

**Convent of The Sacred Heart of
Jesus**

Annual Report and Financial Statements

Year Ended 31st July 2016

Charity Registration Number: 220594

Period of account: 1 August 2015 – 31 July 2016

Convent of The Sacred Heart of Jesus

Contents

Contents	Page
Charity Reference and Administrative Details	1
Trustees' Annual Report	2
Independent Examiner's Report	5
Statement of Financial Activities	6
Balance Sheet	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Convent Of The Sacred Heart of Jesus
Charity Reference and Administrative Details

Charity Registration Number	220594
Trustees	Miss J M A Bear, Sister in Charge Miss A Edwards Miss P Colman
Registered Office	The Priory 85 Old High Street Headington Oxford OX3 9HT
Independent Examiners	Critchleys LLP Greyfriars Court Paradise Square Oxford OX1 1BE
Solicitor	Franklins Solicitors Walton House 15 Ock Street Abingdon OX14 5AN
Bankers	HSBC Bank Plc 108 London Road Headington Oxford OX3 9Ap
Investment Managers	Smith & Williamson Investment Management 9 Colmore Row Birmingham B3 2BT

Convent Of The Sacred Heart of Jesus

Trustees' Annual Report

Structure, Governance and Management

The Convent of the Sacred Heart of Jesus is the English house of the Congregation of the Sacred Heart (St Aubin).

A Charitable Trust was created to hold and own the assets of the English house. This trust is governed by a Trust Deed dated 28 November 1962, amended by a Scheme dated 20 July 2000, and is registered with the Charity Commission, Charity Registration No. 220594.

The charity now has three trustees, all of whom are members of the order of the Sacred Heart (St Aubin). The charity is administered by the Sister in charge, who is a trustee (and who reports to the Superior General of the order); she is assisted in this task by the remaining two other trustees. The power of appointing new trustees rests with the Superior General of the order.

The trustees have a Statement of Investment Principles, in addition they review annually the Reserves of the charity and carry out a Risk Assessment.

Objectives and activities

The charity's trust deed states that the trust's principal objectives are the advancement of religious and other charitable work being carried on by the Society as the trustees, with the approval of the Superior, shall from time to time think fit.

In fulfilment of the objectives of the trust it is the policy of the charity to undertake a broad range of charitable activities. The principal areas in which the charity is involved are listed below:

- Education
- Social and pastoral care
- Provision of daily worship
- Student accommodation

Achievements and performance

During the year the convent was active in all the areas listed above.

Education

One sister was deputy head of a local catholic primary school. She retired in 2010 and now acts as a governor and volunteer. Her State and Teachers pensions are covenanted to the charity.

Social and pastoral care

The sisters continue to help in a wide range of activities in a local parish. In addition rooms are made available to various outside organisations who provide counselling and remedial services to the general public. The convent also hosts meetings and discussion groups organised by other religious groups.

Provision of daily worship

The sisters strive to ensure that a priest is available to celebrate mass daily in the convent chapel which is open to all members of the local community to attend.

Convent Of The Sacred Heart of Jesus

Trustees' Annual Report

Student accommodation

Providing accommodation to students attending various colleges in Oxford, this rent is treated as income to the charity. In addition to these students who pay rent to the convent, accommodation is also provided free of charge to foreign priests and religious people who have been sent by their superiors to study in Oxford.

How our services benefit the public

The charity is able to benefit the public by means of the ways in which its premises are used. In addition to the provision of accommodation for students attending colleges in Oxford and to priests and religious from overseas it also opens the convent premises for daily worship. Furthermore the convent makes rooms available for a number of organisations and individuals to hold meetings and discussion groups. In addition several local churches use the convent grounds on a regular basis for children's activities.

Financial review, investment policy and reserves

The Statement of Financial Activities shows incoming resources increased by £5,189 due primarily to increases in investment income.

Resources expended this year increased by £39,172 due to depreciation being charged on the property.

At 31st July 2016 the total funds of the convent were £4.15m. Of this some £2.38m represents fixed assets needed for the work of the charity. The balance of the general fund is intended to provide for the ongoing improvement of the convent buildings and the support of the older members of the order so as to be able to continue the charitable work of the convent as membership ages and reduces in numbers.

The convent has a discretionary investment management agreement with Smith & Williamson. The trustees meet with the fund managers once a year and ensure that the fund is managed in accordance with their written guidelines and with the religious and ethical principles of the order, which follow those of the Archdiocese of Birmingham. In addition the trustees have a Statement of Investment Principles.

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

The trustees have reviewed the reserves of the charity. This review took into account the nature of its income and expenditure and the need to match variable income with fixed commitments and nature of the reserves. The review concluded that to allow the charity to remain viable and to provide a buffer for uninterrupted services, the trustees should increase the investment portfolio so that the increase in income from investments will offset the expected reduction in salaries and pensions. During the next few years the charity's surpluses will be used to achieve this increase in reserves.

Future Plans

The convent now has only a few members, all of whom have given their working lives to the charitable activities of the convent. The number of new vocations to the order is declining and therefore the average age of the membership of the order is increasing. The charity has a continuing commitment to support members of the convent, many of whom continue to carry out charitable work free of charge long past the normal retirement age.

Convent Of The Sacred Heart of Jesus

Trustees' Annual Report

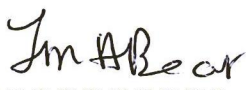
Trustees' Responsibilities Statement

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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.



J M A Bear, Trustee

Date

15 May 2017

Independent Examiner's Report to the Trustees of The Convent Of The Sacred Heart of Jesus

I report on the accounts of the charity for the year ended (date) which are set out on pages ... to ...

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act
 - have not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Caroline Webster FCA
Critchleys LLP
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

18/11/17

Convent of the Sacred Heart of Jesus
Statement of Financial Activities
For the year ended 31 July 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:				
Donations and legacies	2	34,210	34,210	33,621
Other trading activities	3	74,020	74,020	72,591
Investments	4	38,091	38,091	32,823
Other income		-	-	2,097
Total income		146,321	146,321	141,132
Expenditure on:				
Raising funds	5	5,722	5,722	-
Charitable activities	6	131,360	131,360	97,910
Total		137,082	137,082	97,910
Net income for the period		9,239	9,239	43,222
Other recognised gains:				
Net gains on investments		49,188	49,188	42,893
Net movement in funds		58,427	58,427	86,115
Reconciliation of Funds				
Funds brought forward at 1 August 2015		4,092,853	4,092,853	4,006,738
Funds carried forward at 31 July 2016		4,151,280	4,151,280	4,092,853

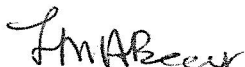
The statement of financial activities includes all gains and losses recognised in the year.
 All income and expenditure derives from continuing activities.

The notes numbered 1 to 21 form part of these financial statements.

Convent of the Sacred Heart of Jesus
Balance sheet
As at 31 July 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	10		2,383,139		2,423,078
Investments	11		<u>1,705,879</u>		<u>1,625,469</u>
			4,089,018		4,048,547
Current assets					
Debtors	12	5,963		3,023	
Cash at bank and in hand		<u>60,299</u>		<u>41,283</u>	
		66,262		44,306	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(4,000)</u>		-	
Net current liabilities			<u>62,262</u>		<u>44,306</u>
Total net assets			<u>4,151,280</u>		<u>4,092,853</u>
Funds:	14				
Unrestricted funds			4,151,280		4,092,853
Total funds			<u>4,151,280</u>		<u>4,092,853</u>

The financial statements were approved by the trustees and authorised for issue on 15/8/17 and are signed on their behalf by:



J M A Bear
Trustee

The notes numbered 1 to 21 form part of these financial statements.

Convent of the Sacred Heart of Jesus
Statement of Cash Flows
For the year ended 31 July 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in) operating activities	16	12,147	15,040
Cash flows from investing activities	17	6,869	(41,593)
Change in cash and cash equivalents in the reporting period		<u>19,016</u>	<u>(26,553)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 August 2015		41,283	67,836
Cash and cash equivalents at 31 July 2016	18	<u>60,299</u>	<u>41,283</u>

All of the cash flows are derived from continuing operations.

The notes numbered 1 to 21 form part of these financial statements.

1 Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

General information and basis of Preparation

Convent of the Sacred Heart of Jesus is a charity in the United Kingdom. The address of the registered office is given in the charity information on page 1 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements 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 UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 20.

Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Income

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Donations

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Trading activities

Income from trading activities includes income earned from fundraising events and trading activities such as student rentals to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

1 Statement of Accounting Policies (continued)

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Costs of raising funds

This includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities

These are costs incurred on the charitable activities, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office and governance costs. They are incurred directly in support of expenditure on the objects of the charity. All support costs are directly attributable.

The analysis of these costs is included in note 7.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Motor Vehicles	5 years
Freehold buildings	50 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Liabilities

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

1 Statement of Accounting Policies (continued)

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Investment properties

Investment properties are held at deemed cost on transition to FRS102, being the market value at the last valuation date.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

2 Income from donations

	Total 2016 £	Total 2015 £
Donations	34,210	33,621
	<u>34,210</u>	<u>33,621</u>

All income from donations in both 2015 and 2016 was unrestricted.

3 Income from other trading activities

	Total 2016 £	Total 2015 £
Student rents	74,020	72,591
	<u>74,020</u>	<u>72,591</u>

All income from other trading activities in both 2015 and 2016 was unrestricted.

4 Income from investments

	Total 2016 £	Total 2015 £
Dividends - equities	24,300	18,809
Interest - deposits	36	29
Rental income	13,755	13,985
	<u>38,091</u>	<u>32,823</u>

All income from investments in both 2015 and 2016 was unrestricted.

Convent of the Sacred Heart of Jesus
Notes to the financial statements
For the year ended 31 July 2016

5 Raising funds

	Total 2016 £	Total 2015 £
Investment managers fees	5,722	-
	<u>5,722</u>	<u>-</u>

All expenditure on raising funds in both 2015 and 2016 was unrestricted.

6 Analysis of expenditure on charitable activities

	Direct costs £	Support costs £	Total 2016 £	Total 2015 £
Charitable activities	49,021	82,339	131,360	97,910
	<u>49,021</u>	<u>82,339</u>	<u>131,360</u>	<u>97,910</u>

	Total 2016 £	Total 2015 £
Direct costs		
Sisters living costs	1,873	3,292
Housekeeping	7,293	5,056
Chapel	2,334	1,225
Gifts and donations	3,243	2,655
Community	34,278	40,092
	<u>49,021</u>	<u>52,320</u>

Community includes support for the mother house, care and nursing for elderly and infirm members of the order.

All expenditure on charitable expenditure in both 2015 and 2016 was unrestricted.

Net income/(expenditure) for the period includes:

	2016 £	2015 £
Depreciation	39,939	1,539
Fees payable to independent examiner	<u>4,000</u>	<u>-</u>

7 Allocation of support costs

	Total 2016 £	Total 2015 £
Governance	4,000	-
Depreciation	39,939	1,539
Building maintenance	19,962	13,619
Heating and lighting	5,513	14,677
Rates, water & insurance	1,357	7,894
Travel expenses	2,543	1,381
Telephone	1,362	1,236
Professional fees	5,230	5,244
Sundry	<u>2,433</u>	<u>-</u>
	<u>82,339</u>	<u>45,590</u>

8 Governance costs

	Total 2016 £	Total 2015 £
Independent examiner's remuneration	4,000	-
	<u>4,000</u>	<u>-</u>

9 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2015: £Nil).

The key management personnel of the charity comprise the trustees. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the charity was £Nil (2015: £Nil).

The trustees did not have any expenses reimbursed during the year (2015: £nil).

10 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Total £
Cost			
As at 1 August 2015	2,420,000	7,695	2,427,695
As at 31 July 2016	<u>2,420,000</u>	<u>7,695</u>	<u>2,427,695</u>
Depreciation			
As at 1 August 2015	-	4,617	4,617
Charges in period	38,400	1,539	39,939
As at 31 July 2016	<u>38,400</u>	<u>6,156</u>	<u>44,556</u>
Net book values			
As at 31 July 2016	<u>2,381,600</u>	<u>1,539</u>	<u>2,383,139</u>
As at 1 August 2015	<u>2,420,000</u>	<u>3,078</u>	<u>2,423,078</u>

10 Tangible fixed assets (continued)

Included in freehold land and buildings is land at a value of £500,000 (2015: £500,000) which is not depreciated.

Freehold land and buildings included above are recognised at deemed cost on transition to FRS102. These assets were last valued at 31 July 2013 by Mr N Morgan MSc FRICS. The historic cost equivalent of these assets is £59,572 in 1972.

The historic cost for freehold land and buildings is not known.

11 Fixed asset investments

	Investment Properties	Bank deposits £	Listed investments £	Total £
Cost or valuation				
As at 1 August 2015	640,000	43,630	941,839	1,625,469
Additions	-	40,000	163,838	203,838
Disposals	-	(7,861)	(164,755)	(172,616)
Revaluation	-	-	49,188	49,188
As at 31 July 2016	640,000	75,769	990,110	1,705,879
Carrying amount				
As at 31 July 2016	640,000	75,769	990,110	1,705,879
As at 31 July 2015	640,000	43,630	941,839	1,625,469

Investments at fair value comprise:

	2016 £	2015 £
Equities	809,074	760,287
Securities	181,036	181,552
Investment properties	640,000	640,000
Cash within investment portfolio	75,769	43,630
	<u>1,705,879</u>	<u>1,625,469</u>

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

No figure for the cost of the investment properties is available. The value at which it was first recognised on the accounts was £45,000 in 1993. This was subsequently revalued to £640,000 in July 2013. Upon transition to FRS102 this valuation has been adopted as deemed cost as the trustees believe that the cost of obtaining a valuation outweighs any benefit to the users of the accounts.

12 Debtors

	2016 £	2015 £
Other debtors	24	24
Prepayments and accrued income	5,939	2,999
	<u>5,963</u>	<u>3,023</u>

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals and deferred income	4,000	-
	<u>4,000</u>	<u>-</u>

14 Funds

	Balance at 1 August 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 July 2016 £
Unrestricted fund	4,092,853	146,321	137,082	49,188	4,151,280
	<u>4,092,853</u>	<u>146,321</u>	<u>137,082</u>	<u>49,188</u>	<u>4,151,280</u>
Total funds	<u>4,092,853</u>	<u>146,321</u>	<u>137,082</u>	<u>49,188</u>	<u>4,151,280</u>

15 Analysis of net assets between funds

Fund balances at 31 July 2016 are represented by:

	Unrestricted funds £	Total funds £
Investments	1,705,879	1,705,879
Tangible fixed assets	2,383,139	2,383,139
Current assets	66,262	66,262
Current liabilities	(4,000)	(4,000)
Total net assets	<u>4,151,280</u>	<u>4,151,280</u>

16 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income for the year	9,239	43,222
Adjusted for:		
Rents received from investment properties	(13,755)	(13,985)
Dividends received	(24,300)	(18,809)
Interest receivable	(36)	(29)
Depreciation and impairment of tangible fixed assets	39,939	1,539
(Increase) / decrease in debtors	(2,940)	3,102
Increase / (decrease) in creditors	4,000	-
Net cash flow from operating activities	12,147	15,040

17 Cash flows from investing activities

	2016 £	2015 £
Rents received from investment properties	13,755	13,985
Dividends received	24,300	18,809
Interest receivable	36	29
Receipts from sales of investments	132,616	109,949
Payments to acquire investments	(163,838)	(184,365)
Net cash provided / (used) by investing activities	6,869	(41,593)

18 Analysis of cash and cash equivalents

	At 1 August 2015 £	Cash flows £	At 31 July 2016 £
Cash at bank and in hand	41,283	19,016	60,299
	41,283	19,016	60,299

19 Contingent liabilities

There are no contingent liabilities that require disclosure.

20 Explanation of transition to FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 August 2014. As a consequence of adopting FRS 102 and SORP 2015, there has been no changes to the financial statements, however the accounting policy for properties previously revalued has been amended to account for land and buildings including investment properties at deemed cost.

