

**Sisters of the Sacred Hearts  
of Jesus and Mary CIO**

**Annual Report and Accounts**

31 March 2021

Charity Registration Number  
1179804

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

<b>Trustees</b>	Sister Catherine Collins Sister Kathleen Corbett Sister Nora Emperor Sister Eileen McLoughlin Sister Mary Mangan Sister Lorna Walsh
<b>The Superior General</b>	Sister Mary Mangan
<b>The Secretary General</b>	Sister Kathleen Corbett
<b>The General Treasurer</b>	Sister Catherine Collins
<b>Principal address</b>	Chigwell Convent 803 Chigwell Road Woodford Bridge Essex IG8 8AU
<b>Telephone</b>	020 8504 1624
<b>Website</b>	<a href="http://www.sacredheartsjm.org">www.sacredheartsjm.org</a>
<b>Charity registration number</b>	1179804
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Investment managers</b>	Sarasin & Partners LLP Juxon House St Paul's Churchyard London EC4M 8BU
<b>Bankers</b>	HSBC plc 91 High Street Brentwood Essex CM1 4RU
<b>Solicitors</b>	Stone King LLP 3 Queen Square Bath BA1 2HG

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

### Insurance Brokers

DE Ford Insurance Brokers Limited  
Poppleton Grange  
Low Poppleton Lane  
York  
YO26 6GZ

## Report of the trustees Year to 31 March 2021

The trustees present their report together with the accounts of the Sisters of the Sacred Hearts of Jesus and Mary CIO (the “charity”) for the year ended 31 March 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 36 to 43 and comply with the charity’s constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### Introduction

The Congregation of the Sisters of the Sacred Hearts of Jesus and Mary (the Congregation) is an International Roman Catholic Religious Congregation supporting 112 sisters worldwide. It was founded in France in 1866. The United Kingdom Congregation became an independent entity in 1903 and has its headquarters at Chigwell Convent in Essex.

The Sisters have, over the years, engaged in a variety of services for the poor and deprived, and serve in the United Kingdom, Ireland, USA, Zambia, Uganda, El Salvador and the Philippines.

The Mission Statement of the Sisters is:

*“We, the Sisters of the Sacred Hearts of Jesus and  
Mary,  
urged by the compassion of Christ  
and responsive to the anguish of Peoples and Planet,  
are called to help shape Communities  
of Gentleness, Justice and Peace  
that witness to the healing, liberating and empowering  
love of God.”*

The accounts accompanying this report are the accounts of the charity through which certain of the net assets of the Congregation in England, Wales and Scotland are administered.

**Introduction** (continued)

With effect from midnight on 31 March 2019, in accordance with a legal transfer of undertakings and a resolution of the trustees, certain of the activities, assets and liabilities of the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232) were transferred as a going concern into the newly formed Charitable Incorporated Organisation (CIO).

**Mission**

The charity aims to support the religious and other charitable works carried on by the members of the Congregation and to care for those members throughout their lives within the Congregation. These ministries of the Sisters of the Congregation, all of which benefit numerous members of the general public, fall into the following main areas:

- ◆ Health (including caring for members of the Congregation)
- ◆ Education (including education of our own sisters and education within our overseas outreach)
- ◆ Pastoral ministry
- ◆ Overseas outreach

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

***Health***

The Sisters of the Sacred Hearts of Jesus and Mary CIO operates one care home in the United Kingdom.

***Marian House Care Home***

We run a friendly open environment for staff and residents whilst at the same time ensuring we maintain the privacy, dignity, and rights and the quality of life for the residents who are vulnerable adults. The home provides long term residential care for the elderly and also short-term respite care for those coming out of hospital or to enable carers to take a break. Marian House shares the site with a resident community of sisters. The lives of the two intertwine for prayer, retreats, social activities and other celebrations. The sisters in community provide a valuable pastoral service for the residents who are all known to them.



Some of the sisters  
enjoying tea in the  
garden at Marian House  
in the Summer of 2020

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

***Health*** (continued)

*Marian House Care Home* (continued)

The Home works very closely with the local authority, the London Borough of Hillingdon. We work very closely with the local hospital and healthcare services which provide additional help and support and training for staff as required.

A community Matron has been appointed for Hillingdon, she offers support and visits the Home, she is part of the Care Home Support Programme.

It is the Care Quality Commission's (CQC's) responsibility to confirm that the Home meets the requirements of all current legislation and that residents are provided with care and dignity in a safe environment. The CQC is also there to advise us on any issues of concern.

Following CQC's virtual inspections up to and shortly after March 2021, CQC have confirmed the standard remains Good and no further inspections will be required in 2021.

Hillingdon Quality Assurance, responsible for provisions on care, have supported care homes during the pandemic. They have inspected and there are no outstanding actions.

The Commissioning Clinical Group do not usually inspect care homes. However, during the pandemic they have inspected and there are no outstanding actions.

All efforts have been concentrated on preventing outbreaks of Covid-19 in the Home, following the outbreak in March 2020. Despite having 3 staff test positive, on different occasions, and one community sister testing positive twice, these remained isolated cases and there were no further outbreaks.

*Staff training*

All staff training has been carried out remotely, and online, this has been a challenge to some staff who have had to acquire IT skills to complete the training. The Community Matron completed PPE training face-to-face for all staff. The Team Leader has commenced Level 5 in Health & Social Care and two senior Carers have commenced level 4 in Health and Social Care.

Infection Prevention Control Champions - The Care Manager, Team Leader, a senior and a level 2 carer, remotely meet with the other care homes in Hillingdon once a month, to discuss challenges and good practice. This is organised through Hillingdon Quality Assurance.

Whilst the pandemic continues, Marian House Care Home will continue with online training and face-to-face training will only be considered when safe to do so.

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

***Health*** (continued)

*Impact of Covid-19 on Marian House Care Home*

The pandemic has had a devastating impact on Marian House. A number of sisters and residents died in a short space of time early in the pandemic.

The CQC and Public Health England have conducted remote Covid-19 Assessments and the Clinical Commissioning Group and Hillingdon Quality Assurance conducted Covid-19 Assessments at the Home. These were very positive regarding Marian House's response to this crisis.

Staff have been offered counselling and a Sister arranged a visit at the end of August to offer counselling to the sisters.

Staff costs remain high, although some of the costs were funded by the Government's Infection Control Grant for Care Homes. Three staff were shielding and these staff were furloughed.

The cost of some equipment, clinical bins, PPE wall mounted holders, thermometers (no-touch), desk screens, was met from the Government grant. Personal protective equipment is now obtained through the Government Portal. Masks, gloves and aprons, were provided free of charge and this will continue until March 2022. The Government funding was discontinued at the end of September 2021.

Covid-19 testing is being carried out by staff. Staff now have a PCR test weekly and two Lateral Flow Tests (LFTs) weekly. Approximately 50% of staff take their LFT tests at home and this has reduced the burden on the staff testing on site. Sisters/residents have a PCR test every 28 days. If there is a positive case, testing is increased in line with Government guidelines.

As of the 19 July 2021 residents can have unlimited numbers of visitors, supported with LFT testing, although all visits must be booked in advance and these can be no more than two at a time. Visits take place in one of the flats or in the garden. If there is a resident or staff member who has a positive Covid-19 result, visiting ceases until 14 days have passed.

Sisters/residents have been supported by the community sisters. There is televised mass in chapel and communion is able to be taken. A priest is now able to visit to take mass, subject to a negative LFT result on the day of visiting. Presently the priest visits once a week.

Marian House is open to admissions and we have had one permanent admission during this difficult time. With the likelihood that the impact of Covid-19 is going to go on for some time and there are many resident vacancies in care homes, it is impossible to predict the effect this is going to have on occupancy.

The impact of restrictions on sisters/residents and staff during the last year cannot be underestimated. We thank the staff for working tirelessly to care for and support the sisters, not only in the Home but for their efforts in living restricted lives to avoid the virus and keep the sisters safe. As the pandemic continues, Marian House Care Home will continue to follow Government guidelines.



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

***Education***

Over the last number of years, the trustees have put great emphasis on improving the academic qualifications and developing the leadership skills of our sisters throughout the world. This has involved a number of sisters upgrading their present qualifications in-country and travelling to nearby other African countries for Formation and Leadership training. Some sisters have gone to other countries in Africa and also come the UK and the Philippines to follow courses, and this has greatly benefitted the Congregation as a whole. We also support education as part of our overseas outreach work and this is highlighted under a separate heading below.



Sr Lucy, Zambia – An extract from our Keeping in Touch Magazine December 2020:

On 27 November 2020, I graduated with a Degree Certificate from St Eugene University. I studied the Secondary Teacher Under Degree programme for the past four years. The major was in Social Sciences in which the principal subjects were Religious and Civic Education. The programme for studies was a distance virtual learning programme during which I carried on working in the primary school full time. It was not easy but with God all is possible.

Obtaining a Degree certificate is a great achievement for me in my life and I am very happy and proud of the Congregation and myself because my level of knowledge and understanding has increased and what I have acquired will contribute to the development of the Congregation and to the development of society.

Thank you very much to the Leadership Team for sending me for further studies and thank you very much sisters for all the support during my studies.

***Pastoral Ministry***

Practically all of our ministries are pastoral in nature. The aims of the trustees in this area are to enable and encourage members of the Congregation to carry out much needed social and pastoral work within the local community. The objective being to motivate sisters to work and assist in any way the poor, elderly, sick and marginalised. Sadly, like many other religious congregations our age profile reflects that over two thirds of our Congregation are over seventy. However, the majority of sisters (even those in their 80's) are still very active in the area of pastoral ministry, providing a very valuable service to those in need.

Many of our “retired” UK and Irish sisters continue to be involved in hospital and care home chaplaincy, school governorship (including schools other than our own), parish ministry which includes visiting hospices, hospitals, the sick and housebound, homeless centres and our own convents by continuing to care for less able retired sisters.

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

***Pastoral Ministry*** (continued)

In other areas of ministry our sisters are involved with catechesis, teaching English as a second language to immigrants trying to get jobs or applying for citizenship in the UK/Ireland, organising prayer groups and supporting travelling people who are being discriminated against at every level of society. We also have a number of sisters assisting in the administration of the charity, ensuring we are moving forward and adapting to change.

Unfortunately, due to the Covid-19 pandemic, the majority of our pastoral ministry had to stop as a result of lockdowns and shielding. However, throughout the Congregation the sisters adapted and supported those most vulnerable through prayer and online communication tools where possible.

*An example of how we continue to review and adapt to be closer to those in need:*

Shortly after restrictions were eased in the early part of the Summer 2020, three of our sisters moved from a rented house in Drumchapel to a rented flat in Pollock.

Due to Covid 19 the sisters were unable to take up any ministry apart from contacts made at church and neighbours. Two sisters are involved in "phone ministry", one requested by Alzheimer Scotland and the other from our previous parish.

The sisters whilst waiting to re-start their ministry have appreciated the time for reading, reflection and sharing together which enhances their community living and prepares them for when restrictions allow their ministry to re-commence.



Our sisters moved from Drumchapel to Pollock to be closer to those in need and their pastoral ministry



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

***Domus Mariae Retreat and Conference Centre***

The centre provides a meeting place for groups who wish to utilise the quiet space and facilities for workshops and retreats, prayer and reflection and a regular meeting place for local groups.

However, as a result of the pandemic all activities in the Domus Mariae Retreat and Conference Centre had to stop once the country went into lockdown in late March 2020. Since then the decision was made to review the facility and its need for extensive modernisation and it was agreed by the trustees not to take over-night bookings anymore. It was also decided to ensure the safety of those sisters resident in Chigwell community (attached to the Retreat and Conference Centre) that it be closed indefinitely whilst Covid-19 is still prevalent in the community.

***St Augustine's Priory House of Prayer***



St Augustine's Priory House of Prayer, offers a quiet and peaceful space for people looking for rest amidst the busy-ness of every day life. It offers residential and non-residential accommodation depending on the needs of the people, some of whom may have special needs. Throughout a normal year there is a busy calendar of events such as: Individually Guided Retreats; Private Retreats; Preached Retreats; Creative Retreats; Walking Retreats; Youth Retreats; and space for quiet holiday breaks. Mindfulness and retreats for those living through cancer have seen an increase in interest in the past few years along with our Walking and Contemplative Retreats, so we look to offer more of these in planning our future programmes.

St Augustine's offers a quiet prayerful space for those wishing to deepen their relationship with God, or who are seeking to become more aware of his presence in their daily lives. All that is offered is offered to people from all denominations and those of no faith.

Some groups wish to bring their own Spiritual Director or facilitator. However, the centre does have a resident Sister who is a Spiritual Director and a team of non-resident Spiritual Directors who can be called upon to assist with spiritual accompaniment.

Along with retreats and days of prayer, St Augustine's also provides opportunities for the local community to use its facilities. The centre asks for offerings for its day and meeting room use and retreats/quiet holidays but these are kept low intentionally so that they are affordable for those with low incomes.

Unfortunately, as a result of the Covid-19 pandemic, the House of Prayer had to close in line with all hospitality venues in late March 2020. Having to cancel bookings during the past year has not only had a financial impact, it has also very upsetting for the sisters and staff who run the facility to have to cancel people from all walks of life who were looking forward to being spiritually, physically and emotionally refreshed at St Augustine's.

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

***St Augustine's Priory House of Prayer*** (continued)

As a result of the lockdowns and necessity to cancel bookings, we adapted and became more technically able, we connected with the Congregation online and managed to join various events and conferences online that we might not have had the time to join if we were operating as normal. This allowed us to develop online retreats and spiritual accompaniment through online facilities to the public. Not only were we connecting with people who had visited us in the past, we were also managing to connect to people from all over the world offering them online individual guided retreats, contemplative retreats and individual accompaniment online.

The House of Prayer had to wait for the Welsh Government to allow re-opening and to ensure we had the facilities in place to ensure the safety of guests, staff and sisters alike. We opened briefly in the Summer of 2020 by offering "holidays" for some of our own Congregation. This allowed us to check the facilities and ensure safety precautions were suitable and in line with the Welsh Government requirements. It was a very happy day when we welcomed our first group back in June 2021.

***Justice and Peace***

The Justice and Peace Centre continues to offer its IT expertise to the sisters and their helpers to produce materials needed for their ministry. Incorporated in the Justice and Peace Centre is a "communication hub" from which webinars are conducted so that members of the Congregation can stay connected with each other and through which they are encouraged to share ideas and experiences in their ministry. Due to the Covid-19 pandemic the Centre has been much busier with ensuring the Congregation remained connected in more ways than ever before. All communities became much more "tech" savvy and we are very thankful for the work undertaken by Sister Anne who helped us develop our online resources throughout the Congregation.

The Centre was very involved in hosting the TRAC (Trafficking Awareness-Raising and Campaigning) group who has been meeting at the Centre for a number of years and continuing to work on the issues around trafficking people for profit. The group is made up of 15 members coming from different religious Congregations; for most of the sisters it is their second career. However, due to Covid-19 the group could not meet in person but continues its work where possible. Our involvement has been reduced since the Justice and Peace Administrator retired in March 2021. However, one of the sisters remains a member of the group.

Along with publishing the quarterly magazine "Keeping in Touch" which is available on our website, the Centre continues to assist in the development of the Sacred Heart Companions Programme. The Centre also supports the Romero Trust by printing their newsletter. The Romero Trust is a group supporting justice in El Salvador, which is an area we continue to be involved in as part of our overseas projects.

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

***Sacred Heart Companions***

The Sacred Heart Companions could not meet in the year due to lockdowns and safety measures throughout the world. Unfortunately, due to the age profile of some of the Companions as well as the conditions some of the groups come from (poverty/no computers/internet etc), connecting online has not been possible.

We hope to be able to look towards continuing to meet as soon as practical and safe. The group has a worldwide focus and there are groups of Companions in many of our Mission countries. There are many expressions of interest in being a companion. In the UK and Ireland our companions tend to be older, they support our mission through prayer and small fundraising activities. Before Covid-19, once a month about forty members came to Chigwell to have some input to the way forward of the group and to socialise. In Uganda, El Salvador and the Philippines they support both through prayer and active roles in our mission work. However, this has also been disrupted due to local lockdowns etc.

***Victor Braun Federation***

The Federation obtained pontifical right on 4 July 2003, The Victor Braun Federation, comprises three Institutes which all stemmed from the same foundation by Father Peter Victor Braun in Paris 1866. Three Congregations (ourselves based in the UK, Soeurs Servantes du Sacré-Coeur de Jésus – France, and Dienerinnen des heiligsten Herzens Jesu – Austria) joined together to become the Federation. We meet regularly and our mission is supported through this link. All three Congregations share a desire to remain connected (hence the sharing of the Federation house in St Avold). Even though we bring our own culture, personalities and our individual uniqueness, we are united by our founder Father Victor Braun.

On 26 September 2020 we celebrated 150 years from the arrival of Father Victor Braun to England. We held a Celebration of the Eucharist in Chigwell Convent (this was restricted to our own community sisters). There was a sense of great sorrow that all three congregations of the Federation could not be present due to the pandemic restrictions. But we were pleased to be able to transmit the Mass online.

In preparation for this celebration, much investigation took place and lots of interesting information came to the fore and was detailed within our Keeping in Touch magazine.



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

**150 Anniversary CELEBRATIONS**  
**ARRIVAL OF SSH REFUGEES FROM FRANCE**  
**ESTABLISHED AS BEARERS OF THE LOVE OF THE SACRED HEART**



Rt. Rev Bishop Alan Williams with the Leadership Team and Chigwell community after the celebration of the Eucharist on 26 September in Chigwell Convent



Sisters Barbara, Maria, Eileen, Bernadette and Gillian enjoying the spectacular candle at the cake cutting. The cakes were shared with our sisters in Marian House.

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

***Overseas Outreach***

The charity supports the sisters' ministries in the following countries: El Salvador, The Philippines, Uganda and Zambia and we have one Sister living and working in California, working within health care and pastoral work for the local diocese.

To include a report from each overseas mission country would result in a very lengthy document. Last year we highlighted some of our work being undertaken in El Salvador, Uganda, California and a brief report on the commencement of a new community in Zambia. Therefore, this year we are highlighting below a selection of some of the work we have been involved within in Zambia, Uganda and the Philippines. Some of this work has been funded by one of our long-standing supporters T&J Meyer Family Foundation, partner and donor of the Congregation's missionary development work. T&J Meyer Family Foundation has supported the Congregation for over 10 years and has provided more than £1 million in support of SSHJM missionary projects.

Currently, T&J Meyer Family Foundation is funding a 2-year SSHJM programme spanning January 2020 – December 2021, valued at £60,000 per annum, supporting five SSHJM projects in in Zambia, Uganda, and the Philippines. Throughout 2020 and 2021 all the projects have been affected by the Covid-19 pandemic, some more so than others. There have been times over the 2020-21 period where it was not possible to implement activities and projects were suspended due to heightened waves of Covid-19 cases and restrictions including lockdowns. While at other times, when cases reduced and restrictions eased, projects were able to proceed and project implementation was accelerated. Whilst the project is still being implemented, thus all results are yet to be realised, there have been many commendable achievements to date as identified below.

***Zambia - SSHJM Bauleni Special Needs Project (BSNP) Lusaka***

- ◆ The Bauleni Special Needs Project (BSNP) conducts sensitization programmes with parents on early identification of disability and intervention. Such sensitization has resulted in guardians being able to identify disabilities in children early; guardians being able and confident to attend to their children in their homes; and generally, an increased number of children with special needs in homes receiving timely intervention. BSNP sensitization campaigns have reached approximately 10,500 people via various media forms, including radio, hotlines, flyers, and in person.
- ◆ The Bauleni Special Needs Project home school-based education (HsBE) programme is ongoing whereby a network of BSNP trained community-based volunteers support children with disabilities and their guardians in their home, providing care and education support and mentoring so the child can be supported by their family in their home. This programme is particularly vital in rural parts when children with disabilities are far from support services. To date 150 children and their guardians have been visited in rural zones.



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

***Overseas Outreach (continued)***

*SSHJM Households in Distress (HID) Programme Mbala*

- ◆ Households in Distress (HID) Programme supported 100 Orphaned and Vulnerable Children (OVC) (50 primary students and 50 secondary students) in 2020 and 150 OVC in 2021 (97 primary students and 53 in secondary students) by paying for school fees and educational materials.
- ◆ Balanced meals were provided to 222 children at Sunsuntula Orphan Day Care Centre, including during lockdown via a takeaway system, reducing malnutrition and contributing to improved health status and positive child development. The project prioritized provision of meals to children to avert hunger which was imminent during lockdown.



*Uganda - SSHJM Children in Need (CHIN) Mukono*

- ◆ Children in Need (CHIN) community-based rehabilitation (CBR) programme is ongoing whereby trained volunteers identify and assess children with physical and intellectual disabilities in their homes. The volunteers teach skills including basic physiotherapy, nutrition, feeding, washing, dressing, brushing teeth, using the toilet etc. as well as referrals to hospital or another care giving institution, and any other general assistance. Thus far 230 children and guardians have been reached in their homes.
- ◆ 25 homes for children with disabilities have been modified to include either ramps, appropriate toilets, and/ or hand washing facilities boosting access and mobility, and hygiene and sanitation at their homes.



*SSHJM Women and Children First Organisation (WACFO) Pabo*

- ◆ Women and Children First Organisation (WACFO) continues to develop the Winifrede Tyrell Training Centre which now also includes a creche, to allow women with children to partake in training knowing their children are cared for on site. WACFO also installed two 10,000 litre water tanks which support the Centre and agricultural demonstration sites.



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

***Overseas Outreach (continued)***

*SSHJM Women and Children First Organisation (WACFO) Pabo (continued)*

- ◆ In response to Covid-19 government restrictions, and to continue with the skills training programme at the Winifrede Tyrell Training Centre (WTTC), WACFO altered its mode of operation. Participants were identified, organised into groups of 6 members for easy social distancing. Intensive residential training is now provided for three months, after



which another group join for another three months. In total 25 youths have been trained in both carpentry and tailoring.

***Investment policy***

The charity's investments at 31 March 2021 were managed entirely by Sarasin and Partners LLP. In 2018 the trustees made the decision to follow Pope Francis' lead in "Caring for the Earth" by moving the full portfolio of investments to Sarasin's Climate Active policy which offers a timely multi-asset investment solution for charities concerned by increased climate risk and who want to play a part in driving behavioural change. There are no restrictions on the charity powers to invest.

The investment strategy has been set by the trustees and it takes into account income requirements, the risk profile and investment managers' views of the market prospects in the medium term.

Although the positive nature of the fund is to invest with other like-minded charities concerned about the future of the earth, the policy has, and will continue to, require total return through a diversified portfolio whilst providing a level of income advised by the relevant trustees. There is also an ethical investment policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Christian Church.

The performance of the portfolio and the charity's investment strategy are reviewed by the trustees, meeting annually with the investment managers to discuss performance and the future outlook of the fund.

***Future plans***

We were due to hold our Chapter in 2020. However, due to coronavirus this was not possible as a number of delegates were from overseas countries and travel from the majority of these countries was not allowed. The Chapter was finally held towards the end of 2021. This meeting allows us to reflect on where we are going and what we hope to achieve as a Congregation moving forwards.

We also hope to be able to return to our pastoral ministry as restrictions ease ensuring the safety of our sisters and staff remains our priority.

## **Financial review**

### ***Results for the year***

A summary of the year's results can be found on page 33 of this report and accounts.

The statement of financial activities shows net income and an increase in funds during the year of £3,050,404 (2020 - £28,136,566) with total income amounting to £4,852,012 (2020 - £34,078,070, including £31,274,436 transferred from the predecessor charity) and expenditure totalling £5,299,092 (2020 - £5,395,978).

Total income includes £218,014 (2020 - £247,151) generated by the residential care home.

Other categories of income include investment income and interest receivable and donations and legacies. This latter category includes the salaries and pensions of individual members of the Congregation which are donated to the charity either by deed of covenant or by gift aid.

Total expenditure comprises expenditure on the residential and care home of £1,004,293 (2020 - £1,109,026). The major part of the expenditure on the Home is staff costs which totalled £770,600 (2020 - £846,731) representing payments to the Home's staff. Other expenditure includes the personal and living costs of the members of the Congregation and their ministry, donations paid and the costs of administering and managing the charity. The charity made donations of £1,180,588 (2020 - £1,510,473) to its connected charity in Ireland, the majority of which were used to assist with the ongoing living and care costs of sisters in Ireland along with support of the Irish Charitable Trust and its governance.

Deducting expenditure from income for the year gives a net expenditure figure for the year before investment gains of £83,446 (2020 - net income of £28,682,092).

### ***Investment performance***

The charity's listed investments increased in market value during the year. An income yield of 3% was achieved, whilst the capital yield was positive 18% reflecting a strong re-bounce after the initial losses suffered after the outbreak of covid 19 and the impact on markets in early 2020. The investments were managed in accordance with the trustees' investment policy and with the ethical guidelines given to them.

Net gains on listed investments during the year amounted to £3,133,850. A significant rally from the losses of £545,526 suffered in the financial year ending in March 2020. However, although we are assured by our investment advisors that growth will continue into 2021/22 we are mindful of the fact it will be much slower and at a much lower level whilst companies adjust to the impact of the continuing Covid-19 and Brexit issues.

**Financial review** (continued)

***Reserves policy and financial position***

*Reserves policy*

The reader will discern from the foregoing that the charity has carried out a diverse range of activities and is responsible for care and support of sisters whose average age is increasing and whose needs are changing. The trustees of the charity have examined the need 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 going forward in respect to its ministry and the provision of care, the level of free reserves should be between 3 and 6 months' projected expenditure.

*Financial position*

The charity balance sheet showed total reserves of £31,186,970 (2020 - £28,136,566).

Included in this figure was an amount of £25,241 (2020 - £50,449) which was restricted. These monies had either been raised for, and their use restricted to specific purposes, or they comprised donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 19 to the accounts, together with an analysis of movements in the year.

An amount of £24,746,132 (2020 - £21,270,691) has been designated, or set aside, for specific purposes. Of this £19 million (2020 - £15.5 million) represented the SSHJM Congregational Fund, which had been designated to provide for sisters in their retirement. This fund, set aside to provide for the sisters in their retirement, none of whom have resources of their own, was re-assessed during the year. The calculations, based on actuarial methods, indicated that £24.6 million needed to be set aside in order to provide a modest sum towards the upkeep and care of sisters over 65 years of age. At 31 March 2021 £19 million had been set aside for this purpose as there are insufficient funds available to provide the full £24.6 million needed.

The care home fund totalled £52,371 (2020 - £67,623). The Home's element of these funds are extremely low reflecting the high ongoing costs of providing care for the elderly sisters of the Congregation, where funding levels provided by statutory authorities fall substantially short of those required if services are to be maintained at the high levels of quality rightly demanded by residents and the sisters. Until such funding issues are resolved, the broader work of the charity will be required to continue to support the home with contributions from the charity towards the cost of caring for sisters.

The programme related fund at £5,661,846 (2020 - £5,661,846) represented the book value of those freehold properties occupied by other charitable and not-for-profit organisations for purposes consistent with the charity's objectives.

The tangible fixed assets fund totalled £4,697,584 (2020 - £4,930,381) and was represented by those tangible fixed assets not financed out of restricted funds or included under the home fund.

Funds which were available to support the work of the sisters in the future i.e. the general funds totalled £1,718,013 (2020 - £1,885,045) and fell within the parameters of the charity's reserves policy.

## **Governance, structure and management**

### ***Governance***

In terms of Canon law, the Congregation is governed at an international level by the Congregational Leader and her General Council. They are elected every six years at a General Chapter which is a meeting of representatives from all areas of the Congregation. Members of the General Council are chosen for their personal qualities, their understanding and experience of the ministries of the sisters throughout the Congregation and to secure a good skills mix among them. Each community is governed by a Superior Leader or Council with shared responsibility. The Congregational Leader or her delegate is required to visit each community at least once every two years and there is a system of accountability operational throughout the Congregation to ensure that the Congregational Leader and her Councillors are aware of the progress and development of the ministries carried out by the sisters of the Congregation.

In terms of Civil law, the charity is governed by a Constitution dated 4 September 2018 and is a registered charity, Charity Registration No. 11798804. The trustees of the charity are the six members of the Leadership Team. As all trustees are members of the Congregation they have a detailed knowledge of the work which the charity will carry out with effect from 1 April 2019 and of its structure. On being appointed, new trustees will spend some time with those trustees leaving office. Once the charity is operational, they will also meet with the Congregation's legal, accounting, investment and property advisers in order to obtain a full briefing of their responsibilities and the charity's position and attend appropriate study days.

According to the Constitution the number of trustees shall not fall below five. The initial trustees are – The Congregational Leader, four Team Members and the General Treasurer.

During the year all or some of the trustees attended:

- ◆ The Provincial Bursars Conference, High Leigh, Hertfordshire
- ◆ Catholic Charities Conference, Church House, London
- ◆ Safeguarding Children in the Catholic Church (CSAS)
- ◆ National Board for Safeguarding Children in the Catholic Church in Ireland (NBSCCI)
- ◆ Formation programmes for enhancing our own Formation Programme with a view to capacity building within the Congregation and charity
- ◆ Trustee training sessions put on by:
  - ◆ Buzzacott LLP
  - ◆ Sarasin & Partners LLP
  - ◆ DE Ford, Insurance Brokers Limited

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts. Brief biographical details on each of the trustees in office at the date on which this report was signed are given below:

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

***Governance*** (continued)

*Sister Catherine Collins*

Sister Catherine entered the Congregation in February 1964. After qualifying as a teacher in 1971, she taught children with special needs in Pontville, Ormskirk, Lancashire for three years. In 1975 she was assigned to a teaching position at Lwitikila Girl's Secondary School in Zambia, becoming principal of the school for her last three years there. From 1987 until 2002 she ministered in California, teaching in the Sacred Heart Elementary School from 1987 to 1997, after which she went to St Louis University to study at the Institute for Religious Formation. From 1998 Sister Catherine worked in the Regional Office of the Congregation in California until 2002 when she was appointed Congregational Leader, a position she held until 2008. After a short period in the Philippines she was appointed General Treasurer in January 2012.

*Sister Kathleen Corbett*

Sister Kathleen entered the Congregation in September 1964. After qualifying as a State Registered Nurse she worked as a theatre nurse in St Winefred's Hospital Cardiff from 1974 until 1978. She joined the staff of our Convalescent Home in Kelton, Aigurth, Liverpool and worked there until 1985. She followed a course in tropical medicine and obtained a certificate in Tropical Medicine at Liverpool School of Tropical Medicine, University of Liverpool. In 1986 she was missioned to Zambia where she worked for twenty years.

On returning to the UK she obtained a Certificate in Further Education at the University of Wales. She returned to Zambia and was appointed Principal of the School of Nursing in Chilonga Hospital. She remained in post until she was made Matron of Chilonga Hospital, Mpika, Zambia.

Sister Kathleen was then appointed to the role of superior/administrator of our mission in Mbala, Zambia. She attended a Training for Formation programme in Kalundu Study Centre, Lusaka and has, since 1989 been involved in administration and formation within the Congregation. She spent two years in Uganda doing Pastoral Ministry in Mukono. Returning to the UK in 2009 she took up the post of Superior in our Residential Care Home in Herne Bay. Since 2009 she has been involved in the formation programme of our newer members. She was elected to the Leadership Team in August 2014.

*Sister Nora Emperor*

Sister Nora entered the Congregation in September 1967. She trained as a cook following the City and Guilds course at Guildford College, Surrey. After completion of the course she worked in St Dominic's School, Hambledon, Surrey and later went to work in The Jane Hodge Residential Care Home in Cardiff. When Marian House Nursing Home was opened in 1988 she was appointed to organise the kitchen. She remained there until 1994 when she was missioned to Zambia, Africa.

Sister Nora was trained as a Formator at the Kalundu Study Centre, Lusaka and for the next twelve years worked in the Formation programme of our newer members both in Zambia and in the UK.

On her return to Zambia in 2006 she was appointed co-ordinator of Sunsuntula, the Day Care Centre for children orphaned by the AIDS epidemic. She remained at the Centre in Mbala until she was elected to the Leadership Team in August 2014.

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

***Governance*** (continued)

*Sister Eileen McLoughlin*

Sister Eileen entered the Congregation in 1976 having trained as a Primary School Teacher in Glasgow, Scotland. She taught initially in Cranleigh Residential School for Children with special needs and then for nine years in St John Fisher Primary School in Loughton, Essex.

In 1999 Sister Eileen became the Vocations Promoter for the UK and Ireland before being assigned to Colombia in 2003. There she initiated a programme for young people and adults with special needs in a very poor part of Bogota. Sr. Eileen returned to England in 2002 and later become part of the leadership team in 2008 and is still a member of the present team.

*Sister Mary Mangan*

Mary Mangan was born in Ireland in 1943. She is a teacher by profession having qualified in 1967 and with twenty three years' experience between the classroom and Principal of Schools. She was instrumental in handing over a school to another body that carried on the educational work. In 1990 she went to Ireland to develop a service for children/adults with Intellectual Disability – to de-institutionalise the service and set up a community based service.

During 1996 - 2002 she served on the Congregation's Leadership Team. In 2002-2003 she took a Sabbatical. During 2003 - 2010 she worked with an NGO Ruhama in Dublin, Ireland with women affected by prostitution and women trafficked for sexual exploitation. She retired in 2010 but continued to raise awareness around human trafficking and was influential in setting up an inter-congregational group of religious in Dublin, Ireland to raise awareness against Human Trafficking. She was a member of the Core Group of a Religious European Network against Trafficking Exploitation. She was also involved in spiritual direction ministry. Throughout her career she kept abreast of human development and spiritual growth programmes. In 2014 at the Congregation's General Chapter she was elected Congregational Leader of the Sisters of the Sacred Hearts of Jesus and Mary.

*Sister Lorna Walsh*

Sister Lorna joined the Congregation in 1966. She had trained as a teacher at Notre Dame College, Liverpool before joining the Sisters. She taught in St Dominic's Primary School, Homerton and then in St John's Open Air School and when the school closed she went with the students to St Dominic's School, Hambledon as Deputy Head. While at St Dominic's, Sister Lorna obtained a BSc from the Open University and in 1976 went to Sacred Heart School, Dagenham as a Science Teacher. She was appointed as Head of Science. When Sacred Heart School merged with Bishop Ward School to become All Saints School, Sister Lorna was appointed as Head of Science for the combined school. In 1990 Sister Lorna was elected to the Leadership Team as Councillor and served for six years until 1996. She then moved to California and worked in low cost housing with the Sisters of Mercy becoming a Senior Manager and working with the homeless population of San Francisco. In 2014 she returned to the UK and was elected onto the Leadership Team.



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

***Trustees' responsibilities***

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial 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 to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

***Key management***

The trustees consider that they together with the manager of the care home comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees are members of the Congregation 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 or key management.

In the case of the manager of the care home and the nurses and therapists at Marian House, the rates of pay are in line with the relevant post on the NHS Whitley Council scales. In view of the nature of the needs of the care home and the national shortage of nurses and care staff, the trustees pay slightly above the pay rate for comparable jobs in similar charitable nursing homes in the immediate locality.

## Governance, structure and management (continued)

### Structure and management reporting

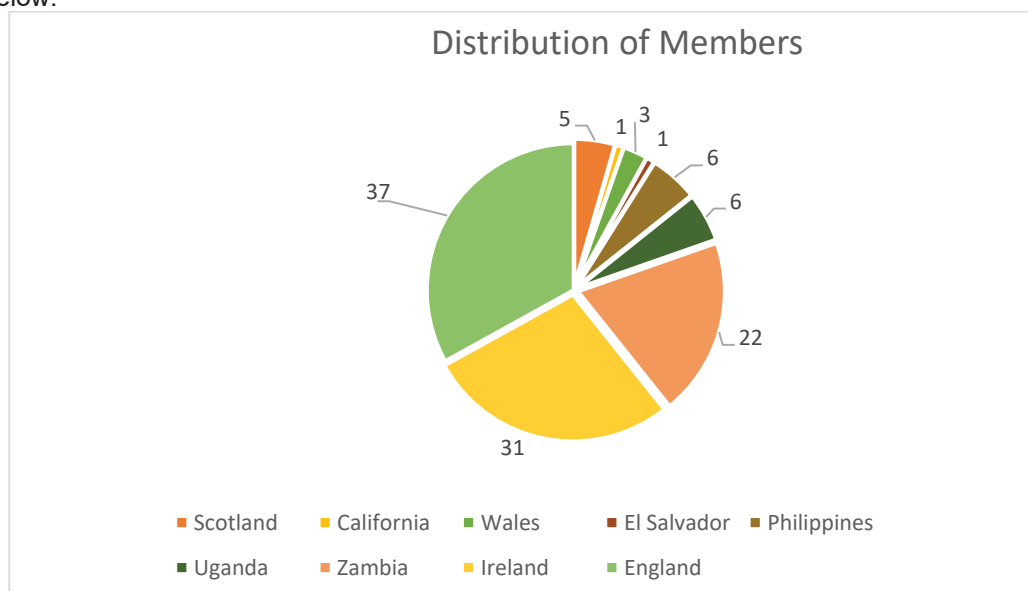
The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, investment managers, solicitors and accountants. The day-to-day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation or senior staff.

The charity is connected to Harmony House Community Interest Company (Company Registration No 06565448 (England and Wales)). Several of those who served as trustees of the charity during the year are directors of the company. Full details of transactions between the charity and the company are given in note 25 to the attached accounts.

During the year, the charity supported directly and indirectly 112 professed sisters, 5 novices (not included in the total count) and 7 young women preparing for admission.

These sisters live in 24 communities in different parts of the world. Two of these communities are situated in Southern Ireland, five in Zambia (one of which is the Novitiate), two in Uganda, one in the Philippines, one in El Salvador and one in California. Of the other twelve communities there are six in the south of England and three in Midlands/Northern England, two in Scotland and one each in Northern Ireland and Wales.

As of March 2021 the distribution of members of the Congregation was as shown in the chart below.



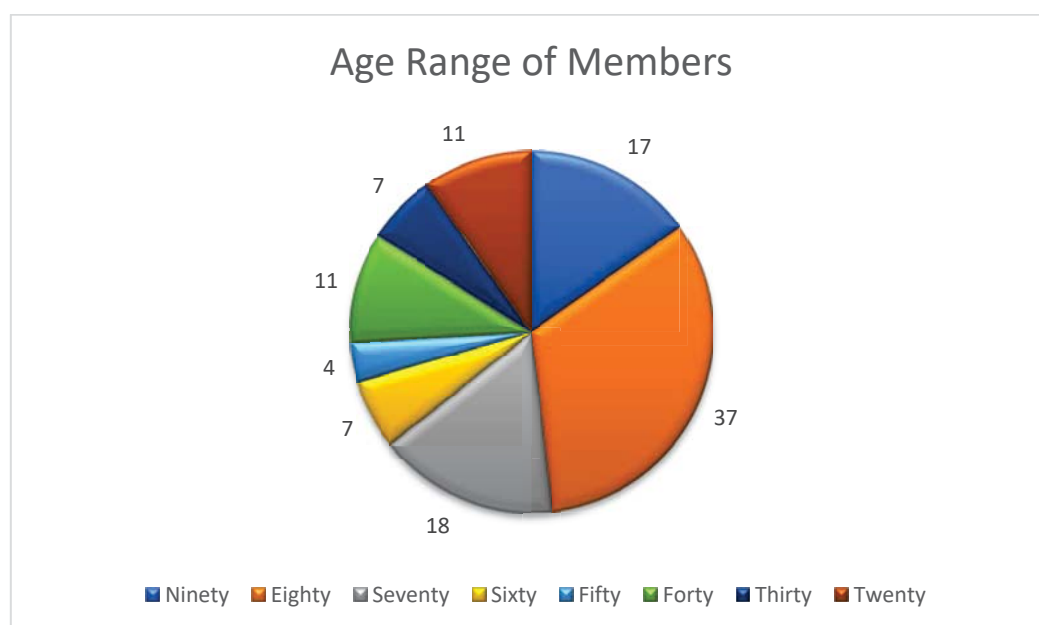


## Governance, structure and management (continued)

### *Structure and management reporting (continued)*

Pastoral care is within the reach of most of the sisters even those who are quite advanced in years. For those who are more able, the work involves home visitation for those who are housebound and lonely. Hospital visitation is another area where a number of sisters are actively involved. However, as explained above this was limited in the year due to lockdown restrictions and the elderly and vulnerable being asked to shield. Our sisters tried to carry out what pastoral work they could when restrictions eased. However, we follow all government advice and our priority is ensuring our sisters and staff remain safe.

The age range of sisters is as follows:



The age range is no different from that of the rest of society. People are living and working longer than they did previously. The average age of the sisters is 70-90 years.

In addition to the convents the charity operates the following in the United Kingdom:

- ◆ A care home.

Marian House is a care home which caters for our own elderly and infirm members. It is managed by a qualified and experienced manager. Trustees visit regularly and receive reports regarding all the aspects of the home.

- ◆ Two facilities for Prayer and Retreats.

Domus Mariae Prayer and Retreat Centre is situated in Chigwell, Essex and St Augustine's House of Prayer in Colwyn Bay, north Wales. Both centres are run by managers and trustees visit the houses regularly, as described above due to restrictions in place as a result of Covid-19 both facilities were closed throughout most of 2020 and into 2021.

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

***Working with other organisations***

The charity has worked closely with other organisations, charities and public bodies. Working together enhances communication and understanding thus enabling our services and ministries to provide more efficiently and effectively and avoids the duplication of effort. Some of the organisations with which the charity has cooperated during the year are as follows:

- ◆ Roman Catholic Diocese of Westminster, Brentwood, Southwark, Wrexham, Liverpool and Hallam; also with the Bishops in the diocese in the areas where we work overseas;
- ◆ Local Authorities where convents are situated;
- ◆ National Justice and Peace Network;
- ◆ Africa-Europe Faith and Justice Network;
- ◆ National Association of Special Schools;
- ◆ The Meyer Family Trust;
- ◆ RENATE, an inter-European network for the prevention of trafficking of people;
- ◆ APT – Act to Prevent Trafficking;
- ◆ TRAC;
- ◆ The Romero Trust;
- ◆ “Network” safeguarding group of religious Congregations;
- ◆ The Medaille Trust; and
- ◆ Community based palliative care – Marie Curie Stars Team.

***Public benefit***

Both the charity and the religious Congregation are called to serve by the words of the founder of the Congregation, Father Victor Braun:

***“There are two things in life, Jesus Christ and the poorest of God’s people”***

The following are the main areas in which the charity has provided public benefit:

- ◆ Social and pastoral ministries  
The Sisters have worked with the poorest of people, often in the poorest of conditions, for over 100 years. Despite our increasing collective age, many sisters continue to provide both spiritual and practical assistance to those in need. Much of the pastoral work is carried out in areas where it is hoped the Sisters can provide the most help to the poor and marginalised. Often these areas are socially deprived and in desperate need of the care and pastoral work carried out by the Sisters.

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

### ***Public benefit*** (continued)

- ◆ Overseas outreach

The charity has supported the Sisters' projects in El Salvador, The Philippines, Uganda and Zambia. The services provided range from education of children with special needs; home based education and care for those who are too disabled to travel to school or who live too far from the schools; hostel provision for abandoned elderly and children with special needs; home based care for people with HIV; skills training and development as well as income generating projects; feeding projects for the poor and mal-nourished children who live in very over-crowded areas and care of the environment.

### ***Risk management***

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation currently faces in Britain and have reviewed the measures already in place, or needing to be put in place, to deal with them. The trustees have identified the following five main areas of risk which may impact on the charity.

- ◆ Governance and management
- ◆ Safeguarding
- ◆ Financial
- ◆ Reputational
- ◆ Operational

### ***Governance and management***

- ◆ The leadership of the charity endeavour to lead by example so that they can be seen to be authentically living out our Mission Statement and the Founding Vision of our Founder Father Victor Braun.
- ◆ As seen in our age profile the average age of our members is 70-90. While the majority of the sisters are in the upper age bracket we do have a growing number of younger and newer members in our various overseas mission countries.
- ◆ We have engaged lay members of staff who are aware of our ethos.
- ◆ Elderly sisters who are currently doing voluntary pastoral work in parishes are encouraged to go gently and not take on more than they are able to do. Our motto in this regard is 'sisters are valued for who they are not for what they do' as some tend to feel guilty if they are not 'contributing'.

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

***Risk management*** (continued)

*Governance and management* (continued)

- ◆ One of the biggest risks we face here in the UK is the decrease in the number of younger women joining our Congregation. However, we have 12 young women in the early stages of formation for Religious Life in Zambia, Uganda and the Philippines. One Sister has produced materials for vocational awareness both here and overseas. A new web site has been built and is up and running.

*Safeguarding*

- ◆ We have adopted the safeguarding policies set out in the National Safeguarding Procedures Manual of the Catholic Church in England and Wales for Children and Adults at Risk, for our communities and places of work in the UK. Our overseas missions have safeguarding procedures in place, in line with our policies and in keeping with their local Church policies and the safeguarding legislation of the countries in which they are located. We have a trustee who has comprehensive training in all matters pertaining to safeguarding and who is responsible for ensuring that the Safeguarding Officers in our missions have the requisite training to enable them to carry out their safeguarding roles effectively.

*Financial*

- ◆ A Finance Committee comprising of a small number of sisters has been formed for the purpose of regulating the finances in the communities and to investigate ways and means of getting the best from our investments bearing in mind our ethos and our commitment to Justice and Peace and the Integrity of Creation.
- ◆ We have an Anti-Fraud, Bribery and Anti-Corruption Policy in place.
- ◆ Our risk management policy is currently under review.

*Reputational*

- ◆ Media responses, prepared by a Public Relations specialist, are circulated to the communities should there be any occasion that the Congregation, or the charity is the target of adverse publicity.

*Operational*

- ◆ The trustees take very seriously the demands of Local Government Authorities. To ensure that in our Care Home highest quality of care is provided in a safe environment there is a Health and Safety person who gives regular training sessions to the members of staff on the safe handling of food, equipment, moving and handling of people, moving and handling of objects.
- ◆ The Care Quality Commission makes regular announced and unannounced visits to Marian House Care Home at very short notice.

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

***Risk management*** (continued)

*Operational* (continued)

- ◆ Leadership and senior management teams receive training in all aspects of Health and Safety so as to be aware of the risks and to put in place procedures to deal with them. Trustees meet with our Health & Safety Consultants on a regular basis. We also have a risk management consultant who advises us on new regulations and visits the premises that are used by the public on a regular basis.

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

**Fundraising statement**

We manage our own fundraising activities and do not employ the services of a Professional Fundraiser. Any complaints about the quality of our fundraising activities are thoroughly investigated so that we find ways to improve the service. During the year ending 31 March 2021 we have not received any complaints.

Some of our funding comes from voluntary donations. The trustees are vigilant in applying the donations according to the wishes of the donors. The charity applies best practice to protect donors' data and never sells data, it never swaps data with other organisations, and ensures that its communication preferences can be changed at any time.

**Summary and acknowledgements**

This report is a brief summary of the work of the Congregation during the year to 31 March 2021. To include the reports from the various ministries would make an unwieldy document so a selection are highlighted in this paper. They do, however, make interesting reading and give the trustees a reassurance that the funds of the charity are used wisely and effectively for the benefit of the poor and marginalised. The accompanying accounts with this report show the movement of funds in the year ended 31 March 2021.

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

We wish also to record our thanks to the professional bodies on whose advice and expertise we rely.

Approved by the trustees and signed on their behalf by:

Sister Catherine Collins

Trustee

Approved by the trustees on: 11 January 2022

**Independent auditor's report to the trustees of the Sisters of the Sacred Hearts of Jesus and Mary CIO**

**Opinion**

We have audited the accounts of the Sisters of the Sacred Hearts of Jesus and Mary CIO (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the 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 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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 UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Care Act 2014 and safeguarding regulations.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes and reports from regulatory bodies.

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

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and



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

- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with the Charity Commission and other regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

21 January 2022

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

## Statement of financial activities Year to 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
<b>Income from:</b>							
Donations and legacies	1	3,374,540	154,688	3,529,228	1,125,213	183,169	1,308,382
Investments and interest receivable	2	809,779	—	809,779	1,017,513	—	1,017,513
Charitable activities							
. Provision of care	3	188,779	29,235	218,014	247,151	—	247,151
. Prayer and retreat ministry	3	3,436	—	3,436	170,270	—	170,270
Other sources							
. Surplus on disposal of tangible fixed assets and other property	4	—	—	—	14,170	—	14,170
. Miscellaneous income	4	291,555	—	291,555	37,279	8,869	46,148
		<b>4,668,089</b>	<b>183,923</b>	<b>4,852,012</b>	<b>2,611,596</b>	<b>192,038</b>	<b>2,803,634</b>
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)	24	—	—	—	31,226,434	48,002	31,274,436
<b>Total income</b>		<b>4,668,089</b>	<b>183,923</b>	<b>4,852,012</b>	<b>33,838,030</b>	<b>240,040</b>	<b>34,078,070</b>
<b>Expenditure on:</b>							
Raising funds							
. Investment management fee rebates		(39,325)	—	(39,325)	(45,482)	—	(45,482)
Charitable activities							
. Charitable donations and support of missionary work	5	1,751,300	175,896	1,927,196	2,007,304	180,722	2,188,026
. Provision of care	6	975,058	29,235	1,004,293	1,109,026	—	1,109,026
. Support of the sisters and their ministry	7	2,041,594	1,700	2,043,294	2,135,539	8,869	2,144,408
<b>Total expenditure</b>		<b>4,728,627</b>	<b>206,831</b>	<b>4,935,458</b>	<b>5,206,387</b>	<b>189,591</b>	<b>5,395,978</b>
<b>Net (expenditure) income before gains (losses) on investments and transfers</b>		<b>(60,538)</b>	<b>(22,908)</b>	<b>(83,446)</b>	<b>28,631,643</b>	<b>50,449</b>	<b>28,682,092</b>
Transfer between funds		2,300	(2,300)	—	—	—	—
<b>Net (expenditure) income before gains (losses) on investments</b>	10	<b>(58,238)</b>	<b>(25,208)</b>	<b>(83,446)</b>	<b>28,631,643</b>	<b>50,449</b>	<b>28,682,092</b>
Net gains (losses) on investments	15	3,133,850	—	3,133,850	(545,526)	—	(545,526)
<b>Net income (expenditure) and net movement in funds</b>		<b>3,075,612</b>	<b>(25,208)</b>	<b>3,050,404</b>	<b>28,086,117</b>	<b>50,449</b>	<b>28,136,566</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April 2020		28,086,117	50,449	28,136,566	—	—	—
Fund balances carried forward at 31 March 2021		<b>31,161,729</b>	<b>25,241</b>	<b>31,186,970</b>	<b>28,086,117</b>	<b>50,449</b>	<b>28,136,566</b>

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

With effect from midnight on 1 April 2019, certain of the activities, assets and liabilities of the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232) were transferred as a going concern into the CIO.

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

# **Balance sheet** 31 March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	14		<b>4,708,923</b>		4,937,442
Investments					
. Programme related investments	15		<b>5,661,846</b>		5,661,846
. Listed investments	15		<b>18,203,113</b>		16,530,291
			<b>28,573,882</b>		27,129,579
<b>Current assets</b>					
Debtors	16	<b>50,045</b>		71,056	
Short term deposits		<b>102,593</b>		102,593	
Cash at bank and in hand		<b>2,664,606</b>		960,165	
		<b>2,817,244</b>		1,133,814	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	17	<b>(204,156)</b>		(126,827)	
<b>Net current assets</b>			<b>2,613,088</b>		1,006,987
<b>Total net assets</b>			<b>31,186,970</b>		28,136,566
<b>The funds of the charity</b>					
Restricted funds	18		<b>25,241</b>		50,449
Unrestricted funds					
. Designated funds	19	<b>24,746,132</b>		21,270,691	
. Tangible fixed assets fund	20	<b>4,697,584</b>		4,930,381	
. General fund		<b>1,718,013</b>		1,885,045	
			<b>31,161,729</b>		28,086,117
			<b>31,186,970</b>		28,136,566

Approved by the trustees and signed on their behalf by:

Sister Catherine Collins

Trustee

Approved on: 11 January 2022

## Statement of cash flows Year to 31 March 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(501,142)</b>	(3,388,156)
<b>Cash flows from investing activities:</b>			
Interest received		<b>680</b>	20,610
Programme related investment income		<b>290,000</b>	384,992
Income from listed investments		<b>519,099</b>	611,911
Purchase of tangible fixed assets		<b>(65,224)</b>	(40,072)
Proceeds from the disposal of tangible fixed assets		—	14,175
Purchase of investments		<b>(1,380,141)</b>	(2,534,879)
Proceeds from the disposal of investments		<b>2,628,056</b>	4,700,364
<b>Net cash provided by investing activities</b>		<b>1,992,470</b>	3,157,101
<b>Change in cash and cash equivalents in the year</b>		<b>1,491,328</b>	(231,055)
Cash transferred from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)		—	1,517,342
<b>Cash and cash equivalents at 1 April 2020</b>	B	<b>1,286,287</b>	—
<b>Cash and cash equivalents at 31 March 2021</b>	B	<b>2,777,615</b>	1,286,287

### Notes to the statement of cash flows for the year to 31 March 2021.

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

	2021 £	2020 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>3,050,404</b>	28,136,566
<b>Adjustments for:</b>		
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund	—	(31,274,436)
Depreciation charge	<b>293,743</b>	286,622
(Gains) losses on investments	<b>(3,133,850)</b>	545,526
Investment income and interest receivable	<b>(809,779)</b>	(1,017,513)
Net gains on disposal of tangible fixed assets	—	(14,170)
Decrease (increase) in debtors	<b>21,011</b>	(48,999)
Increase (decrease) in creditors	<b>77,329</b>	(1,752)
<b>Net cash used in operating activities</b>	<b>(501,142)</b>	(3,388,156)

#### B Analysis of cash and cash equivalents

	2021 £	2020 £
Short term deposits (less than three months)	<b>102,593</b>	<b>102,593</b>
Cash at bank and in hand	<b>2,664,606</b>	960,165
Cash held by investment managers	<b>10,416</b>	223,529
<b>Total cash and cash equivalents</b>	<b>2,777,615</b>	1,286,287

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

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

### **Basis of preparation**

These accounts have been prepared for the year to 31 March 2021 with comparative information provided in respect to the year to 31 March 2020.

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232) were transferred as a going concern to the charity. The transfer has been treated as a merger between the Charitable Trust and the charity in accordance with paragraphs 27.12 and 27.13 of the Charities SORP FRS 102, and the net assets transferred are included as a separate line within total income in the year ended 31 March 2020. The transfer was in accordance with an Order issued by the Charity Commission on 8 December 2018 and with a legal deed of transfer.

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 judgments 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;
- ◆ Assessing the recoverability of fees receivable in respect to charitable activities and the consequent need for any provision for doubtful debts;
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate;
- ◆ Determining the value of designated funds, in particular in respect to the assumptions made in determining the value of the retirement fund; and
- ◆ Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

### **Assessment of going concern**

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

Since March 2020, as many of the sisters are aged over 70, the trustees have had to adhere to the stringent government advice. This has meant that normal apostolic activities have had to find new shape or cease altogether. Sisters have tried to find new ways of continuing their ministry and supporting their vulnerable neighbours whilst largely remaining in lockdown.

The charity's income has been, and will continue to be, affected by a small drop in investment income as companies have cut dividends in reaction to the pandemic. In terms of expenditure certain costs have reduced to the inability to travel but the impact is not material over all. The trustees will continue to keep both income and expenditure under review.

During the pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over possible volatility in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to recover over time whilst the trustees keep a watching brief.

Undoubtedly there will continue to be challenges ahead, but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

### **Income recognition**

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

Income comprises donations, legacies, investment income and interest receivable, income from charitable activities and other income including the surplus on the disposal of tangible fixed assets and other property.

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

**Income recognition** (continued)

Donated services and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided or the facilities are used by the charity. An equivalent amount is included as expenditure.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

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.

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.

Income from charitable activities comprises fees and related charges for the provision of care and fees and contributions received in respect to prayer and retreat ministry. Income derived from the levying of fees and charges for the provision of care services is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Grants from government departments and other trusts and foundations have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.



#### **Income recognition (continued)**

Income from other sources includes the surplus on the disposal of tangible fixed assets and property assets and miscellaneous income. The surplus on the disposal of tangible fixed assets and property assets is measured at fair value being the difference between the disposal proceeds and the net book value of the assets at the time of sale less any costs associated with the disposal. Such income is accounted for on an accruals basis and is accrued for with effect from the date on which the income is receivable under a signed contract for sale.

Coronavirus Job Retention Scheme funding is credited to the statement of financial activities when the charity has entitlement to the income and the amount receivable has been quantified..

Other miscellaneous income is measured at fair value and accounted for on an accruals basis.

#### **Expenditure recognition**

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

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

- ◆ Expenditure on raising funds comprises investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include:
  - ◇ Charitable grants and donations, in the main, to support the charity's missionary work overseas and the support of Roman Catholic charitable organisations;

Charitable grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

Grants 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 grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

**Expenditure recognition** (continued)

- ◇ Expenditure incurred in the provision of care to the frail and elderly at the charity's care home, including the costs of caring for the sick and elderly members of the Congregation therein;
- ◇ Direct and support costs in respect to the support of members of the Congregation and enabling their ministry including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

**Allocation of support and governance costs**

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

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

Support costs and governance costs are apportioned directly to the activity to which they relate or an allocation is made based on the proportion of the direct expenditure on each activity.

**Tangible fixed assets**

- ◆ **Inalienable land and buildings**  
The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the trustees of the governing bodies of Catholic voluntary-aided schools, which are separate charities and publicly funded, are valued at £nil. The trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.
- ◆ **Other freehold land and buildings**  
Non-specialised buildings are those designed as, and used wholly or mainly for, private residential accommodation. They are stated at cost if purchased after 31 March 1996. Otherwise they are stated at a trustees' valuation made, with professional assistance, in 1996 and based on the then market value for existing use. As permitted by FRS 102, with effect from 1 January 2014 the values assigned to these properties are now deemed to be their cost.

Such buildings are not depreciated. Their value and condition are reviewed annually by the trustees, who are satisfied that their residual value is not materially less than their book value.

**Tangible fixed assets** (continued)

Specialised buildings comprise the Congregation's care establishments and its large residential convents. Where acquired before 31 March 1996, they are stated at a valuation at that date made by the trustees with professional assistance. The basis of valuation is replacement cost for existing use less allowance for the condition of the buildings and any restrictions on their use and disposal. Structural and similar additions since 31 March 1996 are stated at cost. As permitted by FRS 102, with effect from 1 January 2014 the values assigned to these properties are now deemed to be their cost. With the exception of certain major building improvements, depreciation is provided at 2% per annum on a straight line basis to write the buildings off over their estimated useful life to the charity.

Major building improvements are capitalised and depreciated on a straight line basis at a rate of 10% per annum in order to write the improvements off over their estimated useful life to the charity.

◆ **Furniture and equipment**

Expenditure on the purchase and replacement of items of furniture and equipment, including computer equipment, with a cost in excess of £2,000 is capitalised and depreciated over a four to five 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 each vehicle over its estimated useful life.

**Fixed asset investments**

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

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

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 comprise freehold properties used by other charitable and not-for-profit organisations for purposes consistent with the charity's objectives. They are included at a value equivalent to their depreciated cost immediately prior to their reclassification from tangible fixed assets to programme related investments as at 1 April 2010 and 1<sup>st</sup> April 2019 less any impairment provision. Their value is considered each year and any impairment is written off and treated as charitable expenditure in the statement of financial activities.

### **Debtors**

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

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

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

### **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 those tangible fixed assets which are not financed out of restricted funds or included in the homes fund.

The designated funds are monies set aside out of general funds and designated for specific purposes, although the trustees may ultimately use such funds for other purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

### **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 average rate of exchange for the month in which the transaction occurred. Exchange differences are taken into account in arriving at the net movement in funds.

**Pension costs**

Contributions in respect to defined benefit schemes are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

Contributions in respect to defined contribution schemes are charged to the statement of financial activities in the year in which they are payable to the schemes.

**Services provided by members of the Congregation**

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

**Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**1 Donations and legacies**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Salaries and pensions of individual religious received under Gift Aid or deed of covenant	1,007,812	—	1,007,812	1,079,162	—	1,079,162
Legacies	7,600	—	7,600	—	25,000	25,000
Donation from the Congregation in Ireland	2,348,773	—	2,348,773	—	—	—
Other donations	10,355	154,688	165,043	46,051	158,169	204,220
<b>Total funds</b>	<b>3,374,540</b>	<b>154,688</b>	<b>3,529,228</b>	<b>1,125,213</b>	<b>183,169</b>	<b>1,308,382</b>

**2 Investment income and interest receivable**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Income from listed investments						
· Global equities	519,045	—	519,045	610,819	—	610,819
· Cash instruments	52	—	52	1,092	—	1,092
	<b>519,097</b>	<b>—</b>	<b>519,097</b>	<b>611,911</b>	<b>—</b>	<b>611,911</b>
Interest receivable						
· Bank interest	563	—	563	19,929	—	19,929
· Interest on cash held by investment managers	119	—	119	681	—	681
	<b>682</b>	<b>—</b>	<b>682</b>	<b>20,610</b>	<b>—</b>	<b>20,610</b>
Income from programme related investments	290,000	—	290,000	384,992	—	384,992
<b>Total funds</b>	<b>809,779</b>	<b>—</b>	<b>809,779</b>	<b>1,017,513</b>	<b>—</b>	<b>1,017,513</b>

**3 Income from charitable activities**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
<b>Provision of care:</b>						
Care home fees	188,779	—	188,779	247,151	—	247,151
Grants	—	29,235	29,235	—	—	—
	<b>188,779</b>	<b>29,235</b>	<b>218,014</b>	<b>247,151</b>	<b>—</b>	<b>247,151</b>
	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
<b>Prayer and retreat ministry:</b>						
Contributions received	3,436	—	3,436	170,270	—	170,270

**4 Income from other sources**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Surplus on the disposal of other tangible fixed assets:						
· Furniture, equipment and motor vehicles	—	—	—	14,170	—	14,170
	—	—	—	14,170	—	14,170
Coronavirus Job Retention Scheme	257,639	—	257,639	—	8,869	8,869
Other miscellaneous income	33,916	—	33,916	37,279	—	37,279
<b>Total funds</b>	<b>291,555</b>	<b>—</b>	<b>291,555</b>	<b>51,449</b>	<b>8,869</b>	<b>60,318</b>

**5 Charitable donations and support of missionary work**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Missionary work of the Congregation abroad	504,959	175,896	680,855	457,343	180,722	638,065
Donation to the Congregation in Ireland	1,180,588	—	1,180,588	1,510,473	—	1,510,473
Donations and grants to other organisations (see below)	62,890	—	62,890	37,101	—	37,101
Donations and grants to individuals	2,863	—	2,863	2,387	—	2,387
<b>Total funds</b>	<b>1,751,300</b>	<b>175,896</b>	<b>1,927,196</b>	<b>2,007,304</b>	<b>180,722</b>	<b>2,188,026</b>

During the year donations and grants were made to 23 (2020 - 36) individuals.

Grants and donations paid to other organisations comprised:

	2021 £	2020 £
Harmony House Dagenham Community Interest Company (see note 25)	16,304	12,916
Gem Care Trust	6,055	20,726
CAFOD	1,000	1,100
Sisters of the Sacred Hearts of Jesus and Mary 1983 Charitable Fund	31,931	—
Catholic Trust for England & Wales	6,500	—
Grants and donations of less than £1,000	1,100	2,359
	<b>62,890</b>	<b>37,101</b>

**6 Provision of care**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Provision of care	741,595	29,005	770,600	846,731	—	846,731
Depreciation of buildings	58,005	—	58,005	58,005	—	58,005
Management of the Home	123,640	230	123,870	154,040	—	154,040
Allocation of support costs (note 8)	51,818	—	51,818	50,250	—	50,250
<b>Total funds</b>	<b>975,058</b>	<b>29,235</b>	<b>1,004,293</b>	<b>1,109,026</b>	<b>—</b>	<b>1,109,026</b>



**7 Support of the sisters and their ministry**

Expenditure on the support of the sisters and their ministry enables the members of the Congregation to carry out the charitable work of the charity in the areas of the advancement of the Roman Catholic faith, the provision of care, the advancement of education and the relief of poverty. Also included here is expenditure relating to the prayer and retreat centre, Domus Mariae & St Augustine's Priory. It is not possible to separate out this expenditure as it is integrated with the work of the sisters and their ministry. Such expenditure comprises:

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Staff costs	823,853	—	823,853	773,890	8,869	782,759
Premises costs	590,422	—	590,422	620,905	—	620,905
Sisters' personal and living expenses	337,368	1,700	339,068	449,524	—	449,524
Education, training and spiritual renewal	28,948	—	28,948	61,509	—	61,509
Sisters' ministries	21,290	—	21,290	52,329	—	52,329
Allocation of support costs (note 8)	239,713	—	239,713	177,382	—	177,382
<b>Total funds</b>	<b>2,041,594</b>	<b>1,700</b>	<b>2,043,294</b>	<b>2,135,539</b>	<b>8,869</b>	<b>2,144,408</b>

**8 Support costs**

	Provision of care £	Support of sisters and their ministry £	Total 2021 £	Basis of apportionment
Legal and professional fees	42,638	60,636	103,274	Pro rata expenditure
Governance costs (note 9)	9,180	31,390	40,570	Pro rata expenditure
Miscellaneous expenditure	—	147,687	147,687	Pro rata expenditure
	<b>51,818</b>	<b>239,713</b>	<b>291,531</b>	

	Provision of care £	Support of sisters and their ministry £	Total 2021 £	Basis of apportionment
Legal and professional fees	48,948	131,052	180,000	Pro rata expenditure
Governance costs (note 9)	1,302	24,738	26,040	Pro rata expenditure
Miscellaneous expenditure	—	21,592	21,592	Pro rata expenditure
	<b>50,250</b>	<b>177,382</b>	<b>227,632</b>	

**9 Governance costs**

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Auditor's remuneration	26,580	—	26,580	26,040	—	26,040
Other professional fees	13,990	—	13,990	—	—	—
<b>Total funds</b>	<b>40,570</b>	<b>—</b>	<b>40,570</b>	<b>26,040</b>	<b>—</b>	<b>26,040</b>

## 11 Net (expenditure) income before gains (losses) on investments

This is stated after charging:

	Total 2021 £	Total 2020 £
Staff costs (note 11)	1,539,360	1,571,792
Auditor's remuneration:		
. Statutory audit – overall accounts	26,580	26,040
. Non-audit services – HR Consultancy and miscellaneous advice	63,748	53,398
Depreciation	293,743	286,622
Operating lease rentals	16,142	9,664

## 12 Staff costs and remuneration of key management

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	1,314,782	1,383,647
Social security costs	103,383	105,567
Other pension costs	44,656	47,753
	1,462,821	1,536,967
Redundancy costs	73,636	25,867
Payments to agency staff	856	4,816
Apprenticeship levy	2,047	4,142
	1,539,360	1,571,792

Payments to agency staff reflect the cost of agency nurses used because of difficulties recruiting permanent employees as a result of the national shortage of such staff.

	2021 £	2020 £
Staff costs per function were as follows:		
Provision of care	715,507	789,033
Support of the sisters and their ministry	823,853	782,759
	1,539,360	1,571,792

There was one employee who earned between £60,000 and £70,000 per annum (excluding employer's pension contributions but including taxable benefits) during the year (2020 – one). Employer's pension contributions into the defined benefit scheme for this employee totalled £3,018 (2020 - £2,018).

The average number of employees, analysed by function, was:

	2021 No.	2020 No.
Provision of care	39	41
Support of sisters and their ministry	28	31
	67	72

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 and the Home's Care Manager.

No trustee received any remuneration in respect to their services during the year nor any reimbursements of expenses (2020 – none).

The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £48,852 (2020 - £48,725). This relates to only one member of the key management personnel as the other members of key management personnel are all members of the Congregation.

**13 Trustees' expenses and remuneration and transactions with trustees**

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees.

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £70,195 (2020 - £65,996).

**14 Taxation**

The Sisters of the Sacred Hearts of Jesus and Mary CIO is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

**15 Tangible fixed assets**

	Freehold land and buildings				
	Non-specialised £	Specialised £	Furniture & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2020	925,533	7,748,196	96,941	334,317	<b>9,104,987</b>
Additions	—	—	13,432	51,792	<b>65,224</b>
At 31 March 2021	925,533	7,748,196	110,373	386,109	<b>9,170,211</b>
At cost	852,206	2,382,555	110,373	386,109	<b>3,731,243</b>
At deemed cost based on 1996 valuation	73,327	5,365,641	—	—	<b>5,438,968</b>
	925,533	7,748,196	110,373	386,109	<b>9,170,211</b>
<b>Depreciation</b>					
At 1 April 2020	—	3,815,308	52,020	300,217	<b>4,167,545</b>
Charge for the year	—	264,819	15,030	13,894	<b>293,743</b>
At 31 March 2021	—	4,080,127	67,050	314,111	<b>4,461,288</b>
<b>Net book values</b>					
At 31 March 2021	925,533	3,668,069	43,323	71,998	<b>4,708,923</b>
At 31 March 2020	925,533	3,932,888	44,921	34,100	<b>4,937,442</b>

The historical cost of freehold land and properties included above at a valuation cannot be ascertained with accuracy.

As permitted under Financial Reporting Standard 102, the charity has continued to adopt a policy of not revaluing its tangible fixed assets. The book value of the land and buildings is based on cost, or where cost is not available, at a trustees' valuation made in 1996. As permitted by FRS 102, with effect from 1 April 2014, the values assigned to these properties are now deemed to be their cost. Other tangible fixed assets are stated at cost.

**14 Tangible fixed assets** (continued)

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 the 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.

**15 Investments**

At 31 March 2021 fixed asset investments comprised:

	2021 £	2020 £
Programme related investments (see a below)	5,661,846	5,661,846
Listed investments (see b below)	18,203,113	16,530,291
	<b>23,864,959</b>	<b>22,192,137</b>

**a. Programme related investment properties**

During the year, the charity owned three properties which were not used directly by the charity but were used by other not-for-profit organisations for purposes consistent with the charity's objectives.

	2021 £	2020 £
At 31 March 2020	5,661,846	—
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232) including re-classified fixed assets	—	5,661,846
At 31 March 2021	<b>5,661,846</b>	<b>5,661,846</b>

The properties included as programme related investments comprised:

	2021 £	2020 £
Harmony House Dagenham	3,080,000	3,080,000
St John's RC School Chigwell	720,000	720,000
Pield Heath House School Uxbridge	1,861,846	1,861,846
	<b>5,661,846</b>	<b>5,661,846</b>

**Harmony House Dagenham**

This property was valued by the trustees with professional assistance during 2015 on an open market value. Whilst rent was received during the year, no formal rental agreement was in place and the rent was below market rate.

Harmony House Dagenham is a Community Interest Company in the London Borough and Dagenham working in partnership with the Local Authority, community and voluntary organisations in delivering a range of community based services and projects. Further details are given in note 25.

**St John's RC School Chigwell and Pield Heath House School Uxbridge**

These properties are occupied by the Sacred Hearts Sisters 1983 Charitable Fund. A license to occupy and pay an annual rental has been agreed. Further details are given in note 23.

**15 Investments (continued)*****b. Listed investments and cash held for reinvestment***

	2021 £	2020 £
<b>Listed investments</b>		
Market value at 1 April 2020	<b>16,306,762</b>	—
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)	—	19,017,773
Additions at cost	<b>1,380,141</b>	2,534,879
Disposals at book value (proceeds: £2,628,056; realised gains: £162,816)	<b>(2,465,240)</b>	(4,682,622)
Net unrealised investment gains (losses)	<b>2,971,034</b>	(563,268)
Market value at 31 March 2021	<b>18,192,697</b>	16,306,762
Cash held by investment managers for reinvestment	<b>10,416</b>	223,529
<b>Listed investments at 31 March 2021</b>	<b>18,203,113</b>	16,530,291
<b>Cost of listed investments at 31 March 2021</b>	<b>15,906,108</b>	17,048,581

Listed investments held at 31 March 2021, all of which were dealt in on a recognised stock exchange, comprised the following:

	2021 £	2020 £
Global equity based common investment funds	<b>17,053,208</b>	15,270,307
Cash instruments	<b>1,139,489</b>	1,036,455
	<b>18,192,697</b>	16,306,762

Included in the investment portfolio were the following individual holdings which, at 31 March 2021 immediately prior to transfer to the newly formed CIO, had a market value which was deemed material in comparison with the market value of the total portfolio at that date:

	Market value £	Percentage of portfolio %	Market value £	Percentage of portfolio %
Sarasin Sterling Liquidity Fund	<b>17,053,208</b>	<b>93.74%</b>	15,270,307	93.64%
Sarasin Climate Active Endowment Funds	<b>1,139,489</b>	<b>6.26%</b>	1,036,455	6.36%

**16 Debtors**

	2021 £	2020 £
Care fees and charges	<b>7,985</b>	18,622
Prepayments and accrued income	<b>22,549</b>	43,565
Other debtors	<b>19,511</b>	8,869
	<b>50,045</b>	71,056

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

	2021 £	2020 £
Social security and other taxes	12,494	13,712
Accruals and deferred income	121,707	28,600
Other creditors	69,955	84,515
	<b>204,156</b>	<b>126,827</b>

**18 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	At 1 April 2020 £	Transfer from charitable trust £	Income £	Expenditure £	Transfer to general funds £	At 31 March 2021 £
Overseas Missions fund	44,987	—	154,688	(174,434)	—	25,241
Covid-19 grants fund	—	—	29,235	(29,235)	—	—
Other restricted funds	5,462	—	—	(3,162)	(2,300)	—
	<b>50,449</b>	<b>—</b>	<b>183,923</b>	<b>(206,831)</b>	<b>(2,300)</b>	<b>25,241</b>

	At 1 April 2019 £	Transfer from charitable trust £	Income £	Expenditure £	Transfer to general funds £	At 31 March 2020 £
Overseas Missions fund	—	40,519	183,169	(178,701)	—	44,987
Other restricted funds	—	7,483	8,869	(10,890)	—	5,462
	<b>—</b>	<b>48,002</b>	<b>192,038</b>	<b>(189,591)</b>	<b>—</b>	<b>50,449</b>

The specific purposes for which the funds are to be applied are as follows:

- ◆ Overseas Missions fund  
This fund consists of donations specifically given to the charity to assist its overseas missionary work.
- ◆ Covid-19 grants fund  
This fund comprised monies received specifically to fund Covid related costs at the care home.
- ◆ Other restricted funds  
These funds comprise grants and donations received mainly in order to fund events at, and the purchase of equipment within, certain of the charity's homes.

**19 Designated funds**

	Donations and mission fund £	SSHJM Congregational fund £	Home fund £	Programme related investment fund £	Total £
At 1 April 2020	41,222	15,500,000	67,623	5,661,846	21,270,691
Movements in the year	(9,307)	3,500,000	(15,252)	—	3,475,441
At 31 March 2021	31,915	19,000,000	52,371	5,661,846	24,746,132

	Donations and mission fund £	SSHJM Congregational fund £	Home fund £	Programme related investment fund £	Total £
At 1 April 2019	—	—	—	—	—
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)	37,637	18,500,000	53,795	5,661,846	24,253,278
Movements in the year	3,585	(3,000,000)	13,828	—	(2,982,587)
At 31 March 2020	41,222	15,500,000	67,623	5,661,846	21,270,691

- ◆ **Donations and mission fund**  
This fund represents monies set aside towards the provision of donations and contributions towards missionary work in future years.
- ◆ **SSHJM Congregational fund**  
The SSHJM Congregational fund consists of funds that the trustees designated to provide for the sisters in their retirement. Calculations, based on actuarial methods, indicate that £24.57 million needs to be set aside in order to provide a modest sum towards the upkeep and care of sisters over 65 years of age. In these accounts £19 million was set aside for this purpose as there are insufficient funds to provide the full £24.57 million.
- ◆ **Home fund**  
This fund represents the accumulated funds and net current assets of the charity's residential and care home together with monies designated by the trustees for use by the home, excluding tangible fixed assets.
- ◆ **Programme related investment fund**  
This fund represents the book value of those freehold properties occupied by other charitable and non-for-profit organisations for purposes consistent with the charity's objectives.



**20 Tangible fixed assets fund**

	<b>Total 2021 £</b>	Total 2020 £
At 1 April 2020	<b>4,930,381</b>	—
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)	—	5,177,230
Movements in the year	<b>(232,797)</b>	(246,849)
At 31 March 2021	<b>4,697,584</b>	4,930,381

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets which have not been financed out of restricted funds or the home fund. A decision was made to separate this fund from the other funds 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 would be realisable with ease, in order to meet future contingencies.

**21 Analysis of net assets between funds**

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2021 £
<b>Fund balances at 31 March 2021 are represented by:</b>					
Tangible fixed assets	—	4,697,584	11,339	—	4,708,923
Investments	—	—	23,864,959	—	23,864,959
Net current assets	1,718,013	—	869,834	25,241	2,613,088
<b>Total net assets</b>	<b>1,718,013</b>	<b>4,697,584</b>	<b>24,746,132</b>	<b>25,241</b>	<b>31,186,970</b>
<b>Unrealised gains included above on investments (see below)</b>	<b>—</b>	<b>—</b>	<b>2,286,589</b>	<b>—</b>	<b>2,286,589</b>
<b>Reconciliation of movements in unrealised gains on investments:</b>					
Unrealised gains at 1 April 2020	(26,327)	—	(715,492)	—	(741,819)
Add: amount in respect to disposals in year	26,327	—	31,047	—	57,374
Less: Net gains (losses) arising on revaluation in year	—	—	2,971,034	—	2,971,034
Unrealised gains at 31 March 2021	—	—	2,286,589	—	2,286,589

**21 Analysis of net assets between funds (continued)**

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2020 £
<b>Fund balances at 31 March 2020 are represented by:</b>					
Tangible fixed assets	—	4,930,381	7,061	—	4,937,442
Investments	1,030,291	—	21,161,846	—	22,192,137
Net current assets	854,754	—	101,784	50,449	1,006,987
<b>Total net assets</b>	<b>1,885,045</b>	<b>4,930,381</b>	<b>21,270,691</b>	<b>50,449</b>	<b>28,136,566</b>
<b>Unrealised gains included above on investments (see below)</b>	<b>(26,327)</b>	<b>—</b>	<b>(715,492)</b>	<b>—</b>	<b>(741,819)</b>
<b>Reconciliation of movements in unrealised gains on investments:</b>					
Unrealised gains at 1 April 2019	—	—	—	—	—
Add: amount in respect to disposals in year	1,836	—	34,888	—	36,724
Less: Net losses arising on revaluation in year	(28,163)	—	(535,105)	—	(563,268)
Transfer from the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232)	—	—	(215,275)	—	(215,275)
Unrealised gains at 31 March 2020	(26,327)	—	(715,492)	—	(741,819)

The historical cost of a number of the charity's tangible fixed assets cannot be quantified accurately due to their age. The trustees consider that the cost of ascertaining such historical costs would be out of proportion to the benefits to the charity. It is not possible, therefore, to quantify accurately the total unrealised gains included within tangible fixed assets.

**22 Operating lease commitments**

At 31 March 2021, the charity had the following future minimum commitments under non-cancellable leases:

	Equipment	
	2021 £	2020 £
Operating lease payments due:		
. Within one year	5,054	16,142
. One to two years	5,054	16,142
. Two to five years	3,523	52,543
	<b>13,631</b>	<b>84,827</b>

## 23 Related party transactions

Two of the trustees of the charity are also trustees of The Congregation of the Sacred Hearts of Jesus and Mary Trust Company Limited, an entity registered in Ireland (Irish Company Registration Number 197997, Irish Charity Registration Number 20016418).

During the year, the CIO donated £1,180,588 (2020 £1,510,473) to the Irish Trust, the majority of which was used towards the living and care costs of the sisters living in Ireland along with property and governance costs. In addition to this transaction, the CIO received from the Irish Trust a donation of £2,348,773 (2020 – £nil) which related to the proceeds from the sale of land.

All of the trustees remain trustees of the Sacred Hearts Sisters 1983 Charitable Fund, along with the transfer of assets as detailed in note 24 at midnight on 31<sup>st</sup> March 2019 to the CIO, the Charitable fund paid the CIO £7,654 (2020 £7,140) contribution towards staffing costs (and recorded as Miscellaneous income) borne by the CIO in administering the Charitable Fund. The Charitable Fund paid the CIO £290,000 in the year as a rental for the 2 schools buildings occupied under licence by the 1983 Charitable Fund along with a payment of a salary for one sister who remains employed by the 1983 Charitable fund of £75,914 (2020 - £73,855). The CIO also donated a sum of £31,931 to the 1983 Charitable Fund in the year (2020 – £nil).

Other than the receipt of donations from the trustees (see note 12) there were no other related party transactions during the year which require disclosure (2020 – none).

## 24 Transfer of assets and liabilities

The trustees of the charitable trust are also the trustees of the Sacred Hearts Sisters 1983 Charitable Fund (Charity Registration Number: 287232).

With effect from midnight on 31 March 2019, certain of the activities, assets and liabilities of the charitable trust were transferred to the charity in accordance with a legal transfer of undertakings deed.

The net assets transferred were:

	31 March 2019 £
Tangible fixed assets	5,183,996
Investments	24,691,902
Debtors	22,057
Cash at bank and in hand	1,505,060
Creditors: amounts due within one year	(128,579)
<b>Total net assets</b>	<b>31,274,436</b>
<b>Representing:</b>	
Restricted funds	48,002
Unrestricted funds	
. Designated funds	24,253,278
. Tangible fixed assets fund	5,177,230
. General funds	1,795,926
	<b>31,274,436</b>

## 25 Other connected entities

### ◆ St Dominic's School, Hambledon

St Dominic's School, Hambledon was a registered charity (Charity Registration No. 1004590 and Registered Name - The Congregation of Religious Women Known as the Sisters of the Sacred Hearts of Jesus and Mary).

The charity owned a freehold property in Hambledon Surrey, which was leased to Orchard Hill College Academy Trust, which operates a non-maintained weekly boarding and day school for pupils of average intelligence but with special needs on the site.

St Dominic's School, Hambledon was dormant but, as stated above, retained the ownership of the land and buildings occupied by the School, however as part of the transfer from the Sacred Hearts Sisters 1983 Charitable Fund, a general vesting document, dated 1 April 2019, was prepared transferring the ownership of the property to the newly formed CIO.

### ◆ Harmony House Dagenham Community Interest Company (Company No. 06565448 (England and Wales))

Harmony House Dagenham Community Interest Company works in partnership with the Local Authority, Community and Voluntary organisations in delivering a range of community based services and projects. For several years it has been at the forefront of support provision for refugees and other immigrant groups. It provides also childcare services including a nursery for children aged 3 months to 5 years and services for older people in the borough. Several of the trustees of the charity are directors of the Community Interest Company.

The Community Interest Company operates from premises which were owned by the charity during the year and it was agreed due to lack of funding and the covid 19 pandemic no rent would be charged in 2021 (2020 - £94,992 rent was paid).

The charity made a donation to the Community Interest Company of £16,304 during the year.

## 26 Contingent liability

A contingent liability arises in respect of allegations concerning the standard of care provided to children at the Congregation's schools between approximately 1960 and 1980. The amount involved cannot be quantified, but the trustees deny any liability based on the facts available to them.

## 27 Membership of the CIO and member's liability

The Congregational Leader shall automatically, by virtue of holding that office, be ex-officio the sole member of the 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.

## 28 Post balance sheet event

On 17 December 2021 the charity received an unrestricted donation of €1,825,652 from The Congregation of the Sacred Hearts of Jesus and Mary Trust Company Limited, an entity registered in Ireland (Irish Company Registration Number 197997, Irish Charity Registration Number 20016418). The trustees will use these funds to cover donations made by the charity towards the costs of the Irish Trust in recent years, and to continue the support of the ongoing work of the Irish Trust for the future.