

**The Sacred Hearts  
Sisters 1983  
Charitable Fund**

**Annual Report and Accounts**

31 March 2019

Charity Registration Number  
287232

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

<b>Trustees</b>	Sister Catherine Collins Sister Kathleen Corbett Sister Nora Emperor Sister Eileen McLoughlin Sister Mary Mangan Sister Lorna Walsh
<b>The Superior General</b>	Sister Mary Mangan
<b>The Secretary General</b>	Sister Kathleen Corbett
<b>The General Treasurer</b>	Sister Catherine Collins
<b>Principal address</b>	Chigwell Convent 803 Chigwell Road Woodford Bridge Essex IG8 8AU
<b>Telephone</b>	020 8504 1624
<b>Website</b>	<a href="http://www.sacredheartsjm.org">www.sacredheartsjm.org</a>
<b>Charity registration number</b>	287232
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Investment managers</b>	Sarasin & Partners LLP Juxon House St Paul's Churchyard London EC4M 8BU
<b>Bankers</b>	HSBC plc 91 High Street Brentwood Essex CM1 4RU

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

**Solicitors** Potheary Witham Weld  
70 St George's Square  
London  
SW1V 3RD

IBB Solicitors  
Capital Court  
30 Windsor Street  
Uxbridge  
Middlesex  
UB8 1AB

**Insurance Brokers** DE Ford Insurance Brokers Limited  
Poppleton Grange  
Low Poppleton Lane  
York  
YO26 6GZ

## Report of the trustees Year to 31 March 2019

The trustees present their statutory report together with the accounts of the Sacred Hearts Sisters 1983 Charitable Fund (the charity) for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out on pages 38 to 45 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in Statement of Recommended Practice on “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later”.

### Introduction

The Congregation of the Sisters of the Sacred Hearts of Jesus and Mary (the Congregation) is an International Roman Catholic Religious Congregation supporting 114 sisters worldwide. It was founded in France in 1866. The United Kingdom Congregation became an independent entity in 1903 and has its headquarters at Chigwell Convent in Essex.

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

The Mission Statement of the Sisters is:

*“We, the Sisters of the Sacred Hearts of Jesus and  
Mary,  
urged by the compassion of Christ  
and responsive to the anguish of Peoples and Planet,  
are called to help shape Communities  
of Gentleness, Justice and Peace  
that witness to the healing, liberating and empowering  
love of God.”*

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Congregation in England, Wales and Scotland are held.

**Introduction** (continued)

With effect from midnight on 31 March 2019, in accordance with a legal transfer of undertakings and a resolution of the trustees, certain of the activities, assets and liabilities of the Charitable Trust were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO), Sisters of the Sacred Hearts of Jesus and Mary CIO, (the CIO) (Charity Registration Number: 1179804).

**Mission**

The Sacred Hearts Sisters 1983 Charitable Trust aims to support the religious and other charitable works carried on by the members of the Congregation and to care for those members throughout their lives within the Congregation. These ministries of the Sisters of the Congregation, all of which benefit numerous members of the general public, fall into the following main areas:

- ◆ Health (including caring for members of the Congregation)
- ◆ Education
- ◆ Pastoral ministry
- ◆ Overseas outreach

**Activities, achievements, specific objectives and relevant policies**

***Health***

The Sacred Hearts 1983 Charitable Fund operates one care home in the United Kingdom.

**Marian House Care Home**

We run a friendly open environment for staff and residents whilst at the same time ensuring we maintain the privacy, dignity, and rights and the quality of life for the residents who are vulnerable adults. The home provides long term residential care for the elderly and also short-term respite care for those coming out of hospital or to enable carers to take a break. Marian House shares the site with a resident community of sisters. The lives of the two intertwine for prayer, retreats, social activities and other celebrations. The sisters in community provide a valuable pastoral service for the residents who are all known to them.

The Home works very closely with the local authority, the London Borough of Hillingdon, which is responsible for funding some of the residents. We work very closely with the local hospital and healthcare services which provide additional help and support and training for staff as required.

Staff meetings are held on a regular basis along with newly introduced resident meetings.

Sisters'/residents' questionnaires for quality assurance were carried out in the year and the responses were very positive. Marian House also had an inspection by Hillingdon Quality Assurance, Social Services scoring overall 91%.

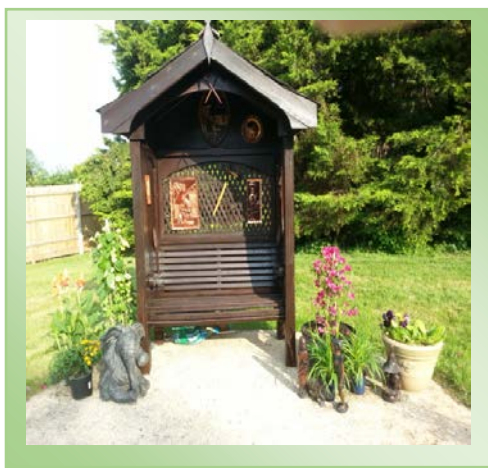
Our Environmental Health report, "scores on the doors" scored 5\*, the highest score possible. The inspector commented on how pleased she was with improvements that had been made.

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

**Health** (continued)

The residents enjoy a variety of activities, from music and movement to “Pat the dog” and newly introduced art therapy.

With guidance from The Community Leader at Marian House, the gardens have been improved and are being enjoyed by the residents throughout the year, providing a prayer walk area, based around the worldwide missions of the Congregation utilising items and plants specific from each area to enrich the user's reflection.



On 28 August 2018, two sisters celebrated their Platinum jubilee in Marian House, marking their 70 years of vowed service to the Congregation. The sisters celebrating were joined by their community, families and staff.



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

***Education***

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

*Pield Heath House School, Uxbridge*

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

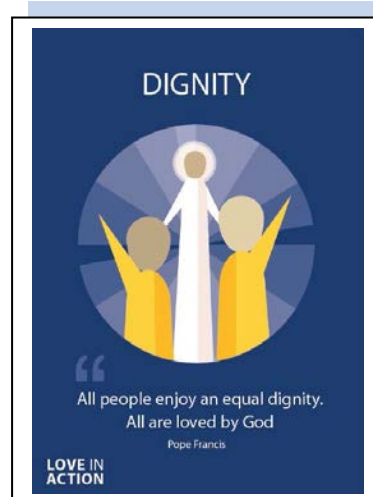
The school offers day, residential and respite provision to young people with moderate to severe learning difficulties, autistic spectrum disorders and associated speech, language and communication difficulties within a warm and caring environment where daily life is underpinned by Christian principles.

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

An example of some of the work taking place at the school in the year:

***Caritas Love in Action Programme***

Love in Action is an engagement programme designed by Caritas, Westminster to introduce Parishes and Schools to the principles of Catholic Social Teaching (CST). This Half Term we have been looking at the Principle of Dignity.





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

***Education (continued)***



*Talk Like a Pirate Day!*

We celebrated International Talk Like a Pirate Day on 19 September. Staff and students dressed up and enjoyed looking for treasure as they entered the swashbuckling world of real and fictional pirates. The day was enjoyed by all and provided students with inspiration and ideas to help them develop their own creativity.

***Travel STARS***

*We were delighted to have been awarded the Travel STARS Bronze Award from TFL. Well done to the team of newly appointed Junior Road Safety Officers.*

*At Pield Heath School we are also very lucky to have a cycle track, which is available for use by the local community.*



***St John's Special School, Chigwell***

St John's RC School is a non-maintained special school offering day provision for pupils aged 5 to 19 with a wide range of needs including moderate to severe learning difficulties, autistic spectrum disorder (ASD) and those with associated speech, language and communication difficulties. The school continues to be very popular with parents and Local Education Authorities (LEAs), with 92 pupils on roll.

Since September 2015, St John's has been in partnership with New City College and provides a 19-25 provision for those students who are not quite ready for mainstream college aiming to bridge this gap by meeting their individual needs. The post-19 provision continues to be very successful with 34 students on role and had a waiting list for September 2019.

Based in Woodford Green, Essex the school has students from across the county as well as the London Boroughs. Although a Roman Catholic school, St John's welcomes pupils from all faiths and backgrounds.

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

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

***Education (continued)***



**St John's mission is to create a community of love and learning, based on Christian values, in which each pupil can achieve their fullest educational potential and thus live life to the full.**

Some of the highlights from the school during the year are as follows:-

***Rainbow Cafe***

*Students in Rainbow's Class have been practising their coin recognition during Friday Café sessions. Students had great fun ordering their favourite treats while learning how to ask for their food, pay and wait for their change. All the students worked really hard and had a great time.*



***Football Focus***

*Students in Key Stage 3 & 4 took part in a Football Tournament which was held at the Tottenham Hotspur training ground at White Hart Lane. Even though the team have been playing together for only a short while, they demonstrated great team spirit and enthusiasm.*

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

***Education (continued)***

During November, each student painted a red poppy and then planted them outside the office to create a Garden of Remembrance. A short ceremony took place on the steps of the 6<sup>th</sup> form where everyone stood in silence for one minute to remember those who gave their lives in war or conflict.



***Pastoral Ministry***

Practically all of our ministries are pastoral in nature. The aims of the trustees in this area are to enable and encourage members of the Congregation to carry out much needed social and pastoral work within the local community. The objective being to motivate sisters to work and assist in any way the poor, elderly, sick and marginalised. Sadly, like many other religious Congregations our age profile reflects that over two thirds of our Congregation are over seventy. However, the majority of sisters (even those in their 80's) are still very active in the area of pastoral ministry, providing a very valuable service to those in need.

Many of our "retired" UK and Irish Sisters continue to be involved in hospital and care home chaplaincy, school governorship (including schools other than our own), parish ministry which includes visiting hospices, hospitals, the sick and housebound, homeless centres and our own convents by continuing to care for less able retired sisters.

Within our Chigwell convent, one sister runs a monthly Bingo group for elderly locals who live alone, to encourage socialising and support over a cup of tea and home made cake.

In other areas of ministry our Sisters are involved with catechesis, teaching English as a second language to immigrants trying to get jobs or applying for citizenship in the UK/Ireland, organising prayer groups and supporting travelling people who are being discriminated against at every level of society. We also have a number of Sisters assisting in the administration of the charity, ensuring we are moving forward and adapting to change.

A number of Sisters are responding enthusiastically to the call of Pope Francis in caring for the "Earth our Home", an example of this is that one small community of Sisters have developed their garden to include a bee hive, the Sisters enjoy collecting honey and are enthusiastically spreading the word which has led to some locals joining up to Bee-Keeping courses following the Sisters' lead. What started in a small way for the Sisters to react to "Care of the Earth" has led the way for others to do the same, which can often be the case with our ministerial work.

The Sisters in Harlow caring for their Bees, promoting "Earth our Home" through their work.





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

***Pastoral Ministry (continued)***

Unfortunately, it is sometimes necessary to make the hard decision to close a community house and leave a mission area. During the year, the decision was made to close our small community in Carlisle. A Mass of thanksgiving and farewell was held to thank the Sisters for their mission in this area for 106 years, initially starting out to help girls and women with special needs and later within a variety of parish and health care pastoral ministries. Special tribute and gratitude was made to Sister Mary Gerald who was bidding farewell to the community after 31 years of loving service in the city.

*Sister Mary Gerald was leaving to answer God's call to return to Ireland and our ministry in Knock. A local parishioner made a wonderful cake to mark the special occasion, depicting Sister Mary Gerald sailing across the Irish Sea.*



With the accepted realisation that the call of a mission in certain areas may come to an end, we occasionally see the need for a new mission to begin. This year that was realised in the opening of a community house in Drumchapel, Glasgow, an inner-city area, highlighted as in need of ministerial support by the Archbishop of Glasgow. Early in 2019 we found a rented property, suitable for a number of Sisters to take up this ministry.



*Our Sisters settling in to their new home and "sowing the seeds" of a new ministry.*

*It is impossible to put a number on the hours that "retired" Sisters have given in pastoral ministry during the year, as it is a way of life for many of our sisters; to be able to give their time helping others.*

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

***Domus Mariae Retreat and Conference Centre***

The centre continues to provide a meeting place for groups who wish to utilise the quiet space and facilities for workshops and retreats, prayer and reflection and a regular meeting place for local groups.

The local rotary club hold their weekly meetings and occasionally they have a quiz night at the centre. They also hold each month a “Memory café” for the elderly and those suffering some form of Dementia.

We host a group “Network” which is made up of a number of Sisters who are the lead in Safeguarding for a number of other Congregations – this proves to be a very worthwhile support group.

Several groups including the Methodists, Anglicans, Salvation Army and local schools make use of the premises for workshops and retreats.

***St Augustine’s Priory House of Prayer***

St Augustine’s Priory House of Prayer, offers a quiet and peaceful space for people looking for rest amidst the busy-ness of every day life. It offers residential and non-residential accommodation depending on the needs of the people, some of whom may have special needs. Throughout the year there is a busy calendar of events such as; Individually Guided Retreats; Private Retreats; Preached Retreats; Creative Retreats; Walking Retreats; Youth Retreats; and space for quiet holiday breaks. Mindfulness and retreats for those living through cancer have seen an increase in interest in the past year along with our Walking and Contemplative Retreats, so we look to offer more of these in planning our future programmes.



St Augustine's offers a quiet prayerful space for those wishing to deepen their relationship with God, or who are seeking to become more aware of his presence in their daily lives. All that is offered is offered to people from all denominations and those of no faith.

Some groups wish to bring their own Spiritual Director or facilitator. However, the centre does have a resident Sister who is a Spiritual Director and a team of non-resident Spiritual Directors who can be called upon to assist with spiritual accompaniment.

One of our young Sisters from the Philippines has spent nine months in St Augustine's availing of the experience in Colwyn Bay, following courses at St Bueno's. She will now transfer her skills to this ministry in the Philippines.

Along with retreats and days of prayer, St Augustine's also provides opportunities for the local community to use its facilities. The centre asks for offerings for its day and meeting room use and retreats/quiet holidays but these are kept low intentionally so that they are affordable for those with low incomes.

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

***Justice and Peace***

The Justice and Peace Centre continues to offer its IT expertise to the Sisters and their helpers to produce materials needed for their ministry. Incorporated in the Justice and Peace Centre is a “communication hub” from which webinars are conducted so that members of the Congregation can stay connected with each other and through which they are encouraged to share ideas and experiences in their ministry.

The Centre is very involved in hosting the TRAC (Trafficking Awareness-Raising and Campaigning) group who have been meeting at the centre for a number of years and continue to work on the issues around trafficking people for profit. The group is made up of 15 members coming from different religious Congregations; for most of the Sisters it is their second Career.

Along with publishing the quarterly magazine “Keeping in Touch” which is circulated to various communities, volunteers and Sacred Hearts Companions, the centre continues to assist in the development of the Sacred Heart Companions Programme. The centre also supports the Romero Trust by printing their newsletter. The Romero Trust is a group supporting justice in El Salvador, which is an area we continue to be involved within as part of our overseas projects.

***Sacred Heart Companions***

The Sacred Heart Companions continue to meet. The group has a worldwide focus and there are groups of Companions in many of our Mission countries. There are many expressions of being a companion, in the UK and Ireland our companions tend to be older, they support our mission through prayer and small fundraising activities. Approximately once a month about forty members come to Chigwell to have some input to the way forward of the group and to socialise. In Uganda, El Salvador and the Philippines they support both through prayer and active roles in our mission work. Preparation for the group’s first international meeting (including some overseas members) continues to go ahead with a planned meeting in Chigwell in September 2019.

***Overseas Outreach***

The charity supports the Sisters’ projects in the following countries: El Salvador, The Philippines, Uganda and Zambia and we have one Sister living and working in California, working within health care and pastoral work for the local diocese.

To include a report from each overseas mission country would result in a very lengthy document. Therefore, we are highlighting below a selection of some of the work Sisters have been involved within during the year in the Philippines, Zambia and Uganda:-

**Cebu, Philippines**

The Congregation’s mission in Cebu is varied and looks at support, training and access to food and equipment across a wide spectrum of the poor and those with special educational needs and learning difficulties.

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

***Overseas Outreach*** (continued)

Cebu, Philippines (continued)

*Education and Nutrition Programme for Children from Indigent Families*

Activities within this programme involve:

- ◆ *Empowering the beneficiaries through quality education and provision of much needed materials and equipment.*  
School supplies, uniforms and shoes were purchased for each of the children. Parents and children took part in an educational tour visiting some of the historical places in Cebu. Teachers began following the new school curriculum.
- ◆ *Hygiene and nutrition information including Supplementary Feeding Programme*  
Training was given on the difference and importance of healthy foods over unhealthy foods. Lectures were given around hygiene and the importance of frequent hand washing. Demonstrations were also given on brushing teeth properly. Information and advice was given on safety in the home, especially to those families living in the slums which are prone to flooding.

*Victor Braun Training Centre and the Kairos Programme*

Vocational training is provided to the students at the Victor Braun Centre for Young Adults with Special Needs on cooking, making rugs and floor mats, arts and craft and basic carpentry. The food ingredients, recyclable cloth for making the floor mats and rugs, coloured paper and arts and craft material are all provided by the project.



*Happiness all around at the Victor Braun Centre for Special Needs*

The students are also taught psycho-socio emotional skills training. Sensory integration therapy was incorporated into their different activities by providing sensory diets. Other activities were geared towards the independent living programme to prepare the students for the start of a two week residential programme in May 2018. The Kairos Programme at the Victor Braun Centre for Special Needs welcomed any student with special needs (even those enrolled in other schools) to have an independent two week stay at the centre developing life skills and a sense of community, taking part in recreational activities and educational outings. A total of 21 students participated.

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

***Overseas Outreach*** (continued)

Cebu, Philippines (continued)

*Victor Braun Training Centre and the Kairos Programme* (continued)



*The students learning to cook and work together.*



To finish the programme the students had an educational tour in Balamban where they visited a flower plantation and Chinese temple and an eco-mountain resort. The tour helped them appreciate nature and scenery; it helped in their psycho-emotional wellness and sensory integration.

*Empowering the Management and staff of Sisters of the Sacred Hearts of Jesus and Mary Philippines, through workshops and capacity building.*

In April 2018, the teachers had a capacity building workshop to prepare for the opening of the school year in June 2018. Topics covered included improving effectiveness in teachers' classroom performance and improving quality of learning. Teachers also came up with a detailed set of goals of what they aimed to achieve during the year. The staff of the Victor Braun Training Centre held a full day team building at Casili Mandaue City. The objective was to evaluate and assess the accomplishments made in the year to July 2018. Further capacity building was scheduled.

*Supplementary feeding programme*

Supplementary feeding is an ongoing programme of the Sisters and is conducted Monday to Friday for families living inside the graveyards and for children in the pre-schools (day centres). Food is distributed to children living inside the graveyard at eleven o'clock in the morning enabling the children to eat before starting school for the afternoon session.



*Our sisters working in the cemetery feeding programme*



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

***Overseas Outreach (continued)***

Zambia

*Bauleni Special Needs Project (BSNP)*

Bauleni Special Needs Project provides education and skills training for children/youth with special needs, orphans and vulnerable children. There is an outreach to local communities in the Home School Based Education Programme which involves teachers going to remote villages where it is too far for the children to come to Bauleni. The teachers train the parents/guardians in ways to help their children develop to their potential.



BSNP has effectively enabled children with special needs to receive an education and have an improved quality of life. And BSNP's reach and impact on children with special needs extends beyond the project's centre. Given the dedication of the staff and their understanding of the needs of children with special needs, in addition to benefiting its children and their families, BSNP has become a centre for excellence recognised by the government and other institutions. BSNP uses its position in Zambia to further advocate and lobby for children with special needs, including enabling them to enter mainstream education, developing curriculums for children with special needs and helping them to find employment.

The project also has many Income Generating Activities (IGA's) which help sustain the education side of the project including a piggery, chickens, bakery, garden, hammer mill, block-making, fish ponds, renting out of resource room for workshops, renting shop space to animal feeds outlet and a shop/cafe on site.



*The Café, which serves many people during the day.*

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

***Overseas Outreach*** (continued)

Zambia (continued)

*Bauleni Special Needs Project (BSNP)* (continued)

BSNP's focus on IGAs has enabled the organisation to make its limited resources stretch far beyond expectations while simultaneously developing an integrated programme that further benefits its beneficiaries. Specifically, BSNP's students are able to learn and participate in the IGAs, which provide them with life skills. The farm provides meals for BSNP's students. Some of the IGAs offer employment opportunities for BSNP graduates. They also offer a facility for skills training. The IGAs are well-run, and while they are not yet all fully financially viable, they are respected in the community. Notably, community members come to BSNP to buy their bread and other groceries because of the quality. The government used the fish pond for an aquaculture demonstration. These additional benefits of the IGAs also improve the exposure of BSNP and can serve as a way to further spread the message about the work of BSNP.

Uganda

*Mother Winifrede Tyrrell Centre*

The new Mother Winifrede Tyrrell (MWT) Centre is doing well. Having all the skills and children together at the Centre - apart from a small group of women doing tailoring who have had use of another building for a few years - the children are able to have physio regularly and then return to class. This has really helped their overall progress.

MWT Centre is also used for training. Last year, 40 women were trained in briquette making as an alternative to charcoal. The number of groups interested in this training is increasing.

The centre is flourishing and well attended, but there is very little room for development of IGA's to support the project. They do have some pigs and the market is strong, so all the pigs are 'sold' before they leave their mother!

Home Therapy groups for disabled children are doing excellent work. Families in outlying areas are put into clusters, villagers are trained to bring the children from outlying areas to the weekly meetings. Trained staff from the MWT Centre train the parents on therapy for their particular child. They give the staff a weekly report of the therapy done, the challenges they met, the progress the child has made, etc. Only the main cluster organiser gets remuneration, the others do this work for free or for food if the parent can afford it.



*Sister Teddy supports a child at the MWT centre.*



*A mother looking after her severely disabled child with help from the MWT centre training.*

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

***Overseas Outreach*** (continued)

Uganda (continued)

*Mother Winifrede Tyrell Centre* (continued)

Sacred Heart Companions buy food and distribute it weekly to the cluster groups. One companion who is a nurse was able to get high nutrition food for a malnourished child who is now making great progress.

***Investment policy***

The charity's investments at 31 March 2019 (prior to the transfer to the CIO) were managed entirely by Sarasin and Partners LLP. The trustees made the decision in the year to follow Pope Francis' lead in "Caring for the Earth" by moving the full portfolio of investments to Sarasin's Climate Active policy which offers a timely multi-asset investment solution for charities concerned by increased climate risk and who want to play a part in driving behavioural change. There are no restrictions on the charity powers to invest.

The investment strategy has been set by the trustees and, in future, will be set by the trustees of the CIO. It takes into account income requirements, the risk profile and investment managers' views of the market prospects in the medium term.

Although the positive nature of the fund is to invest with other like-minded charities concerned about the future of the earth, the policy has, and will continue to, require total return through a diversified portfolio whilst providing a level of income advised by the relevant trustees. There is also an ethical investment policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Christian Church.

The performance of the portfolio and the charities investment strategy have been reviewed by the trustees, meeting annually with the investment managers to discuss performance and the future outlook of the fund. This practice will be continued by the CIO.

**Future plans**

As noted above, following the transfer of certain of the activities, assets and liabilities of the charity to the newly formed CIO, the remaining activities of the charity will be in relation to education and the running of the two schools.

**Financial review**

***Results for the year***

A summary of the year's results can be found on page 35 of this report and accounts.

The statement of financial activities shows net expenditure and a decrease in funds during the year of £31,199,301 (2018 – £1,744,393) with total income amounting to £11,527,790 (2018 – £10,418,569) and expenditure totalling £43,496,111 (2018 - £11,893,648).

## **Financial review**

### ***Results for the year (continued)***

Total income includes £8,131,093 (2018 - £7,816,337) of education fees and related charges generated by the charity's educational establishments and £165,336 (2018 - £164,344) generated by the residential and care home.

Other categories of income include investment income and interest receivable and donations and legacies. This latter category includes the salaries and pensions of individual members of the Congregation which are donated to the charity either by deed of covenant or by gift aid.

Total expenditure before the transfer to the newly formed Charitable Incorporated Organisation (CIO) comprises expenditure on the charity's schools and educational establishments of £7,387,792 (2018 - £6,942,353) and expenditure on the residential and care home of £1,087,842 (2018 - £1,014,892). The major part of the expenditure on both the schools and the home is staff costs which totalled £6,549,767 (2018 - £6,140,277) representing payments to the schools' and home's staff. Other expenditure includes the personal and living costs of the members of the Congregation and their ministry, donations paid and the costs of administering and managing the charity. The charity made donations of £1,165,055 (2018 - £1,122,369) to its connected charity in Ireland, the majority of which were used to assist with the ongoing living and care costs of Sisters in Ireland.

The transfer of certain of the assets and liabilities to the newly formed CIO at midnight on 31 March 2019 increased expenditure by £31,274,436 to give total expenditure for the year of £43,496,111.

Deducting expenditure from income for the year gives a net expenditure figure for the year after transfer to the CIO and before investment gains of £31,199,301 (2018 – £1,475,079).

### ***Investment performance***

Prior to the transfer to the CIO, the charity's listed investments increased in market value during the year (excluding withdrawals). An income yield of 2.7% (2018 - 3.1%) was achieved, whilst the capital yield was positive at 4.0% reflecting market conditions (2018 – negative minus 0.05%). The investments were managed in accordance with the trustees' investment policy and with the ethical guidelines given to them.

Net gains on listed investments during the year amounted to £769,020 (2018 – net losses £269,314).

**Financial review** (continued)

***Reserves policy and financial position***

*Reserves policy*

The reader will discern from the foregoing that the charity has carried out, and its successor charity will carry out, a diverse range of activities and is/will be responsible for care and support of Sisters whose average age is increasing and whose needs are changing. The trustees of both the charity and the CIO have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work going forward in respect to education and the provision of care, the level of free reserves should be between 3 and 6 months' projected expenditure.

*Financial position*

Immediately prior to the transfer of assets and liabilities to the CIO, the charity balance sheet showed total reserves of £37,258,071 (2018 - £37,182,936).

Included in this figure was an amount of £1,140,252 (2018 - £1,194,245) which was restricted. These monies had either been raised for, and their use restricted to specific purposes, or they comprised donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 19 to the accounts, together with an analysis of movements in the year. At 31 March 2019, certain of them amounting to £48,002 were transferred to the CIO leaving a balance of £654,600 left with the charity.

Prior to the transfer to the CIO an amount of £26,972,397 (2018 - £26,320,823) had been designated, or set aside, for specific purposes. Of this £18.5 million represented the SSHJM Congregational Fund, which had been designated to provide for Sisters in their retirement. This fund, set aside to provide for the Sisters in their retirement, none of whom have resources of their own, was re-assessed during the year. The calculations, based on actuarial methods, indicated that £19.4 million needed to be set aside in order to provide a modest sum towards the upkeep and care of Sisters over 65 years of age. At 31 March 2019 £18.5 million (2018 - £18.5 million) had been set aside for this purpose as there are insufficient funds available to provide the full £19.4 million needed. The fund of £18.5 million was transferred to the CIO at midnight on 31 March 2019.

Prior to the transfer to the CIO the schools and home fund totalled £5,262,030 (2018 - £4,697,797) of which £5,208,235, has been retained in the charity. Going forward with effect from 1 April 2019, this designated fund will be reconsidered. The activities of the charity will comprise principally the provision of education and the provision of care. Part of the fund, therefore, will become the general funds of the charity with the balance forming part of the tangible fixed assets fund. At 31 March 2019, that part of the fund which will represent the future general funds of the charity amounted to £2,910,161 and was deemed sufficient by the trustees being consistent with the reserves policy set out above.

**Financial review** (continued)

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

*Financial position* (continued)

The home's element of these funds are extremely low reflecting the high ongoing costs of providing care for the elderly Sisters of the Congregation, where funding levels provided by statutory authorities fall substantially short of those required if services are to be maintained at the high levels of quality rightly demanded by residents and the Sisters. Until such funding issues are resolved, the broader work of the charity will be required to continue to support the home with contributions from the CIO towards the cost of caring for Sisters.

The programme related fund at £3,080,000 (2018 - £3,080,000) represented the book value of those freehold properties occupied by other charitable and not-for-profit organisations and purposes consistent with the charity's objectives. It was transferred to the CIO at midnight on 31 March 2019.

The tangible fixed assets fund prior to the transfer to the CIO totalled £7,840,806 (2018 - £8,209,552) and was represented by those tangible fixed assets not financed out of restricted funds or included under the schools and home fund. At midnight on 31 March 2019 a balance of £81,730 was retained by the charity being the net book value of a property which was in the process of being sold as at that date. The balance on the fund i.e. £7,759,076 was transferred to the CIO.

Funds which were available to support the work of the Sisters in the future i.e. the general funds totalled £1,834,996 immediately prior to midnight on 31 March 2019 (2018 - £1,458,316) and fell within the parameters of the charity's reserves policy. The funds were transferred to the CIO with the exception of £39,070.

**Governance, structure and management**

***Governance***

In terms of Canon law, the Congregation is governed at an international level by the Congregational Leader and her General Council. They are elected every six years at a General Chapter which is a meeting of representatives from all areas of the Congregation. Members of the General Council are chosen for their personal qualities, their understanding and experience of the ministries of the Sisters throughout the Congregation and to secure a good skills mix among them. Each community is governed by a local Superior or Council with shared responsibility. The Congregational Leader or her delegate is required to visit each community at least once every two years and there is a system of accountability operational throughout the Congregation to ensure that the Congregational Leader and her Councillors are aware of the progress and development of the ministries carried out by the Sisters of the Congregation.

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

**Governance** *(continued)*

In terms of Civil law, the charity is governed by a trust deed dated 23 May 1983 and is a registered charity, Charity Registration No. 287232. The trustees of the charity are the six members of the Leadership Team. As all trustees are members of the Congregation they have a detailed knowledge of the work of the charity and of its structure. On being appointed, new trustees spend some time with those trustees leaving office. They also meet with the Congregation's legal, accounting, investment and property advisers in order to obtain a full briefing of their responsibilities and the charity's position. They have also attended appropriate study days.

According to the Trust Deed the maximum number of trustees shall not exceed eight in number. They are – The Congregational Leader, four Team Members, General Secretary and the General Treasurer.

During the year all or some of the trustees attended:

- ◆ The Provincial Bursars Conference, High Leigh, Hertfordshire
- ◆ Catholic Charities Conference, Church House, London
- ◆ Safeguarding Children in the Catholic Church (CSAS)
- ◆ National Board for Safeguarding Children in the Catholic Church in Ireland (NBSCCI)
- ◆ Formation programmes for enhancing our own Formation Programme with a view to capacity building within the Congregation and charity
- ◆ Trustee training sessions put on by:
  - Buzzacott LLP
  - Investment managers:
    - Sarasin & Partners LLP
  - DE Ford, Insurance Brokers Limited

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

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

**Governance** (continued)

*Sister Catherine Collins*

Sister Catherine entered the Congregation in February 1964. After qualifying as a teacher in 1971, she taught children with special needs in Pontville, Ormskirk, Lancashire for three years. In 1975 she was assigned to a teaching position at Lwitikila Girl's Secondary School in Zambia, becoming principal of the school for her last three years there. From 1987 until 2002 she ministered in California, teaching in the Sacred Heart Elementary School from 1987 to 1997, after which she went to St Louis University to study at the Institute for Religious Formation. From 1998 Sister Catherine worked in the Regional Office of the Congregation in California until 2002 when she was appointed Congregational Leader, a position she held until 2008. After a short period in the Philippines she was appointed General Treasurer in January 2012.

*Sister Kathleen Corbett*

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

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

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

*Sister Nora Emperor*

Sister Nora entered the Congregation in September 1967. She trained as a cook following the City and Guilds course at Guildford College, Surrey. After completion of the course she worked in St Dominic's School, Hambledon, Surrey and later went to work in The Jane Hodge Residential Care Home in Cardiff. When Marian House Nursing Home was opened in 1988 she was appointed to organise the kitchen. She remained there until 1994 when she was missioned to Zambia, Africa.

Sister Nora was trained as a Formator at the Kalundu Study Centre, Lusaka and for the next twelve years worked in the Formation programme of our newer members both in Zambia and in the UK.

On her return to Zambia in 2006 she was appointed co-ordinator of Sunsuntula, the Day Care Centre for children orphaned by the AIDS epidemic. She remained at the Centre in Mbala until she was elected to the Leadership Team in August 2014.



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

***Governance*** (continued)

*Sister Eileen McLoughlin*

Sister Eileen entered the Congregation in 1976 having trained as a Primary School Teacher in Glasgow, Scotland. She taught initially in Cranleigh Residential School for Children with special needs and then for nine years in St John Fisher Primary School in Loughton, Essex.

In 1999 Sister Eileen became the Vocations Promoter for the UK and Ireland before being assigned to Colombia in 2003. There she initiated a programme for young people and adults with special needs in a very poor part of Bogota.

*Sister Mary Mangan*

Mary Mangan was born in Ireland in 1943. She is a teacher by profession having qualified in 1967 and with twenty three years' experience between the classroom and Principal of Schools. She was instrumental in handing over a school to another body that carried on the educational work. In 1990 she went to Ireland to develop a service for children/adults with Intellectual Disability – to de-institutionalise the service and set up a community based service.

During 1996 - 2002 she served on the Congregation's Leadership Team. In 2002-2003 she took a Sabbatical. During 2003 - 2010 she worked with an NGO Ruhama in Dublin, Ireland with women affected by prostitution and women trafficked for sexual exploitation. She retired in 2010 but continued to raise awareness around human trafficking and was influential in setting up an inter-congregational group of religious in Dublin, Ireland to raise awareness against Human Trafficking. She was a member of the Core Group of a Religious European Network against Trafficking Exploitation. She was also involved in spiritual direction ministry. Throughout her career she kept abreast of human development and spiritual growth programmes. In 2014 at the Congregation's General Chapter she was elected Congregational Leader of the Sisters of the Sacred Hearts of Jesus and Mary.

*Sister Lorna Walsh*

Sister Lorna joined the Congregation in 1966. She had trained as a teacher at Notre Dame College, Liverpool before joining the Sisters. She taught in St Dominic's Primary School, Homerton and then in St John's Open Air School and when the school closed she went with the students to St Dominic's School, Hambledon as Deputy Head. While at St Dominic's, Sister Lorna obtained a BSc from the Open University and in 1976 went to Sacred Heart School, Dagenham as a Science Teacher. She was appointed as Head of Science. When Sacred Heart School merged with Bishop Ward School to become All Saints School, Sister Lorna was appointed as Head of Science for the combined school. In 1990 Sister Lorna was elected to the Leadership Team as Councillor and served for six years until 1996. She then moved to California and worked in low cost housing with the Sisters of Mercy becoming a Senior Manager and working with the homeless population of San Francisco. In 2014 she returned to the UK and was elected onto the Leadership Team.

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

***Trustees' responsibilities***

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

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

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

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

***Key management***

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

All trustees are members of the Congregation 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 or key management.

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

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

***Key management*** (continued)

In the case of the manager of the care home and the nurses and therapists at Marian House, the rates of pay are in line with the relevant post on the NHS Whitley Council scales. In view of the nature of the needs of the care home and the national shortage of nurses and care staff, the trustees pay slightly above the pay rate for comparable jobs in similar charitable nursing homes in the immediate locality.

***Structure and management reporting***

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

The charity is connected to St Dominic's School, Hambledon, Surrey, registered as a separate charity (Charity Name: The Congregation of Religious Women known as the Sisters of the Sacred Hearts of Jesus and Mary, Charity Registration Number 1004590), by virtue of the fact that the trustees of the charity are all trustees of the St Dominic's School, Hambledon, Surrey. This latter charity owned and operated St Dominic's School, a non-maintained weekly boarding and day school for pupils of average intelligence but with special needs, catering for speech and language, social communication impairments and specific learning difficulties including additional medical needs.

On 31 August 2013, the activities and certain of the assets of the School were transferred to an independent charity not controlled by The Sacred Hearts Sisters 1983 Charitable Trust. Subsequent to this date, St Dominic's School, Hambledon, Surrey owns the freehold of the School only. Full details of transactions between the charity and the School are given in note 25 to the attached accounts.

The charity is connected also to Harmony House Community Interest Company (Company Registration No 06565448 (England and Wales)). Several of those who served as trustees of the charity during the year are directors of the company. Full details of transactions between the charity and the company are given in note 25 to the attached accounts.

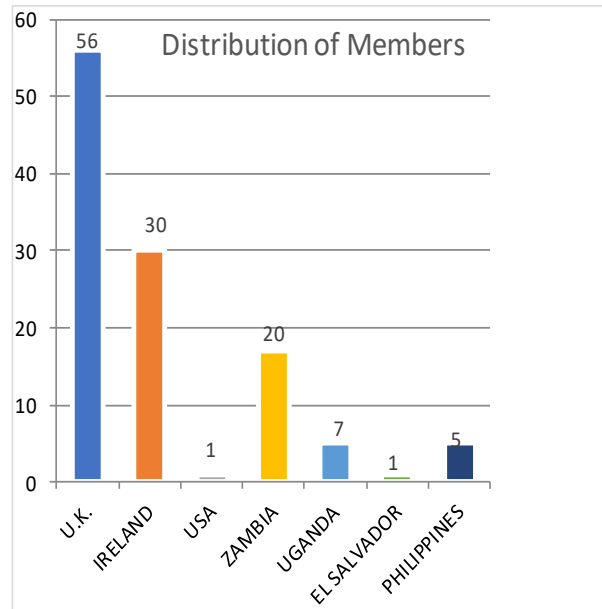
During the year, the charity supported 115 Professed Sisters, four novices (not included in the total count) and three young women preparing for admission.

These Sisters live in 26 communities in different parts of the world. Three of these communities are situated in Southern Ireland, four in Zambia (one of which is the Novitiate), two in Uganda, two in the Philippines, one in El Salvador and one in California. Of the other thirteen communities there are six in the south of England and three in Midlands/Northern England, two in Scotland and one each in Northern Ireland and Wales.

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

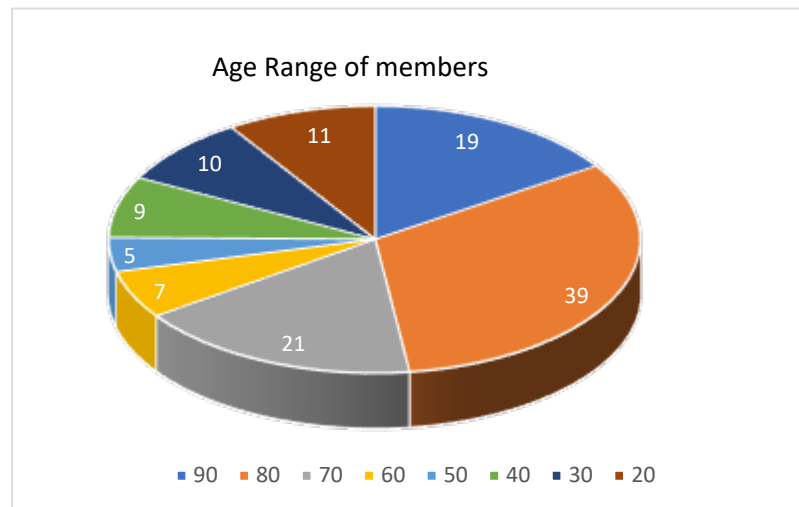
**Structure and management reporting** (continued)

As of March 2019 the distribution of members of the Congregation was as shown in the chart below.



Pastoral care is within the reach of most of the Sisters even those who are quite advanced in years. For those who are more able, the work involves home visitation for those who are housebound and lonely. Hospital visitation is another area where a number of Sisters are actively involved.

The age range of Sisters is as follows:



The age range is no different from that of the rest of society. People are living and working longer than they did previously. The average age of the Sisters is 70 years.

In addition to the convents, during the year to 31 March 2019 the charity operated the following in the United Kingdom:

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

***Structure and management reporting*** (continued)

- ◆ A care home.

Marian House is a care home which caters for our own elderly and infirm members. It is managed by a qualified and experienced manager. Trustees visit regularly and receive reports regarding all the aspects of the home.

- ◆ Two schools providing education to pupils with special needs.

St John's Special School, Chigwell, Essex is a day school under the management of a qualified and experienced head-teacher. Pield Heath House School in Uxbridge, Middlesex, managed by a qualified and experienced member of the Congregation, offers residential accommodation to a number of students for respite.

- ◆ Two facilities for Prayer and Retreats.

Domus Mariae Prayer and Retreat Centre is situated in Chigwell, Essex and St Augustine's House of Prayer in Colwyn Bay, north Wales. Both centres are run by managers and trustees visit the houses regularly.

***Working with other organisations***

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

- ◆ Roman Catholic Diocese of Westminster, Brentwood, Southwark, Wrexham, Liverpool and Hallam; also with the Bishops in the diocese in the areas where we work overseas;
- ◆ Local Authorities where convents are situated;
- ◆ National Justice and Peace Network;
- ◆ Africa-Europe Faith and Justice Network;
- ◆ National Association of Special Schools;
- ◆ The Meyer Family Trust;
- ◆ RENATE, an inter-European network for the prevention of trafficking of people;
- ◆ APT – Act to Prevent Trafficking;
- ◆ TRAC;
- ◆ The Romero Trust;
- ◆ “Network” safeguarding group of religious Congregations;
- ◆ The Medaille Trust; and
- ◆ Community based palliative care – Marie Curie Stars Team.

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

**Public Benefit**

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

***“There are two things in life, Jesus Christ and the poorest of God’s people”***

The following are the main areas in which the charity has provided public benefit:

♦ Social and pastoral ministries

The Sisters have worked with the poorest of people, often in the poorest of conditions, for over 100 years. Despite our increasing collective age, many sisters continue to provide both spiritual and practical assistance to those in need. Much of the pastoral work is carried out in areas where it is hoped the Sisters can provide the most help to the poor and marginalised. Often these areas are socially deprived and in desperate need of the care and pastoral work carried out by the Sisters.

♦ Education

While the Congregation is no longer able to provide teaching by Sisters in the UK, the work of our schools, all focused on pupils with special needs, continues to produce excellent results. All pupils are assessed by Local Authorities.

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

One Sister is a Chief Executive Officer over our two schools and attends all Governors’ meetings, interviews and deals with all legal matters pertaining to employment and training of staff. She reports to the trustees every three months.

♦ Overseas outreach

The charity has supported the Sisters’ projects in El Salvador, The Philippines, Uganda and Zambia. The services provided range from education of children with special needs; home based education and care for those who are too disabled to travel to school or who live too far from the schools; hostel provision for abandoned elderly and children with special needs; home based care for people with HIV; skills training and development as well as income generating projects; feeding projects for the poor and mal-nourished children who live in very over-crowded areas and care of the environment.

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

***Risk management***

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation currently faces in Britain and have reviewed the measures already in place, or needing to be put in place, to deal with them. The trustees have identified the following five main areas of risk which may impact on the charity. Going forward some of the risks will be more applicable to the CIO but they are set out below for completeness:

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

***Governance and management***

- ◆ The Leadership of the Charity endeavour to lead by example so that they can be seen to be authentically living out our Mission Statement and the Founding Vision of our Founder Father Victor Braun.
- ◆ As seen in our age profile the average age of our members is 70. While the majority of the Sisters are in the upper age bracket we do have a growing number of younger and newer members in our various overseas missions.
- ◆ We have engaged lay members of staff who are aware of our ethos.
- ◆ Elderly Sisters who are currently doing voluntary pastoral work in parishes are encouraged to go gently and not take on more than they are able to do. Our motto in this regard is 'Sisters are valued for who they are not for what they do' as some tend to feel guilty if they are not 'contributing'.
- ◆ One of the biggest risks we face here in the UK is the decrease in the number of younger women joining our Congregation. However, we have seven young women in the early stages of formation for Religious Life in Zambia, Uganda and the Philippines. One Sister has produced materials for vocational awareness both here and overseas. A new web site has been built and is up and running.

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

***Risk management*** (continued)

*Safeguarding*

- ◆ We have adopted the Safeguarding policies set out in the National Safeguarding Procedures Manual of the Catholic Church in England and Wales for Children and Adults at Risk, for our communities and places of work in the UK. Our overseas missions have safeguarding procedures in place, in line with our policies and in keeping with their local Church policies and the safeguarding legislation of the countries in which they are located. We have a trustee who has comprehensive training in all matters pertaining to safeguarding and who is responsible for ensuring that the Safeguarding Officers in our missions have the requisite training to enable them to carry out their safeguarding roles effectively.

*Financial*

- ◆ A Finance Committee comprising of a small number of Sisters has been formed for the purpose of regulating the finances in the communities and to investigate ways and means of getting the best from our investments bearing in mind our ethos and our commitment to Justice and Peace and the Integrity of Creation.
- ◆ We have an Anti-Fraud, Bribery and Anti-Corruption Policy in place.
- ◆ Our risk management policy is currently under review.

*Reputational*

- ◆ Media responses, prepared by a Public Relations specialist, are circulated to the communities should there be any occasion that the Congregation, charity or CIO be the target of adverse publicity.

*Operational*

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



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

***Risk management*** (continued)

*Operational* (continued)

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

**Fundraising statement**

We manage our own fundraising activities and do not employ the services of a Professional Fundraiser. Any complaints about the quality of our fundraising activities are thoroughly investigated so that we find ways to improve the service. During the year ending 31 March 2019 we have not received any complaints.

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

**Summary and acknowledgements**

This report is a brief summary of the work of the Congregation during the year to 31 March 2019. To include the reports from the various ministries would make an unwieldy document so a selection are highlighted in this paper. They do, however, make interesting reading and give the trustees a reassurance that the funds of the charity are used wisely and effectively for the benefit of the poor and marginalised. The accompanying accounts with this report show the movement of funds in the year ended 31 March 2019.

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

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

Approved by the trustees and signed on their behalf by:

Sister Catherine Collins

Trustee

Approved by the trustees on:

29 January 2020

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

**Opinion**

We have audited the accounts of The Sacred Hearts Sisters 1983 Charitable Fund (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- ◆ the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

### **Responsibilities of trustees**

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

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

**Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

**Use of our report**

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

Buzzacott LLP

31 January 2020

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

# Statement of financial activities Year to 31 March 2019

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Income from:</b>							
Donations and legacies	1	2,149,983	121,514	2,271,497	1,115,459	302,516	1,417,975
Investments and interest receivable	2	633,580	—	633,580	694,055	—	694,055
Charitable activities							
. Provision of education	3	7,997,676	133,417	8,131,093	7,755,453	60,884	7,816,337
. Provision of care	3	165,336	—	165,336	164,344	—	164,344
. Prayer and retreat ministry	3	194,564	—	194,564	204,593	—	204,593
Other sources	4						
. Surplus on disposal of tangible fixed assets and other property		22,657	—	22,657	3,649	—	3,649
. Miscellaneous income		89,641	19,422	109,063	100,022	17,594	117,616
<b>Total income</b>		<b>11,253,437</b>	<b>274,353</b>	<b>11,527,790</b>	<b>10,037,575</b>	<b>380,994</b>	<b>10,418,569</b>
<b>Expenditure on:</b>							
Raising funds							
. Investment management (rebate) costs		(30,043)	—	(30,043)	(17,952)	—	(17,952)
Charitable activities							
. Charitable donations and support of missionary work	5	1,637,543	110,670	1,748,213	1,495,693	285,525	1,781,218
. Provision of education	6	7,219,618	168,174	7,387,792	6,820,015	122,338	6,942,353
. Provision of care	7	1,087,842	—	1,087,842	1,014,892	—	1,014,892
. Support of the sisters and their ministry	8	2,026,371	1,500	2,027,871	2,173,137	—	2,173,137
		11,941,331	280,344	12,221,675	11,485,785	407,863	11,893,648
. Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO	29	31,226,434	48,002	31,274,436	—	—	—
<b>Total expenditure</b>		<b>43,167,765</b>	<b>328,346</b>	<b>43,496,111</b>	<b>11,485,785</b>	<b>407,863</b>	<b>11,893,648</b>
<b>Net expenditure before gains (losses) on investments</b>	11	<b>(31,914,328)</b>	<b>(53,993)</b>	<b>(31,968,321)</b>	<b>(1,448,210)</b>	<b>(26,869)</b>	<b>(1,475,079)</b>
Net gains (losses) on investments	16	769,020	—	769,020	(269,314)	—	(269,314)
<b>Net expenditure before transfers</b>		<b>(31,145,308)</b>	<b>(53,993)</b>	<b>(31,199,301)</b>	<b>(1,717,524)</b>	<b>(26,869)</b>	<b>(1,744,393)</b>
Transfer between funds		485,652	(485,652)	—	—	—	—
<b>Net expenditure and net movement in funds</b>		<b>(30,659,656)</b>	<b>(539,645)</b>	<b>(31,199,301)</b>	<b>(1,717,524)</b>	<b>(26,869)</b>	<b>(1,744,393)</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April 2018		35,988,691	1,194,245	37,182,936	37,706,215	1,221,114	38,927,329
Fund balances carried forward at 31 March 2019		5,329,035	654,600	5,983,635	35,988,691	1,194,245	37,182,936

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

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charity were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO), Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804) (see note 29).

**Balance sheet** 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	15		<b>2,379,804</b>		10,527,141
Investments					
. Programme related investments	16		—		3,080,000
. Listed investments	16		—		19,676,750
			<b>2,379,804</b>		<b>33,283,891</b>
<b>Current assets</b>					
Debtors	17	<b>599,747</b>		1,291,478	
Short term deposits		<b>146,618</b>		341,292	
Cash at bank and in hand		<b>3,044,051</b>		2,655,149	
		<b>3,790,416</b>		<b>4,287,919</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	18	<b>(186,585)</b>		(388,874)	
<b>Net current assets</b>			<b>3,603,831</b>		<b>3,899,045</b>
<b>Total net assets</b>			<b>5,983,635</b>		<b>37,182,936</b>
<b>The funds of the charity</b>					
Restricted funds	19		<b>654,600</b>		1,194,245
Unrestricted funds					
. Designated funds	20	<b>5,208,235</b>		26,320,823	
. Tangible fixed assets fund	21	<b>81,730</b>		8,209,552	
. General fund		<b>39,070</b>		1,458,316	
			<b>5,329,035</b>		<b>35,988,691</b>
			<b>5,983,635</b>		<b>37,182,936</b>

Approved by the trustees and signed on their behalf by:

Sister Catherine Collins  
Trustee

Approved on: 29 January 2020

## Statement of cash flows Year to 31 March 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(98,551)	(1,953,268)
<b>Cash flows from investing activities:</b>			
Interest received		17,100	3,043
Programme related investment income		95,000	107,000
Income from listed investments		521,480	584,012
Purchase of tangible fixed assets		(351,921)	(161,747)
Proceeds from the disposal of tangible fixed assets		100,465	3,650
Purchase of investments		(20,335,263)	(2,038,116)
Proceeds from the disposal of investments		21,550,813	1,011,587
<b>Net cash provided by (used in) investing activities</b>		<b>1,597,674</b>	<b>(490,571)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,499,123</b>	<b>(2,443,839)</b>
Cash transferred to the Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)		(1,517,342)	—
<b>Cash and cash equivalents at 1 April 2018</b>	B	<b>3,208,888</b>	<b>5,652,727</b>
<b>Cash and cash equivalents at 31 March 2019</b>	B	<b>3,190,669</b>	<b>3,208,888</b>

### Notes to the statement of cash flows for the year to 31 March 2019.

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

	2019 £	2018 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(31,199,301)</b>	<b>(1,744,393)</b>
<b>Adjustments for:</b>		
Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO	31,274,436	—
Depreciation charge	673,856	662,707
(Gains) losses on investments	(769,020)	269,314
Investment income and interest receivable	(633,580)	(694,055)
Net (gains) losses on disposal of tangible fixed assets	(22,657)	4,146
Decrease (increase) in debtors	650,332	(395,085)
Decrease in creditors	(72,617)	(55,902)
<b>Net cash used in operating activities</b>	<b>(98,551)</b>	<b>(1,953,268)</b>

#### B Analysis of cash and cash equivalents

	2019 £	2018 £
Short term deposits (less than three months)	146,618	341,292
Cash at bank and in hand	3,044,051	2,655,149
Cash held by investment managers	—	212,447
<b>Total cash and cash equivalents</b>	<b>3,190,669</b>	<b>3,208,888</b>

## **Principal accounting policies 31 March 2019**

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

### **Basis of preparation**

These accounts have been prepared for the year to 31 March 2019 with comparative information provided in respect to the year to 31 March 2018.

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.

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

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

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

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

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

- ◆ Assessing the probability of the receipt of legacy income;
- ◆ Assessing the recoverability of fees receivable in respect to charitable activities and the consequent need for any provision for doubtful debts;
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate; and
- ◆ Determining the value of designated funds, in particular in respect to the assumptions made in determining the value of the retirement fund.

### **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.

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charity were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO), Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804). The transfer was in accordance with an Order issued by the Charity Commission on 8 December 2018 and with a legal deed of transfer.



**Assessment of going concern** (continued)

Subsequent to 1 April 2019, the activities of the charity will comprise principally the provision of education and the provision of care. Part of the retained schools and home fund, therefore, will become the general funds of the charity with the balance forming part of the tangible fixed assets fund. At 31 March 2019, that part of the fund which will represent the future general funds of the charity amounted to £3,002,891. This was deemed sufficient by the trustees and consistent with the reserves policy set out in the trustees' report.

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.

**Income recognition**

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

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

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

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

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

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

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

**Income recognition** (continued)

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.

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

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

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

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

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

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

### **Expenditure recognition**

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include:
  - ◇ Charitable grants and donations, in the main, to support the charity's missionary work overseas and the support of Roman Catholic charitable organisations;

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

Grants 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 grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

- ◇ Expenditure incurred in providing education at the charity's two schools for children with special needs;
- ◇ Expenditure incurred in the provision of care to the frail and elderly at the charity's care home, including the costs of caring for the sick and elderly members of the Congregation therein;
- ◇ Direct and support costs in respect to the support of members of the Congregation and enabling their ministry including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

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

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

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

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

### **Tangible fixed assets**

#### ♦ Inalienable land and buildings

The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the trustees of the governing bodies of Catholic voluntary-aided schools, which are separate charities and publicly funded, are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

#### ♦ Other freehold land and buildings

Non-specialised buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost if purchased after 31 March 1996. Otherwise they are stated at a trustees' valuation made, with professional assistance, in 1996 and based on the then market value for existing use. As permitted by FRS 102, with effect from 1 January 2014 the values assigned to these properties are now deemed to be their 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 less than their book value.

Specialised buildings comprise the Congregation's care and educational establishments and its large residential convents. Where acquired before 31 March 1996, they are stated at a valuation at that date made by the trustees with professional assistance. The basis of valuation is replacement cost for existing use less allowance for the condition of the buildings and any restrictions on their use and disposal. Structural and similar additions since 31 March 1996 are stated at cost. . As permitted by FRS 102, with effect from 1 January 2014 the values assigned to these properties are now deemed to be their cost. With the exception of a specialist cycle track at Field Heath House School, Hillingdon, Middlesex, and certain major building improvements, depreciation is provided at 2% per annum on a straight line basis to write the buildings off over their estimated useful life to the charity.

**Tangible fixed assets** (continued)

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

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

◆ **Furniture and equipment**

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

◆ **Motor vehicles**

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

**Fixed asset 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.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if 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 comprise freehold properties used by other charitable and not-for-profit organisations for purposes consistent with the charity's objectives. They are included at a value equivalent to their depreciated cost immediately prior to their reclassification from tangible fixed assets to programme related investments as at 1 April 2010 less any impairment provision. Their value is considered each year and any impairment is written off and treated as charitable expenditure in the statement of financial activities.

### **Debtors**

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

### **Cash at bank and in hand**

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

### **Creditors and provisions**

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

### **Fund accounting**

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

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

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

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

### **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 average rate of exchange for the month in which the transaction occurred. Exchange differences are taken into account in arriving at the net movement in funds.

**Pension costs**

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

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

**Services provided by members of the Congregation**

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

**Operating leases**

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

**1 Donations and legacies**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Salaries and pensions of individual religious received under Gift Aid or deed of covenant	1,007,400	—	1,007,400	982,196	—	982,196
Legacies	11,495	2,000	13,495	31,676	—	31,676
Donation from Irish Congregation	874,572	—	874,572	—	—	—
Other donations	256,516	119,514	376,030	101,587	302,516	404,103
<b>Total funds</b>	<b>2,149,983</b>	<b>121,514</b>	<b>2,271,497</b>	<b>1,115,459</b>	<b>302,516</b>	<b>1,417,975</b>

**2 Investment income and interest receivable**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Income from listed investments						
.. UK fixed interest	28,503	—	28,503	114,103	—	114,103
.. Global equities	491,277	—	491,277	467,080	—	467,080
.. Cash instruments	1,700	—	1,700	2,829	—	2,829
	<b>521,480</b>	<b>—</b>	<b>521,480</b>	<b>584,012</b>	<b>—</b>	<b>584,012</b>
Interest receivable						
.. Bank interest	15,062	—	15,062	2,892	—	2,892
.. Interest on cash held by investment managers	2,038	—	2,038	151	—	151
	<b>17,100</b>	<b>—</b>	<b>17,100</b>	<b>3,043</b>	<b>—</b>	<b>3,043</b>
Income from programme related investments	95,000	—	95,000	107,000	—	107,000
<b>Total funds</b>	<b>633,580</b>	<b>—</b>	<b>633,580</b>	<b>694,055</b>	<b>—</b>	<b>694,055</b>

**3 Income from charitable activities**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Provision of education</b>						
Education fees and charges	6,017,302	—	6,017,302	5,888,114	—	5,888,114
Grants, contracts and agreements						
.. Department for Education						
.. Base Funding	1,955,590	—	1,955,590	1,784,550	—	1,784,550
.. Capital improvements grant	—	23,912	23,912	—	32,313	32,313
.. Standards Fund for Non Maintained Special Schools	24,784	—	24,784	22,958	—	22,958
.. DSG Grant	—	—	—	59,831	—	59,831
.. PE Grant	—	36,984	36,984	—	6,416	6,416
.. Teachers Pay Grant	—	17,888	17,888	—	—	—
.. Pupil Premium	—	54,633	54,633	—	20,655	20,655
.. Jack Petchey Foundation	—	—	—	—	1,500	1,500
	<b>1,980,374</b>	<b>133,417</b>	<b>2,113,791</b>	<b>1,867,339</b>	<b>60,884</b>	<b>1,928,223</b>
<b>Total funds</b>	<b>7,997,676</b>	<b>133,417</b>	<b>8,131,093</b>	<b>7,755,453</b>	<b>60,884</b>	<b>7,816,337</b>



**3 Income from charitable activities (continued)**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Provision of care:</b>						
Care home fees	165,336	—	165,336	164,344	—	164,344
	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Prayer and retreat ministry:</b>						
Contributions received	194,564	—	194,564	204,593	—	204,593

**4 Income from other sources**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Surplus on the disposal of other tangible fixed assets:						
· Freehold land and buildings	19,956	—	19,956	—	—	—
· Furniture, equipment and motor vehicles	2,701	—	2,701	3,649	—	3,649
	22,657	—	22,657	3,649	—	3,649
Other miscellaneous income	89,641	19,422	109,063	100,022	17,594	117,616
<b>Total funds</b>	<b>112,298</b>	<b>19,422</b>	<b>131,720</b>	<b>103,671</b>	<b>17,594</b>	<b>121,265</b>

**5 Charitable donations and support of missionary work**

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Missionary work of the Congregation abroad	435,776	110,670	546,446	247,647	285,525	533,172
Donation to the Congregation in Ireland	1,165,055	—	1,165,055	1,122,369	—	1,122,369
Donations and grants to other organisations (see below)	31,978	—	31,978	121,100	—	121,100
Donations and grants to individuals	4,734	—	4,734	4,577	—	4,577
<b>Total funds</b>	<b>1,637,543</b>	<b>110,670</b>	<b>1,748,213</b>	<b>1,495,693</b>	<b>285,525</b>	<b>1,781,218</b>

During the year donations and grants were made to 30 individuals (2018 – 32).

Grants and donations paid to other organisations comprised:

	2019 £	2018 £
Harmony House Dagenham Community Interest Company (see note 25)	—	95,000
Catholic Council Enquiry	5,000	3,800
Gem Care Trust	20,669	19,367
JPIC Links	5,000	—
Solidarity Project	—	1,000
Abbotswick funding	—	1,000
Grants and donations of less than £1,000	1,309	933
	<b>31,978</b>	<b>121,100</b>

## 6 Provision of education

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Teaching	5,187,928	120,364	5,308,292	4,887,531	74,574	4,962,105
Welfare	534,844	15,011	549,855	574,182	13,640	587,822
Premises (including depreciation)	780,922	32,763	813,685	781,788	34,058	815,846
Management of the Schools	680,524	36	680,560	538,687	66	538,753
Allocation of support costs (note 9)	35,400	—	35,400	37,827	—	37,827
<b>Total funds</b>	<b>7,219,618</b>	<b>168,174</b>	<b>7,387,792</b>	<b>6,820,015</b>	<b>122,338</b>	<b>6,942,353</b>

## 7 Provision of care

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Provision of care	841,292	—	841,292	835,635	—	835,635
Depreciation of buildings	58,005	—	58,005	58,005	—	58,005
Management of the Home	137,218	—	137,218	63,418	—	63,418
Allocation of support costs (note 9)	51,327	—	51,327	57,834	—	57,834
<b>Total funds</b>	<b>1,087,842</b>	<b>—</b>	<b>1,087,842</b>	<b>1,014,892</b>	<b>—</b>	<b>1,014,892</b>

## 8 Support of the sisters and their ministry

Expenditure on the support of the sisters and their ministry enables the members of the Congregation to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic faith, the provision of care, the advancement of education and the relief of poverty. Also included here is expenditure relating to the prayer and retreat centre, Domus Mariae. It is not possible to separate out this expenditure as it is integrated with the work of the sisters and their ministry. Such expenditure comprises:

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Staff costs	730,582	—	730,582	740,551	—	740,551
Premises costs	612,034	—	612,034	647,699	—	647,699
Sisters' personal and living expenses	473,315	—	473,315	518,279	—	518,279
Education, training and spiritual renewal	51,942	—	51,942	67,211	—	62,711
Sisters' ministries	27,529	1,500	29,029	37,972	—	37,972
Allocation of support costs (note 9)	130,969	—	130,969	161,425	—	161,425
<b>Total funds</b>	<b>2,026,371</b>	<b>1,500</b>	<b>2,027,871</b>	<b>2,173,137</b>	<b>—</b>	<b>2,173,137</b>

## 9 Support costs

	Provision of education £	Provision of care £	Support of sisters and their ministry £	Total 2019 £	Basis of apportionment
Legal and professional fees	16,560	42,327	73,935	132,822	Pro rata expenditure
Governance costs (note 10)	18,840	9,000	29,040	56,880	Pro rata expenditure
Miscellaneous expenditure	—	—	27,994	27,994	Pro rata expenditure
	<b>35,400</b>	<b>51,327</b>	<b>130,969</b>	<b>217,696</b>	

	Provision of education £	Provision of care £	Support of sisters and their ministry £	Total 2018 £	Basis of apportionment
Legal and professional fees	19,347	57,834	115,732	192,913	Pro rata expenditure
Governance costs (note 10)	18,480	—	28,890	47,370	Pro rata expenditure
Miscellaneous expenditure	—	—	16,803	16,803	Pro rata expenditure
	<b>37,827</b>	<b>57,834</b>	<b>161,425</b>	<b>257,086</b>	

## 10 Governance costs

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Total funds:</b>						
Auditor's remuneration	56,880	—	56,880	47,370	—	47,370

## 11 Net expenditure before gains (losses) on investments

This is stated after charging:

	Total 2019 £	Total 2018 £
Staff costs (note 12)	7,280,349	6,880,828
Auditor's remuneration:		
· Statutory audit – overall accounts	29,040	28,890
· Non-statutory audit – schools and homes	27,840	18,480
· Non-audit services – HR Consultancy and miscellaneous advice	46,748	78,686
Depreciation	673,856	662,707
Operating lease rentals	31,920	25,592

## 12 Staff costs and remuneration of key management

	2019 £	2018 £
Staff costs during the year were as follows:		
Wages and salaries	5,814,431	5,357,621
Social security costs	481,894	461,571
Other pension costs	436,541	401,438
	<b>6,732,866</b>	<b>6,220,630</b>
Redundancy costs	—	5,000
Payments to agency staff	529,592	640,646
Apprenticeship levy	17,891	14,552
	<b>7,280,349</b>	<b>6,880,828</b>

## 12 Staff costs and remuneration of key management (continued)

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

	2019 £	2018 £
Staff costs per function were as follows:		
Provision of education	5,787,221	5,479,010
Provision of care	762,546	661,267
Support of the sisters and their ministry	730,582	740,551
	<b>7,280,349</b>	<b>6,880,828</b>

There were 2 employees (2018 – two) who earned between £60,000 and £70,000 per annum (excluding employer's pension contributions but including taxable benefits) during the year. Employer's pension contributions into the defined benefit scheme for those employees totalled £21,196 (2018 - £20,738).

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

	2019 No.	2018 No.
Provision of education	200	180
Provision of care	38	35
Support of sisters and their ministry	30	31
	<b>268</b>	<b>246</b>

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 governors of the schools, the Headteachers of the schools and the Care Manager of the care home.

No trustee or governor received any remuneration in respect to their services during the year (2018 - £nil) nor any reimbursements of expenses (2018 - £nil).

The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £133,101 (2018 - £125,753). This relates to only two members of the key management personnel as the other members of key management personnel are all members of the Congregation.

## 13 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2018 - none).

As members of the Congregation, 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 £63,528 (2018 - £59,888).

**14 Taxation**

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

**15 Tangible fixed assets**

	Freehold land and buildings				
	Non-specialised £	Specialised £	Furniture & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	1,083,222	15,548,408	434,835	574,542	<b>17,641,007</b>
Additions	—	163,880	178,170	28,119	<b>370,169</b>
Disposals	(75,959)	—	(22,902)	(20,753)	<b>(119,614)</b>
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	(925,533)	(12,048,088)	(111,947)	(402,922)	<b>(13,488,490)</b>
At 31 March 2019	81,730	3,664,200	478,156	178,986	<b>4,403,072</b>
At cost	—	3,664,200	478,156	178,986	<b>4,321,342</b>
At deemed cost based on 1996 valuation	81,730	—	—	—	<b>81,730</b>
	81,730	3,664,200	478,156	178,986	<b>4,403,072</b>
<b>Depreciation</b>					
At 1 April 2018	—	6,300,561	245,712	567,593	<b>7,113,866</b>
Charge for the year	—	550,789	109,130	13,937	<b>673,856</b>
On disposals	—	—	(21,055)	(20,751)	<b>(41,806)</b>
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	—	(5,268,534)	(72,311)	(381,803)	<b>(5,722,648)</b>
At 31 March 2019	—	1,582,816	261,476	178,976	<b>2,023,268</b>
<b>Net book values</b>					
At 31 March 2019	81,730	2,081,384	216,680	10	<b>2,379,804</b>
At 31 March 2018	1,083,222	9,247,847	189,123	6,949	<b>10,527,141</b>

The historical cost of freehold land and properties included above at a valuation cannot be ascertained with accuracy.

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

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

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

**16 Investments**

At 31 March 2019 fixed asset investments comprised:

	2019 £	2018 £
Programme related investments (see a below)	—	3,080,000
Listed investments (see b below)	—	19,676,750
	<b>—</b>	<b>22,756,750</b>

**a. Programme related investment properties**

During the year, the charity owned one property which was not used directly by the charity (2018 – one property) but was used by another not-for-profit organisation for purposes consistent with the charity's objectives. Whilst rent was received, no formal rental agreement was in place and the rent was below market rate. Therefore, prior to the property being transferred to the Sisters of the Sacred Hearts of Jesus and Mary CIO, the relevant land and buildings were classified as programme related investments.

	2019 £	2018 £
At 31 March 2018	<b>3,080,000</b>	3,080,000
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	<b>(3,080,000)</b>	—
At 31 March 2019	<b>—</b>	<b>3,080,000</b>

The properties included as programme related investments comprised:

	2019 £	2018 £
Harmony House Dagenham	<b>3,080,000</b>	3,080,000

The above property was valued by the trustees with professional assistance during 2015 on an open market value following concerns that it may be impaired. This led to a reduction in the value of the property in the year to 31 March 2015 of £257,700. Further details in respect to the organisation which occupies the property are given below and in note 25:

**Harmony House Dagenham**

Harmony House Dagenham is a Community Interest Company in the London Borough and Dagenham working in partnership with the Local Authority, community and voluntary organisations in delivering a range of community based services and projects.

**b. Listed investments and cash held for reinvestment**

	2019 £	2018 £
<b>Listed investments</b>		
Market value at 1 April 2018	<b>19,464,303</b>	18,707,088
Additions at cost	<b>20,335,263</b>	2,038,116
Disposals at book value (proceeds: £21,550,813; realised gains: £984,295)	<b>(20,566,518)</b>	(1,008,584)
Net unrealised investment losses	<b>(215,275)</b>	(272,317)
Market value at 31 March 2019	<b>19,017,773</b>	19,464,303
<b>Cash held by investment managers for reinvestment</b>	<b>12,283</b>	212,447
	<b>19,030,056</b>	19,676,750
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	<b>(19,030,056)</b>	—
<b>Listed investments at 31 March 2019</b>	<b>—</b>	<b>19,676,750</b>
<b>Cost of listed investments at 31 March 2019</b>	<b>—</b>	<b>14,426,016</b>

**16 Investments (continued)*****b. Listed investments and cash held for reinvestment (continued)***

Listed investments held at 31 March 2019, all of which were dealt in on a recognised stock exchange, comprised the following:

	2019 £	2018 £
UK fixed interest based common investment funds	—	2,853,641
Global equity based common investment funds	<b>19,017,773</b>	15,948,485
Cash instruments	—	662,177
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	<b>(19,017,773)</b>	—
	<b>—</b>	<b>19,464,303</b>

Included in the investment portfolio were the following individual holdings which, at 31 March 2019 immediately prior to transfer to the newly formed CIO, had a market value which was deemed material in comparison with the market value of the total portfolio at that date:

	Market value £	Percentage of portfolio %	Market value £	Percentage of portfolio %
Charishare Distribution Units	—	—	7,305,847	37.53%
Alpha CIF for Endowments	—	—	5,394,708	27.72%
Charinco Distribution Units	—	—	2,853,641	14.66%
Sarasin Diversified Euro Fund for Charities	—	—	1,527,767	7.85%
BlackRock Global Income Fund	—	—	1,720,163	8.84%
Sarasin Climate Active Endowment Funds	<b>19,017,773</b>	<b>100%</b>	—	—

**17 Debtors**

	2019 £	2018 £
Education fees and charges	<b>524,410</b>	1,145,658
Prepayments and accrued income	<b>84,243</b>	104,334
Other debtors	<b>13,151</b>	41,486
	<b>621,804</b>	1,291,478
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	<b>(22,057)</b>	—
	<b>599,747</b>	<b>1,291,478</b>

**18 Creditors: amounts falling due within one year**

	2019 £	2018 £
Social security and other taxes	<b>16,083</b>	86,986
Accruals and deferred income	<b>101,294</b>	73,557
Other creditors	<b>197,787</b>	228,331
	<b>315,164</b>	388,874
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	<b>(128,579)</b>	—
	<b>186,585</b>	<b>388,874</b>

**19 Restricted funds**

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

	At 1 April 2018 £	Income £	Expenditure £	Transfer to general funds £	Transfer to CIO (note 29) £	At 31 March 2019 £
Capital grants fund	633,574	23,912	(45,193)	(485,652)	—	126,641
St John's R.C. Special School development fund	91,304	—	(24,724)	—	—	66,580
Pield Heath House School appeal fund	102,678	2,415	(710)	—	—	104,383
Pield Heath House School cycle track and mobility training centre fund	211,089	—	(13,193)	—	—	197,896
Overseas Missions fund	31,693	116,599	(107,773)	—	(40,519)	—
Other restricted funds	123,907	131,427	(88,751)	—	(7,483)	159,100
	<b>1,194,245</b>	<b>274,353</b>	<b>(280,344)</b>	<b>(485,652)</b>	<b>(48,002)</b>	<b>654,600</b>

	At 1 April 2017 £	Income £	Expenditure £	At 31 March 2018 £
Capital grants fund	647,033	32,313	(45,772)	633,574
St John's R.C. Special School development fund	116,029	—	(24,725)	91,304
Pield Heath House School appeal fund	99,485	4,359	(1,166)	102,678
Pield Heath House School cycle track and mobility training centre fund	224,282	—	(13,193)	211,089
Overseas Missions fund	67,702	249,266	(285,275)	31,693
Other restricted funds	66,583	95,056	(37,732)	123,907
	<b>1,221,114</b>	<b>380,994</b>	<b>(407,863)</b>	<b>1,194,245</b>

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

♦ Capital grants fund

This fund represented the liability of the trustees to repay to Government Departments any grants made from public funds towards the capital costs of buildings, additions or improvements thereto, such grants being subject to an undertaking to repay in the event of the asset ceasing to be used for the purpose for which the grant was made.

In the year, approval from the Department for Education (DfE) was received to release £485,652 back into general funds. The DfE confirmed the restriction no longer applied because the building work the grant was given in respect to, took place in the 1970's and, as such, the DfE is satisfied that the funds would no longer need to be expected to be repaid.

♦ St John's R.C. Special School development fund

This fund was established in 1994 to raise monies to enhance the development of St John's School.

♦ Pield Heath House School appeal fund

This fund was established as a separate fund on 3 November 1988. The fund consists of monies donated to the appeal specifically set up to raise and manage funds required to finance the redevelopment and maintenance of the school buildings, and any other improvements, which from time to time may be necessary. Appeal funds may also be used for any purpose connected with the school, its equipment and pupils, at the discretion of the appeal committee.



## 19 Restricted funds (continued)

In the event that the appeal fund is dissolved for any reason, any assets remaining shall be given to the school for its general purposes.

In the event that the premises no longer function as a school, the monies may be used at the discretion of the trustees of the Sacred Hearts Sisters 1983 Charitable Fund.

Transfers from the fund represent expenditure on tangible fixed assets. When the asset is purchased, an amount equal to its cost is released to unrestricted funds.

- ♦ **Pield Heath House School cycle track and mobility training centre fund**  
This fund represents the net book value of the specialist cycle track and mobility training centre at Pield Heath House School, Hillingdon, Middlesex which was constructed by Hillingdon Council with support from TfL and Marathon Trust.
- ♦ **Overseas Missions fund**  
This fund consisted of donations specifically given to the charity to assist its overseas missionary work. The donations were expended during the year.
- ♦ **Other restricted funds**  
These funds comprise grants and donations received mainly in order to fund events at, and the purchase of equipment within, certain of the charity's homes and schools.

## 20 Designated funds

	Donations and mission fund £	SSHJM Congregational fund £	Schools and home fund £	Programme related investment fund £	Total £
At 1 April 2017	33,633	20,500,000	3,951,376	3,080,000	27,565,009
Movements in year	9,393	(2,000,000)	746,421	—	(1,244,186)
At 1 April 2018	43,026	18,500,000	4,697,797	3,080,000	<b>26,320,823</b>
Movements in year	(5,389)	—	564,233	—	<b>558,844</b>
Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	(37,637)	(18,500,000)	(53,795)	(3,080,000)	<b>(21,671,432)</b>
At 31 March 2019	—	—	<b>5,208,235</b>	—	<b>5,208,235</b>

- ♦ **Donations and mission fund**  
This fund represented monies set aside towards the provision of donations and contributions towards missionary work in future years. At midnight on 31 March 2019, the fund was transferred to the CIO.
- ♦ **SSHJM Congregational fund**  
The SSHJM Congregational fund consisted of funds that the trustees designated to provide for the Sisters in their retirement. Calculations, based on actuarial methods, indicate that £19.37 million needs to be set aside in order to provide a modest sum towards the upkeep and care of Sisters over 65 years of age. In these accounts £18.5 million was set aside for this purpose as there are insufficient funds to provide the full £19.37 million. At midnight on 31 March 2019, the fund was transferred to the CIO.

## 20 Designated funds (continued)

### ♦ Schools and home fund

This fund represented the accumulated funds and net current assets of the charity's special schools and residential and care home together with monies designated by the trustees for use by the schools and home, excluding tangible fixed assets.

### ♦ Programme related investment fund

This fund represented the book value of those freehold properties occupied by other charitable and non-for-profit organisations for purposes consistent with the charity's objectives. At midnight on 31 March 2019, the fund was transferred to the CIO.

## 21 Tangible fixed assets fund

	Total 2019 £	Total 2018 £
At 1 April 2018	8,209,552	8,573,462
Net movement in year	(368,746)	(363,910)
Transfer to Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	(7,759,076)	—
At 31 March 2019	81,730	8,209,552

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

## 22 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2019 £
<b>Fund balances at 31 March 2019 are represented by:</b>					
Tangible fixed assets	—	81,730	2,298,074	—	2,379,804
Investments	—	—	—	—	—
Net current assets	39,070	—	2,910,161	654,600	3,603,831
<b>Total net assets</b>	<b>39,070</b>	<b>81,730</b>	<b>5,208,235</b>	<b>654,600</b>	<b>5,983,635</b>
<b>Unrealised gains included above on investments (see below)</b>	—	—	—	—	—
<b>Reconciliation of movements in unrealised gains on investments:</b>					
Unrealised gains at 1 April 2018	—	—	5,038,287	—	5,038,287
Less amount in respect to disposals in year	—	—	(5,038,287)	—	(5,038,287)
Add: Net losses arising on revaluation in year	—	—	(215,275)	—	(215,275)
Transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO (note 29)	—	—	215,275	—	215,275
Unrealised gains at 31 March 2019	—	—	—	—	—

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

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2018 £
<b>Fund balances at 31 March 2018 are represented by:</b>					
Tangible fixed assets	—	8,209,552	1,405,740	911,849	10,527,141
Investments	—	—	22,756,750	—	22,756,750
Net current assets	1,458,316	—	2,158,333	282,396	3,899,045
<b>Total net assets</b>	<b>1,458,316</b>	<b>8,209,552</b>	<b>26,320,823</b>	<b>1,194,245</b>	<b>37,182,936</b>
<b>Unrealised gains included above on investments (see below)</b>	<b>—</b>	<b>—</b>	<b>5,038,287</b>	<b>—</b>	<b>5,038,287</b>
<b>Reconciliation of movements in unrealised gains on investments:</b>					
Unrealised gains at 1 April 2017	—	—	5,435,712	—	5,435,712
Less amount in respect to disposals in year	—	—	(125,108)	—	(125,108)
	—	—	5,310,604	—	5,310,604
Add: Net losses arising on revaluation in year	—	—	(272,317)	—	(272,317)
Unrealised gains at 31 March 2018	—	—	5,038,287	—	5,038,287

The historical cost of a number of the charity's tangible fixed assets cannot be quantified accurately due to their age. The trustees consider that the cost of ascertaining such historical costs would be out of proportion to the benefits to the charity. It is not possible, therefore, to quantify accurately the total unrealised gains included within tangible fixed assets.

**23 Pension commitments**

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

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

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

**23 Pension commitments (continued)*****Valuation of the Teachers' Pension Scheme***

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

The contributions payable to the Scheme for the year were £306,428 (2018 - £281,277).

**24 Operating lease commitments**

At 31 March 2019, the charity had the following future minimum commitments under non-cancellable leases:

	Equipment	
	2019 £	2018 £
Operating lease payments due:		
. Within one year	28,756	25,305
. One to two years	18,661	13,699
. Two to five years	19,468	17,553
	<b>66,885</b>	<b>56,557</b>

## 25 Connected entities

♦ St Dominic's School, Hambledon

St Dominic's School, Hambledon is a registered charity (Charity Registration No. 1004590 and Registered Name - The Congregation of Religious Women Known as the Sisters of the Sacred Hearts of Jesus and Mary).

The charity owns a freehold property in Hambledon Surrey, which was leased to Grafham Grange Special Educational Trust in 2013. During 2018, the lease was transferred to Orchard Hill College Academy Trust, which operates a non-maintained weekly boarding and day school for pupils of average intelligence but with special needs on the site.

St Dominic's School, Hambledon is dormant but, as stated above, retains ownership of the land and buildings occupied by the School. The trustees of The Sacred Hearts Sisters 1983 Charitable Fund are trustees of the dormant charity.

Separate accounts are prepared for St Dominic's School, Hambledon and filed with the Charity Commission.

As part of the transfer to the Sisters of the Sacred Hearts of Jesus and Mary CIO, a general vesting document, dated 1 April 2019, was prepared transferring the ownership of the property to the newly formed CIO.

♦ Harmony House Dagenham Community Interest Company (Company No. 06565448 (England and Wales))

Harmony House Dagenham Community Interest Company works in partnership with the Local Authority, Community and Voluntary organisations in delivering a range of community based services and projects. For several years it has been at the forefront of support provision for refugees and other immigrant groups. It provides also childcare services including a nursery for children aged 3 months to 5 years and services for older people in the borough. Several of the trustees of the charity are directors of the Community Interest Company.

The Community Interest Company operates from premises which were owned by the charity during the year and paid rent to the charity of £95,000 (2018 - £107,000).

The charity made a donation to the Community Interest Company of £nil during the year (2018 - £95,000).

The charity had also agreed to act as guarantor for the rent payable by the Community Interest Company on a leased property. The maximum amount to which the charity was potentially liable as at 31 March 2019 in respect to future rental payments was £nil (2018 - £8,750).

## 26 Contingent liability

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

## 27 Ultimate control

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

## 28 Related party transactions

Two of the trustees of the Charitable Trust are also trustees of The Congregation of the Sacred Hearts of Jesus and Mary Trust Company Limited, an entity registered in Ireland (Irish Company Registration Number 197997, Irish Charity Registration Number 20016418).

During the year, the Charitable Trust donated £1,165,055 (2018 – £1,122,369) to the Irish Trust, the majority of which was used towards the living and care costs of the Sisters living in Ireland. The Charitable Trust received a donation from the Irish Trust of £875,572 (2018 - £nil) following the sale of a property.

Other than the receipt of donations from the trustees (see note 13) there were no other related party transactions during the year which require disclosure (2018 – none).

## 29 Transfer of assets and liabilities

The trustees of the charitable trust are also the trustees of a newly incorporated CIO, Sisters of the Sacred Hearts of Jesus and Mary CIO, (Charity Registration Number: 1179804).

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charitable trust were transferred to the CIO in accordance with a legal transfer of undertakings deed.

The net assets transferred were:

	31 March 2019 £
Tangible fixed assets	7,765,842
Investments	22,110,056
Debtors	22,057
Cash at bank and in hand	1,505,060
Creditors: amounts due within one year	(128,579)
<b>Total net assets</b>	<b>31,274,436</b>
<b>Representing:</b>	
Restricted funds	48,002
Unrestricted funds	
. Designated funds	21,671,432
. Tangible fixed assets fund	7,759,076
. General funds	1,795,926
	<b>31,274,436</b>