

**Society of
the Sacred Heart
CIO**

Annual Report and Accounts

30 June 2023

Charity Registration Number 1179288



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Reference and administrative details of the charity its trustees and advisers

Trustees	Sister Christine Edwards Sister Catherine Lloyd Sister Sheila McNamara Sister Bernadette Porter Sister Lorraine Pratt Sister Stephanie Romaine Sister Marianne Tavares Sister Margaret Wilson
Provincial Superior	Sister Catherine Lloyd
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Charity Registration Number	1179288
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank plc 53-55 Uxbridge Road London W5 5SA
Solicitors	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
1 Angel Lane
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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 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 37 to 42 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 live mostly 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.

Further work has continued, and it is now the intention to move towards a period of transition to explore the creation of a new canonical entity comprised of the present provinces of England-Wales, Ireland-Scotland, Central Europe, and the area of Malta. The Provincial Superiors have established a networking group to facilitate communication between the sisters of these provinces and area. They have also established a transition group who will "map out" the civic, financial, and legal implications of this process of becoming a new canonical entity.

Introduction (continued)

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.

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)

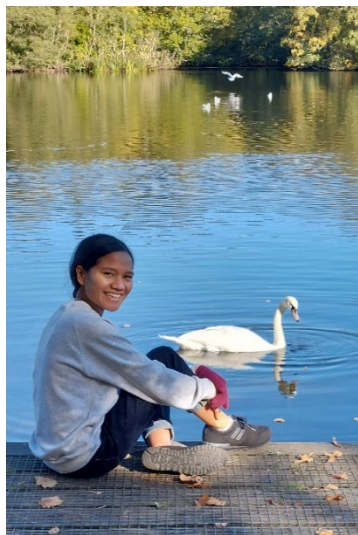
Initial formation

There were no candidates or novices in the province this year. Some 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 PTVs (Professed in Temporary Vows) in other European provinces.

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.

Our Director of PTV formation, Stephanie Romaine, accompanied the PTV of the Irish/Scottish Province. This ended with the final profession of Barbara Gartland (IRS) in Rome in March 2023. Stephanie Romaine also engaged with regular monthly Zoom meetings with the PTV directors in other provinces in Europe and attended a formation meeting in Poznan, Poland.

Newer members in initial formation from other provinces of the Society visited the province of England-Wales to study English and visit our sisters. During the course of the year, we hosted sisters from Colombia, India and Indonesia.



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. Individual members of the province have followed sabbatical programmes, some in established centres, others through a programme they have designed with the approval of the Team.

The Society offers a renewal programme in Rome for Sisters aged between 55 and 75. Having benefitted from this programme, Stephanie Romaine and Lorraine Pratt both later contributed input and support to subsequent international renewal programmes.

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 members 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.

Networking

RSCJ across the entities of the new Province have used Zoom to connect with each other in a 'Getting to know you' process. These sessions are held by Zoom regularly. Carol and Mary in Boleyn community comment that 'It's good to be involved with our European Sisters in a new way and, now that Brexit has taken our countries further apart, it's good to be able to redress it in some small way. The zoom sessions have been good, and we look forward to more ongoing contact.'

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

For the Provincial Superior and her Council, face to face visits to individuals have now returned largely to the pre-pandemic level. That said, a certain amount of provincial business is still conducted by Zoom, reducing the need for costly travel and enabling those with physical challenges to continue participating in provincial business.

The Internet enabled many sisters to maintain links with each other and participate in reading and reflection groups. Meg writes 'membership of a Reading Group enabled participation in the province reflection on community, which was challenging and enlightening. Preparation for, and participation in and follow up for regular meetings of the Group provide thought stimulus and insight. Meetings are usually through Zoom, occasionally face to face'.

In May 2023, the Spirituality Centre at Llannerchwen, Brecon began to work to move its website and booking system to the main province website site. The website has been a useful means of communication in our 180° celebrations which began in December 2022. Our safeguarding lead is currently discussing ways in which the website can support her work.

Review of activities (continued)

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

Networking (continued)

In a concerted effort to revamp our technology and hardware new providers were appointed to resource and support 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 adaptations or a move to more appropriate accommodation or into Duchesne House, our care home.

Support for those in leadership

During the year, members with specific responsibilities, such as the Provincial Superior and members of her Council, continued to meet on-line or in person, 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 December 2022, the Provincial attended the assembly of all the Society's provincials in Málaga, Spain. This meeting confirmed the re-structuring of new provinces and consequently the ENW leadership now meet frequently on Zoom with their counterparts in IRS and CEU as part of this process. Face to face meetings will follow in early 2024.

We have continued our work related to our legacy process, focussing on the areas sisters had identified of priority in relation to the future planning of the use of our resources: Our educative mission, formation, ecological justice, our concern for issues of social justice and spirituality. Work 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.

Throughout the year we have worked on the outcome of consultations and discernments in relation to housing and mission priorities. Work has begun on the decision to build ten 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 ready for occupation, it will enable the gradual release for sale of properties unsuitable for the needs of the current membership. A project team chaired by an RSCJ, and a lay project manager are working together with the appointed architects.

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 Council presented the initial building plans for the Roehampton building project for consultation. This meeting was followed up with a similar gathering with the province in July 2023.



Review of activities (continued)

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

Governance

In summer 2023, the Society recruited new staff into key posts including Executive Director and Executive Assistant. We also recruited more help with aspects of our bookkeeping and accounting and continued to work with lay financial advisors.

The Provincial Council assisted by FAC and the Investments and Long-term Assets committee, have been diligent in ensuring our commitment to ethical investments.

Safeguarding

Along with other religious orders in the Church, the Society has continued to support the Roman Catholic Church's "One Church" approach to safeguarding children and vulnerable adults. The Provincial and trustees engaged with the new Religious Life Safeguarding Service (RLSS) and appointed a new lay safeguarding officer, Liz Jones following the departure of Lisa Lucas. This appointment is 2.5 days per week provides more support to the Provincial and Management staff. The new named trustee responsible for safeguarding presented a report and update on our safeguarding provision to the Trustees in February and June 2023.

Early in 2023, Liz reviewed the safeguarding procedures of the province and of Duchesne House. This enabled her to identify the strengths and needs of the province and its staff in relation to safeguarding. Before her departure, Lisa conducted a full day training for trustees and Liz is working towards preparing the province for audit by the CSSA (Catholic Safeguarding Standards Agency) in line with their publication of the eight safeguarding standards that religious need to comply with. Liz will work closely with our managers and ensure that our processes, policies, and training records are established, reviewed 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), Melody Marshall who was appointed in June 2022. 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.

Duchesne House welcomed Annette Cauneen in November 2022 when she was appointed in a 'dual role' divided between activities co-ordinator and receptionist. With a background in fundraising and events management, it swiftly became clear that Annette not only has a natural rapport with the sisters of Duchesne House but excels as a friendly and capable multitasker. In March 2023 Annette's role was transferred to full time Liturgical and Activities Coordinator. Annette and Pauline have worked together as a dynamic team, coordinating a wide range of trips, events, and activities. Duchesne House is fortunate to have such dedicated, imaginative, and adaptable staff to support our sisters' continued engagement.

Review of activities (continued)

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

The experienced activities coordinator, Pauline Ramsey, continued the broader programme of activities and excursions on a part-time basis. Pauline holds a similar role with the Medaille Trust.



Sr. Mary Totten & Sr. Mary Gennery with Annette Cauneen & Pauline Ramsey

Isabella Plantation, Richmond Park



*Sr. Mairead Quigley & Sr. Mary Grant
London Wetlands Centre*

At the beginning of the year 2022-2023, the Duchesne House community numbered 15 sisters. During the year, one sister died, and several others had short spells there to recuperate from treatment and surgery.

As Duchesne House is not currently registered with the Care Quality Commission (CQC), the Society organised an independent audit of standards by an external assessor. This was completed in summer 2022. The report produced was very affirmative and an action plan was developed to improve and build upon the positive messages.



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).

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 coeducational 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 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. Members of the Society are also represented in groups related to the governance of the University of Roehampton.

The Sacred Heart Schools and College Network

September 2022 saw a significant change in the Schools and College Network with the appointment of a full time Network Coordinator and the establishment of a physical office for the Network in Bute Gardens, Hammersmith. The office has increased its work capacity from 3.5 days to 6.5 days a week with one full time and one part time post.

A physical office space provided an ideal opportunity to re-organise both the physical and digital resources of the Schools Network.

Two main online platforms were established, to provide resources for schools and colleges: Padlet serves as a digital noticeboard and SharePoint is used as a digital library by the Network office. These resources are organised under the headings of the Apostolic Priorities of the Society – Education, Spirituality, Formation and JPIC (Justice, Peace and Integrity of Creation).

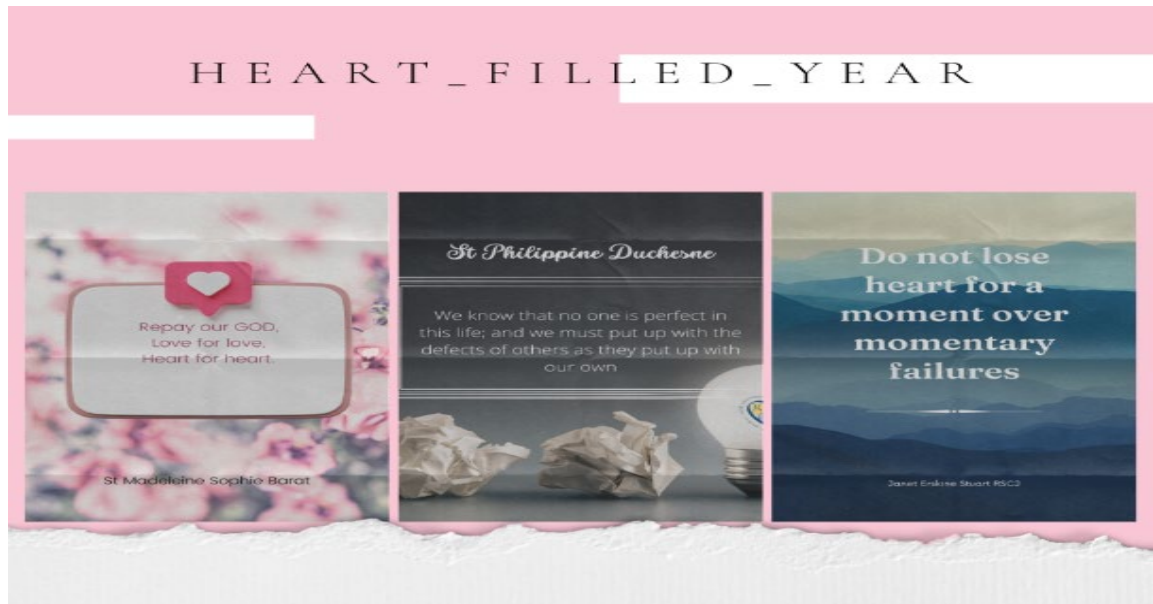
It has been a priority to build the Formation to Mission materials produced and available to the schools and college. An audit was carried out with the Headteachers and Goals Coordinators to establish where there was greatest need. A focus for the office during the year will be the preparation and dissemination of formation materials (including leaflets, films, and presentations) for school staff for September. In-person training for Governors has taken place in one school and further bookings have been made for the new academic year.

Review of activities (continued)

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

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

The Network has also sought to find new ways to reach school communities through social media. This has included a new Instagram account which posts daily quotations and prayers and reaches teachers, students and RSCJ around the world.



The Network has hosted several conferences this year – including the first *HeartFest* student gathering since the pandemic. Students from across the 5 schools gathered in the Youth Village, County Durham, in September to reflect on the Goal of Community and what it means to be a child of the Sacred Heart. There have also been two residential conferences for Goals Coordinators and Chaplains (held in Woldingham and Fenham) this year.

Whilst these focus on the Goals, they also have a spiritual component for those attending including input from Margaret Wilson RSCJ and Lorraine Pratt RSCJ.



*Leading from the Heart
Heads Conference
March 2023*

Review of activities (continued)

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

The Sacred Heart Schools and College Network (continued)

The Headteachers also gathered for a residential conference in March 2023 at Woldingham School. The focus on this was an introduction to the new Apostolic Priorities of the Society and how these might feature in schools.

The schools in our Network have been very appreciative of the funds made available from the Society's Ministry Support Fund used to support the most vulnerable pupils and their families. The ongoing cost of living crisis has brought significant challenges to many families. These funds are used in emergencies ranging from school uniform for Ukrainian refugees to Christmas gifts for pupils that enabled their parents to prioritise on food and heating costs during the winter.

One headteacher commented that parents were more willing to accept the financial support knowing that it came from the sisters and wasn't coming out of school funds needed by other children.

In December 2022, the year of celebrations marking the 180th anniversary of the arrival of the RSCJ to England and Wales began. The schools and college have engaged with this special year in many ways. They have conducted 180 hours of service and been involved in a joint fundraising project to raise funds for a new Sacred Heart Primary school in Eldoret, Kenya. The schools and college marked the 'birthday' of the province on the 8 December in many special ways and all came together for the province's celebration mass on 17 June, forming a Network Choir. There were joint gardening projects and later this year there will be formal tree plantings at each site.



Tree Planting to celebrate 180 years of the Society of the Sacred Heart at Fenham Primary School, with left to right:

Srs Catherine Lloyd, Sheila McNamara, Doreen Bell, Margaret Wilson, Stephanie Romaine

The Network continues to consider its role in relation to other Sacred Heart Schools' Networks. There has already been considerable collaboration this year with the Irish / Scottish / Maltese province and the European Network. In October 2022, Vicky Lorenzato facilitated the annual European Teachers' Conference in Joigny which was attended by colleagues from the Fenham schools as well as facilitating several projects across the European schools this year including online student JPIC conferences and prayer initiatives.

University of Roehampton

Catherine Lloyd RSCJ in her role as Provincial Superior, 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.

Review of activities (continued)

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

University of Roehampton (continued)

Following the pandemic, the Society re-established Digby Stuart Liaison Group which 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. This group is involved, along with others in planning for the celebrations for the 150th year of the Digby Stuart College.

The Sanctuary scholarship



Since 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.

Recipients have written of their struggle with mental health while they wait to hear the outcome of asylum applications. Being able to study contributes to creating stability in their otherwise unsettled world. In summer 2023, our first sanctuary scholars graduated from Roehampton, having completed their degrees.

Sister Cath meets with Sanctuary scholars.

Once again grants from our Missionary Support Fund have helped build up and support educational initiatives at home and abroad. In March 2023, we contributed funds to the Pax Christi Peace Education Fund, the KLS Love to learn project, 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.

RSCJ are also involved in other educative activities. Lorraine Pratt continues to teach dance and train other dancers. Margaret Wilson and Bernadette Porter support the work of the network of schools. Cath Lloyd facilitates the work of other congregations and assists groups with strategic planning.

♦ **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.

Review of activities (continued)

♦ The advancement of the Roman Catholic religion (continued)

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.

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 Stephanie 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.

Stephanie participated in bereavement support ministry and offered spiritual accompaniment as part of an Emmaus Team. 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.

Lorraine led dance workshops in Pamplona, Madrid, Budapest and Placeres and led one every 6 weeks in

London and attended one for herself in Germany. She has also been part of the 180 years Organising Group.

Review of activities (continued)

♦ The advancement of the Roman Catholic religion (continued)

Spirituality ministry (continued)

Our large meeting space in Newcastle has been used by school chaplains and our schools network personnel to plan retreats and reflections.



Our own spirituality centre, Llannerchwen, in Brecon, Wales, offers opportunities for people from all walks of life to enjoy silence and solitude, with spiritual accompaniment if desired. The Centre has been steadily building up a mixed clientele of new visitors and returning visitors since the pandemic. The team providing retreats are mixed lay and religious and the visitors are from a variety of faith traditions.

In early 2023, a considerable amount of maintenance work was undertaken, and more administrative help was put in place to support the resident community.

Chaplaincy ministry at Digby Stuart College, Roehampton University

For some years, the Society has funded the post of the Digby Stuart Chaplaincy Community worker. This post has been important in helping to build up the Barat House Intentional Christian Community, which is an ongoing commitment in partnership with Southlands College.

This community was impacted by the pandemic and worked throughout 2022 to rebuild. In September 2022, the community numbered five students and that number increased throughout the year. In spring 2023, the Society gave permission for students to stay throughout the summer as well as during academic terms.

With the Society's initial funding mandate coming to an end, the provincial team initiated a discussion with relevant partners around the need for a project review of this model of intentional Christian community. This began in December 2023 and is currently ongoing.

Parish ministry

All sisters are parishioners in their local Catholic churches and contribute to the life of these faith communities in many ways. Some of our sisters participate in faith sharing groups, as readers and eucharistic ministers. Many sisters have been involved in the Catholic Church's synodal process in their parish communities.

♦ 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.

Most individuals and communities in the province confirmed their commitment this year to support their local foodbanks with regular donations of food and financial support.

Review of activities (continued)

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

We also offered support to pupils and families in food poverty in the four state schools in our network. This year's Ministry Support Fund also offered financial help to several charities addressing food poverty.

The Society founded FAR, (the Fenham Association of Residents) in Newcastle upon Tyne many years ago. In March 2023, the Society made a significant donation to FAR to enable them to plan for their future in the longer term. FAR offer support to local residents ranging in age from pre-school to ninety years.

The province's Ministry Support Fund (MSF) gives grants every year of varying amounts to projects and organisations nominated by RSCJ and with whom we have some association. Some of these are local projects. This year we again donated to the Glass Door project which is one of our local homeless charities in West London and to 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 to enable 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. Through MSF, Llannerchwen supported the Ebbw Vale Community Pantry.

This year, the MSF fund also supported projects which address the needs of vulnerable children and families and several projects addressing the needs of migrants and refugees in different parts of London and the Northeast. 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. Regular donations from MSF are given to the Passage, CAFOD and the Medaille Trust.

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.



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. MSF has enabled Caritas to go on supporting parishes and projects.

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.



Review of activities (continued)

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

Work with Victims of Human Trafficking and Slavery

The Society's relationship with and support of the Medaille Trust continues. Sister Jane Maltby RSCJ is Chair of the trust which has strong historic connections with Catholic Religious. The Society continues to provide 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. Recognising the need to keep the women safe and comfortable, whilst maintaining its own property, the Society this year approved further expenditure for maintenance and updating of this building.



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 held our Provincial Chapter in November 2023.
- ♦ We will begin to prepare for the General Chapter in August 2024.
- ♦ We held the meeting of the leadership teams of the new canonical entity in Vienna, which took place in January 2024.
- ♦ 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.

Future plans (continued)

- ◆ We will continue to implement our decision regarding the Berrymead housing project for 10 individual flats in Roehampton on land adjacent to Duchesne House. These purpose-built flats will enable Sisters to retain their independence in accommodation and deal with changing needs as and when they occur.
- ◆ We will consider 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 advice of the Finance Advisory Committee, the Investments and Long-term assets 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.
- ◆ We will work with our safeguarding lead and other relevant bodies to implement our safeguarding action plan in preparation for audit by the Catholic Safeguarding Standards Agency.



Relevant policies

♦ Investment policy

The charity has a portfolio of listed investments which had a value of £33,856,695 at 30 June 2023, along with cash investments of £3,535,851.

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 considers 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 2022-2023 has been met.

The performance of the charity's listed investments has improved compared to last year with the portfolio giving a capital return of 2.29% (2022 – minus 5.49%). The income yield for the year was 3.14% (2021 – 2.88%).

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 2023 was £247,071 (2022 – £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.

Relevant policies (continued)

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

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.

During the year £376,357 (2022 – £233,100) 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" (Society's 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 34 of this report and accounts. The figures represent the financial underpinning of the work of the Society.

During the year the total income was £2,313,090 (2022 – £2,139,785). This included surpluses on the disposal of tangible fixed assets of £176,082 (2022 – 120,108).

Expenditure totalled £3,421,066 for the year (2022 – 3,421,066), of which £437,743 (2022 – £298,100) related to donations made to other charities (including the annual contribution to the Generalate).

Financial review (continued)

Expenditure during the previous year included an impairment charge of £615,729 on one of the charity's properties in southwest London; there were no impairment charges during the year ended 30 June 2023.

Net expenditure for the year amounted to £894,451 (2022 – net expenditure of £1,281,280) before net investment gains of £903,450 (2022 – net losses of £2,116,252) which gave rise to a net increase in funds of £8,999 (2022 – a net decrease in funds of £3,397,532).

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 £50,146,530 (2022 – £50,137,531) and of this, £7,283,380 (2021 – £7,976,975) 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 (2022 – £15,000,000) 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 whom will need increasing support and increasingly expensive residential and nursing care. There is also a designated fund of £1,614,692 (2022 – £1,579,138), designated to care for the elderly religious in Malta.

Financial review (continued)

Financial position (continued)

A future strategy fund of £15,000,000 (2022 – £15,000,000) 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.

The building maintenance fund of £4,709,562 (2022 – £5,000,000) 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 2023 amounted to £500,000 (2022 – £500,000), whilst the society restructuring fund of £2,500,000 (2022 – £2,500,000) will be used to support the international work of the Society. The Barat House Hostel fund of £63,889 (2022 – £58,719) represents the net assets of Barat House and has been designated for use by the House only.

Funds restricted to specific purposes amounted to £5,000 as at 30 June 2023 (2022 – £5,000).

Funds which are available to support the work of the Sisters in the future are shown on the balance sheet as general funds and therefore amount to £1,572,936 (2022 – £621,854).

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.

Governance, structure and management (continued)

♦ Trustees (continued)

Brief biographic details of the trustees in office during the year to 30 June 2023 are as follows:



Sister Christine Edwards has held a variety of teaching posts during 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 the 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.

Governance, structure and management (continued)

♦ **Trustees** (continued)



Sister Bernie Porter Sister Bernadette Porter worked in our schools of Woldingham and Fenham, before moving into the Education Department of the then Roehampton Institute. After six years of teaching undergraduate and PGCE students, she was appointed College Principal of Digby Stuart, a role she held for ten years. Moving from Pro-Rector to Vice Chancellor, she led the Institution to attain independent University status in 2004. Bernie served as Treasurer General of the Society of the Sacred Heart in Rome between 2010-2021. In this role she handled the financial assets of the Congregation, as well as overseeing its legal structures across the world. She has held a number of Trustee roles over the years, both in formal and informal educational settings.



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.



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 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.

Governance, structure and management (continued)

♦ Trustees (continued)



Sister Marianne Tavares has spent most of her working life as a health care professional in the NHS or equivalent – as a nurse in hospitals, district nurse in the community, district nurse manager, complementary therapy lead in palliative care in hospices and hospitals in the U.K. and Canada. Working in palliative care included providing psycho-spiritual support to patients and families within the boundaries of her role. She is currently a member of the Provincial Team and has pastoral responsibilities in Duchesne House.



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).

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.

Governance, structure and management (continued)

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

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.

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 21 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.

Governance, structure and management (continued)

♦ **Risk management** (continued)

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 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.

◇ **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.

Governance, structure and management (continued)

◆ **Risk management** (continued)

◇ ***On-going needs***

The refurbishment of Duchense 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 2023 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 to ensure the properties are upgraded and maintained. This is an ongoing review and process.

◇ ***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.

Governance, structure and management (continued)

◆ **Risk management** (continued)

◇ ***Housing and long-term care needs*** (continued)

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

Trustee

Approved by the trustees on: 23 February 2024

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 2023 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 2023 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. 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

27 March 2024

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

Statement of financial activities Year to 30 June 2023

	Notes	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Income from:							
Donations and legacies	1	814,020	—	814,020	707,992	—	707,992
Investments and interest receivable	2	1,147,493	—	1,147,493	1,161,835	—	1,161,835
Charitable activities	3	53,436	—	53,436	17,606	—	17,606
Other sources:							
. Surplus on disposal of tangible fixed assets	4	176,082	—	176,082	120,108	—	120,108
. Miscellaneous sources	5	122,059	—	122,059	122,244	10,000	132,244
Total income		2,313,090	—	2,313,090	2,129,785	10,000	2,139,785
Expenditure on:							
Charitable activities							
. Donations payable	6	437,743	—	437,743	298,100	—	298,100
. Support of members of the Society and their ministry	7	2,756,586	—	2,756,586	2,496,959	10,000	2,506,959
. Provision of retreat accommodation		13,212	—	13,212	277	—	277
. Impairment of freehold property	12	—	—	—	615,729	—	615,729
Total expenditure		3,207,541	—	3,207,541	3,411,065	10,000	3,421,065
Net expenditure before net gains (losses) on investments	9	(894,451)	—	(894,451)	(1,281,280)	—	(1,281,280)
Net gains (losses) on investments	13	903,450	—	903,450	(2,116,252)	—	(2,116,252)
Net income (expenditure) and net movement in funds		8,999	—	8,999	(3,397,532)	—	(3,397,532)
Reconciliation of funds:							
Balances brought forward at 1 July 2022		50,132,531	5,000	50,137,531	53,530,063	5,000	53,535,063
Balances carried forward at 30 June 2023		50,141,530	5,000	50,146,530	50,132,531	5,000	50,137,531

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 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	12		7,283,380		7,976,975
Investments	13		39,289,617		38,349,090
			46,572,997		46,326,065
Current assets					
Debtors	14	1,179,345		1,170,568	
Cash at bank and in hand		2,596,323		3,064,905	
		3,775,668		4,235,473	
Creditors: amounts falling due within one year	15	(202,135)		(424,007)	
Net current assets			3,573,533		3,811,466
Total net assets			50,146,530		50,137,531
The funds of the charity:					
Restricted income funds	16		5,000		5,000
Unrestricted income funds					
. General fund			1,572,936		621,854
. Tangible fixed assets fund	17		7,283,380		7,976,975
. Programme related investments fund	18		1,897,071		1,895,845
. Designated funds	19		39,388,143		39,637,857
			50,146,530		50,137,531

Approved by the trustees and signed
on their behalf by:

Sister Catherine Lloyd

Trustee

Approved by the trustees on: 23 February 2024

Statement of cash flows Year to 30 June 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(2,201,083)	(1,846,664)
Cash flows from investing activities:			
Investment income received		1,245,546	997,226
Interest received		2,928	13,269
Proceeds from the disposal of tangible fixed assets		894,833	376,050
Proceeds from disposal of listed investments		3,500,000	231,339
Purchase of tangible fixed assets		(373,729)	(65,573)
Purchase of cash investments		(3,535,851)	—
Purchase of programme related investments		(1,226)	(1,224)
Net cash provided by investing activities		1,732,501	1,551,087
Change in cash and cash equivalents in the year		(468,582)	(295,577)
Cash and cash equivalents at 1 July 2022	B	3,064,905	3,360,482
Cash and cash equivalents at 1 June 2023		2,596,323	3,064,905

Notes to the statement of cash flows for the year to 30 June 2023.

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

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	8,999	(3,397,532)
Adjustments for:		
Depreciation charge	304,981	314,537
Impairment of freehold property	—	615,729
(Gains) losses on listed investments	(903,450)	2,116,252
Investment income	(1,144,565)	(1,138,366)
Interest receivable	(2,928)	(13,269)
Surplus on disposal of tangible fixed assets	(176,082)	(120,108)
(Increase) decrease in debtors	(2,700)	62,442
Decrease in creditors	(285,338)	(286,349)
Net cash used in operating activities	(2,201,083)	(1,846,664)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	2,596,323	3,064,905

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 2023

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 2023 with comparative information given in respect to the year 30 June 2022.

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

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

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

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

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees 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 a 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 2024, 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 and other income including the surplus on the disposal of tangible fixed assets.

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. 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 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Salaries and pensions of individual religious received under Deed of Covenant or Gift Aid	813,578	—	813,578	707,992	—	707,992
Other donations	442	—	442	—	—	—
	814,020	—	814,020	707,992	—	707,992

2 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Income from listed investments						
. UK Common investment funds	1,144,565	—	1,144,565	1,121,116	—	1,121,116
Rental income from investment property	—	—	—	27,450	—	27,450
Bank interest and interest on short term deposits	2,928	—	2,928	13,269	—	13,269
	1,147,493	—	1,147,493	1,161,835	—	1,161,835

3 Income from: Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Hostel income	31,582	—	31,582	12,756	—	12,756
Retreat centre income	19,654	—	19,654	4,850	—	4,850
Other rental income receivable	2,200	—	2,200	—	—	—
	53,436	—	53,436	17,606	—	17,606

4 Income from: Surplus on disposal of tangible fixed assets

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Surplus on the disposal of land and buildings	165,082	—	165,082	144,466	—	144,466
Surplus on the disposal of motor vehicles	11,000	—	11,000	969	—	969
Loss on the disposal of property improvements	—	—	—	(25,327)	—	(25,327)
	176,082	—	176,082	120,108	—	120,108

5 Income from: Miscellaneous sources

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Investment manager fee rebate (note 13)	91,531	—	91,531	89,911	—	89,911
Coronavirus Job Retention Scheme funding	—	—	—	15,766	—	15,766
Other	30,528	—	30,528	16,567	10,000	26,567
	122,059	—	122,059	122,244	10,000	132,244

The charity furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received of £nil (2022 – £15,766) relates to salary costs included within staff costs (note 10).

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 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Contributions to the Generalate of the Society of the Sacred Heart	52,482	—	52,482	55,000	—	55,000
Donations to institutions and individuals (see overleaf)	385,261	—	385,261	243,100	—	243,100
	437,743	—	437,743	298,100	—	298,100

6 Expenditure on: Donations payable (continued)

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

Recipient	Total 2023 funds £	Total 2022 funds £
Aid to the Church in Need	5,000	—
Bishop Bewick Catholic Education Trust	8,774	—
Butterfly Tree Project	1,500	4,000
CAFOD	10,000	10,000
Cardinal Hume Centre	10,000	7,500
Care4Calais	6,000	5,000
Caritas Westminster (Firm Foundations)	10,000	—
Catholic Children's Society	7,500	2,500
Christian Aid	5,000	—
Community Hub, Our Lady of Fatima, White Chapel	7,000	—
DEC re Pakistan floods	5,000	—
Ebbw Vale Community Pantry	3,000	—
Fenham Association of Residents (FAR) (including swimming project)	150,000	30,500
The Glass Door	5,000	5,000
Hammersmith & Fulham Foodbank	5,000	—
Jesuit Refugee Service	32,000	—
Katherine Low Settlement	9,600	10,300
London Irish Centre Charity	2,500	2,500
The Medaille Trust	5,000	69,600
Minsteracres Retreat Centre	—	5,700
Missio	5,000	—
Newham Community Project	7,000	6,000
Network of Sacred Heart Schools and College	9,000	9,000
Operation Noah	4,000	2,500
The Passage	10,000	7,500
Pax Christi	5,000	5,000
The Peoples' Kitchen	—	4,000
Practical Action	—	2,000
Religious Life Safeguarding Service	5,000	—
Schools Network	—	2,000
The Shannon Trust	—	2,500
Shepton Mallet Dementia Action Alliance	1,500	—
Solidarity in South Sudan	10,000	—
STCF Philanthropy	5,000	—
St Greg's Pantry	—	3,000
St Vincent de Paul Group	—	1,000
Traidcraft Exchange	6,983	10,000
Transform Trade	8,000	—
The Trussell Trust	5,000	1,500
Ukrainian Fund	—	10,000
West End Refugee Service (WERS)	2,500	2,500
Windsor Hill Wood	—	—
Young Ministry Team Diocese of Hexham & Newcastle	3,000	6,500
	374,857	227,600
Donations of less than £1,000	10,404	15,500
	385,261	243,100
Total donations	385,261	243,100

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

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Premises	204,231	—	204,231	298,946	—	298,946
Sisters' living and ministry expenses	1,780,692	—	1,780,692	1,402,537	10,000	1,412,537
Education, training and spiritual renewal	24,951	—	24,951	24,755	—	24,755
Refurbishments and start-up costs	183,380	—	183,380	63,498	—	63,498
Other support costs	513,732	—	513,732	668,208	—	668,208
Governance costs (note 8)	49,600	—	49,600	39,015	—	39,015
	2,756,586	—	2,756,586	2,496,959	10,000	2,506,959

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2023 funds £	Unrestricted funds £	Restricted funds £	Total 2022 funds £
Auditor's remuneration	49,600	—	49,600	39,015	—	39,015

9 Net expenditure before gains on investments

This is stated after charging:

	Total 2023 £	Total 2022 £
Staff costs (note 10)	1,247,616	1,073,617
Auditor's remuneration		
· Statutory audit services – current year	38,040	29,000
· Statutory audit services – prior year	5,560	—
· Other accountancy services – prior year	6,000	10,015
Depreciation	304,981	314,537

10 Staff costs, key management personnel, trustees' remuneration and expenses and transactions with trustees

	2023 £	2022 £
Staff costs during the year were as follows:		
Wages and salaries	1,113,245	964,187
Social security costs	93,865	76,817
Pension costs	40,506	32,613
	1,247,616	1,073,617
Staff costs per function were as follows:		
Support of members of the Society and their ministry	1,247,616	1,073,617

No employees earned £60,000 per annum or more (including benefits but excluding employer's pension contributions) during the year (2022 – none).

10 Staff costs, key management personnel, trustees' remuneration and expenses and transactions with trustees (continued)

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

	2023	2022
Support of members of the Society and their ministry	53	48

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 £101,403 (2022 – £82,255).

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 (2022 – 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 £256,213 (2022 – £82,466).

11 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.

12 Tangible fixed assets

	Total land and buildings (see below) £	Building improvements £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 July 2022	10,404,872	1,360,336	253,710	260,371	12,279,289
Additions	175,000	61,364	82,095	11,678	330,137
Disposals	(713,251)	—	(36,795)	—	(750,046)
At 30 June 2023	9,866,621	1,421,900	299,010	272,049	11,859,380
Depreciation					
At 1 July 2022	3,172,982	702,754	202,785	223,793	4,302,314
Charge for the year	133,398	113,356	27,942	30,285	304,981
On disposals	—	—	(31,295)	—	(31,295)
At 30 June 2023	3,306,380	816,110	199,432	254,078	4,576,000
Net book values					
At 30 June 2023	6,560,241	605,590	99,578	17,971	7,283,380
At 30 June 2022	7,231,890	657,582	50,925	36,578	7,976,975

12 Tangible fixed assets (continued)***Land and buildings***

	Freehold land and buildings		Long leasehold property £	Total land and buildings £
	Residential £	Purpose built £		
Cost				
At 1 July 2022	5,186,829	4,421,397	796,646	10,404,872
Additions	—	—	175,000	175,000
Disposals	(713,251)	—	—	(713,251)
At 30 June 2023	<u>4,473,578</u>	<u>4,421,397</u>	<u>971,646</u>	<u>9,866,621</u>
Depreciation				
At 1 July 2022	—	3,072,218	100,764	3,172,982
Charge for the year	—	126,587	6,811	133,398
At 30 June 2023	<u>—</u>	<u>3,198,805</u>	<u>107,575</u>	<u>3,306,380</u>
Net book values				
At 30 June 2023	<u>4,473,578</u>	<u>1,222,592</u>	<u>864,071</u>	<u>6,560,241</u>
At 30 June 2022	<u>5,186,829</u>	<u>1,349,179</u>	<u>695,882</u>	<u>7,231,890</u>

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.

An impairment of £615,729 in respect to a property in southwest London was made during the year ended 30 June 2022 to write it down to its recoverable amount of £nil. The property is currently empty and is due to be demolished. No further impairment charges have been made during the year ended 30 June 2023.

Capital commitments

At 30 June 2023, no capital commitments existed (2022: £nil) although planning permission has been obtained 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 £5 million.

At the year end, the charity had committed to the purchase of a flat in southwest London, for consideration of £505,000. This purchase was completed following the year end (please see note 23).

13 Fixed asset investments

At 30 June 2023 investments comprised:

	2023 £	2022 £
Freehold investment property (see a. below)	—	—
Listed investments and cash held for re-investment (see c. below)	33,856,695	36,453,245
Cash investments (see b. below)	3,535,851	—
Programme related investments (see d. below)	1,897,071	1,895,845
	39,289,617	38,349,090

Movements on each category of investment are summarised below:

a. Freehold investment property

	2023 £	2022 £
Fair value at 1 July 2022	—	1,450,000
Reclassified as tangible fixed assets	—	(1,450,000)
Fair value at 30 June 2023	—	—

b. Cash investments

	2023 £	2022 £
At 1 July 2022	—	—
Additions	3,535,851	—
At 30 June 2023	3,535,851	—

All cash investments are held in the CCLA COIF Charities Deposit fund.

c. Listed investments

	2023 £	2022 £
Listed investments		
Market value at 1 July 2022	36,453,245	38,800,835
Disposals (proceeds £3,500,000, gains £69,695)	(3,430,305)	(219,251)
Net unrealised investment gains (losses)	833,755	(2,128,339)
Market value at 30 June 2023	33,856,695	36,453,245
Cost of listed investments at 30 June 2023	28,736,505	31,721,551

At 30 June 2023 listed investments comprised holdings in the following common investment fund:

	2023		2022	
	Market value £	Percentage of total portfolio %	Market value £	Percentage of total portfolio %
COIF Charities Ethical Investment Fund	33,856,695	100	36,453,245	100

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

13 Fixed asset investments (continued)

c. Listed investments (continued)

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 £91,531 for the year to 30 June 2023 (2022 – £89,911) are included in these accounts as miscellaneous income.

d. Programme related investments

	2023 £	2022 £
Carrying value at 1 July 2022	1,895,845	1,894,621
Additions to Oikocredit equity shares	1,226	1,224
Carrying value at 30 June 2023	1,897,071	1,895,845

Programme related investments comprise:

	2023 £	2022 £
Freehold properties	1,650,000	1,650,000
Oikocredit equity shares	247,071	245,844
	1,897,071	1,895,844

The charity owns a property which is leased to Sacred Heart High School Hammersmith Academy Trust (Company No. 07941140) at an annual peppercorn rent. 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.

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 £247,071 (2022 – £245,844) 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.

14 Debtors

	2023 £	2022 £
Investment income	1,068,543	1,169,524
Other debtors	3,744	1,044
Prepayments in respect to anticipated additions to tangible fixed assets	107,058	—
	1,179,345	1,170,568

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals	114,068	50,039
Donations payable	66,157	357,100
Expense creditors	—	4,340
Salaries and related creditors	21,910	12,528
	202,135	424,007

16 Restricted funds

	At 1 July 2022 £	Income £	Expenditure £	At 30 June 2023 £
Restricted funds - miscellaneous	5,000	—	—	5,000

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

17 Tangible fixed assets fund

	2023 £	2022 £
At 1 July 2022	7,976,975	7,647,612
Net movements in year	(693,595)	329,363
At 30 June 2023	7,283,380	7,976,975

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.

18 Programme related investments

	2023 £	2022 £
At 1 July 2022	1,895,845	1,894,621
Net movement in year	1,226	1,224
At 30 June 2023	1,897,071	1,895,845

The programme related investment fund represents the value of the charity's programme related investments. As explained in note 13, 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.

18 Programme related investments (continued)

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.

19 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 2022 £	New designations £	Utilised/ released £	At 30 June 2023 £
Retirement fund	15,000,000	—	—	15,000,000
Future strategy fund	15,000,000	—	—	15,000,000
Society restructuring fund	2,500,000	—	—	2,500,000
Barat House Hostel fund	58,719	—	5,170	63,889
Ministry support fund	500,000	308,100	(308,100)	500,000
Building maintenance fund	5,000,000	—	(290,438)	4,709,562
Malta fund	1,579,138	35,554	—	1,614,692
	39,637,857	343,654	(593,368)	39,388,143

	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.

19 Designated funds (continued)

♦ *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.

♦ *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.

20 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Designated fund £	Programme related investment funds £	Restricted funds £	Total 2023 £
Fund balances at 30 June 2023 are represented by:						
Tangible fixed assets	—	7,283,380	—	—	—	7,283,380
Investments	254,403	—	37,138,143	—	1,897,071	39,289,617
Current assets	1,520,668	—	2,250,000	5,000	—	3,775,668
Creditors falling due within one year	(202,135)	—	—	—	—	(202,135)
Total net assets	1,572,936	7,283,380	39,388,143	5,000	1,897,071	50,146,530

	General fund £	Tangible fixed assets fund £	Designated fund £	Programme related investment funds £	Restricted funds £	Total 2022 £
Fund balances at 30 June 2022 are represented by:						
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)
Total net assets	621,854	7,976,975	39,637,857	1,895,845	5,000	50,137,531

20 Analysis of net assets between funds (continued)

The total unrealised gains as at 30 June 2023 constitute movements on revaluation and are as follows:

	2023 £	2022 £
Total unrealised gains included above:		
On listed investments	5,120,190	4,731,694
	5,120,190	4,731,694
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 July 2022	4,731,694	8,090,201
Less in respect of disposals in the year	(445,259)	(38,984)
Add (less): net gains (losses) arising on revaluation in the year	833,755	(2,128,339)
Less: eliminated on transfer of property to tangible fixed assets at deemed cost	—	(1,191,184)
Total unrealised gains at 30 June 2023	5,120,190	4,731,694

21 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 2023, Digby Stuart College Trust owed the charity £3,744 (2022 – £1,044).

Details of donations made to the charity by the trustees during the year are provided in note 10.

There were no other related party transactions during the year requiring disclosure (2022 – none).

22 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.

23 Post balance sheet events

Following the year end, the charity completed the purchase of two properties:

- ♦ Flat 4, Queen Mary's House, 1 Holford Way, London, for consideration of £510,721 on 21 July 2023.
- ♦ Flat 56, Roebuck House, Roehampton Lane, London, for consideration of £515,598 on 16 November 2023.