

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales · Charity number 1175076

Details

Other names SSCJ

Status Registered

Legal form CIO

Registered 2017-10-10

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: THE OBJECTS OF THE CIO ARE 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 DISTRICT LEADER SHALL FROM TIME TO TIME THINK FIT AND IF SUCH CONGREGATION SHALL CEASE TO EXIST OR SHALL CEASE TO CARRY ON ANY CHARITABLE WORK THEN FOR SUCH LAWFUL CHARITABLE PURPOSES WHICH ADVANCE THE ROMAN CATHOLIC RELIGION AS THE TRUSTEES SHALL SEE FIT.

Activities: The CIO supports the religious and other charitable works carried on by the members of the Congregation.

Classification

- **How:** Provides Services, Other Charitable Activities
- **What:** Religious Activities, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- France
- Barnet

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£214,586	£396,328	-	-
2023-12-31	£221,949	£254,253	-	-
2022-12-31	£204,250	£253,746	-	-
2021-12-31	£191,236	£340,015	-	-
2020-12-31	£2,062,117	£294,752	£5,695,538	2

Trustees

Name	Role	Appointed
Br James Boner OFM Cap		2018-12-17
Father Lijo Jose Payikkattu		2023-06-08
SISTER YVONNE PILARSKI SSCJ		2017-10-10
Sister Edith Cochard		2018-10-10

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales - Charity number 1175076

Accounts

**Sisters
of the
Sacred Heart
of Saint Jacut**

Annual Report and Accounts

31 December 2024

Charity Registration Number
1175076

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

Trustees	Sister Yvonne Pilarski Sister Edith Cochard Brother James Boner Father Lijo Jose Payikkattu
District Leader/General Councillor Delegate for the District of Great Britain	Sister Yvonne Pilarski
District Bursar	Sister Yvonne Pilarski
Principal address	Flat 4, Alisa Lodge 4 Oakleigh Park South Whetstone London N20 9JU
Charity registration number	1175076
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank plc Argyll House 250 Regent Street London W1B 3BN
Investment managers	Rathbones Investment Management Limited 30 Gresham Street London EC2V 7QN CCLA Investment Management Limited 1 Angel Lane London EC4R 3AB
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR7

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

The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2024.

The accounts have been prepared in accordance with the accounting policies set out on pages 23 to 266 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Order of the Sisters of the Sacred Heart of St. Jacut (the Congregation) is an international Roman Catholic religious congregation comprising 347 sisters worldwide. It is divided into seven Apostolic Zones : France, the USA, Canada, Great Britain, Cameroon, Madagascar, and Papua New Guinea. The Congregation is governed by the Superior General and her Council, who reside in Paris.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered.



The Mother House of the Sisters of the Sacred Heart, in Saint Jacut les Pins,

The primary goal of the CIO is to promote the Roman Catholic faith through the religious and charitable activities of the Congregation.

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

The mission of the Congregation

The mission of the Congregation is clearly stated in the Constitution:

“To make known to all, particularly the poor, the tenderness and merciful love of the Father revealed in Jesus.” (Const.No.4)

Since its foundation in France in 1816, the Congregation has fulfilled its mission through education, social work, and pastoral care, with a special focus on serving the most disadvantaged. This same dedication has shaped its work in England since the early 20th century.(1903) Over time, the establishment of schools (Two of these schools continue to thrive, deeply rooted in the values of the Congregation - devotion to the Sacred Heart and a profound love for all people - principles that have shaped their identity and enduring success.)an d a deep commitment to education at all levels emerged as the primary expression of this missionary spirit, reinforced by pastoral care in both religious and secular settings.



Achievements and performance

The trustees confirm that they have referred to the Charity Commission’s guidance on Public Benefit in reviewing the charity’s aims, objectives and future plans. Details of how the charity fulfils this responsibility are given below.



Care of the members

Age profile – 31 December 2024:

Age Group	Age Group	Age Group
<70	71 – 80	Over 80
0	1	4

Like many religious congregations in England today, the number of members in the group has significantly declined. Currently, the District comprises five members, with an average age of 83.

One member serves on the General Council of the Congregation, dividing her time between Paris and London. In London, she offers support and assistance to the Sisters as needed, while in Paris, she serves as a member of the Congregation’s leadership team, actively contributing to its daily operations and playing a key role in major decision-making. Additionally, she plays a vital role in translating key documents from the Superior General, ensuring that the Sisters in England have equal access to important information and spiritual resources as the rest of the Congregation.

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

Achievements and performance (continued)

St Martin's, Nazareth House, Finchley

Three sisters reside in a dedicated wing at Nazareth House Care Home in Finchley. While living independently, they benefit from the security of the care home, with mid-day meals provided while they manage breakfast and supper themselves. They also actively participate in the spiritual services at Nazareth House, including daily Mass, the Rosary, and Adoration of the Blessed Sacrament.

During 2024, two of the sisters faced significant health challenges, which thankfully improved by year-end. Despite age and ongoing health concerns, all three remain dedicated to their mission as Sisters of the Sacred Heart of Jesus, embodying the words of the Constitutions:

“Whether we exercise an activity or whether we live the limitations of age or sickness, the gift of our life expresses the same ever-present concern.” (Const. No. 58)

They are deeply committed to visiting all residents of Nazareth House, with a particular focus on those who are lonely and isolated, lacking family or friends. They offer their time and companionship, whether through attentive listening or simply providing a comforting presence. Despite their own age and health challenges, they strive to provide support whenever possible.

One sister played a vital role as the sacristan, a position essential to the Care Home Community. She meticulously cared for the sacred altar vessels and linens, ensuring everything was clean and properly prepared for daily Mass, including the appropriate readings and liturgical colors. Unfortunately, health issues over the past year have prevented her from continuing this ministry. The Superior of the Nazareth House Community has repeatedly expressed gratitude for her invaluable contributions, noting how greatly her presence is missed. Over time, she has been able to gradually resume some of her responsibilities.

With increasing health limitations, the sisters engage in a ministry of prayer, focusing on the residents of Nazareth House and broader global issues, particularly those affected by war and suffering. They also maintain connections with their former parish in Whetstone, responding to numerous requests for prayers and support.

Another sister resides in a non-denominational nursing home in St. Albans. Until recently, she served as an ambassador for the residents, advocating for their concerns with management. Although her declining health has required her to step back from this role, she remains deeply invested in the well-being of those around her.

She previously organized a weekly prayer service with the assistance of a local Methodist minister, fostering a welcoming and uplifting environment through prayers and hymns attended by residents of all faiths and none. While she can no longer lead these services, her faithful attendance continues to bring comfort and encouragement to others. Despite the challenges posed by dementia, she remains acutely aware of the world's struggles and continues to fulfill her mission through prayer, offering her support in the way she can.

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

Achievements and performance (continued)

St Martin's, Nazareth House, Finchley (continued)

The Sisters also carry out a deeply valued ministry of mutual care and support, attending to one another's needs with compassion and dedication. This includes offering a listening ear for worries and concerns, performing small but meaningful acts of service—such as collecting prescriptions or running errands—and fostering a strong sense of community. The three Sisters residing in Nazareth House maintain close contact with their fellow Sister in St Albans, calling her regularly and making every effort to visit her at least once a month.

Working with other organisations

In addition to the above, the members of the District continue their association with and their support for:

- ◆ The Roman Catholic Diocese of Westminster
- ◆ The Conference of Religious and other religious congregations
- ◆ CAFOD
- ◆ Aid to the Church in Need

Overseas Mission Support

The charity remains fully committed to supporting the mission of the Congregation by providing financial assistance to various projects in the Southern Entities, with a particular focus on Cameroon and Madagascar. Additionally, it is dedicated to supporting the Mother House, which serves as the foundation of the Congregation and currently provides care for elderly and infirm French Sisters.

During the year, the charity responded to a request from the Apostolic Zone of France to assist with the construction of six fully equipped bedrooms for elderly and infirm sisters. After reviewing detailed plans and cost estimates, the charity was pleased to allocate funds to support this initiative. This contribution represented a good proportion of the 10% of the proceeds from the sale of the Provincial House in 2020. These funds had been securely held in a bank account until a well-defined project was presented and work was confirmed to commence.

Associates

Regrettably, the Sisters have faced a gradual decline in health and aging, which has inevitably impacted their ability to maintain direct contact with the Associates. Despite these challenges, their commitment to this cherished connection remains steadfast. One Sister, residing in Nazareth House, continues to foster communication through heartfelt letters and phone calls, particularly during the sacred seasons of Christmas and Easter.

Some Associates still make the journey to visit the Sisters at Nazareth House, cherishing these moments of companionship and spiritual support. Many others maintain contact by telephone, often sharing their concerns and seeking reassurance. They deeply value the prayers of the Sisters, drawing strength and comfort from their unwavering spiritual presence. Though physical interactions may have lessened, the bond between the Sisters and the Associates endures, sustained by faith, prayer, and mutual support.

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

Financial review for the year

Results for the year

A summary of the year's results is set out on page 20 of the attached accounts.

During the year to 31 December 2024, income was £214,586 (2023 – £221,949). The principal components of income were donations (including pensions receivable from members of the Congregation under Gift Aid compliant Deeds of Covenant) and investment income and interest receivable.

During the year the charity incurred expenditure of £396,328 (2023 – £254,253). Expenditure on maintaining the members of the Congregation and enabling them to carry out their charitable work was £173,935 (2023 – £217,712). Donations paid during the year amounted to £207,167 (2023 – £21,970). Donations paid during the year amounted to £207,167 (2023 – £21,970). Expenditure was higher than average this year due to a £170,627 donation to the Generalate to fund overseas projects. Further details of donations are given in note 4 to the attached accounts. Investment management fees for the period were £15,225 (2023 – £14,571).

Net expenditure for the year before investment gains was £181,742 (2023 – £32,304). Net investment gains for the year totalled £189,986 (2023 –£190,808) and resulted in a net movement of funds of £8,244 (2023 –£158,504).

Financial position and reserves policy

The balance sheet shows total funds of £5,701,715 at 31 December 2024 (2023 – £5,693,472).

Of this £807,870 (2023 – £815,465) represents the net book value of the charity'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 charity's operations and are not available as a reserve to fund activities or meet future contingencies.

Amounts totalling £3,729,373 (2023 – £3,900,000) are designated for the purposes explained in note 14 to the accounts.

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 £1,164,473 (2023 – £978,007).

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. The charity 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.

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

Financial review for the year (continued)

Financial position and reserves policy (continued)

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate enough income to cover approximately three years' on-going expenditure and to provide for contingencies, unevenness in future income and volatility in the value of investments.

At the date of the balance sheet, the actual free reserves are consistent with the charity's reserves policy set out above.

Investment policy and performance

The charity's investments are managed by Rathbones Investment Management Limited and CCLA Investment Management Limited. There are no restrictions on the charity's power to invest. The investment strategy set by the trustees takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The sisters take particular note of the prudent advice of the charity's investment manager.

The policy adopted by the charity is to maximise total return through a diversified portfolio whilst providing a level of income advised from time to time by the trustees. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Catholic Church.

The investment policy is generally risk averse with the objective of producing total return through growth in capital and income. The risk profile of the investments will be low/medium and, in order to satisfy the requirements, investments normally comprise of leading UK Government securities, UK leading companies, unit and investment trusts (including those investing in major international markets), and in fixed interest securities which merit an international rating of single A or better.

The performance of the portfolio and the charity's investment strategy have been reviewed by the trustees who have met regularly with the investment managers.

The policy of the charity is to achieve a combination of income and capital growth within acceptable levels of risk. The trustees of the charity continue to take a long term view and believe the investment policy continues to be appropriate.

During 2020 the charity invested £230,000 in the COIF Charities Deposit Fund- in order to fund special projects of the Congregation. The deposit fund is held as a short-term investment included within current assets in the balance sheet. £50,000 of these funds were used in 2021 to support a project in Madagascar. The fund has a remaining balance of £4,308 (2023 – £169,762), following a withdrawal to support the charity's annual contribution to its generalate. These funds will be replenished following the sale of one of the charity's properties following the year end.

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

Financial review for the year (continued)

Investment policy and performance (continued)

The charity's two portfolios of investments had a market value at 31 December 2024 of £4,842,598 (2023 – £4,675,129) including cash available for reinvestment of £22,088 (2023 – £14,369). Excluding the cash available for reinvestment, £3,715,201 was managed by Rathbone Investment Management Limited and £1,105,310 was invested in the COIF Charities Ethical Investment Fund managed by CCLA Investment Management Limited.

During the year, the charity's investments achieved an income yield of 2.10% and a capital yield of 4.08%. The performance of the portfolio reflected investment markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out above. Further details of the investment portfolio are detailed in note 10 to the attached accounts.

Future plans

The objectives of the trustees of the charity now include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect, having devoted all their lives to the mission of the Congregation.
- ◆ Enabling all the members of the Congregation to live their mission to the end of their days, as far as they are able, given the limitations of age and health.
- ◆ Providing gentle support and companionship to the sisters as they near the end of their lives is of utmost importance.
- ◆ Appointing at least one more trustee.
- ◆ Paying due heed to any fluctuations in the financial markets arising from the current macroeconomic and geopolitical environment.
- ◆ Ensuring sufficient funds are available in case any of the sisters require nursing home care is a priority

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

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her Council in Paris. These officials are elected every six years at a General Chapter, the most recent of which was in August 2019. The Superior General visits each area of the Congregation, including the district of Great Britain, at least once in her six-year mandate.

The District of Great Britain comprised five sisters (including Sister Yvonne) as at 31 December 2024. Although Sister Yvonne is the General Councillor Delegate, she is also a member of the Generalate community in Paris. She spends her time between Paris and London in order to offer care and support for the group of elderly Sisters in London. These sisters are from different countries, which give the district an element of internationality.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Given the situation and following the death of one of the Sisters, Sister Yvonne spends much more time in London, and travels to Paris for the General Council meetings. She lives in one of the flats in Whetstone. She accompanies the Sisters to their various hospital appointments and is available to the Sisters at all times.

In terms of Civil law, the charity is governed by the new constitution which was adopted on the 8 September 2022. and is a Charitable Incorporated Organisation, Charity Registration number 1175076. The trustees are presently the General Councillor Delegate, the General Bursar, a Religious from another Congregation and a Priest. As all trustees are either members of the Congregation or have a historic connection to the Congregation, they have a detailed knowledge of the work of the charity and of its structures. On being appointed, new trustees are required to spend some time with those leaving office, to receive a briefing on their responsibilities and the current position of the charity. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position. On-going in-service training takes place during the mandate.

Trustees

The charity's constitution states that there must be at least three trustees. There is no maximum number of trustees. Trustees are appointed for a term of six years by a resolution passed by the charity trustees.

In selecting new individuals for appointment as trustees, the existing charity trustees have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this Annual Report and Accounts.

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

Governance, structure and management (continued)

Trustees (continued)

Brief biographical details of the trustees are as follows:

Sister Yvonne Pilarski

A qualified teacher with a degree in French and German, Sister Yvonne worked in education for 20 years, holding various posts of responsibility including School Chaplain and Head of Department of Religious Studies until her retirement in 2013.

In January 2018 Sister Yvonne was asked to take over the leadership of the District of Great Britain and she was also asked to be District Bursar from January 2019. In August 2019 Sister Yvonne was elected as a General Councillor for the Congregation and in September 2019 was named as General Councillor Delegate for the District of Great Britain.

Sister Edith Cochard

Sister Edith worked in France for many years as a primary school teacher. In 1995 she was asked to go to Papua New Guinea as a formation director. In 2014 she was named General Bursar for the Congregation and now resides in Paris.

Brother James Boner

Brother James is a Capuchin Friar. For many years he was chairman of the Association of Provincial Bursars and the General Secretary of the Conference of Religious in England and Wales. He holds a number of positions as a trustee and ethics advisor. At present he is Provincial Minister for the Capuchin Franciscans in Great Britain and a special envoy for the Capuchin's General Minister in Rome.

Father Lijo Jose Payikkattu

Father Lijo Jose is from Kerala in southern India and a member of the Congregation of the Missionaries of St Francis de Sales. After his ordination, he was engaged in different kinds of pastoral ministry in India and also taught in schools belonging to his Congregation.

In 2017 Father Lijo Jose was sent to work in the English Province of the Missionaries of St Francis de Sales. He was assistant priest in the St Barnabas Cluster of Parishes in Milton Keynes, in the Diocese of Northampton, for two years and since 2019 he has been parish priest of St Teresa's, Princes Risborough, also in the diocese of Northampton.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review all aspects regarding the charity and its activities, to plan and make relevant decisions for the future. When necessary, the trustees seek advice and support from the charity's professional advisers, including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies are delegated to the appropriate members of the Congregation.

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

Governance, structure and management (continued)

Structure and management reporting (continued)

The District is governed by the General Councillor Delegate. Her mandate is for six years. Sr Yvonne visits the sisters regularly and keeps in touch with them by means of phone calls and emails. She frequently consults the sisters of the District on all aspects of their lives, especially the problems and difficulties due to aging and failing health. and discusses with them different aspects of their mission.

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts 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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

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

Key management personnel

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.

Two of the trustees are members of the Congregation, but only one is a member of the District. Her living and personal expenses are borne by the charity. The Trustees receive neither remuneration nor reimbursement of expenses in connection with their duties as trustees or key management personnel.

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

Governance, structure and management (continued)

Liability of the members

If the charity is wound up, the members of the charity, who are also the trustees of the charity, have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation and the charity currently face and have reviewed the measures already in place to deal with them.

The areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment

Governance and management: looks at the risk of the Congregation, and hence the charity, of the skills and training of its members, and the good use of its resources.

An analysis of the age profile of the sisters shows that the average age at 31 December 2024 was 83 years. The trustees are aware that there is both a moral and legal obligation to care for the sisters. None of the sisters have resources of their own as all earnings, pensions and any other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

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 charity has the available financial resources to finance this care both now and in the future 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 the ministries and needs of individual sisters -identifying those who need extra care and help.

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

Governance, structure and management (continued)

Risk management (continued)

Operational: looks at the risks inherent in the activities of the charity.

The trustees recognise the absolute necessity of ensuring the protection and safety of all whom the charity serve. This means that all sisters who are in any kind of ministry have obtained clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS).

The activities of the charity do not involve work with children but they do involve work with adults who may need help at particularly vulnerable moments in life.

Financial: looks at risks including those arising as a result of poor budgetary control, poor accounting and poor management of the investment portfolio.

The charity'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 with the investment managers regularly 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 charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's 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 charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Reputational: looks at possible damage to the Congregation's and hence the reputation of the charity.

Laws, regulations, external and environment: looks at the effect of government policies and the consequences of non-compliance with laws and regulations in so far as they are applicable to the Congregation's activities.

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

The trustees are united in their concern for the overall health and wellbeing of each of the members of the District. They are equally concerned that the members be supported and encouraged to live to the full the Mission of the Congregation to which each one has professed.

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

Governance, structure and management (continued)

Members of the Congregation

The members of the Congregation continue to give unsparing service and dedication to all the Congregation's works and the trustees wish to record their appreciation.

Signed on behalf of the trustees:

J. Pclarski

Approved by the trustees on: *7th October 2025*

Independent auditor's report to the trustees of the Sisters of the Sacred Heart of Saint Jacut

Opinion

We have audited the accounts of the Sisters of the Sacred Heart of Saint Jacut (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 other information comprises the information included in the annual report, including the trustees' report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:
- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11 the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Auditor's responsibilities for the audit of the accounts (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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 Charity through discussions with the 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 accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the Charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and 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 including the authorisation thereof;

Auditor's responsibilities for the audit of the accounts (continued)

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

- ◆ 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 accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees;
- ◆ enquiring of the trustees as to actual and potential litigation and claims;
- ◆ reviewing the legal expenses nominal code.

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.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott Audit LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:

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

Date: 08 October 2025

Statement of financial activities Year to 31 December 2024

	Notes	2024 £	2023 £
Income from:			
Donations	1	111,645	108,156
Investments and interest receivable	2	102,941	105,793
Other sources			
Surplus on disposal of tangible fixed assets		—	8,000
Total income		214,586	221,949
Expenditure on:			
Raising funds			
. Investment management fees		15,225	14,571
Charitable activities			
. Support of members of the Congregation and their ministry	3	173,936	217,712
. Charitable donations	4	207,167	21,970
Total expenditure		396,328	254,253
Net expenditure for the year before net investment gains	6	(181,742)	(32,304)
Net investment gains	10	189,986	190,808
Net movement in funds		8,244	158,504
Reconciliation of funds:			
Funds brought forward at 1 January 2024		5,693,472	5,534,968
Funds carried forward at 31 December 2024		5,701,716	5,693,472

All income and expenditure of the charity for the year to 31 December 2024 is in respect to unrestricted funds.

All of the charity's activities during the above financial periods derived from continuing operations.

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

Balance sheet 31 December 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	9		807,870		815,465
Investments	10		<u>4,842,598</u>		<u>4,675,129</u>
			5,650,468		5,490,594
Current assets					
Debtors	11	12,866		15,741	
Current asset investments		4,308		169,762	
Short term deposits		37,886		37,344	
Cash at bank and in hand		<u>60,624</u>		<u>43,657</u>	
		115,684		266,504	
Creditors: amounts falling due within one year	12	<u>(64,437)</u>		<u>(63,626)</u>	
Net current assets			51,247		202,878
Total net assets			<u>5,701,716</u>		<u>5,693,472</u>
The funds of the charity					
Unrestricted funds					
. General funds			1,164,473		978,007
. Tangible fixed assets fund	13		807,870		815,465
. Designated fund					
.. Retirement reserve fund	14		2,700,000		2,700,000
.. Financing and Congregational fund	14		<u>1,029,373</u>		<u>1,200,000</u>
			5,701,716		5,693,472

Approved by the trustees and signed
on their behalf by:

Y. Pilarski

Y. Pilarski

Trustee

Approved by the trustees on:

7th October 2025

Statement of cash flows Year to 31 December 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(277,259)	(126,478)
Cash flows from investing activities:			
Investment income and interest received		106,796	104,327
Proceeds from the disposal of tangible fixed assets		—	8,000
Purchase of tangible fixed assets		—	(33,373)
Proceeds from the disposal of investments		726,485	436,954
Additions to current asset investments		165,455	12,063
Investment in short term deposits		(542)	4,099
Purchase of fixed asset investments		(696,249)	(449,735)
Net cash provided by investing activities		301,945	82,335
Change in cash and cash equivalents in the year		24,686	(44,143)
Cash and cash equivalents at 1 January 2024	B	58,026	102,169
Cash and cash equivalents at 31 December 2024	B	82,712	58,026

Notes to the statement of cash flows for the year to 31 December 2024.

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

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	8,244	158,504
Adjustments for:		
Depreciation charge	7,595	7,595
Gains on investments	(189,986)	(190,808)
Investment income and interest receivable	(102,941)	(105,793)
Surplus on disposal of tangible fixed assets	—	(8,000)
Decrease (increase) in debtors	(981)	43,040
Increase (decrease) in creditors	810	(31,016)
Net cash used in operating activities	(277,259)	(126,478)

B Cash and cash equivalents

	As at 31 December 2023 £	Cash flows £	As at 31 December 2024 £
Cash at bank and in hand	43,657	16,967	60,624
Cash held by investment managers	14,369	7,719	22,088
Total cash and cash equivalents	58,026	24,686	82,712

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).

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

Basis of preparation

These accounts have been prepared for the year ended 31 December 2024 with comparative information given in respect to the year to 31 December 2023.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating the useful economic life or residual value of tangible fixed assets for the purpose of calculating the depreciation charge;
- ◆ assessing the probability of the receipt of legacy income;
- ◆ determining the value of designated funds including the determination of the assumptions made in determining the value of the retirement fund; and

Assessment of going concern

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

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 charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income, bank interest receivable, the surplus on disposal of tangible fixed assets and other income.

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

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 charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal. The disposal is accounted for at the date of legal completion.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Expenditure recognition (continued)

Charitable donations are made where the trustees consider there is real need following a review of the details of each particular case. Donations are included in the statement of financial activities when approved for payment. Provision is made for donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide suitable office services and equipment for Sister Yvonne, in her role as District Leader and District Bursar, and to obtain support for financial and compliance procedures.

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.

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation as any governance costs in relation to the provision of donations and grants is considered to be negligible.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

♦ **Land and buildings**

Land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to land and buildings are accounted for on legal completion of the relevant transaction.

♦ **Building improvements**

Expenditure in relation to major improvements to the buildings is capitalised and depreciated over a ten year period on a straight line basis.

♦ **Furniture, equipment and motor vehicles**

Expenditure on the purchase of furniture, equipment and motor vehicles is capitalised and depreciated over a five and seven year period on a straight line basis.

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.

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.

Current asset investments

Current asset investments represent such accounts and instruments that are not available on demand and are held in deposit funds administered by institutions other than those designated as banks.

Creditors and provisions

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

Fund structure

The funds of the charity comprise unrestricted funds available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds are amounts representing tangible fixed assets and amounts which the trustees have designated for specific purposes. Details of these are provided in notes 13 and 14 respectively.

Services provided by members

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

1 Income from: donations

	2024 £	2023 £
Salaries and pensions of individual religious received under deed of covenant and gift aid	111,645	108,156
Other donations	—	—
	111,645	108,156

2 Income from: investments and interest receivable

	2024 £	2023 £
Income from listed investments		
. UK fixed interest bonds	24,699	21,283
. Overseas fixed bonds	10,730	14,779
. UK equities	8,697	16,002
. Overseas equities	31,907	27,741
. Alternatives and property	21,866	15,993
	97,899	95,798
Interest received		
. Current asset investments - interest	3,748	8,736
. Bank interest	542	450
. Cash held by investment managers	752	809
	102,941	105,793

3 Expenditure on: support of members of the Congregation and their ministry

	2024 £	2023 £
Premises	29,793	26,271
Sisters' living and personal expenses	38,608	41,244
Nursing care and medical costs	25,341	76,673
Sisters' accommodation and related costs	38,045	37,258
Education, training and spiritual renewal	1,258	1,430
Support costs		
. Legal and professional fees	20,594	13,711
. Miscellaneous support costs	3,783	1,769
. Governance costs (note 5)	16,514	19,356
	173,936	217,712

4 Expenditure on: charitable donations

Donations during the year comprised:

	2024 £	2023 £
Contributions to the Congregation's Generalate		
. support of overseas missions	206,189	2,370
. support of the work of the Generalate	—	19,452
Other sundry donations	978	148
	207,167	21,970

At 31 December 2020, the trustees had agreed in principle to donate £230,000 to the Generalate of the Congregation but final confirmation of this was subject to the Generalate providing details of projects that were acceptable to the trustees. The final donation of £170,627 was made in the year to 31 December 2024 and is included within the £206,189 donation above.

5 Governance costs

	2024 £	2023 £
Legal and professional fees	16,514	19,356

6 Net expenditure for the year before net investment gains

This is stated after charging:

	2024 £	2023 £
Auditor's remuneration		
. Statutory audit services:		
.. Current year	16,224	15,900
.. Previous year	290	2,074
. Other services		
.. Current year	—	3,240
.. Previous year	840	2,970
Depreciation	7,595	7,595

7 Staff costs and key management personnel

The charity did not employ staff during the year and therefore there were no employees who earned more than £60,000 during the year. The trustees consider that they comprise the key management of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis.

8 Taxation

The Sisters of the Sacred Heart of St Jacut is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2024	784,183	7,857	33,373	825,413
Additions	—	—	—	—
Disposals	—	—	—	—
At 31 December 2024	784,183	7,857	33,373	825,413
Depreciation				
At 1 January 2024	—	3,273	6,675	9,948
Charge for the year	—	920	6,675	7,595
Disposals	—	—	—	—
At 31 December 2024	—	4,193	13,350	17,543
Net book values				
At 31 December 2024	784,183	3,664	20,023	807,870
At 31 December 2023	784,183	4,584	26,698	815,465

Land and buildings included two properties held on long leases originally of 125 years, both of which commenced on 25 March 2014. The net book value of these properties at 31 December 2024 was £784,183 (2023 - £784,183). All other land and buildings are freehold.

It is likely that the open market values of the charity's land and buildings prior to the transfer were materially greater than their book values. The amount of such differences could not be ascertained without incurring significant costs, which, in the opinion of trustees, was not justified in terms of the benefit to the users of the accounts.

As permitted under Financial Reporting Standard 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets.

10 Investments

	2024 £	2023 £
Listed investments		
Market value at 1 January 2024	4,660,760	4,457,171
Additions at cost	696,249	449,735
Disposals at book value (see below)	(728,552)	(423,455)
Net unrealised investment gains	192,053	177,309
Market value at 31 December 2024	4,820,510	4,660,760
Cash held by investment managers for re-investment	22,088	14,369
	4,842,598	4,675,129
Cost of listed investments at 31 December 2024	3,945,554	3,934,899

10 Investments (continued)

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

	2024 £	2023 £
Proceeds	726,485	436,954
Realised losses (gains)	2,067	(13,499)
Disposals at book value	728,552	423,455

Listed investments held at 31 December 2024 comprised the following:

	2024 £	2023 £
UK Common investment funds	1,105,310	1,045,807
UK fixed interest bonds	503,677	499,092
Overseas fixed bonds	466,535	480,497
UK equities	277,413	310,139
Overseas equities	1,579,380	1,588,585
Alternatives and property	888,196	736,640
	4,820,511	4,660,760

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

Listed investments included the following holdings deemed material when compared with the overall portfolio valuation:

Holding	2024		2023	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
CCLA COIF Ethical Investment Fund	1,105,310	22.93%	1,045,807	22.44%
WISDOMTREE METAL SECS LTD Physical Gold (USD)	243,103	5.04%	189,922	4.07%

11 Debtors

	2024 £	2023 £
Investment income receivable	—	2,433
Prepayments	11,336	10,354
Other debtors	1,530	2,954
	12,866	15,741

12 Creditors: amounts falling due within one year

	2024 £	2023 £
Expense creditors	1,371	1,214
Amounts held on behalf of individual sisters	35,262	35,262
Accruals	27,804	27,150
	64,437	63,626

13 Tangible fixed assets fund

	2024 £	2023 £
At 1 January 2024	815,465	789,687
Net movements in the year	(7,595)	25,778
At 31 December 2024	807,870	815,465

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

14 Designated funds

The income funds of the charity include the following funds designated by the trustees:

Retirement reserve fund

The retirement reserves fund consists of monies set aside by trustees in order to provide for the sisters in the future. The calculations of the fund are based on actuarial methods taking into account of the increasing costs of specialised care required as the sisters grow older.

	2024 £	2023 £
At 1 January 2023	2,700,000	2,850,000
(Released) designated during the year	—	(150,000)
At 31 December 2023	2,700,000	2,700,000

Financing and Congregational fund

The Financing and Congregational fund has been established to finance future grants and donations. The trustees are yet to formalise their plans for the future and need to carry out further work on deciding how these funds are to be applied.

	2024 £	2023 £
At 1 January 2024	1,200,000	1,200,000
Utilised during the year	(170,627)	—
Designated during the year	—	—
At 31 December 2024	1,029,373	1,200,000

As discussed in note 4, as at 31 December 2020 the charity committed to fund overseas projects of the Generalate to a value of £230,000. The £170,627 utilised relates to the donation of the balance of this commitment and was released from the fund in 2024, when a suitable project was proposed and approved by the trustees.

15 Analysis of net assets between funds

The fund balances are represented by the following assets and liabilities.

	General fund £	Tangible fixed assets fund £	Designated funds £	2024 Total funds £
Fund balances at 31 December 2024				
are represented by:				
Tangible fixed assets	—	807,870	—	807,870
Investments	1,117,533	—	3,725,065	4,842,598
Net current assets	46,940	—	4,308	51,248
Total net assets	1,164,473	807,870	3,729,373	5,701,716
	General fund £	Tangible fixed assets fund £	Designated funds £	2023 Total funds £
Fund balances at 31 December 2023				
are represented by:				
Tangible fixed assets	—	815,465	—	815,465
Investments	944,891	—	3,730,238	4,675,129
Net current assets	33,116	—	169,762	202,878
Total net assets	978,007	815,465	3,900,000	5,693,472

The total unrealised gains as at 31 December 2024 constitute movements on revaluation of listed investments and were as follows:

	2024 £	2023 £
Total unrealised gains on investments included above:	874,957	725,861
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2024	725,861	688,725
In respect to disposals in year	(42,958)	(140,173)
Net gains arising on revaluation in the year	192,054	177,309
Unrealised gains at 31 December 2024	874,957	725,861

16 Transactions with trustees and other related party transactions

Three of the charity's trustees are members of the Congregation. Two of these were resident in England for part of the year and their living and personal expenses have been borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2023 – £nil).

As members of the Congregation, three of the trustees have no resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £17,738 (2023 – £19,452).

16 Transactions with trustees and other related party transactions (continued)

Two of the trustees are General Councillors of the Congregation. During the year, the charity made donations to the Generalate of the Congregation totalling £17,738 (2023 – £19,452). Neither General Councillor had any involvement in the decision to make the donations.

There were no other related party transactions during the year which require disclosure (year to 31 December 2023 – none).

17 Ultimate control and liability of the member

The charity, which is constituted as a CIO, was controlled throughout the period by the Congregation of the Sisters of the Sacred Heart of St Jacut, by virtue of the fact that the relevant superior of the Congregation appoints all of the trustees.

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales - Charity number 1175076

Accounts

**Sisters
of the
Sacred Heart
of Saint Jacut**

Annual Report and Accounts

31 December 2023

Charity Registration Number
1175076

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

Trustees	Sister Yvonne Pilarski Sister Edith Cochar Brother James Boner Father Lijo Jose Payikkattu (appointed 8 June 2023)
District Leader/General Councillor Delegate for the District of Great Britain	Sister Yvonne Pilarski
District Bursar	Sister Yvonne Pilarski
Principal address	Flat 4, Alisa Lodge 4 Oakleigh Park South Whetstone London N20 9JU
Charity registration number	1175076
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank plc Argyll House 250 Regent Street London W1B 3BN
Investment managers	Rathbones Investment Management Limited 30 Gresham Street London EC2V 7QN CCLA Investment Management Limited 1 Angel Lane London EC4R 3AB
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR7

The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 22 to 25 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Order of the Sisters of the Sacred Heart of St Jacut (the Congregation) is an international Roman Catholic religious congregation numbering 347 sisters in different areas of the world. It is divided into seven Entities – France, USA , Canada , Great Britain, Cameroon, Madagascar, Papua New Guinea – and is governed by the Superior General and her Council who are resident in Paris.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered.



The Mother House of the Sisters of the Sacred Heart, in Saint Jacut les Pins,

The mission of the Congregation

The mission of the Congregation is clearly stated in the Constitution:

“To make known to all, particularly the poor, the tenderness and merciful love of the Father revealed in Jesus.” (Const.No.4)

Since the Congregation's foundation in France in 1816, this mission has found expression in education and through social and pastoral care especially in respect of the most deprived.



The mission of the Congregation (continued)

The same would characterise the work in England from the very early days (1903 and ff.). In time, the foundation of schools (two of which are still flourishing) and the work of education at all levels were the predominant expression of the same missionary spirit, with the additional focus of pastoral care in both religious and secular contexts.



Activities and objectives – the present situation

Care of the members

Age profile – 31 December 2023:

Age Group	Age Group	Age Group
<70	71 – 80	Over 80
0	2	3



Nazareth House, Finchley

St Martin's, Nazareth House, Finchley

Three sisters live in a wing at Nazareth House Care Home in Finchley. They have their own entrance and live independently, while benefiting from the security of the care home. Their midday meal is provided, and they handle breakfast and supper themselves. The sisters also benefit from the spiritual services offered at Nazareth House, including daily mass, rosary, and adoration of the Blessed Sacrament.

During 2023, two of the sisters experienced quite severe health issues. Thankfully they were resolved towards the end of the year. All three continue to live out their mission as Sisters of the Sacred Heart of Jesus with great love and devotion, despite their age and ongoing health challenges. The words of our Constitutions No 58:

'Whether we exercise an activity or whether we live the limitations of age or sickness, the gift of our life expresses the same ever-present concern.

remain of great importance to the Sisters. In small ways, they try to be faithful to the charism of the Congregation and to show tenderness and merciful love to all those whom they meet.

Activities and objectives – the present situation (continued)

***St Martin's, Nazareth House, Finchley* (continued)**

They are more than willing to visit all residents in Nazareth House but they make a special effort to visit those who are lonely and isolated, lacking family or friends. They spend time listening to them or simply offering their presence as a source of comfort and solace.

One sister serves as the sacristan, a role crucial to the Care Home Community. She takes care of the sacred altar vessels and linen, ensuring everything is clean and prepared for mass each morning, including the correct readings and liturgical colours. The Superior of the Nazareth House Community acknowledges the invaluable assistance of this sister, highlighting that her service is integral to the liturgical life of the care home and deeply appreciated by residents and priests alike.

Given their health limitations, the sisters increasingly engage in a ministry of prayer, praying for the residents of Nazareth House and for global issues, particularly those related to the suffering caused by war. They also maintain connections with their former parish of Whetstone, receiving many requests for prayers or simply a listening ear.

One sister, due to personal reasons, lived in an apartment approximately 3.5 miles from the St. Martin community. Her mission was greatly constrained by her age and health problems. For a long time, she cared for her own sister who was seriously ill, providing assistance with shopping and meal preparation every weekend. When her sister passed away, she became too ill to care for herself and moved to Nazareth House in January 2023, passing away in October of the same year.

Another sister resides in a nursing home in St. Albans, which is non-denominational. She continues her mission as an ambassador for the residents, conveying any concerns they have to the management. Additionally, she organizes a weekly prayer service with the help of a local Methodist minister, creating a joyful atmosphere with prayers and hymns that residents of all faiths or none attend. She also spends time with those who are dying, offering companionship and prayer, regardless of their religious affiliation, bringing comfort in their final moments.

Sister also endeavours to spend time with those who are in the final stages of life. If they are feeling fearful and isolated, she sits by their side, offering companionship and sometimes even praying the rosary with them, irrespective of their religious beliefs. The simple act of reciting these prayers often brings immense comfort to those nearing the end of their journey.

Working with other organisations

In addition to the above, the members of the District continue their association with and their support for:

- ◆ The Roman Catholic Diocese of Westminster;
- ◆ The Conference of Religious and other religious congregations;
- ◆ CAFOD; and
- ◆ Aid to the Church in Need.

Activities and objectives – the present situation (continued)

Overseas Mission Support

The charity is willing and eager to support the mission of the Congregation by providing financial assistance to various projects in the Southern Entities, particularly in Cameroon and Madagascar. The Cameroon Entity currently has several projects underway, necessitating funding. The Trustees are awaiting a formal request from both the Regional Superior of Cameroon and the Superior General. Additionally, they anticipate receiving a comprehensive plan outlining a suitable project along with cost estimates for the required work.

Associates

Regrettably, the sisters have experienced a decline due to health issues and aging affecting the contact they have with the Associates. Despite this, one sister residing in Nazareth House maintains communication through letters and phone calls, especially at Christmas and at Easter. Some of the Associates still visit the Sisters at Nazareth House. The Associates keep in touch by telephone and often express their anxieties and rely on the prayers of the Sisters for support.

Financial review for the year

Results for the year

A summary of the year's results is set out on page 19 of the attached accounts.

During the year to 31 December 2023, income was £221,949 (2022 – £204,250). The principal components of income were donations (including pensions receivable from members of the Congregation under Gift Aid compliant Deeds of Covenant) and investment income and interest receivable.

During the year the charity incurred expenditure of £254,253 (2022 – £253,746). Expenditure on maintaining the members of the Congregation and enabling them to carry out their charitable work was £217,712 (2022 – £204,444). Donations paid during the year amounted to £21,970 (2022 – £29,785). Further details of donations are given in note 4 to the attached accounts. Investment management fees for the period were £14,571 (2022 – £19,517).

Net expenditure for the year before investment gains was £32,304 (2022 – £49,496). Net investment gains for the year totalled £190,808 (2022 – losses of £510,854) and resulted in a net movement of funds of £158,504 (2022 – a negative net movement of funds of £560,350).

Financial position and reserves policy

The balance sheet shows total funds of £5,693,472 at 31 December 2023 (2022 – £5,534,968).

Of this £815,465 (2022 – £789,687) represents the net book value of the charity'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 charity's operations and are not available as a reserve to fund activities or meet future contingencies.

Financial review for the year (continued)

Financial position and reserves policy (continued)

Amounts totalling £3,900,000 (2022 – £4,050,000) are designated for the purposes explained in note 14 to the accounts.

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 £978,007 (2022 – £695,281).

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. The charity 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 charity's work, the level of free reserves should be sufficient to generate enough income to cover approximately three year's ongoing expenditure and to provide for contingencies, unevenness in future income and volatility in the value of investments.

At the date of the balance sheet, the actual free reserves are consistent with the charity's reserves policy set out above.

Investment policy and performance

The charity's investments are managed by Rathbones Investment Management Limited and CCLA Investment Management Limited. There are no restrictions on the charity's power to invest. The investment strategy set by the trustees takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The sisters take particular note of the prudent advice of the charity's investment manager.

The policy adopted by the charity is to maximise total return through a diversified portfolio whilst providing a level of income advised from time to time by the trustees. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Catholic Church.

The investment policy is generally risk averse with the objective of producing total return through growth in capital and income. The risk profile of the investments will be low/medium and, in order to satisfy the requirements, investments normally comprise of leading UK Government securities, UK leading companies, unit and investment trusts (including those investing in major international markets), and in fixed interest securities which merit an international rating of single A or better.

The performance of the portfolio and the charity's investment strategy have been reviewed by the trustees who have met regularly with the investment managers.

Financial review for the year (continued)

Investment policy and performance (continued)

The policy of the charity is to achieve a combination of income and capital growth within acceptable levels of risk. The trustees of the charity continue to take a long term view and believe the investment policy continues to be appropriate.

During 2020 the charity invested £230,000 in the COIF Charities Deposit Fund- in order to fund special projects of the Congregation. The deposit fund is held as a short-term investment included within current assets in the balance sheet. £50,000 of these funds were used in 2021 to support a project in Madagascar. The fund has a remaining balance of £169,762 (2022 – £180,000), following a withdrawal to support the charity's annual contribution to its generalate. These funds will be replenished following the sale of one of the charity's properties following the year end.

The charity's two portfolios of investments had a market value at 31 December 2023 of £4,675,129 (2022 – £4,509,953) including cash available for reinvestment of £14,369 (2022 – £52,782). Excluding the cash available for reinvestment, £3,614,953 was managed by Rathbone Investment Management Limited and £1,045,807 was invested in the COIF Charities Ethical Investment Fund managed by CCLA Investment Management Limited.

During the year, the charity's investments achieved an income yield of 2.15% and a capital yield of 3.98%. The performance of the portfolio reflected investment markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out above. Further details of the investment portfolio are detailed in note 10 to the attached accounts.

Future plans

The objectives of the trustees of the charity now include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect, having devoted all their lives to the mission of the Congregation.
- ◆ Enabling all the members of the Congregation to live their mission to the end of their days, as far as they are able, given the limitations of age and health.
- ◆ Providing gentle support and companionship to the sisters as they near the end of their lives is of utmost importance.
- ◆ Appointing at least one more trustee.
- ◆ Paying due heed to any fluctuations in the financial markets arising from the current macroeconomic and geopolitical environment.
- ◆ Ensuring sufficient funds are available in case any of the sisters require nursing home care is a priority

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her Council in Paris. These officials are elected every six years at a General Chapter, the most recent of which was in August 2019. The Superior General visits each area of the Congregation, including the district of Great Britain, at least once in her six-year mandate.

The District of Great Britain comprised five sisters (including Sister Yvonne) as at 31 December 2023. Although Sister Yvonne is the General Councillor Delegate, she is also a member of the Generalate community in Paris. She spends her time between Paris and London in order to offer care and support for the group of elderly Sisters in London. These sisters are from different countries, which give the district an element of internationality.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Given the situation and following the death of one of the Sisters, Sister Yvonne spends much more time in London, and travels to Paris for the General Council meetings. She lives in one of the flats in Whetstone. She accompanies the Sisters to their various hospital appointments and is available to the Sisters at all times.

In terms of Civil law, the charity is governed by the new constitution which was adopted on the 8 September 2022. and is a Charitable Incorporated Organisation, Charity Registration number 1175076. The trustees are presently the General Councillor Delegate, the General Bursar, a Religious from another Congregation and a Priest. As all trustees are either members of the Congregation or have a historic connection to the Congregation, they have a detailed knowledge of the work of the charity and of its structures. On being appointed, new trustees are required to spend some time with those leaving office, to receive a briefing on their responsibilities and the current position of the charity. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position. On-going in-service training takes place during the mandate.

Trustees

The charity's constitution states that there must be at least three trustees. There is no maximum number of trustees. Trustees are appointed for a term of six years by a resolution passed by the charity trustees.

In selecting new individuals for appointment as trustees, the existing charity trustees have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this Annual Report and Accounts.

Governance, structure and management (continued)

Trustees (continued)

Brief biographical details of the trustees are as follows:

Sister Yvonne Pilarski

A qualified teacher with a degree in French and German, Sister Yvonne worked in education for 20 years, holding various posts of responsibility including School Chaplain and Head of Department of Religious Studies until her retirement in 2013.

In January 2018 Sister Yvonne was asked to take over the leadership of the District of Great Britain and she was also asked to be District Bursar from January 2019. In August 2019 Sister Yvonne was elected as a General Councillor for the Congregation and in September 2019 was named as General Councillor Delegate for the District of Great Britain.

Sister Edith Cochard

Sister Edith worked in France for many years as a primary school teacher. In 1995 she was asked to go to Papua New Guinea as a formation director. In 2014 she was named General Bursar for the Congregation and now resides in Paris.

Brother James Boner

Brother James is a Capuchin Friar. For many years he was chairman of the Association of Provincial Bursars and the General Secretary of the Conference of Religious in England and Wales. He holds a number of positions as a trustee and ethics advisor. At present he is Provincial Minister for the Capuchin Franciscans in Great Britain and a special envoy for the Capuchin's General Minister in Rome.

Father Lijo Jose Payikkattu (appointed 8 June 2023)

Father Lijo Jose is from Kerala in southern India and a member of the Congregation of the Missionaries of St Francis de Sales. After his ordination, he was engaged in different kinds of pastoral ministry in India and also taught in schools belonging to his Congregation.

In 2017 Father Lijo Jose was sent to work in the English Province of the Missionaries of St Francis de Sales. He was assistant priest in the St Barnabas Cluster of Parishes in Milton Keynes, in the Diocese of Northampton, for two years and since 2019 he has been parish priest of St Teresa's, Princes Risborough, also in the diocese of Northampton.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review all aspects regarding the charity and its activities, to plan and make relevant decisions for the future. When necessary, the trustees seek advice and support from the charity's professional advisers, including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies are delegated to the appropriate members of the Congregation.

Governance, structure and management (continued)

Structure and management reporting (continued)

The District is governed by the General Councillor Delegate. Her mandate is for six years. Sr Yvonne visits the sisters regularly and keeps in touch with them by means of phone calls and emails. She frequently consults the sisters of the District on all aspects of their lives, especially the problems and difficulties due to aging and failing health. and discusses with them different aspects of their mission.

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts 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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

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

Key management personnel

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.

Two of the trustees are members of the Congregation, but only one is a member of the District. Her living and personal expenses are borne by the charity. The Trustees receive neither remuneration nor reimbursement of expenses in connection with their duties as trustees or key management personnel.

Governance, structure and management (continued)

Liability of the members

If the charity is wound up, the members of the charity, who are also the trustees of the charity, have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation and the charity currently face and have reviewed the measures already in place to deal with them.

The areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment

Governance and management: looks at the risk of the Congregation, and hence the charity, of the skills and training of its members, and the good use of its resources.

An analysis of the age profile of the sisters shows that the average age at 31 December 2023 was 82 years. The trustees are aware that there is both a moral and legal obligation to care for the sisters. None of the sisters have resources of their own as all earnings, pensions and any other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

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 charity has the available financial resources to finance this care both now and in the future 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 the ministries and needs of individual sisters -identifying those who need extra care and help.

Governance, structure and management (continued)

Risk management (continued)

Operational: looks at the risks inherent in the activities of the charity.

The trustees recognise the absolute necessity of ensuring the protection and safety of all whom the charity serve. This means that all sisters who are in any kind of ministry have obtained clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS).

The activities of the charity do not involve work with children but they do involve work with adults who may need help at particularly vulnerable moments in life.

Financial: looks at risks including those arising as a result of poor budgetary control, poor accounting and poor management of the investment portfolio.

The charity'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 with the investment managers regularly 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 charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's 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 charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Reputational: looks at possible damage to the Congregation's and hence the reputation of the charity.

Laws, regulations, external and environment: looks at the effect of government policies and the consequences of non-compliance with laws and regulations in so far as they are applicable to the Congregation's activities.

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

The trustees are united in their concern for the overall health and wellbeing of each of the members of the District. They are equally concerned that the members be supported and encouraged to live to the full the Mission of the Congregation to which each one has professed.

Governance, structure and management (continued)

Members of the Congregation

The members of the Congregation continue to give unsparing service and dedication to all the Congregation's works and the trustees wish to record their appreciation.

Signed on behalf of the trustees:

 Y. Pilarski

Approved by the trustees on:

10th October 2024.

Independent auditor's report to the trustees of the Sisters of the Sacred Heart of Saint Jacut

Opinion

We have audited the accounts of the Sisters of the Sacred Heart of Saint Jacut (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its incoming resources and application of resources for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 other information comprises the information included in the annual report, including the trustees' report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:
- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Auditor's responsibilities for the audit of the accounts (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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 Charity through discussions with the 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 accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the Charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and 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 including the authorisation thereof;

Auditor's responsibilities for the audit of the accounts (continued)

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

- ◆ 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 accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees;
- ◆ enquiring of the trustees as to actual and potential litigation and claims;
- ◆ reviewing the legal expenses nominal code.

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.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Buzzacott LLP". The script is cursive and fluid, with the letters connected.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 21 October 2024

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

Statement of financial activities Year to 31 December 2023

	Notes	2023 £	2022 £
Income from:			
Donations	1	108,156	122,042
Investments and interest receivable	2	105,793	79,176
Other sources			
Surplus on disposal of tangible fixed assets		8,000	—
Miscellaneous income		—	3,032
Total income		221,949	204,250
Expenditure on:			
Raising funds			
Investment management fees		14,571	19,517
Charitable activities			
Support of members of the Congregation and their ministry	3	217,712	204,444
Charitable donations	4	21,970	29,785
Total expenditure		254,253	253,746
Net expenditure for the year before net investment gains (losses)	6	(32,304)	(49,496)
Net investment gains (losses)	10	190,808	(510,854)
Net movement in funds		158,504	(560,350)
Reconciliation of funds:			
Funds brought forward at 1 January 2023		5,534,968	6,095,318
Funds carried forward at 31 December 2023		5,693,472	5,534,968

All income and expenditure of the charity for the year to 31 December 2023 is in respect to unrestricted funds.

All of the charity's activities during the above financial periods derived from continuing operations.

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

Balance sheet 31 December 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	9		815,465		789,687
Investments	10		4,675,129		4,509,953
			<u>5,490,594</u>		<u>5,299,640</u>
Current assets					
Debtors	11	15,741		57,315	
Current asset investments		169,762		181,825	
Short term deposits		37,344		41,443	
Cash at bank and in hand		43,657		49,387	
		<u>266,504</u>		<u>329,970</u>	
Creditors: amounts falling due within one year	12	(63,626)		(94,642)	
Net current assets			<u>202,878</u>		<u>235,328</u>
Total net assets			<u>5,693,472</u>		<u>5,534,968</u>
The funds of the charity					
Unrestricted funds					
. General funds			978,007		695,281
. Tangible fixed assets fund	13		815,465		789,687
. Designated fund					
.. Retirement reserve fund	14		2,700,000		2,850,000
.. Financing and Congregational fund	14		1,200,000		1,200,000
			<u>5,693,472</u>		<u>5,534,968</u>

Approved by the trustees and signed
on their behalf by:

Y. Pilarski

Y. Pilarski

Trustee

Approved by the trustees on: 10th October 2024

Statement of cash flows Year to 31 December 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(126,478)	(129,547)
Cash flows from investing activities:			
Investment income and interest received		104,327	79,542
Proceeds from the disposal of tangible fixed assets		8,000	1,917
Purchase of tangible fixed assets		(33,373)	(1,650)
Proceeds from the disposal of investments		436,954	670,706
Additions to (withdrawals from) current asset investments		12,063	(1,757)
Investments in (withdrawals from) short term deposits		4,099	(24,237)
Purchase of fixed asset investments		(449,735)	(556,033)
Net cash provided by investing activities		82,335	168,488
Change in cash and cash equivalents in the year		(44,143)	38,941
Cash and cash equivalents at 1 January 2023	B	102,169	63,228
Cash and cash equivalents at 31 December 2023	B	58,026	102,169

Notes to the statement of cash flows for the year to 31 December 2023.

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

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	158,504	(560,350)
Adjustments for:		
Depreciation charge	7,595	1,180
(Gains) losses on investments	(190,808)	510,854
Investment income and interest receivable	(105,793)	(79,176)
Surplus on disposal of tangible fixed assets	(8,000)	—
(Decrease (increase) in debtors	43,040	(37,031)
(Decrease) Increase in creditors	(31,016)	34,976
Net cash used in operating activities	(126,478)	(129,547)

B Cash and cash equivalents

	As at 31 December 2022 £	Cash flows £	As at 31 December 2023 £
Cash at bank and in hand	49,387	(5,730)	43,657
Cash held by investment managers	52,782	(38,413)	14,369
Total cash and cash equivalents	102,169	(44,143)	58,026

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).

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

Basis of preparation

These accounts have been prepared for the year ended 31 December 2023 with comparative information given in respect to the year to 31 December 2022.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating the useful economic life or residual value of tangible fixed assets for the purpose of calculating the depreciation charge;
- ◆ assessing the probability of the receipt of legacy income;
- ◆ determining the value of designated funds including the determination of the assumptions made in determining the value of the retirement 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 accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

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 charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income, bank interest receivable, the surplus on disposal of tangible fixed assets and other income.

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

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 charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal. The disposal is accounted for at the date of legal completion.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Expenditure recognition (continued)

Charitable donations are made where the trustees consider there is real need following a review of the details of each particular case. Donations are included in the statement of financial activities when approved for payment. Provision is made for donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation as any governance costs in relation to the provision of donations and grants is considered to be negligible.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

♦ ***Land and buildings***

Land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to land and buildings are accounted for on legal completion of the relevant transaction.

♦ ***Building improvements***

Expenditure in relation to major improvements to the buildings is capitalised and depreciated over a ten year period on a straight line basis.

♦ ***Furniture, equipment and motor vehicles***

Expenditure on the purchase of furniture, equipment and motor vehicles is capitalised and depreciated over a five and seven year period on a straight line basis.

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.

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.

Current asset investments

Current asset investments represent such accounts and instruments that are available on demand and are held in deposit funds administered by institutions other than those designated as banks.

Creditors and provisions

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

Fund structure

The funds of the charity comprise unrestricted funds available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds are amounts representing tangible fixed assets and amounts which the trustees have designated for specific purposes. Details of these are provided in notes 13 and 14 respectively.

Services provided by members

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

1 Income from: donations

	2023 £	2022 £
Salaries and pensions of individual religious received under deed of covenant and gift aid	108,156	115,052
Legacies receivable	—	6,329
Other donations	—	661
	108,156	122,042

2 Income from: investments and interest receivable

	2023 £	2022 £
Income from listed investments		
. UK fixed interest bonds	21,283	12,292
. Overseas fixed bonds	14,779	12,504
. UK equities	16,002	18,460
. Overseas equities	27,741	18,444
. Alternatives and property	15,993	10,325
	95,798	72,025
Interest received		
. Current asset investments - interest	8,736	1,757
. Bank interest	450	90
. Cash held by investment managers	809	5,304
	105,793	79,176

3 Expenditure on: support of members of the Congregation and their ministry

	2023 £	2022 £
Premises	26,271	26,239
Sisters' living and personal expenses	41,244	48,961
Nursing care and medical costs	76,673	62,828
Sisters' accommodation and related costs	37,258	39,291
Education, training and spiritual renewal	1,430	749
Support costs		
. Legal and professional fees	13,711	6,543
. Miscellaneous support costs	1,769	1,551
. Governance costs (note 5)	19,356	18,282
	217,712	204,444

4 Expenditure on: charitable donations

Donations during the year comprised:

	2023 £	2022 £
Contributions to the Congregation's Generalate		
. support of overseas missions	2,370	—
. support of the work of the Generalate	19,452	29,250
Other sundry donations	148	535
	21,970	29,785

At 31 December 2020, the trustees had agreed in principle to donate £230,000 to the Generalate of the Congregation but final confirmation of this was subject to the Generalate providing details of projects that were acceptable to the trustees. A donation of £50,000 was made in the year to 31 December 2021. No further donations have been made and at 31 December 2023 £180,000 remains to be donated. No provision has been recognised in these accounts in relation to this amount but it is included within the amount designated as part of the Financing and Congregational Fund (see note 14).

5 Governance costs

	2023 £	2022 £
Legal and professional fees	19,356	18,282

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

This is stated after charging:

	2023 £	2022 £
Auditor's remuneration		
. Statutory audit services:		
.. Current year	15,900	13,800
.. Previous year	2,074	(480)
. Other services: advisory services		
.. Current year	3,240	—
.. Previous year	2,970	—
Depreciation	7,595	1,180

7 Staff costs and key management personnel

The charity did not employ staff during the year and therefore there were no employees who earned more than £60,000 during the year. The trustees consider that they comprise the key management of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis.

8 Taxation

The Sisters of the Sacred Heart of St Jacut is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2023	784,183	7,857	12,404	804,444
Additions	—	—	33,373	33,373
Disposals	—	—	(12,404)	(12,404)
At 31 December 2023	<u>784,183</u>	<u>7,857</u>	<u>33,373</u>	<u>825,413</u>
Depreciation				
At 1 January 2023	—	2,353	12,404	14,757
Charge for the year	—	920	6,675	7,595
Disposals	—	—	(12,404)	(12,404)
At 31 December 2023	<u>—</u>	<u>3,273</u>	<u>6,675</u>	<u>9,948</u>
Net book values				
At 31 December 2023	<u>784,183</u>	<u>4,584</u>	<u>26,698</u>	<u>815,465</u>
At 31 December 2022	<u>784,183</u>	<u>5,504</u>	<u>—</u>	<u>789,687</u>

Land and buildings included two properties held on long leases originally of 125 years, both of which commenced on 25 March 2014. The net book value of these properties at 31 December 2023 was £784,183 (2022 - £784,183). All other land and buildings are freehold.

It is likely that the open market values of the charity's land and buildings prior to the transfer were materially greater than their book values. The amount of such differences could not be ascertained without incurring significant costs, which, in the opinion of trustees, was not justified in terms of the benefit to the users of the accounts.

As permitted under Financial Reporting Standard 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets.

10 Investments

	2023 £	2022 £
Listed investments		
Market value at 1 January 2023	4,457,171	5,082,698
Additions at cost	449,735	556,033
Disposals at book value (see below)	(423,455)	(696,683)
Net unrealised investment gains (losses)	177,309	(484,877)
Market value at 31 December 2023	<u>4,660,760</u>	<u>4,457,171</u>
Cash held by investment managers for re-investment	14,369	52,782
	<u>4,675,129</u>	<u>4,509,953</u>
Cost of listed investments at 31 December 2023	<u>3,934,899</u>	<u>3,768,446</u>

10 Investments (continued)

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

	2023 £	2022 £
Proceeds	436,954	670,706
Realised (gains) losses	(13,499)	25,977
Disposals at book value	423,455	696,683

Listed investments held at 31 December 2023 comprised the following:

	2023 £	2022 £
UK Common investment funds	1,045,807	922,743
UK fixed interest bonds	499,092	520,717
Overseas fixed bonds	480,497	441,898
UK equities	310,139	578,159
Overseas equities	1,588,585	1,378,190
Alternatives and property	736,640	615,464
	4,660,760	4,457,171

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

Listed investments included the following holdings deemed material when compared with the overall portfolio valuation:

Holding	2023		2022	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
CCLA COIF Ethical Investment Fund	1,045,807	22.44%	922,743	20.70%

11 Debtors

	2023 £	2022 £
Investment income receivable	5,387	3,921
Prepayments	10,354	9,480
Refund of nursing homes fees	—	43,469
Other debtors	—	445
	15,741	57,315

12 Creditors: amounts falling due within one year

	2023 £	2022 £
Expense creditors	1,214	751
Amounts held on behalf of individual sisters	35,262	35,262
Donations payable	—	29,250
Accruals	27,150	29,379
	63,626	94,642

13 Tangible fixed assets fund

	2023 £	2022 £
At 1 January 2023	789,687	789,217
Net movements in the year	25,778	470
At 31 December 2023	815,465	789,687

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

14 Designated funds

The income funds of the charity include the following funds designated by the trustees:

Retirement reserve fund

The retirement reserves fund consists of monies set aside by trustees in order to provide for the sisters in the future. The calculations of the fund are based on actuarial methods taking into account of the increasing costs of specialised care required as the sisters grow older.

	2023 £	2022 £
At 1 January 2023	2,850,000	3,144,000
(Released) designated during the year	(150,000)	(294,000)
At 31 December 2023	2,700,000	2,850,000

Financing and Congregational fund

The Financing and Congregational fund has been established to finance future grants and donations. The trustees are yet to formalise their plans for the future and need to carry out further work on deciding how these funds are to be applied.

	2023 £	2022 £
At 1 January 2023	1,200,000	1,200,000
Utilised during the year	—	—
Designated during the year	—	—
At 31 December 2023	1,200,000	1,200,000

As discussed in note 4, as at 31 December 2020 the charity committed to fund overseas projects of the Generalate to a value of £230,000. £50,000 was utilised during the year 31 December 2021. No further utilisation has been made to 31 December 2023. No provision is recognised in the accounts in relation to the balance of this commitment as the Generalate has not formalised the details of further projects to date. The amount set aside for this purpose has been deposited with CCLA Investment Management Limited and is classified as a current asset investment in these accounts.

15 Analysis of net assets between funds

The fund balances are represented by the following assets and liabilities.

	General fund £	Tangible fixed assets fund £	Designated funds £	2023 Total funds £
Fund balances at 31 December 2023				
are represented by:				
Tangible fixed assets	—	815,465	—	815,465
Investments	944,891	—	3,730,238	4,675,129
Net current assets	33,116	—	169,762	202,878
Total net assets	978,007	815,465	3,900,000	5,693,472
	General fund £	Tangible fixed assets fund £	Designated funds £	2022 Total funds £
Fund balances at 31 December 2022				
are represented by:				
Tangible fixed assets	—	789,687	—	789,687
Investments	639,953	—	3,870,000	4,509,953
Net current assets	55,328	—	180,000	235,328
Total net assets	695,281	789,687	4,050,000	5,534,968

The total unrealised gains as at 31 December 2023 constitute movements on revaluation of listed investments and were as follows:

	2023 £	2022 £
Total unrealised gains on investments included above:	725,861	688,725
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2023	688,725	1,306,059
In respect to disposals in year	(140,173)	(132,457)
Net (losses) gains arising on revaluation in the year	177,309	(484,877)
Unrealised gains at 31 December 2023	725,861	688,725

16 Transactions with trustees and other related party transactions

Three of the charity's trustees are members of the Congregation. Two of these were resident in England for part of the year and their living and personal expenses have been borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2022 – £nil).

As members of the Congregation, three of the trustees have no resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £19,452 (2022 – £42,036).

16 Transactions with trustees and other related party transactions (continued)

Two of the trustees are General Councillors of the Congregation. During the year, the charity made donations to the Generalate of the Congregation totalling £19,452 (2022 – £29,250). Neither General Councillor had any involvement in the decision to make the donations.

There were no other related party transactions during the year which require disclosure (year to 31 December 2022 – none).

17 Ultimate control and liability of the member

The charity, which is constituted as a CIO, was controlled throughout the period by the Congregation of the Sisters of the Sacred Heart of St Jacut, by virtue of the fact that the relevant superior of the Congregation appoints all of the trustees.

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales - Charity number 1175076

Accounts

**Sisters
of the
Sacred Heart
of Saint Jacut**

Annual Report and Accounts

31 December 2022

Charity Registration Number
1175076

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

Trustees	Sister Yvonne Pilarski Sister Denise Bissonnette (until 7 November 2022) Sister Edith Cochard Brother James Boner Father Lijo Jose Payikkattu (appointed 8 June 2023)
District Leader/General Councillor Delegate for the District of Great Britain	Sister Yvonne Pilarski
District Bursar	Sister Yvonne Pilarski
Principal address	Flat 4, Alisa Lodge 4 Oakleigh Park South Whetstone London N20 9JU
Charity registration number	1175076
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank plc Argyll House 246 Regent Street London W1B 3PB
Investment managers	Rathbones Investment Management Limited 8 Finsbury Circus London EC2M 7AZ CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET

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

Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR7
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The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 22 to 25 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Order of the Sisters of the Sacred Heart of St Jacut (the Congregation) is an international Roman Catholic religious congregation numbering 363 sisters in different areas of the world. It is divided into three Provinces (France, USA and Canada) and four Regions or Districts (Cameroun, Madagascar, Papua New Guinea and Great Britain) and is governed by the Superior General and her Council who are resident in Paris.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered.



The Mother House of the Sisters of the Sacred Heart, in Saint Jacut, Brittany

The mission of the Congregation

The mission of the Congregation is clearly stated in the Constitution:

"To make known to all, particularly the poor, the tenderness and mercy of the Father revealed in Jesus." (Const.No.4)

Since the Congregation's foundation in France in 1816, this mission has found expression in education and through social and pastoral care especially in respect of the most deprived.



The mission of the Congregation (continued)

The same would characterise the work in England from the very early days (1903 and ff.). In time, the foundation of schools (two of which are still flourishing) and the work of education at all levels were the predominant expression of the same missionary spirit, with the additional focus of pastoral care in both religious and secular contexts.

Activities and objectives - the present situation

Care of the members

Age profile – 31 December 2022

Age Group	Age Group	Age Group
<70	71 - 80	Over 80
1	1	4



Nazareth House, Finchley

During the year four, and following one death – three, of the sisters lived in a wing of Nazareth House, a care home located in Finchley, North London.

The wing is called St Martin's. The sisters have their own entrance and live independently, while benefitting from the security of Nazareth House Care Home. Their mid-day meal is provided, and they cater for breakfast and supper themselves.

Unfortunately, one of the sisters became seriously ill in August 2022 and passed away on 7 November 2022, after three months in hospital. This Sister was the leader of the little group and her death has greatly affected the sisters. However, the remaining three continue to live their mission as Sisters of the Sacred Heart of Jesus with great love and devotion, despite their limitations of age and the ongoing health issues.

The words of our Constitutions No 58

'Whether we exercise an activity or whether we live the limitations of age or sickness, the gift of our life expresses the same ever-present concern.'

In small ways, they try to be faithful to the charism of the Congregation and to show tenderness and merciful love to all those whom they meet. They are happy to visit the residents but they make a special point of visiting those who have no family or friends and who are lonely and isolated. They spend time listening to them or sometimes they simply sit with the person and their presence is a source of comfort and consolation.

Activities and objectives - the present situation (continued)

Care of the members (continued)

One of the sisters has taken on the role of sacristan. This role is of invaluable help to the little community of the Sisters of Nazareth. Sister takes care of the sacred altar vessels and altar linen, cleaning them and washing and ironing the linen. She makes sure everything is ready for mass each morning, with the correct readings and liturgical colours. The Superior of the Nazareth House community has commented that they could not do without sister's help. Her service is an intrinsic part of the liturgical life of the care home of Nazareth House and of course is much appreciated by the residents and by the priests who celebrate mass.

The sisters are engaged in a very active ministry of prayer - prayer for the residents of the care home, and of course prayer for issues in the wider world, especially the suffering caused by war. They continue to pray in accordance with our charism for education in the world and especially amongst the most deprived of society.

The sisters were for many years part of the parish of Whetstone and many people from that parish still contact them to ask for prayers for their different intentions and they feel comforted and consoled by the care and concern of the little community in Nazareth House.

One of the sisters still supports the Mothers Prayers prayer group. She advises the leader (either by telephone or in person, when the Covid restrictions were lifted) and has joined the group by Zoom.

One sister, for personal reasons, resided in an apartment during the year, approximately three and a half miles from the St Martin community. Her mission is greatly restricted by her age and health problems. Prior to the death of her birth sister, who was seriously ill, she spent almost every weekend caring for her, doing her shopping and cooking for her. She is in frequent contact with the community. Throughout the year she also kept in touch as much as she could with elderly friends of the sisters and offered advice and help and of course the support of prayer. This sister herself has now become very frail and is currently in a nursing care facility.

One sister resides in a nursing home in St Albans. This nursing home is non-denominational. The sister continues her mission as Ambassador for the residents, meaning that she brings to the attention of the management any worries or concerns that the residents have shared with her. Sister also organises a weekly prayer service, with the help of the local Methodist minister, which the residents greatly enjoy as there is a very joyful atmosphere with prayers and the singing of hymns. This service is non-denominational and most of the residents attend, those who have faith and those who have no faith.

Overseas Mission Support

The charity is very happy and willing to help the mission of the Congregation by contributing money to different projects in the Southern Entities of the Congregation, in particular to Cameroon and Madagascar.

For the year 2022 Cameroon and Madagascar had no projects - however this situation will change in 2023.

Activities and objectives - the present situation (continued)

Associates

Unfortunately, due to health issues and aging both with the sisters and the Associates, the group has dwindled. Nevertheless, one sister in Nazareth House keeps in touch by letter and by phone calls and a few Associates visit the group in Nazareth House. The Associates frequently share their worries and concerns and rely on the prayers of the sisters.

Working with other organisations

In addition to the above, the members of the District continue their association with and their support for:

- ◆ The Roman Catholic Diocese of Westminster
- ◆ The Conference of Religious and other religious congregations
- ◆ CAFOD
- ◆ Aid to the Church in Need

Financial review for the year

Results for the year

A summary of the year's results is set out on page 19 of the attached accounts.

During the year to 31 December 2022, income was £204,250 (2021 – £191,236). The principal components of income were donations (including pensions receivable from members of the Congregation under Gift Aid compliant Deeds of Covenant) and investment income and interest receivable.

During the year the charity incurred expenditure of £253,746 (2021 - £340,015). Expenditure on maintaining the members of the Congregation and enabling them to carry out their charitable work was £204,444 (2021 - £214,518). Donations paid during the year amounted to £29,785 (2021 - £109,545). Further details of donations are given in note 4 to the attached accounts. Investment management fees for the period were £19,517 (2021 - £15,952).

Net expenditure for the year before investment gains was £49,496 (2021 - £148,779). Net investment losses for the year totalled £510,854 (2021 – gains of £548,555) and resulted in a negative net movement of funds of £560,350 (2021 – a positive net movement of funds of £399,780).

Financial position and reserves policy

The balance sheet shows total funds of £5,534,968 at 31 December 2022 (2021 - £6,095,318).

Of this £789,687 (2021: £789,217) represents the net book value of the charity'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 charity's operations and are not available as a reserve to fund activities or meet future contingencies.

Financial review for the year (continued)

Financial position and reserves policy (continued)

Amounts totalling £4,050,000 (2021: £4,344,000) are designated for the purposes explained in note 14 to the accounts.

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 £695,281 (2021 - £962,101).

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. The charity 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 charity's work, the level of free reserves should be sufficient to generate enough income to cover approximately three year's ongoing expenditure and to provide for contingencies, unevenness in future income and volatility in the value of investments.

At the date of the balance sheet, the actual free reserves are consistent with the charity's reserves policy set out above.

Investment policy and performance

The charity's investments are managed by Rathbones Investment Management Limited and CCLA Investment Management Limited. There are no restrictions on the charity's power to invest. The investment strategy set by the trustees takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The sisters take particular note of the prudent advice of the charity's investment manager.

The policy adopted by the charity is to maximise total return through a diversified portfolio whilst providing a level of income advised from time to time by the trustees. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Catholic Church.

The investment policy is generally risk averse with the objective of producing total return through growth in capital and income. The risk profile of the investments will be low/medium and, in order to satisfy the requirements, investments normally comprise of leading UK Government securities, UK leading companies, unit and investment trusts (including those investing in major international markets), and in fixed interest securities which merit an international rating of single A or better.

The performance of the portfolio and the charity's investment strategy have been reviewed by the trustees who have met regularly with the investment managers.

Financial review for the year (continued)

Investment policy and performance (continued)

The policy of the charity is to achieve a combination of income and capital growth within acceptable levels of risk. The trustees of the charity continue to take a long term view and believe the investment policy continues to be appropriate.

During 2020 the charity invested £230,000 in the COIF Charities Deposit Fund- in order to fund special projects of the Congregation. The deposit fund is held as a short-term investment included within current assets in the balance sheet. £50,000 of these funds were used in 2021 to support a project in Madagascar.

The charity's two portfolios of investments had a market value at 31 December 2022 of £4,509,953 (2021: £5,096,62) including cash available for reinvestment of £52,782 (2021: £13,931). £3,587,210 was managed by Rathbone Investment Management Limited and £922,743 was invested in the COIF Charities Ethical Investment Fund managed by CCLA Investment Management Limited.

During the year, the charity's investments achieved an income yield of 1.51% and a capital yield of minus10.05%. The performance of the portfolio reflected investment markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out above. Further details of the investment portfolio are detailed in note 10 to the attached accounts.

Future plans

At present, three of the members live in St Martin, Nazareth House, receiving the care they need and making use of local facilities. They avail of the spiritual care given to the residents of the Nazareth House Care Home and are able to take part in all the liturgies. They are also able to live a certain degree of independence and are happy to be involved with the residents, offering spiritual comfort and a listening ear.

The objectives of the trustees of the charity now include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect, having devoted all their lives to the mission of the Congregation.
- ◆ Enabling all the members of the Congregation to live their mission to the end of their days, as far as they are able, given the limitations of age and health.
- ◆ Monitoring the health and needs of the sister who lives alone in an apartment-perhaps offering her alternate accommodation, if this would be appropriate for her.
- ◆ Appointing at least one more trustee.
- ◆ Paying due heed to the performance of the financial markets at the moment given the current macroeconomic and geopolitical environment.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her Council in Paris. These officials are elected every six years at a General Chapter, the most recent of which was in August 2019. The Superior General visits each area of the Congregation, including the district of Great Britain, at least once in her six-year mandate.

The District of Great Britain comprised six sisters as at 31 December 2022. Although Sister Yvonne is the General Councillor Delegate, she is a member of the Generalate community in Paris. These sisters are from different countries, which give the district an element of internationality.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Given the situation and following the death of one of the Sisters, Sr Yvonne spends much more time in London, and travels to Paris for the General Council meetings. She lives in one of the flats in Whetstone. She accompanies the Sisters to their various hospital appointments and is available to the Sisters at all times.

In terms of Civil law, the charity is governed by the new constitution which was adopted on the 8 September 2022. and is a Charitable Incorporated Organisation, Charity Registration number 1175076. The trustees are presently the General Councillor Delegate, the General Bursar, and a Religious from another Congregation. As all trustees are either members of the Congregation or have a historic connection to the Congregation, they have a detailed knowledge of the work of the charity and of its structures. On being appointed, new trustees are required to spend some time with those leaving office, to receive a briefing on their responsibilities and the current position of the charity. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position. On-going in-service training takes place during the mandate.

Trustees

The charity's constitution states that there must be at least three trustees. There is no maximum number of trustees. Trustees are appointed for a term of six years by a resolution passed by the charity trustees.

In selecting new individuals for appointment as trustees, the existing charity trustees have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this Annual Report and Accounts.

Governance, structure and management (continued)

Trustees (continued)

Brief biographical details of the trustees are as follows:

Sister Yvonne Pilarski

A qualified teacher with a degree in French and German, Sister Yvonne worked in education for 20 years, holding various posts of responsibility including School Chaplain and Head of Department of Religious Studies until her retirement in 2013.

In January 2018 Sister Yvonne was asked to take over the leadership of the District of Great Britain and she was also asked to be District Bursar from January 2019. In August 2019 Sister Yvonne was elected as a General Councillor for the Congregation and in September 2019 was named as General Councillor Delegate for the District of Great Britain.

Sister Denise Bissonnette (until 7 November 2022)

Canadian born Sister Denise came to England in 1961 and after a five-year period in teaching, trained for and gave many years to nursing and midwifery. She served as District Bursar until 31 December 2018.

Sister Edith Cochard

Sister Edith worked in France for many years as a primary school teacher. In 1995 she was asked to go to Papua New Guinea as a formation director. In 2014 she was named General Bursar for the Congregation and now resides in Paris.

Brother James Boner

Brother James is a Capuchin Friar. For many years he was chairman of the Association of Provincial Bursars and the General Secretary of the Conference of Religious in England and Wales. He holds a number of positions as a trustee and ethics advisor. At present he is Provincial Minister for the Capuchin Franciscans in Great Britain and a special envoy for the Capuchin's General Minister in Rome.

Father Lijo Jose Payikkattu (appointed 8 June 2023)

Father Lijo Jose Payikkattu is from Kerala in southern India and a member of the Congregation of the Missionaries of St Francis de Sales. After his ordination, he was engaged in different kinds of pastoral ministry in India and also taught in schools belonging to his Congregation.

In 2017 Father Lijo was sent to work in the English Province of the Missionaries of St Francis de Sales. He was assistant priest in the St Barnabas Cluster of Parishes in Milton Keynes, in the Diocese of Northampton, for two years and since 2019 he has been parish priest of St Teresa's, Princes Risborough, also in the diocese of Northampton.

Governance, structure and management (continued)

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review all aspects regarding the charity and its activities, to plan and make relevant decisions for the future. When necessary, the trustees seek advice and support from the charity's professional advisers, including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies are delegated to the appropriate members of the Congregation.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Sr Yvonne visits the sisters regularly and keeps in touch with them by means of phone calls and emails. She frequently consults the sisters of the District on all aspects of their lives, especially the problems and difficulties due to aging and failing health. and discusses with them different aspects of their mission.

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts 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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

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

Governance, structure and management (continued)

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charitable trust and its successor charity on a day to day basis.

Three of the trustees are members of the Congregation, but only one is a member of the District. Her living and personal expenses are borne by the charity. The Trustees receive neither remuneration nor reimbursement of expenses in connection with their duties as trustees or key management personnel.

Liability of the members

If the charity is wound up, the members of the charity, who are also the trustees of the charity, have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation and the charity currently face and have reviewed the measures already in place to deal with them.

As noted above, the outbreak of the Covid-19 pandemic has clearly presented challenges to the charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity and the sisters. With the exception of the challenges faced because of the Covid-19 pandemic, the areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment

Governance and management: looks at the risk of the Congregation, and hence the charity, of the skills and training of its members, and the good use of its resources.

An analysis of the age profile of the sisters shows that the average age at 31 December 2022 was 82 years. The trustees are aware that there is both a moral and legal obligation to care for the sisters. None of the sisters have resources of their own as all earnings, pensions and any other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

Governance, structure and management (continued)

Risk management (continued)

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 charity has the available financial resources to finance this care both now and in the future 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 the ministries and needs of individual sisters -identifying those who need extra care and help.

Operational: looks at the risks inherent in the activities of the charity.

The trustees recognise the absolute necessity of ensuring the protection and safety of all whom the charity serve. This means that all sisters who are in any kind of ministry have obtained clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS).

The activities of the charity do not involve work with children but they do involve work with adults who may need help at particularly vulnerable moments in life.

Financial: looks at risks including those arising as a result of poor budgetary control, poor accounting and poor management of the investment portfolio.

The charity'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 with the investment managers regularly 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 charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's 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 charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Reputational: looks at possible damage to the Congregation's and hence the reputation of the charity.

Laws, regulations, external and environment: looks at the effect of government policies and the consequences of non-compliance with laws and regulations in so far as they are applicable to the Congregation's activities.

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

Governance, structure and management (continued)

Risk management (continued)

The trustees are united in their concern for the overall health and wellbeing of each of the members of the District. They are equally concerned that the members be supported and encouraged to live to the full the Mission of the Congregation to which each one has professed.

Employees, volunteers and members of the Congregation

The members of the Congregation continue to give unsparing service and dedication to all the Congregation's works and the trustees wish to record their appreciation.

Signed on behalf of the trustees:

Y. Pilarski

Approved by the trustees on: 5th October 2023

Independent auditor's report to the trustees of the Sisters of the Sacred Heart of Saint Jacut

Opinion

We have audited the accounts of the Sisters of the Sacred Heart of Saint Jacut (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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:

Auditor's responsibilities for the audit of the accounts (continued)

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 Charity through discussions with management and 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 accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the Charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and 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 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.

Auditor's responsibilities for the audit of the accounts (continued)

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

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 accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of management and trustees 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.

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

11 October 2023

Date:

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

Statement of financial activities Year to 31 December 2022

	Notes	2022 £	2021 £
Income from:			
Donations	1	122,042	111,638
Investments and interest receivable	2	79,176	74,559
Other sources			
Surplus on disposal of tangible fixed assets		—	1,917
Miscellaneous income		3,032	3,182
Total income		204,250	191,236
Expenditure on:			
Raising funds			
Investment management fees		19,517	15,952
Charitable activities			
Support of members of the Congregation and their ministry	3	204,444	214,518
Charitable donations	4	29,785	109,545
Total expenditure		253,746	340,015
Net expenditure for the year before net investment (losses) gains	6	(49,496)	(148,779)
Net investment (losses) gains	10	(510,854)	548,559
Net movement in funds		(560,350)	399,780
Reconciliation of funds:			
Funds brought forward at 1 January 2022		6,095,318	5,695,538
Funds carried forward at 31 December 2022		5,534,968	6,095,318

All income and expenditure of the charity for the year to 31 December 2022 is in respect to unrestricted funds.

All of the charity's activities during the above financial periods derived from continuing operations.

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

Balance sheet 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	9		789,687		789,217
Investments	10		4,509,953		5,096,629
			5,299,640		5,885,846
Current assets					
Debtors	11	57,315		22,567	
Current asset investments		181,825		180,068	
Short term deposits		41,443		41,353	
Cash at bank and in hand		49,387		25,150	
		329,970		269,138	
Creditors: amounts falling due within one year	12	(94,642)		(59,666)	
Net current assets			235,328		209,472
Total net assets			5,534,968		6,095,318
The funds of the charity					
Unrestricted funds					
. General funds			695,281		962,101
. Tangible fixed assets fund	13		789,687		789,217
. Designated fund					
.. Retirement reserve fund	14		2,850,000		3,144,000
.. Financing and Congregational fund	14		1,200,000		1,200,000
			5,534,968		6,095,318

Approved by the trustees and signed
on their behalf by:

Y. Pilarski

Trustee

Approved by the trustees on: 5th October 2023

Statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(129,547)	(230,983)
Cash flows from investing activities:			
Investment income and interest received		79,542	72,642
Proceeds from the disposal of tangible fixed assets		1,917	—
Purchase of tangible fixed assets		(1,650)	(4,907)
Proceeds from the disposal of investments		670,706	445,157
(Withdrawals from) additions to current asset investments		(1,757)	49,974
Purchase of fixed asset investments		(556,033)	(385,474)
Net cash provided by investing activities		192,725	177,392
Change in cash and cash equivalents in the year		63,178	(53,591)
Cash and cash equivalents at 1 January 2022	B	80,434	134,025
Cash and cash equivalents at 31 December 2022	B	143,612	80,434

Notes to the statement of cash flows for the year to 31 December 2022.

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(560,350)	399,780
Adjustments for:		
Depreciation charge	1,180	393
Losses (gains) on investments	510,854	(548,559)
Investment income and interest receivable	(79,176)	(74,559)
Increase in debtors	(37,031)	(9,320)
Increase in creditors	34,976	3,199
Surplus on disposal of tangible fixed assets	-	(1,917)
Net cash used in operating activities	(129,547)	(230,983)

B Cash and cash equivalents

	As at 31 December 2021 £	Cash flows £	As at 31 December 2022 £
Short term deposits	25,150	24,237	41,443
Cash at bank and in hand	41,353	90	49,387
Cash held by investment managers	13,931	38,851	52,782
Total cash and cash equivalents	80,434	63,178	143,612

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).

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

Basis of preparation

These accounts have been prepared for the year ended 31 December 2022 with comparative information given in respect to the year to 31 December 2021.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of calculating the depreciation charge;
- ◆ assessing the probability of the receipt of legacy income;
- ◆ determining the value of designated funds including the determination of the assumptions made in determining the value of the retirement 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 accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

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 charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income, bank interest receivable, the surplus on disposal of tangible fixed assets and other income.

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

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 charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal. The disposal is accounted for at the date of legal completion.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Expenditure recognition (continued)

Charitable donations are made where the trustees consider there is real need following a review of the details of each particular case. Donations are included in the statement of financial activities when approved for payment. Provision is made for donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation as any governance costs in relation to the provision of donations and grants is considered to be negligible.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

◆ Land and buildings

Land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to land and buildings are accounted for on legal completion of the relevant transaction.

◆ Building improvements

Expenditure in relation to major improvements to the buildings is capitalised and depreciated over a ten year period on a straight line basis.

◆ Furniture, equipment and motor vehicles

Expenditure on the purchase of furniture, equipment and motor vehicles is capitalised and depreciated over a five and seven year period on a straight line basis.

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.

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.

Current asset investments

Current asset investments represent such accounts and instruments that are available on demand and are held in deposit funds administered by institutions other than those designated as banks.

Creditors and provisions

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

Fund structure

The funds of the charity comprise unrestricted funds available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds are amounts representing tangible fixed assets and amounts which the trustees have designated for specific purposes. Details of these are provided in notes 13 and 14 respectively.

Services provided by members

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

1 Income from: donations

	2022 £	2021 £
Salaries and pensions of individual religious received under deed of covenant and gift aid	115,052	114,754
Legacies receivable	6,329	—
Other donations	661	—
	122,042	114,754

2 Income from: investments and interest receivable

	2022 £	2021 £
Income from listed investments		
. UK fixed interest bonds	12,292	20,127
. Overseas fixed bonds	12,504	11,330
. UK equities	18,460	23,068
. Overseas equities	18,444	16,997
. Alternatives and property	10,325	3,007
	72,025	74,529
Interest received		
. Current asset investments - interest	1,757	26
. Bank interest	90	4
. Cash held by investment managers	5,304	—
	79,176	74,559

3 Expenditure on: support of members of the Congregation and their ministry

	2022 £	2021 £
Premises	26,239	17,744
Sisters' living and personal expenses	48,961	40,223
Nursing care and medical costs	62,828	88,082
Sisters' accommodation and related costs	39,291	36,066
Education, training and spiritual renewal	749	1,740
Support costs		
. Legal and professional fees	6,543	6,409
. Miscellaneous support costs	1,551	414
. Governance costs (note 5)	18,282	23,840
	204,444	214,518

4 Expenditure on: charitable donations

Donations during the year comprised:

	2022 £	2021 £
Contributions to the Congregation's Generalate		
. support of overseas missions	—	80,000
. support of the work of the Generalate	29,250	29,000
Other sundry donations	535	545
	29,785	109,545

At 31 December 2020, the trustees had agreed in principle to donate £230,000 to the Generalate of the Congregation but final confirmation of this was subject to the Generalate providing details of projects that were acceptable to the trustees. A donation of £80,000 was made in the year to 31 December 2021. At 31 December 2022 £180,000 remains to be donated. No provision has been recognised in these accounts in relation to this amount but it is included within the amount designated as part of the Financing and Congregational Fund (see note 14).

5 Governance costs

	2022 £	2021 £
Legal and professional fees	18,282	23,840

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

This is stated after charging:

	2022 £	2021 £
Auditor's remuneration		
. Statutory audit services:		
.. Current year	13,800	13,680
.. Previous year	(480)	2,160
. Other services: advisory services	—	990
Depreciation	1,180	393

7 Staff costs and key management personnel

The charity did not employ staff during the year. No employee earned more than £60,000 during the year. The trustees consider that they comprise the key management of the charity in charge of directing, controlling, running and operating the charity on a day to day basis.

8 Taxation

The Sisters of the Sacred Heart of St Jacut is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2022	784,183	6,207	12,404	802,794
Additions	—	1,650	—	1,650
At 31 December 2022	784,183	7,857	12,404	804,444
Depreciation				
At 1 January 2022	—	1,173	12,404	13,577
Charge for the year	—	1,180	—	1,180
At 31 December 2022	—	2,353	12,404	14,757
Net book values				
At 31 December 2022	784,183	5,504	—	789,687
At 31 December 2021	784,183	5,034	—	789,217

Land and buildings include two properties held on long leases originally of 125 years, both of which commenced on 25 March 2014. The net book value of these properties at 31 December 2022 was £784,183 (2021 - £784,183).

As permitted under Financial Reporting Standard 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets.

10 Investments

	2022 £	2021 £
Listed investments		
Market value at 1 January 2022	5,082,698	4,593,822
Additions at cost	556,033	385,474
Disposals at book value (see below)	(696,683)	(395,514)
Net unrealised investment (losses) gains	(484,877)	498,916
Market value at 31 December 2022	4,457,171	5,082,698
Cash held by investment managers for re-investment	52,782	13,931
	4,509,953	5,096,629
Cost of listed investments at 31 December 2022	3,768,446	3,776,639

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

	2022 £	2021 £
Proceeds	670,706	445,157
Losses (gains)	25,977	(49,643)
Disposals at book value	696,683	395,514

10 Investments (continued)

Listed investments held at 31 December 2022 comprised the following:

	2022 £	2021 £
UK Common investment funds	922,743	1,021,887
UK fixed interest bonds	520,717	698,073
Overseas fixed bonds	441,898	575,433
UK equities	578,159	664,260
Overseas equities	1,378,190	1,668,999
Alternatives and property	615,464	454,046
	4,457,171	5,082,698

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

Listed investments included the following holdings deemed material when compared with the overall portfolio valuation:

Holding	2022		2021	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
CCLA COIF Ethical Investment Fund	922,743	20.70%	1,021,887	20.11%

11 Debtors

	2022 £	2021 £
Investment income receivable	3,921	4,287
Prepayments	9,480	16,363
Refund of nursing homes fees	43,469	—
Other debtors	445	1,917
	57,315	22,567

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Expense creditors	751	1,735
Amounts held on behalf of individual sisters	35,262	41,591
Donations payable	29,250	—
Accruals	29,379	16,340
	94,642	59,666

13 Tangible fixed assets fund

	2022 £	2021 £
At 1 January 2022	789,217	784,703
Net movements in the year	470	4,514
At 31 December 2022	789,687	789,217

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

14 Designated funds

The income funds of the charity include the following funds designated by the trustees:

Retirement reserve fund

The retirement reserves fund consists of monies set aside by trustees in order to provide for the sisters in the future. The calculations of the fund are based on actuarial methods taking into account of the increasing costs of specialised care required as the sisters grow older.

	2022 £	2021 £
At 1 January 2022	3,144,000	3,000,000
(Released) designated during the year	(294,000)	144,000
At 31 December 2022	2,850,000	3,144,000

Financing and Congregational fund

The Financing and Congregational fund has been established to finance future grants and donations. The trustees are yet to formalise their plans for the future and need to carry out further work on deciding how these funds are to be applied.

	2022 £	2021 £
At 1 January 2022	1,200,000	980,000
Utilised during the year	—	(50,000)
Designated during the year	—	270,000
At 31 December 2022	1,200,000	1,200,000

As noted above (note 4), at 31 December 2020 the charity had committed to fund overseas projects of the Generalate to a value of £230,000. £50,000 was utilised during the year to 31 December 2021. No provision is recognised in the accounts in relation to the balance of this commitment as the Generalate has not formalised the details of further projects to date. The amount set aside for this purpose has been deposited with CCLA Investment Management Limited and is classified as a current asset investment in these accounts.

15 Analysis of net assets between funds

The fund balances are represented by the following assets and liabilities.

	General fund £	Tangible fixed assets fund £	Designated funds £	2022 Total funds £
Fund balances at 31 December 2022				
are represented by:				
Tangible fixed assets	—	789,687		789,687
Investments	639,953	—	3,870,000	4,509,953
Net current assets	55,328	—	180,000	235,328
Total net assets	695,281	789,687	4,050,000	5,534,968
	General fund £	Tangible fixed assets fund £	Designated funds £	2021 Total funds £
Fund balances at 31 December 2021				
are represented by:				
Tangible fixed assets	—	789,217	—	789,217
Investments	932,629	—	4,164,000	5,096,629
Net current assets	29,472	—	180,000	209,472
Total net assets	962,101	789,217	4,344,000	6,095,318

The total unrealised gains as at 31 December 2022 constitute movements on revaluation of listed investments and were as follows:

	2022 £	2021 £
Total unrealised gains on investments included above:	688,725	1,306,059
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2022	1,306,059	794,351
In respect to disposals in year	(132,457)	12,792
Net (losses) gains arising on revaluation in the year	(484,877)	498,916
Unrealised gains at 31 December 2022	688,725	1,306,059

16 Transactions with trustees and other related party transactions

Three of the charity's trustees are members of the Congregation. Two of these were resident in England for part of the year and their living and personal expenses have been borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2021 – £nil).

As members of the Congregation, three of the trustees have no resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £42,036 (2021 – £41,480).

16 Transactions with trustees and other related party transactions (continued)

Two of the trustees are General Councillors of the Congregation. During the year, the charity made donations to the Generalate of the Congregation totalling £29,250 (2021 – £109,000). Neither General Councillor had any involvement in the decision to make the donations.

There were no other related party transactions during the year which require disclosure (year to 31 December 2021 – none).

17 Ultimate control and liability of the member

The charity, which is constituted as a trust, was controlled throughout the period by the Congregation of the Sisters of the Sacred Heart of St Jacut, by virtue of the fact that the relevant superior of the Congregation appoints all of the trustees.

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales - Charity number 1175076

Accounts

**Sisters
of the
Sacred Heart
of Saint Jacut**

Annual Report and Accounts

31 December 2021

Charity Registration Number
1175076

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

Trustees	Sister Yvonne Pilarski Sister Denise Bissonnette Sister Edith Cochard Brother James Boner
District Leader/General Councillor Delegate for the District of Great Britain	Sister Yvonne Pilarski
District Bursar	Sister Yvonne Pilarski
Principal address	Flat 4, Alisa Lodge 4 Oakleigh Park South Whetstone London N20 9JU
Charity registration number	1175076
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank plc Argyll House 246 Regent Street London W1B 3PB
Investment managers	Rathbones Investment Management Limited 8 Finsbury Circus London EC2M 7AZ CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR7

The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 22 to 26 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Order of the Sisters of the Sacred Heart of St Jacut (the Congregation) is an international Roman Catholic religious congregation numbering 385 sisters in different areas of the world. It is divided into three Provinces (France, USA and Canada) and four Regions or Districts (Cameroun, Madagascar, Papua New Guinea and Great Britain) and is governed by the Superior General and her Council who are resident in Paris.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered.



The Mother House of the Sisters of the Sacred Heart, in Saint Jacut, Brittany

The mission of the Congregation

The mission of the Congregation is clearly stated in the Constitution:

"To make known to all, particularly the poor, the tenderness and mercy of the Father revealed in Jesus." (Const.No.4)

Since the Congregation's foundation in France in 1816, this mission has found expression in education and through social and pastoral care especially in respect of the most deprived.



The mission of the Congregation (continued)

The same would characterise the work in England from the very early days (1903 and ff.). In time, the foundation of schools (two of which are still flourishing) and the work of education at all levels were the predominant expression of the same missionary spirit, with the additional focus of pastoral care in both religious and secular contexts.



Activities and objectives - the present situation

Care of the members

Age profile – 31 December 2021

Age Group <70	Age Group 71 - 80	Age Group Over 80
1	2	4



Nazareth House, Finchley

Four sisters live in a wing in Nazareth House, Finchley.

The wing is called St Martin's. The sisters have their own entrance and live independently, while benefitting from the security of Nazareth House Care Home. Their mid-day meal is provided, and they cater for breakfast and supper themselves.

When the sisters moved into St Martin's in July 2020, the restrictions due to Covid 19 were only beginning to lift. The sisters had hoped to be able to visit the residents of the care home in their rooms and offer them companionship and spiritual care. Unfortunately, although the restrictions were gradually eased during 2021, due to the frailty and vulnerability of the residents and fairly frequent outbreaks of Covid 19, the manager of the Care Home would not allow the sisters to enter the rooms of the residents. This has been the case until December 2021.

Activities and objectives - the present situation (continued)

Care of the members (continued)

This situation has been disappointing for the sisters, but they understand the necessity of these strict health and safety measures.

Some of the residents attend daily mass in the chapel and the sisters are allowed to talk to them before and after mass and so have been able to foster some kind of relationship with those who go to mass and the sisters are always willing to listen to them and comfort them even if it is only for a limited amount of time.

One of the sisters has taken on the role of sacristan. This role is of invaluable help to the little community of the Sisters of Nazareth. Sister takes care of the sacred altar vessels and altar linen, cleaning them and washing and ironing the linen. She makes sure everything is ready for mass each morning, with the correct readings and liturgical colours. The Superior of the Nazareth House community has commented that they could not do without sister's help.

The mission of the sisters today has been greatly restricted by reduced numbers, the age-profile, and health problems of the sisters. Nevertheless, they continue to live out their mission to the end with love and devotion.

The words of our Constitutions No 58 are of great importance to the sisters and they try to live them as best they can.

'Whether we exercise an activity or whether we live the limitations of age or sickness, the gift of our life expresses the same ever-present concern.'

The sisters are engaged in a very active ministry of prayer - prayer for the residents of the Care Home of Nazareth House, and of course prayer for issues in the wider world, especially the suffering caused by war.

The sisters were for many years part of the parish of Whetstone and many people from that parish still contact them to ask for prayers for their different intentions and they feel comforted and consoled by the care and concern of the little community in Nazareth House.

One of the sisters still supports the Mothers Prayers prayer group. She advises the leader (either by telephone or in person, when the Covid restrictions were lifted) and has joined the group by Zoom.

One sister, for personal reasons, resides in an apartment, approximately 3.5 miles from the St Martin community. Her mission is greatly restricted by her age and health problems. She is in frequent contact with the community. She keeps in touch with elderly friends of the sisters and offers advice and help.

Activities and objectives - the present situation (continued)

Care of the members (continued)

One sister resides in a nursing home in St Albans. This nursing home is non-denominational. The sister continues her mission as Ambassador for the residents, meaning that she brings to the attention of the management any worries or concerns that the residents have shared with her. Sister also organises a weekly prayer service, which the residents greatly enjoy as there is a very joyful atmosphere with prayers and the singing of hymns. This service is non-denominational and most of the residents attend, those who have faith and those who have no faith. Last Christmas sister wrote a religious poem and gave a copy to each of the residents, which they all really enjoyed reading.

Overseas Mission Support

The CIO helps the mission by contributing money to different projects in the Southern Entities of the Congregation, in particular to Cameroun and Madagascar. Our General Bursar thanks the CIO for the sum of £90,000 received during 2021.

This money was used for:

- ◆ A £20,000 contribution towards the purchase of a jeep for the Angelique Le Sourd Health Centre, Ngong, Cameroon.
- ◆ A £10,000 contribution for a new water supply for the community of Tana, Madagascar and the renovation of a studio house, which is rented out and supplies an income to the community.
- ◆ A £50,000 contribution to the construction of a new community house in Ambositra, Madagascar.

Associates

There remains a small group of Associates in the District of Great Britain. Before the move to Nazareth House and the restriction of Covid, this group used to meet regularly to share their life and how the Spirituality of the Sisters of the Sacred Heart of Jesus helped them to live out their Christian vocation. Unfortunately, due to the problems of health issues and aging both with the sisters and the Associates, the group has dwindled. Nevertheless, one sister in Nazareth House keeps in touch by letter and by phone calls and a few Associates were able to visit the group in Nazareth House.

Working with other organisations

In addition to the above, the members of the District continue their association with and their support for:

- ◆ The Roman Catholic Diocese of Westminster
- ◆ The Conference of Religious and other religious congregations
- ◆ CAFOD
- ◆ Aid to the Church in Need

Activities and objectives - the present situation (continued)

COVID-19

Unfortunately, the Covid 19 virus resurged early in 2021 before the vaccine programme had a chance to take effect. The pandemic and the ensuing restrictions continued to affect social interaction and had a significant economic impact at all levels.

The apostolic activities that the sisters could have carried out in Nazareth House were rendered impossible due to the fragility of the care home residents and the strict regulations concerning visiting. The sisters throughout the Congregation support each other in prayer and through electronic communication.

The Trustees are conscious that income from investments will fluctuate but are taking the long-term view that this will improve again following the end of the forecast recession.

Financial review for the year

Results for the year

A summary of the year's results is set out on page 19 of the attached accounts.

During the year to 31 December 2021, income was £191,236 (2020 – income amounted to £2,062,117). The components of income were donations (including pensions receivable from members of the Congregation under Gift Aid compliant Deeds of Covenant) and investment income and interest receivable. During 2020, the charity sold its convent at Whetstone and realised a gain of approximately £1.89 million.

During the year the charity incurred expenditure of £340,015 (2020 - £294,752). Expenditure on maintaining the members of the Congregation and enabling them to carry out their charitable work was £214,518 (2020 - £215,308). Donations paid during the year amounted to £109,545 (2020 - £67,263). Further details of donations are given in note 4 to the attached accounts. Investment management fees for the period were £15,952 (2020 - £12,181).

Net expenditure for the year before investment gains was £148,779 (2020 - net income £1,767,365). Net investment gains for the year totalled £548,559 (2020 - £114,062) and resulted in net movement of funds of £399,780 (2020 - £1,881,427).

Financial position and reserves policy

The balance sheet shows total funds of £6,095,318 at 31 December 2021 (2020 - £5,695,538).

Of this £789,217 (2020: £784,703) represents the net book value of the charity'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 charity's operations and are not available as a reserve to fund activities or meet future contingencies.

Amounts totalling £4,344,000 (2020: £3,980,000) are designated for the purposes explained in note 14 to the accounts.

Financial review for the year (continued)

Financial position and reserves policy (continued)

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 £962,101 (2020 - £930,835).

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. The charity 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 charity's work, the level of free reserves should be sufficient to generate enough income to cover approximately three year's on-going expenditure and to provide for contingencies, unevenness in future income and volatility in the value of investments.

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 and given the current macroeconomic and geopolitical environment,

Investment policy and performance

The charity's investments are managed by Rathbones Investment Management Limited and CCLA Investment Management Limited. There are no restrictions on the charity's power to invest. The investment strategy set by the trustees takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The sisters take particular note of the prudent advice of the charity's investment manager.

The policy adopted by the charity is to maximise total return through a diversified portfolio whilst providing a level of income advised from time to time by the trustees. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Catholic Church.

The investment policy is generally risk averse with the objective of producing total return through growth in capital and income. The risk profile of the investments will be low/medium and, in order to satisfy the requirements, investments normally comprise of leading UK Government securities, UK leading companies, unit and investment trusts (including those investing in major international markets), and in fixed interest securities which merit an international rating of single A or better.

The performance of the portfolio and the charity's investment strategy have been reviewed by the trustees who have met regularly with the investment managers.

Financial review for the year (continued)

Investment policy and performance (continued)

The policy of the charity is to achieve a combination of income and capital growth within acceptable levels of risk. The trustees of the charity continue to take a long term view and believe the investment policy continues to be appropriate.

During 2020 the charity invested part of the monies received from the sale of property with CCLA Investment Management Limited in their COIF Charities Ethical Investment Fund and a further £230,000 in the COIF Charities Deposit Fund. The monies invested in the deposit fund are held as a short-term investment included within current assets in the balance sheet. £50,000 of these funds were used in the current year to support a project in Madagascar,

The charity's two portfolios of investments had a market value at 31 December 2021 of £5,096,629 (2020: £4,639,410) including cash available for reinvestment of £13,931 (2020: £ 45,588). £4,074,742 was managed by Rathbone Investment Management Limited and £1,021,887 was invested in the COIF Charities Ethical Investment Fund managed by CCLA Investment Management Limited.

During the year, the charity's investments achieved an income yield of 1.92% and a capital yield of 10.32%. The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out above. Further details of the investment portfolio are detailed in note 10 to the attached accounts.

Future plans

At present, four of the members live in St Martin, Nazareth House, receiving the care they need and making use of local facilities. They avail of the spiritual care given to the residents of the Nazareth House Care Home and are able to take part in all the liturgies. They are also able to live a certain degree of independence and wish to have a greater degree of involvement with the residents, offering spiritual comfort and a listening ear.

The objectives of the trustees of the charity now include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect, having devoted all their lives to the mission of the Congregation.
- ◆ Enabling all the members of the Congregation to live their mission to the end of their days, as far as they are able, given the limitations of age and health.
- ◆ Monitoring the health and needs of the sister who lives alone in an apartment-perhaps offering her alternate accommodation, if this would be appropriate for her.
- ◆ Paying due heed to the continuing impact of the Covid 19 pandemic, and also the worrying fluctuations of the financial markets at the moment given the current macroeconomic and geopolitical environment.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her Council in Paris. These officials are elected every six years at a General Chapter, the most recent of which was in August 2019. The Superior General visits each area of the Congregation, including the district of Great Britain, at least once in her six-year mandate.

The District of Great Britain comprised seven sisters as at 31 December 2021. Although Sister Yvonne is the General Councillor Delegate, she is a member of the Generalate community in Paris. These sisters are from different countries, which give the district an element of internationality.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Sr Yvonne visits the sisters regularly and keeps in touch with them by means of phone calls and emails. She frequently consults the sisters of the District on all aspects of their lives, especially the problems and difficulties due to aging and failing health. and discusses with them different aspects of their mission

In terms of Civil law, the charity is governed by a constitution dated 10 October 2017 and is a Charitable Incorporated Organisation, Charity Registration number 1175076. The trustees are presently the General Councillor Delegate, the General Bursar, a member of the district and a Religious from another Congregation. As all trustees are either members of the Congregation or have a historic connection to the Congregation, they have a detailed knowledge of the work of the charity and of its structures. On being appointed, new trustees are required to spend some time with those leaving office, to receive a briefing on their responsibilities and the current position of the charity. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position. On-going in-service training takes place during the mandate.

Trustees

The charity's constitution states that there must be at least three charity trustees and no more than four trustees. Trustees are appointed for a term of six years by a resolution passed by the charity trustees.

In selecting new individuals for appointment as trustees, the existing charity trustees have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this Annual Report and Accounts.

Governance, structure and management (continued)

Trustees (continued)

Brief biographical details of the trustees are as follows:

Sister Yvonne Pilarski

A qualified teacher with a degree in French and German, Sister Yvonne worked in education for 20 years, holding various posts of responsibility including School Chaplain and Head of Department of Religious Studies until her retirement in 2013.

In January 2018 Sister Yvonne was asked to take over the leadership of the District of Great Britain and she was also asked to be District Bursar from January 2019. In August 2019 Sister Yvonne was elected as a General Councillor for the Congregation and in September 2019 was named as General Councillor Delegate for the District of Great Britain.

Sister Denise Bissonnette

Canadian born Sister Denise came to England in 1961 and after a five-year period in teaching, trained for and gave many years to nursing and midwifery. She served as District Bursar until 31 December 2018.

Sister Edith Cochard

Sister Edith worked in France for many years as a primary school teacher. In 1995 she was asked to go to Papua New Guinea as a formation director. In 2014 she was named General Bursar for the Congregation and now resides in Paris.

Brother James Boner

Brother James is a Capuchin Friar. For many years he was chairman of the Association of Provincial Bursars and the General Secretary of the Conference of Religious in England and Wales. He holds a number of positions as a trustee and ethics advisor. At present he is Provincial Minister for the Capuchin Franciscans in Great Britain and a special envoy for the Capuchin's General Minister in Rome.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review all aspects regarding the charity and its activities, to plan and make relevant decisions for the future. When necessary, the trustees seek advice and support from the charity's professional advisers, including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies are delegated to the appropriate members of the Congregation.

Statement of trustees' responsibilities

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

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts 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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

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

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charitable trust and its successor charity on a day to day basis.

Three of the trustees are members of the Congregation, but only one is a member of the District. Her living and personal expenses are borne by the charity. The Trustees receive neither remuneration nor reimbursement of expenses in connection with their duties as trustees or key management personnel.

Liability of the members

If the charity is wound up, the members of the charity, who are also the trustees of the charity, have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Governance, structure and management (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation and the charity currently face and have reviewed the measures already in place to deal with them.

As noted above, the outbreak of the Covid-19 pandemic has clearly presented challenges to the charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity and the sisters. With the exception of the challenges faced because of the Covid-19 pandemic, the areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment

Governance and management: looks at the risk of the Congregation, and hence the charity, of the skills and training of its members, and the good use of its resources.

An analysis of the age profile of the sisters shows that the average age at 31 December 2021 was 81 years. The trustees are aware that there is both a moral and legal obligation to care for the sisters. None of the sisters have resources of their own as all earnings, pensions and any other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

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 charity has the available financial resources to finance this care both now and in the future 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 the ministries and needs of individual sisters -identifying those who need extra care and help.

Governance, structure and management (continued)

Risk management (continued)

Operational: looks at the risks inherent in the activities of the charity.

The trustees recognise the absolute necessity of ensuring the protection and safety of all whom the charity serve. This means that all sisters who are in any kind of ministry have obtained clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS).

The activities of the charity do not involve work with children but they do involve work with adults who may need help at particularly vulnerable moments in life.

Financial: looks at risks including those arising as a result of poor budgetary control, poor accounting and poor management of the investment portfolio.

The charity'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 with the investment managers regularly 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 charity's needs both now and in the future. In the aftermath of the Covid-19 pandemic and given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's 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 charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Reputational: looks at possible damage to the Congregation's and hence the reputation of the charity.

Laws, regulations, external and environment: looks at the effect of government policies and the consequences of non-compliance with laws and regulations in so far as they are applicable to the Congregation's activities.

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

The trustees are united in their concern for the overall health and wellbeing of each of the members of the District. They are equally concerned that the members be supported and encouraged to live to the full the Mission of the Congregation to which each one has professed.

In addition, they have concern for the respect due to their employees, their appropriate remuneration and their overall well-being.

Employees, volunteers and members of the Congregation

The members of the Congregation continue to give unsparing service and dedication to all the Congregation's works and the trustees wish to record their appreciation.

Signed on behalf of the trustees:

Y.Pilarski

Approved by the trustees on: 20/10/22

Independent auditor's report to the trustees of the Sisters of the Sacred Heart of Saint Jacut

Opinion

We have audited the accounts of the Sisters of the Sacred Heart of Saint Jacut (the 'charity') 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 notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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:

Auditor's responsibilities for the audit of the accounts (continued)

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 Charity through discussions with management and 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 accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the Charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and 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 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.

Auditor's responsibilities for the audit of the accounts (continued)

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

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 accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of management and trustees 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.

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

28 October 2022

Date:

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

Statement of financial activities Year to 31 December 2021

	Notes	2021 £	2020 £
Income from:			
Donations	1	114,754	114,167
Investments and interest receivable	2	74,559	52,857
Other sources			
Surplus on disposal of tangible fixed assets		1,917	1,894,993
Miscellaneous income		6	100
Total income		191,236	2,062,117
Expenditure on:			
Raising funds			
Investment management fees		15,952	12,181
Charitable activities			
Support of members of the Congregation and their ministry	3	214,518	215,308
Charitable donations	4	109,545	67,263
Total expenditure		340,015	294,752
Net (expenditure) income for the year before net investment gains	6	(148,779)	1,767,365
Net investment gains	10	548,559	114,062
Net income and net movement in funds		399,780	1,881,427
Reconciliation of funds:			
Funds brought forward at 1 January 2021		5,695,538	3,814,111
Funds carried forward at 31 December 2021		6,095,318	5,695,538

All income and expenditure of the charity for the year to 31 December 2021 is in respect to unrestricted funds (2020: all income except for £520 and expenditure of £520) (see note 1).

All of the charity's activities during the above financial periods derived from continuing operations.

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

Balance sheet 31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		789,217		784,703
Investments	10		5,096,629		4,639,410
			5,885,846		5,424,113
Current assets					
Debtors	11	22,567		9,413	
Current asset investments		180,068		230,042	
Short term deposits		41,353		41,349	
Cash at bank and in hand		25,150		47,088	
		269,138		327,892	
Creditors: amounts falling due within one year	12	(59,666)		(56,467)	
Net current assets			209,472		271,425
Total net assets			6,095,318		5,695,538
The funds of the charity					
Unrestricted funds					
. General funds			962,101		930,835
. Tangible fixed assets fund	13		789,217		784,703
. Designated fund					
.. Retirement reserve fund	14		3,144,000		3,000,000
.. Financing and Congregational fund	14		1,200,000		980,000
			6,095,318		5,695,538

Approved by the trustees and signed
on their behalf by:

Y.Pilarski

Trustee

Approved by the trustees on: 20/10/22

Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(230,983)	(175,038)
Cash flows from investing activities:			
Investment income and interest received		72,642	51,077
Proceeds from the disposal of tangible fixed assets		—	2,097,843
Purchase of tangible fixed assets		(4,907)	—
Proceeds from the disposal of investments		445,157	576,120
Withdrawals from (invested in) current asset investments		49,974	(230,042)
Purchase of fixed asset investments		(385,474)	(2,264,989)
Net cash provided by investing activities		177,392	230,009
Change in cash and cash equivalents in the year		(53,591)	54,971
Cash and cash equivalents at 1 January 2021	B	134,025	79,054
Cash and cash equivalents at 31 December 2021	B	80,434	134,025

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 £
Net movement in funds (as per the statement of financial activities)	399,780	1,881,427
Adjustments for:		
Depreciation charge	393	2,735
Gains on investments	(548,559)	(114,062)
Investment income and interest receivable	(74,559)	(52,857)
(Increase) decrease in debtors	(9,320)	2,081
Increase in creditors	3,199	631
Surplus on disposal of tangible fixed assets	(1,917)	(1,894,993)
Net cash used in operating activities	(230,983)	(175,038)

B Cash and cash equivalents

	As at 31 December 2020 £	Cash flows £	As at 31 December 2021 £
Short term deposits	41,349	(16,199)	25,150
Cash at bank and in hand	47,088	(5,735)	41,353
Cash held by investment managers	45,588	(31,657)	13,931
Total cash and cash equivalents	134,025	(53,591)	80,434

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 31 December 2021

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

Basis of preparation

These accounts have been prepared for the year ended 31 December 2021 with comparative information given in respect to the year to 31 December 2020.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating accrued expenditure;
- ◆ estimating the useful economic life of tangible fixed assets for the purpose of calculating the depreciation charge;
- ◆ assessing the probability of the receipt of legacy income;
- ◆ determining the value of designated funds including the determination of the assumptions made in determining the value of the retirement 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 accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

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 charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income, bank interest receivable, the surplus on disposal of tangible fixed assets and other income.

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

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

Income recognition (continued)

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 charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal. The disposal is accounted for at the date of legal completion.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

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

Expenditure recognition (continued)

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Charitable donations are made where the trustees consider there is real need following a review of the details of each particular case. Donations are included in the statement of financial activities when approved for payment. Provision is made for donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation as any governance costs in relation to the provision of donations and grants is considered to be negligible.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

- ◆ Land and buildings
Land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to land and buildings are accounted for on legal completion of the relevant transaction.

Tangible fixed assets (continued)

- ◆ Building improvements
Expenditure in relation to major improvements to the buildings is capitalised and depreciated over a ten year period on a straight line basis.
- ◆ Furniture, equipment and motor vehicles
Expenditure on the purchase of furniture, equipment and motor vehicles is capitalised and depreciated over a five year period on a straight line basis.

Fixed asset investments

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

The charity does not acquire put options, derivatives or other complex financial instruments. As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

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

Debtors

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

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.

Current asset investments

Current asset investments represent such accounts and instruments that are available on demand and are held in deposit funds administered by institutions other than those designated as banks.

Creditors and provisions

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

Fund structure

The funds of the charity comprise unrestricted funds available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds are amounts representing tangible fixed assets and amounts which the trustees have designated for specific purposes. Details of these are provided in notes 13 and 14 respectively.

Services provided by members

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

1 Income from: donations

	2021 £	2020 £
Salaries and pensions of individual religious received under deed of covenant and gift aid	114,754	113,647
Other donations	—	520
	114,754	114,167

Other donations for 2020 comprised a donation of £520 received for the purchase of an iPad for a sister. This donation was utilised fully for this specific purpose during that year.

2 Income from: investments and interest receivable

	2021 £	2020 £
Income from listed investments		
. UK fixed interest bonds	20,127	9,361
. Overseas fixed bonds	11,330	8,949
. UK equities	23,068	16,934
. Overseas equities	16,997	14,690
. Alternatives and property	3,007	2,867
	74,529	52,801
Interest received		
. Current asset investments - interest	26	20
. Bank interest	4	36
	74,559	52,857

3 Expenditure on: support of members of the Congregation and their ministry

	2021 £	2020 £
Staff costs	—	6,668
Premises	17,744	29,535
Sisters' living and personal expenses	40,223	41,412
Nursing care and medical costs	88,082	75,805
Sisters' accommodation and related costs	36,066	15,000
Education, training and spiritual renewal	1,740	547
Support costs		
. Legal and professional fees	6,409	18,697
. Miscellaneous support costs	414	888
. Property removal costs	—	9,797
. Governance costs (note 5)	23,840	16,959
	214,518	215,308

4 Expenditure on: charitable donations

Donations during the year comprised:

	2021 £	2020 £
Contributions to the Congregation's Generalate		
. support of overseas missions	80,000	40,000
. support of the work of the Generalate	29,000	27,000
Other sundry donations	545	263
	109,545	67,263

At 31 December 2020, the trustees had agreed in principle to donate £230,000 to the Generalate of the Congregation but final confirmation of this was subject to the Generalate providing details of projects that were acceptable to the trustees. At 31 December 2021 £180,000 remains to be donated. No provision has been recognised in these accounts in relation to this amount but it is included within the amount designated as part of the Financing and Congregational Fund (see note 14).

5 Governance costs

	2021 £	2020 £
Legal and professional fees	23,840	16,959

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

This is stated after charging:

	2021 £	2020 £
Staff costs (note 7)	—	6,668
Auditor's remuneration		
. Statutory audit services:		
.. Current year	13,680	11,520
.. Previous year	2,160	1,980
. Other services: advisory services	990	6,300
Depreciation	393	2,735

7 Staff costs and key management personnel

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	—	3,742
Redundancy payments	—	2,926
	—	6,668

The charity did not employ staff during the year. The average number of employees during 2020 was 2. No employee earned more than £60,000 during the year. All staff were employed to support members of the Congregation and their ministry. The trustees consider that they comprise the key management of the charity in charge of directing, controlling, running and operating the charity on a day to day basis.

8 Taxation

The Sisters of the Sacred Heart of St Jacut is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2021	784,183	1,300	22,134	807,617
Additions	—	4,907	—	4,907
Disposals	—	—	(9,730)	(9,730)
At 31 December 2021	<u>784,183</u>	<u>6,207</u>	<u>12,404</u>	<u>802,794</u>
Depreciation				
At 1 January 2021	—	780	22,134	22,914
Charge for the year	—	393	—	393
On disposals	—	—	(9,730)	(9,730)
At 31 December 2021	<u>—</u>	<u>1,173</u>	<u>12,404</u>	<u>13,577</u>
Net book values				
At 31 December 2021	<u>784,183</u>	<u>5,034</u>	<u>—</u>	<u>789,217</u>
At 31 December 2020	<u>784,183</u>	<u>520</u>	<u>—</u>	<u>784,703</u>

Land and buildings include two properties held on long leases originally of 125 years, both of which commenced on 25 March 2014. The net book value of these properties at 31 December 2021 was £ 784,183 (2020 - £784,183).

As permitted under Financial Reporting Standard 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets.

10 Investments

	2020 £	2019 £
Listed investments		
Market value at 1 January 2021	4,593,822	2,790,891
Additions at cost	385,474	2,264,989
Disposals at book value (see below)	(395,514)	(643,969)
Net unrealised investment gains	498,916	181,911
Market value at 31 December 2021	<u>5,082,698</u>	<u>4,593,822</u>
Cash held by investment managers for re-investment	13,931	45,588
	<u>5,096,629</u>	<u>4,639,410</u>
Cost of listed investments at 31 December 2021	<u>3,776,639</u>	<u>3,799,471</u>

10 Investments (continued)

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

	2021 £	2020 £
Proceeds	445,157	576,120
(Gains) losses	(49,643)	67,849
Disposals at book value	395,514	643,969

Listed investments held at 31 December 2021 comprised the following:

	2021 £	2020 £
UK Common investment funds	1,021,887	874,840
UK fixed interest bonds	698,073	789,933
Overseas fixed bonds	575,433	571,172
UK equities	664,260	670,051
Overseas equities	1,668,999	1,277,716
Alternatives and property	454,046	410,110
	5,082,698	4,593,822

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

Listed investments included the following holdings deemed material when compared with the overall portfolio valuation:

Holding	2021		2020	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
CCLA COIF Ethical Investment Fund	1,021,887	20.11%	874,840	19.04

11 Debtors

	2021 £	2020 £
Investment income receivable	4,287	2,370
Prepayments	16,363	7,043
Other debtors	1,917	—
	22,567	9,413

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Expense creditors	1,735	573
Amounts held on behalf of individual sisters	41,591	41,591
Accruals	16,340	14,303
	59,666	56,467

13 Tangible fixed assets fund

	2021 £	2020 £
At 1 January 2021	784,703	990,288
Net movements in the year	4,514	(205,585)
At 31 December 2021	789,217	784,703

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

14 Designated funds

The income funds of the charity include the following funds designated by the trustees:

Retirement reserve fund

The retirement reserves fund consists of monies set aside by trustees in order to provide for the sisters in the future. The calculations of the fund are based on actuarial methods taking into account of the increasing costs of specialised care required as the sisters grow older.

	2021 £	2020 £
At 1 January 2021	3,000,000	2,250,000
Designated during the year	144,000	750,000
At 31 December 2020	3,144,000	3,000,000

Financing and Congregational fund

The Financing and Congregational fund has been established to finance future grants and donations. The trustees are yet to formalise their plans for the future and need to carry out further work on deciding how these funds are to be applied.

	2021 £	2020 £
At 1 January 2020	980,000	—
Utilised during the year	(50,000)	—
Designated during the year	270,000	980,000
At 31 December 2020	1,200,000	980,000

As noted above (note 4), at 31 December 2020 the charity had committed to fund overseas projects of the Generalate to a value of £230,000. £50,000 was utilised during the year to 31 December 2021. No provision is recognised in the accounts in relation to the balance of this commitment as the Generalate has not formalised the details of further projects to date. The amount set aside for this purpose has been deposited with CCLA Investment Management Limited and is classified as a current asset investment in these accounts.

15 Analysis of net assets between funds

The fund balances are represented by the following assets and liabilities.

	General fund £	Tangible fixed assets fund £	Designated funds £	2021 Total funds £
Fund balances at 31 December 2021				
are represented by:				
Tangible fixed assets	—	789,217	—	789,217
Investments	982,629	—	4,114,000	5,096,629
Net current assets	(20,528)	—	230,000	209,472
Total net assets	962,101	789,217	4,344,000	6,095,318
	General fund £	Tangible fixed assets fund £	Designated fund £	2020 Total funds £
Fund balances at 31 December 2020				
are represented by:				
Tangible fixed assets	—	784,703	—	784,703
Investments	889,410	—	3,750,000	4,639,410
Net current assets	41,425	—	230,000	271,425
Total net assets	930,835	784,703	3,980,000	5,695,538

The total unrealised gains as at 31 December 2021 constitute movements on revaluation of listed investments and were as follows:

	2021 £	2020 £
Total unrealised gains on investments included above:	1,306,059	794,351
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2021	794,351	648,431
In respect to disposals in year	12,792	(35,991)
Net gains arising on revaluation in the year	498,916	181,911
Unrealised gains at 31 December 2021	1,306,059	794,351

16 Transactions with trustees and other related party transactions

Three of the charity's trustees are members of the Congregation. One of these is resident in England and her living and personal expenses have been borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2020 – £nil).

As members of the Congregation, three of the trustees have no resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £41,480 (2020 – £40,856).

16 Transactions with trustees and other related party transactions (continued)

Two of the trustees are General Councillors of the Congregation. During the year, the charity made donations to the Generalate of the Congregation totalling £109,000 (2020 – £67,000). Neither General Councillor had any involvement in the decision to make the donations.

There were no other related party transactions during the year which require disclosure (year to 31 December 2020 – none).

17 Ultimate control and liability of the member

The charity, which is constituted as a trust, was controlled throughout the period by the Congregation of the Sisters of the Sacred Heart of St Jacut, by virtue of the fact that the relevant superior of the Congregation appoints all of the trustees.

SISTERS OF THE SACRED HEART OF SAINT JACUT

England & Wales - Charity number 1175076

Accounts

**Sisters
of the
Sacred Heart
of Saint Jacut**

Annual Report and Accounts

31 December 2020

Charity Registration Number
1175076

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

Trustees	Sister Yvonne Pilarski Sister Denise Bissonnette Sister Edith Cochard Brother James Boner
District Leader/General Councillor Delegate for the District of Great Britain	Sister Yvonne Pilarski
District Bursar	Sister Yvonne Pilarski
Principal address	Flat 4, Alisa Lodge 4 Oakleigh Park South Whetstone London N20 9JU
Charity registration number	1175076
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank plc Argyll House 246 Regent Street London W1B 3PB
Investment managers	Rathbones Investment Management Limited 8 Finsbury Circus London EC2M 7AZ CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR7

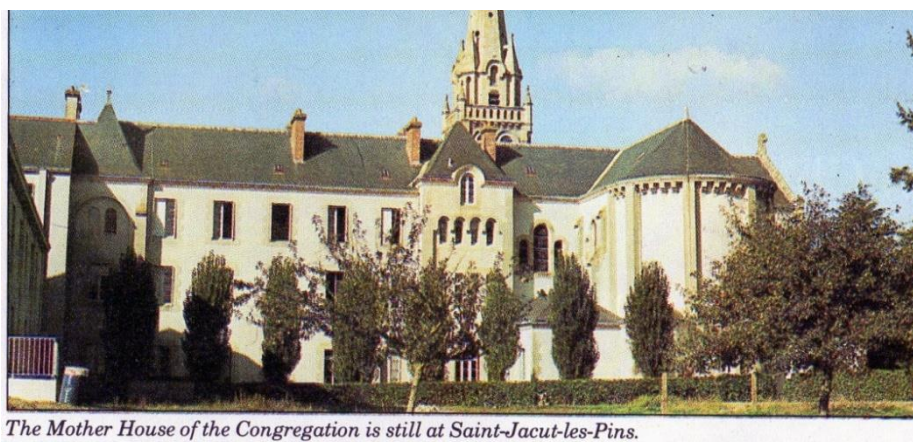
The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2020

The accounts have been prepared in accordance with the accounting policies set out on pages 23 to 27 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Order of the Sisters of the Sacred Heart of St Jacut (the Congregation) is an international Roman Catholic religious congregation numbering 399 sisters in different areas of the world. It is divided into three Provinces and four Regions or Districts and is governed by the Superior General and her Council who are resident in Paris.

The accounts accompanying this report are the accounts of the charity through which the activities and net assets of the Congregation in England are administered.



Mother House of the Sisters of the Sacred Heart Saint Jacut in France

The mission of the Congregation

The mission of the Congregation is clearly stated in the Constitution:

"To make known to all, particularly the poor, the tenderness and mercy of the Father revealed in Jesus." (Const.No.4)

Since the Congregation's foundation in France in 1816, this mission has found expression in education and through social and pastoral care especially in respect of the most deprived. The same would characterise the work in England from the very early days (1903 and ff.). In time, the foundation of schools (two of which are still flourishing) and the work of education at all levels were the predominant expression of the same missionary spirit, with the additional focus of pastoral care in both religious and secular contexts.



Activities and objectives - the present situation

Care of the members

Age profile – 31 December 2020

Age Group <70	Age Group 71 - 80	Age Group Over 80
1	2	4

The four Sisters who resided in the Whetstone area of London moved into St Martin, the unused wing of Nazareth House, Finchley on 23 July 2020. The wing consists of four bedrooms, a sitting room, a small kitchen and a spare room, which can be used as a visitor's bedroom. They have their own entrance and live independently, while benefitting from the security of Nazareth House Care Home. Their mid-day meal is provided for them, and they cater for breakfast and supper themselves.

The Sisters had hoped to return to St Mary Magdalen Parish to continue with their mission in Whetstone for as long as possible and had also hoped to contribute to the spiritual and psychological well-being of the residents in the care home by a caring, prayerful presence.

Unfortunately, due to the Covid 19 pandemic and the ensuing lockdowns, their plans had to change. The Sisters moved into St Martin when the lockdown restrictions were only beginning to lift. Unfortunately, they were not allowed to visit the residents of the care home in their rooms. For a limited time, they were able to join the residents for coffee after mass (two days a week) in one of the lounges, chat with them and get to know them but the situation deteriorated once again in England and the second lockdown began in early November. Up until the 31 December 2020, the lockdown was still in place.

Therefore, the mission of the sisters today has been greatly restricted by reduced numbers, the age-profile, and health problems of the members and especially by the restrictions imposed by the Covid 19 pandemic. The sisters continue to live out their mission as best they can with great love and devotion. They keep the words of our Constitutions No 58 very close to their heart: *'Whether we exercise an activity or whether we live the limitations of age or sickness, the gift of our life expresses the same ever-present concern.'* Their lives continue to express an ever-present concern for the parish, the local community and issues in the wider world.

All the sisters are very much engaged in a ministry of prayer - prayer for the members of the local parish, the care home of Nazareth House and issues in the wider world - especially the suffering caused by the pandemic. People from the parish of Whetstone still contact the sisters to ask for prayers for different intentions and feel comforted and consoled by the care and concern of the community. The words of a Roman Catholic Saint, Mother Francis Xavier Cabrini, sum up just how important the ministry of prayer is. *"Prayer is powerful! It fills the earth with mercy, it makes the Divine clemency pass from generation to generation; right along the course of the centuries wonderful works have been achieved through prayer."*

Activities and objectives - the present situation (continued)

Care of the members (continued)

One sister, for personal reasons, resides in an apartment approximately 3.5 miles from the St Martin community. She is in frequent contact with the community. Her mission is also greatly restricted by her age and health problems, but she is also engaged in a ministry of prayer and keeps in touch with elderly friends of the community. Due to the restrictions of the lockdown she has been unable to visit them.

One sister resides in a nursing home in St Albans. This nursing home is non-denominational. The Sister has been named Ambassador for the residents. This means that if any of the residents has a particular worry or concern, they will share it with the sister, who tries to help. She also brings those concerns to the management. The sister also organises a weekly prayer service for the residents. Many people join this service - those with faith and those who have no faith. There is a very prayerful and joyful atmosphere and those who come love listening to and joining in with the hymns. As Sister says 'I want to let those with faith or no faith know that God loves them, and not to fear dying as all will go to a loving and merciful God'

Overseas Mission Support

The charity helps the mission by contributing money to our Generalate which in turn distributes the money to different entities in the Congregation. Our General Bursar thanks the charity for the sum of £40,000 (€43,629) which this year was used for improvements to the Generalate and the Novitiate community.

Generalate: One room was refurbished and converted to a studio with internet access. This studio will be used to offer accommodation to guests and also to parents of sick children, who have lengthy stays in the hospital very close to us. These children come from all over France and the parents are often unable to afford hotel accommodation. In addition, one bathroom was converted into a shower room

Novitiate community: one large room was converted to provide an oratory for the large group of novices and a large screen and television was purchased for the novitiate study room.

Associates

We have a small group of Associates in the District of Great Britain. The membership is very diversified in terms of age, background, occupation; the oldest is an intelligent and thoughtful gentleman of ninety-three.

Activities and objectives - the present situation (continued)

Associates (continued)

At least two elements bring these people together: an appreciation of the sisters and a desire to share in our spirit /spirituality, to be inspired and to live by the same principles. For all, including the sisters, the group gatherings are a source of inspiration and strength.



The Associates used to meet on average four to five times each year.

Unfortunately, in the year 2020 they were unable to gather. The sisters kept in touch by phone calls and letters.

Working with other organisations

In addition to the above, the members of the district continue their association with and their support for:

- ◆ The Roman Catholic Diocese of Westminster
- ◆ The Conference of Religious and other religious congregations
- ◆ CAFOD
- ◆ Aid to the Church in Need

COVID-19

Throughout 2020 the Covid-19 pandemic has changed the world as we know it. The pandemic has not only affected social interaction but has had a significant economic impact at all levels. These have been outside of the charity's control.

The trustees have considered the long and short term impact of Covid-19 on the charity.

Due to social distancing, the message to "stay at home" and the closure of churches bringing all services online, the work of the charity has faced challenging times.

As most of the members of the Congregation are aged over 70, we have had to continue to adhere to the stringent government advice. This has meant that our 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, we have tried to find new ways of working and supporting sisters and those with whom we work.

The sisters throughout the Congregation support each other in prayer and through electronic communication.

Activities and objectives - the present situation (continued)

COVID-19 (continued)

The trustees are mindful that income from investments will fluctuate but are taking the long-term view that this will improve again following the end of the forecast recession.

An increase in our daily cost of living expenses due to rise in the cost of living during the crisis is expected to be balanced by a decrease in expenditure on elements such as travel and maintenance.

The main income stream of the charity is the pensions received by the members and this has been unaffected by the virus.

Financial review for the year

Results for the year

A summary of the year's results is set out on page 20 of the attached accounts.

During the year to 31 December 2020, income was £2,062,117 (2019 – income excluding the funds transferred from the charitable trust amounted to £176,601). In 2019, the funds transferred from the charitable trust were £3,590,350 (note 16). The other components of income were donations (including pensions receivable from members of the Congregation under Gift Aid compliant Deeds of Covenant) and investment income and interest receivable. The charity sold its convent at Whetstone during the year and realised a gain of approximately £1.89 million.

During the year the charity incurred expenditure of £294,752 (2019 - £258,301). Expenditure on maintaining the members of the Congregation and enabling them to carry out their charitable work was £215,308 (2019 -217,504).

Donations paid during the year amounted to £67,263 (2019 -29,055). Further details of donations are given in note 4 to the attached accounts. Investment management fees for the period were £12,181 (2019 -11,742).

Net income for the year before investment gains was £1,767,365 (2019 - after accounting for the transfer from the Charitable Trust, net income was £3,508,650). Net investment gains for the year totalled £114,062 (2019 -305,461).

Financial position and reserves policy

The balance sheet shows total funds of £5,695,538 at 31 December 2020 (2019 - £3,814,111).

Of this £784,703 (2019: £990,288) represents the net book value of the charity'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 charity's operations and are not available as a reserve to fund activities or meet future contingencies.

Amounts totalling £3,980,000 are designated for the purposes explained in note 14 to the accounts.

Financial review for the year (continued)

Financial position and reserves policy (continued)

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 £930,835 (2019 - £573,823).

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

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.

Investment policy and performance

The charity's investments are managed by Rathbones Investment Management Limited and CCLA Investment Management Limited. There are no restrictions on the charity's power to invest. The investment strategy set by the trustees takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The sisters take particular note of the prudent advice of the charity's investment manager.

The policy adopted by the charity is to maximise total return through a diversified portfolio whilst providing a level of income advised from time to time by the trustees. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Catholic Church.

The investment policy is generally risk averse with the objective of producing total return through growth in capital and income. The risk profile of the investments will be low/medium and, in order to satisfy the requirements, investments normally comprise of leading UK Government securities, UK leading companies, unit and investment trusts (including those investing in major international markets), and in fixed interest securities which merit an international rating of single A or better.

The performance of the portfolio and the charity's investment strategy have been reviewed by the trustees who have met regularly with the investment managers.

Financial review for the year (continued)

Investment policy and performance (continued)

The policy of the charity is to achieve a combination of income and capital growth within acceptable levels of risk. The trustees of the charity continue to take a long term view and believe the investment policy continues to be appropriate.

During the year the charity invested £1 million received from the sale of property with Rathbones Investment Management Limited, £800,000 with CCLA Investment Management Limited in their COIF Charities Ethical Investment Fund, and a further £230,000 in the COIF Charities Deposit Fund.

The monies invested in the deposit fund are held as a short term investment and are included within current assets in the balance sheet.

The charity's two portfolios of investments had a market value at 31 December 2020 of £4,639,410 including cash available for reinvestment of £ 45,588. £3,764,570 was managed by Rathbone Investment Management Limited and £874,840 was invested in the COIF Charities Ethical Investment Fund managed by CCLA Investment Management Limited.

During the year, the charity's investments achieved an income yield of 1.43% and a capital yield of 3.09%. The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out above. Further details of the investment portfolio are detailed in note 10 to the attached accounts.

Future plans

At present, four of the members live in St Martin, Nazareth House, receiving the care they need and making use of local facilities. They avail of the spiritual care given to the residents of the Nazareth House Care Home and are able to take part in all the liturgies.

One sister resides in an apartment for personal reasons and one sister lives in a nursing home in St Albans.

Therefore, the objectives of the trustees of the charity now include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have a right to expect;
- ◆ Enabling all members of the Congregation to live their mission to the end of their days, as far as they are able, given their limitations of age and health;
- ◆ Monitoring the health and needs of the sister who lives alone in an apartment and perhaps seeking alternate accommodation for her; and
- ◆ Paying due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her Council in Paris. These officials are elected every six years at a General Chapter, the most recent of which was in August 2019. The Superior General visits each area of the Congregation, including the district of Great Britain, at least once in her six year mandate.

The District of Great Britain comprised seven sisters as at 31 December 2020. Although Sister Yvonne is the General Councillor Delegate, she is a member of the Generalate community in Paris. These sisters are from different countries, which give the district an element of internationality.

The District is governed by the General Councillor Delegate. Her mandate is for six years. Normally she would visit the sisters regularly. Due to the lockdowns both in England and in France she spent 6 months in London with the sisters to assist with the move to Nazareth House (March- August). Since August, she has been unable to travel due to the closing of borders. However, she stayed in touch by means of frequent telephone calls. She frequently consults the Sisters of the District on all aspects of their lives and discusses with them different aspects of their mission.

In terms of Civil law, the charity is governed by a constitution dated 10 October 2017 and is a Charitable Incorporated Organisation, Charity Registration number 1175076. The trustees are presently the General Councillor Delegate, the General Bursar, a member of the district and a Religious from another Congregation. As all trustees are either members of the Congregation or have a historic connection to the Congregation, they have a detailed knowledge of the work of the charity and of its structures. On being appointed, new trustees are required to spend some time with those leaving office, to receive a briefing on their responsibilities and the current position of the charity. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position. On-going in-service training takes place during the mandate.

Trustees

The charity's constitution states that there must be at least three charity trustees and no more than four trustees. Trustees are appointed for a term of six years by a resolution passed by the charity trustees.

In selecting new individuals for appointment as trustees, the existing charity trustees have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this Annual Report and Accounts.

Governance, structure and management (continued)

Trustees (continued)

Brief biographical details of the trustees are as follows:

Sister Yvonne Pilarski

A qualified teacher with a degree in French and German, Sister Yvonne worked in education for 20 years, holding various posts of responsibility including School Chaplain and Head of Department of Religious Studies until her retirement in 2013.

In January 2018 Sister Yvonne was asked to take over the leadership of the District of Great Britain and she was also asked to be District Bursar from January 2019. In August 2019 Sister Yvonne was elected as a General Councillor for the Congregation and in September 2019 was named as General Councillor Delegate for the District of Great Britain.

Sister Denise Bissonnette

Canadian born Sister Denise came to England in 1961 and after a five-year period in teaching, trained for and gave many years to nursing and midwifery. She served as District Bursar until 31 December 2018.

Sister Edith Cochard

Sister Edith worked in France for many years as a primary school teacher. In 1995 she was asked to go to Papua New Guinea as a formation director. In 2014 she was named General Bursar for the Congregation and now resides in Paris.

Brother James Boner

Brother James is a Capuchin Friar. For many years he was chairman of the Association of Provincial Bursars and the General Secretary of the Conference of Religious in England and Wales. He holds a number of positions as a trustee and ethics advisor. At present he is Provincial Minister for the Capuchin Franciscans in Great Britain and a special envoy for the Capuchin's General Minister in Rome.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review all aspects regarding the charity and its activities, to plan and make relevant decisions for the future. When necessary, the trustees seek advice and support from the charity's professional advisers, including property consultants, investment managers, solicitors and accountants. The day to day management of the charity's activities and the implementation of policies are delegated to the appropriate members of the Congregation.

Governance, structure and management (continued)

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts 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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

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

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charitable trust and its successor charity on a day to day basis.

Three of the trustees are members of the Congregation, but only one is a member of the District. Her living and personal expenses are borne by the charity. The Trustees receive neither remuneration nor reimbursement of expenses in connection with their duties as trustees or key management personnel.

Liability of the members

If the charity is wound up, the members of the charity, who are also the trustees of the charity, have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Governance, structure and management (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation and the charity currently face and have reviewed the measures already in place to deal with them.

As noted above, the outbreak of the Covid-19 pandemic has clearly presented challenges to the charity and its activities which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity and the sisters. With the exception of the challenges faced because of the Covid-19 pandemic, the areas identified for particular attention within our risk management strategy are:

- ◆ Governance and management
- ◆ Operational
- ◆ Financial
- ◆ Reputational
- ◆ Laws, regulations, external and environment

Governance and management: looks at the risk of the Congregation, and hence the charity, of the skills and training of its members, and the good use of its resources.

An analysis of the age profile of the sisters shows that the average age at 31 December 2020 was 81 years. The trustees are aware that there is both a moral and legal obligation to care for the sisters. None of the sisters have resources of their own as all earnings, pensions and any other income have been donated to the charity under a Gift Aid compliant Deed of Covenant.

Governance, structure and management (continued)

Risk management (continued)

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 charity has the available financial resources to finance this care both now and in the future 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 the ministries and needs of individual sisters -identifying those who need extra care and help.

Operational: looks at the risks inherent in the activities of the charity.

The trustees recognise the absolute necessity of ensuring the protection and safety of all whom the charity serve. This means that all sisters who are in any kind of ministry have obtained clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS).

The activities of the charity do not involve work with children but they do involve work with adults who may need help at particularly vulnerable moments in life.

Financial: looks at risks including those arising as a result of poor budgetary control, poor accounting and poor management of the investment portfolio.

The charity'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 with the investment managers regularly 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 charity's needs both now and in the future. During the current Covid-19 pandemic, the trustees continue to communicate with the charity's 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 charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Reputational: looks at possible damage to the Congregation's and hence the reputation of the charity.

Laws, regulations, external and environment: looks at the effect of government policies and the consequences of non-compliance with laws and regulations in so far as they are applicable to the Congregation's activities.

Governance, structure and management (continued)

Risk management (continued)

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

The trustees are united in their concern for the overall health and wellbeing of each of the members of the District. They are equally concerned that the members be supported and encouraged to live to the full the Mission of the Congregation to which each one has professed.

In addition, they have concern for the respect due to their employees, their appropriate remuneration and their overall well-being.

Employees, volunteers and members of the Congregation

The members of the Congregation continue to give unsparing service and dedication to all the Congregation's works and the trustees wish to record their appreciation.

Signed on behalf of the trustees:

Yvonne Pilarski

Approved by the trustees on: 21 July 2021

Independent auditor's report to the trustees of the Sisters of the Sacred Heart of Saint Jacut

Opinion

We have audited the accounts of the Sisters of the Sacred Heart of Saint Jacut (the 'charity') 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 notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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 Charity through discussions with management and 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 accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the Charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and 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.

Auditor's responsibilities for the audit of the accounts (continued)

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

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 accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of management and trustees 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.

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 23 July 2021

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

Statement of financial activities Year to 31 December 2020

	Notes	2020 £	2019 £
Income from:			
Donations	1	114,167	109,637
Investments and interest receivable	2	52,857	66,577
Other sources			
Surplus on disposal of tangible fixed assets		1,894,993	—
Miscellaneous income		100	387
		2,062,117	176,601
Transfer from the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335)	16	—	3,590,350
Total income		2,062,117	3,766,951
Expenditure on:			
Raising funds			
Investment management fees		12,181	11,742
Charitable activities			
Support of members of the Congregation and their ministry	3	215,308	217,504
Charitable donations	4	67,263	29,055
Total expenditure		294,752	258,301
Net income for the year before net investment gains	6	1,767,365	3,508,650
Net investment gains	10	114,062	305,461
Net income and net movement in funds		1,881,427	3,814,111
Reconciliation of funds:			
Funds brought forward at 1 January 2020		3,814,111	—
Funds carried forward at 31 December 2020		5,695,538	3,814,111

All income and expenditure of the charity, except for income of £520 and expenditure of £520 in the year to 31 December 2020 is in respect to unrestricted funds (see note 1).

The charity's activities commenced on 1 January 2019. All of the charity's activities during the above financial periods derived from continuing operations.

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

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		784,703		990,288
Investments	10		4,639,410		2,801,508
			5,424,113		3,791,796
Current assets					
Debtors	11	9,413		9,714	
Current asset investment		230,042		—	
Short term deposits		41,349		41,313	
Cash at bank and in hand		47,088		27,124	
		327,892		78,151	
Creditors: amounts falling due within one year	12	(56,467)		(55,836)	
Net current assets			271,425		22,315
Total net assets			5,695,538		3,814,111
The funds of the charity					
Unrestricted funds					
. General funds			930,835		573,823
. Tangible fixed assets fund	13		784,703		990,288
. Designated fund					
.. Retirement reserve fund	14		3,000,000		2,250,000
.. Financing and Congregational fund	14		980,000		—
			5,695,538		3,814,111

Approved by the trustees and signed
on their behalf by:

Yvonne Pilarski

Trustee

Approved by the trustees on: 21 July 2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(175,038)	(161,451)
Cash flows from investing activities:			
Investment income and interest received		51,077	66,811
Proceeds from the disposal of tangible fixed assets		2,097,843	—
Proceeds from the disposal of investments		576,120	700,816
Purchase of current asset investments		(230,042)	—
Purchase of fixed asset investments		(2,264,989)	(638,916)
Net cash provided by investing activities		230,009	128,711
Change in cash and cash equivalents in the year		54,971	(32,740)
Cash transferred from the Sisters of the Sacred Heart of Saint Jacut (Charity Registration Number: 230335)		—	111,794
Cash and cash equivalents at 1 January 2020	B	79,054	—
Cash and cash equivalents at 31 December 2020	B	134,025	79,054

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

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	1,881,427	3,814,111
Adjustments for:		
Depreciation charge	2,735	11,205
Gains on investments	(114,062)	(305,461)
Investment income and interest receivable	(52,857)	(66,577)
Decrease (increase) in debtors	2,081	(6,387)
Increase (decrease) in creditors	631	(17,992)
Surplus on disposal of tangible fixed assets	(1,894,993)	—
Transfer from the Sisters of the Sacred Heart of Saint Jacut (Charity Registration Number: 230335) (note 16)	—	(3,590,350)
Net cash used in operating activities	(175,038)	(161,451)

B Cash and cash equivalents

	As at 31 December 2019 £	Cash flows £	As at 31 December 2020 £
Short term deposits	27,124	14,225	41,349
Cash at bank and in hand	41,313	5,775	47,088
Cash held by investment managers	10,617	34,971	45,588
Total cash and cash equivalents	79,054	54,971	134,025

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

Basis of preparation

With effect from midnight on 31 December 2018, the activities, assets and liabilities of the Sisters of the Sacred Heart of Saint Jacut (Charity Registration Number: 230335) (the Charitable Trust) were transferred as a going concern to the charity. The transfer has been treated as a merger between the Charitable Trust and the charity in accordance with paragraphs 27.12 and 27.13 of the Charities SORP FRS 102, and the net assets transferred are included as a separate line within total income. The transfer was in accordance with an Order issued by the Charity Commission on 19 June 2018 and with a legal deed of transfer.

These accounts have been prepared for the year ended 31 December 2020 with comparative information given in respect to the year to 31 December 2019.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating accrued expenditure;
- ◆ estimating the useful economic life of tangible fixed assets for the purpose of calculating the depreciation charge;
- ◆ assessing the probability of the receipt of legacy income;
- ◆ determining the value of designated funds including the determination of the assumptions made in determining the value of the retirement 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 accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

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

The full impact of the pandemic on the charity's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still not fully known. The charity's income will no doubt continue to be affected because of the falls in income from listed investments as the corporate sector, in particular, has reacted to the pandemic by reducing dividend payments. In terms of expenditure, the trustees accept that certain costs will rise as the cost of living increases but others will reduce due to curtailed activity e.g. travel costs.

During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over fluctuations in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income, bank interest receivable, the surplus on disposal of tangible fixed assets and other income.

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

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

Income recognition (continued)

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 charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal. The disposal is accounted for at the date of legal completion.

The net assets of the Charitable Trust transferred to the charity with effect from 1 January 2019 are included as income as at that date.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations and costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Charitable donations are made where the trustees consider there is real need following a review of the details of each particular case. Donations are included in the statement of financial activities when approved for payment. Provision is made for donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation as any governance costs in relation to the provision of donations and grants 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.

♦ Land and buildings

Land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost. Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value. Disposals and additions to land and buildings are accounted for on legal completion of the relevant transaction.

♦ Building improvements

Expenditure in relation to major improvements to the buildings is capitalised and depreciated over a ten year period on a straight line basis.

♦ Furniture, equipment and motor vehicles

Expenditure on the purchase of furniture, equipment and motor vehicles is capitalised and depreciated over a five year period on a straight line basis.

Fixed asset investments

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

The charity does not acquire put options, derivatives or other complex financial instruments. As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

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

Debtors

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

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.

Current asset investments

Current asset investments represent such accounts and instruments that are available on demand and are held in deposit funds administered by institutions other than those designated as banks.

Creditors and provisions

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

Fund structure

The funds of the charity comprise unrestricted funds available for use in furtherance of the charity's objectives at the discretion of the trustees. Within the total unrestricted funds are amounts representing tangible fixed assets and amounts which the trustees have designated for specific purposes. Details of these are provided in notes 13 and 14 respectively.

Services provided by members

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

1 Income from: donations

	2020 £	2019 £
Salaries and pensions of individual religious received under deed of covenant and gift aid	113,647	109,137
Other donations	520	500
	114,167	109,637

Other donations for 2020 comprises a donation of £520 received for the purchase of an ipad for a sister. This donation was utilised fully for this specific purpose during the year.

2 Income from: investments and interest receivable

	2020 £	2019 £
Income from listed investments		
. UK fixed interest bonds	9,361	7,375
. Overseas fixed bonds	8,949	10,646
. UK equities	16,934	26,988
. Overseas equities	14,690	18,267
. Alternatives and property	2,867	2,785
	52,801	66,061
Interest received		
. Current asset investments - interest	20	—
. Bank interest	36	381
. Cash held by investment managers	—	135
	52,857	66,577

3 Expenditure on: support of members of the Congregation and their ministry

	2020 £	2019 £
Staff costs	6,668	8,842
Premises	29,535	41,195
Sisters' living and personal expenses	41,412	69,441
Nursing care and medical costs	75,805	63,368
Sisters' accommodation and related costs	15,000	—
Education, training and spiritual renewal	547	9,318
Support costs		
. Legal and professional fees	18,697	10,597
. Miscellaneous support costs	888	698
. Property removal costs	9,797	—
. Governance costs (note 5)	16,959	14,045
	215,308	217,504

4 Expenditure on: charitable donations

Donations during the year comprised:

	2020 £	2019 £
Contributions to the Congregation's Generalate		
. support of overseas missions	40,000	28,757
. support of the sisters of the Generalate	27,000	—
Other sundry donations	263	298
	67,263	29,055

At 31 December 2020, the trustees had agreed in principle to donate £230,000 to the Generalate of the Congregation but final confirmation of this was subject to the Generalate providing details of a project that was acceptable to the trustees. No provision has been recognised in these accounts in relation to this amount but it is included with the amount designated as part of the Financing and Congregational Fund (see note 14).

5 Governance costs

	2020 £	2019 £
Legal and professional fees	16,959	14,045

6 Net income for the year before net investment gains

This is stated after charging:

	2020 £	2019 £
Staff costs (note 7)	6,668	8,842
Auditor's remuneration		
. Statutory audit services:		
.. Current year	11,520	11,200
.. Previous year	1,980	—
. Other services	6,300	6,540
Depreciation	2,735	11,205

7 Staff costs and key management personnel

	2020 £	2019 £
Staff costs during the year were as follows:		
Wages and salaries	3,742	8,842
Redundancy payments	2,926	—
	6,668	8,842

The average number of employees during the period was 2 (2019 – 2). No employee earned more than £60,000 during the period. All staff are employed to support members of the Congregation and their ministry. The trustees consider that they comprise the key management of the charity in charge of directing, controlling, running and operating the charity on a day to day basis.

8 Taxation

The Sisters of the Sacred Heart of St Jacut is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Land and buildings £	Building improve- ments £	Furniture and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2020	964,750	112,355	1,300	50,229	1,128,634
Disposals	(180,567)	(112,355)	—	(28,095)	(321,017)
At 31 December 2020	<u>784,183</u>	<u>—</u>	<u>1,300</u>	<u>22,134</u>	807,617
Depreciation					
At 1 January 2020	—	101,439	520	36,387	138,346
Charge for the year	—	—	260	2,475	2,735
On disposals	—	(101,439)	—	(16,728)	(118,167)
At 31 December 2020	<u>—</u>	<u>—</u>	<u>780</u>	<u>22,134</u>	22,914
Net book values					
At 31 December 2020	<u>784,183</u>	<u>—</u>	<u>520</u>	<u>—</u>	784,703
At 31 December 2019	<u>964,750</u>	<u>10,916</u>	<u>780</u>	<u>13,842</u>	990,288

Land and buildings include two properties held on long leases originally of 125 years, both of which commenced on 25 March 2014. The net book value of these properties at 31 December 2020 was £784,183 (2019 - £784,183). All other land and buildings owned during the year were freehold.

As permitted under Financial Reporting Standard 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets.

10 Investments

	2020 £	2019 £
Listed investments		
Market value at 1 January 2020	2,790,891	—
Transfer from the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335) (note 16)	—	2,547,330
Additions at cost	2,264,989	638,916
Disposals at book value (see below)	(643,969)	(656,339)
Net unrealised investment gains	181,911	260,984
Market value at 31 December 2020	<u>4,593,822</u>	<u>2,790,891</u>
Cash held by investment managers for re-investment	45,588	10,617
	<u>4,639,410</u>	<u>2,801,508</u>
Cost of listed investments at 31 December 2020	<u>3,799,471</u>	<u>2,142,460</u>

10 Investments (continued)

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

	2020 £	2019 £
Proceeds	576,120	700,816
Losses (gains)	67,849	(44,477)
Disposals at book value	643,969	656,339

Listed investments held at 31 December 2020 comprised the following:

	2020 £	2019 £
UK Common investment funds	874,840	—
UK fixed interest bonds	789,933	486,982
Overseas fixed bonds	571,172	405,705
UK equities	670,051	710,922
Overseas equities	1,277,716	991,273
Alternatives and property	410,110	196,009
	4,593,822	2,790,891

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

Listed investments included the following holdings deemed material when compared with the overall portfolio valuation:

Holding	2020		2019	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
Findlay Park PLC – American Fund Unhedged (USD) Units	—	—	191,543	6.86
CCLA COIF Ethical Investment Fund	874,840	19.04	—	—

11 Debtors

	2020 £	2019 £
Investment income receivable	2,370	590
Prepayments	7,043	9,124
	9,413	9,714

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Expense creditors	573	—
Amounts held on behalf of individual sisters	41,591	41,591
Accruals	14,303	14,245
	56,467	55,836

13 Tangible fixed assets fund

	2020 £	2019 £
At 1 January 2020	990,288	—
Transfer from the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335) (note 16)	—	1,001,493
Net movements in the year	(205,585)	(11,205)
At 31 December 2020	784,703	990,288

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

14 Designated funds

The income funds of the charity include the following funds designated by the trustees:

Retirement reserve fund

The retirement reserves fund consists of monies set aside by trustees in order to provide for the sisters in the future. The calculations of the fund are based on actuarial methods taking into account of the increasing costs of specialised care required as the sisters grow older.

	2020 £	2019 £
At 1 January 2020	2,250,000	—
Transfer from the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335)	—	2,250,000
Designated during the year	750,000	—
At 31 December 2020	3,000,000	2,250,000

Financing and Congregational fund

The Financing and Congregational fund has been established to finance future grants and donations. The trustees are yet to formalise their plans for the future and need to carry out further work on deciding how these funds are to be applied.

	2020 £	2019 £
At 1 January 2020	—	—
Designated during the year	980,000	—
At 31 December 2020	980,000	—

As noted above (note 4), the charity has committed to fund an overseas project of the Generalate to a value of £230,000. No provision is recognised in the accounts in relation to this commitment as the Generalate has not formalised the details of the project to date. The amount designated has been deposited with CCLA Investment Management Limited and is classified as a current asset investment in these accounts.

15 Analysis of net assets between funds

The fund balances are represented by the following assets and liabilities.

	General fund £	Tangible fixed assets fund £	Designated funds £	2020 Total funds £
Fund balances at 31 December 2020				
are represented by:				
Tangible fixed assets	—	784,703	—	784,703
Investments	889,410	—	3,750,000	4,639,410
Net current assets	41,425	—	230,000	271,425
Total net assets	930,835	784,703	3,980,000	5,695,538
	General fund £	Tangible fixed assets fund £	Designated fund £	2019 Total funds £
Fund balances at 31 December 2019				
are represented by:				
Tangible fixed assets	—	990,288	—	990,288
Investments	551,508	—	2,250,000	2,801,508
Net current assets	22,315	—	—	22,315
Total net assets	573,823	990,288	2,250,000	3,814,111

The total unrealised gains as at 31 December 2020 constitute movements on revaluation of listed investments and were as follows:

	2020 £	2019 £
Total unrealised gains on investments included above:	794,351	648,431
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2020	648,431	—
Transfer from the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335)	—	407,951
Less: In respect to disposals in year	(35,991)	(20,504)
Add: net gains arising on revaluation in the year	181,911	260,984
Unrealised gains at 31 December 2020	794,351	648,431

16 Connected charity

Two trustees of the charity are trustees of the Sisters of the Sacred Heart of St Jacut (Charity Registration Number: 230335) (the Charitable Trust). With effect from midnight on 31 December 2018, the activities, assets and liabilities of the Charitable Trust were transferred to the charity. The net assets at that date comprised:

	£
Tangible fixed assets (note 9)	
. Cost	1,128,634
. Depreciation	(127,141)
	<u>1,001,493</u>
Fixed asset investments (including cash held for reinvestment of £34,048)	2,581,378
Debtors	3,561
Short term deposits	48,465
Cash at bank and in hand	29,281
Creditors: amounts falling due within one year	(73,828)
	<u>3,590,350</u>

The assets and liabilities were represented by the following funds:

	£
Unrestricted funds	
. General funds	338,857
. Tangible fixed asset fund	1,001,493
. Designated fund	2,250,000
	<u>3,590,350</u>

17 Transactions with trustees and other related party transactions

Three of the charity's trustees are members of the Congregation. One of these is resident in England and her living and personal expenses have been borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2019 – £113 was reimbursed to one trustee).

As members of the Congregation or other religious orders, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £40,856 (2019 – £39,878).

Two of the trustees are General Councillors of the Congregation. During the year, the charity made donations to the Generalate of the Congregation totalling £67,000 (2019 – £28,757). Neither General Councillor had any involvement in the decision to make the donations.

There were no other related party transactions during the year which require disclosure (period to 31 December 2019 – none).

18 Ultimate control and liability of the member

The charity, which is constituted as a trust, was controlled throughout the period by the Congregation of the Sisters of the Sacred Heart of St Jacut, by virtue of the fact that the relevant superior of the Congregation appoints all of the trustees.