

**Society of  
the Sacred Heart  
CIO**

**Annual Report and Accounts**

30 June 2022

Charity Registration Number 1179288



## Contents

### Reports

Reference and administrative details of the charity, its trustees and advisers	1
Report of the trustees	3
Independent auditor's report	28

### Accounts

Statement of financial activities	32
Balance sheet	33
Statement of cash flows	34
Principal accounting policies	35
Notes to the accounts	41

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

<b>Trustees</b>	Sister Christine Austin Sister Christine Edwards Sister Catherine Lloyd Sister Sheila McNamara Sister Bernadette Porter (appointed September 2022) Sister Lorraine Pratt Sister Stephanie Romaine Sister Marianne Tavares (appointed September 2022) Sister Margaret Walshe (retired September 2022) Sister Margaret Wilson
<b>Provincial Superior</b>	Sister Catherine Lloyd
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<b>Charity Registration Number</b>	1179288
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC Bank plc 53-55 Uxbridge Road London W5 5SA
<b>Solicitors</b>	Pothecary Witham Weld 84 Eccleston Square Pimlico London SW1V 1PX  Stone King LLP Boundary House 91 Charterhouse Street Barbican London EC1M 6HR

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

### **Investment managers**

CCLA Investment Management Limited  
Senator House  
85 Queen Victoria Street  
London  
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## **Report of the trustees** Year to 30 June 2022

The trustees present their annual report together with the accounts of the Society of the Sacred Heart CIO (the 'charity') for the year to 30 June 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 35 to 40 of the attached accounts and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in 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) have been followed in the preparation of this report and accounts.

### **Introduction**

The Society of the Sacred Heart CIO is a Charitable Incorporated Organisation (CIO) registered with the Charity Commission and governed by a Constitution dated 23 July 2018.

The CIO was set up to continue the work of the Society of the Sacred Heart Charitable Trust (the predecessor charity), an unincorporated charity (Charity Registration Number 227848). With effect from 1 July 2019, the assets, liabilities and activities of the unincorporated charity were transferred to the CIO. The unincorporated charity remains a separate entity and in due course will be removed from the Register.

The Society of the Sacred Heart (the 'Society') is an international Roman Catholic religious order of women (RSCJ). It is governed by its own Constitution. The Society is present on all continents and in 41 countries and is divided into Provinces by country or region. The central government of the Society - the General Council and the Treasurer General – is based in Rome.

The Society established its first community in England in December 1842: it is now present in several locations around England and retains a retreat centre in Wales. In the Province of England and Wales (ENW) we mostly live in small communities. Central to our lives is a rhythm of prayer and reflection in solitude and together. This pattern of prayer and reflection, coupled with the desire to live as simply as we can and to meet the needs of our world – locally, nationally and globally - supports us and challenges us to live gospel values and to keep alive a vision of a world where justice and peace may flourish, and God's love be made known to all.

The international Society of the Sacred Heart holds a General Chapter every eight years, and the priorities set by this inform the direction and priorities of the members ('RSCJ' or 'Sisters') in the ensuing eight-year period.

At important moments the Society can call a Special Chapter to address specific issues related to governance. One of these took place in November 2021 to begin the work of re-structuring the governance of the Society around the world. This was followed by an Assembly of Provincials in December 2022 which proposed a reduction of the number of Society's Provinces from 27 down to 8.

The Society's mission priorities of education, spirituality, formation and justice, peace and integrity of creation will be incorporated into the new structures.

The new structure will be held 'ad experimentum' until the General Chapter in 2024, when it will be reviewed and the final plan ratified.

### **Objectives**

The objectives of the charity cover a range of charitable activities, which include:

- ◆ the support of the members of the Society and their charitable works;
- ◆ the advancement of education;
- ◆ the advancement of the Roman Catholic religion; and
- ◆ the relief of poverty.

### **Activities and performance**

In setting the charity's objectives and planning its activities, the trustees have considered the Charity Commission's guidance on public benefit.

This report gives an overview of our work and pays particular attention to some of the ways in which we have sought to respond to and meet the objectives of the charity.

However, much of our work is interwoven, and our core belief in God and our membership of the Roman Catholic Church underpins every aspect of our lives and mission, as does the Society's educational focus, our commitment to being at the service of the materially and spiritually poor and the marginalised, and the effort to meet the needs of our own members in this Province and in the wider international Society.

It is important to note that the duration of time covered by this report saw the country gradually emerging from the state of lockdown caused by the Covid-19 pandemic. Regular activities resumed and day to day business began to be conducted face to face although the use of Zoom and Microsoft Teams continued to be used for meetings, many of which were hybrid.

### **Review of activities**

#### **◆ Support of the members and their charitable works**

The Society is obliged, legally and morally, to support its members and their charitable ministries. Because of their vow of poverty and the completion of a Deed of Covenant or Gift Aid declaration in favour of the charity, none of the members has resources of her own. Each one, however, has dedicated her life to the worship of God and the good works of the charity.

Those who serve in the government and administration of the Province, Sisters and laity, do so in support of the members. The local community is the primary place where each member receives the support she needs, for herself personally and in undertaking our charitable works. By their vows, made to God and through the Society, RSCJ are also committed, at local and structural levels, to facilitate each other's personal, spiritual and psychological growth and wellbeing.

Support of the members begins from the first stages of formation and incorporation. RSCJ are appointed by the Provincial – after consultation with the province – to accompany and support newer members through each stage, i.e. candidacy, noviciate and temporary vows, and through each discernment and transition.

**Review of activities** (continued)

♦ **Support of the members and their charitable works** (continued)

***Vocations ministry***

The Vocations ministry Team has responded to invitations from both at home and abroad to participate in or contribute to processes related to vocations ministry, discernment or the culture of young people. Lorraine Pratt was invited by the International Vocations Group to provide input on three Zoom presentations to the Northern and Southern hemisphere provinces. Subsequently she was invited to share the same presentation with other provinces and groups including her own province at their Assembly in June 2022.

Members of the Vocations Ministry Team worked with their counterparts on the International Vocations Ministry Team to develop materials to disseminate across the congregation and forged links with Vocation Ministry personnel of other congregations in this country.

***Initial formation***

There were no candidates or novices in the province this year. The members of the formation team continued to meet online on a regular basis with their counterparts in the European Initial Formation Teams (EIFT) to plan online activities for candidates, novices and those in first vows known as PVTs, (Professed in Temporary Vows) in other European provinces.

The EIFT also met with the European Provincials to discuss programmes for the European Novitiate currently located in Chicago, USA. In Summer the Provincials of Europe participated in a discernment process together regarding the future location of the novitiate which novices from Europe would attend.

Until October 2021, we had one PVT living in the province. Our Director of PVT formation, Stephanie Romaine, also accompanied the PVT of the Irish/Scottish Province. Newer members in formation are enabled to attend courses, and meetings with their peers in other congregations and in the Society in Europe, thus helping them to deepen their understanding of religious life and the spirituality and mission of the Society, and to grow in the relationship with God which will sustain them in living our aims and priorities.

Meetings for people at the PVT stage of formation, which were originally planned to take place in different parts of Europe, had moved on-line during Covid but began to return to face to face meetings as the year progressed.

Newer members in initial formation from other provinces of the Society frequently visited the province of ENW before the pandemic to study English and visit our sisters. This practice had ceased during the pandemic but in the spring of 2022, the administrative staff began to process visa requests for visits for language study for newer members in initial formation from Indonesia and Colombia. Those visits are taking place between autumn and winter 2022, with sisters being placed in communities in different parts of England and participating fully in the life of the province.

## Review of activities (continued)

### ♦ Support of the members and their charitable works (continued)

#### ***On-going personal development of the members***

Each RSCJ is responsible for her on-going development at every level and the province tries to support and offer opportunities to individuals and groups for extending their personal growth at the human, spiritual, psychological and emotional levels.

This was more difficult throughout lockdown as opportunities for engaging with programmes, webinars, lectures, discussion groups, book clubs and prayer groups could only be found on-line. As lockdown lifted many activities remained on-line or moved into a hybrid model. Early in the pandemic, the province had sought to support members in the use of Zoom. This enabled many sisters to participate in meetings and other on-line activities which sustained and developed them.

In 2021, the International Society began a regular prayer for peace. Our sisters regularly joined other RSCJ from all around the world to pray for peace in Ukraine and other places of conflict. Sheila McNamara, our province JPIC (Justice Peace and Integrity of Creation) link, keeps us



regularly connected with resources from the Society's International JPIC Learning Hub. The international RSCJ team responsible for this hub, develop materials for prayer and study and disseminate them across the congregation.

Mary and Carol in the Boleyn Road community in London's East End appreciated "the quality of Cor Unum (One Body – unity) that Zoom has made possible in a way we couldn't have imagined. Similarly, we have been part of sessions

run by CoR, (the Conference of Religious in England/Wales) on Laudato Si and Synodality, and Newham Council on Race and Equality Issues.

Fanny Martin speaking about her encounters with others by Zoom described it as enriching her spiritual life. "In the last two to three years there has been another dimension which is encountering Christ via a computer screen. This may be through meeting people on one of the many NHS TEAMS network or other work meetings or a thought-provoking Root and Branch presentation and of course Province or Society Zooms."

Many sisters also participated in training and on-going professional development via Zoom. Throughout the year, safeguarding training was provided both in-house and through the Religious Life Safeguarding Service for Trustees and sisters engaged in the ministry of spiritual accompaniment. Some sisters continued aspects of their professional life using Zoom or Microsoft teams.

Face to face visits to individuals and communities became possible again throughout the year for the Provincial and her Team. That said a great deal of provincial business was conducted by Zoom, reducing the need for costly travel and enabling those with physical challenges to continue participating in provincial business. Zoom also continued to be an important means of communication across the provinces for prayer and celebrations.



**Review of activities** (continued)

♦ **Support of the members and their charitable works** (continued)

***On-going personal development of the members*** (continued)

As our reliance on technology became more evident during this time, the province recognised the need to develop our province communications strategy even further. A review in early 2021 had clarified some of the IT needs of the membership and the administration. One fruit of that review was the refreshed province website which launched in December 2021. It had also become clear from the review that we needed to revamp our technology hardware and provision and this process began in earnest in the spring and summer of 2022 as we sought new providers to resource our IT needs.

Our Province health advisor, Mrs Susan Houston, worked alongside many sisters in the wider province community to ensure provision of adequate health care and support and to help others identify at an early stage when their changing health needs required a move to more appropriate accommodation or into Duchesne House, our care home.

In October 2021, a small group of sisters with the support of staff members, Susan Houston and Susan Thomas, initiated an online session on dementia for members of the province who wished to participate. This event enabled participants to share their experience of living with religious sisters or family members who have dementia. It was also an opportunity to explore related issues, ask questions and raise concerns and anxieties.

One participant acknowledged that while “the impact of sharing and listening to these experiences was at times harrowing, it also helped us to develop our understanding of the condition and how it affects not only the person with dementia, but equally and perhaps more so, the people who love or care for them”.

***Support for those in leadership***

During the year, members with specific responsibilities, such as the Provincial and members of her Team, have attended meetings on-line with their European counterparts. These meetings which usually aim to address matters of common concern or interest, became real opportunities for personal and group support particularly for provincials. In March 2022, the regular meeting of European Provincials took place through Zoom. This meeting took place shortly after the invasion of Ukraine and our sisters in Poland and Central Europe were directly impacted by the floods of refugees crossing their borders. Our meeting focused on a coordinated response to the humanitarian crisis engulfing our region.

In November-December 2021, the Provincial and delegate from the province of England-Wales participated in a Special Chapter conducted by Zoom. This extraordinary Chapter was called to further the discernment of the future governance structures of the Society and to explore the re-distribution of resources across the congregation. It marked a pivotal stage in a process which had begun to emerge out of the General Chapter of 2016.

An International Planning Commission was established to study the material from the Special Chapter. In June 2021, this group held Zoom meetings with individual Provincials and Teams where proposed new structures and entities were studied and discussed. The Provincial and Teams of the Provinces of England/Wales and Ireland/Scotland also met by Zoom, to reflect on issues of mutual concern and to share responses to the proposals emerging from Special Chapter 2021.

## Review of activities (continued)

### ♦ Support of the members and their charitable works (continued)

#### *Support for those in leadership (continued)*

In November 2021, at the province day, we continued our work related to our legacy process. Earlier in the year, sisters had identified four areas of priority in relation to the future planning of the use of our resources: Our educative mission, ecological justice, our concern for issues of social justice and spirituality. In November, we began to identify areas of those priorities which we wanted to support with our resources and how we might best be able to do that. The Provincial Team left the meeting with a mandate to explore structures such as charitable trusts.

Throughout the year the province engaged in consultations and discernments in relation to housing and mission priorities. The housing consultation resulted in the decision to build 10 self-contained flatlets around a common space on the Duchesne House campus site currently occupied by New House in Roehampton. This will provide a form of intermediate accommodation for sisters who need more support but who are not yet ready for care in Duchesne House. Once it is ready for occupation, it will enable the gradual release for sale of properties unsuitable for the needs of the current membership.

In June 2022, the Province of England/Wales held the first face to face residential provincial assembly in three years. We used part of the meeting to review and reflect on the experience of the pandemic, to catch up with each other and think about our future. In addition, the Provincial Team presented the initial building plans for the Roehampton building project for consultation.



#### **Governance**

In summer of 2021, the Society recruited for several key posts including Executive Director, Operations Manager and Executive Assistant. This followed a process of reflection and consultation which was conducted across the Finance Advisory Committee (FAC), the Trustees and the Provincial Team. The groups considered the present and future administrative needs of the province, and led to a streamlining of functions of the provincial and finance offices. Many of these changes were actioned in the period covered by this report.

The FAC and trustees, considered what structures were now needed for the oversight, management and distribution of the financial and material resources in the province and for the provision of good governance. A fruit of this review actioned during the year covered by this report was the decision to open up the composition of FAC to the possibility of working more closely with lay financial advisors. Exploratory conversations have taken place with the Financial Advisor we have engaged to support our finance functions, David Marett. As a starting point, David receives and comments on the papers prior to the FAC and Investment Committee meetings ensuring that we have a professional finance input on discussions and proposals made to the Provincial Team. It is anticipated that David will start to attend some FAC meetings in the coming year.

In January and February 2022, in-service training, led by the Provincial, was provided by the Society for all new members of staff. Specific training in the areas of safeguarding and administration is offered to members of staff as needed.

**Review of activities** (continued)

♦ **Support of the members and their charitable works** (continued)

***Safeguarding***

Along with other religious orders in the Church, the Society has sought to support the Roman Catholic Church's "One Church" approach to safeguarding children and vulnerable adults. The Provincial and trustees engaged in the consultation process for the new Religious Life Safeguarding Service (RLSS) and appointed a new lay safeguarding officer, Lisa Lucas. This appointment is minimum part-time and shared with another religious order. The named trustee responsible for safeguarding presented a report and update on our safeguarding provision to the Trustees in February 2022.

Throughout the year, Lisa has developed a safeguarding audit of the province. This enabled her to identify the strengths and needs of the province and its staff in relation to safeguarding. With this information, Lisa developed training for trustees and staff, including those working at Duchesne House care home, and she is working towards preparing the province for audit by CSSA (Catholic Safeguarding Standards Agency) following their publishing of the 8 safeguarding standards that religious need to comply with. Lisa works with our managers and is ensuring that our processes, policies and training records are established and up to date.

***Duchesne House***

We offer care to our sick and frail sisters in Duchesne House, a 16-bed unregistered care home run by an experienced manager. Duchesne House exists to provide care for members of the Society, none of whom have resources of their own and all of whom have dedicated their lives to the educative mission of the Society of the Sacred Heart. The care manager and her staff ensure that members of the congregation receive the appropriate level of care they require and enable sisters to live life as fully as possible until the end of their lives.

At the beginning of the year 2021-2022, the Duchesne community numbered 10 sisters. In the course of the year, two sisters died, five sisters joined the community and several others had short spells there to recuperate from treatment and surgery. Due to careful management and infection control, residents remained largely free of Covid-19 throughout the year covered by this report, although visiting restrictions remained in place until Easter 2022.

In May 2022, Melody Marshall was appointed as care manager to replace Julie Murrin who had been in post for nearly twenty-seven years.

Undoubtedly, the pandemic and lockdown restrictions had seriously impacted the life of the residents in Duchesne House. As Duchesne House is not currently registered with the CQC, the Society organized an independent audit of standards by an external assessor. Unfortunately this was postponed twice because of Covid. A successful audit was finally completed in summer 2022 and the report produced was very positive.

In February 2022 a new part time experienced activities coordinator, Pauline Ramsey, was appointed and as lockdown lifted a broader programme of activities and excursions became possible again. Pauline holds a similar part time role with the Medaille Trust at St Mary's Convent in Hayes, a property which the Society owns. This appointment was in response to a request made by the Duchesne community themselves. In addition, previous activities resumed including the fortnightly Friday visit of pupils from the neighbouring Sacred Heart primary school, who join the community to celebrate mass.

## Review of activities (continued)

### ♦ Support of the members and their charitable works (continued)

#### *Duchesne House (continued)*

Within the house, the community remain active and engaged with the world around them welcoming visitors and continuing to live their ministry in many ways. They are encouraged by the pastoral team and care manager to continue to contribute and live the mission of the Society in whatever way they feel able.

Sister Mary Wright (pictured) makes and sells Christmas cards, and the proceeds go to Water Aid (see picture).

Sister Anne McCarthy is the province link to the Society's office at the United Nations. She regularly disseminates information and resources from that office. In Duchesne, the sister's skills and interests remain relevant and in sympathy with many of the problems and issues of today's world.



### ♦ The relief of poverty

The Society's commitment to the poor and the marginalised and to justice, peace and the integrity of creation, permeates our lives and choices as individuals, local communities and as a province community. Much of our commitment to this aim is fulfilled through individual or local community involvement with a specific charity or project. Some examples of these are outlined below.

For many years, Sister Chis Austin has supported Traidcraft, which campaigns for ethical standards and fair-trading practices. As pandemic restrictions lifted, her work in this area began to increase with more face-to-face contact making campaigning more effective.

Most individuals and communities in the province made a commitment this year to support their local foodbanks with regular donations of food and financial support. In addition, the province donated money to the Digby Stuart College food poverty fund and contributed to a reflection on student food poverty which has provoked an ongoing response to this issue in the College. We also offered support to pupils and families in our four state schools struggling with food poverty. This year's Ministry Support Fund also offered financial help to several charities addressing food poverty.

The Society's long association with FAR, (the Fenham Association of Residents) in Newcastle upon Tyne, was acknowledged in summer 2022, by the announcement of an award to Sister Doreen Bell (see picture) for long service to the local community. Doreen, who is aged 90 has completed 46 years of service to FAR which was originally founded by the Society and continues to be supported by our Ministry Support Fund.



### Review of activities (continued)

#### ♦ **The relief of poverty** (continued)

The province's Ministry Support Fund (MSF) gives grants every year of varying amounts to projects and organisations nominated by RSCJ who are in some way associated with them. Some of these are local projects and this year we again gave a donation to the Glass Door which is one of our local Homeless Charities in West London and the Hammersmith and Fulham branch of the Trussell Trust which funds foodbanks. Our gift to Glass Door was used to enable homeless men and women to access night shelters and hot meals and case workers to spend more time working with clients to help find routes out of homelessness to a more stable future which includes finding employment.

This year, the MSF fund also supported projects in our local parish in Roehampton which address the needs of vulnerable families and several projects addressing the needs of migrants and refugees in different parts of London and the North East. We regularly give money to the Cardinal Hume Centre to support the homeless hostel, to create a safe space for mothers facing domestic violence and to support staff working with migrant and immigration issues.

In addition to the Ministry Support Fund, this year, the province made "one off" emergency donations to sectors that are experiencing great need. These have included charities working with victims of disaster, the homeless, migrants and refugees as well as contributions to special appeals of the international Society such as the Ukraine Fund.

Throughout the year covered by this report, Silvana Dallanegra continued to work as a staff member with Caritas, the social action agency of the Diocese of Westminster.

Before the pandemic, our sisters in Boleyn Road, a community based in an area of urban deprivation in the East End of London, had hosted a refugee through the Jesuit Refugee Service and taught English to migrants. Both these services had to discontinue during the pandemic but with the gradual lifting of restrictions they have continued to find ways to build up a sense of neighbourhood in a multi-cultural, multi-faith setting.

#### ***Work with Victims of Human Trafficking and Slavery***

The Society's relationship with and support of the Medaille Trust continues to develop and grow. Sister Jane Maltby RSCJ is vice chair of the trust which has strong historic connections with Catholic Religious. The Society continues to provide St Mary's Convent as a property which currently houses 26 women and 9 children who are awaiting decisions on their application for asylum on the grounds of being trafficked. Such applications can take over 2 years and the Society recognises the importance of safe secure accommodation with dedicated staff.





Review of activities (continued)

♦ **The relief of poverty** (continued)

***Work with Victims of Human Trafficking and Slavery*** (continued)



An Activities Coordinator, a post which provides art therapy, yoga and activities to the women, has also taken up a part-time post as Activities Coordinator at Duchesne House care home. The Society now fund this post for the Medaille Trust from the MSF. The establishment of this post, held by Pauline Ramsey, has fostered even greater direct links between the Medaille Trust and the sisters living in Duchesne House, many of whom had lived in St Mary's Convent themselves.

The sisters in Duchesne have enjoyed hearing directly about the women now living in St Mary's. Some have offered their support by making clothes for babies and children. Sister Mary Grant (pictured) was knitting for the 5 babies who were due to be born this year.

Recognising the need to keep the women safe and comfortable, whilst maintaining its own property, the Society this year approved £65,000 of expenditure for maintenance and updating of St Mary's as part of the MSF process.

♦ **The advancement of the Roman Catholic religion**

Since its foundation in 1800 the "end and mission" of the Society of the Sacred Heart has been to make known the love of God, and all members are committed to this, whatever their ministries or circumstances. By living vowed lives exemplifying Gospel values in the context of the Roman Catholic Church, we are each and all contributing to the advancement of religion.

Some of our members carry out their ministries in specifically Roman Catholic contexts, but most have an outreach to people of all faiths and none. We believe that by our presence, as well as the witness of our activities, we meet this object of the charity. Members contribute to the achievement of this objective through their work in:

- ♦ ***Spirituality ministry*** – spiritual and retreat direction, formation in faith and prayer, retreat centre.
- ♦ ***Chaplaincy ministry***
- ♦ ***Parish ministry***
- ♦ ***Ecumenical and inter-faith dialogue and collaboration and the facilitation of faith groups.*** This is often an underlying aspect of our work in spirituality in general, and includes activities in multi-cultural, multi-faith settings such as Forest Gate in East London.

**Review of activities** (continued)

♦ **The advancement of the Roman Catholic religion** (continued)

***Spirituality ministry***

Several members of the province engage in ministry as spiritual and retreat directors. This often takes place in an ecumenical context and in retreat centres run by others. This year Steph was involved in Retreats in Daily Life with three different groups and continued to offer ongoing spiritual accompaniment to others. For her it is a way of “showing an interest in and valuing each individual and his or her life and as an educator, sometimes suggesting ways they can develop their spiritual lives.” Other sisters worked with individuals or on teams in on-line or face to face spiritual accompaniment.

Steph participated in bereavement support ministry and Sheila continued to teach on the ongoing professional development course for spiritual accompaniers offered by St Anthony’s Priory in Durham. Her on-line work also extended to retreat giving and supervision.



Our own small centre, Llannerchwen, in Brecon, Wales, offers opportunities for people from all walks of life to enjoy silence and solitude, with spiritual accompaniment if desired. In spring 2021 the centre re-opened after Covid and it has been steadily building up a mixed clientele of new visitors and returning visitors from pre-pandemic days. The team providing retreats are mixed lay and religious and the visitors are from a variety of faith traditions.

Reflection concerning the longer-term sustainability of the Llannerchwen project began in early 2022 with a decision to approach another centre concerning the possibility of partnerships in the future.

***Chaplaincy ministry at Digby Stuart College, Roehampton University***

The Society funds the post of the Digby Stuart Chaplaincy Community worker. This post is important in helping to build up the Barat House Intentional Community which is an ongoing commitment with Southlands College. The community was heavily impacted by lockdown restrictions, and it became difficult to maintain a student presence throughout the academic year.

By the time of the September 2021 intake it was clear that there would be no resident community in Barat house for the first term of the new academic year. Despite this, the Society committed to funding the post of the Digby Stuart Chaplaincy Community worker again and Julia Tomas was appointed. Julia, along with her colleague whose post is funded by the Southlands Methodist Trust, worked throughout this year to rebuild the community in Barat House and all the indications are that by the new term in September 2022, there will be a community of five students or more.

***Parish ministry***

All sisters are parishoners in their local Catholic churches and contribute to the life of these faith communities in many different ways. Some of our sisters participate in faith sharing groups, as readers and eucharistic ministers. Others contribute to church cleaning teams.

## Review of activities (continued)

### ♦ The advancement of education

The Society of the Sacred Heart was founded in Paris in 1800 in the aftermath of the French Revolution, with the aim of aiding the rebuilding of a fractured society through the Christian education of girls. In this Province we expanded from providing schools for girls to running co-educational primary schools, secondary schools and teacher training colleges, one of which is now incorporated into the University of Roehampton. Over the past fifty or so years, however, as our understanding of education broadened, many of our sisters moved out of working in schools, with several re-training and working in related fields, and newer members discerning different ministries according to their background and skills.

Whatever we do, there is a strong educational dimension to the lives of all of the members which permeates all our ministries, service and relationships. This implies a willingness to be open to accept, listen to and learn from others and a generosity of spirit which leads each one to give freely from her experience and wisdom, desiring the growth and development of the other. For many, this daily effort to live in genuine relationships of mutual interaction is lived out in a variety of contexts and in collaboration with many other people so that together all may grow.

We no longer have sisters teaching in formal education but some work in informal settings or as school governors and trustees. RSCJ constitute the body of the Academy Trustees at the Sacred Heart School in Hammersmith and sisters regularly contribute to interview panels and staff formation at both Hammersmith and Fenham. Lorraine continues to teach dance and train other dancers. Margaret supports the work of the network of schools. Cath facilitates the work of other congregations and assists groups with strategic planning. In summer 2021, through her work with Caritas, Silvana Dallanegra was nominated for an award for her work in schools.

### ***The Sacred Heart Schools and College Network***

During the year of the pandemic, 2020-2021 the schools had adapted admirably to the challenges brought about by Covid and lockdown. The priority of the schools and college network team was to adapt its ways of supporting the mission in our educational institutions. Contact was maintained throughout the year in a variety of ways, but one especially valued by our colleagues was a weekly prayer every Tuesday, sometimes accompanied by an item of news/information. The weekly Tuesday prayer remained even as schools emerged from lockdown in early 2021 and it has proved to be a well-used resource, shared with staff, pupils and parents.

One aim of the network has always been to produce formation materials suited to our schools in England. The appointment of Ann Gregory as Network Goals Co-ordinator and the space provided by the pandemic had provided a window to develop materials. In the summer term and school holidays of 2021 the team worked on the formation materials so that they were ready for the start of the new term in September 2021 and could be used for in-service training. They were uploaded onto a software platform called Padlet to make them accessible. The emphasis was on making them accessible in other ways too so that the language would be clear for all teachers, whatever their discipline.





**Review of activities** (continued)

♦ **The advancement of education** (continued)

***The Sacred Heart Schools and College Network*** (continued)

As time went on in 2021 and restrictions lifted, the schools network personnel gradually got back into the schools. Planning resumed for face-to-face activities for both staff and students. One of the priorities for the new academic year was to bring the network together again: the school leaders, the Goals Coordinators, the Chaplains. In October 2021, Hilary Thompson, the network coordinator and Sister Margaret Wilson RSCJ, took school leaders to Janet Stuart's home in Cottesmore via Exton, in a quiet part of Rutland Water. (Janet Stuart was a renowned and influential English RSCJ educator of the last century.) The visit was repeated later in March 2022 with the Goals Coordinators and chaplains. The leaders came together again in late April in Newcastle and on Lindisfarne. RSCJ contribute to input at many of these gatherings which also offer support and networking opportunities for the leaders of our network schools and college.

The new RSCJ community in Fenham, Newcastle also provided a welcoming physical space for gatherings of school chaplains and goals coordinators. In December 2021, it provided a setting to look again at the principles behind the Goals of Sacred Heart Education, as well as sharing ideas for the rest of the year, based on the Goal of Intellect.

In early February 2022, a third Online Conference took place for students of Sacred Heart schools across Europe. This first conference involving 70 European School and College leaders had been organized in 2021 with network colleagues across Europe in partnership with the Society's International Justice, Peace, and Integrity of Creation Team (JPIC). After the last one in 2021, the students asked for more opportunity to talk to other students. The young people who spoke up in the feedback sessions were very articulate and passionate about their JPIC (Justice, Peace and Integrity of Creation) linked projects, ready to praise their peers. One fruit of the preparation for this meeting was the strong working relationship which has developed between the ENW Network team and the new Network Coordinator in the Ireland/Scotland/Malta Network.

Another important task for the Schools Network staff this year has been the development of their section on the new province website.

During the course of the year 2021-2022, the province's schools network coordinator, Hilary Thompson, decided to retire. Hilary's decision led to a time of review and reflection with the provincial and team about what the network has achieved, how it could develop and on all the different roles. As part of this process, the network staff did a light touch consultation with our colleagues in the schools and a whole range of possibilities and needs emerged, which were presented to the provincial team as they discussed the way forward for the network. In June 2022, the Society appointed Vicky Lorenzato to the team, as the new coordinator of the network of schools.

The Society's concern for families struggling during the pandemic continued and was realised in the £9,000 of grants awarded through the Ministry Support Fund to the four state funded schools for the relief of poverty. The pandemic had placed many more families in our schools into food and other kinds of poverty. In addition, the rise in the cost of living and energy prices meant "just managing families" could no longer manage; and already deprived or unstable families now carried extra pressures. As the schools returned to more "normal" working practices, the impact of sudden loss of income and changed circumstances had repercussions on the discipline and mental health of young people and their families.

## Review of activities (continued)

### ♦ The advancement of education (continued)

#### ***The Sacred Heart Schools and College Network (continued)***

Our schools continued to fundraise for RSCJ projects around the world. Discussions began in June 2022, between the ENW provincial and the staff team of our network of schools concerning the possibility of our network fundraising to support our sisters in Uganda-Kenya as they build a new secondary school in Eldoret, Kenya.

#### ***University of Roehampton***

Cath Lloyd RSCJ in her role as provincial, regularly attends meetings of the Foundation Liaison Group which is made up of representatives of the providing bodies of the constituent colleges of the University of Roehampton.

In May 2022, Cath in consultation with the University, re-constituted the Digby Stuart Liaison Group. The DSLG has two main objectives. To help maintain and develop the relationship between the Society, the College, and the wider University community and to help the Society to understand how to go on enriching the community life of the college and the work of the chaplaincy in ways that reflect the values and ethos of the Society of the Sacred Heart. Work is ongoing in terms of developing the terms of reference of this group.

The Society were represented in the interview process which appointed the new Head of Digby Stuart College, Francis Davis, who took up his post in January 2022. The Provincial meets regularly with the Head of College and through the DSLG seeks to support the development of the mission in Barat House and to explore ethos within the college. (Barat House is a residence on the campus of Digby Stuart College part of the University of Roehampton, occupied by a small community of students.)

#### ***The Sanctuary scholarship***

From September 2020, the Society has provided funding to the University for sanctuary scholarships. This money is awarded annually to students whose access to undergraduate study

at the University of Roehampton is impacted by their immigration status. The Society is involved in the process of selecting the recipients.



One recipient this year wrote of the struggle with his mental health while he waited to hear if his asylum application had been accepted. Being able to study had contributed to creating stability in his otherwise unsettled world. "I am looking forward to learning more throughout my course and it is amazing to get into university life and be part of the activities on campus. I hope by the time that I finish my degree in sports science that my situation will be sorted, and I will get my residency in the UK. I want to try to work in the sports industry and my main goal is to work at Manchester United football club."

*Sister Cath meets with Sanctuary scholars.*

**Review of activities** (continued)

♦ **The advancement of education** (continued)

***The Sanctuary scholarship*** (continued)

Once again grants from our missionary support fund have also helped build up and support educational initiatives at home and abroad. In March 2022, we contributed funds to the Pax Christi Peace Education Fund, the Shannon Trust, which supports and mentors learning and literacy in prisons, and the Butterfly Tree project, where our grant was used to support HIV education and build shelters for mothers and children in Zambia.

**Future plans**

- ♦ We will continue to collaborate with the General Council, International Planning Commission, and other provinces of the Society to implement the decisions concerning the re-structuring of the governance of the Society and the re-distribution of resources, especially those endorsed by the Assembly of Provincials in December 2022.
- ♦ We will begin to make preparations for a General Council visit in February 2023.
- ♦ We will begin planning our process towards the Provincial Chapter in July 2023.
- ♦ We will continue the work of reviewing the province's strategic plan for the use of our assets and resources for the sake of mission and make adjustments as needed. We will endeavour to move on our planning for the long-term use of our assets and our thinking around our legacy.
- ♦ We will implement our decision regarding a housing project in Roehampton for Sisters. A decision was made by the Trustees to build 10 individual flats with shared community spaces on land adjacent to Duchesne House. These purpose built flats will enable Sisters to retain their independence in accommodation to deal with changing needs as and when they occur. This will provide supported living and proximity to healthcare professionals. The development on site will commence in Autumn 2023 and the flats should be ready to occupy in Autumn 2024. The existing building that comprises New House, will be demolished to allow for the new building. When sisters transfer to the new flats, decisions can be made about disposable or repurposing of the accommodation they currently occupy.
- ♦ We will give careful consideration to our property requirements in the near- and long-term future and the financial implications of this including resources required for upkeep and maintenance.
- ♦ We will complete the work of restructuring our administration and seek to appoint people to key posts and ensure succession planning.
- ♦ With our members, and the Finance Advisory Committee and Trustees, we will implement the decisions made concerning the structures we need for the oversight, management and distribution of our financial and material resources in the Province and for the provision of governance. These include creating a lay advisory group to Trustees.

## **Relevant policies**

### **♦ Investment policy**

The charity has a portfolio of listed investments which had a value of £36,453,245 at 30 June 2022.

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

The listed investments are managed by CCLA Investment Management Limited, which operates within specific guidelines set and regularly reviewed by the trustees.

The investment policy and strategy set by the trustees takes into account income requirements, the risk profile and, in respect to listed investments, the investment manager's views of the market prospects in the medium term. The overall policy with regard to listed investments is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the trustees and, at the same time, with a view to ensuring that the real capital value of the fund exceeds inflation over any five year period. The investment policy requires the investment manager to take account of the ethical, social and environmental concerns of the trustees as expressed in the policy.

The trustees, or representatives of the trustees, met with the investment manager regularly during the year to review the performance of the portfolio and the investment strategy. The target income for 2021-2022 has been met.

The performance of the charity's listed investments has worsened compared to last year with the portfolio giving a capital return of minus 5.49% (2021:15.54%). The income yield for the year was 2.88% (2021: 3.05%).

The charity has funds invested with Oikocredit, Ecumenical Development Co-Operative Society U.A. This is an ethical investment which is not held specifically to make a financial return but is held in support of development projects which benefit disadvantaged and marginalised individuals. As a result, these funds are deemed programme related investments and are included on the balance sheet at cost. The cost of the funds held at 30 June 2022 was £245,844.

The charity owns a property which is leased to Sacred Heart High School Hammersmith Academy Trust (Company No. 07941140) at an annual peppercorn rent, and another property that is leased to the Medaille Trust (Charity Registration No. 1117830) at a peppercorn rent to provide accommodation to those who have been victims of human trafficking. These represent properties which are not held specifically to make a financial return and directly further the charitable purposes of the charity. As a result, these properties are considered to be programme related investments and have been included on the balance sheet at deemed cost, less any provision for diminution in value, of £1,050,000 and £600,000 respectively.

The trustees are satisfied that the charity's investment objectives are being met.

### **♦ Donations and grant making policy**

Donations and grants, principally for the support of those organisations with objectives consistent with those of the charity, were decided on by the trustees. The charity supported the work of the Society overseas by means of donations to the Generalate. These are in support of the Congregation's Solidarity Fund and administration of the central governance.

**Relevant policies (continued)**

♦ **Donations and grant making policy (continued)**

During the year £298,100 was donated to small and large organisations.

Further details can be found in note 6 to the attached accounts.

♦ **Fundraising policy**

During the year, the charity did not carry out any direct fundraising with the public. It did not use the services of any third party organisation to help in its fundraising activities and no complaints were received about its fundraising activities during the financial year. However, if a complaint was to be received by the charity it would be handled by a senior member of staff or trustee.

**Financial review**

The Province now has 40 members, all of whom have given their working lives to the charitable activities of the Society. Where their work is for organisations or institutions independent of the charity, any earnings have been covenanted to the charity. However, as the average age of the membership is increasing, there is a reduction in the earned income generated by members. The charity has an ongoing commitment to support members of the Society, many of whom continue doing charitable work well past the normal age of retirement. With 90% of the Province at retirement age, the investment income will continue to be relied upon by the CIO to supplement the decline in salary and pension income. Sufficient funds need to be built up by the CIO to ensure that investment income will guarantee the continuance of ministries, development of the Novitiate, as well as provision for present care needs and future retirement.

The CIO will continue to support members of the Society who in the main will undertake voluntary work in the areas of education, healthcare, social and pastoral provision as an expression of their commitment “to radiate the very love of the Heart of Christ through love and service” (Constitutions Para 7).

For the purposes of the attached accounts, no monetary value has been placed on the services of Sisters working in the care home or administrative services provided by members of the Society, either in the provincial offices or in communities throughout the Province. As Sisters retire from these positions, both care and administrative costs, borne by the CIO, will rise as paid staff are engaged to replace Sisters.

A summary of the year's results can be found on page 32 of this report and accounts. The figures represent the financial underpinning of the work of the Society.

During the year the total income was £2,139,785 (2021: £2,038,395).

Expenditure totalled £3,421,066 for the year, of which £615,729 related to the impairment of the New House property and £298,100 related to donations made to other charities plus the annual contribution to the Generalate.

Net expenditure for the year amounted to £1,281,280 before net investment losses of £2,116,252 which gave rise to a net decrease in funds of £3,397,532.

**Financial review** (continued)

***Reserves policy***

The trustees have examined the requirement for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work and the on-going commitment to support members of the Society, the level of free reserves should be approximately equal to one year's expenditure on unrestricted funds.

The trustees are of the opinion that this provides sufficient flexibility:

- ◆ to cover temporary shortfalls in income due to timing differences in income flows;
- ◆ to ensure adequate working capital for core costs; and
- ◆ to allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

***Financial position***

The balance sheet shows total funds of £50,137,531 (2021: £53,535,063) and of this £7,976,975 (2021: £7,647,612) represents the tangible fixed assets used by the Sisters. The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the freehold property and other tangible assets are used in the day to day work of the charity. Hence, the fund cannot be realised easily if needed to meet future contingencies.

Similarly, those investments classified as programme related investments are represented by a separate designated fund - the programme related investments fund. These investments comprise land and buildings, which are owned by the charity but used by other charities with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees that such assets should continue to be used for these purposes for as long as needed and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

An amount of £15,000,000 (2021: £14,500,000) had been designated by the trustees to provide for the Sisters in their retirement. The value of the fund has been calculated using actuarial principles to provide for each of the Province's Sisters. Given the increasing age profile of the Sisters and few new vocations this sum will provide only modest resources to look after the Sisters, many of who will need increasing support and increasingly expensive residential and nursing care. There is also a designated fund of £1,579,138 (2021: £1,668,857), designated to care for the elderly religious in Malta.

A future strategy fund of £15,000,000 (2021: £20,000,000) has been established and consists of assets to be applied in future years as the Society and the charity develop their long-term strategy. It is anticipated that some of the fund will be used to support the Society's mission in this country whether that be in respect to the acquisition, maintenance and development of property including making existing buildings environmentally friendly, addressing other environmental challenges to reduce the charity's carbon footprint, the development of new ministry, or facilitating the advancement of the charity's objects by making grants to other organisations.

## Financial review (continued)

### *Financial position (continued)*

The building maintenance fund of £5,000,000 (2021: £nil) has been set aside to support an action plan for the charity's properties, several of which are in need of substantial maintenance work.

The ministry support fund will be used to support charitable work and at 30 June 2022 amounted to £500,000 (2021: £500,000), whilst the society restructuring fund of £2,500,000 (2021: £2,500,000) will be used to support the international work of the Society. The Barat House Hostel fund of £58,719 (2021: £60,008) represents the net assets of Barat House and has been designated for use by the House only.

Funds which are available to support the work of the Sisters in the future are shown on the balance sheet as general funds and amount to £621,854 (2021: £4,758,965).

The trustees are aware that this level of reserves is below the amount required by the above policy but are also aware this has been caused by stock market volatility.

### *The charity's assets*

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

## Governance, structure and management

### ♦ Trustees

On 1 July 2022, Sister Catherine Lloyd began her second three year mandate as Provincial Superior, supported by her Provincial Council – Sister Marianne Tavares, Sister Sheila McNamara and Sister Margaret Wilson.

New trustees are appointed by those trustees already in office at the time of the appointment and the process of appointment is organised by the Chair of Trustees, the Provincial Superior. The trustees are selected from the members of the Province of England and Wales based on the skills and knowledge they can bring to the trustee role. All have previous experience of being a trustee and have received information and training on the role and responsibilities of trustees. At any one time there must be a minimum of six trustees but not more than twelve trustees.

Since the year end, one Trustee has resigned and two new Trustees have been appointed.

Brief biographic details of the trustees in office during the year to 30 June 2022 are as follows:



**Sister Christine Austin** is a retired teacher who worked in Secondary Education in the Society's boarding schools at Woldingham and in Kalungu, Uganda. She also taught at St Julian's in Malta. For the last 25 years she has done voluntary work promoting Fair Trade, particularly with Traidcraft and has been involved in raising awareness of Third World issues. Sister Christine is a member of the Finance Advisory Committee.

## Governance, structure and management (continued)

### ◆ Trustees (continued)



**Sister Christine Edwards** has held a variety of teaching posts in the course of her professional career and has also engaged in youth work. Her last post was as chaplain at a diocesan girl's school in London. She was a member of the Provincial Team for several years until summer 2022 when she retired from this position. Chris serves as one of the Society's representatives on the Council of the University of Roehampton.



**Sister Catherine Lloyd** has a background in formal education and ministry with young people working at different times and places as a teacher, Head of Department and Head of Middle School. After training in spiritual accompaniment and counselling, she worked as a School Chaplain at the Sacred Heart High School in Hammersmith. Cath spent some years in the Society's mission in Indonesia.

On returning to the UK, she worked in the area of Formation for her own congregation and for Conference of Religious of England and Wales.

This was followed by eight years of international service on the General Council of her congregation in Rome, after which Cath returned to the UK and her ministry of facilitation in the UK and abroad. Cath took up post the of Provincial in July 2019.



**Sister Sheila McNamara** has worked for many years in Primary Education as a classroom teacher, Deputy Headteacher and Acting Headteacher in schools on Tyneside and North London. Following further study in Dublin in 2000, she continued her journey in education as Diocesan Primary Schools Adviser first in the Archdiocese of Westminster for six years and then in the Diocese of Hexham and Newcastle for seven years. Sheila's present ministry is in spirituality and she works part time in an ecumenical Spirituality Centre in Durham accompanying others on their spiritual journey, leading days of reflection and retreats. She has served on a number of Provincial Committees and is at present a member of the Provincial Team.



**Sister Lorraine Pratt** has spent almost all of her life working in education: as Head of Department in the Sacred Heart Comprehensive School in Newcastle; as a Diocesan Youth Officer; as a school chaplain; and then as Chair of Governors at the Sacred Heart School in Hammersmith, school chaplain and living with the student community both in Oxford and London. At present, she is a member of the Province initial formation team and works with adults teaching dance meditation as a medium for both enjoyment and spiritual growth.

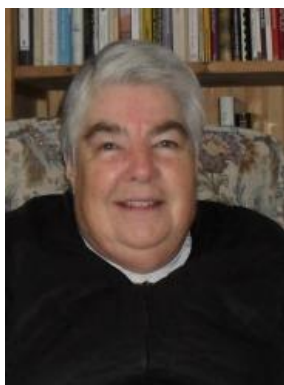


## Governance, structure and management (continued)

### ♦ Trustees (continued)



**Sister Stephanie Romaine** has taught in both Tunbridge Wells and Woldingham boarding schools from 1971-86 and been part of the handover to lay management in both schools. From 1987-90 she helped set up and then worked as the administrator in a Neighbourhood Mediation Scheme in Leeds where she was also involved in training mediators. At the same time she began training as a counsellor and then as a counselling supervisor and after several years practice, completed her training with a psychotherapy qualification. As a supervisor she worked with counsellors in a drug and alcohol project, and also with trainee counsellors in two independent charities as well as offering counselling to several employee assistance programmes within her own private practice. From 2001-07 she was a member of the Provincial Council. In 2006 she moved to Brecon and with one other Sister helped run the Society's retreat centre, Llannerchwen, for 10 years. During that time Steph trained as a spiritual director. Since leaving Brecon in 2016 she has continued to offer spiritual direction to deacons, ordinands, and other lay people in the Northeast of England. She has had two terms of involvement in the training of the Society's young Religious.



**Sister Margaret Walshe** is a retired teacher who has taught in schools for the Society in Tunbridge Wells, Woldingham, Fenham and Malta and been a lecturer in Professional Education at Roehampton University. She has served on the Executive Committee of the Provincial Bursars Association and was Provincial Bursar from 1996 to 2007. Between 1989 and 1995 she was a member of the Provincial Council. Meg has been on the governing bodies of Digby Stuart College, the schools in Fenham and Woldingham and been a member of Roehampton University Council. Meg retired as Trustee in September 2022.



**Sister Margaret Wilson** entered the Society after completing her Teacher Training in Newcastle upon Tyne. She taught in Sacred Heart schools in Tunbridge Wells and Woldingham before moving to Hammersmith Sacred Heart High School in 1977 to become Head of the Religious Education department. During this time she completed a Masters in Religious Education at Boston College. Margaret has worked in formation and in Provincial administration in the Society. For the last three years she has been a member of the Provincial Team.

### ♦ Trustees' responsibilities statement

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)

♦ **Trustees' responsibilities statement** (continued)

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year 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 these accounts, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in 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 judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations and the provisions of the charity's 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.

♦ **Management**

The trustees have the final responsibility for the policies, activities and assets of the charity. They meet annually to review developments with regard to the charity and to make significant decisions. The day-to-day management of the charity's activities and the implementation of policies are delegated to:

- ♦ the trustees who, with the Provincial Superior, form the Provincial Council; and
- ♦ the Finance Advisory Committee; and
- ♦ the appropriate senior staff.

♦ **Key management personnel**

The trustees consider that they, together with the Executive Director, Finance and General Manager and the Care Manager of Duchesne House comprised the key management of the charity during the year in charge of directing and controlling, running and operating the charity on a day to day basis.

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

### ♦ **Key management personnel** (continued)

All trustees are members of the Society and, whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties as trustees.

The performance and pay of the Finance and General Manager and the Care Manager of Duchesne House is reviewed annually. The commitment to staff is to pay them a fair and appropriate salary that is affordable. This is to attract and retain people with the right skills and who, therefore, will have the greatest impact on delivering the charity's objectives.

### ♦ **Connected charity**

Details of the connected charity are given in note 22 to the attached accounts.

### ♦ **Risk management**

Risk is regularly discussed at trustees' meetings, the Investment Committee and Finance Advisory Committee. The following risks have been identified as on-going:

The Society realises that it's increasing reliance on professional lay colleagues means that recruiting and retaining key staff is essential.

The increasing cost associated with needing more staff to undertake functions previously held by sisters is something that is constantly monitored.

The Society has a large property portfolio which requires ongoing maintenance and re development. Much of this accommodation is no longer suited to sisters living needs, and this needs to be replaced with purpose built accessible accommodation.

The Society's investment portfolio is likely to be negatively impacted by the changes to the economic climate and increased costs that are in part due to the war in Ukraine and the impact of that.

The need for increased support to sisters both within community houses and Duchesne House is something that is constantly being reviewed by the provincial Team and there is a realisation that this will increase further.

### ◇ **Safeguarding**

Members of the Society work with children and adults, including older people, and the trustees recognise the importance and necessity of ensuring the protection and safety of all those that the charity will serve. This means that Sisters who are employed or engaged in any ministry, work or volunteering with children or vulnerable adults must obtain clearance from the Disclosure and Barring Service (DBS) and receive training regarding safeguarding.

Staff employed at Duchesne are also required to obtain clearance from the Disclosure and Barring Service and also undergo regular safeguarding training. Policies are updated and reviewed on a regular basis. The Province is currently aligned, for safeguarding matters, to the Diocese of Southwark, and has a safeguarding representative. Along with other religious orders the Society is committed to the "one church" approach to safeguarding which will involve participating in new safeguarding structure being adopted for religious orders in the Catholic Church, the Religious Life Safeguarding Service. The Society is also collaborating with another congregation in the employment of a new safeguarding representative from outside the congregation.

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

◆ **Risk management** (continued)

◇ **Loss of key staff**

The people who work for the charity will be a key resource and the charity will do all it can to ensure that its employment practices reflect current best practice and fulfils its duty of care to employees. The charity is reliant on a small number of key staff including, the Care Manager at Duchesne House, HR Advisor and Healthcare Advisor. The latter role was developed to support Sisters who wish to continue to live independently in communities outside Duchesne House for as long as possible, by providing them with confidential healthcare advice and support. There is an overriding commitment to pay all employees fair and appropriate salaries and to ensure that staff receive the training they need to enable them to carry out their roles and contribute positively towards delivering the charity's objectives. Wherever possible, the charity will aim to enable staff to develop their skills and knowledge so as to attract and retain the right people and to build into contracts of employment notice periods that provide some protection to the charity.

◇ **On-going needs**

The refurbishment of Duchesne House is now complete other than landscaping the grounds. Following this a consultation took place within the Province, which has revealed the need for accommodation for those who require some measure of support but are not ready to join the care home community. A community house within the grounds of the care home has been identified and a working group has been established to refurbish the property to meet the needs of its future residents.

◇ **Age profile of the members and over-commitment of a few in administration**

An analysis of the age profile of the members of the Society shows that the average age at 30 June 2022 was 81 years. The trustees are aware that there is both a moral and legal obligation to care for the older Sisters. None of the Sisters 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. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care in the years ahead by setting aside assets in a designated fund, the value of which is based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual Sisters, encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

The age profile of the members is also relevant in terms of identifying those who are both willing and able to serve as trustees of the charity in the future. This matter has been given much thought and possibilities may include introducing members of the Society from other overseas provinces to trusteeship and/or inviting individuals who are not members of the Society to become trustees or join an advisory group that might be consulted by the trustees.

◇ **Maintenance and upgrading of properties**

All properties will continue to be reviewed for their current use and needs and a rolling maintenance plan is in place in order to ensure the properties are upgraded and maintained. This is an ongoing review and process.

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

♦ **Risk management** (continued)

◇ Health and safety

Health and safety is an area taken very seriously. Policies will be reviewed and developed on a regular basis.

◇ Housing and long-term care needs

The Provincial is working with the Healthcare Advisor, who is a Registered Nurse, and other key experienced staff, to look at options for providing for the long-term health and well-being of all sisters in the Province. The Society is engaging in the wider debate on this topic by involvement with the Conference of Religious and other Congregations directly as it is recognised that this issue is one shared by many Religious Orders. Work is ongoing in looking at the suitability of the properties owned by the Society and how adaptations and flexibility can ensure these properties can continue to be occupied by Sisters.

In summary, the trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas, investments and finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, by having in place appropriate insurances and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Approved by and signed on the behalf of the trustees:

Sister Catherine Lloyd RSCJ

Trustee

Approved by the trustees on: 22 February 2023

## **Independent auditor's report to the trustees of the Society of the Sacred Heart CIO**

### **Opinion**

We have audited the accounts of the Society of the Sacred Heart CIO (the 'charity') for the year ended 30 June 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, principal accounting policies and the 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 30 June 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' annual 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.

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

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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011); and
- ◆ We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;
- ◆ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- ◆ Challenging assumptions and judgements made by management in its significant accounting estimates;
- ◆ Identifying and testing journal entries;
- ◆ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant accounts item to which they relate.

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

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Performed substantive testing on expenditure; and
- ◆ Tested journal entries to identify unusual transactions.



**Auditor's responsibilities for the audit of the accounts** (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:

- ◆ Reading the minutes of meetings of those charged with governance; and
- ◆ Enquiring of management 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 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

18 April 2023

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 30 June 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
<b>Income from:</b>							
Donations and legacies	1	707,992	—	707,992	722,491	—	722,491
Investments and interest receivable	2	1,161,835	—	1,161,835	1,159,101	—	1,159,101
Charitable activities	3	17,606	—	17,606	31,250	—	31,250
Other sources:							
. Surplus on disposal of tangible fixed assets	4	120,108	—	120,108	—	—	—
. Miscellaneous sources	5	122,244	10,000	132,244	125,553	—	125,553
<b>Total income</b>		<b>2,129,785</b>	<b>10,000</b>	<b>2,139,785</b>	<b>2,038,395</b>	<b>—</b>	<b>2,038,395</b>
<b>Expenditure on:</b>							
Charitable activities							
. Donations payable	6	298,100	—	298,100	280,271	—	280,271
. Support of members of the Society and their ministry	7	2,496,959	10,000	2,506,959	2,417,363	5,631	2,422,994
. Provision of hostel accommodation	8	—	—	—	12,102	—	12,102
. Provision of retreat accommodation		278	—	278	37,298	—	37,298
. Impairment of freehold property	13	615,729	—	615,729	—	—	—
<b>Total expenditure</b>		<b>3,411,066</b>	<b>10,000</b>	<b>3,421,066</b>	<b>2,747,034</b>	<b>5,631</b>	<b>2,752,665</b>
<b>Net expenditure before net (losses) gains on investments</b>	10	<b>(1,281,280)</b>	<b>—</b>	<b>(1,281,280)</b>	<b>(708,639)</b>	<b>(5,631)</b>	<b>(714,270)</b>
Net (losses) gains on investments	14	(2,116,252)	—	(2,116,252)	4,814,494	—	4,814,494
<b>Net (expenditure) income and net movement in funds</b>		<b>(3,397,532)</b>	<b>—</b>	<b>(3,397,532)</b>	<b>4,105,855</b>	<b>(5,631)</b>	<b>4,100,224</b>
<b>Reconciliation of funds:</b>							
Balances brought forward at 1 July 2021		53,530,063	5,000	53,535,063	49,424,208	10,631	49,434,839
Balances carried forward at 30 June 2022		50,132,531	5,000	50,137,531	53,530,063	5,000	53,535,063

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

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

## Balance sheet 30 June 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	13		<b>7,976,975</b>		7,647,612
Investments	14		<b>38,349,090</b>		42,145,456
			<b>46,326,065</b>		49,793,068
<b>Current assets</b>					
Debtors	15	<b>1,170,568</b>		1,091,869	
Cash at bank and in hand		<b>3,064,905</b>		3,360,482	
		<b>4,235,473</b>		4,452,351	
<b>Creditors:</b> amounts falling due within one year	16	<b>(424,007)</b>		(710,356)	
<b>Net current assets</b>			<b>3,811,466</b>		3,741,995
<b>Total net assets</b>			<b>50,137,531</b>		53,535,063
<b>The funds of the charity:</b>					
Restricted income funds	17		<b>5,000</b>		5,000
Unrestricted income funds					
. General fund			<b>621,854</b>		4,758,965
. Tangible fixed assets fund	18		<b>7,976,975</b>		7,647,612
. Programme related investments fund	19		<b>1,895,845</b>		1,894,621
. Designated funds	20		<b>39,637,857</b>		39,228,865
			<b>50,137,531</b>		53,535,063

Approved by the trustees and signed on their behalf by:

Sister Catherine Lloyd RSCJ

Trustee

Approved by the trustees on: 22 February 2023

## Statement of cash flows Year to 30 June 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(1,846,664)</b>	(1,577,394)
<b>Cash flows from investing activities:</b>			
Investment income received		<b>997,226</b>	968,131
Interest received		<b>13,269</b>	10,819
Proceeds from the disposal of tangible fixed assets		<b>376,050</b>	—
Proceeds from disposal of listed investments		<b>231,339</b>	—
Purchase of tangible fixed assets		<b>(65,573)</b>	(577,045)
Purchase of programme related investments		<b>(1,224)</b>	—
<b>Net cash provided by investing activities</b>		<b>1,551,087</b>	401,905
<b>Change in cash and cash equivalents in the year</b>		<b>(295,577)</b>	(1,175,489)
<b>Cash and cash equivalents at 1 July 2021</b>	B	<b>3,360,482</b>	4,535,971
<b>Cash and cash equivalents at 30 June 2022</b>	B	<b>3,064,905</b>	3,360,482

### Notes to the statement of cash flows for the year to 30 June 2022.

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

	2022 £	2021 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(3,397,532)</b>	4,100,224
<b>Adjustments for:</b>		
Depreciation charge	<b>314,537</b>	359,161
Impairment of freehold property	<b>615,729</b>	—
Losses (gains) on listed investments	<b>2,116,252</b>	(4,564,494)
Gains on investment properties	<b>—</b>	(250,000)
Investment income	<b>(1,138,366)</b>	(1,148,282)
Interest receivable	<b>(13,269)</b>	(10,819)
Surplus on disposal of tangible fixed assets	<b>(120,108)</b>	—
Decrease (increase) in debtors	<b>62,442</b>	(63,010)
Decrease in creditors	<b>(286,349)</b>	(174)
<b>Net cash used in operating activities</b>	<b>(1,846,664)</b>	(1,577,394)

#### B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand: <b>Total cash and cash equivalents</b>	<b>3,064,905</b>	3,360,482

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

## **Principal accounting policies** Year to 30 June 2022

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 to 30 June 2022 with comparative information given in respect to the year 30 June 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 and management to make significant judgements and estimates.

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

- ◆ assessing the probability of the receipt of legacy income;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation charge;
- ◆ determining the value of the designated funds needed at the year end and, in particular, estimating the size of the retirement reserve created in order to provide for the continuing care of the members for the remainder of their lives; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

As set out in these accounting policies under “assessment of going concern”, the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

### **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 acknowledge and recognise the impact of the aftermath of the Covid-19 pandemic and of the current macroeconomic and geopolitical climate more generally on the charity. However, they have concluded that whilst there may be some negative consequences such as volatility in the value of the listed investment portfolio and related income, the impact is unlikely to be significant. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. With regards to the next accounting period, the year ending 30 June 2023, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the listed investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

**Income**

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

Income comprises donations, legacies, investment income, interest receivable, hostel income, other rents receivable from charitable activities, other income including the surplus on the disposal of tangible fixed assets, and the transfer of assets and liabilities from Society of the Sacred Heart Charitable Trust.

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 and grants pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation or grant 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.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

**Income** (continued)

Dividends are 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.

Hostel income and rents receivable from charitable activities are recognised when the income is contractually due to the charity under rental and tenancy agreements. It is accounted for at fair value and on an accruals basis to the extent that it is probable that the economic benefits will flow to the charity.

The surplus on the disposal of tangible fixed assets is calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

Coronavirus Job Retention Scheme funding is recognised within income from miscellaneous sources when the eligibility criteria are met and a claim has been made.

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**

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 stated inclusive of irrecoverable VAT.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs.

The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- ♦ Donations payable  
Donations payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. When such donations have not been paid at the end of the financial year they are accrued for.
- ♦ The support of members of the Society and their ministry  
Expenditure on the support of members of the Society and their ministry enables the members to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic Religion, the advancement of education and the relief of poverty.
- ♦ Provision of hostel accommodation  
Expenditure on Barat House which provides accommodation for students.

### **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 are the costs associated with the governance arrangements of the charity including audit costs and the necessary legal procedures for compliance with statutory requirements.

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation and enabling their ministry and hence there has been no apportionment between headings.

### **Tangible fixed assets**

All assets costing more than £3,000 and with an expected useful life exceeding one year are capitalised.

- ◆ **Freehold land and buildings**  
Freehold land and buildings are shown on the balance sheet at cost, deemed cost or, where donated, at their value at the date of donation.
  - ◇ **Residential**  
Buildings designed as, and used wholly or mainly for, private residential accommodation, are stated at cost or deemed 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 different from their book value.
  - ◇ **Purpose built residential care home**  
Other buildings comprising a residential care home for elderly Sisters are stated at cost. Depreciation is provided on a straight-line basis over a 15 year period.
- ◆ **Leasehold property**  
Leasehold property is shown on the balance sheet at cost less depreciation. Depreciation is provided so as to write off the cost of the leasehold property over the remaining period of the lease.
- ◆ **Building improvements**  
Expenditure on items classed as building improvements is capitalised and depreciated over a ten year period on a straight line basis.
- ◆ **Fixtures and fittings**  
Expenditure on the purchase and replacement of fixtures and fittings is capitalised and depreciated over a three or four year period on a straight line basis.
- ◆ **Motor vehicles**  
Motor vehicles are capitalised and depreciated over a four year period, on a straight line basis, in order to write off the cost of each vehicle over its estimated useful life.

Tangible fixed assets are impaired when the recoverable amount is determined to be less than the carrying amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of financial activities.



### **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.

Properties held for investment purposes are included in these accounts at their fair value which is deemed to be their open market value. The valuations have been determined as set out in note 14a to these accounts.

When a property previously held for investment purposes is transferred to tangible fixed assets, the carrying value of the property is treated as deemed cost and no adjustment is made to reverse any unrealised gains or losses.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if 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.

### **Programme related investments**

Programme related investments are social investments made directly in pursuit of the charity's charitable purposes.

Unquoted equity investments are held at cost, less any provision for diminution in value, while loans are recorded at cost less any provisions to reflect non-recoverability.

Property is held at cost, less any provision for diminution in value.

### **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. Cash at bank and in hand is a basic financial instrument, which is initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### **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 accounting**

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the trustees.

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets.

The programme related investments fund represents the value of the charity's programme related investments. These investments comprise land and buildings owned by the charity but used by another charity with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees that such assets should continue to be used for these purposes and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees.

The restricted funds comprise monies raised for, or their use restricted to, a specific purpose or monies subject to donor imposed restrictions in use.

### **Services provided by members of the Society**

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

### **Pension costs**

Employer's contributions in respect of defined contribution pension schemes are charged to unrestricted funds in the statement of financial activities in the year in which they are payable to the scheme. The expense is allocated to the support of members of the Society and their ministry.

### **Foreign currencies**

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

# 1 Income from: Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Salaries and pensions of individual religious received under Deed of Covenant or Gift Aid	707,992	—	707,992	695,759	—	695,759
Other donations	—	—	—	19,362	—	19,362
Legacies	—	—	—	7,370	—	7,370
	<b>707,992</b>	<b>—</b>	<b>707,992</b>	<b>722,491</b>	<b>—</b>	<b>722,491</b>

# 2 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Income from listed investments						
UK Common investment funds	1,121,116	—	1,121,116	1,112,192	—	1,112,192
Rental income from investment property	27,450	—	27,450	36,090	—	36,090
Bank interest and interest on short term deposits	13,269	—	13,269	10,819	—	10,819
	<b>1,161,835</b>	<b>—</b>	<b>1,161,835</b>	<b>1,159,101</b>	<b>—</b>	<b>1,159,101</b>

# 3 Income from: Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Hostel income	12,756	—	12,756	31,250	—	31,250
Retreat centre income	4,850	—	4,850	—	—	—
	<b>17,606</b>	<b>—</b>	<b>17,606</b>	<b>31,250</b>	<b>—</b>	<b>31,250</b>

# 4 Income from: Surplus on disposal of tangible fixed assets

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Surplus on the disposal of community properties	144,466	—	144,466	—	—	—
Surplus on the disposal of motor vehicles	969	—	969	—	—	—
Loss on the disposal of property improvements	(25,327)	—	(25,327)	—	—	—
	<b>120,108</b>	<b>—</b>	<b>120,108</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 5 Income from: Miscellaneous sources

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Investment manager fee rebate (note 14)	89,911	—	89,911	68,784	—	68,784
Coronavirus Job Retention Scheme funding	15,766	—	15,766	40,305	—	40,305
Other	16,567	10,000	26,567	16,464	—	16,464
	<b>122,244</b>	<b>10,000</b>	<b>132,244</b>	<b>125,553</b>	<b>—</b>	<b>125,553</b>

The charity furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received of £15,766 (2021: £40,305) relates to salary costs included within staff costs (note 11).

## 6 Expenditure on: Donations payable

The charity makes donations to both individuals and institutions in accordance with the donations policy set out in the report of the trustees. The donations payable during the year were as follows:

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Contributions to the Generalate of the Society of the Sacred Heart	55,000	—	55,000	66,221	—	66,221
Donations to institutions and individuals (see overleaf)	243,100	—	243,100	214,050	—	214,050
	<b>298,100</b>	<b>—</b>	<b>298,100</b>	<b>280,271</b>	<b>—</b>	<b>280,271</b>

**6 Expenditure on: Donations payable** (continued)

Donations paid to institutions and individuals during the year comprised the following:

Recipient	Total 2022 funds £	Total 2021 funds £
Baytree Centre	—	2,000
Butterfly Tree Project	4,000	14,000
CAFOD	10,000	15,000
Cardinal Hume Centre	7,500	5,000
Care4Calais	5,000	6,000
Catholic Children's Society	2,500	10,000
Chula Education	—	2,000
Digby Stuart Association	—	3,000
Diocesan Justice & Peace Refugee Project	—	3,000
DHN Cathedral Mercy Hub	—	3,000
Fenham Association of Residents (FAR) (including swimming project)	30,500	30,000
The Glass Door	5,000	5,000
HCPT	—	1,000
The Hurtado Jesuit Centre Wapping	—	5,000
Katherine Low Settlement	10,300	8,500
London Irish Centre Charity	2,500	2,500
The Medaille Trust	69,600	10,000
Medecins Sans Frontieres	—	2,500
Minsteracres Retreat Centre	5,700	6,000
Missio	—	10,000
Newcastle S.V.P. Care Centre, Blackfriars, Newcastle	—	3,000
Newham Community Project	6,000	4,000
Network of Sacred Heart Schools and College	9,000	9,000
Operation Noah	2,500	5,000
The Passage	7,500	5,000
Pax Christi	5,000	5,000
The Peoples' Kitchen	4,000	3,000
Practical Action	2,000	—
Refugee and Migrant Project (RAMP)	—	4,000
Schools Network	2,000	—
The Shannon Trust	2,500	2,500
St Beuno's Spirituality Centre	—	1,000
St Greg's Pantry	3,000	—
St Vincent de Paul Group	1,000	—
Traidcraft Exchange	10,000	20,000
The Trussell Trust	1,500	—
Ukrainian Fund	10,000	—
West End Refugee Service (WERS)	2,500	2,500
Windsor Hill Wood	—	5,000
Young Ministry Team Diocese of Hexham & Newcastle	6,500	2,500
	<b>227,600</b>	<b>212,500</b>
Donations of less than £1,000	5,500	1,550
<b>Total donations paid to institutions</b>	<b>233,100</b>	<b>214,050</b>
Donations paid to individuals	10,000	—
<b>Total donations</b>	<b>243,100</b>	<b>214,050</b>

## 7 Expenditure on: Support of members of the Society and their ministry

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Premises	298,946	—	298,946	393,638	—	393,638
Sisters' living and ministry expenses	1,402,537	10,000	1,412,537	1,472,441	5,631	1,478,072
Education, training and spiritual renewal	24,755	—	24,755	17,830	—	17,830
Schools Network and Archives	—	—	—	1,811	—	1,811
Refurbishments and start-up costs	63,497	—	63,497	2,995	—	2,995
Other support costs	668,208	—	668,208	491,933	—	491,933
Governance costs (note 9)	39,015	—	39,015	36,715	—	36,715
	<b>2,496,959</b>	<b>10,000</b>	<b>2,506,959</b>	<b>2,417,363</b>	<b>5,631</b>	<b>2,422,994</b>

## 8 Expenditure on: Hostel charges and provision of hostel accommodation

This relates to the provision of hostel accommodation, primarily for those in higher education.

## 9 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2022 funds £	Unrestricted funds £	Restricted funds £	Total 2021 funds £
Auditor's remuneration	39,015	—	39,015	35,385	—	35,385
Other governance costs	—	—	—	1,330	—	1,330
	<b>39,015</b>	<b>—</b>	<b>39,015</b>	<b>36,715</b>	<b>—</b>	<b>36,715</b>

## 10 Net expenditure before gains on investments

This is stated after charging:

	Total 2022 £	Total 2021 £
Staff costs (note 11)	1,073,617	1,104,006
Auditor's remuneration		
. Statutory audit services	29,000	27,625
. Other accountancy services	10,015	7,760
Depreciation	314,537	359,161

# **11 Staff costs, key management personnel, trustees' remuneration and expenses and transactions with trustees**

	2022 £	2021 £
Staff costs during the year were as follows:		
Wages and salaries	964,187	989,072
Social security costs	76,817	78,521
Pension costs	32,613	36,413
	<b>1,073,617</b>	<b>1,104,006</b>
Staff costs per function were as follows:		
Support of members of the Society and their ministry	<b>1,073,617</b>	<b>1,104,006</b>

No employees earned £60,000 per annum or more (including benefits but excluding employer's pension contributions) during the year (2021 - none).

The average number of employees during the year, analysed by function, was as follows:

	2022	2021
Support of members of the Society and their ministry	<b>48</b>	49

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the Executive Director, the Finance and General Manager and the Care Manager at Duchesne House. The total remuneration of the key management personnel of the charity for the year was £82,255 (2021: £119,347).

The charity's trustees are all members of the Society and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Society, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees or members of key management (2021: none).

As members of the Society, 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 £82,466 (2021 - £115,709).

## **12 Taxation**

The Society of the Sacred Heart CIO 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.

**13 Tangible fixed assets**

	Total land and buildings (see below) £	Building improvements £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 July 2021	9,846,059	1,404,617	247,255	254,948	<b>11,752,879</b>
Additions	—	35,699	24,450	5,423	<b>65,572</b>
Transfer from investment property	1,450,000	—	—	—	<b>1,450,000</b>
Impairment	(615,729)	—	—	—	<b>(615,729)</b>
Disposals	(275,458)	(79,980)	(17,995)	—	<b>(373,433)</b>
At 30 June 2022	<u>10,404,872</u>	<u>1,360,336</u>	<u>253,710</u>	<u>260,371</u>	<b>12,279,289</b>
<b>Depreciation</b>					
At 1 July 2021	3,081,015	644,180	199,745	180,327	<b>4,105,267</b>
Charge for the year	136,809	113,227	21,035	43,466	<b>314,537</b>
On disposals	(44,842)	(54,653)	(17,995)	—	<b>(117,490)</b>
At 30 June 2022	<u>3,172,982</u>	<u>702,754</u>	<u>202,785</u>	<u>223,793</u>	<b>4,302,314</b>
<b>Net book values</b>					
At 30 June 2022	<u>7,231,890</u>	<u>657,582</u>	<u>50,925</u>	<u>36,578</u>	<b>7,976,975</b>
At 30 June 2021	<u>6,765,044</u>	<u>760,437</u>	<u>47,510</u>	<u>74,621</u>	<b>7,647,612</b>

**Land and buildings**

	Freehold land and buildings			Total land and buildings £
	Residential £	Purpose built £	Long leasehold property £	
<b>Cost</b>				
At 1 July 2021	4,352,558	4,421,397	1,072,104	<b>9,846,059</b>
Transfer from investment property	1,450,000	—	—	<b>1,450,000</b>
Impairment	(615,729)	—	—	<b>(615,729)</b>
Disposals	—	—	(275,458)	<b>(275,458)</b>
At 30 June 2022	<u>5,186,829</u>	<u>4,421,397</u>	<u>796,646</u>	<b>10,404,872</b>
<b>Depreciation</b>				
At 1 July 2021	—	2,945,632	135,383	<b>3,081,015</b>
Charge for the year	—	126,586	10,223	<b>136,809</b>
On disposal	—	—	(44,842)	<b>(44,842)</b>
At 30 June 2022	<u>—</u>	<u>3,072,218</u>	<u>100,764</u>	<b>3,172,982</b>
<b>Net book values</b>				
At 30 June 2022	<u>5,816,829</u>	<u>1,349,179</u>	<u>695,882</u>	<b>7,231,890</b>
At 30 June 2021	<u>4,352,558</u>	<u>1,475,765</u>	<u>936,721</u>	<b>6,765,044</b>

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of some properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of trustees, is not justified in terms of the benefit to the users of the accounts. Certain of the charity's properties are subject to covenants which restrict their use and disposal.



### 13 Tangible fixed assets (continued)

A residential property with a carrying value of £1,450,000 has been reclassified from freehold investment property (note 14) to tangible fixed assets during the year as the property is now used directly by the charity in the furtherance of its objectives. Whilst classified as an investment property, it was held at open market value and the carrying value included an unrealised gain of £1,191,184. On transfer to tangible fixed assets, which are held at cost, the carrying value has been treated as deemed cost and no adjustment has been made to reverse the unrealised gain of £1,191,184.

An impairment of £615,729 in respect to the New House property has been made in the year to write it down to its recoverable amount of £nil. The property is currently empty and is due to be demolished.

#### **Post balance sheet events**

Two properties were sold after the balance sheet date. The property in Wingrove Road was sold on 30 November 2022 for £620,000 and the property in Birch Hill Road was sold on 9 December 2022 for £283,000.

#### **Capital commitments**

At 30 June 2022, no capital commitments existed (2021: £nil) although there plans are being drawn up to rebuild one of the charity's properties which is due to be demolished in late 2023. The estimated cost of this rebuild is circa £4 million.

### 14 Fixed asset investments

At 30 June 2022 investments comprised:

	2022 £	2021 £
Freehold investment property (see a. below)	—	1,450,000
Listed investments, cash investments and cash held for re-investment (see b. below)	36,453,245	38,800,835
Programme related investments (see c. below)	1,895,845	1,894,621
	<b>38,349,090</b>	<b>42,145,456</b>

Movements on each category of investment are summarised below:

#### **a. Freehold investment property**

	2022 £	2021 £
Fair value at 1 July 2021	1,450,000	1,200,000
Gain on revaluation	—	250,000
Transfer to tangible fixed assets	(1,450,000)	—
Fair value at 30 June 2022	—	1,450,000

The investment property was valued as at 30 June 2021 by the trustees, with professional assistance, on an open market value basis. It was reclassified as a tangible fixed asset during the year as it is now used directly by the charity in furtherance of its objectives (see note 13).

#### 14 Fixed asset investments (continued)

##### *b. Listed investments*

	2021 £	2020 £
<b>Listed investments</b>		
Market value at 1 July 2021	38,800,835	34,236,343
Disposals (proceeds £231,339, gains £5,912)	(219,251)	—
Net unrealised investment (losses) gains	(2,128,339)	4,564,492
Market value at 30 June 2022	<b>36,453,245</b>	38,800,835
Cost of listed investments at 30 June 2022	<b>31,721,551</b>	31,901,818

At 30 June 2021 listed investments comprised holdings in the following common investment fund:

	2022		2021	
	Market value £	Percentage of total portfolio %	Market value £	Percentage of total portfolio %
COIF Charities Ethical Investment Fund	36,453,245	100	38,800,835	100

All listed investments within the above fund were dealt in on a recognised stock exchange.

Investment manager fees are deducted automatically from the portfolio on a quarterly basis and are inherent in arriving at the market value of funds held. The fees deducted are based on a fixed percentage which exceeds that contractually payable by the charity. As such, the investment manager rebates fees to the charity every quarter. The rebates, which amount to £89,911 for the year to 30 June 2022 (2021: £68,784) are included in these accounts as miscellaneous income.

##### *c. Programme related investments*

	2022 £	2021 £
Carrying value at 1 July 2021	1,894,621	1,894,621
Additions to Oikocredit equity shares	1,224	—
Carrying value at 30 June 2022	<b>1,895,845</b>	1,894,621

Programme related investments comprise:

	2022 £	2021 £
Freehold properties	1,650,000	1,650,000
Oikocredit equity shares	245,844	244,621
	<b>1,895,844</b>	1,894,621

The charity owns a property which is leased to Sacred Heart High School Hammersmith Academy Trust (Company No. 07941140) at an annual peppercorn rent. As the property is used by the School for purposes consistent with the charitable objects of the Society of the Sacred Heart CIO, it is classified as a programme related investment.

#### 14 Fixed asset investments (continued)

##### *c. Programme related investments (continued)*

The charity owns a property which is leased to The Medaille Trust (Charity Registration No. 1117830) at a peppercorn rent to provide accommodation to those who have been victims of human trafficking. As the property is used by another charity for purposes consistent with the charitable objects of the Society of the Sacred Heart CIO, it is classified as a programme related investment.

The charity has funds of £245,844 (2021: £244,621) held in equity shares of Oikocredit, Ecumenical Development Cooperative Society U.A (Oikocredit). Oikocredit is an ethical investment opportunity which finances development projects benefiting disadvantaged and marginalised people.

#### 15 Debtors

	2022 £	2021 £
Investment income	1,169,524	1,028,383
Other debtors	1,044	30,246
Prepayments	—	33,240
	<b>1,170,568</b>	<b>1,091,869</b>

#### 16 Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals	50,039	47,356
Donations payable	357,100	663,000
Trade creditors	4,340	—
HMRC	5,013	—
Pensions	194	—
Salary deductions control account	7,321	—
	<b>424,007</b>	<b>710,356</b>

#### 17 Restricted funds

	At 1 July 2021 £	Income £	Expenditure £	At 30 June 2022 £
Restricted funds - miscellaneous	5,000	10,000	(10,000)	5,000

#### 18 Tangible fixed assets fund

	2022 £	2021 £
At 1 July 2021	7,647,612	7,453,850
Net movements in year	329,363	193,762
At 30 June 2022	<b>7,976,975</b>	<b>7,647,612</b>

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

**19 Programme related investments**

	2022 £	2021 £
At 1 July 2021	1,894,621	1,894,621
Net movement in year	1,224	—
At 30 June 2022	1,895,845	1,894,621

The programme related investment fund represents the value of the charity's programme related investments. As explained in note 14, these investments comprise land and buildings owned by the charity but used by other charities with charitable objectives consistent with those of the charity, and equity shares in Oikocredit, Ecumenical Development Cooperative Society UA, an ethical investment which finances development projects benefiting disadvantaged and marginalised people. It is the intention of the trustees of the charity that such assets should continue to be used for these purposes for as long as needed and as such their value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

**20 Designated funds**

The income funds of the charity include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 July 2021 £	New designations £	Utilised/ released £	At 30 June 2022 £
Retirement fund	14,500,000	500,000	—	15,000,000
Future strategy fund	20,000,000	(5,000,000)	—	15,000,000
Society restructuring fund	2,500,000	—	—	2,500,000
Barat House Hostel fund	60,008	—	(1,289)	58,719
Ministry support fund	500,000	212,600	(212,600)	500,000
Building maintenance fund	—	5,000,000	—	5,000,000
Malta fund	1,668,857	—	(89,719)	1,579,138
	39,228,865	712,600	(303,608)	39,637,857

♦ *Retirement fund*

This consists of monies which the trustees have set aside in order to provide for the Sisters for the remainder of their lives. The value of the fund has been calculated using actuarial principles.

♦ *Future strategy fund*

This new fund consists of assets to be applied in future years as the Society and the charity develop their long-term strategy. It is anticipated that some of the fund will be used to support the Society's mission in this country whether that be in respect to the acquisition, maintenance and development of property including making existing buildings environmentally friendly, addressing other environmental challenges to reduce the charity's carbon footprint, the development of new ministry, or facilitating the advancement of the charity's objects by making grants to other organisations.

♦ *Society restructuring fund*

This fund (previously named the International Development Fund) consists of monies which the trustees have set aside to support the work needed as a result of the canonical restructuring of the Society of the Sacred Heart and its international work.

## 20 Designated funds (continued)

♦ *Barat House Hostel fund*

This fund represents the net assets of Barat House. The assets have been designated for use by the House only.

♦ *Ministry support fund*

This consists of monies which the trustees have set aside for the support of charitable work.

♦ *Building maintenance fund*

This fund represents monies designated by the trustees to support the development of the healthcare hub and also maintain the charity's existing properties.

♦ *Malta fund*

This represents monies which the trustees have designated for the care of the elderly religious in Malta.

## 21 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Designated fund £	Programme related investment funds £	Restricted funds £	Total 2022 £
<b>Fund balances at 30 June 2022 are represented by:</b>						
Tangible fixed assets	—	7,976,975	—	—	—	7,976,975
Investments	315,388	—	36,137,857	1,895,845	—	38,349,090
Current assets	730,473	—	3,500,000	—	5,000	4,235,473
Creditors falling due within one year	(424,007)	—	—	—	—	(424,007)
<b>Total net assets</b>	<b>621,854</b>	<b>7,976,975</b>	<b>39,637,857</b>	<b>1,895,845</b>	<b>5,000</b>	<b>50,137,531</b>

The total unrealised gains as at 30 June 2022 constitute movements on revaluation and are as follows:

	2022 £	2021 £
<b>Total unrealised gains included above:</b>		
On listed investments	4,731,694	6,899,017
On investment property	1,191,184	1,191,184
	<b>5,922,878</b>	<b>8,090,201</b>
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 July 2021	8,090,201	3,275,707
Less in respect of disposals in the year	(38,984)	—
(Less) add: net (losses) gains arising on revaluation in the year	(2,128,339)	4,814,494
<b>Total unrealised gains at 30 June 2022</b>	<b>5,922,878</b>	<b>8,090,201</b>

**22 Connected charity and related party transactions**

The charity is connected to the Digby Stuart College Trust, Charity Registration No 1050470, by virtue of the fact that the two charities have some trustees in common, use the same principal address and share some of their administrative facilities.

At 30 June 2022, Digby Stuart College Trust owed the charity £1,044 (2021: £30,246).

Details of donations made to the charity by the trustees during the year are provided in note 11.

There were no other related party transactions during the year requiring disclosure (2021: none).

**23 Liability of the member**

The Provincial Superior of the Society, by virtue of holding that office, is ex-officio the sole member of the Charitable Incorporated Organisation (CIO) for as long as she holds that office. If the CIO is wound up, the member of the CIO has no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities. It is the duty of the member of the CIO to exercise her powers as a member of the CIO in the way she decides in good faith would be the most likely to further the purposes of the CIO. The member shall before exercising her powers carry out such consultations and obtain such consents, if any, as may be required by the Society's Constitutions.