

**Society of  
the Sacred  
Heart  
Charitable  
Trust**

**Annual Report and Accounts**

30 June 2016

Charity Registration Number 227848



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

<b>Trustees</b>	Sister Christine Austin Sister Carol Condon (appointed July 2016) Sister Maureen Cunnion Sister Christine Edwards Sister Jane Maltby Sister Sheila McNamara Sister Lorraine Pratt Sister Margaret Walshe  The trustees are incorporated under section 251 of the Charities Act 2011 as “The Trustees for the Society of the Sacred Heart”.
<b>Provincial Superior</b>	Sister Jane Maltby
<b>Administrative Address</b>	3 Bute Gardens Hammersmith London W6 7DR
Telephone	020 8741 4688
Facsimile	020 8834 7380
<b>Charity Registration Number</b>	227848
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC Bank plc 53-55 Uxbridge Road London W5 5SA
<b>Solicitors</b>	Pothecary Witham Weld 70 St George’s Square London SW1V 3RD
<b>Investment managers</b>	Sarasin & Partners LLP Juxon House 100 St Paul’s Church Yard London EC4M 8BU

The trustees present their annual report together with the accounts of the Society of the Sacred Heart Charitable Trust (the 'charity') for the year ended 30 June 2016.

The accounts have been prepared in accordance with the accounting policies set out on pages 34 to 40 of the attached accounts and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later have been followed in the preparation of this report and accounts.

### **Objectives, activities and relevant policies**

#### **◆ Objectives**

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

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

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

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

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

## Objectives, activities and relevant policies (continued)

### ♦ Review of activities



### The advancement of education

The Society of the Sacred Heart was founded in 1800 with the aim of providing Christian education in a time and place where this was lacking. In this Province we expanded from providing boarding schools for girls to running co-educational Primary schools, Secondary schools and Teacher Training Colleges, one of which is now incorporated into the University of Roehampton. There is an educational dimension to the lives of all of the members which permeates all our ministries, service and relationships. We are all educators. This implies a willingness to be open to accept, listen to and learn from others and a generosity of spirit which leads each one to give freely from her experience and wisdom, desiring the growth and development of the other. For many, this daily effort to live in genuine relationships of mutual interaction is lived out in a variety of contexts and in collaboration with many other people so that together all may grow.

Very few sisters now work in formal education, one exception being Sister Siobhan Burke, who works as a maths coach at Sacred Heart High School in Fenham, Newcastle, originally founded by the Society. She writes:

*I work within the maths department (around 14 members of staff) and assist in classes, support students in one-to-one sessions and help with the admin of the department. During the year I particularly worked with Sixth Form students, in one-to-one sessions with the lower ability students and those who needed a bit of extra support, sometimes for medical reasons or anxiety issues. I also did similar work with Year 7 to Year 11 students too.*

**Objectives, activities and relevant policies (continued)**

♦ **Review of activities (continued)**

**The advancement of education (continued)**

Sister Janet Hopper, who had a voluntary placement in the Chaplaincy of Sacred Heart School in Hammersmith during her noviciate, has continued to help out there. Others have been able to transfer their skills and experience to related fields. So, for example, Sister Carol Condon continues to teach English to refugees and migrants. Others are Governors of schools; Sister Lorraine Pratt is Chair of Governors at the Sacred Heart High School in Hammersmith, the one school still in the Trusteeship of the Society in this Province. Some work with university students.

**Barat House, Roehampton**



Barat House is a residence on the campus of Digby-Stuart College, part of the University of Roehampton, occupied by a small community of Sisters and students. The Sisters write:

*During the year we have continued to develop our links within the University, offering support and interest to projects undertaken by students and staff. We have been guests at lunches and drinks parties to welcome new staff, and attended one of the Digby Winter Festival Dinners, the Carol Service, and Staff Dinners and celebrations at the end of terms. Digging and planting the garden around Barat leads to many conversations and the 'Weed and Wine' group have met to weed the Peace Garden some Friday evenings after work. In term time we have celebrated the Eucharist with a small group of students on a Sunday. As members of the Digby Stuart Liaison Group we meet with the Principal and other staff to keep updated with events both within the College and the University. When possible we have also joined staff and students for lunch in the Chaplaincy on a Tuesday, prepared by either the Chaplains or Heads of College of Southlands and Digby Stuart.*

**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

**The advancement of education** (continued)

***The Sacred Heart Schools and College Network***

Through the Sacred Heart Schools and College Network we support the work of schools and a college founded by the Society but which have since been handed over to others to manage. The English Network is part of a European Network, and also has close links with the US Network and with schools and their staff in other countries. The Society employs a Network Co-ordinator, who reports on a few aspects of her work this year:

*Each year the Network highlights one of the Goals of Sacred Heart Education. This year the Goal has been Community. This goal has underpinned much of the activity of the network this year and ethos related events and presentations in the schools. Thus we have been encouraging young people and our institutions to reflect on the importance of community in our lives, how to build and develop it and how to instil the principles of inclusion and mutual responsibility, with practical opportunities to do so.*

*Conferences for staff of the Schools and College: Our programme of meetings continued this year with agenda items related to our goal of Community and to our project, "Articulating the Goals". We have a new document and official logo for the Goals ready for the new academic year in September 2016. All this helps build up our sense of connectedness and identity, as well as aiding our different school communities to understand the mission of the network. Meeting agendas also included feedback from visits to the United States Network in June and October 2016 and the International Headteachers' Conference in Mexico in October 2016. This again widens awareness of our international identity, shared mission and brings the rest of the world much closer to our everyday lives. The visit to the US included a day at the United Nations with Sister Cecile Meijer RSCJ.*



**Objectives, activities and relevant policies (continued)**

◆ **Review of activities (continued)**

**The advancement of education (continued)**

***The Sacred Heart Schools and College Network (continued)***



*International: Our schools linked up electronically in an international "Philippine Project" to raise awareness of the problems around migration. Prayers on the related issues were shared across 41 schools worldwide on a map produced by one of our teachers in London, again bringing us closer together and getting a glimpse of each other's perspectives. The first steps have been taken to link St Teresa's School in Haregaon, India, with Woldingham School in Surrey. Throughout the year a group of students from Sacred Heart School in Newcastle have made preparations for a visit to Kenya, to spend four days at one of our sister schools in the Kibera slum in Nairobi and to visit a village in the Masai region. The trip took place in July-August 2016, and one of the leaders was the Network Co-ordinator.*



**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

**The relief of poverty**

Individuals, communities and the Province community as a whole act in and/or donate funds to various projects. It is not always possible to describe these activities in detail as some members are engaged with vulnerable children and adults in very sensitive situations and confidentiality has to be respected.

The Province administers the Ministry Support Fund, which once a year gives small grants of varying sums to small, local projects nominated by RSCJ who are in some way associated with them.

The following are accounts of two ways in which we seek, in partnership with many others, to respond to the needs of the world locally and globally. Both refer to projects which have received Ministry Support Fund grants.

***Boleyn Road community***

The members of Boleyn Road community, in a poor, multi-cultural part of Newham Borough, work principally within local projects. Sister Mary Barrow has continued her ministry to refugees and asylum seekers at RAMP (Refugees and Migrants Project), by organising the volunteers and raising funds, along with collecting food from churches, mosques, schools and other organisations to help keep this necessary service running. After Christmas the community hosted an afternoon at Boleyn Road for the volunteers. It was a Thank You in a setting unlike RAMP, just for them and their children. It was a memorable occasion which they enjoyed immensely.



**Objectives, activities and relevant policies** (continued)

◆ **Review of activities** (continued)

**The relief of poverty** (continued)

***Woking community - Traidcraft***

Whereas Boleyn Road's focus is local, that of the Woking community is global. The Sisters report:

*Work with Traidcraft is central to our ministry. We continue with regular Traidcraft commitments at St Dunstan's and St Andrew's Churches and we have facilitated Traidcraft events at a number of other local churches. We also attended two Open Days, held at Amnesty International's headquarters, during the course of the year. The Ministry Support Fund enabled us to send £5,000 to Traidcraft's "Let it Grow" campaign. We also collect large amounts of second hand school uniform etc for onward shipment to Ghana and Uganda by the Diocese and a group of local churches.*

**The advancement of the Roman Catholic religion**

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

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

- ◇ Parish ministry;
- ◇ Chaplaincy ministry;
- ◇ Spirituality – spiritual and retreat direction, formation in faith and prayer;
- ◇ Ecumenical and interfaith dialogue and collaboration, and the facilitation of faith groups (this is often an underlying aspect of our work in spirituality in general, and our presence and activities in multi-cultural, multi-faith settings such as Forest Gate in East London, Hayes in Middlesex and the Roehampton campus).

**Objectives, activities and relevant policies (continued)**

♦ **Review of activities (continued)**

**The advancement of the Roman Catholic religion (continued)**

***Parish ministry***

In September 2015 the Society started a new community in Walker, in Newcastle, when two – later three – Sisters moved into an unoccupied presbytery beside the parish church. The community reports on their first year:

*We live in the Presbytery – it had been unoccupied for over a year because the parish priest had moved to a flat in the Byker Wall where his other church is situated. Our parish is very small in numbers but from Day One we have received the warmest of welcomes. The average age is about 75 and those who come to Church are friendly and have made us feel very at home.*



*It takes time to settle and we decided to go slowly and see what the needs were in the area. We have taken small steps and have tried to be ordinary members of the parish, and so we are readers and Eucharistic ministers. The parish priest comes to dinner every now and again and we feel blessed to have him here.*

*During Lent we offered two prayer groups and we have been and are involved in other 'spirituality' ventures, including spiritual accompaniment, retreat work and Capacitar beyond the parish.*

*However, in our desire to be rooted in the area we consulted some of the parish and, as a result, we opened a café. Vinny's Café is situated at the back of the church as this is the only space that the parish has for any social events. We have coffee there after Mass on Sundays and had the parish tea party there at Easter. The Café has been a successful venture and we open every Wednesday in term-time as our biggest clientele comes from Primary school parents. A hopeful offshoot of this will be cookery classes in September.*

**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

**The advancement of the Roman Catholic religion** (continued)

***Hammersmith***

Several retired Sisters live in Bute Gardens. Sister Bernie Sacco reports:

*Living here at Bute Gardens offers the possibility for daily Mass and an involvement in the life of the Parish. It is a place of meeting young families as well as a number of people of different ages. I am amazed at how they share their joys as well as their concerns so trustfully. However, the apostolate goes beyond the confines of Parish life. An elderly group continue to meet here as they are eager to further their understanding and appreciation of Scripture. Days are well filled as we offer our services wherever they are needed and receive help as well.*

***Chaplaincy ministry***

As reported in the Education section, the Barat House community have a ministry of presence and participation in the campus and Chaplaincy of the University of Roehampton. Elsewhere, Sister Silvana Dallanegra has been involved in the Oxford University Catholic Chaplaincy for several years. She reports:

*This year I have once again co-convened a Samuel Group (helping young people discern) with one of the Chaplains, and taken part in various events, meals and discussions. I have accompanied students and members of the university, in a retreat in daily life as well as ongoing direction or shorter-term help with a specific issue or discernment, and I have continued to be the 'spiritual guide' for a Young Adults Christian Life Community. I am also the Chaplaincy's Safeguarding Representative, working mostly with the students who visit and take Communion to some elderly, housebound people. Much of the time, though, I've simply 'been there', part of the welcome, life and activity of the Chaplaincy community.*

**Objectives, activities and relevant policies (continued)**

♦ **Review of activities (continued)**

**The advancement of the Roman Catholic religion (continued)**

***Spirituality ministry***

Several Sisters work as spiritual and retreat directors, often in an ecumenical context and in retreat and spirituality centres run by others. Sister Sheila McNamara describes her work:

*St Antony's Priory is an ecumenical Spirituality Centre in the heart of Durham. My work there involves spiritual accompaniment and supervision, training others in spiritual accompaniment, leading quiet days and retreats, and following my passion for working with school staff in nurturing the spirituality of educators. Occasionally my work involves leading sessions for educators in other Dioceses. Working with others as part of the Diocesan Spirituality Network has involved leading a variety of sessions on prayer and spirituality. Being part of the Cathedral music group is also a ministry I enjoy.*





**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

**The advancement of the Roman Catholic religion** (continued)

***Llannerchwen***

The Society has owned and managed this small, unique retreat centre near Brecon since 1979. It offers people from all walks of life and faith backgrounds the opportunity for a time of silence and solitude, with the option of daily or occasional accompaniment if desired. In recent years ensuring a continuity of RSCJ presence in this place has been difficult. Therefore, for the past two years the Society has been engaged in a process which would ensure the continuation of the centre, by appointing two suitably trained and experienced people to manage the centre and the property on our behalf.

In June 2015 the posts were advertised, and shortlisted applicants were interviewed in October. Two women were appointed, and moved to Llannerchwen in June, where they had a three-week handover with Sister Stephanie Romaine, the last RSCJ still living there. The two appointees will be managed by our HR Consultant and supported by an Advisory & Support Team comprising RSCJ and retreat directors who have been visiting directors at Llannerchwen.

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

‘Jesus is calling us to be “Women of Heart”, giving us the possibility of listening once more to God’s dream for humanity, which moves us to make each action of our lives brim over with love. In community we wish to give each other mutual support in the certainty that the dream can be fulfilled.’ (Life Unfolding – Society of the Sacred Heart 2013)

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

Those who serve in the government and administration of the Province, Sisters and laity, do so in support of the members.

The local community is the primary place where each member receives the support she needs, for herself personally and in undertaking our charitable works. By their vows, made in and to the Society, RSCJ are also committed, at local and structural levels, to facilitate each other’s personal, spiritual and psychological growth and wellbeing.

**Objectives, activities and relevant policies (continued)**

♦ **Review of activities (continued)**

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

Support of the members begins from the very first stages of formation and incorporation. RSCJ are appointed by the Provincial – after consultation with the Province – to accompany and support newer members through each stage, ie candidacy, noviciate and temporary vows, and through each discernment and transition. Those in formation are enabled to attend courses and meetings with their peers in other congregations and in the Society in Europe, thus helping them to deepen their understanding of religious life and the spirituality and mission of the Society, and to grow in the relationship with God which will sustain them in living our aims and priorities.



The noviciate is a time – usually lasting two years – when no paid work is undertaken – though novices will have some voluntary placements which give them opportunities to experience our aims in action. During this time their National Insurance contributions are paid for them; contributions are also paid for others who have left paid work in order to carry out some form of service for the Society or to undertake training or study.

The Society recognises that there are times when its members may need a sabbatical time, lasting from a few months to a year, for example after finishing a particularly demanding ministry or service in the congregation. Each one determines, with the Provincial, what her needs might be and the location and shape of her sabbatical; for example whether she needs solitude, to spend time in another country, do a course or another option which would give her both rest and renewed energy for mission. This year two members of the Province have had sabbaticals lasting a year, and another had a few months in between responsibilities, all spent quietly, and mostly in this country.



**Objectives, activities and relevant policies (continued)**

◆ **Review of activities (continued)**

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



The Society continues to sell and buy, adapt and develop community housing in order to enable the members to live out their ministries in the wider community for as long as possible.

***Duchesne House***

We offer care to our sick and frail Sisters in Duchesne House, a 21 bed care home run by an experienced manager who works closely with the Society of the Sacred Heart. The home receives consistently good reports from the Care Quality Commission and the manager is often called on to advise other care homes. The aim of the home is to enable the Sisters to live their lives as fully as possible until the end. At present the home is not fully occupied, which means that the staff are able to give more time to residents. The home is also used for respite care for Sisters recovering from an illness or operation.

**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

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

***Duchesne House*** (continued)



New staff members are given an induction which helps them to understand the values of the Society, and the background from which the Sisters come. The Society appoints a Chaplain, who celebrates the Eucharist daily and is available to see individual Sisters if they wish. The Society has also appointed two community coordinators who cover the week between them and respond to the pastoral and social needs of the Sisters. They facilitate times of prayer, reflection and spiritual reading. They also facilitate communication with families and friends, encourage visits and foster links with the local community. For example, groups from the local nursery and Primary school visit the Sisters and sing for them. The Sisters are encouraged to attend outside events and take part in local activities, if they are able, and visitors come from the local community to give talks.

Various forms of entertainment are offered, including concerts and singing. Members of the local community join the Sisters for their weekly Tai Chi class, and a volunteer comes on Mondays to visit the Sisters and take them on a short outing if they wish. The Sisters are encouraged and supported in pursuing personal interests and hobbies, and in suggesting activities that they would like to have. Opportunities for activities like art, cookery and table games are offered, and birthdays of residents and staff are celebrated, as are Christian festivals and other occasions. The fact that the staff come from diverse ethnic backgrounds is enriching and enables the Sisters to learn about and celebrate other cultures.

**Objectives, activities and relevant policies** (continued)

♦ **Review of activities** (continued)

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

***Duchesne House*** (continued)

A monthly community meeting is held with the care manager and the community facilitators, where residents can raise any issues they wish and share ideas and concerns. Sisters are invited to make suggestions for menus.

The RSCJ in Woking who are engaged in promoting Fair Trade come before Christmas to enable the Sisters to buy Christmas cards and gifts, and Sisters are accompanied in going shopping if they need help. Members of the England/Wales province of the Society, and visiting Sisters from other countries come to the community to share what they are doing. The Sisters keep in touch with national and international news through TV, newspapers and the internet. Sisters who wish and are able to use them have computers.

The Society of the Sacred Heart has appointed two Sisters who have a particular responsibility for keeping the Sisters in touch with news and events within the Society. They also ensure that Sisters have the opportunity for individual meetings with another Sister or with someone with whom they can share personal thoughts and concerns.

The Society continues to review the care and support provided to its older members. Following a discussion at the Province Day in March a small group was convened, beginning the process of looking at the future of Duchesne House and facilitating a questionnaire aimed at enabling Province members to express their wishes for care in later years.

♦ **Future plans**

We will continue to work with other Provinces of Europe in a process towards the restructuring of the European Provinces for the sake of mission.

We will meet for four days with members of the Province of Ireland / Scotland to look at ways of sharing our resources and exploring ways of working more closely together.

We will meet as a Provincial community to continue our Provincial planning in line with the General Chapter outcomes.

We will have a team building day with our collaborators to share the outcomes of the General Chapter and the ways forward for the life of the Province.

We will continue to work with our Human Resources Consultant in developing the management and use of resources of Duchesne House in order to respond effectively to the needs of the Sisters there and to fulfil Government requirements.

We will finalise a Strategic Plan for the use of our assets and resources for the sake of mission into the future.

**Objectives, activities and relevant policies (continued)**

♦ **Future plans (continued)**

The Financial Advisory Committee (FAC) will evaluate its role following consultation with the members.

♦ **Investment policy**

The charity has a number of investment properties which are occupied by tenants at a market rent determined by the trustees with professional advice. At 30 June 2016 the market value of the investment properties was £2,705,000 (2015 - £2,705,000).

The charity has a portfolio of listed investments, which together with cash held by the investment managers for investment, had a value of £32,088,619 at 30 June 2016 (2015 - £31,976,142).

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

The listed investments of £31,987,718 held at 30 June 2016 (2015 - £31,976,016) were managed by Sarasin & Partners LLP, who operated within specific guidelines which are set and regularly reviewed by the trustees.

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

The trustees, or representatives of the trustees, meet with the investment managers regularly to review the performance of the portfolio and the investment strategy. The target income for 2015-2016 has been met.

The performance of the charity's listed investments has been affected by the volatile markets and the portfolio's capital return fell to 0.04% (2015 – 3.82%). The income yield for the year was 3.29% (2015 – 3.41%).

The charity has invested £520,499 (2015 - £514,442) with Dynamic Cash Management an organisation which advises on the placement of cash balances with United Kingdom registered banks and building societies with a view to maximising interest receivable.

The charity also has funds invested with Oikocredit, Ecumenical Development Co-Operative Society U.A. This represents an ethical investment which is not held specifically to make a financial return but is held in support of development projects which benefit disadvantaged and marginalised individuals. As a result, these funds are deemed programme related investments and are included on the balance sheet at cost. The cost of the funds held at 30 June 2016 was £235,178 (2015 - £230,611).

**Objectives, activities and relevant policies** (continued)

◆ **Investment policy** (continued)

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

◆ **Donations and grant making policy**

Donations and grants, principally for the support of those organisations with objectives consistent with those of the charity, are decided on by the trustees. The charity supports the work of the Society overseas by means of donations to the Generalate. These are in support of the Congregation's Solidarity Fund and administration of the central governance. During the year £243,989 (2015 - £501,728) was donated to individuals, small and large organisations.

Further details can be found in note 5 to the attached accounts.

**Financial review**

The Province has 62 members, all of whom have given their working lives to the charitable activities of the Society. Where their work is for organisations or institutions independent of the charity, any earnings are covenanted to the charity. The Novitiate House was set up last summer and three women have been in the programme this past year. It inspires new energy among members and a sign of hope. The average age of the membership is increasing which means that there is a reduction in the income generated by members. The charity has an ongoing commitment to support members of the Society, many of whom continue doing charitable work well past the normal age of retirement. With 90% of the Province at retirement age the investment income will continue to be relied upon to supplement the decline in salary and pension income. Sufficient funds need to be built up to ensure that investment income will guarantee the continuance of ministries, development of the Novitiate, as well as provision for present care needs and future retirement.

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

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

**Financial review** (continued)

A summary of the year's results can be found on page 30 of this report and accounts. The figures represent the financial underpinning of the work of the Society.

During the year the total income was £2,422,882 compared to £2,304,599 in the previous year.

Expenditure totalled £2,678,122 (2015 – £2,916,573).

Net expenditure for the year, therefore, amounted to £255,240 (2015 – net expenditure of £611,974) before net investment gains. The net investment gains were £11,702 (2015 – £2,063,417). This gave rise to a net decrease in funds of £246,538 (2015 – net increase of £1,451,443).

**Reserves policy**

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

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

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

**Financial position**

The balance sheet shows total funds of £43,685,517 (2015 - £43,929,055), and of this £6,506,848 (2015 - £6,520,923) represents the tangible fixed assets used by the Sisters. The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the freehold property and other tangible assets are used in the day to day work of the charity and the fund cannot therefore be realised easily if needed to meet future contingencies.

An amount of £22,000,000 (2015 - £22,000,000) has been designated by the trustees to provide for the Sisters in their retirement. The value of the fund has been calculated using actuarial principles to provide for each of the Province's Sisters. Given the increasing age profile of the Sisters and few new vocations this sum will provide only modest resources to look after the Sisters, many of who will need increasing support and increasingly expensive residential and nursing care. There is also £1,265,639 (2015 - £1,265,191) designated to care for the elderly religious in Malta.

**Financial review** (continued)

***Financial position*** (continued)

The building maintenance fund of £3,000,000 (2015 - £3,000,000) is used to support a detailed review and action plan for the charity's properties, several of which are in need of substantial maintenance work. The ministry support fund will be used to support the charitable work of the Society of the Sacred Heart (England-Wales Province) and at 30 June 2016 amounted to £200,000 (2015 - £200,000). A social justice fund of £5,000,000 (2015 - £5,000,000) is used to provide funds in support of social justice activities. Other designated funds include the Barat House Hostel fund of £73,782 (2015 - £51,565) (see note 18).

Funds which are available to support the work of the Sisters in the future are shown on the balance sheet as general funds and amount to £5,628,617 (2015 - £5,880,745).

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

***The charity's assets***

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

**Governance, structure and management**

♦ **Introduction**

The Society of the Sacred Heart (the 'Society') is an international Roman Catholic religious order founded in France in 1800. It is governed by its own Constitution. The Society is present on all continents and in 41 countries, and is divided into Provinces by country or region. The central government of the Society - the General Council and the Treasurer General – is based in Rome.

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

The Society of the Sacred Heart held its last General Chapter in July / August 2016. General chapters take place every eight years, and the direction set by them influence the way in which the members ('RSCJ' or 'sisters') live their lives and prioritise their mission during the ensuing eight year period. The outcome of the 2016 Chapter was four 'Calls' and five 'Recommendations' for the whole Society to commit to during the next eight years.



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

◆ **Introduction** (continued)

Calls:

- ◇ We are called to reach new frontiers. To go out, to “set sail” as a Society and go with others to new geographic and existential peripheries.
- ◇ We are called to live more humanly, in the radical style of Jesus of Nazareth.
- ◇ We are called to create silence, to deepen our interior life.
- ◇ We are called to be and act as one Body.

Recommendations:

- ◇ Sharing resources
- ◇ Languages in the Society
- ◇ Service of Education
- ◇ Vocation Ministry
- ◇ International Volunteer Service
- ◇ Justice Peace and the Integrity of Creation

◆ **Trustees**

On 26 July 2016 Sister Jane Maltby began her second three year mandate as Provincial Superior, supported by her Provincial Council – Sister Carol Condon, Sister Sheila McNamara and Sister Lorraine Pratt.

The accounts accompanying this report are the accounts of the Charitable Trust on which the assets of the Province of England and Wales are held and through which its finances operate. The charity is governed by a Trust Deed dated 27 March 1931 and is registered with the Charity Commission, Charity Registration No. 227848. An amendment to the Trust Deed was agreed and signed on 21 March 2013.

New trustees are appointed by those trustees already in office at the time of the appointment and the process of appointment is organised by the Chair of Trustees, the Provincial Superior. At any one time there must be a minimum of six trustees but not more than twelve trustees.

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

The remaining trustees, including the Canonical Treasurer, have all held posts of responsibility within the Province and are well equipped through experience, skill and qualification to exercise the duties of trusteeship.

The following trustees were in office at the date on which the report and accounts were approved and served throughout the period from 1 July 2015 except where shown.

## Governance, structure and management (continued)

### ◆ Trustees (continued)

#### Trustees

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Sister Christine Austin  
Sister Carol Condon  
Sister Maureen Cunnion  
Sister Christine Edwards  
Sister Jane Maltby  
Sister Sheila McNamara  
Sister Lorraine Pratt  
Sister Margaret Walshe

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Appointed July 2016

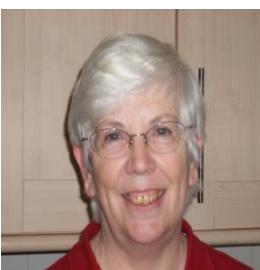
Brief biographic details of the trustees are as follows:



**Sister Christine Austin** is a retired teacher who worked in Secondary Education in the Society's boarding schools at Woldingham and in Kalungu, Uganda. She also taught at St Julian's in Malta. For the last 20 years she has done voluntary work promoting Fair Trade, particularly with Traidcraft and has been involved in raising awareness of Third World issues. Sister Christine joined the trustees in January 2011. She has been a member of the Finance Advisory Committee.



**Sister Carol Condon** is a qualified teacher and RGN with an additional certificate in ESOL. Her experience has been in private then comprehensive schools and in NHS hospitals. However, her most significant time has been in care, teaching and management within the voluntary sector. For the last 25 years she has lived in religious communities which have chosen to be in multicultural areas where all this variety of life's experience is an advantage. Since reaching retiring age she is happily engaged in teaching ESOL and literacy to adults in community centres and at home, most of which is on a voluntary basis. She is a member of the Provincial Team.



**Sister Maureen Cunnion** is a retired teacher, who taught in Society of the Sacred Heart schools in Newcastle upon Tyne and Malta. She has also taught in a London Catholic Primary school for 28 years being Deputy Head for 13 of these years. At present she is a member of the Novitiate community in Hayes. As well as being a Trustee, she is on various committees in the Province and is now a member of the Provincial Team.



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

## Governance, structure and management (continued)

### ◆ Trustees (continued)



**Sister Jane Maltby** worked for many years in primary education, and as a head teacher also enjoyed networking with a variety of groups outside school – colleagues, parents, parish workers etc. An increasing interest in inter-generational relationships within families, as well as the internal world of the child, led her to undertake a four year post-graduate training in child psychoanalysis. Jane subsequently worked in this field, both with individual children and adolescents up to 18 years, and with their families, as well as consulting professionals supporting families. Following eight years serving at the international level of the Society, and visiting Sisters in all the continents, she worked for four years as a consultant to a variety of international and local groups, facilitating meetings, team building sessions etc. Since July 2013 she has been the Provincial Superior of the Society of the Sacred Heart in England-Wales Province.



**Sister Sheila McNamara** has worked for many years in Primary Education as a classroom teacher, Deputy Headteacher and Acting Headteacher in schools on Tyneside and North London. Following further study in Dublin in 2000, she continued her journey in education as Diocesan Primary Schools Adviser first in the Archdiocese of Westminster for 6 years and then in the Diocese of Hexham and Newcastle for 7 years. For the last 3 years her ministry has been in spirituality and she works part time in an ecumenical Spirituality Centre in Durham accompanying others in their spiritual journey, leading days of reflection and retreats. Her passion for nurturing the spirituality of the educator inspires her to lead sessions on a local and national level with school staff and leaders. She has served on a number of Provincial Committees as well as serving 2 years as Chair of Sacred Heart High School Governors, Hammersmith. At present she is a member of the Provincial Team.



**Sister Lorraine Pratt** has spent almost all of her life working in education, as head of department in the Sacred Heart Comprehensive School in Newcastle, Chair of Governors at the Sacred Heart School in Hammersmith, a Diocesan Youth Officer, School Chaplain and living with the student community both in Oxford and London. Sister Lorraine also helps young people begin to see their contribution to society by exploring how they themselves can develop. She works with adults using dance as a medium for both enjoyment and spiritual growth.

## Governance, structure and management (continued)

### ◆ Trustees (continued)



**Sister Margaret Walshe** is a retired teacher who has taught in schools for the Society in Tunbridge Wells, Woldingham, Fenham and Malta and been a lecturer in Professional Education at Roehampton University. She has served on the Executive Committee of the Provincial Bursars Association and was Provincial Bursar from 1996 to 2007. Between 1989 and 1995 she was a member of the Provincial Council. She has been on the Governing bodies

of Digby Stuart College, the schools in Fenham and Woldingham and been a member of Roehampton University Council. In retirement she is a volunteer with the Pensioners Group at the local Irish Centre and a Governor at a Primary school in Richmond-on-Thames.

### ◆ Trustees' responsibilities statement

The trustees are responsible for preparing the report of the trustees' 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 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, applicable Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

The trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

♦ **Management**

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

- ◇ the trustees who, with the Provincial Superior, form the Provincial Council; and
- ◇ the trustee who is Canonical Treasurer; and
- ◇ the appropriate senior staff.

♦ **Key management personnel**

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

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

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

♦ **Connected charities**

Details of connected charities are given in note 20 to the attached accounts.

♦ **Risk management**

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

## Governance, structure and management (continued)

### ◆ Risk management (continued)

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

#### ◇ Loss of key staff

The people who work for the charity are a key resource and the charity does all it can to ensure that it has good employment practices and fulfills its duty of care to its employees. The charity is reliant on a small number of key staff – in particular, the Finance and General Manager and the Care Manager at Duchesne House. There is an overriding commitment to pay all employees fair and appropriate salaries and to ensure that staff receive the training they need to enable them to carry out their roles and contribute positively towards delivering the charity's objectives. Wherever possible, the charity aims to enable staff to develop their skills and knowledge so as to attract and retain the right people and to build into contracts of employment notice periods that provide some protection to the charity.

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

An analysis of the age profile of the members of the Society shows that the average age at 30 June 2016 was 75 years. The trustees are aware that there is both a moral and legal obligation to care for the older Sisters. None of the Sisters have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the Sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual Sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

#### ◇ Safeguarding

Members of the charity work with children and adults, including older people, and the trustees recognise the importance and necessity of ensuring the protection and safety of all those that the charity services. This means that Sisters who are employed or engaged in any ministry, work or volunteering with children or vulnerable adults must obtain clearance from the Disclosure and Barring Service (DBS) and receive training regarding safeguarding. Staff employed at Duchesne are also required to obtain clearance from the Disclosure and Barring Service and also undergo regular safeguarding training. Policies are updated and reviewed on a regular basis.

#### ◇ Restructuring of the care facility

In order to meet the variety of needs of the ageing members of the Province, and to utilise the building more efficiently, the trustees are in the process of restructuring the facilities and provision available at Duchesne House. This includes exploring the feasibility of receiving non-members, initially for respite care.

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

◆ **Risk management** (continued)

◇ Level of reserves

During the last two years the trustees have embarked on a process of defining the vision and mission priorities to take the Society into the future and in order to continue to meet the charity's objectives. This has now been completed, and the trustees are in the process of drawing up a strategic plan for the use of the assets for mission for the next five, ten, twenty and thirty years.

◇ Investments

The charity's principal asset comprises listed investments, the value of which are dependent on movements in the UK and world stock markets. The investments are managed by reputable investments managers who follow a policy agreed by the trustees. The charity has formed a separate committee which reports back to the Trustees. This committee consists of two trustees, the business manager and two volunteers with specialist knowledge of this area. The committee meets three times a year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs and mission, both now and in the future.

◇ Maintenance and upgrading of properties.

The trustees are currently reviewing all properties, their current use and occupation, and are prioritising renovations, usage, and whether they should be occupied, sold or leased.

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

**Employees and members of the Society**

The trustees wish to record their recognition of the professionalism and commitment of all their staff and individual members of the Society. Their dedication, enthusiasm and positive approach to the Society's aims, objects and work are very much appreciated.

Approved by and signed on the behalf of the trustees:

Sister Jane Maltby  
Trustee

Approved by the trustees on: 5 January 2017



**Independent auditor's report to the trustees of Society of the Sacred Heart Charitable Trust**

We have audited the accounts of Society of the Sacred Heart Charitable Trust for the year ended 30 June 2016, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the 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 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the trustees' responsibilities statement set out in the report of the trustees, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the report of the trustees to identify any apparent material inconsistencies with the audited accounts and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies or misstatements we consider the implications for our report.

**Opinion on the accounts**

In our opinion the accounts:

- ◆ give a true and fair view of the state of the Society of the Sacred Heart Charitable Trust's affairs as at 30 June 2016 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.

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

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

- ◆ the information given in the report of the trustees 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.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18 January 2017

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

## Statement of financial activities Year to 30 June 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
<b>Income from:</b>					
Donations and legacies	1	774,828	—	<b>774,828</b>	826,825
Investments and interest receivable	2	1,146,273	—	<b>1,146,273</b>	1,124,813
Charitable activities	3	175,089	—	<b>175,089</b>	213,802
Other income					
. Surplus on disposal of tangible fixed assets	4	181,015	—	<b>181,015</b>	6,633
. Miscellaneous income		145,677	—	<b>145,677</b>	132,526
<b>Total income</b>		<b>2,422,882</b>	<b>—</b>	<b>2,422,882</b>	2,304,599
<b>Expenditure on:</b>					
Charitable activities					
. Donations payable	5	243,989	—	<b>243,989</b>	501,728
. Support of members of the Society and their ministry	6	2,414,868	—	<b>2,414,868</b>	2,334,345
. Provision of hostel accommodation	7	19,265	—	<b>19,265</b>	80,500
<b>Total expenditure</b>		<b>2,678,122</b>	<b>—</b>	<b>2,678,122</b>	2,916,573
<b>Net expenditure before gains on investments</b>	9	<b>(255,240)</b>	<b>—</b>	<b>(255,240)</b>	(611,974)
Net gains on listed investments	13	11,702	—	<b>11,702</b>	1,171,200
Net gains on investment properties		—	—	<b>—</b>	892,217
<b>Net (expenditure) income and net movement in funds</b>		<b>(243,538)</b>	<b>—</b>	<b>(243,538)</b>	1,451,443
<b>Reconciliation of funds:</b>					
Balances brought forward at 1 July 2015		43,918,424	10,631	<b>43,929,055</b>	42,477,612
Balances carried forward at 30 June 2016		<b>43,674,886</b>	<b>10,631</b>	<b>43,685,517</b>	43,929,055

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

All income and expenditure in 2015 was unrestricted.

## Statement of financial activities Year to 30 June 2016

At the end of September 2015, the activities connected with the operation of the student hostel in Oxford were discontinued. The income and expenditure relating to these activities are defined as discontinuing activities within the Society of the Sacred Heart Charitable Trust in accordance with FRS 102.

They are summarised below:

	2016			2015		
	Continuing	Dis-continued	Total	Continuing	Dis-continued	Total
Income	2,406,444	16,438	2,422,882	2,201,265	103,334	2,304,599
Expenditure	(2,662,157)	(15,965)	(2,678,122)	(2,851,691)	(64,882)	(2,916,573)
Net (expenditure) income before other recognised losses and gains	(255,713)	473	(255,240)	(650,426)	38,452	(611,974)
Net gains on the revaluation and disposal of investments	11,702	—	11,702	2,063,417	—	2,063,417
Net movement in funds	(244,011)	473	(243,538)	1,412,991	38,452	1,451,443

All other activities derived from continuing operations during the above financial years.

**Balance sheet** 30 June 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	12		<b>6,506,848</b>		6,520,923
Investments	13		<b>35,549,296</b>		35,426,195
			<b>42,056,144</b>		41,947,118
<b>Current assets</b>					
Debtors	14	<b>155,368</b>		208,817	
Cash at bank and in hand		<b>1,637,333</b>		1,946,086	
		<b>1,792,701</b>		2,154,903	
<b>Creditors:</b> amounts falling due within one year	15	<b>(163,328)</b>		(102,966)	
<b>Net current assets</b>			<b>1,629,373</b>		2,051,937
<b>Total net assets less current liabilities</b>			<b>43,685,517</b>		43,999,055
<b>Creditors:</b> amount falling due after one year					
. Donations payable			—		(70,000)
			<b>43,685,517</b>		43,929,055
<b>The funds of the charity:</b>					
Restricted income funds	16		<b>10,631</b>		10,631
Unrestricted income funds					
. General funds			<b>5,628,617</b>		5,880,745
. Tangible fixed assets fund	17		<b>6,506,848</b>		6,520,923
. Designated funds	18		<b>31,539,421</b>		31,516,756
			<b>43,685,517</b>		43,929,055

Approved by the trustees and signed  
on their behalf by:

Sister Jane Maltby  
Trustee

Approved by the trustees on: 5 January 2017

# Statement of cash flows Year to 30 June 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(1,324,439)</b>	(1,419,695)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		<b>1,146,273</b>	1,124,813
Proceeds from the disposal of tangible fixed assets		<b>231,092</b>	32,064
Purchase of tangible fixed assets		<b>(250,280)</b>	(128,195)
Proceeds from the disposal of investments		—	1,115,101
Purchase of investments		<b>(4,567)</b>	(170,440)
Purchase of investment cash deposits		<b>(6,057)</b>	(6,328)
<b>Net cash provided by investing activities</b>		<b>1,116,461</b>	1,967,015
<b>Change in cash and cash equivalents in the year</b>		<b>(207,978)</b>	547,320
<b>Cash and cash equivalents at 1 July 2015</b>	B	<b>1,946,212</b>	1,398,892
<b>Cash and cash equivalents at 30 June 2016</b>	B	<b>1,738,234</b>	1,946,212

Notes to the statement of cash flows for the year to 30 June 2016.

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

	2016 £	2015 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(243,538)</b>	1,451,443
<b>Adjustments for:</b>		
Depreciation charge	<b>214,282</b>	227,442
Gains on listed investments	<b>(11,702)</b>	(1,171,200)
Gains on investment properties	—	(892,217)
Investment income and interest receivable	<b>(1,146,273)</b>	(1,124,813)
Surplus on disposal of tangible fixed assets	<b>(181,015)</b>	(6,633)
Decrease in debtors	<b>53,445</b>	46,418
(Decrease) increase in creditors	<b>(9,638)</b>	49,865
<b>Net cash used in operating activities</b>	<b>(1,324,439)</b>	(1,419,695)

## B Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<b>1,637,333</b>	1,946,086
Cash held by investment managers	<b>100,901</b>	126
<b>Total cash and cash equivalents</b>	<b>1,738,234</b>	1,946,212

## Principal accounting policies 30 June 2016

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

### Basis of preparation

These accounts have been prepared for the year to 30 June 2016.

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

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

These accounts are the first set produced by the charity in accordance with Charities SORP FRS 102. The accounts for the year ended 30 June 2015 were the last accounts prepared under previous UK GAAP and the date of transition to Charities SORP FRS 102 was therefore 1 July 2014.

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.

### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

Governance costs which were previously reported as a separate line of expenditure within the statement of financial activities are now allocated to support of members of the society and their ministry.

In accordance with the requirements of FRS 102 a reconciliation of the net income for the year is provided with the net expenditure under previous GAAP adjusted for the presentation of investment gains as a component of reported income:

	2015 £
Reconciliation of reported income:	
Net expenditure as previously stated	(611,974)
Adjustment for gains on investments now treated as a component of net income	2,063,417
Net income as restated	<u>1,451,443</u>

There were no further restatements.



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

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

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

- ◆ assessing the probability of the receipt of legacy income;
- ◆ estimating the liability for multi-year grant commitments;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation charge; and
- ◆ determining the value of the designated funds needed at the year end and, in particular, estimating the size of the retirement reserve created in order to provide for the continuing care of the members for the remainder of their lives.

### **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 30 June 2017, 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 section of the trustees' report for more information).

### **Discontinued activities**

Where activities have been discontinued during the year, the activities are defined as discontinuing activities in accordance with the requirements of Financial Reporting Standard 102 and full provision is made in the accounts in respect to the costs of discontinuance and any related asset disposal.

### **Income**

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

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

**Income** (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations and grants pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation or grant is subject to conditions that require a level of performance before the group or 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 group or charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

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

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

### **Expenditure**

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

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

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

- ◆ Donations payable  
Donations payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. When such donations have not been paid at the end of the financial year they are accrued for.
- ◆ The support of members of the Society and their ministry  
Expenditure on the support of members of the Society and their ministry enables the members to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the relief of poverty.
- ◆ Provision of hostel accommodation  
Expenditure on the student hostel in Oxford for 23 under-graduate and post-graduate students and expenditure on Barat House which provides accommodation for 5 students.

### **Support and governance costs**

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

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

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

### **Tangible fixed assets**

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

- ◆ **Freehold land and buildings**

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

- ◇ **Residential**

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

- ◇ **Purpose built residential care home**

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

- ◆ **Leasehold property**

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

- ◆ **Building improvements**

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

- ◆ **Fixtures and fittings**

Expenditure on the purchase and replacement of fixtures and fittings is capitalised and depreciated over a three or four year period on a straight line basis.

- ◆ **Motor vehicles**

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

### **Investments**

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

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

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

Properties held for investment purposes are included in these accounts at open market value. The valuations have been determined as set out in note 13a. to these accounts.

**Investments (continued)**

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

**Programme related investments**

Programme related investments are social investments made directly in pursuit of the charity's charitable purposes. Unquoted equity investments are held at cost, less any provision for diminution in value, while loans are recorded at cost less any provisions to reflect non-recoverability.

**Debtors**

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

**Cash at bank and in hand**

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

**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 the charity's tangible fixed assets.

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

**Fund accounting** (continued)

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

**Services provided by members of the Society**

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

**Pension costs**

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

**Foreign currencies**

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

## 1 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Salaries and pensions of individual religious received under deed of covenant or Gift Aid	730,944	—	<b>730,944</b>	824,506
Other donations	3,384	—	<b>3,384</b>	2,319
Legacies	40,500	—	<b>40,500</b>	—
<b>2016 Total funds</b>	<b>774,828</b>	<b>—</b>	<b>774,828</b>	<b>826,825</b>
2015 Total funds	826,825	—	826,825	

## 2 Income from investments and interest receivable

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Income from listed investments				
. UK Common investment funds	1,009,480	—	<b>1,009,480</b>	1,005,941
. Programme related investments	4,567	—	<b>4,567</b>	4,479
Rental income from investment property	118,093	—	<b>118,093</b>	99,724
Bank interest and interest on short term deposits	14,133	—	<b>14,133</b>	14,669
<b>2016 Total funds</b>	<b>1,146,273</b>	<b>—</b>	<b>1,146,273</b>	<b>1,124,813</b>
2015 Total funds	1,124,813	—	1,124,813	

## 3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Hostel income	41,865	—	<b>41,865</b>	126,494
Other rent receivable from charitable activities	133,224	—	<b>133,224</b>	87,308
<b>2016 Total funds</b>	<b>175,089</b>	<b>—</b>	<b>175,089</b>	<b>213,802</b>
2015 Total funds	213,802	—	213,802	

## 4 Surplus on disposal of tangible fixed assets

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Surplus on the disposal of residential properties	177,344	—	<b>177,344</b>	6,535
Surplus on the disposal of motor vehicles	3,671	—	<b>3,671</b>	98
<b>2016 Total funds</b>	<b>181,015</b>	<b>—</b>	<b>181,015</b>	<b>6,633</b>
2015 Total funds	6,633	—	6,633	

## 5 Donations payable

The charity makes donations to both individuals and institutions in accordance with the donations policy set out in the report of the trustees.

The donations payable during the year were as follows.

	Unrestricted funds £	Restricted funds £	<b>Total 2016 funds £</b>	Total 2015 funds £
Contributions to the Generalate of the Society of the Sacred Heart	85,528	—	<b>85,528</b>	151,619
Donations to institutions (see below)	157,261	—	<b>157,261</b>	350,109
Donations to individuals (see below)	1,200	—	<b>1,200</b>	—
<b>2016 Total funds</b>	<b>243,989</b>	<b>—</b>	<b>243,989</b>	501,728
2015 Total funds	501,728	—	501,728	



**5 Donations** (continued)

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

<b>Recipient</b>	<b>Total 2016 funds £</b>	<b>Total 2015 funds £</b>
Alternative Violence Project (AVP)	3,000	3,000
CAFOD	10,000	10,000
Cardinal Hume Centre	1,000	5,000
Catalyst in Communities	5,000	2,000
CrossRoads Women's Centre	2,000	2,000
December Appeal - Nepal	2,000	5,000
Fenham Association of Residents (FAR) (including swimming project)	2,500	82,612
Fiyinfolu Olubunmi Idowu (Barat House Student)	5,500	—
Friends of the Homeless	5,000	1,000
Growing Old Gracefully	1,000	45,000
Harold Road Centre	15,000	3,000
Immaculate Heart of Mary Parish, Hayes (Claritians)	10,000	—
Independent Newham Users Forum (INUF)	10,000	2,000
Irish Pensioners' Group	2,000	—
Literacy for ESOL Learners	2,500	—
London Irish Centre	3,000	2,500
Little Way Kenya	—	5,000
Manna Society	5,000	3,000
The Medaille Trust	10,000	10,000
MIND in Ealing	—	2,700
Minsteracres Retreat Centre	12,464	5,213
Missio	10,000	5,000
Our Lady & All Saints (Calais Appeal)	1,000	—
Oxfam	—	5,000
Parish of the Immaculate Heart of Mary	—	1,000
The Passage	5,000	5,000
Pax Christi	5,000	5,000
The Peoples' Kitchen	1,000	1,000
Progressio	5,000	5,000
The Rahab Project Limited	3,000	—
The Refugees and Migrant Project (RAMP)	5,000	95,000
Refugees in Effective Action & Partnership	1,500	—
Regenerate	—	2,000
The Rahab Group	—	3,000
Saram College Trust	—	5,250
Save the Children - Ebola Crisis	—	2,000
St Vincent's Parishioners	1,000	—
Roehampton University Students' Union	—	5,000
St Anthony's Priory	—	2,000
Traidcraft Exchange	5,000	3,500
Wellbeing Project - Outreach	2,500	—
West End Refugee Service (WERS)	1,500	1,000
Diocese of Westminster – Justice and Peace Commission	—	2,000
Woldingham School	—	2,000
	<b>153,464</b>	<b>338,775</b>
Donations of less than £1,000	<b>3,797</b>	<b>11,334</b>
<b>Total donations paid to institutions</b>	<b>157,261</b>	<b>350,109</b>
Donations to individuals	<b>1,200</b>	<b>—</b>
<b>Total donations</b>	<b>158,461</b>	<b>350,109</b>

## 6 Support of members of the Society and their ministry

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Premises	407,809	—	<b>407,809</b>	368,706
Sisters' living and ministry expenses	1,516,975	—	<b>1,516,975</b>	1,517,311
Education, training and spiritual renewal	79,283	—	<b>79,283</b>	94,031
Other support costs	373,601	—	<b>373,601</b>	331,977
Governance costs (note 8)	37,200	—	<b>37,200</b>	22,320
<b>2016 Total funds</b>	<b>2,414,868</b>	<b>—</b>	<b>2,414,868</b>	<b>2,334,345</b>
2015 Total funds	2,334,345	—	2,334,345	

## 7 Hostel charges and provision of hostel accommodation

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

## 8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
<b>2016 Total funds: Auditor's remuneration</b>	<b>37,200</b>	<b>—</b>	<b>37,200</b>	<b>22,320</b>
2015 Total funds	22,320	—	22,320	

## 9 Net expenditure before gains on investments

This is stated after charging:

	Total 2016 £	Total 2015 £
Staff costs (note 10)	<b>1,021,562</b>	963,054
Auditor's remuneration		
. Statutory audit services (includes under accrual of £7,000 for prior year)	<b>27,000</b>	16,450
. Other accountancy services	<b>10,200</b>	5,870
. Other services	<b>—</b>	26,971
Depreciation	<b>214,282</b>	227,442

# **10 Staff costs, key management personnel, trustees' remuneration and expenses and transactions with trustees**

	2016 £	2015 £
Staff costs during the year were as follows:		
Wages and salaries	911,178	881,292
Social security costs	69,734	65,201
Pension costs	28,539	8,159
	1,009,451	954,652
Contractors' fees	12,111	8,402
	1,021,562	963,054
Staff costs per function were as follows:		
Support of members of the Society and their ministry	1,021,562	952,456
Provision of hostel accommodation (cleaning)	—	10,598
	1,021,562	963,054

No employees earned £60,000 per annum or more (including benefits but excluding redundancy payments) during the year (2015 - £nil).

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

	2016	2015
Support of members of the Society and their ministry	51	51
Provision of hostel accommodation (cleaning)	—	2
	51	53

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

The total remuneration of the key management personnel of the charity for the year was £57,993 (2015 - £66,532).

The charity's Trustees are all members of the Society and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Society, are borne by the charity. No Trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees or members of key management (2015 - none).

As members of the Society, none of the Trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the Trustees to the charity was £129,198 (2015 - £186,161).

## **11 Taxation**

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

**12 Tangible fixed assets**

	Total land and buildings (see below) £	Building improvements £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2015	8,639,249	394,574	77,056	263,476	<b>9,374,355</b>
Additions	—	187,638	34,525	28,117	<b>250,280</b>
Disposals	(50,069)	—	(20,193)	(43,274)	<b>(113,536)</b>
At 30 June 2016	<b>8,589,180</b>	<b>582,212</b>	<b>91,388</b>	<b>248,319</b>	<b>9,511,099</b>
<b>Depreciation</b>					
At 1 July 2015	2,466,339	125,449	55,192	206,452	<b>2,853,432</b>
Charge for the year	128,423	38,602	14,215	33,042	<b>214,282</b>
On disposals	—	—	(20,193)	(43,270)	<b>(63,463)</b>
At 30 June 2016	<b>2,594,762</b>	<b>164,051</b>	<b>49,214</b>	<b>196,224</b>	<b>3,004,251</b>
<b>Net book values</b>					
At 30 June 2016	<b>5,994,418</b>	<b>418,161</b>	<b>42,174</b>	<b>52,095</b>	<b>6,506,848</b>
At 30 June 2015	<b>6,172,910</b>	<b>269,125</b>	<b>21,864</b>	<b>57,024</b>	<b>6,520,923</b>

**Land and buildings**

	Freehold land and buildings			Total land and buildings £
	Residential £	Purpose built £	Long leasehold property £	
<b>Cost</b>				
At 1 July 2015	3,932,695	3,634,450	1,072,104	<b>8,639,249</b>
Disposals	(50,069)	—	—	<b>(50,069)</b>
At 30 June 2016	<b>3,882,626</b>	<b>3,634,450</b>	<b>1,072,104</b>	<b>8,589,180</b>
<b>Depreciation</b>				
At 1 July 2015	—	2,391,648	74,691	<b>2,466,339</b>
Charge for the year	—	119,241	9,182	<b>128,423</b>
At 30 June 2016	—	<b>2,510,889</b>	<b>83,873</b>	<b>2,594,762</b>
<b>Net book values</b>				
At 30 June 2016	<b>3,882,626</b>	<b>1,123,561</b>	<b>988,231</b>	<b>5,994,418</b>
At 30 June 2015	<b>3,932,695</b>	<b>1,242,802</b>	<b>997,413</b>	<b>6,172,910</b>

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

## 12 Tangible fixed assets (continued)

### *Land and buildings (continued)*

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

A property situated in Norham Gardens, Oxford is leased to the Ampleforth Abbey Trustees Limited, a company limited by guarantee (Company Registration No 396036 (England and Wales)) acting in its capacity as the sole corporate trustee of Ampleforth Abbey Trust (Charity Registration No 1026493). The lease will continue to enable the property to be used as a hostel to accommodate students of Benet Hall, Oxford. The lease to Ampleforth Abbey Trustees Limited commenced on 1 October 2015 and has a three year term. Rent is payable to the charity every calendar quarter based on a formula determined by reference to occupancy.

Ampleforth Abbey Trustees Limited has been granted the option to purchase the said property in return for an option fee of £1. Under the option agreement, Ampleforth Abbey Trustees Limited may exercise its option to purchase the property for the sum of £6 million during the period commencing 1 October 2015 and ending at 5pm on 5 January 2018.

## 13 Investments

At 30 June 2016 investments comprised:

	2016 £	2015 £
Freehold investment property (see a. below)	2,705,000	2,705,000
Listed investments and cash held for re-investment (see b. below)	32,088,619	31,976,142
Programme related investments (see c. below)	235,178	230,611
Cash deposits	520,499	514,442
	<u>35,549,296</u>	<u>35,426,195</u>

Movements on each category of investment are summarised below:

### *a. Freehold investment property*

	2016 £	2015 £
Market value at 1 July 2015	2,705,000	2,927,884
Disposals at opening book value	—	(624,950)
Gains on revaluation	—	402,066
Market value at 30 June 2016	<u>2,705,000</u>	<u>2,705,000</u>

Two of the properties were valued as at 30 June 2015 by the trustees with professional assistance, on an open market value basis. The other property was revalued as at 30 June 2011 by Messrs Gerald Eve, Chartered Surveyors, on an open market value basis. The trustees are of the opinion that there has been no material change in the market value of investment properties since the valuations.

### 13 Investments (continued)

#### *b. Listed investments*

	2016 £	2015 £
<b>Listed investments</b>		
Market value at 1 July 2015	31,976,016	30,638,855
Additions at cost	—	165,961
Net unrealised investment gains	11,702	1,171,200
Market value at 30 June 2016	31,987,718	31,976,016
<b>Cash held by investment managers for re-investment</b>	100,901	126
	<u>32,088,619</u>	<u>31,976,142</u>
 Cost of listed investments at 30 June 2016	 <u>27,265,744</u>	 <u>27,265,744</u>

Listed investments held at 30 June 2016 comprised the following:

	2016 £	2015 £
UK Common investment funds	31,987,718	31,976,016

At 30 June 2016 the following individual holdings were deemed material in comparison with the market value of the total listed investment portfolio as at that date:

	Market value £	Percentage of total portfolio %
Sarasin Alpha Common Investment Fund for Endowments	28,909,763	90
Sarasin Alpha Common Investment Fund for Income and Reserves	3,077,955	10

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

Investment manager fees are deducted automatically from the portfolio on a quarterly basis and are inherent in arriving at the market value of funds held. The fees deducted are based on a fixed percentage which exceeds that contractually payable by the charity. As such, the investment manager rebates fees to the charity every quarter. The rebates, which amount to £100,800 (2015 - £95,979) are included in the accounts as miscellaneous income.

#### *c. Programme related investments*

	2016 £	2015 £
Carrying value at 1 July 2015	230,611	226,132
Additions	4,567	4,479
Carrying value at 30 June 2016	<u>235,178</u>	<u>230,611</u>

### 13 Investments (continued)

#### *c. Programme related investments (continued)*

The investment represents funds held in equity shares of Oikocredit, Ecumenical Development Cooperative Society U.A (Oikocredit). Oikocredit is an ethical investment opportunity which finances development projects benefiting disadvantaged and marginalised people.

### 14 Debtors

	2016 £	2015 £
Investment income	142,708	145,251
Other debtors	12,660	13,566
Amounts due from the Woldingham School (see below)	—	50,000
	<u>155,368</u>	<u>208,817</u>

During the year ended 30 June 2010, the charity sold on an arm's length basis a freehold property to Woldingham School, a charitable company (Company Registration No 6636665 and Registered Charity No 1125376). The property which is located on the site of the School was sold to the charitable company for the sum of £350,000. The charitable company was to pay this sum to the charity in annual instalments of £50,000 over seven years. Members of the Society of the Sacred Heart had the right to remain in occupation for up to two years after the sale agreement was signed. No interest was payable by the charitable company provided each annual instalment is made on or before 1 August each year. The first payment was made on 15 January 2010. In the event of late payment, the charity was entitled to receive interest calculated at LIBOR plus 2.5% on the unpaid instalment. The final instalment was made during the year.

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

	2016 £	2015 £
Expense creditors	13,267	12,966
Accruals	80,061	20,000
Donations payable	70,000	70,000
	<u>163,328</u>	<u>102,966</u>

### 16 Restricted funds

The income funds of the charity included the following restricted funds:

	At 1 July 2015 £	Income £	Expenditure £	At 30 June 2016 £
Peace garden	5,631	—	—	5,631
Other	5,000	—	—	5,000
	<u>10,631</u>	<u>—</u>	<u>—</u>	<u>10,631</u>

## 17 Tangible fixed assets fund

	2016 £
At 1 July 2015	6,520,923
Net movements in year	(14,075)
At 30 June 2016	<u>6,506,848</u>

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund of the charity in recognition of the fact that the tangible fixed assets are essential to the day to day work of the charity and as such their value should not be regarded as funds that could be realisable with ease, in order to meet future contingencies.

## 18 Designated funds

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

	At 1 July 2015 £	New designations £	Utilised/ released £	At 30 June 2016 £
Retirement fund	22,000,000	—	—	<b>22,000,000</b>
Social Justice Fund	5,000,000	—	—	<b>5,000,000</b>
Barat House Hostel fund	51,565	22,217	—	<b>73,782</b>
Ministry support fund	200,000	90,164	(90,164)	<b>200,000</b>
Building maintenance fund	3,000,000	145,556	(145,556)	<b>3,000,000</b>
Malta fund	1,265,191	448	—	<b>1,265,639</b>
	<u>31,516,756</u>	<u>258,385</u>	<u>(235,720)</u>	<u><b>31,539,421</b></u>

- ♦ Retirement fund  
This consists of monies which the trustees have set aside in order to provide for the Sisters for the remainder of their lives. The value of the fund has been calculated using actuarial principles.
- ♦ Social Justice Fund  
This fund consists of monies which the trustees have set aside to provide funds in support of social justice activities of the Society of the Sacred Heart.
- ♦ Barat House Hostel Fund  
This fund represents the net assets of Barat House. The assets have been designated for use by the House only.
- ♦ Ministry support fund  
This consists of monies which the trustees have set aside for the support of the charitable work of the Society of the Sacred Heart.
- ♦ Building maintenance fund  
This fund represents monies designated by the trustees to support a detailed review of the charity's properties.



## 18 Designated funds (continued)

### ♦ Malta fund

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

## 19 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2016 £
<b>Fund balances at 30 June 2016 are represented by:</b>					
Tangible fixed assets	—	6,506,848	—	—	<b>6,506,848</b>
Investments	4,283,657	—	31,265,639	—	<b>35,549,296</b>
Current assets	1,508,288	—	273,782	10,631	<b>1,792,701</b>
Creditors falling due within one year	(163,328)	—	—	—	<b>(163,328)</b>
<b>Total net assets</b>	<b>5,628,617</b>	<b>6,506,848</b>	<b>31,539,421</b>	<b>10,631</b>	<b>43,685,517</b>

The total unrealised gains as at 30 June 2016 constitute movements on revaluation and are as follows:

	2016 £	2015 £
<b>Total unrealised gains included above:</b>		
On investments	<b>4,721,974</b>	4,710,272
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 July 2015	<b>4,710,272</b>	3,539,072
Add: net gains arising on revaluation in the year	<b>11,702</b>	1,171,200
<b>Total unrealised gains at 30 June 2016</b>	<b>4,721,974</b>	4,710,272

## 20 Connected charities

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

At the year end Digby Stuart College Trust owed £9,385 to the charity (2015: £5,040).

## 20 Connected charities (continued)

Other charities with which the charity is connected by virtue of the fact that they have some trustees in common, are shown in the table below:

Name	Charity Reg No	Charitable objectives
Woldingham School (Company Registration No 6636665)	1125376	For the purpose of the Roman Catholic School known as Woldingham School with effect from 30 November 2009.
Woldingham School Trust	291258	For the purpose of the Roman Catholic School known as Woldingham School prior to 30 November 2009.

During the year, the Woldingham School Trust paid over the final instalment of £50,000 due to the charity, in respect to a property sale in 2010 (note 14).

There were no other transactions between the charity and the other connected charities set out in the above table during the year (2015 – none).

## 21 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the England-Wales Province of the Society of the Sacred Heart by virtue of the fact that the Provincial Superior of the province oversees the appointment of the trustees. The province does not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the England-Wales Province are vested in the trustees of the charity, who undertake all transactions entered into in the course of the Province's charitable activities.