

**The Sacred Hearts  
Sisters 1983  
Charitable Fund**

**Annual Report and Accounts**

31 March 2023

Charity Registration Number  
287232

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

<b>Trustees</b>	Sister Rosemary Clerkin Sister Kathleen Corbett Sister Elizabeth Dawson Sister Mary Catherine Macinnes Sister Julie Rose
<b>The General Treasurer</b>	Sister Elizabeth Dawson
<b>Principal address</b>	Chigwell Convent 803 Chigwell Road Woodford Bridge Essex IG8 8AU
<b>Telephone</b>	020 8504 1624
<b>Website</b>	<a href="http://www.sacredheartsjm.org">www.sacredheartsjm.org</a>
<b>Charity registration number</b>	287232
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC plc 91 High Street Brentwood Essex CM1 4RU
<b>Solicitors</b>	Stone King LLP Upper Borough Court (UBC) Upper Borough Walls Bath BA1 1RG
<b>Insurance Brokers</b>	PIB Insurance Brokers Limited Poppleton Grange Low Poppleton Lane York YO26 6GZ

The trustees present their statutory report together with the accounts of the Sacred Hearts Sisters 1983 Charitable Fund (the charity) for the year ended 31 March 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 33 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Statement of Recommended Practice on “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)”.

### **Introduction**

The Congregation of the Sisters of the Sacred Hearts of Jesus and Mary (the Congregation) is an International Roman Catholic Religious Congregation supporting 105 sisters worldwide. It was founded in France in 1866. The United Kingdom Congregation became an independent entity in 1903 and has its headquarters at Chigwell Convent in Essex.

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

The Vision and Mission Statement of the Sisters is:

*“Joyful co-creators sharing God’s unconditional love in our wounded world”*

*“We, the Sisters of the Sacred Hearts of Jesus and Mary,*

*urged by the compassion of Christ*

*and responsive to the anguish of Peoples and Planet,*

*are called to help shape Communities*

*of Gentleness, Justice and Peace*

*that witness to the healing, liberating and empowering*

*love of God.”*

### **Mission**

The Sacred Hearts Sisters 1983 Charitable Trust continues to support the main activity of education and running two schools, St John’s Special School, Chigwell and Pield Heath House School, Uxbridge.

## Activities, achievements, specific objectives and relevant policies

### Education

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

#### *Pield Heath House School, Uxbridge*

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



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

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

During the financial year 2022-2023 the number of students remained consistent at 100 with the majority of the students from Hillingdon Local Authority. All students have an Education Health and Care Plan which outlines their needs and the provision required to meet those individual needs. Students needs range from moderate to severe and complex learning needs and difficulties in speech language and communication and sensory processing needs. Students referred are increasingly complex in need requiring staff with specialised knowledge and experience and an increase in the number of support staff required.

As of 31 March 2023, students attending the school came from the following Local Authorities:

Brent	Bucks	Hertfordshire	Harrow	Hillingdon	Hounslow	Slough	Other
5	2	2	6	64	13	4	4

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

**Education** (continued)

*Field Heath House School, Uxbridge* (continued)

*The Curriculum*

The school continues to offer a broad and balanced curriculum. The Curriculum Intent is to “Prepare for life beyond school” and the three curriculum pathways are designed to lead to each pupil’s most likely destination when they leave. Pathway 1 or the pre-formal curriculum, for those with most complex needs, Pathway 2 or semi-formal curriculum for those who need a mixture of developmental and formal curricula and Pathway 3 or formal curriculum for those who are likely to move on to training and employment.

Staff have devised assessment frameworks to complement these and we have introduced Evidence for Learning, an application to track the progress of children and young people towards outcomes as set out in their Education, Health and Care Plans (EHCP’s). Students achieve accreditation in ASDAN Transition Challenge, ASDAN Bronze Award, Functional Skills Entry Level 1, 2 or 3 and Art Entry Level Exams. The school uses Positive Behaviour Support (PBS), a values-led, person centred approach that seeks to understand behaviours and change systems and culture. They also use ‘The Thrive Approach’, a social and emotional assessment and intervention programme. The school employs a full-time occupational therapist and a speech therapist, and has capacity for 2 OT’s and 3 Speech and Language Therapists.

*Section 5 Ofsted Inspection 13-14 July 2022*

In July 2022 the school had an OFSTED inspection. Having previously been judged to be “Requires Improvement”, the trustees and governors were pleased that the school’s review of the curriculum provision and the introduction of the new assessment package was recognised and the school received a judgement of “Good” in all areas.

*Children’s Cross Regional Arrangements Group (CRAGG)*

The school had a successful CRAGG monitoring visit by Buckinghamshire Local Authority in March 2023.

*School life post Covid-19*

Having achieved a judgement of Good in the Section 5 Ofsted Inspection in July the school was able to plan with a renewed level of confidence, its journey of continued improvement. It has been fortunate that all its young people and staff returned healthy and happy at the start of the new academic year in September 2022 as it welcomed 13 new students and their families. The whole school community has been able to come together on a regular basis, which was not possible in the 2021/ 2022 academic year. The school welcomed parents to the first face to face parents’ consultations held over two nights. Parents attending expressed that it was wonderful to be able to see staff face to face. Some parents opted for virtual meetings and this is something which will continue to be offered to ensure we maximise parental engagement.

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

**Education** (continued)

*Field Heath House School, Uxbridge* (continued)

*School life post Covid-19* (continued)

The continued development of the new assessment package and the use of iPads to capture student progress has also led to increased parental engagement. Parents are able to review their child or young person's progress through the parent portal. Parents can also share achievements demonstrated at home and feedback have been very positive.

Pathway 2 and 3 students continue to develop important vocational and transferable work-based skills.

Students value their work placements at The Well, the school Community Café and look forward to their "shifts".

Students are introduced to the concept of sustainability with many of the cross-curriculum projects involving recycling of materials, home growing and handmade items. Students are then an integral part of the "selling" of these items at the school's community events.



*The Sixth Form*

National Open College Network (NOCN) - external verification and moderation took place and as a result the school now holds the Direct Claim Status. Therefore, no external verification of portfolios of work will be required this and next academic year (2022/23 and 2023/24).

ASDAN Towards Independence and Transition Challenge programmes now have the Direct Claim Status as well, which means no external verification of portfolios of students' work will be required this and next academic year (2022/23 and 2023/24).

The school has re-established the link with the local college and students have started their Prince's Trust Achieve Programme which aims to support young people to achieve a range of personal and employability skills and gain qualifications in order to help them with career planning, adjusting to transition and the expectations of College.

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

**Education** (continued)

*Field Heath House School, Uxbridge* (continued)

*Personnel*

In September 2022, an Associate Principal, Head of Sixth Form was appointed. Two permanent SEN teachers were also appointed. These two roles were filled temporarily by two associate principals due to the difficulty recruiting suitably experienced staff.

In November 2022, the School Finance and Operations Manager resigned. This role has been temporarily filled by the school's finance governor.

The residential provision was a key focus for development in 2022-2023. In April 2022 the provision had reduced from 3 nights, to 2 nights and eventually 1-night per week.

Student numbers decreased from 6 per week to 2 per week in September 2022, due to 4 students moving onto Further Education in July 2022. The Head of Care worked with families and Social Services to secure respite for those students who would benefit from a 24hour curriculum. Unfortunately, due to a number of factors which included lack of social workers and funding for some students, this wasn't successful.

As a result, with only 2 students attending one night per week, the difficult decision was taken to suspend the provision until a marketing and business plan, based on a full review and needs analysis is put in place. In February 2023, 3 residential staff were made redundant and 1 shifted into a school position.

*School improvements*

- ◆ The outdoor area of the VBC Complex Needs department is more secure with the new fencing. This enables those classes with students with the most complex needs to access the outdoor space safely.
- ◆ Individual learning environments in the main building of the Sixth form were also improved and redecorated.
- ◆ The temporary fencing outside the boiler house and the basement has been permanently replaced.
- ◆ A new audio-visual system was installed in the school chapel.
- ◆ The chapel, as the place the community comes together each week to celebrate the Catholic Life of the school weekly, has also been redecorated thanks to volunteers who donated the materials and completed the work.

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

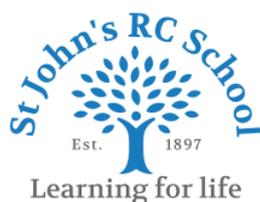
**Education** (continued)

*Field Heath House School, Uxbridge* (continued)

*Future Plans*

- ◆ To review the structure and effectiveness of the Finance, Administration and Premises departments.
- ◆ To ensure robust monitoring of finance processes and control.
- ◆ To review the school fees, residential fees and fee banding structure.
- ◆ To develop a business and marketing plan to ensure sustainability prior to re-opening of St Joseph's residential provision.

*St John's Special School, Chigwell*



St John's RC School is a non-maintained special school offering day provision for pupils aged 5 to 19 with a wide range of needs including moderate to severe learning difficulties, autistic spectrum disorder (ASD) and those with associated speech, language and communication difficulties. The school continues to be very popular with parents and Local Education Authorities (LEAs), with 99 pupils on roll. Based in Woodford Green, Essex the school has students from across the county as well as the London Boroughs. Although a Roman Catholic school, St John's welcomes pupils from all faiths and backgrounds.

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

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

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

**Education (continued)**

*St John's Special School, Chigwell (continued)*

Currently the following local Education Authorities (LEAs) place children at St John's:

Barking & Dagenham	Enfield	Essex	Hackney	Newham	Redbridge	Tower Hamlets	Waltham Forest	Other
4	11	4	4	7	46	8	13	3



*Progress*

The school continues to offer a broad and balanced curriculum, which meets the needs of our young people and promotes preparation for adulthood. The curriculum covers functional maths, English, RE and ICT as well as offering a number of practical subjects such as PE, Food Technology and Horticulture. In the past academic year, the school has increased the use of outside providers to extend the range and variety of activities we can now offer the students the activities now on offer include swimming, horse riding, Lambourne End Farm and Activities Centre, Redbridge Drama Centre and Fairlop water lake for sailing. The sixth form students complete a BTEC accreditation and the formal curriculum students in key stage 4 complete Asdan and AQA awards.



The school offers a sensory, semi-formal and formal curriculum depending on the pupil's individual needs and the targets set out in their Education, Health and Care Plan.

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

**Education (continued)**

**St John's Special School, Chigwell (continued)**

**Pupils**



The school currently has 100 pupils on roll from 11 different local authorities. It receives a number of referrals throughout the year and it is full for September 2023, depending on confirmation of funding. It is also in the fortunate position of having a waiting list of students who are requesting places should these become available the pupils all have an Educational, Health and Care Plan and their individual needs include Global Developmental Delay, autism and Down's syndrome. A large number have communication difficulties, which is why the school is very fortunate to have a team of Speech and Language therapists, a music therapist and an occupational health therapist on site.

**Personnel**

The staff turnover remains quite low. The school has recently appointed both a new English co-ordinator from our existing staff. It has appointed a number of learning support assistants this term to replace staff who have moved on to other posts. It had historically relied heavily on agency staff but has now appointed a number of these agency personnel onto its permanent staff. It hopes to start the new academic term with no agency staff and this will give both staff and students consistency.

In total the school now employs 100 staff across the school and Post-19 college.

**School improvements**

The track that was installed last year continues to be very popular with both students and staff and the signage around the track has been added to in order to encourage the students to use the sensory circuit that runs alongside the track.

The school has also installed an outdoor gym in the post 19 college which is proving very popular with students. The college has also used Jack Petchey funding to purchase garden furniture and outdoor activity resources. It has also purchased a new shed to house all the college garden furniture and outdoor games.

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

**Education (continued)**

**St John's Special School, Chigwell (continued)**

**School improvements (continued)**

The activities and lessons throughout the school focus on the individual needs of students – the school offers a total communication environment that is accessible to all.



**Future plans**

The school continues to develop and invest in facilities, buildings and people. This requires financial resources and so the trustees, governors and senior management are content with the level of free reserves which they consider adequate but not excessive.

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

***Employees***

Both schools strive to be equal opportunities employers and apply objective criteria to assess merit. They aim to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation.

**Financial review**

***Results for the year***

A summary of the year's results can be found on page 25 of this report and accounts.

The statement of financial activities shows net expenditure and a decrease in funds during the year of £63,418 (2022 – net decrease of £355,317) with total income amounting to £9,290,641 (2022 – £8,983,849) and expenditure totalling £9,354,059 (2022 – £9,339,166).

Total income includes £9,224,216 (2022 – £8,736,172) of education fees and related charges generated by the charity's educational establishments.

Other income includes donations and sundry income in the year.

Total expenditure comprises expenditure on the charity's schools and educational establishments of £9,354,059 (2022 – £9,119,578) a. The majority of expenditure relates to staff costs at the two schools which totalled £7,447,609 (2022 – £7,155,747).

Deducting expenditure from income for the year gives a net expenditure figure for the year of £63,418 (2022 – net expenditure £355,317). One of the reasons for this deficit in the year relates to the increase in staff costs, it is hoped that due to a restructure of staffing at Field Heath House School during 2023-2024 and increasing fees will help to avoid a deficit in the 2024 year end.

***Reserves policy and financial position***

***Reserves policy***

The trustees of the charity have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work going forward in respect to education, the level of free reserves should be between 3 and 6 months' projected expenditure.

**Financial review** (continued)

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

*Financial position*

The charity balance sheet shows total reserves of £6,509,041 (2022 – £6,572,459).

Included in this figure was an amount of £750,531 (2022 – £712,757) which was restricted. These monies had either been raised for, and their use restricted to specific purposes, or they comprised donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 14 to the accounts, together with an analysis of movements in the year.

The tangible fixed assets fund totals £1,926,612 (2022 – £2,066,669) and is represented by those tangible fixed assets not financed out of restricted funds.

The balance of general funds at 31 March 2023 was £3,831,898 (2022 – £3,793,033). These funds are deemed sufficient by the trustees being consistent with the reserves policy set out above.

**Governance, structure and management**

***Governance***

In terms of Civil law, the charity is governed by a trust deed dated 23 May 1983 and is a registered charity, Charity Registration No. 287232. The trustees of the charity are appointed by the Congregational Leader (the Congregational Leader is appointed in terms of canon law and is elected every six years at a General Chapter which is a meeting of representatives from all areas of the Congregation). All trustees are members of the Congregation and have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees spend some time with those trustees leaving office. They also meet with the Congregation's Professional advisers in order to obtain a full briefing of their responsibilities and the charity's position. They have also attended appropriate study days..

During the year all or some of the trustees attended:

- ◆ Safeguarding Children in the Catholic Church (CSAS)
- ◆ National Board for Safeguarding Children in the Catholic Church in Ireland (NBSCCI)
- ◆ Trustee training sessions put on by Buzzacott LLP and DE Ford, Insurance Brokers Limited

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

### **Governance** (continued)

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

#### *Sister Kathleen Corbett*

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

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

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

#### *Sister Rosemary Clerkin*

Sister Rosemary Clerkin entered the Congregation in November 1953. Having completed her Novitiate training she trained as a teacher at Notre Dame College of Education in Liverpool (1956–1958) and subsequently taught in St. Mary's School Pembroke Dock Wales (1958–1966). In 1968, having completed a Diploma in the Teaching of Maladjusted children & Young people at the Institute of Education, University College London, she taught for four years in St. Laurence's Home Office Approved School for girls in Frant Sussex.

She was appointed Principal of Allerton Priory School for Girls with Special Educational Needs.(1972–1978). Sister Rosemary was appointed to the Congregation's Formation Programme In 1990 and in 1990 became Superior of Sacred Heart Convent Dagenham. During this time she set up a Day Centre with Nursery for Refugees & Asylum seekers, since known as Harmony House. From 1996–2008 she was a member of the Leadership Team. Since then she has been a member of the Pield Heath community in Uxbridge, where she continues research into the Congregation's history.

#### *Sister Elizabeth Dawson*

Sister Elizabeth Dawson entered the Congregation in January 1965. After qualifying as a teacher in 1974 she taught at St John's Special School, gaining a diploma in teaching Special Needs in 1978. In 1985 Sister Elizabeth transferred to Pontville Residential Special School in Ormskirk, Lancashire where she was head teacher.

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

### **Governance** (continued)

In 1995, Sister Elizabeth went to Zambia and for five years lectured at the Zambian Institute of Special Education (ZAMISE), an in-service College for teachers training to teach children with special educational needs. From 2000, she was engaged in developing Bauleni Street Kids Project which caters for children and young people who are orphaned, vulnerable or disabled. In August 2008, she was elected as Congregational Leader.

After completing her term of office in August 2014 Sister Elizabeth went to Cebu, Philippines where she initiated a 'Home/School Education Programme' for children and young people with complex disabilities who were not able to attend a special education provided by the state.

She returned to England in December 2016 to take up the role of Community Leader in Marian House, Uxbridge, a community for our senior sisters. In March 2022 she was appointed Treasurer General for the Congregation and returned to live in the Chigwell Community.

### *Sister Mary Cathie MacInnes*

Sister Mary Cathie entered the Congregation in the year 2000 from the island of Eriskay in the Western Isles. Before joining the Congregation Sister Mary Cathie worked in the retail business and on the domestic care side of the local Hospital. In 2000 when she left the Western Isles she worked in Pield Heath Special School, gaining experience in teaching youngsters with special educational needs. In 2003 Sister Mary Cathie attended Uxbridge College where she attained a PCET in 2005 for her future role teaching Post 16 adults with Special Educational Needs. In 2006, Sister Mary Cathie was then missioned to Zambia where she opened a Unit for Post 16 Adults with Educational Needs and later in 2009 she became a Director of the Pastoral Needs of the School. In 2013 Sister Mary Cathie returned to the UK to fulfil a pastoral role in a parish in the East End of London until 2015. In 2015 she joined the Community in the Congregation's House of Prayer in North Wales where she continues her pastoral care in the local community and is involved in the running of the House of Prayer as a member of a Team of 6.

### *Sister Julie Rose*

Sister Julie entered the Congregation in 1986 having already obtained her teaching certificate from St Mary's, Strawberry Hill, in 1979 and her diploma in Special Needs in 1984 from the North East London Polytechnic Barking. She gained her MA in Education from Brunel University in 2006. She has taught in St John's Special School, Chigwell and for many years was the Principal of Pield Heath Special School. Sister Julie served on the Congregational Leadership Team from 2002 until 2014 and during that time was a trustee of the UK Charity and Director of the Irish Trust and continued to be the Co-ordinator for the 2 Special Schools.

Sister Julie was elected as Congregational Leader at the Chapter in 2021, prior to her election as Congregational Leader she was the Executive Principal of both special schools, supporting trustees and governors in strategic planning and governance.

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

***Trustees' responsibilities***

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

***Key management***

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

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

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

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

### ***Structure and management reporting***

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

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

### ***Working with other organisations***

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

- ◆ Roman Catholic Diocese of Westminster and Brentwood;
- ◆ Local Authorities where the schools are situated;
- ◆ National Association of Special Schools;
- ◆ "Network" safeguarding group of religious Congregations;

### ***Public Benefit***

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

***"There are two things in life, Jesus Christ and the poorest of God's people"***

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

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

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

### ***Public benefit*** (continued)

One Sister was Executive Principal of the two schools (until 31 March 2022) and attended all Governors' meetings, interviews and deals with all legal matters pertaining to employment and training of staff. She reported to the trustees every three months. This Sister became the Congregational Leader and trustee on the 2 February 2022 and is still attending all Governors meetings to be able to report back to the remaining trustees.

### ***Risk management***

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

The trustees and governors continue to review and update the risks as well as the documents and procedures in place.

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

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

### ***Governance and management***

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

### ***Safeguarding***

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

### ***Financial***

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

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

**Risk management** (continued)

*Reputational*

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

*Operational*

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

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

**Fundraising statement**

We manage our own fundraising activities and do not employ the services of a Professional Fundraiser. Any complaints about the quality of our fundraising activities are thoroughly investigated so that we find ways to improve the service. During the year ending 31 March 2023 we have not received any complaints.

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

**Summary and acknowledgements**

This report is a brief summary of the work of the charity during the year to 31 March 2023. The accompanying accounts with this report show the movement of funds in the year ended 31 March 2023.

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

**Report of the trustees** Year to 31 March 2023

**Summary and acknowledgements**

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

Approved by the trustees and signed on their behalf by:

Julie Rose

Trustee

Approved by the trustees on: 23rd January 2024

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

**Opinion**

We have audited the accounts of The Sacred Hearts Sisters 1983 Charitable Fund (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

**Responsibilities of trustees**

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

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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 UK and Republic of Ireland (FRS 102), the Charities Act 2011; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes and reports from regulatory bodies.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**Auditor's responsibilities for the audit of the financial statements** (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with the Charity Commission and other regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

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

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

26 January 2024

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

## Statement of financial activities Year to 31 March 2023

Notes	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £	
<b>Income from:</b>							
Donations and legacies	1	5,349	5,083	10,432	56,896	5,986	62,882
Charitable activities							
. Provision of education	2	8,767,197	457,019	9,224,216	8,346,429	389,743	8,736,172
Other sources	3						
. Miscellaneous income		46,075	9,918	55,993	151,110	33,685	184,795
<b>Total income</b>		<b>8,818,621</b>	<b>472,020</b>	<b>9,290,641</b>	<b>8,554,435</b>	<b>429,414</b>	<b>8,983,849</b>
<b>Expenditure on:</b>							
Charitable activities							
. Provision of education	4	8,919,813	434,246	9,354,059	8,709,592	409,986	9,119,578
. Loss arising from alleged fraud	5	—	—	—	219,588	—	219,588
<b>Total expenditure</b>		<b>8,919,813</b>	<b>434,246</b>	<b>9,354,059</b>	<b>8,929,180</b>	<b>409,986</b>	<b>9,339,166</b>
<b>Net (expenditure) income and net movement in funds</b>	8	<b>(101,192)</b>	<b>37,774</b>	<b>(63,418)</b>	<b>(374,745)</b>	<b>19,428</b>	<b>(355,317)</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April 2022		5,859,702	712,757	6,572,459	6,234,447	693,329	6,927,776
Fund balances carried forward at 31 March 2023		5,758,510	750,531	6,509,041	5,859,702	712,757	6,572,459

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

All of the charity's activities in the above two financial periods derived from continuing operations.

**Balance sheet** 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
<b>Fixed assets</b>					
Tangible assets	11		<b>2,531,065</b>		2,625,132
<b>Current assets</b>					
Debtors	12	<b>548,840</b>		1,030,461	
Short term deposits		<b>74,194</b>		128,304	
Cash at bank and in hand		<b>3,757,332</b>		3,452,613	
		<b>4,380,366</b>		4,611,378	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	<b>(402,390)</b>		(664,051)	
<b>Net current assets</b>			<b>3,977,976</b>		3,947,327
<b>Total net assets</b>			<b>6,509,041</b>		<b>6,572,459</b>
<b>The funds of the charity</b>					
Restricted funds	14		<b>750,531</b>		712,757
Unrestricted funds					
. Tangible fixed assets fund	15	<b>1,926,612</b>		2,066,669	
. General fund		<b>3,831,898</b>		3,793,033	
			<b>5,758,510</b>		5,859,702
			<b>6,509,041</b>		<b>6,572,459</b>

Approved by the trustees and signed on their behalf by:

Julie Rose

Trustee

Approved on: 23rd January 2024

**Statement of cash flows** Year to 31 March 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>517,485</b>	175,370
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<b>(266,876)</b>	(296,868)
<b>Net cash used in investing activities</b>		<b>(266,876)</b>	(296,869)
<b>Change in cash and cash equivalents in the year</b>		<b>250,609</b>	(121,498)
<b>Cash and cash equivalents at 1 April 2022</b>	B	<b>3,580,917</b>	3,702,415
<b>Cash and cash equivalents at 31 March 2023</b>	B	<b>3,831,526</b>	3,580,917

**Notes to the statement of cash flows for the year to 31 March 2023.**

**A Reconciliation of net movement in funds to net cash provided by operating activities**

	2023 £	2022 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(63,418)</b>	(355,317)
<b>Adjustments for:</b>		
Depreciation charge	<b>350,559</b>	363,325
Net loss on disposal of tangible fixed assets	<b>11,946</b>	4,541
Decrease (increase) in debtors	<b>469,215</b>	(219,587)
(Decrease) increase in creditors	<b>(250,817)</b>	382,408
<b>Net cash provided by operating activities</b>	<b>517,485</b>	175,370

**B Analysis of net debt i.e. cash and cash equivalents**

	2022 £	2021 £
Short term deposits (less than three months)	<b>74,194</b>	154,075
Cash at bank and in hand	<b>3,757,332</b>	3,548,340
<b>Total cash and cash equivalents</b>	<b>3,831,526</b>	3,702,415

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

#### **Basis of preparation**

These accounts have been prepared for the year to 31 March 2023 with comparative information provided in respect to the year to 31 March 2022.

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 judgments and estimates.

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

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

#### **Assessment of going concern**

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

In making that assessment, the trustees have considered the impact of the alleged fraud on the charity's financial position.

The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

### **Income recognition**

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

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

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

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

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

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

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

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 been transferred to the charity.

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

**Income recognition** (continued)

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

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

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

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

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

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

**Expenditure recognition**

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings.

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

- ◆ Teaching costs i.e. the cost of teaching and support staff salaries, including pensions and national insurance contribution, educational needs such as books and learning resources and activities.

#### **Expenditure recognition (continued)**

- ◆ Welfare costs i.e. all domestic costs associated with the schools including employment costs, consumables and catering costs.
- ◆ Premises costs i.e. all costs associated with the premises, grounds and estate belonging to the charity and used for the purposes of education.
- ◆ Administration costs i.e. the costs which are directly attributable to the management of the charity's assets and organisational procedures.

All expenditure is stated inclusive of irrecoverable VAT.

The loss arising from the alleged fraud has been determined following a detailed review of the school's financial records by specialist forensic accountants. The loss arose during the period July 2021 to September 2022 and the full estimated loss during that period has been accounted for in these accounts.

#### **Allocation of support and governance costs**

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

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

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

#### **Tangible fixed assets**

- ◆ Inalienable land and buildings  
The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the trustees of the governing bodies of Catholic voluntary-aided schools, which are separate charities and publicly funded, are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.
- ◆ Other freehold land and buildings  
The original land and buildings were financed and provided by the Congregation and as such the assets were transferred to the CIO at 31 March 2019. Expenditure to adapt and improve the buildings financed directly by the schools is capitalised in these accounts. Such improvements are depreciated at between 2% and 10% per annum.

**Tangible fixed assets** (continued)

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

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

◆ Furniture and equipment

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

◆ Motor vehicles

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

**Debtors**

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

**Cash at bank and in hand**

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

**Creditors and provisions**

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

**Fund accounting**

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

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

**Fund accounting** (continued)

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

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

**Pension costs**

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

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

**Services provided by members of the Congregation**

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

**Operating leases**

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

Notes to the accounts 31 March 2023

**1 Donations and legacies**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
<b>Total funds: Donations</b>	<b>5,349</b>	<b>5,083</b>	<b>10,432</b>	56,896	5,986	62,882

**2 Income from charitable activities**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
<b>Provision of education</b>						
Education fees and charges	6,773,864	—	6,773,864	6,336,126	—	6,336,126
Grants, contracts and agreements						
. Department for Education						
.. Base Funding	1,993,333	—	1,993,333	1,976,667	—	1,976,667
.. Standards Fund	—	16,184	16,184	45,060	—	45,060
.. Capital improvements grant	—	82,214	82,214	—	82,187	82,187
.. Conditions grant	—	39,363	39,363	—	—	—
.. Looked after Children	—	—	—	—	11,743	11,743
.. Covid Catch up Premium	—	32,558	32,558	—	46,285	46,285
.. Covid Mass testing Grant	—	—	—	—	—	—
.. Mass testing exception	—	—	—	(11,424)	—	(11,424)
.. Schools Emergency support	—	—	—	—	—	—
.. Covid Vaccination grant	—	2,105	2,105	—	—	—
.. Covid Tutoring Grant	—	14,038	14,038	—	5,243	5,243
.. Covid Recovery Premium	—	31,871	31,871	—	6,308	6,308
.. Teachers' Pension Grant	—	103,055	103,055	—	82,875	82,875
.. PE Grant	—	7,000	7,000	—	23,203	23,203
.. Teachers' Pay Grant	—	55,035	55,035	—	67,059	67,059
.. Pupil Premium	—	73,596	73,596	—	64,840	64,840
	<b>1,993,333</b>	<b>457,019</b>	<b>2,450,352</b>	2,010,303	389,743	2,400,046
<b>Total funds</b>	<b>8,767,197</b>	<b>457,019</b>	<b>9,224,216</b>	8,346,429	389,743	8,736,172

**3 Income from other sources**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
<b>Total funds: Other miscellaneous income</b>	<b>46,075</b>	<b>9,918</b>	<b>55,993</b>	151,110	33,685	184,795

**4 Provision of education**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Teaching	6,422,571	370,758	6,793,329	6,152,305	358,408	6,510,713
Welfare	670,142	25,619	695,761	629,389	15,538	644,927
Premises (including depreciation)	1,125,594	37,869	1,163,463	1,114,787	35,155	1,149,942
Management of the schools	662,990	—	662,990	750,345	885	751,230
Allocation of support costs (note 6)	38,516	—	38,516	62,766	—	62,766
<b>Total funds</b>	<b>8,919,813</b>	<b>434,246</b>	<b>9,354,059</b>	8,709,592	409,986	9,119,578

## 5 Alleged fraud

In February 2022, Governors of Pield Heath House School were informed that the school was expected to show a surplus of £12,000 for the year to 31 March 2022. However, in June 2022, they were informed that the school had a deficit in excess of £500,000.

Subsequent to the financial year end, the governors requested further explanations for this unexpected deficit.

At the same time, queries were raised by the Finance Manager and trustees of the charity in relation to increased expenditure in relation to certain suppliers.

As a result, a detailed review of the school's financial records was carried out and a number of irregularities were uncovered. The auditors, bankers and HR and legal advisors were all notified of these findings as well as the Charity Commission by a Serious Incident Report on the 14 October 2022. It is believed that the irregularities are evidence of an alleged fraud which took place between July 2021 and September 2022 by a member of staff. As part of the investigations the staff member suspected of the alleged fraud was suspended and subsequently left the school's employment.

Forensic accountants were appointed by the school and an audit was carried out for internal purposes. This was completed in April 2023 and confirmed that the total amount allegedly misappropriated was £219,588.

The police were notified and in November 2022 they began an investigation. The investigation is ongoing.

As a result of the fraud, the school's financial controls have been reviewed and policies, actions and procedures have either been reinforced or updated where necessary.

## 6 Support costs

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Legal and professional fees	9,323	—	9,323	17,460	—	17,460
Governance costs (note 7)	29,010	—	29,010	45,180	—	45,180
Miscellaneous expenditure	183	—	183	126	—	126
<b>Total funds</b>	<b>38,516</b>	<b>—</b>	<b>38,516</b>	<b>62,766</b>	<b>—</b>	<b>62,766</b>

## 7 Governance costs

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
<b>Total funds:</b>						
Professional fees	29,010	—	29,010	45,180	—	45,180

## 8 Net (expenditure) income and net movement in funds

This is stated after charging:

	<b>Total 2023 £</b>	Total 2022 £
Staff costs (note 9)	<b>7,447,609</b>	7,155,747
Auditor's remuneration:		
. Statutory audit – overall accounts	<b>4,230</b>	3,840
. Non-statutory audit – schools	<b>24,780</b>	32,340
Depreciation	<b>350,559</b>	363,325
Operating lease rentals	<b>32,371</b>	32,371

## 9 Staff costs and remuneration of key management

	<b>2023 £</b>	2022 £
Staff costs during the year were as follows:		
Wages and salaries	<b>5,273,724</b>	5,133,112
Social security costs	<b>500,232</b>	452,180
Other pension costs	<b>566,920</b>	555,758
	<b>6,340,876</b>	6,141,050
Payments to agency staff	<b>1,090,874</b>	999,968
Apprenticeship levy	<b>15,859</b>	14,729
	<b>7,447,609</b>	7,155,747

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

	<b>2023 £</b>	2022 £
Staff costs per function were as follows:		
Provision of education	<b>7,447,609</b>	7,155,747

There were five employees (2022 - six) who earned between £60,000 and £70,000 per annum, two employees (2022 - one) who earned between £70,001 and £80,000 per annum, and no employee (2022 - one) who earned between £90,001 and £100,000 per annum (excluding employer's pension contributions but including taxable benefits) during the year. Employer's pension contributions into the defined benefit scheme for those employees totalled £114,251 (2022 - £127,937).

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

	<b>2023 No.</b>	2022 No.
Provision of education	<b>198</b>	211

During the year, the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the trustees, the governors of the schools and Headteachers of the schools. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £211,406 (2022 - £223,287).

No trustee or governor received any remuneration in respect to their services during the year (2022 - £nil) nor any reimbursements of expenses (2022 - £nil).

## 10 Taxation

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

## 11 Tangible fixed assets

	Freehold land and buildings £	Furniture & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2022	4,255,358	811,747	184,068	<b>5,251,173</b>
Additions	174,117	94,321	—	<b>268,438</b>
Disposals	(49,849)	(65,941)	—	<b>(115,790)</b>
At 31 March 2023	<u>4,379,626</u>	<u>840,127</u>	<u>184,068</u>	<b><u>5,403,821</u></b>
<b>Depreciation</b>				
At 1 April 2022	1,923,515	531,696	170,830	<b>2,626,041</b>
Charge for the year	212,006	130,197	8,356	<b>350,559</b>
On disposals	(37,903)	(65,941)	—	<b>(103,844)</b>
At 31 March 2023	<u>2,097,618</u>	<u>595,952</u>	<u>179,186</u>	<b><u>2,872,756</u></b>
<b>Net book values</b>				
At 31 March 2023	<u>2,282,008</u>	<u>244,175</u>	<u>4,882</u>	<b><u>2,531,065</u></b>
At 31 March 2022	<u>2,331,843</u>	<u>280,051</u>	<u>13,238</u>	<b><u>2,625,132</u></b>

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

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

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

## 12 Debtors

	2023 £	2022 £
Education fees and charges	<b>465,220</b>	928,104
Prepayments and accrued income	<b>79,931</b>	100,449
Other debtors	<b>3,689</b>	1,908
	<b><u>548,840</u></b>	<u>1,030,461</u>

### 13 Creditors: amounts falling due within one year

	2023 £	2022 £
Social security and other taxes	53,287	135,508
Accruals and deferred income	137,587	89,936
Alleged fraud	—	113,743
Other creditors	211,516	324,864
	<b>402,390</b>	<b>664,051</b>

### 14 Restricted funds

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

	At 1 April 2022 £	Income £	Expenditure £	At 31 March 2023 £
Capital grants fund	223,033	82,214	(52,544)	252,703
St John's R.C. Special School development fund	26,217	—	(3,419)	22,798
Pield Heath House School appeal fund	92,434	1,252	(6,511)	87,175
Pield Heath House School cycle track and mobility training centre fund	158,317	—	(13,193)	145,124
Other restricted funds	212,756	388,554	(358,579)	242,731
	<b>712,757</b>	<b>472,020</b>	<b>(434,246)</b>	<b>750,531</b>

	At 1 April 2021 £	Income £	Expenditure £	At 31 March 2022 £
Capital grants fund	183,840	82,187	(42,994)	223,033
St John's R.C. Special School development fund	35,962	—	(9,745)	26,217
Pield Heath House School appeal fund	97,712	1,234	(6,512)	92,434
Pield Heath House School cycle track and mobility training centre fund	171,510	—	(13,193)	158,317
Other restricted funds	204,305	345,693	(337,242)	212,756
	<b>693,329</b>	<b>429,114</b>	<b>(409,686)</b>	<b>712,757</b>

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

- ◆ Capital grants fund  
This fund represented the liability of the trustees to repay to Government Departments any grants made from public funds towards the capital costs of buildings, additions or improvements thereto, such grants being subject to an undertaking to repay in the event of the asset ceasing to be used for the purpose for which the grant was made.
- ◆ St John's R.C. Special School development fund  
This fund was established in 1994 to raise monies to enhance the development of St John's School.

#### 14 Restricted funds (continued)

- ◆ Pield Heath House School appeal fund  
This fund was established as a separate fund on 3 November 1988. The fund consists of monies donated to the appeal specifically set up to raise and manage funds required to finance the redevelopment and maintenance of the school buildings, and any other improvements, which from time to time may be necessary. Appeal funds may also be used for any purpose connected with the school, its equipment and pupils, at the discretion of the appeal committee.  
  
In the event that the appeal fund is dissolved for any reason, any assets remaining shall be given to the school for its general purposes.  
  
In the event that the premises no longer function as a school, the monies may be used at the discretion of the trustees of the Sacred Hearts Sisters 1983 Charitable Fund.  
  
Transfers from the fund represent expenditure on tangible fixed assets. When the asset is purchased, an amount equal to its cost is released to unrestricted funds.
- ◆ Pield Heath House School cycle track and mobility training centre fund  
This fund represents the net book value of the specialist cycle track and mobility training centre at Pield Heath House School, Hillingdon, Middlesex which was constructed by Hillingdon Council with support from TfL and Marathon Trust.
- ◆ Other restricted funds  
These funds comprise grants and donations received mainly in order to fund events at, and the purchase of equipment within, certain of the charity's homes and schools.

#### 15 Tangible fixed assets fund

	Total 2023 £	Total 2022 £
At 1 April 2022	2,066,669	2,158,806
Net movement in year	(140,057)	(92,137)
At 31 March 2023	<b>1,926,612</b>	<b>2,066,669</b>

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

#### 16 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Restricted funds £	Total 2023 £
<b>Fund balances at 31 March 2023 are represented by:</b>				
Tangible fixed assets	—	1,926,612	604,453	2,531,065
Net current assets	3,831,898	—	146,078	3,977,976
<b>Total net assets</b>	<b>3,831,898</b>	<b>1,926,612</b>	<b>750,531</b>	<b>6,509,041</b>

**16 Analysis of net assets between funds (continued)**

	General fund £	Tangible fixed assets fund £	Restricted funds £	Total 2022 £
Fund balances at 31 March 2022 are represented by:				
Tangible fixed assets	—	2,066,669	558,463	2,625,132
Net current assets	3,793,033	—	154,294	3,947,327
<b>Total net assets</b>	<b>3,793,033</b>	<b>2,066,669</b>	<b>712,757</b>	<b>6,572,459</b>

**17 Pension commitments**

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

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

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

***Valuation of the Teachers' Pension Scheme***

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

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

The contributions payable to the Scheme for the year were £ (2022 - £445,552).

## 18 Operating lease commitments

At 31 March 2023, the charity had the following future minimum commitments under non-cancellable leases:

	Equipment	
	2023 £	2022 £
Operating lease payments due:		
. Within one year	<b>30,210</b>	30,210
. One to two years	<b>29,061</b>	26,901
. Two to five years	<b>26,064</b>	33,648
	<b>85,335</b>	90,759

## 19 Related party transactions

Certain of the trustees of the Charitable Trust are also trustees of the Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804).

During the year the Charitable Trust paid the CIO £9,323 (2022 - £7,246) towards staffing costs borne by the CIO in administering the Charitable Trust. The Charitable Trust paid the CIO £217,500 (2022 - £290,000) in the year as a rental for the two schools' buildings occupied under licence by the Charitable Trust. In 2022 the Charitable Trust paid the CIO a salary for one sister who was employed by the Charitable Trust as Executive Pricipal, nothing was paid in 2023 (2022 - £76,793). The CIO donated £nil (2022 - £40,800) to one of the schools within the Charitable Trust during the year to assist towards staffing costs.

There were no other related party transactions during the year which require disclosure (2022 - none).

## 20 Other connected entities

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

## 21 Contingent liability

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

## 22 Ultimate control

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