

**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

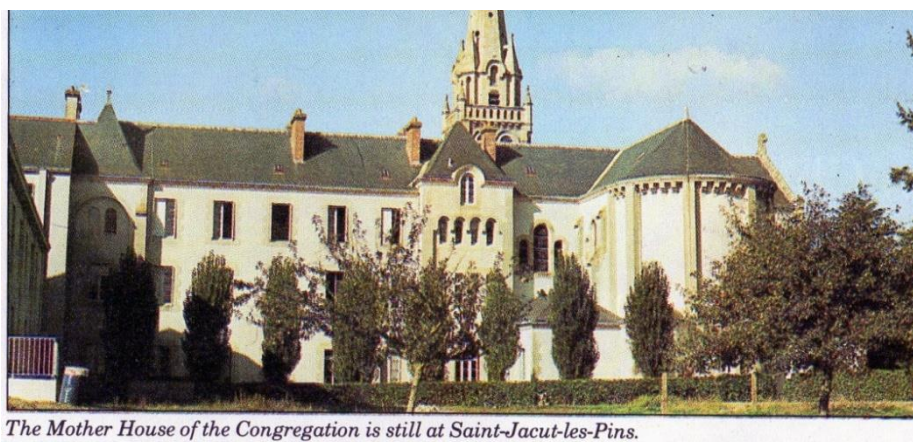
The trustees present their report and the accounts of the Sisters of the Sacred Heart of Saint Jacut (the charity or the CIO) for the year ended 31 December 2020

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	4,593,822	2,790,891
Cash held by investment managers for re-investment	45,588	10,617
	4,639,410	2,801,508
Cost of listed investments at 31 December 2020	3,799,471	2,142,460

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.