

**The Congregation
of the Sisters of the Sacred
Hearts (PICPUS)**

**Annual Report and Financial
Statements**

31 December 2020

Charity Registration Number
1133012

Company Registration Number
7003646 (England and Wales)

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Reference and administrative information

Trustees	Sister Aileen Kennedy Sister Joan Geoghegan Sister Mary McCloskey
Superior Delegate	Sister Mary McCloskey
Delegation bursar	Sister Aileen Kennedy
Administrative office	24 Longdown Lane North Ewell Epsom Surrey KT17 3JQ
Charity registration number	1133012
Company registration number	7003646 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
Investment managers	Rathbone Unit Trust Management Limited 8 Finsbury Circus London EC2M 7AZ
Bankers	HSBC Bank plc 54 High Street Epsom Surrey KT19 8DS

Trustees' report Year ended 31 December 2020

The trustees present their report together with the financial statements of The Congregation of the Sisters of the Sacred Hearts (PICPUS) (i.e. the charity or the charitable company) for the year ended 31 December 2020.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 34 and comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019).

Introduction

The Congregation of the Sacred Hearts and of Perpetual Adoration (the "Congregation") is an international Roman Catholic religious congregation.

The financial statements accompanying this report are the financial statements of the charitable company which has title to the Congregation's assets and liabilities in England and through which the activities of the Congregation in England are accounted for.

Constitution

The Congregation of the Sisters of the Sacred Hearts (PICPUS) is an incorporated charitable company constituted as a company limited by guarantee, Charity Registration Number 1133012 and Company Registration Number 7003646 (England and Wales). The charitable company was incorporated on 28 August 2009.

Objectives

The objects of the charitable company are:

- ◆ The relief of poverty and the advancement of religion or education connected with the Roman Catholic religion, in particular, but not limited to, the support of the elderly in England and Ireland; and
- ◆ The advancement of the religious and other charitable works of the Congregation, as the trustees, with the approval of the Superior General, shall from time to time think fit.

Activities, specific objectives and relevant policies

Activities and specific objectives

The activity of the charitable company during the period comprises principally the provision of grants and donations to relieve poverty or promote education or religion connected to the Roman Catholic faith or to support the work of the Congregation and the care of its members.

The charitable company provides financial support for the Congregation's missions throughout the world, either through the Generalate or directly. The missions are under the control of members of the Congregation and the financial support is used to meet the personal and living expenses of the sisters and their ministry. Funds are transferred only when requested by members of the Congregation working in the missions.

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives (continued)

The trustees receive regular reports and updates from the sisters they are supporting, thus enabling them to be satisfied that the funds are used for the purposes intended. It is the aim of the trustees to provide finance to missions to support education programmes with special emphasis on women in developing countries and to assist with the development of specific mission projects.

In addition to the above, occasional grants and donations are given to other organisations and to individuals to assist in the relief of poverty or in the advancement of religion or education connected with the Roman Catholic religion.

The charitable company continues to incur a small amount of expenditure in England on direct support of the sisters and their ministry.

In addition, it holds funds which, in due course, will be required to finance the care of members of the Congregation in their advancing years.

The Congregation has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to the care of the elderly, poor and marginalised in society. In common with many religious congregations, the age profile of the members of the Congregation is increasing as existing members grow older and the number of new vocations becomes minimal. The need for specialised care is increasing with the advancing years of the Congregation's members.

Protection of children and vulnerable adults

Along with all other organisations who serve in the community, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charitable company serves. This means that all sisters who were in any kind of ministry in Great Britain during the period had to obtain clearance from the Disclosure and Barring Service. The trustees are committed to the implementation of all the policies and procedures proposed by CSAS (The Catholic Safeguarding Advisory Service) and the NCSC (National Catholic Safeguarding Commission) and are continuing to implement the recommendations of the Cumberlege Commission, 'Safeguarding with Confidence, Keeping Children and Vulnerable Adults Safe in the Catholic Church' 2007.

Grants, donations and support of missionary work and ministry

The trustees' policy throughout the period was to grant aid and give assistance to the materially poor, provided certain criteria were met. These criteria included demonstration of need and that the purpose for which the assistance was sought is within the objects of the charitable company. Where an individual applied for support to undertake education and training, priority was given to those whose training and education was likely to benefit the wider community. Priority was given also to projects or individuals where the Congregation is engaged, including overseas.

Activities, specific objectives and relevant policies (continued)

Investment policy

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

During the year the trustees investments were managed by Rathbones Unit Trust Management Limited.

The charitable company's listed investments had a market value of £8,558,269 (2019 - £8,332,340) at 31 December 2020. At 31 December 2020, £4,225 (2019 - £27) was held by the investment managers in the form of cash awaiting investment.

The investment managers operate within specific guidelines, which are set and are regularly reviewed by the trustees.

The trustees' policy throughout the period was to have a balance between income and capital, to maintain the capital value of the investment funds at least in line with inflation, and to pursue a strategy involving limited risk, whilst maintaining their income yield.

There were certain restrictions imposed on the investment managers throughout the period. These included not investing funds in any company with links to tobacco or armaments, and not committing the trustees to any underwriting and similar obligations.

Cash surplus to immediate requirements is held in bank term deposits.

Review of activities

The following paragraphs outline the main achievements during the year in respect to the support of members of the Congregation and their ministry together with the relief of poverty and advancement of education or religion connected to the Roman Catholic faith.


The trustees have carefully considered the projects they wished to support during 2020. The Covid-19 pandemic has focused their plans on support and assistance to projects in Asia and Africa where the need of their communities is greatest.

- ◆ Construction of houses for the communities in Indonesia
Early in the year a substantial donation £80,015 was made to Sisters in Indonesia to assist with two projects – one to build a house for the Sisters in Batam Island (over two floors) and the other for a house for the Sisters in Yogyakarta Island (a house and hostel over two floors). The appeal shown below details what the funds are needed for although the amount requested leaves it to the donor to contribute what they can – they simply state that they need a lot of money.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of houses for the communities in Indonesia (continued)

 CONGREGATION OF THE SACRED HEARTS
Office of the General Treasurer of the Sisters

SS.CC. SISTERS SOLIDARITY
(Orientations for the Administration of Temporal Goods, N° 5.3.4)

REQUEST FOR AID: Data

1. Country making the request: INDONESIA

Name of the Sister contact person: SURJATI ATENGDIREDJA
Email address: suryati_theng@yahoo.com
Address: JL KUSUMA NO 601 GK IV RT 68 RW 17 GENDENG BACIRO
YOGYAKARTA, INDONESIA

2. Criteria for aid from ss.cc. Sisters Solidarity: Building Aid for the House in
Batam and Yogyakarta

3. Description of the Project: Building House Project for
The Sisters in Batam Island on a land 240 m2 (2 floors)
The Sisters in Yogyakarta Island on a land 1.246 m2 (house and hostel: 2 floors)

4. Total amount requested in US dollars: NADA – TIENEN BASTANTE DINERO

5. The subsidy can be sent to:

Name of Bank: BANK OCBC NISP CAB. YOGYAKARTA
C. SWIFT: NISPIDJA
Bank number (or branch office): -



Complete address of the Bank Office: JL. CIKIDITIRO NO. 7, TERBAN, GONDOKUSUMA
YOGYAKARTA 55225, INDONESIA

Official name on the account: KONGREGASI SISTER HATI KUDUS YESUS DAN MARIA

Complete account number: 230 – 8100 – 50784

Complete address of the account owners:
Kongregasi Sister Hati Kudus Yesus dan Maria (Kongregasi Sister SS.CC.)
Jl. Kusuma GK IV No. 601 RL 068 RW 017 Gendeng Selatan, Bacin
YOGYAKARTA, INDONESIA

6. Date: DECEMBER 31, 2019

Signature of the Treasurer:  Signature Territory Coordinator: 

Servasa Mardiani, SS.CC. Romela Situmorang, SS.CC.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of houses for the communities in Indonesia (continued)

The attached letter shows how grateful the sisters were for the donation and some photos of the project.



**Congregation of the Sacred Hearts of Jesus and Mary and of Perpetual
Adoration (SS.CC.)**
Territory of Asia
India, Indonesia, Philippines

March 22, 2021
Bandung, Indonesia

To: Sisters of the Sacred Hearts England
c/o Aileen Kennedy, ss.cc

Dear Sisters and our valued donors,

First of all, my deepest apology for neglecting the official words of thanks from me for the donation received last year to help our construction building. We actually received the donations in 2 different times with total of \$96,867.24 which probably equals to 80,000 pounds sterling.

1. April 24, 2020 received \$50,000.00
2. April 28, 2020 received \$46,867.24

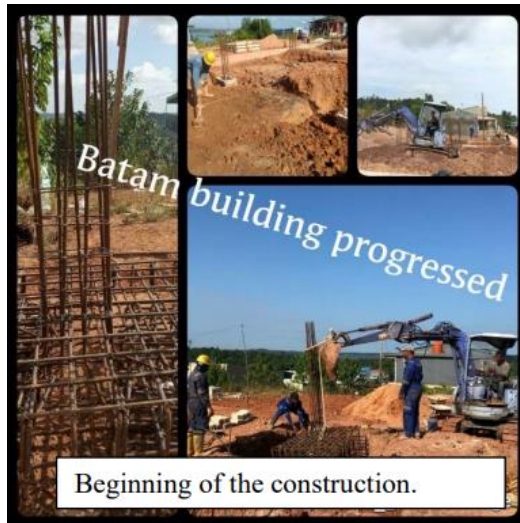
Thank you so much for the help and now we have a house in Batam, Indonesia for the Sisters to stay and to do various ministry at the same time. As informed before, that our presence in Batam from September 2011 up to Christmas 2020, the Sisters have been renting from one house to another in order to maintain our ministry here. My deepest gratitude to our donors who are generously helping us to pursue our ministry in this remote area of Batam island through the support we have received. I thank our dear Lord that on February 2nd , 2021 we were able to bless this house and to be a home for everyone who stay and visit us.

Below are some pictures of the building and activities that have been happening in this building.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of houses for the communities in Indonesia (continued)



Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of houses for the communities in Indonesia (continued)



We are most grateful to the Congregation for this assistance, and we have been able to touch the lives of many poor and vulnerable, especially helped women and children to improve their life situations. We thank Sister Aileen and the Sisters in England and Ireland for the great help we received.

Respectfully submitted and united in prayer,



Romeka Situmorang, ss.cc.

Coordinator of the Territory of Asia”

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

◆ Construction of a High School in Kinshasa, Republic of Congo (DRC)

The second project which was supported by the sisters is the school in Kinshasa in the Democratic Republic of the Congo. This is a continuing project since the Congregation has been present in the DRC since 1969 working for the integral development of people and collaborating for a fairer society. There are currently 16 Sisters and 3 Communities. The document below explains that the DRC is one of the world's poorest countries, showing the lowest level of development today. Many families live on less than \$1 a day. The current political crisis makes the situation worse and war has intensified the impact of problems. There are currently approximately 10 million children out of school. School tuition fees are in decline and more than 4.4 million children do not attend school. Child labour is common: a quarter of children aged 5 to 14 work. They are forced to do something to help the family. Families are concerned about their children's education, but paying the monthly fee is very expensive and because the government does not participate in anything, parents are forced to make the monthly payments that are very high to meet the salaries of teachers.

The Children's School sector began operating at the Centre in 2016. The young people and adolescents who attend are from simple families, some are orphaned due to war, illness, lack of medication and violence. The Project aims to provide games for children to have fun, solar panels and safety equipment for the computer room; equipment for nine secondary and one primary classes; books for primary and secondary school students; three computers together with scholarships for orphaned children and those their parents cannot afford school. The objectives are to provide children with an educational and recreational environment; start them to read at school and at home; offer children classes with equipment that allows them to study well; offer a quality training and allowing the poor to also have access to schooling.

These are all principles that the sisters wish to support on a regular basis and the funds they send enable the good work to continue. The sum requested from the sisters was €80,000 and this was what was sent.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of a High School in Kinshasa, Republic of Congo (DRC) (continued)

SOLICITUD DE AYUDA PARA EL AÑO 2020. Request for help in 2020

RELIGIOSAS DE LA CONGREGACION SAGRADOS CORAZONES DE: (Pais).

La Congregación está presente en Kinshasa desde 1969 trabajando para el desarrollo integral de las personas y colaborando por una sociedad más justa.

Actualmente hay 16 Hermanas y 3 Comunidades.

Proyecto: Colegio Sagrados corazones (Infantil, primario, Secundario)

Lugar de ubicación del proyecto: Kinshasa en R.D.Congo

INDICADORES SOCIALES:

La RDC es uno de los países más pobres, mostrando el más bajo nivel de desarrollo actualmente. Muchas familias viven con menos de 1\$ al día. La crisis política que vivimos estos días empeoró la situación.

Las autoridades no se esfuerzan por mejorar la calidad de vida, no hay ni inversión ni ayuda en las escuelas. Sostienen sistemas que les benefician a ellos mismos.

Las familias son numerosas, la tasa de nacimientos es alta, y el nivel de vida es de 48 años.

Hay un total de más de 10 millones de niños no escolarizados, y el nivel de francés (lengua oficial) que presenta la gran mayoría es muy bajo.

La guerra ha intensificado el impacto de problemas tales como: el dudoso marco legal, la corrupción, la inflación y la ausencia de abertura en el gobierno en la política económica y operaciones financieras.

La República Democrática del Congo tiene 73.5% millones de habitantes, de éstos los cuales más del 80% vive con menos de 1 euro al día. El 46% padece la pobreza extrema.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

Support of members of the Congregation and their ministry together with the relief of poverty and advancement of education or religion connected to the Roman Catholic faith (continued)

- ◆ Construction of a High School in Kinshasa, Republic of Congo (DRC) (continued)

Actualmente la República Democrática del Congo es el País con el Índice de desarrollo humano más bajo del mundo.

EDUCACIÓN, SANIDAD, SITUACIÓN SOCIAL, DATOS DEMOGRÁFICOS, ETC.:

El sector de la Escuela infantil comenzó a funcionar aquí en el Centro en el año 2016. El nivel de escolaridad de los niños a nivel nacional va bajando et los Padre tiene una gran preocupación de enseñar y educar sus niños, pero encuentran limitaciones porque los salarios que el Gobierno paga no corresponden a realidad, no pueden pagar debidamente las mensualidades de sus hijos. Los niños que frecuentan nuestra Escuela Infantil varían entre 3 y 6. Son niños agradecidos y felices con la formación que reciben. A nosotras también nos alegra porque sentimos que van aprendiendo.

Actualmente hay aproximadamente 10 millones de niños que no están escolarizados. Las tasas de matrícula escolar van en declive. Más de 4.4 millones de niños y niñas no asisten a la escuela. El trabajo infantil es común: una cuarta parte de los niños de 5 a 14 años de edad trabajan. Son obligados a hacer algo para ayudar a la familia.

La Constitución de la RDC se abrió a buscar la gratuidad y la obligatoriedad de la educación a nivel primario, a pesar de ello, este ideal está muy lejos del compromiso del Gobierno. Los fondos destinados a ello son insuficientes, lo que no garantiza ni la gratuidad ni una educación de calidad.

El sector de la Escuela Secundaria es nuevo en el centro Padre Damián, el primer grupo de alumnos empezó en septiembre pasado del año escolar 2017-2018.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ♦ Construction of a High School in Kinshasa, Republic of Congo (DRC) (continued)

En nuestra capital, los servicios básicos no son una seguridad para la población. Las congregaciones intentan dar lo mejor, no siempre contamos con los medios necesarios, porque las demandas vienen de diferentes lugares y no podemos responder a todo.

Las familias están preocupadas con la educación de sus hijos, pero pagar la mensualidad es muy costoso porque el Gobierno no participa en nada, los padres son obligados a pagar las mensualidades que son muy elevados. Las escuelas exigen somas elevadas para poder pagar los profesores en el final de mes.

Los jóvenes y adolescentes que vienen a nuestro colegio son de familias sencillas, algunos son huérfanos debido o a la guerra, la enfermedad, por falta de medicación y la violencia que aún se vive en algunos lugares.

PROYECTO:

- Juegos para que los niños se diviertan.
- Paneles solares, convertidor y bacterias para la sala de informática.
- Equipamiento de nueve clases de secundario y uno de primario (Bancos para alumnos y profesores).
- Libros para los alumnos de primario y de secundario.
- Tres ordenadores para la dirección de primario
- Becas para los niños huérfanos y los que sus padres no pueden pagar los estudios.

OBJETIVO:

- Ofrecer a los niños ambiente educativo y recreativo.
- Iniciar los niños a la lectura en la escuela y en casa.
- Ofrecer a los niños clases con equipamientos que les permitan de bien estudiar.
- Ofrecer una formación de cualidad et que los alumnos tengan condiciones necesarias para las practicas de informática.
- Permitir que los pobres también tengan acceso a escolaridad.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Construction of a High School in Kinshasa, Republic of Congo (DRC) (continued)



- ◆ Assistance to the community in Bagong, Silang, Manila (Philippines)

A smaller donation of US\$24,000 was sent to Bagong in the Philippines. This is again a project that the sisters have supported in the past. Here the sum requested was US\$20,000 but the sisters wished to fulfil their obligations and sent the full amount of the cost of the project – US\$24,000.

Proyecto: Angelitos de Corazón

Personas con capacidades diferentes – People with special needs



Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

♦ Assistance to the community in Bagong, Silang, Manila (Philippines) (continued)

Bagong Silang is considered the largest municipality in the Philippines, with an overpopulation being made up of people relocated from the different marginal areas of Manila. In 2019 it was estimated that in area 10 alone, where the San Damian Center is located, there are more than 21,000 families and each family is made up of 7 to 10 people, with one or two people in each family having special needs. Due to the overpopulation of the Philippines and especially in marginalised areas of the capital, as is the case with Bagong Silang, the basic needs are really precarious, and one of the factors of poverty is hunger and malnutrition which results in diseases but, above all, poor brain development which leads to intellectual disability and to other genetic disorders such as Downs Syndrome, cerebral palsy, autism, hydrocephalus, and others. People with different abilities or intellectual disabilities do not have centres, schools, or training to go to and have few benefits from the state. Kindergarten, primary school and high school education is overpopulated and has no staff to serve students with special needs. Indeed, in the year 2018 the high school principal was suspended for kicking out of school all special needs students and referring to them as stupid. Parents made these issues known to the media and were able to maintain a classroom and have a teacher.

Angelitos de Corazón is a project that has existed more than 11 years ago in area 10 of Bagong Silang. The aims of the project are that every person with special needs has the right to receive an academic education, benefiting and enhancing their abilities from God; creating and stimulating socialisation and integral learning and providing different programs with differing degrees according to the needs of each student. Their objectives are to deliver skills in vocational workshops whilst acknowledging the limits of the students; to provide students' families with comprehensive training and workshops; to support each volunteer teacher with training; and provide the students with academic, occupational and spiritual training. This work continues with the support of like-minded communities such as the sisters.



Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Assistance to the community in Bagong, Silang, Manila (Philippines) (continued)



- ◆ Support of older Sisters of the Congregation

The charitable company continues to support the sisters and their ministry. In addition, it holds funds which, in due course, will be required to finance the care of members of the Congregation in their advancing years.

The Congregation has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to the care of the elderly, poor and marginalised in society. In common with many religious congregations, the age profile of the members of the Congregation is increasing as existing members grow older and the number of vocations becomes minimal. The need for specialised care, particularly medical, is increasing with the advancing years of the Congregation's members.

During the year, the charitable company transferred £56,344 to Ireland to assist in the support of sisters and the provision of care for sick and older members of the Congregation.

Activities, specific objectives and relevant policies (continued)

Review of activities (continued)

- ◆ Support of the work of the Congregation generally
As in previous years, a large donation was made to the Generalate of the Congregation. This amounted to £61,142 and was to cover all expenses relating to travel, food, secretariat costs and medical expenses, telephone and communications. The Congregation is today present in 33 countries and, in keeping with the initial intuition of the founder, the evangelising mission of the sisters can be carried out in all cultures. The donation has been used to help with the costs of living, health and training the Sisters of the Sacred Hearts worldwide.

Covid-19

The Covid-19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

Along with many other charities it is not yet possible to imagine fully what the needs of the activities the charity supports will be and what position the sisters will be in to respond to those needs.

The charitable company's income will no doubt continue to be affected because of the impact on world economies and on the ability of companies to pay dividends. In terms of expenditure, the trustees foresee a continuing increase in demand for the support given to members and the missions that the charity supports.

The trustees will continue to keep both income and expenditure under review. Whilst there will undoubtedly be challenges ahead, the trustees do not expect material concerns to arise over the charitable company's immediate financial position.

Financial review for the year

Income and expenditure

A summary of the year's results can be found on page 28 of this report and financial statements.

The total income for the year was £232,463 (2019 - £291,158) and included investment income and interest receivable of £231,441 (2019 – 288,543) and an exchange gain on a bank transfer of £1,022 (2019 - £nil). In the year to 31 December 2019 the charity received a legacy of £2,615.

Financial review for the year (continued)

Income and expenditure (continued)

The total expenditure for the year was £324,322 (2019 - £204,555). Expenditure on support of members of the Congregation and their ministry together with the relief of poverty and the advancement of education or religion connected with the Roman Catholic faith was £308,316 (2019 - £204,555). During the year the charity gave annual donations to the Congregation's Generalate of £61,142 (2019 - £61,421) to support the work of the Congregation generally; £56,344 (2019 - £33,560) was spent on members of the Congregation who themselves require care and support; and further sums of £80,015, £74,060 and £20,127 were given to three overseas projects of the Congregation. Further details of these donations and other smaller gifts are given in note 2 to the financial statements and details of the projects are shown above under activities and performance.

During the year the investments managers changed the way in which fees were charged. Fees from 1 January 2020 are invoiced and paid directly by the charitable company, while in previous years the investment charges were inherent in the value of the investments. Expenditure on managing the investments of the charitable company during the year to 31 December 2020 were £16,006, (investment management charges in the year to 31 December 2019, inherent in the net unrealised gains of investments were £40,448).

The net expenditure for the year, therefore, before net investment gains was £91,859 (2019 - net income of £86,603). Realised investment losses amounted to £809 and unrealised investment gains were £168,502 (2019 – unrealised gains of £732,772). The net increase in funds for the year amounted to £75,834 (2019 - £819,375).

Performance of listed investments

The investment managers have invested in accordance with the trustees' investment policy set out earlier in this report and have complied with the ethical guidelines given to them. The charitable company's investments achieved an income yield of 2.77% (2019 - 3.78%) and a capital yield of 2.01% (2019 - 9.64%). Further details of the investment portfolio are included in note 6 to the attached financial statements.

The trustees believe their investment policy continues to be applied and remains appropriate.

At 31 December 2020, the charitable company's listed investments comprised units in the Rathbone Active Income for Charities Fund managed by Rathbone Unit Trust Management Limited.

Financial position and reserves policy

The balance sheet shows total funds of £8,729,080 (2019 - £8,653,246).

£5,460,000 (2019 - £5,390,000) has been designated by the trustees to provide for the sisters in their retirement. The fund has been calculated using actuarial principles, whilst having regard to the resources actually available.

In order to assist less fortunate members of the wider Congregation, the trustees have consented to commit part of their funds to support the Congregation's Generalate; projects initiated and run by the Congregation; and members of the Congregation who themselves require care and support. The amount utilised during 2020 amounted to £151,132 leaving the balance of the fund at 31 December 2020 available for distribution as £144,113 (2019 - £295,245).

Financial review for the year (continued)

Financial position and reserves policy (continued)

£750,000 (2019 - £750,000) has been designated by the sisters as a mission fund, the income of which is used to support non-Congregational projects and other charities, both in the UK and overseas, that respond to the poor and vulnerable in the world at the request of individual members of the Congregation.

Restricted funds amounted to £1,122,572 (2019 - £1,070,121) and represent the Generalate fund, being monies given to the charitable company by the Generalate of The Congregation of the Sisters of the Sacred Hearts and of Perpetual Adoration to be used to finance the overseas missions of the Congregation and the broader work of the Congregation overseas.

Funds which are available as free reserves i.e. those unrestricted funds not designated for specific purposes or otherwise committed, are shown on the balance sheet as general funds and amount to £1,252,395 (2019 - £1,147,880).

It is the trustees' aim to ensure that sufficient funds are generated to be able to provide a proper level of care for sisters of all ages as they need it, while maintaining support for the active sisters who continue to generate low levels of income in worldwide ministries where support is badly needed. The charitable company is reliant on investment income necessary to meet both current and future requirements. To this end, regular meetings are held to ensure that sufficient funds are generated from the investment portfolio and changes are made to the portfolio as appropriate.

The trustees consider that, given the nature of the charitable company's work, the level of free reserves should be sufficient to generate enough income to cover approximately one year's on-going expenditure and to provide for contingencies, unevenness in future income and volatility in the value of investments. In particular, at the current time, the reserves need to be sufficient to enable the charitable company to operate in the exceptional circumstances created by the Covid-19 pandemic.

At the date of the balance sheet the trustees believe the charitable company's free reserves to be adequate but not excessive. In particular, the level of reserves is deemed sufficient when considered in the light of the uncertainties arising due to the Covid-19 pandemic and the associated drop in investment values since the year end, which impact directly on the level of free reserves.

Fundraising statement

The charitable company aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communication and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charitable company manages its own activities to raise funds and does not employ the services of professional fundraisers. The charitable company undertakes to react and to investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charitable company received no complaints about its activities for raising funds.

Future plans

The trustees have given serious thought to the future plans of the charitable company and their long term responsibilities. It is their intention to continue to care for the members of the Congregation worldwide, enabling them to carry out their pastoral work and ministry. Focus will be given to assisting and caring for the elderly, the poor and the marginalised and reaching out to as many as possible.

The trustees will pay due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her General Council.

In terms of civil law, the charitable company is constituted as a company limited by guarantee (Company Registration No. 7003646 (England and Wales)) and is a charitable company registered for charitable purposes with the Charity Commission (Charity Registration No. 1133012).

The charitable company's members are the trustees of the charitable company. The trustees are appointed in writing by the Superior General of the Congregation taking into account their personal qualities, their understanding and experience of the sisters' ministries.

Trustees

At any one time there shall not be less than three nor more than nine trustees. The following trustees were in office during the year:

Trustee

Sister Aileen Kennedy
Sister Joan Geoghegan
Sister Mary McCloskey

Company secretary

Mrs Jenny Coleman

No trustee received any remuneration or reimbursed expenses for services as a trustee, nor had any beneficial interest in any contract with the charitable company, during the year.

The trustees are all members of the Congregation and, as such, are closely involved with the day-to-day work of the sisters and directly responsible for all major decisions.

The trustees are ultimately responsible for the policies, activities, and assets of the charitable company. They meet at least twice a year to review developments relating to the charitable company or its activities and to make any important decisions. When necessary, the trustees seek advice and support from the charitable company's professional advisers including investment managers, solicitors and accountants. The day-to-day management of the charitable company's activities, and the implementation of policies, is delegated to appropriate members of the Congregation and to lay consultants and advisers, as necessary.

Governance, structure and management (continued)

Liability of the members

In the event of the charitable company being wound up during the period of membership, or within the year following, company members are required to contribute an amount not exceeding £1.

Key management

The trustees consider that they comprise the key management of the charitable company in charge of directing and controlling, running and operating the charitable company 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 their work as key management.

Statement of trustees' responsibilities

The trustees (who are also directors of The Congregation of the Sacred Hearts (PICPUS) for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in 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 financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that she ought to have taken as a trustee in order to make herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Public benefit

In formulating the charitable company's aims, the trustees have had regard to the general guidance published by the Charity Commission on public benefit.

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 charitable company currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

The outbreak of the Covid-19 pandemic has clearly presented the trustees with challenges and threats to the well-being of the charitable company and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charitable company, the members of the Congregation and the ministries of individual members.

The trustees continue to review and update their register of risks. This process is deemed particularly important during the current Covid-19 pandemic.

The financial and operational effects of Covid-19 are discussed above. Over and above these, the areas identified for particular attention within the charitable company's risk management strategy are:

- ◆ An analysis of the age profile of the members of the Congregation shows that the average age was 74 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters have resources of their own. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charitable company has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

Governance, structure and management (continued)

Risk management (continued)

- ◆ The charitable company donates significant sums in support of the wider Congregation and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ The charitable company's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by a reputable investment manager who adheres to a policy agreed by the trustees. The trustees meet twice a year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charitable company's needs – both now and in the future. During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over the falls in world stock markets, they acknowledge also that the charitable company is a long term investor. As such, the charitable company will be able to wait for markets to recover over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charitable company 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 charitable company, they have established effective systems to mitigate those risks.

Acknowledgements

The trustees wish to record their recognition of the professionalism and commitment of the individual members of the Congregation, volunteers and those who have assisted the charitable company during the period.

Their dedication and positive approach are much appreciated.

Signed on behalf of trustees of The Congregation of the Sacred Hearts (PICPUS), Company Registration No. 7003646 (England and Wales) and Charity Registration No. 1133012

Trustee: Aileen Kennedy

Approved by the trustees on: 21 May 2021

Independent auditor's report to the members of The Congregation of the Sisters of the Sacred Hearts (PICPUS)

We have audited the financial statements of The Congregation of the Sisters of the Sacred Hearts (PICPUS) (the "charitable company") for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charitable company through discussions with those charged with governance and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the charitable company. These included but were not limited to the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries with those charged with governance and review of minutes of trustees' meetings.

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

How the audit was considered capable of detecting irregularities including fraud
(continued)

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

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

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

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

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of trustees; and
- Enquiring of as to actual and potential litigation and claims.

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

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

We did not identify any irregularities, including fraud.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amanda Francis, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

15 July 2021

Statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Income from:							
Investments and interest receivable	1	202,603	28,838	231,441	254,046	34,497	288,543
Legacies receivable		—	—	—	2,615	—	2,615
Other income:							
Exchange gain on bank transfer		1,022	—	1,022	—	—	—
Total income		203,625	28,838	232,463	256,661	34,497	291,158
Expenditure on:							
Raising funds							
. Investment management fees		13,959	2,047	16,006	—	—	—
Charitable activities							
. Support of members of the Congregation and their ministry together with the relief of poverty and the advancement of education or religion connected with the Roman Catholic faith	2	308,316	—	308,316	204,555	—	204,555
Total expenditure		322,275	2,047	324,322	204,555	—	204,555
Net (expenditure) income before net investment gains	4	(118,650)	26,791	(91,859)	52,106	34,497	86,603
Net gains on listed investments	6	142,033	25,660	167,693	644,786	87,986	732,772
Net income and net movement in funds		23,383	52,451	75,834	696,892	122,483	819,375
Reconciliation of funds:							
Total funds brought forward at 1 January 2020		7,583,125	1,070,121	8,653,246	6,886,233	947,638	7,833,871
Total funds carried forward at 31 December 2020		7,606,508	1,122,572	8,729,080	7,583,125	1,070,121	8,653,246

All activities of the charitable company derived from continuing operations during the above two financial years.

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

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Listed investments	6		8,562,494		8,332,367
Current assets					
Debtors	7	1		63	
Cash at bank and in hand		176,708		327,836	
		176,709		327,899	
Liabilities					
Creditors: amounts falling due within one year	8	(10,123)		(7,020)	
Net current assets			166,586		320,879
Total net assets			8,729,080		8,653,246
The funds of the charity:					
Restricted funds	9		1,122,572		1,070,121
Unrestricted funds					
. General fund			1,252,395		1,147,880
. Designated funds	10		6,354,113		6,435,245
			8,729,080		8,653,246

Approved by the trustees of The Congregation of the Sacred Hearts (PICPUS), Company Registration No. 7003646 (England and Wales) and Charity Registration No. 1133012 and signed on their behalf by:

Trustee: Aileen Kennedy

Approved by the trustees on: 21 May 2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(320,197)	(201,723)
Cash flows from investing activities:			
Investment income and interest received		231,503	288,543
Purchase of investments		(69,827)	—
Sale proceeds of investments		11,591	—
Net cash provided by investing activities		173,267	288,543
Change in cash and cash equivalents in the year		(146,930)	86,820
Cash and cash equivalents at 1 January 2020	B	327,863	241,043
Cash and cash equivalents at 31 December 2020	B	180,933	327,863

Notes to the statement of cash flows for the year to 31 December 2020.

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	75,834	819,375
Adjustments for:		
Gains on listed investments	(167,693)	(732,772)
Investment income and interest receivable	(231,441)	(288,543)
Decrease in debtors	—	7
Increase in creditors	3,103	210
Net cash used in operating activities	(320,197)	(201,723)

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	176,708	327,836
Cash held by investment managers	4,225	27
Total cash and cash equivalents	180,933	327,863

Principal accounting policies Year to 31 December 2020

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

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative figures given for the year to 31 December 2019.

The financial statements 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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Companies Act 2006.

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

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

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

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

- ◆ estimating the size of the retirement reserve, created in order to provide for the continuing care of the members in their retirement, the size of the Congregational fund;
- ◆ estimating the apportionment of support and governance costs between charitable activities; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

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

The Covid-19 pandemic has changed the shape and nature of the world. The full impact on the charitable company's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still uncertain.

Principal accounting policies Year to 31 December 2020

Assessment of going concern (continued)

The charitable company's investment income may be adversely affected because of the volatility in listed investments as stock markets have reacted to the pandemic and the impact of the pandemic on the commercial sector in particular. In terms of expenditure, the trustees foresee an increase in demand for the support given to members and the missions that the charity supports.

The trustees will continue to keep both income and expenditure under review. Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charitable company's financial position or going concern. The trustees have concluded that the charitable company will have sufficient resources to meet its liabilities as they fall due.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2021, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charitable company 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 of donations, investment income and interest, and exchange gains on foreign currencies.

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

Investment income is recognised once the dividend has been declared and notification has been received of the amount 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.

Exchange gains on foreign currencies are recognised in accordance with the accounting policy on foreign currencies (see below).

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

Resources expended and the basis of apportioning costs

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.

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 expenditure includes the provision of grants and donations relating, in the main, to the relief of poverty and the promotion of education or religion in connection with the Roman Catholic faith. Donations are made only in cases where the trustees consider there is real need following a review of the details of each particular case. 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.

Expenditure on charitable activities also includes the support of members of the Congregation as they grow older and the costs of enabling them to carry out the work of the charitable company in the areas of the advancement of the Roman Catholic faith and the relief of poverty.

All expenditure can be attributed directly to the above and hence there has been no apportionment between headings.

All expenditure is stated inclusive of irrecoverable VAT.

Services provided by members of the Congregation

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

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.

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.

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

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

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.

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.

Foreign currencies

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

Fund structure

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects. Details of these are provided in note 10.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions. Details of these are provided in note 9.

1 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Investment income						
. UK listed investments	202,172	28,838	231,010	252,804	34,497	287,301
Bank interest	431	—	431	1,242	—	1,242
	202,603	28,838	231,441	254,046	34,497	288,543

2 Expenditure on: Support of members of the Congregation and their ministry together with the relief of poverty and the promotion of education or religion in connection with the Roman Catholic faith

	Unrestricted funds / Total funds	
	2020 £	2019 £
Provision of grants and donations (see below)	293,057	187,039
Support and governance costs (note 3)	15,259	17,516
	308,316	204,555

Grants and donations during the year comprised:

	Unrestricted funds / Total funds	
	2020 £	2019 £
Amounts paid to institutions		
Support of missions and projects of the Congregation overseas		
. Construction of a high school in Kinshasa, Democratic Republic of Congo	74,060	63,233
. Assistance to the community in Bagong, Silang, Manila (Philippines)	20,127	12,500
. Assistance to the community in Mozambique	—	10,000
. Assistance to a family in Mozambique	—	2,000
. Assistance to the community in Batam Island, Indonesia	80,015	—
Support of sisters and the provision of care for the sick and older members of the Congregation in Ireland	56,344	33,560
Contribution to the Congregation's Generalate to support the work of the Congregation generally		
. Annual donation	61,142	61,421
	291,688	182,714
Donations to other organisations		
Aymer Foundation	1,369	1,325
Parkinson's UK	—	1,000
Rathmines Parish Fundraising Account	—	1,000
Médecins sans Frontières	—	1,000
	293,057	187,039

No donations were paid to individuals during the years to 31 December 2020 and 2019.

3 Support and governance costs

	Unrestricted funds / Total funds	
	2020	2019
	£	£
Legal and professional fees	7,393	7,053
Governance costs	5,940	6,210
Trustees' meeting expenses	600	2,748
Other expenses	1,326	1,505
	15,259	17,516

4 Net (expenditure) income before net investment gains

This is stated after charging (crediting):

	2020	2019
	£	£
Foreign exchange gains	(1,022)	—
Auditor's remuneration (including VAT)		
. Statutory audit services: Current year	5,820	5,820
Previous year	120	390

5 Staff costs and key management personnel

The charity does not employ staff and hence has no staff costs (2019 - £nil).

The trustees consider that they 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 work as key management (2019 - £nil).

6 Investments

	2020	2019
	£	£
Listed investments		
Market value at 1 January 2020	8,332,340	7,599,568
Additions at cost	69,827	—
Disposals at book value		
. Sale proceeds	(11,591)	—
. Realised losses	(809)	—
	(12,400)	—
Net unrealised investment gains	168,502	732,772
Market value at 31 December 2020	8,558,269	8,332,340
Cash held by investment managers for re-investment	4,225	27
	8,562,494	8,332,367
Cost of listed investments at 31 December 2020	6,398,442	6,338,064

6 Investments (continued)

At 31 December 2020 the charitable company's listed investments comprised units in a common investment fund – The Rathbone Active Income Fund for Charities – managed by Rathbone Unit Trust Management Limited and dealt in on a recognised stock exchange.

7 Debtors

	2020 £	2019 £
Interest receivable	1	63

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Other creditors and accruals	10,123	7,020

9 Restricted funds – The Generalate fund

	2020 £	2019 £
At 1 January 2020	1,070,121	947,638
Net movements in year	52,451	122,483
At 31 December 2020	1,122,572	1,070,121

The Generalate fund represents monies given by the Generalate of The Congregation of the Sisters of the Sacred Hearts and of Perpetual Adoration to be used to finance the overseas missions of the Congregation and the broader work of the Congregation overseas.

10 Designated funds

The unrestricted funds of the charitable company include the following funds designated for specific purposes:

	At 1 January 2020 £	Designated in the year £	Released/ utilised in the year £	At 31 December 2020 £
Congregational fund	295,245	4,197	(155,329)	144,113
Mission fund	750,000	—	—	750,000
Retirement reserve	5,390,000	70,000	—	5,460,000
	6,435,245	74,197	(155,329)	6,354,113

	At 1 January 2019 £	Designated in the year £	Released/ utilised in the year £	At 31 December 2019 £
Congregational fund	376,281	56,118	(137,154)	295,245
Mission fund	750,000	15,000	(15,000)	750,000
Retirement reserve	5,250,000	140,000	—	5,390,000
	6,376,281	211,118	(152,154)	6,435,245

10 Designated funds (continued)

◆ Congregational fund

The trustees have consented to commit 10% of the charity's funds, based on the valuations of the assets at 31 December 2015, to support the Congregation's Generalate; projects initiated and run by the Congregation; and members of the Congregation who themselves require care and support. This fund, designated for the Congregation during 2017, amounted to £645,980. At a meeting of the trustees in November 2019, it was agreed that, in future, each year an additional designation equal to 3% of the fund would be made with the designation in 2019 being equal to the amounts that would have been designated under this formula for the years 2017 to 2019 inclusive. Hence, during 2020 income of £4,197 was added whilst a total of £56,118, had been designated in 2019. The amount utilised during 2020 amounted to £155,329 (2019 - £137,154) leaving the balance of the fund at 31 December 2020 available for distribution as £144,113 (2019- £295,245).

◆ Mission fund

The mission fund represents an amount set aside by the trustees, the income of which is used to support non - Congregational projects and other charities, both in the UK and overseas, that respond to the poor and vulnerable in the world. Such support will be considered following the receipt of a request from individual members of the Congregation.

◆ Retirement reserve

The retirement reserve comprises monies which the trustees have set aside in order to provide for the sisters as they grow older. The amount of the fund is calculated using actuarial principles, whilst having regard to the resources actually available.

11 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total 2020 £
Fund balances at 31 December 2020 are represented by:				
Investments	1,113,173	6,354,113	1,095,208	8,562,494
Net current assets	139,222	—	27,364	166,586
Total net assets	1,252,395	6,354,113	1,122,572	8,729,080
	General funds £	Designated funds £	Restricted funds £	Total 2019 £
Fund balances at 31 December 2019 are represented by:				
Investments	896,626	6,435,245	1,000,496	8,332,367
Net current assets	251,254	—	69,625	320,879
Total net assets	1,147,880	6,435,245	1,070,121	8,653,246

11 Analysis of net assets between funds (continued)

The total unrealised gains at 31 December 2020 and 2019 include net gains on revaluation of listed investments.

	2020 £	2019 £
Total unrealised gains on listed investments at 31 December 2020	2,159,827	1,994,276
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2020	1,994,276	1,261,504
Less: Gains realised on disposal of listed investments	(2,951)	—
Net gains arising on revaluation of listed investments	168,502	732,772
Total unrealised gains at 31 December 2020	2,159,827	1,994,276

12 Taxation

The Congregation of the Sacred Hearts (PICPUS) is a registered charitable company and, therefore, is not liable to taxation on income and gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

13 Liability of the members

In the event of the charitable company being wound up during the period of membership, or within the year following, company members are required to contribute an amount not exceeding £1.

14 Ultimate control

The charitable company was controlled throughout the period by the company members who are also the trustees.

15 Related party transactions

There were no related party transactions requiring disclosure in the year (2019 – none).