

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

**Annual Report and Financial  
Statements**

31 December 2021

Charity Registration Number  
1133012

Company Registration Number  
7003646 (England and Wales)

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## Reference and administrative information

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

## **Trustees' report** Year ended 31 December 2021

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 2021.

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 29 to 32 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).

### **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 CSSA (The Catholic Safeguarding Standards Agency) and the Religious Life Safeguarding Service.

***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 located where the Congregation is engaged, including overseas.

***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.

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

***Investment policy*** (continued)

The charitable company's listed investments at 31 December 2021 comprised units in a managed fund and had a market value of £9,289,593 (2020 - £8,562,494). In addition, at that date, the investment managers were holding cash of £1 (2020 - £4,225).

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 are certain restrictions imposed by the trustees on the investment managers including 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 carefully considered the projects they wished to support during 2021.

The Covid-19 pandemic continued to focus the trustees on supporting and assisting projects in South America, Africa and India where the need of their communities is greatest.

♦ **Assistance to the community in Mozambique**

Following a request from the General Chapter, a substantial donation of €37,800 (£32,896) was made to support communities in Mozambique. Mozambique is one of the poorest and most underdeveloped countries in the world. The IMF classifies Mozambique as a 'Heavily Indebted Poor Country'.

Historically, Mozambique has been a male-dominated country with men holding the majority of official positions. The lack of equal rights between men and women also forced women to seek protection from men. Consequently, practices such as polygamy received encouragement, and women accepted it without protest since it promised them their husbands' protection. With no right to ownership of land and they comprised 80% of the country's poor.

Over the years, Mozambique has made outstanding achievements in promoting women's rights, involving the implementation of women's organizations and female parliamentarians and increased school attendance for girls. Although the present state of affairs is not one to complacently settle for, past successes give a splinter of hope for a better future for Mozambican women.

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

**Review of activities** (continued)

♦ Assistance to the community in Mozambique

*LAR MAMANA WA KURULA – A reception centre for girls run by the Congregation of the Sacred Hearts*

*This is the request that was received:-*

*Mozambique is one of the countries hardest hit by AIDS. Thanks to the support of many organizations that focus on HIV, greater knowledge of the serostatus and access to treatment in the country is being possible; but there are still many people directly or indirectly affected by this epidemic, including minors who lost their parents to this cause.*

*According to data offered by MISAU (Ministry of Health of Mozambique) in relation to the year 2020:*

- *2,243,966 people were living with HIV.*
- *The incidence of HIV per 1,000 uninfected (the number of new HIV infections among the uninfected population for one year) among all people of all ages was 6.00.*
- *HIV prevalence - the percentage of people living with HIV - among adults (15–49 years) was 13.2%. Being in the province of Maputo 22.9%.*
- *132,944 people were recently infected with HIV.*
- *50,586 people died from an AIDS-related disease.*

*Progress has been made in the number of AIDS-related deaths since 2010, with a 16% decrease, from 64,000 to 50,586 deaths. The number of new HIV infections has also declined, from 160,000 to 132,944 in the same period.*

*UNAIDS targets 90-90-90 for 2020: 90 per cent of people living with HIV are aware of their HIV status, 90 per cent of people who know their HIV-positive status can access treatment and 90 per cent of those with access to treatment have an undetectable viral load; the following results have been achieved after the introduction of the new protocol of starting treatment immediately after being diagnosed positive:*

- *74% of people living with HIV knew their status.*
- *56% of people living with HIV were active in ART*
- *44% of active in ART have achieved viral suppression*

*To accelerate the response on the 2030 agenda, new 95-95-95 targets have been set, with a target of 200,000 new infections in adults and a complete elimination of discrimination against people living with HIV-AIDS.*

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

**Review of activities (continued)**

◆ Assistance to the community in Mozambique (continued)

*Women are disproportionately affected by HIV in Mozambique: of the total number of adults living with HIV, 63% are women. Children are the population group most directly and indirectly affected by the epidemic. The impact of the epidemic is felt at various levels, highlighting in this area the individual, family and community level. The impact of HIV-AIDS on the family depends on several factors: family size, number of dependents, age and the number of people suffering with AIDS. To this we add the strong impact that the restrictions caused by Covid 19 have had on these patients; especially in our most vulnerable communities. Death resulting from AIDS or another disease disintegrates the family structure, which has profound implications for the distribution of resources and the well-being of survivors. This phenomenon aggravates the level of poverty of the family and the pressure on children. The social support network, at the family and community level, grandparents and close relatives, now has limited capacity to absorb these orphans. Children are forced to take on responsibilities very soon: responsibilities for the care of their sick parents, in family survival and even being responsible for the rest of the family when the parents die. The reduced protection capacity of the family implies increased vulnerability, exploitation and abuse.*

*According to UNICEF in Mozambique, orphans of fathers and mothers are half as likely to go to school as children with parents. Finally, survivors, in the case of women and children, may lose access to their land, houses, crops and other property, due to expropriation by the family of the deceased husband. This aggravates the situation of vulnerability of women and children. Orphans are more exposed to poor nutrition and poor nutrition. Orphans tend to suffer from chronic malnutrition and have a high risk of never reaching a full development of their physical and intellectual capacity. In short, malnutrition, the precarious conditions in which they live, social stigma caused by the HIV-AIDS disease, lack of psychosocial support, absence of model people, abuse in adoptive families and neighbors, the lack of access to basic services or health treatment are some of the main concerns that lead the Congregation to the implementation of the Lar to care for orphan girls affected or infected by HIV-AIDS.*

*The 'Lar Mamana wa Kurula' home is a reception centre for girls, run by the sisters of the Congregation of the Sacred Hearts. It is located in a rural environment, in the Paulo Samuel Kankhomba neighborhood, Boane district, about 50km from Maputo (capital of Mozambique). This center is a closed regime, without any lucrative purpose, supported exclusively by donations. This Project began to operate in January 2010 as a response to this reality of poverty, suffering and injustice that was experienced as a result of HIV-AIDS, of great prevalence in the country.*

*It is a house built to accommodate 40 girls between 5 and 18 years old, orphaned or in a situation of vulnerability, affected or infected with HIV. This house wants to be a home that helps personal, social and formative development, as well as that the basic needs that these girls require are met. Some of the girls who completed the process at the center are accompanied and supported from the center in the process of social reintegration (currently there are 4).*



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

**Review of activities** (continued)

◆ Assistance to the community in Mozambique (continued)

*Objectives:*

- Welcoming, caring for, educating girls who are orphans and/or in a situation of vulnerability due to various causes (infected or affected by HIV, family breakdown, lack of socio-economic resources, etc.); providing them with a home, a family, an education and a future;
- Provide comprehensive training that allows psychosocial and professional development that allows them to face the future with autonomy.
- Cover the ordinary expenses of the life and operation of the house in a year.

Food	€9,000
Clothes and utensils	€6,000
Gas, electricity and water	€5,500
School supplies and scholarships for external girls	€10,000
Doctor and pharmacy	€800
Transport and maintenance school bus	€ 4,500
Workers' salary	€2,000
	<b>€37,800</b>

*Community for whom it is intended:*

Girls between 4-19 years old in situations of extreme vulnerability, most of them orphaned living in our reception centre. 20% of the girls living in the centre are HIV-positive, which requires more special care and attention.

*Number of beneficiaries:*

45 girls (40 internally and 5 externally, in the social reintegration phase) and 0 volunteers.

Total project budget: €37,800



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

**Review of activities (continued)**

◆ Assistance to a community in Calcutta, India

A smaller amount was requested at the same time for a project in Calcutta. Again, the target of the donation was women and children, where there was the greatest need. This is their request:

*Training of women and children in the city of Kolkata, West Bengal, India*

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*Our children's families are economically very poor. The daily salary of parents is minimal to cover their daily needs. Parents are low skilled in education and work daily, so they cannot help and guide their children in homeschooling. They live in a small, rented house, so they do not have an environment and space to study. They do not have enough money to have a healthy and nutritious diet, so they are physically weak and suffer from seasonal illnesses, colds, coughs, etc.*

*We, the Sisters of the Sacred Hearts of Calcutta, work for the poor in our ward. This project began in 2000. We visit poor families and identify students who are poor and live in a small, rented house and offer them our place and environment for study. We accompany, encourage, motivate and guide the individual student and the family to promote education for their best future while remaining in contact with them. We teach them from Monday to Friday daily for an hour and a half. We help them financially if they cannot afford their education expenses to continue their studies, we provide them with food and medical support in their most urgent needs, we help them financially so that they receive tutoring at the Esperanza Academy for their weak and difficult subjects.*

*We provide free training to poor women who want to get ahead by training in cutting and dressmaking, hiring a teacher and providing the necessary material if necessary.*

*Sister BimlaKujur SS is the coordinator of this project since 2021. There are other sisters who live in the community and the candidates help in the teaching program and in visiting families on a voluntary basis.*

*Objectives:*

- ◆ *Give importance to the education of poor children.*
- ◆ *Pay special attention to students with difficulties to improve in their subjects.*
- ◆ *Provide financial assistance to poor children to continue their studies to improve their future.*
- ◆ *Provide training in cutting and tailoring to poor, less qualified and exploited women in the family.*

*We request financial aid for poor students who cannot afford to pay for their education expenses, teachers' expenses for cutting and tailoring training, student tuition fees, food aid to the families of students and the poor in our neighborhood, etc. and also the salary of the sister in charge. We care for children from very poor families and also poor, less qualified and exploited women. We are inclusive of all religions.*

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

**Review of activities** (continued)

- ◆ Assistance to a community in Calcutta, India (continued)

*Beneficiary number: 20 children; 5 women in a year; 2 volunteer sisters*

*Total project budget: €3960*



The donation for the sisters in Calcutta amounted to £3,446 and an email from the General Chapter confirmed that the funds for both of these projects were safely received.

- ◆ Assistance to the community in Bolivia

Later in the year, in order to fulfil their commitment to help Congregations less fortunate than themselves, the trustees sent €30,000 (£25,918) to support young adolescents, street workers and migrants in Bolivia. This is the background to the request for funding:-



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

**Review of activities (continued)**

♦ Assistance to the community in Bolivia (continued)

*In Bolivia, the political and social situation of 2019 and 2020 and the impact of the Covid-19 pandemic, there were negative results on the country's economy, such as the increase in poverty. According to the Economic Commission for Latin America and the Caribbean in Special Report No. 5 Covid -19 "the number of people in poverty will increase by 45.4 million in 2020 (...) the number of people in extreme poverty would increase by 28.5 million" (ECLAC, 2020, p.10 and 11). This data would result in 453,000 Bolivians out of a total population of 11,216,000 who would be in a situation of extreme poverty, a panorama that is reflected in the streets of the city of La Paz, and, with the increase of informal commerce, i.e., begging, casual work and others, most would live on the street.*

*The OAS General Secretariat (2020) identified nearly 10,000 Venezuelan migrants and refugees in Bolivia. In 2019, Venezuelan migration was a transit migration. With the deepening of the crisis in the region and the difficulties that displaced Venezuelans have encountered with the migratory restrictions implemented by several countries (Chile, Peru, Uruguay, Argentina, Brazil, USA), many of them have decided to settle in Bolivia, which has caused a significant increase in Venezuelan migration in Bolivia, reflected in the increase in refugee applications.*

*With this context, their population would be made up of children, adolescents and older adults who live in extreme poverty as well as migrants, mostly Venezuelans, all dedicated to informal trade (sale of sweets, cookies, juices, masks and others), street work (glass cleaning, shoe shining, jugglers, singers and others) and begging. The project that the trustees were asked to support was the NAT's Project.*

*The NAT's project is dedicated to the care of children, adolescents and families in vulnerable situations.*

*Work is being done to improve the situation of hunger in Bolivia and migrants in transit, by providing a nutritional snack (sandwich, herbal water and fruit) with all the biosecurity measures when delivering it due to the Covid-19 pandemic. This Integral Center works since 1991, in the beginning it was all volunteering and later 4 training workshops and lunch and snack feeding were implemented in the middle of the afternoon, over the years it was changing to respond to urgent needs of each time.*

*Objectives:*

- *Improvement of food, which helps to overcome the degree of malnutrition and hunger in improvement of the quality of life.*
- *Registration of the population served by the NAT's Integral Center and that it is a stable population in its participation and development.*
- *Respond with a nutritious diet to the current situation due to the Covid-19 pandemic that leaves families in situations of extreme poverty and begging.*

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

**Review of activities (continued)**

◆ Assistance to the community in Bolivia (continued)

*The money was to be used to provide and contribute to the nutritious feeding of children, adolescents, older adults and migrants to reduce hunger among people in street situations, due to the Covid-19 pandemic.*

*Number of beneficiaries: 350 beneficiaries daily (Monday to Friday) and 12 volunteers.*

*Total Budget: €30 000*



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

***Review of activities (continued)***

♦ Democratic Republic of the Congo

The last project that the trustees wished to support was the continuation of help to the Father Damian Centre in Kinshasa. Donations had been funded in previous years and the trustees were very mindful of the good works that were being done in their name in one of the poorest countries in the world. This donation amounted to €25,009 (£21,854). The paragraphs below detail the needs and aims of the Centre.

***LITERACY AND SEWING: INCREASE IN SEWING AND COMPUTER ROOMS***

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*Social situation*

*The Padre Damián Centre is located in a peripheral area where the population is largely abandoned to its fate, especially since the country itself, the Democratic Republic of the Congo, is going through a multifaceted crisis. The population is experiencing an unprecedented crisis with serious educational, social and economic consequences: lack of access to basic necessities, food, medical care, housing and basic education.*

*The Padre Damián Centre is located in the commune of Masina, in Kinshasa, in the eastern part of the capital, with a poor population, whose living conditions are extremely difficult. In this reality, girls are marginalized by the rest of the population. Even within their biological families, they do not find the support to reach a minimum development of survival. They have great difficulties to attend the school of the Padre Damián center, for their integral development education, due to the fragile financial means of the families or those in charge of education. Most girls live in the homes of their uncles, aunts, sisters and brothers... Among the girls who arrive at the Centre are orphans of a father or mother or of both parents. In these circumstances, their schooling is even more difficult. Those who have parents, they lack economic means because they live on submerged jobs, or are unemployed.*

*Project description*

*The Project began in 1992. Our Centre works with a group of vulnerable and poor girls.*

*The most frequent difficulties that the Centre encounters in providing adequate training and care for girls are:*

- *Difficulty paying school fees;*
- *Difficulty related to the need for consultation in the library;*
- *Difficulty related to the need for a computer room: most girls have schoolwork, but they do not have how to do it for lack of machines, computers.*

*For them, the Centre needs material and financial resources for their education and needs, especially computer rooms, a library room and many other means that can facilitate their development.*

*We know that there are things that we cannot count on your contribution, that is why we ask for external help, to respond to those difficulties experienced by the poorest girls and marginalized by society.*



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

**Review of activities** (continued)

◆ Democratic Republic of the Congo (continued)

*Objectives*

*The promotion and social integration of girls;*

*Specific objectives:*

- *Offer adequate and comprehensive training;*
- *To offer these girls the possibilities to learn with the best conditions;*
- *Facilitate learning with the appropriate means for its formation;*
- *Open a computer room equipped with the necessary computer means;*
- *Open a library room and equip it with books;*
- *Contribute to the development of these girls.*

*This requested aid aims to offer the possibility to girls who do not have conditions, to attend school with the best and appropriate condition for their integral and human formation. I have the idea of reducing the number of illiterate girls and combating ignorance and all forms of discrimination, and also offering everyone the possibility of consulting and working with the internet in school.*

*Number of beneficiaries: 90*

*Number of volunteers collaborating in Project: 6*



The photo above shows the students hard at work, using machines that will give them the means of support for both themselves and others in the future.

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

### **Review of activities (continued)**

#### ◆ *Support for the 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 £26,370 to Ireland to assist in the support of sisters and the provision of care for sick and older members of the Congregation. One sister sadly passed away during the year after a hard fought battle with a long-term condition.

#### ◆ *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 £60,000 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 continued to impact 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. As noted in the sections above, the trustees have helped communities where there is a need.

## **Financial review for the year**

### ***Income and expenditure***

A summary of the year's results can be found on page 26 of this report and financial statements.

The total income for the year was £227,566 (2020 - £232,463) and included investment income and interest receivable of £227,213 (2020 - £231,441) and other income of £353 (2020 - £nil). During the previous year there was an exchange gain on a bank transfer of £1,022.



**Financial review for the year** (continued)

***Income and expenditure*** (continued)

The total expenditure for the year was £204,761 (2020 - £324,322). 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 £184,662 (2020 - £308,316). During the year the charity gave annual donations to the Congregation's Generalate of £60,000 (2020 - £61,142) to support the work of the Congregation generally; £26,370 (2020 - £56,344) was spent on members of the Congregation who themselves require care and support; and further sums of £21,854, £32,896, £25,918 and £3,446 were given to four 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 charged fees which are invoiced and paid directly by the charitable company. Expenditure on managing the investments of the charitable company during the year to 31 December 2021 was £18,099, (2020 - £16,006).

The net income for the year, therefore, before net investment gains was £22,805 (2020 - net expenditure of £91,859). Investment gains amounted to £731,391 (2020 - £167,693). The net increase in funds for the year amounted to £754,196 (2020 - £75,834).

***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 2.52% (2020 - 2.77%) and a capital yield of 8.55% (2020 - 2.01%). 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 2021, the charitable company's investments comprised units in the Rathbone Active Income and Growth Fund managed by Rathbone Unit Trust Management Limited.

***Financial position and reserves policy***

The balance sheet shows total funds of £9,483,276 (2020 - £8,729,080).

£5,900,000 (2020 - £5,460,000) 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 had 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 2021 amounted to £144,113, the balance of the fund at 31 December 2020.

**Financial review for the year** (continued)

***Financial position and reserves policy*** (continued)

£1,000,000 (2020 - £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 £1,242,869 (2020 - £1,122,572) 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 £1,340,407 (2020 - £1,252,395).

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 ongoing 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 macro-economic and geopolitical climate.

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 referred to above 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.

## **Trustees' report** Year ended 31 December 2021

### **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 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 occasional travel 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.

Whilst there will be challenges, the continuing Covid-19 pandemic is not expected to present threats to the well-being of the charitable company, the members of the Congregation and the ministries of individual members.. The trustees recognise their responsibility for the management of risks faced by the charitable company and will continue to monitor the position.

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 charity'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. In the aftermath of the Covid-19 pandemic, and given the current macro-economic and geopolitical climate, the trustees continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity 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 Kenney*

Approved by the trustees on:

*29/6/2021*

**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 2021 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 2021 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;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Independent auditor's report** 31 December 2021

**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.

Buzzacott LLP

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

5 July 2022

## Statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
<b>Income from:</b>							
Investments and interest receivable	1	198,153	29,060	227,213	202,603	28,838	231,441
Other income:							
. Miscellaneous income		353	—	353	—	—	—
. Exchange gain on bank transfer		—	—	—	1,022	—	1,022
<b>Total income</b>		<b>198,506</b>	<b>29,060</b>	<b>227,566</b>	<b>203,625</b>	<b>28,838</b>	<b>232,463</b>
<b>Expenditure on:</b>							
Raising funds							
. Investment management fees		15,785	2,314	18,099	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	186,662	—	186,662	308,316	—	308,316
<b>Total expenditure</b>		<b>202,447</b>	<b>2,314</b>	<b>204,761</b>	<b>322,275</b>	<b>2,047</b>	<b>324,322</b>
<b>Net income (expenditure) before net investment gains</b>							
	4	(3,941)	26,746	22,805	(118,650)	26,791	(91,859)
Net gains on listed investments	6	637,840	93,551	731,391	142,033	25,660	167,693
<b>Net income and net movement in funds</b>		<b>633,899</b>	<b>120,297</b>	<b>754,196</b>	<b>23,383</b>	<b>52,451</b>	<b>75,834</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward at 1 January 2021		7,606,508	1,122,572	8,729,080	7,583,125	1,070,121	8,653,246
<b>Total funds carried forward at 31 December 2021</b>		<b>8,240,407</b>	<b>1,242,869</b>	<b>9,483,276</b>	<b>7,606,508</b>	<b>1,122,572</b>	<b>8,729,080</b>

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 2021

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Listed investments	6		9,289,593		8,562,494
<b>Current assets</b>					
Debtors	7	1		1	
Cash at bank and in hand		205,476		176,708	
		<u>205,477</u>		<u>176,709</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	8	(11,794)		(10,123)	
<b>Net current assets</b>			193,683		166,586
<b>Total net assets</b>			<u>9,483,276</u>		<u>8,729,080</u>
<b>The funds of the charity:</b>					
Restricted funds	9		1,242,869		1,122,572
Unrestricted funds					
. General fund			1,340,407		1,252,395
. Designated funds	10		6,900,000		6,354,113
			<u>9,483,276</u>		<u>8,729,080</u>

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:

*Joan Geoghegan*  
Trustee:

Approved by the trustees on: 29 June 2022

## Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(202,737)</b>	(320,197)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		<b>227,213</b>	231,503
Purchase of investments		<b>(13)</b>	(69,827)
Proceeds from the disposal of investments		<b>81</b>	11,591
<b>Net cash provided by investing activities</b>		<b>227,281</b>	173,267
<b>Change in cash and cash equivalents in the year</b>		<b>24,544</b>	(146,930)
<b>Cash and cash equivalents at 1 January 2021</b>	B	<b>180,933</b>	327,863
<b>Cash and cash equivalents at 31 December 2021</b>	B	<b>205,477</b>	180,933

Notes to the statement of cash flows for the year to 31 December 2021.

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

	2021 £	2020 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>754,196</b>	75,834
<b>Adjustments for:</b>		
Gains on listed investments	<b>(731,391)</b>	(167,693)
Investment income and interest receivable	<b>(227,213)</b>	(231,441)
Increase in creditors	<b>1,671</b>	3,103
<b>Net cash used in operating activities</b>	<b>(202,737)</b>	(320,197)

### B Analysis of cash and cash equivalents

	At 1 January 2021	Cash flows	At 31 December 2021
Cash at bank and in hand	176,708	28,768	<b>205,476</b>
Cash held by investment managers	4,225	(4,224)	<b>1</b>
<b>Total cash and cash equivalents</b>	<b>180,933</b>	<b>24,544</b>	<b>205,477</b>

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

## **Principal accounting policies** Year to 31 December 2021

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 2021 with comparative figures given for the year to 31 December 2020.

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; 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.

## **Principal accounting policies** Year to 31 December 2021

### **Assessment of going concern** (continued)

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 2022, 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.



**Resources expended and the basis of apportioning costs** continued

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.

**Fixed asset investments** continued

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

**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.

## Notes to the financial statements Year to 31 December 2021

### 1 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Investment income						
. UK listed investments	198,138	29,060	227,198	202,172	28,838	231,010
Bank interest	15	—	15	431	—	431
	<u>198,153</u>	<u>29,060</u>	<u>227,213</u>	<u>202,603</u>	<u>28,838</u>	<u>231,441</u>

### 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	
	2021 £	2020 £
Provision of grants and donations (see below)	171,641	293,057
Support and governance costs (note 3)	15,021	15,259
	<u>186,662</u>	<u>308,316</u>

Grants and donations during the year comprised:

	Unrestricted funds / Total funds	
	2021 £	2020 £
<b>Amounts paid to institutions</b>		
Support of missions and projects of the Congregation overseas		
. Construction of a high school in Kinshasa, Democratic Republic of Congo	21,854	74,060
. Assistance to the community in Mozambique	32,896	—
. Assistance to the community in Bolivia	25,918	—
. Assistance to the community in Calcutta	3,446	—
. Assistance to the community in Bagong, Silang, Manila (Philippines)	—	20,127
. 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	26,370	56,344
Contribution to the Congregation's Generalate to support the work of the Congregation generally		
. Annual donation	60,000	61,142
	<u>170,484</u>	<u>291,688</u>
<b>Donations to other organisations</b>		
Aymer Foundation	1,157	1,369
	<u>171,641</u>	<u>293,057</u>

No donations were paid to individuals during the years to 31 December 2021 and 2020.

## Notes to the financial statements Year to 31 December 2021

### 3 Support and governance costs

	Unrestricted funds / Total funds	
	2021	2020
	£	£
Legal and professional fees	6,468	7,393
Governance costs	6,420	5,940
Trustees' meeting expenses	562	600
Other expenses	1,571	1,326
	<b>15,021</b>	<b>15,259</b>

### 4 Net income (expenditure) before net investment gains

This is stated after charging (crediting):

	2021	2020
	£	£
Foreign exchange gains	—	(1,022)
Auditor's remuneration (including VAT)		
. Statutory audit services: Current year	6,120	5,820
Previous year	300	120

### 5 Staff costs and key management personnel

The charity does not employ staff and hence has no staff costs (2020 - £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 occasional travel 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 (2020 - £nil).

### 6 Investments

	2021	2020
	£	£
<b>Listed investments</b>		
Fair (market) value at 1 January 2021	8,558,269	8,332,340
Additions at cost	13	69,827
Disposals at book value		
. Sale proceeds	(81)	(11,591)
. Realised losses	—	(809)
	(81)	(12,400)
Net unrealised investment gains	731,391	168,502
Fair (market) value at 31 December 2021	9,289,592	8,558,269
<b>Cash held by investment managers for re-investment</b>	1	4,225
	<b>9,289,593</b>	<b>8,562,494</b>
<b>Cost of listed investments at 31 December 2021</b>	<b>6,398,395</b>	<b>6,398,442</b>

**Notes to the financial statements** Year to 31 December 2021

**6 Investments (continued)**

At 31 December 2021 the charitable company's listed investments comprised units in a managed fund – The Rathbone Active Income and Growth Fund – managed by Rathbone Unit Trust Management Limited and dealt in on a recognised stock exchange.

**7 Debtors**

	2021 £	2020 £
Interest receivable	1	1

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

	2021 £	2020 £
Other creditors and accruals	11,794	10,123

**9 Restricted funds – The Generalate fund**

	2021 £	2020 £
At 1 January 2021	1,122,572	1,070,121
Net movements in year	120,297	52,451
At 31 December 2021	1,242,869	1,122,572

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 2021 £	Designated in the year £	Released/ utilised in the year £	At 31 December 2021 £
Congregational fund	144,113	—	(144,113)	—
Mission fund	750,000	250,000	—	1,000,000
Retirement reserve	5,460,000	440,000	—	5,900,000
	6,354,113	690,000	(144,113)	6,900,000

  

	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

## Notes to the financial statements Year to 31 December 2021

### 10 Designated funds (continued)

#### ◆ Congregational fund

The trustees 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 sum available for distribution at the end of 2020 was £144,113. This amount was fully utilised during 2021. This has meant that this commitment has been fully satisfied in accordance with the original agreement.

#### ◆ 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 2021 £
Fund balances at 31 December 2021 are represented by:				
Investments	1,201,298	6,900,000	1,188,295	9,289,593
Net current assets	139,109	—	54,574	193,683
<b>Total net assets</b>	<b>1,340,407</b>	<b>6,900,000</b>	<b>1,242,869</b>	<b>9,483,276</b>
	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
<b>Total net assets</b>	<b>1,252,395</b>	<b>6,354,113</b>	<b>1,122,572</b>	<b>8,729,080</b>

## Notes to the financial statements Year to 31 December 2021

### 11 Analysis of net assets between funds (continued)

The total unrealised gains at 31 December 2021 and 2020 include net gains on revaluation of listed investments.

	2021 £	2020 £
<b>Total unrealised gains on listed investments at 31 December 2021</b>	<b>2,891,197</b>	<b>2,159,827</b>
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2021	2,159,827	1,994,276
Less: Gains realised on disposal of listed investments	(21)	(2,951)
Net gains arising on revaluation of listed investments	731,391	168,502
<b>Total unrealised gains at 31 December 2021</b>	<b>2,891,197</b>	<b>2,159,827</b>

### 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 (2020 – none).

