducks and guinea fowl

FINANCIAL REVIEW

The accounts comply with the charity's governing document and with current statutory requirements.

The accounts show that income rose in 2019 to £496.3k (2018: £178.6k) thanks to one-off sources of income, including transfers from local communities and the receipt of a legacy. Investment income continues to be the main recurring source of income of the charity and also grew in the year.

At the same time, total expenditure also increased, rising to £440.8k (2018: £237.5k). Charitable grants declined but the costs of supporting the communities of Brothers and their ministries were higher. Part of the reason for the rise in expenditure was a higher depreciation charge following a review, and downward revision, of the expected lives of certain of the charity's properties.

The result, before gains/losses on investments, was net income of £55.6k (2018: net expenditure of £58.9k).

The year saw investment gains of £551.4k which more than offset the investment losses of £333.2k in 2018. Thus the overall result was an increase in funds of £607k (2018: reduction of £392.1k).

By the end of the year the charity's net assets had grown to £9.40m from £8.79m. Of this, £1.61m is represented by fixed assets which are required for the ongoing operations of the charity. The balance of £7.79m consists of the charity's investment portfolio and its cash reserves and other working capital.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART **(Charitable company limited by guarantee)**

TRUSTEES' REPORT (Continued)

RESERVES POLICY

The reserves of the charity, excluding the element represented by fixed assets, therefore stood at £7.79m at 31 December 2019.

A key commitment of the charity is the need to provide for the care of members of the Province in sickness and old age and this has profound implications for the finances of the charity. Members of the Province have all taken a vow of poverty which means that all rights to assets and income have been given up, generally in favour of the Province. Where members earn a salary, stipend or pension this is paid into the charity under a deed of covenant. There is now little or no such income with members being past retirement age and not having occupational pension rights. In most cases, members have devoted the whole of their working lives to the Province and are dependent upon it for all their temporal needs. Although members invariably continue to perform charitable work long past normal retirement age, if they are healthy enough to do so, the work is often not remunerative and the Province must provide for their upkeep and in some cases nursing care. The Trustees estimate that the level of free assets required for the purposes of providing long term support for members is a sum in the region of £4.5m.

The charity's "free reserves" therefore stood at approximately £3.29m. It has generally been the policy of the trustees to aim to hold around two years' expenditure in reserve. At the year-end the level of reserves was equivalent to several years' expenditure at 2019 levels and is thus in excess of the target level set out in the Trustees' policy.

The Trustees will assess reserves levels in the light of the charity's changed financial circumstances following the sale of the Care Centre and in the light of potential new areas of expenditure once its constitutional and governance review is complete (see Future Plans below).

However, it is clear that without the income from reserves the charity would suffer continuing significant financial deficits. Furthermore the investment losses seen in 2018, as well as more substantial falls in earlier years, emphasise the volatility in reserves levels that charities must be prepared to withstand. To summarise, in addition to the commitment to care for members, reserves are required to:-

- provide for the replacement and refurbishment of buildings;
- provide for new missions around the World; and
- provide working capital for the operations of the charity.

INVESTMENT POLICY AND PERFORMANCE

Investments in equities, fixed income stocks and cash over the long term should enhance real value by means of a diversified portfolio with medium risk. The Trustees have established an ethical investment policy and have communicated this to their Fund Managers. The policy states that "no investments are to be made in companies which are predominantly involved in the production of armaments, tobacco or abortion products".

The quarterly reports of the investment managers compare performance with a number of relevant indices and comment thereon.

The total return on the charity's investments in the year was +17.9% (2018: -3.7%). This represents a strong recovery from the downturn experienced in the previous year. The return is a little better than the averages quoted for the investments of the charity sector as a whole in 2019.

The Trustees are therefore satisfied with the performance of the portfolio of investments. However they will conduct a review of investment management arrangements in 2020.

POST BALANCE SHEET EVENTS - COVID-19 PANDEMIC

Since the year-end, the global COVID-19 pandemic has impacted upon most sectors of society and the economy. The value of the charity's investment portfolios fell significantly at the end of March 2020 but by the middle of November 2020 the value had recovered and stood at £4,024,555 compared to £4,556,488 at the end of December 2019. It is however inevitable that the charity's investment income will also decline in 2020 and 2021. The exact financial impact is difficult to assess with any high level of confidence. Although significant, this constitutes a non-adjusting post balance sheet event and as such no changes arising from the pandemic have been made to the amounts in the financial statements.

There have been risks of an operational nature in connection with the COVID-19 pandemic as well as the adverse financial effects referred to above. The charity has had to curtail all public-facing ministries such as The Community Centre (Club), public prayer and worship and the running of retreats. All these activities are non-profit making and therefore this will have little or no effect on the charity's financial viability.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

TRUSTEES' REPORT (Continued)

FUTURE PLANS

The Trustees will continue to monitor closely the effectiveness and viability of all of the charity's activities with a view to ensuring that these continue for as long as possible, in the light of the increasing age profile of the members of the Province.

Since the end of the year, the Trustees have instituted a thorough review of the charity's constitution and its governance arrangements. It is intended to update the charity's Memorandum and Articles of Association to enable the charity to adapt its activities in the light of the changing circumstances of the Congregation and the changing needs of beneficiaries that the charity can effectively seek to meet.

The Trustees will also, as noted above, carry out a review of fund management arrangements with a view to a possible switch to a new provider of the service.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

TRUSTEES' REPORT (Continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Alexian Brothers of the Province of the Sacred Heart for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

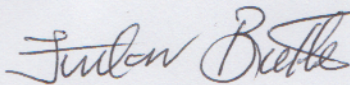
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' Report including the Strategic Report was approved by the Board and signed on their behalf on
.....21-12-..... 2020 by:



.....
Finbar Butler
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART

(Charitable company limited by guarantee)

Opinion

We have audited the financial statements of The Alexian Brothers of the Province of the Sacred Heart for the year ended 31 December 2019 which comprise The Statement of Financial Activities, Balance Sheet and notes to the accounts, including a summary of significant accounting policies. 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of the charitable company's net movement in funds, including the 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 Companies Act 2006.

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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)
(continued)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report of the Council. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Council which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Report of the Council has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey
Senior Statutory Auditor
for and on behalf of haysmacintyre LLP, Statutory Auditor

22 December 2020

10 Queen Street Place
London
EC4R 1AG

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
INCOME from			
Donations and legacies	1	251,865	5,274
Charitable activities Social Club		48,724	-
Other trading activities - Rents receivable from charitable-use properties temporarily surplus to operational requirements		2,210	2,040
Investments	2	193,539	171,308
Total		<u>496,338</u>	<u>178,622</u>
EXPENDITURE on			
Raising funds Investment Management fees		31,187	30,618
Cost of activities in furtherance of the charity's objects - Support of Brothers the Congregation and their ministries	3	409,596	206,897
Total		<u>440,783</u>	<u>237,515</u>
Net income/(expenditure) before gains/losses on investments		55,555	(58,893)
Net gains/(losses) on quoted investments		551,401	(333,205)
Net income/(expenditure) and net movement in funds	5	<u>606,956</u>	<u>(392,098)</u>
Total funds brought forward		<u>8,793,741</u>	<u>9,185,839</u>
Total funds carried forward		<u><u>£9,400,697</u></u>	<u><u>£8,793,741</u></u>

No summary Income and Expenditure Account has been prepared because the information required by the Companies Act 2006 is clearly shown in the above statement. The Net expenditure before unrealised gains represents the Net Deficit for the year.

The charitable company had no recognised gains or losses other than as disclosed in the Statement of Financial Activities for the financial year ended 31 December 2019 and 31 December 2018.

The accompanying notes form part of these financial statements.

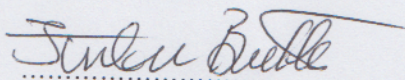
BALANCE SHEET

AT 31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	11		1,605,014		1,718,287
Investments	12		4,556,488		4,034,841
			<u>6,161,502</u>		<u>5,753,128</u>
CURRENT ASSETS					
Debtors	13	13,400		7,500	
Short term deposits		2,812,625		2,800,000	
Cash and bank balances		436,420		268,898	
		<u>3,262,445</u>		<u>3,076,398</u>	
CREDITORS: amounts falling due within one year	14	(23,250)		(35,785)	
NET CURRENT ASSETS			3,239,195		3,040,613
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£9,400,697</u>		<u>£8,793,741</u>
ACCUMULATED RESERVES					
Unrestricted Funds			<u>£9,400,697</u>		<u>£8,793,741</u>

Represented by -

The financial statements were approved and authorised for issue by the Board on 21-12- 2020 and were signed below on its behalf by:


.....
Finbar Butler
Director

The accompanying notes form part of these financial statements.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

YEAR ENDED 31 DECEMBER 201

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

	2019	2018
	£	£
Net movement in funds	606,956	(392,098)
Unrealised (gains)/losses on investments	(495,782)	327,884
Realised gain/loss in market value adjusted to cost	116,169	179,578
Historical cost surplus/(deficit) for the year	<u>£227,343</u>	<u>£115,364</u>

The accompanying notes form part of these financial statements.

THE ALEXIAN BROTHERS OF PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from Operating Activities		
Net cash outflow from operating activities	(21,896)	(197,726)
Cash flows from investing activities		
Dividends and interest from investments	193,539	171,308
Purchase of fixed assets	(21,250)	-
Payments to acquire investments	(977,163)	(799,184)
Receipts from sales of investments	1,006,917	830,211
Net cash provided by/(used in) investing activities	202,043	202,335
Change in cash and cash equivalents in year	180,147	4,609
Cash and cash equivalents at 1 January 2019	3,068,898	3,064,289
Cash and cash equivalents at 31 December 2019	£3,249,045	£3,068,898

Notes to the Cash Flow Statement

A. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net movement in funds (as per the Statement of Financial Activities)	606,956	(392,098)
Adjustments for		
(Gains) / Losses on investments	(551,401)	333,205
Dividends and interest from investments	(193,539)	(171,308)
Depreciation	134,523	32,531
(Increase)/ Decrease in debtors	(5,900)	8,663
(Decrease) in creditors	(12,535)	(8,719)
Net cash (used in) operating activities	£(21,896)	£(197,726)

B. Analysis of cash and cash equivalents

Cash at bank and in hand	3,249,045	3,068,898
Total cash and cash equivalents	£3,249,045	£3,068,898

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- estimating the economic useful life of tangible fixed assets.

Assessment of going concern

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

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2020, 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 investment markets (see the investment policy and the risk management sections of the Trustees' Report for more information).

Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, 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(s) to the Trust 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, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of care services service it is deferred until the criteria for income recognition are met.

In accordance with the Charities SORP FRS102, volunteer time is not recognised.

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.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2019

Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise fees paid in respect of fund management advice in relation to the charity's portfolio of quoted investments, which is managed under a discretionary management agreement.
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. These costs comprise charitable grants and donations, direct and support costs in respect to the support of members of the Congregation and their ministry. It also includes governance costs.

Charitable grants and donations are made where the Trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support and governance costs

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

Tangible fixed assets

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

	Annual rate
Freehold land	Nil
Freehold buildings	2 - 10%
Refurbishment and alterations	2%
Fixtures and plant	15 – 33.3%
Motor vehicles	25%

Financial Instruments

The charity only holds financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2019

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Deposits for more than three months and up to 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.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Services provided by members of the Congregation

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

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.

Leased assets

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the charity. Assets held under finance leases are recognised initially at the fair value of the leased assets (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation using the effective interest method in order to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of financial activities. Assets held under finance leases are capitalised and depreciated and assessed for impairment losses in the same way as owned assets.

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. DONATIONS AND LEGACIES

	2019	2018
	£	£
General donations	2,455	2,360
Legacies	11,063	2,914
Transfers from Local Houses in Ireland	142,080	-
Pensions donated by members of the Congregation	96,267	-
	<u>£251,865</u>	<u>£5,274</u>

2. INVESTMENT INCOME

	2019	2018
	£	£
Income from listed investments	170,193	159,279
Bank interest	23,346	12,029
	<u>£193,539</u>	<u>£171,308</u>

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	2019	2018
	£	£
Support of Bothers of the Congregation and their ministries		
Grants to overseas activities of the Alexian Brothers	25,754	23,388
Other charitable donations and grants (see below)	7,559	38,913
Depreciation	134,523	32,531
Social Club activities	13,631	-
Community costs	198,164	99,492
Governance and Support costs (note 4)	19,448	12,573
Losses on translation of foreign currencies	10,517	-
	<u>£409,596</u>	<u>£206,897</u>

Other charitable donations & grants comprises:

	2019	2018
	£	£
CAFOD	1,000	4,000
Trocaire (Irish Catholic Agency for World Development)	1,000	4,000
Aid to the Church In Need	1,000	4,000
St Vincent de Paul	1,000	4,000
Peter McVerry Trust (Dublin charity for the homeless)	1,000	4,000
Crosscare, Dublin	1,000	4,000
Focus Ireland	1,000	4,000
Archdiocese of Dublin - Pope Francis & the World Meeting of Families	-	10,000
Samaritans	-	500
Other	559	413
	<u>£7,559</u>	<u>£38,913</u>

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2019	2018
	£	£
Auditors' remuneration (see note 5)	10,578	6,253
Other professional fees	8,870	6,320
	<u>£19,448</u>	<u>£12,573</u>

5. NET INCOME/EXPENDITURE FOR THE YEAR

	2019	2018
This is stated after charging:	£	£
Investment management fees	31,187	30,618
Depreciation	134,523	32,531
Auditors remuneration		
- Audit fees	9,193	6,253
- Other services	1,385	-
	<u>145,688</u>	<u>69,402</u>

6. STAFF COSTS AND STAFF NUMBERS

The charity does not employ any staff. All of the charity's activities are carried out by members of the Congregation. Therefore there were no staff costs incurred in either the current or the prior year.

7. TRUSTEES' REMUNERATION AND KEY MANAGEMENT PERSONNEL

The charity Trustees are not paid and do not receive any other benefits from employment with the Trust in the year (2018: £nil) neither were they reimbursed expenses during the year (2018: nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil). However the living costs of the Trustees, who are all members of the Congregation, are borne by the charity – see Note 8.

The key management personnel of the charity are provided by the Trustees.

8. TRANSACTIONS WITH THE TRUSTEES AND RELATED PARTIES

The Trustees of the Charity are also members of the Congregation and as such have taken vows of poverty under which they have renounced all personal rights to income and capital. The Charity provides for the essential needs of all members of the Congregation within the Province. The living costs of the three Trustees are therefore borne by the Charity. There were no related party transactions in either the current or previous year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAXATION

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

10. COMPANY STATUS AND ULTIMATE CONTROL

The company is limited by guarantee and does not have a share capital. The members' liability is limited. Every member of the Congregation of the Alexian Brothers undertakes to contribute up to £1 to the assets of the company in the event of it being wound up.

11. TANGIBLE FIXED ASSETS:

	Freehold Properties £	Motor Vehicles £	Office Equipment & Furniture £	Total £
COST OR VALUATION				
At 1 January 2019	2,117,636	50,138	130,884	2,298,658
Additions	-	-	21,250	21,250
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,117,636	50,138	152,134	2,319,908
	<hr/>	<hr/>	<hr/>	<hr/>
ACCUMULATED DEPRECIATION				
At 1 January 2019	399,349	50,138	130,884	580,371
Charge for year	131,335	-	3,188	134,523
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	530,684	50,138	134,072	714,894
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 2019	<u>£1,586,952</u>	<u>£-</u>	<u>£18,062</u>	<u>£1,605,014</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>£1,718,287</u>	<u>£-</u>	<u>£-</u>	<u>£1,718,287</u>
	<hr/>	<hr/>	<hr/>	<hr/>

THE ALEXIAN BROTHERS OF THE PROVINCE OF THE SACRED HEART
(Charitable company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENTS	2019	2018
	£	£
Market value at 1 January 2019	4,034,841	4,399,073
Additions	977,163	799,184
Disposals (at book value)		
Proceeds	1,006,917	830,211
Gains/(Losses)	55,619	(5,321)
Net unrealised investment gains	(951,298) 495,782	(835,532) (327,884)
Market value at 31 December 2019	<u>£4,556,488</u>	<u>£4,034,841</u>
Cost at 31 December 2019	<u>£3,882,429</u>	<u>£3,740,395</u>
	2019	2018
	£	£
Listed on a UK stock exchange	2,920,714	2,502,418
Developed Market Equities	42,297	38,883
Developed Government Bonds	201,072	189,372
Investment Grade Bonds	183,966	222,746
High Yield and Emerging Market Bonds	529,758	544,070
Emerging Markets Equities	331,817	401,612
Real Estate	167,161	52,280
Multi Assets Class & Other Investments	<u>4,376,785</u>	<u>3,951,381</u>
General Cash and Short Maturity Bonds	<u>179,703</u>	<u>83,460</u>
	<u>£4,556,488</u>	<u>£4,034,841</u>
13. DEBTORS	2019	2018
	£	£
Prepayments and accrued income	<u>£13,400</u>	<u>£7,500</u>
14. CREDITORS: Amounts falling due within one year	2019	2018
	£	£
Trade creditors	-	13,785
Accruals	23,250	22,000
Other creditors	-	-
	<u>£23,250</u>	<u>£35,785</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

14. POST BALANCE SHEET EVENTS – COVID-19 PANDEMIC

Since the year-end, the global COVID-19 pandemic has impacted upon most sectors of society and the economy. The value of the charity's investment portfolios fell significantly at the end of March 2020 but by the middle of November 2020 the value had recovered and stood at £4,024,555 compared to £4,556,488 at the end of December 2019. It is however inevitable that the charity's investment income will also decline in 2020 and 2021. The exact financial impact is difficult to assess with any high level of confidence. Although significant, this constitutes a non-adjusting post balance sheet event and as such no changes arising from the pandemic have been made to the amounts in the financial statements.