

**Providence  
Marian  
Company**

**Report and Financial Statements**  
31 December 2020

Company Limited by Guarantee  
Registration Number 6873673  
(England and Wales)

Charity Registration Number 1133491

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**Reference and administrative details of the charitable company, its trustees and advisers**  
31 December 2020

**Trustees**

Sister Mary Flannigan  
Sister Margaret Cloghessy  
Sister Marthe Marie Dacht  
Sister Genevieve Cecile Defrenne  
Sister Martha Magdalena Geers  
Sister Marie-Jose Herbeuval  
Sister Veronica Maguire  
Sister Patricia Ryan

**Address**

Providence House  
4 Melbourn Road  
Royston  
Hertfordshire  
SG8 7DB

**Charity registration number** 1133491

**Company registration number** 6873673 (England and Wales)

**Auditor**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Principal bankers**

Barclays Bank plc  
28 Hampstead High Street  
Hampstead  
London  
NW3 1QB

Lloyds Bank plc  
The Cross  
2 - 4 Melbourn Street  
Royston  
Hertfordshire  
SG8 7BL

**Reference and administrative details of the charitable company, its trustees and advisers**  
31 December 2020

**Investment managers**

Barclays Wealth  
1 Churchill Place  
London  
E14 5HP

Rathbone Investment Management Limited  
Port of Liverpool Building  
Pierhead  
Liverpool  
L3 1NW

Smith and Williamson Investment Management Limited  
25 Moorgate  
London  
EC2R 6AY

**Property advisers**

Gerald Eve LLP  
72 Welbeck Street  
London  
W1G 0AY

**Solicitors**

Pothecary Witham Weld  
70 St George's Square  
London  
SW1V 3RD

The trustees, who are directors of the company for the purposes of the Companies Act, present their report together with the financial statements of Providence Marian Company (the "charitable company") for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 28 of the attached financial statements and comply with the charitable company's memorandum and articles of association, 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 in the United Kingdom and Republic of Ireland (FRS 102).

### **Constitution**

Providence Marian Company is a company limited by guarantee, Company Registration No. 6873673 (England and Wales) and a charity registered under the Charities Act 2011, Charity Registration No. 1133491.

### **Introduction**

The Congregation of the Sisters of Providence and of the Immaculate Conception (the Congregation) is an international Roman Catholic religious congregation divided into a number of separate provinces.

The financial statements accompanying this report are the financial statements relating to the Congregation's activities and assets in England.

The objects of the charitable company are to support such charitable purposes which advance the religious and other charitable work, for the time being carried on by, or under, the direction of the Congregation as the trustees, with the approval of the provincial superior, shall from time to time think fit.

The objects of the charitable company are set out in its memorandum of association.

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

#### ***Activities and specific objectives***

The charitable company aims to support the advancement of the charitable works carried on by the Congregation for the advancement of the Roman Catholic religion and the well being of those who benefit from the sisters' ministries. By caring for individual sisters throughout their lives with the Congregation, the charitable company aims to enable and support the sisters to live out their faith and put that faith into practice through a wide variety of religious and other works.

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

***Activities and specific objectives*** (continued)

The works or ministries of the sisters fall into the following main areas:

*Social and pastoral work*

Members of the Congregation are involved in various forms of social and pastoral work including support of the bereaved, visiting the sick and parish ministry.

The trustees recognise the absolute necessity of ensuring the protection and safety of all those the charitable company serves. The trustees are committed to implementing all policies and procedures of the National Catholic Safeguarding Commission (NCSC).

*Grants, donations, and support of overseas work*

The charitable company's policy throughout the year was to make grants and donations, principally in support of the overseas work of the Congregation of the Sisters of Providence and of the Immaculate Conception and other causes which further the Christian faith and alleviate poverty.

Four of the charitable company's trustees are members of the General Council of the Congregation, Sister Martha Magdalena Geers, Sister Marie-Jose Herbeuval, Sister Marthe Datchet and Sister Genevieve Defrenne. Those trustees who are members of the General Council withdraw from discussions concerning the awarding of donations to both the Generalate of the Congregation and to the wider Congregation.

***Public benefit***

All the trustees are conversant with the Charity Commission's guidelines concerning charities and public benefit and have given consideration to them when assessing the charitable company's activities. The trustees believe that they have given due regard to the public benefit guidance published by the Commission and have complied fully with the public benefit requirement contained within the Charities Act 2011.

***Investment policy***

During the period, the charitable company's investments comprised listed investments, cash held for investment and bank deposits. The listed investments were managed by investment managers who operated within specific guidelines which are set and regularly reviewed by the trustees whilst bank deposit are held with banks regulated in the United Kingdom.

The overall objective with regard to all the charitable company's investments is to maximise total return within acceptable levels of risk.

## Achievements and performance

### *Review of activities*

#### *Social and pastoral work*

The orientation of the sisters' work continues to vary with the needs of people. The sisters endeavour to help all who require assistance.

#### *Support of the Congregation's work overseas*

The charitable company supports the work of the Generalate and overseas provinces of the Sisters of Providence and of the Immaculate Conception. During 2014, the trustees approved a donation of £2.5 million (to be paid in five annual instalments of £500,000 commencing in 2015) which was given to the Generalate to support the Congregation's overseas work in South America and other parts of the world where the need arises. Since then the trustees have been making annual donations of £750,000 and £850,000 and more recently £1m per annum. The expenditure included in the accounts for the year to 31 December 2020 reflects the increase in the commitment so as to pay £1 million per annum for the next five years.

The following are some examples of how the monies donated by the charitable company to the Generalate have been used on various projects:

#### In Congo (DRC)

- ◆ Continued support for an orphanage constructed in 2014 in Congo including the pastoral and educational development of children;
- ◆ Provided accommodation for students from Lycee Masonga in Pindi. Following the completion of the construction of the dormitory and toilets, monies have been used to provide mattresses;
- ◆ Financed photovoltaic installation in Pindi for lighting in dormitories and classrooms;
- ◆ Commenced a project for providing drinking water - by drilling underground; and
- ◆ Provided general support in this time of the Covid 19 pandemic.

#### In Ecuador

- ◆ Provided support in this time of the 'Covid-19' pandemic;
- ◆ Provided finance to the Hospital San Jose Obero, in Quito (reception of displaced persons) for the completion of the MRS at UITO (reception of the elderly and/or sick and assistance for the development of the medical service; and
- ◆ Contributed to the study costs (in Canada) of a Sister called to lead a school in a disadvantaged environment; Helped with the education of children whose parents are without resources, in a school in a poor neighbourhood, at Isla Trinitaria in Guayaquil.

## **Achievements and performance (continued)**

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

#### ***Support of the Congregation's work overseas (continued)***

In Haiti

- ◆ Contributed towards the development of the mission; and
- ◆ Provided funding to assist with educational and pastoral activities and to provide health support to the most deprived.

In Colombia-Peru

- ◆ Supported the underprivileged in this time of the Covid-19 Colombia pandemic; and
- ◆ Contributed funding towards the Jubilee of College San Jose (70 years of foundation) at La Union.

### **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 charitable company's control.

As all Sisters in the United Kingdom are aged over 80, they have had to adhere to the stringent government advice issued on 23 March. This has meant that their normal apostolic activities have had to find new shape or cease altogether. As a result of the social distancing rules, whilst largely remaining in lockdown, the Sisters have tried to find new ways of working and supporting those with whom they work. The sisters support each other in prayer.

The charitable company's income has been affected by the pandemic because it is heavily reliant on investment income from listed investments which has been impacted as stock markets have reacted to the pandemic and by the resultant effect on corporate confidence..

In terms of expenditure, the trustees anticipate an increase in donation requests from the Congregation to help the poorer regions to cope with the pandemic and its aftermath.

The trustees will continue to keep both income and expenditure under review.

Whilst there will be challenges due to Covid-19, the charitable company has sufficient financial reserves to enable it to withstand the pressures and the trustees are content that the charity is and will remain a going concern.



## **Financial review**

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

A summary of the year's results can be found on page 20 of the attached financial statements.

Income for the year totalled £443,481 (2019: £580,892) and includes salaries and pensions donated by the members of £74,548 (2019: £72,575), donations and legacies receivable of £2,841 (2019: £2,743) and investment income and interest receivable of £361,043 (2019: £499,335).

Total expenditure for the year amounted to £1,189,273 (2019: £3,823,647). £209,128 (2019: £219,675) was expended on supporting sisters and enabling them to carry out their work. Grants and donations amounted to £859,456 (2019: £3,482,603). Further details of the donations payable during the year are given in note 3 to the financial statements. £120,689 (2019: £121,369) was incurred on investment management fees.

Net expenditure for the year before investment gains, therefore, was £745,792 (2019: net expenditure before investment gains of £3,242,755). Net investment gains of £906,007 (2019: net gains of £2,078,093) resulted in a net increase in funds for the year of £160,215 (2019: net decrease of £1,164,662).

### ***Investment performance***

Investments at 31 December 2020 totalled £22,211,462 (2019: £22,562,069).

The charitable company has three portfolios of listed investments with a combined market value at 31 December 2020 of £19,274,299 (2019: £18,400,269), cash awaiting investment of £747,904 (2019: £480,122) and cash held on bank deposits of £2,189,258 (2019: £3,681,678).

The age profile of the sisters gives rise to a number of factors impacting on long term planning. As a consequence, the trustees believe that holding funds on bank deposit is appropriate at the present time. Bank interest of £6,399 (2019: £16,076) was earned during the year on these funds.

During the year, the charitable company's income from listed investments was £354,323 (2019: £482,747) and gains on disposal and revaluation of investments were £906,007 (2019: gains of £2,078,093), being an income yield of 1.9% (2019: 2.9%) and a capital yield of 4.8% (2019: capital yield of 12.9%)

The investment managers have invested in accordance with the trustees' investment policy set out elsewhere in this report. Further details of the investment portfolio are included in note 10 to the attached financial statements.

The trustees continue to take a long term view and believe their investment policy continues to be applied and remains appropriate.

## **Financial review** (continued)

### ***Reserves policy and financial position***

#### *Reserves policy*

The trustees have examined the requirement for free reserves i.e those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charitable company's work and the age profile of the sisters, the level of free reserves should equal up to five year's ongoing expenditure excluding charitable grants and donations.

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.

#### *Financial position*

The balance sheet shows total funds of £20,308,625 (2019: £20,148,410).

Of this £1,286,031 (2019: £1,318,898) represents the net book value of the charitable company's tangible fixed assets and an equivalent amount has been designated as a tangible fixed assets fund in recognition of the fact that the assets are required for the charitable company's operations and are not available as a reserve to fund activities or meet future contingencies.

The trustees have set aside £1,600,000 (2019: £2,100,000) to provide for the sisters in their retirement. The value of the fund has been calculated using actuarial principles to provide for the Congregation's sisters resident in England, but is not meant to guarantee sufficient resources. It is merely an estimate designed to recognise, and make some provision for, the financial undertaking implicit in the relationship between a religious congregation and its members.

The trustees have established the financing and Congregational fund with the broad intention to use the fund to finance grants and donations, including contributions to the Congregation's work overseas. Whilst the trustees continue to consider the future, further work has to be done on deciding exactly how these funds are to be applied. The balance of the fund stood at £15,768,950 at 31 December 2020 (2019: £15,725,050). Further details about the movement in the fund are given in note 15 to the financial statements.

Funds which are available, therefore, to support the work of the sisters in the future are those shown on the balance sheet as general funds or "free reserves" and amount to £1,653,644 (2019: £1,004,462).

At the date of the balance sheet, the trustees consider that the level of free reserves were adequate but not excessive given the inherent volatility on world stock markets at the current time. In particular, the level of reserves is deemed sufficient when considered in the light of the uncertainties arising due to the Covid-19 pandemic.

### ***Tangible fixed assets***

Movements in tangible fixed assets during the year are disclosed in the notes to the attached financial statements.

### **Future plans**

As members of the Congregation decrease in number, the trustees and the sisters need to discern very carefully which ministries are most required by those to whom the sisters minister and the ministries that are suitable for the aging community.

The sisters reside in a convent in Hertfordshire and the trustees plan to maintain the various aspects of activities as are compatible with the age, health and energy of the members. They will continue to monitor the needs of the sisters as they grow older, to ensure the provision of care for elderly members and even amidst the limitations that come with ageing, to foster what lies at the heart of the sisters' charism/mission.

As explained under "Reserves policy and financial position", it is the intention of the trustees to apply the financing and Congregational fund towards the financing of grants and donations, including contributions to the Congregation's work overseas. It is expected that a large proportion of the money will continue to be invested but it is anticipated also that some of the money may be applied directly towards grants and donations.

In addition, the trustees will have to pay due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically.

### **Post balance sheet events**

The charitable company's residential building included in the accounts at £358,239 (including the net book value of related improvements) was sold in May 2021. The selling price before deduction of professional costs was approximately £699,000.

### **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. 6873673 (England and Wales)) and is a charity registered for charitable purposes with the Charity Commission (Charity Registration No. 1133491).

The charitable company's members are the trustees of the charitable company. The trustees are nominated by the Regional Superior of the Congregation taking into account their personal qualities, their understanding and experience of the ministries.

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

### ***Organisation***

The trustees are ultimately responsible for the policies, activities and assets of the charitable company. They meet regularly during the year to review developments with regard to the charitable company, its activities and make any important decisions. When necessary, the trustees seek advice and support from the charitable company's professional advisers including investment managers, property experts, solicitors and accountants.

### ***Trustees***

The trustees are nominated by the Regional Superior of the Congregation and are elected by the members at the annual general meeting. At any one time there shall not be less than three nor more than ten trustees.

The trustees may be removed at any time by the Regional Superior by instrument in writing.

The Regional Superior and the Bursar General of the Congregation are ex officio trustees.

The following trustees were in office during the year and up to the date on which this report was approved:

#### **Trustee**

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Sister Mary Flannigan  
Sister Margaret Cloghessy  
Sister Genevieve Defrenne  
Sister Marthe Dacht  
Sister Martha Magdalena Geers  
Sister Marie-Jose Herbeuval  
Sister Veronica Maguire  
Sister Patricia Ryan

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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 day to day management of the charitable company's activities and the implementation of policies is delegated to the appropriate members of the Congregation. Management reporting lines are clearly defined and the trustees receive regular reports to enable them to fulfil their responsibilities.

### ***Statement of trustees' responsibilities***

The trustees (who are also directors of Providence Marian Company 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).

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

***Statement of trustees' responsibilities*** (continued)

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.

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 s418 of the Companies Act 2006.

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

### ***Statement of trustees' responsibilities (continued)***

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

### ***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 charitable company they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or their work as key management.

### ***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 Covid-19 pandemic has clearly presented the trustees with challenges and threats to the well-being of our charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charitable company and the sisters.

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

- ◆ An analysis of the age profile of the members of the Congregation shows that the average age is 90 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 monies in support of the wider Congregation and other organisations. The 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 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 reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet regularly with the investment managers and the managers' 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 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 stabilise 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.

### **Fundraising policy**

The charitable company receives very little income from donations from members of the public. However, it 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 communications 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 fundraising activities and does not employ the services of Professional Fundraisers. The charitable company undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2020, the charitable company received no complaints about its fundraising activities.

**Employees, volunteers, and members of the Congregation**

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

Approved by the trustees of the Providence Marian Company, Company Registration No. 6873673 (England and Wales) and Charity Registration No. 1133491 and signed on their behalf by:

Mary Flannigan

Trustee

Approved by the trustees on: 7 September 2021



## **Independent auditor's report to the members of Providence Marian Company**

### **Opinion**

We have audited the financial statements of Providence Marian Company (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 trustees 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 Charities Act 2011, 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

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

- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of trustees and review of minutes of trustees' meetings.

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 trustees 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;
- ◆ 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.

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

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.

**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

10 September 2021

**Statement of financial activities** Year to 31 December 2020

		Unrestricted funds	
	Notes	2020 £	2019 £
<b>Income and expenditure</b>			
<b>Income from:</b>			
Donations	1	<b>77,389</b>	75,318
Investments and interest receivable	2	<b>361,043</b>	499,335
Miscellaneous income		<b>5,049</b>	6,239
<b>Total income</b>		<b>443,481</b>	580,892
<b>Expenditure on:</b>			
Raising funds			
. Investment management fees		<b>120,689</b>	121,369
Charitable activities			
. Charitable grants and donations	3	<b>859,456</b>	3,482,603
. Support of members of the Congregation and their ministry	4	<b>209,128</b>	219,675
<b>Total expenditure</b>		<b>1,189,273</b>	3,823,647
<b>Net expenditure for the year before net investment gains</b>	6	<b>(745,792)</b>	(3,242,755)
Net investment gains	10	<b>906,007</b>	2,078,093
<b>Net income (expenditure) and net movement in funds for the year</b>		<b>160,215</b>	(1,164,662)
<b>Reconciliation of funds:</b>			
Fund balances brought forward at 1 January 2020		<b>20,148,410</b>	21,313,072
Fund balances carried forward at 31 December 2020		<b>20,308,625</b>	20,148,410

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

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

**Balance sheet** 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	9		1,286,031		1,318,898
Investments	10		<u>22,211,462</u>		<u>22,562,069</u>
			<b>23,497,493</b>		<b>23,880,967</b>
<b>Current assets</b>					
Debtors	11	71,678		70,299	
Cash at bank and in hand		<u>1,572,314</u>		<u>1,181,533</u>	
		<b>1,643,992</b>		<b>1,251,832</b>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12	<u>(1,044,510)</u>		<u>(1,039,939)</u>	
<b>Net current assets</b>			<b>599,482</b>		<b>211,893</b>
<b>Total assets less current liabilities</b>			<b>24,096,975</b>		<b>24,092,860</b>
<b>Creditors:</b> amounts falling due after one year	13		<u>(3,788,350)</u>		<u>(3,944,450)</u>
<b>Total net assets</b>			<b><u>20,308,625</u></b>		<b><u>20,148,410</u></b>
<b>The funds of the charitable company:</b>					
Unrestricted funds					
. Tangible fixed assets fund	14		1,286,031		1,318,898
. Designated funds	15		17,368,950		17,825,050
. General funds			<u>1,653,644</u>		<u>1,004,462</u>
			<b><u>20,308,625</u></b>		<b><u>20,148,410</u></b>

Approved by the trustees of the Providence Marian Company, Company Registration No. 6873673 (England and Wales) and Charity Registration No. 1133491 and signed on their behalf by:

Mary Flannigan

Trustee

Approved on: 7 September 2021

## Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(1,230,462)</b>	(1,103,138)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		<b>364,629</b>	500,602
Purchase of tangible fixed assets		—	(58,239)
Proceeds from the disposal of listed investments		<b>3,045,718</b>	3,362,157
Purchase of listed investments		<b>(3,013,741)</b>	(3,553,014)
Cash withdrawn from (invested in) bank deposits held as fixed asset investments		<b>1,492,419</b>	1,483,577
<b>Net cash provided by investing activities</b>		<b>1,889,025</b>	1,735,083
<b>Change in cash and cash equivalents in the year</b>		<b>658,563</b>	631,945
<b>Cash and cash equivalents at 1 January 2020</b>	B	<b>1,661,655</b>	1,029,710
<b>Cash and cash equivalents at 31 December 2020</b>	B	<b>2,320,218</b>	1,661,655

### 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 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>160,215</b>	(1,164,662)
<b>Adjustments for:</b>		
Depreciation charge	<b>32,867</b>	32,869
Gains on investments	<b>(906,007)</b>	(2,078,093)
Investment income and interest receivable	<b>(361,043)</b>	(499,335)
Increase in debtors	<b>(4,965)</b>	(1,779)
(Decrease) increase in creditors	<b>(151,529)</b>	2,607,862
<b>Net cash used in operating activities</b>	<b>(1,230,462)</b>	(1,103,138)

#### B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<b>1,572,314</b>	1,181,533
Cash held by investment managers	<b>747,904</b>	480,122
<b>Total cash and cash equivalents</b>	<b>2,320,218</b>	1,661,655



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 in respect to 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 in the UK 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:

- ◆ assessing the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge; and
- ◆ the assumptions applied in determining the size of designated funds, and in particular, the retirement reserve, created in order to provide for the continuing care of the members of the Congregation.
- ◆ estimating future income and expenditure flows and the charitable company's financial position (see "assessment of going concern" 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 at least one year from the date of approval of these financial statements.

**Assessment of going concern** (continued)

While the charitable company's income will no doubt be affected because of the falls in the income generated by investments as businesses recover from the impact of the pandemic. In terms of expenditure, it is anticipated that there may be an increase in requests from the Congregation for donations to help the poorer regions cope with the pandemic and its aftermath. The trustees will continue to keep both income and expenditure under review.

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 charitable company are the level of investment return and the performance of the investment market.

Whilst Covid-19 presents the charitable company with some challenges, the trustees do not anticipate any serious impact on the charity's finances.

**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 donations, income from investments, bank interest and income from other sources.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charitable company 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 charitable company 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 charitable company and it is probable that those conditions will be fulfilled in the reporting period.

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

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

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

Income from other sources is recognised in the period in which the charitable company is entitled to receipt, the amount can be measured reliably and receipt is probable.

### **Expenditure recognition**

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

All expenditure is accounted for on an accruals basis. The majority of expenditure is directly attributable to specific activities and any apportionment between headings is negligible. All expenditure is applied towards charitable activities and the classification between activities is as follows:

- ◆ The provision of charitable grants and donations relate, in the main, to the support of the Congregation's own work and the support of other Roman Catholic charitable organisations to relieve poverty, suffering and promotion of education or religion in connection with the Roman Catholic faith. Charitable grants and donations are made where the trustees believe there is a 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 any material grants and donations approved but unpaid at the end of the financial year.

The unwinding of the discount factor in respect to donations payable is included within grants, donations and support of missionary work and ministry and is described as a financing cost.

- ◆ Expenditure on the support of members of the Congregation and their ministry comprises those costs which support the members of the Congregation and which enable those members to carry out their individual ministry, the work of the charitable company in the areas of the advancement of the Roman Catholic faith and the provision of social and pastoral work.

All expenditure is stated inclusive of irrecoverable VAT.

### **Governance costs**

Governance costs comprise the costs involving the public accountability of the charitable company (including audit costs) and costs in respect to its compliance with regulation and good practice. All expenditure on governance is attributed directly to the charitable activities of supporting members of the Congregation and enabling their ministry as any costs in relation to donations payable is considered to be negligible.

### **Tangible fixed assets**

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

- ◆ Freehold land and buildings

Freehold land and buildings are included on the balance sheet stated at cost, or where cost is not available then at 1997 or 1998 valuations which were determined by the trustees on the basis of replacement cost for existing use with additions since those dates included at cost.

As permitted by FRS 102, with effect from 1 January 2014 the value assigned to these properties is now deemed to be cost. Additions subsequent to 31 December 1998 are stated at cost. Other tangible fixed assets are stated at cost.

- ◇ Specialised buildings

Specialised buildings comprise the large residential convent. Depreciation is provided at 2% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the charitable company.

- ◇ Residential

Residential buildings are those designed as, and used wholly or mainly for, private residential accommodation. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value.

- ◇ Improvements to residential buildings

Improvements to residential buildings are depreciated over the expected life of the improvement which, depending on its nature, will vary between 10 and 20 years. No depreciation is charged on improvements until they are complete.

- ◆ Furniture, fixtures, plant and equipment

Expenditure on the purchase and replacement of furniture, plant and equipment is capitalised and depreciated over a five year period, based on the estimated useful life of the asset, on a straight line basis. Items classified as fixtures or plant are capitalised and depreciated over a fifteen year period on a straight line basis, in order to write the assets off over their estimated useful life.

- ◆ Motor vehicles

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

### **Investments**

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

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

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

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.

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

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

### **Creditors and provisions**

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

**Fund structure**

The funds of the charitable company are unrestricted and therefore are available for use in furtherance of the charitable company's objectives at the discretion of the trustees. Within the total unrestricted funds of the charitable company are amounts representing tangible fixed assets and funds the trustees have designated for specific purposes. Details of these are provided in notes 14 and 15 respectively.

**Services provided by members of the Congregation**

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

**Pensions**

The charitable company offers its employees membership of a defined contribution pension scheme administered by the National Employment Savings Trust (NEST). Contributions to the scheme are debited to the statement of financial activities in the year in which they are payable to the scheme. The assets of the scheme are held by an independent corporate trustee, whose activities are governed by the National Employment Savings Trust Order 2010, made by the Secretary of State in exercise of powers confirmed under the Pensions Act 2008.

# **1 Income from: Donations**

	2020 £	2019 £
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	74,548	72,575
General donations (includes £1,250 restricted income) (see note 3)	2,841	2,743
	<b>77,389</b>	<b>75,318</b>

# **2 Income from: Investments and interest receivable**

	2020 £	2019 £
Income from listed investments		
. UK fixed interest stocks	36,046	40,112
. Overseas fixed interest stocks	18,714	28,653
. UK equities	118,631	188,850
. Overseas equities	64,621	89,689
. UK unitised funds	61,594	83,027
. Overseas unitised funds	54,717	52,416
	<b>354,323</b>	<b>482,747</b>
Interest receivable		
. Interest on money held by investment managers	321	—
. Bank interest receivable	6,399	16,588
	<b>361,043</b>	<b>499,335</b>

# **3 Expenditure on: Grants and donations**

The charitable company makes grants and donations, principally in support of the overseas work of the Sisters of Providence and of the Immaculate Conception and other causes, which further the Christian faith and alleviate poverty.

	2020 £	2019 £
Generalate and overseas provinces of the Sisters of Providence and of the Immaculate Conception		
. In support of the Congregation's overseas work in South America	839,000	3,459,950
. In support of the Congregation's overseas work in the Congo	1,250	1,250
Financing cost – Unwinding of discount factor on donation committed	12,300	8,350
Aid to the Church in Need	1,240	3,143
International Refugee Trust	—	985
Other grants and donations	5,666	8,925
	<b>859,456</b>	<b>3,482,603</b>

The donation of £1,250 to support the Congregation's overseas work in the Congo is financed from a restricted donation received in each of the above two years.

Four of the charitable company's trustees (Sister Martha Magdalena Geers, Sister Marie-Jose Herbeuval, Sister Marthe Dachet and Sister Genevieve Defrenne) are members of the General Council of the Congregation,. Those trustees who are members of the General Council withdraw from discussions concerning the awarding of donations to both the Generalate of the Congregation and to the wider Congregation.

Further details of the donations payable to the Congregation's Generalate are shown in notes 12 and 13 to the financial statements.

**3 Expenditure on: Grants and donations** (continued)

Other grants and donations include a donation of £2,400 (2019 - £2,400) to a former member of the Congregation to supplement her living expenses. The charitable company has agreed to supplement this former member's living expenses for the immediate future given her financial position. It is expected that this financial support may, in future, amount to £3,000 per annum but no specific period is known over which it may be payable. Any future commitment will not be material to these financial statements.

**4 Expenditure on: Support of members of the Congregation and their ministry**

	2020 £	2019 £
Staff wages (note 7)	83,804	76,486
Premises	54,404	57,405
Sisters' personal expenses	38,030	39,443
Education, training and spiritual renewal	1,025	1,773
Other expenses	7,445	14,697
Governance costs (note 5)	24,420	29,871
	<b>209,128</b>	<b>219,675</b>

**5 Governance costs**

	2020 £	2019 £
Legal and professional fees	24,420	29,871

**6 Net (expenditure) income for the year before net investment gains (losses)**

This is stated after charging:

	2020 £	2019 £
Staff costs (note 7)	83,804	76,486
Auditor's remuneration		
. Statutory audit services		
.. Current year	12,700	11,800
.. Previous year	500	1,914
. Other accountancy related services		
.. Current year	10,560	10,500
.. Previous year	660	5,657
Depreciation	32,867	32,869



## 7 Staff costs, key management and trustees' remuneration

	2020 £	2019 £
Staff costs during the year were as follows:		
Wages and salaries	80,663	73,638
Social security costs	1,690	1,714
Pension contributions	1,451	1,134
	<b>83,804</b>	<b>76,486</b>

No employee earned £60,000 per annum or more (including taxable benefits) during the year (2019 – none).

All staff costs relate to support of members of the Congregation.

There were five part time employees during the year (2019 – five).

### **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 the living and personal expenses in respect to those resident in England are borne by the charitable company, none of the trustees receive any remuneration or reimbursement of expenses in connection with their duties as trustees or work as key management (2019 - £nil).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charitable company under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charitable company was £54,050 (2019 - £52,378).

## 8 Taxation

Providence Marian Company is a registered charity and, therefore, is not liable to income tax or corporation tax on income on gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

**9 Tangible fixed assets**

	Freehold land and buildings					
	Resident- ial buildings £	Improve- ments to residential buildings £	Specialised buildings £	Furniture, fixtures plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 January 2020	300,000	58,239	1,011,817	101,139	24,699	<b>1,495,894</b>
Disposals	—	—	—	(4,292)	—	<b>(4,292)</b>
At 31 December 2020	<u>300,000</u>	<u>58,239</u>	<u>1,011,817</u>	<u>96,847</u>	<u>24,699</u>	<b><u>1,491,602</u></b>
Cost	—	58,239	561,817	96,847	24,699	<b>741,602</b>
Deemed cost: 1997 and 1998 valuation	300,000	—	450,000	—	—	<b>750,000</b>
At 31 December 2020	<u>300,000</u>	<u>58,239</u>	<u>1,011,817</u>	<u>96,847</u>	<u>24,699</u>	<b><u>1,491,602</u></b>
<b>Depreciation</b>						
At 1 January 2020	—	—	121,416	41,172	14,408	<b>176,996</b>
Charge for the period	—	—	20,236	6,456	6,175	<b>32,867</b>
Eliminated on disposals	—	—	—	(4,292)	—	<b>(4,292)</b>
At 31 December 2020	<u>—</u>	<u>—</u>	<u>141,652</u>	<u>43,336</u>	<u>20,583</u>	<b><u>205,571</u></b>
<b>Net book values</b>						
At 31 December 2020	<u>300,000</u>	<u>58,239</u>	<u>870,165</u>	<u>53,511</u>	<u>4,116</u>	<b><u>1,286,031</u></b>
At 31 December 2019	<u>300,000</u>	<u>58,239</u>	<u>890,401</u>	<u>59,967</u>	<u>10,291</u>	<b><u>1,318,898</u></b>

All land and buildings, both non-specialised and specialised, are freehold.

As permitted by FRS 102, with effect from 1 January 2014 the value assigned to land and buildings owned as at that date is now deemed to be cost. Additions subsequent to 1 January 2014 are stated at cost. Other tangible fixed assets are stated at cost.

It is likely that there are material differences between the open market values of the charitable company's land and buildings and their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the financial statements.

**Post balance sheet events**

The residential building included above at £358,239 (including the net book value of related improvements) was sold in May 2021. The selling price before deduction of professional costs was approximately £699,000.

## 10 Investments

	2020 £	2019 £
<b>Listed investments</b>		
Market value at 1 January 2020	18,400,269	16,131,319
Additions at cost	3,013,741	3,553,014
Disposals at book value (see below)	(3,345,059)	(3,240,197)
Net unrealised investment gains	1,205,348	1,956,133
Market value at 31 December 2020	19,274,299	18,400,269
<b>Cash held by investment managers</b>	747,904	480,122
<b>Bank deposit accounts</b>	2,189,259	3,681,678
	<b>22,211,462</b>	<b>22,562,069</b>
 Cost of listed investments at 31 December 2020	 <b>14,836,059</b>	 14,856,604

Disposals at book value included above are made up of the following:

	2020 £	2019 £
Proceeds	3,045,718	3,362,157
Losses (gains)	299,341	(121,960)
Disposals at book value	<b>3,345,059</b>	3,240,197

Listed investments held at 31 December 2020 comprised the following:

	2020 £	2019 £
UK fixed Interest stocks and bonds	1,705,119	1,672,838
Overseas fixed interest stocks and bonds	717,682	1,284,606
UK equities	5,319,162	5,460,857
Overseas equities	4,482,523	4,063,425
UK unitised funds	2,852,676	2,598,281
Overseas unitised funds	4,197,137	3,320,262
	<b>19,274,299</b>	<b>18,400,269</b>

At 31 December 2020, no individual listed investment holdings were deemed material when compared with the overall portfolio valuation at that date.

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

The bank deposit accounts represent monies held by Barclays Bank plc for the long term and considered part of the charitable company's fixed asset investments.

**11 Debtors**

	2020 £	2019 £
Interest and investment income receivable	6,757	10,343
Other debtors and prepayments	64,921	59,956
	<b>71,678</b>	<b>70,299</b>

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

	2020 £	2019 £
Donation payable to the Generalate of the Congregation (note 13)	995,100	987,700
Expense creditors	—	2,807
Social security and other taxes	1,679	1,532
Accruals	47,731	47,900
	<b>1,044,510</b>	<b>1,039,939</b>

**13 Creditors: amounts falling due after one year**

	2020 £	2019 £
Donations payable	<b>3,788,350</b>	<b>3,944,450</b>

During 2016, the trustees committed to donate £750,000 per annum to the Generalate of the Congregation from 2017 to 2021 inclusive. A liability was recognised, discounted to present value using a discount rate of 0.5% per annum, the rate of interest earned by the charitable company on its bank deposit accounts. The liability at 31 December 2020 represents donations which the trustees have committed to paying in the years 2021 to 2025 (2019: from 2020 to 2024). The notional interest is debited to the statement of financial activities as the discount is “unwound”.

The liability has been recognised discounted to present value using a discount rate of 2% per annum, the rate of return currently earned by the charitable company on its investments. The notional interest is debited to the statement of financial activities as the discount is “unwound”.

The donations payable are as follows:

	Discounted amounts		Gross amounts	
	2020 £	2019 £	2020 £	2019 £
Creditor payable as follows:				
Within one year (note 12)	995,100	987,700	1,000,000	1,000,000
After more than one year				
. Between one and two years	975,500	983,050	1,000,000	1,000,000
. Between two and five years	2,812,850	2,961,400	3,000,000	3,000,000
	<b>3,788,350</b>	<b>3,944,450</b>	<b>4,000,000</b>	<b>4,000,000</b>
	<b>4,783,450</b>	<b>4,932,150</b>	<b>5,000,000</b>	<b>5,000,000</b>

**13 Creditors: amounts falling due after one year** (continued)

The movement in creditor for the donations is as follows:

	2020 £	2019 £
Total donations payable at 1 January 2020	4,932,150	2,213,850
Donations committed during the year	839,000	3,459,950
Donations paid during the year	(987,700)	(741,650)
Total donations payable at 31 December 2020	4,783,450	4,932,150

**14 Tangible fixed assets fund**

	2020 £	2019 £
At 1 January 2020	1,318,898	1,343,528
Net movement in year	(32,867)	(24,630)
At 31 December 2020	1,286,031	1,318,898

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

**15 Designated funds**

The income funds of the charitable company included the following designated funds set aside out of unrestricted funds by the trustees for specific purposes:

	2020			2019		
	Sisters' retirement fund £	Financing and Congregational fund £	Total £	Sisters' retirement fund £	Financing and Congregational fund £	Total £
At 1 January 2020	2,100,000	15,725,050	17,825,050	2,500,000	17,140,400	19,640,400
Designated in the year	—	882,900	882,900	—	2,044,600	2,044,600
Released/utilised in the year	(500,000)	(839,000)	(1,339,000)	(400,000)	(3,459,950)	(3,859,950)
At 31 December 2020	1,600,000	15,768,950	17,368,950	2,100,000	15,725,050	17,825,050

***Sisters' retirement fund***

The sisters' retirement fund comprises money which the trustees have set aside in order to provide for the sisters in their retirement. The amount of the fund has been calculated using actuarial principles.

***Financing and Congregational fund***

This fund has been established to finance grants and donations including contributions to the Congregation's work overseas.

**16 Analysis of net assets between funds**

	General fund £	Tangible fixed assets fund £	Sisters' retirement fund £	Financing and Congrega- tional fund £	Total 2020 £
<b>Fund balances at 31 December 2020 are represented by:</b>					
Tangible fixed assets	—	1,286,031	—	—	1,286,031
Investments	59,062	—	1,600,000	20,552,400	22,211,462
Net current assets (liabilities)	1,594,582	—	—	(995,100)	599,482
Creditors: amounts falling due after one year	—	—	—	(3,788,350)	(3,788,350)
	<b>1,653,644</b>	<b>1,286,031</b>	<b>1,600,000</b>	<b>15,768,950</b>	<b>20,308,625</b>
<b>Fund balances at 31 December 2019 are represented by:</b>					
Tangible fixed assets	—	1,318,898	—	—	1,318,898
Investments	—	—	1,904,869	20,657,200	22,562,069
Net current assets (liabilities)	1,004,462	—	195,131	(987,700)	211,893
Creditors: amounts falling due after one year	—	—	—	(3,944,450)	(3,944,450)
	<b>1,004,462</b>	<b>1,318,898</b>	<b>2,100,000</b>	<b>15,725,050</b>	<b>20,148,410</b>
				<b>2020 £</b>	<b>2019 £</b>
<b>Total unrealised gains on investments included above</b>				<b>4,438,240</b>	<b>3,543,665</b>
<b>Reconciliation of movements in unrealised gains</b>					
Unrealised gains at 1 January 2020				<b>3,543,665</b>	1,848,363
Less: in respect to disposals in year				<b>(310,773)</b>	(260,831)
Add: net gains arising on revaluation in the year				<b>1,205,348</b>	1,956,133
<b>Unrealised gains at 31 December 2020</b>				<b>4,438,240</b>	<b>3,543,665</b>

**17 Ultimate control**

The charitable company was controlled throughout the period by the Congregation of the Sisters of Providence and of the Immaculate Conception by virtue of the fact that the members of the charitable company are members of the Congregation. The trustees are nominated by the Regional Superior of the Congregation before being elected by the members at the annual general meeting. The Regional Superior and the Bursar General of the Congregation are ex-officio trustees.

**18 Related party transactions**

Four of the charitable company's trustees are members of the General Council of the Congregation. The charitable company makes donations to both the Generalate of the Congregation and to the wider Congregation to support its overseas work (see note 3). Those trustees who are members of the General Council withdraw from discussions concerning the awarding of such donations.

The amounts due to the Generalate of the Congregation are shown in notes 12 and 13.

Amounts donated to the charitable company by its trustees are disclosed in note 7.

There were no other related party transactions during the year (2019 – none).

**19 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.