

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**Charity Number: 254849**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

# **FRANCISCAN SISTERS OF THE HEART OF JESUS**

## **LEGAL AND ADMINISTRATIVE DETAILS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **STATUS**

The Franciscan Sisters of the Heart of Jesus is a charity established and governed by a declaration of trust dated 22 April 1960, as amended by a Charity Commission Scheme dated 22 June 1970 and by a Trust Deed dated 8 March 2004. It is registered with the Charity Commission under the reference number 254849.

#### **TRUSTEES**

Artemia Zampa  
Consiglia Borg  
Sylvia Borg

#### **PRINCIPAL ADDRESS**

9-11 St George's Drive  
London  
SW1V 4DJ

#### **PROFESSIONAL ADVISERS**

##### **Bankers**

HSBC plc  
196 Oxford Street  
London  
W1D 1NT

##### **Solicitors**

Stone King  
13 Queen Square  
Bath  
BA1 2HJ

##### **Independent Examiner**

Olayinka Tomori ACA DChA  
Longmeade Consult Ltd  
Regus House  
Victory Way  
Admirals Park  
Dartford  
DA2 6QD

# **FRANCISCAN SISTERS OF THE HEART OF JESUS**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **OBJECTIVES**

The objects of the charity are *such charitable purposes as shall advance the religious and other charitable work of the Society as the Trustees with the approval of the Superior shall from time to time think fit*. The principal purpose of the Charity is therefore the advancement of religion and other charitable work in England and Wales. The work is performed under the direction of the Superior with the support of the Trustees and other members of the Community on a daily basis.

In order to do this effectively, the Community of sisters themselves has to be supported and this includes the upkeep and maintenance of the Charity's building.

#### **ORGANISATION**

The Franciscan Sisters of the Heart of Jesus is a registered charity established by Deed of Trust. The objects of the Trust are the advancement of religion, especially that of the Roman Catholic faith, and other charitable work, by the support of a community of sisters. The Community's activities are characterised by their work with the sick. The main source of income is from running a nine-bedded facility providing accommodation and care for people coming to London from Malta for hospital treatment, and for their relatives.

The Charity carries out religious and other charitable work in the UK as part of a Province of the worldwide Congregation of the Franciscan Sisters of the Heart of Jesus. The local Bursar administers the Charity's funds under the direction of the Superior. In accordance with the Congregation's own Rules and Conditions, the Bursar each year submits to the Provincial Superior and her Council a formal account of her administration of those funds.

The Provincial Council meets regularly to advise the Provincial Superior on matters concerning the Province. Formal decisions affecting its charitable activities are taken at regular meetings of the Trustees, one of whom serves on the Council. The Provincial Superior is in turn answerable, as are the Trustees, to the Mother General of the Congregation in Rome under the Congregation's Rules and Constitutions. She submits annual reports to Mother General and her Council.

The Superior of the Charity is the Mother General. The Mother General is appointed for a period of six years and could be re-elected for one more period (i.e. 12 years in all). The Trustees are appointed by the Superior with the intention that the solemnly professed sisters fully participate in all decision making.

Other than the above, there are no related parties or connected charities associated with the Charity.

#### **PUBLIC BENEFIT**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

#### **REVIEW OF THE YEAR**

The Covid-19 pandemic has had a significant impact on the level of activities within the charity and the services it provides. In the light of the pandemic, the Charity has strived to continue its work in providing accommodation and care for people coming to London from Malta for hospital treatment, and for their relatives, and in other charitable activities which advance the Roman Catholic religion. The Trustees provide for the needs of the members of the Province and in spite of the pandemic, have taken steps so far as possible to ensure the continuance of their work with people coming to London for hospital treatment and their families, alongside their other pastoral and religious work.

Other than the obvious effect of the global pandemic, there has been no material change in the objectives or policies of the Community and no other important events affecting the Charity have occurred between the date of the Balance Sheet and the date of this Report.

## **FRANCISCAN SISTERS OF THE HEART OF JESUS**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **REVIEW OF THE YEAR (continued)**

To maintain prudence with the charity's finances, the trustees made no grants in support of the overseas work of the Congregation (2019: £50,000). Historically, the monies were used to finance:

- The work of the Mother House of the Congregation and the Provincial House in Malta (Franciscan Bethany) in support of:
  - an increasing number of dependent, elderly sisters (totalling nearly ninety individuals) who have worked for the Congregation for many years but who, because of their vow of poverty, have no income or wealth of their own.
  - Charitable works amongst the poor and needy in Malta.
- The work of the Province in Malta in providing financial support to our missions.

The possibility of making financial contributions in support of the overseas missions of the Congregation will be reviewed annually, with due consideration being given to the financial position of the charity.

#### **FINANCIAL REVIEW**

Income is generated almost entirely from providing accommodation for infirmed people who have come to London from Malta for treatment. Total receipts were £158,294 (2019: £199,917) of which £132,263 (2019: £193,529) was obtained from fees for accommodation and £25,000 was a Covid-19 government grant. The reduction in income was primarily due to the Covid-19 pandemic which resulted in the House not having any guests from Malta for most of the year.

Payments fell from £252,793 in 2019 to £157,608 in 2020; the reduction was primarily due to £50,000 sent to the congregation for overseas missions and the purchase of a vehicle in 2019, and the impact of the global pandemic which curtailed activities in 2020.

The net result for the year was a small net inflow of funds of £686 (2019: £52,876 net outflow).

The impact of the activities in the year was that the Charity had net current assets amounting to £308,744 (2019: £290,314) and tangible fixed assets needed for its ongoing work with a net book value of £ 490,588 (2019: £502,264).

#### **RESERVES POLICY**

At 31 December 2020, the free assets/reserves (that is excluding the value of tangible fixed assets) of the charity stood at £ 308,744 (2019: £ 290,314); this is represented by the charity's net current assets. The trustees estimate that approximately £250,000, or about one year's average regular expenditure, is needed to provide for the day-to-day running of the charity and for contingencies.

The balance of £58,744 is far below the amount required to provide for the long-term maintenance of sisters. The commitment to provide for the care of members of the Province in sickness and old age has profound implications for the finances of the Charity. Members of the Province have all taken a vow of poverty which means that all rights to assets and income have been given up, generally in favour of the Province. In most cases members have devoted the whole of their working lives to the Province and are dependent upon it for all their temporal needs. Although members invariably continue to perform charitable work long past normal retirement age, if they are healthy enough to do so, the work is often not remunerative and the Province must provide for their upkeep and in some cases nursing care. It is intended, if necessary and feasible, to build up additional Reserves as circumstances permit.

## **FRANCISCAN SISTERS OF THE HEART OF JESUS**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **FUTURE DEVELOPMENTS**

A substantial portion of the charity's income is generated from accommodation and care provided to those who have come to the UK from Malta for medical treatment. The Covid-19 pandemic has had a significant impact on this income stream in 2020 as patients could not come over from Malta for medical attention. However, the charity, with some prudence, managed a break-even position for 2020. Although the situation with the pandemic appears to be improving, the trustees will continue to adopt a cautious approach as there is no clear end to the pandemic. However, trustees consider that the reserves held should be sufficient to see the charity through this most challenging and unprecedented times. Trustees are therefore of the opinion that the charity can continue in operational existence for the foreseeable future.

The trustees will continue to monitor the charity's finances closely and will endeavour to safeguard the long-term security of the charity. No major changes in activities are envisaged.

#### **INVESTMENT POWERS AND POLICY**

By virtue of the Trustee Act 2000, the Trustees now have wider investment management powers to enable a broad based portfolio to be efficiently administered in the interests of the Charity. Should the possibility arise in future, the Trustees will be able to adopt an investment policy which is ethically sound and appropriate to the Charity's needs, particularly with a view to securing capital growth to meet rising income needs. Currently, the free assets of the charity are such that the trustees feel that there are insufficient resources to permit wider investment than bank and cash deposits.

#### **COMPLIANCE WITH THE CHARITY'S GOVERNING DOCUMENT AND CURRENT STATUTORY REQUIREMENTS**

The accounts have been prepared in accordance with the Governing Document of the Charity and with current statutory requirements.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Charities Act 2011 requires the trustees to prepare for each financial year financial statements which give a true and fair view of the charity's financial activities during the year and of its financial position at the year end. In preparing the financial statements the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charity Commission guidelines for the preparation of accounts using the Receipts and Payments basis
- make judgements and estimates that are reasonable and prudent; and
- adopt the going concern basis unless it is inappropriate to presume that the Charity will continue on that basis.

The trustees are responsible for ensuring proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure that the financial statements comply with the Trust Deed and the disclosure regulations. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Signed on behalf of the Trustees on 15<sup>th</sup> October 2021

**Sr Sylvia Borg**  
**Trustee**

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF  
FRANCISCAN SISTERS OF THE HEART OF JESUS**

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I report to the charity trustees on my examination of the accounts of the Franciscan Sisters of the Heart of Jesus for the year ended 31 December 2020.

**Responsibilities and basis of report**

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**Olayinka Tomori ACA DChA**

**15<sup>th</sup> October 2021**

**Longmeade Consult Ltd  
Regus House  
Victory Way,  
Admiral's Park  
Kent, DA2 6QD**

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**RECEIPTS AND PAYMENTS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 Total £</b>	<b>2019 total £</b>
<b>RECEIPTS</b>			
Donations and legacies		575	1,000
Local Authority Covid-19 Grant		25,000	-
Fees		132,263	193,529
Bank interest		456	1,545
Sales of motor vehicle		-	1,325
Net VAT		-	2,518
		<u>158,294</u>	<u>199,917</u>
<b>PAYMENTS</b>			
<b>Charitable activities</b>			
Support of the overseas mission of the Congregation		-	50,000
Support of sisters and their ministries	2	122,386	137,193
Building improvements		23,498	28,649
Purchase of motor vehicle		-	20,995
Other expenditure		-	15,956
Net VAT		11,724	-
		<u>157,608</u>	<u>252,793</u>
<b>Excess of (Payments over receipts) / receipts over payments</b>		686	(52,876)
<b>Cash at Bank &amp; In Hand</b>			
At beginning of year		295,032	347,908
<b>At end of year</b>		<u><u>£295,718</u></u>	<u><u>£295,032</u></u>

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**STATEMENT OF ASSETS AND LIABILITIES**

**AS AT 31 DECEMBER 2020**

**NET CURRENT ASSETS**

	Note	£	2020	£	£	2019	£
<b>CASH AT BANK &amp; IN HAND</b>							
Deposit and Current Accounts				294,111			287,409
Cash				1,607			7,623
				<u>295,718</u>			<u>295,032</u>
<b>OTHER MONETARY ASSETS</b>							
Accrued income		11,900			9,995		
Prepaid expenses		3,671			5,779		
				<u>15,571</u>			<u>15,774</u>
				<u>311,289</u>			<u>310,806</u>
<b>LIABILITIES</b>							
Creditors and accrued expenses	4			(2,545)			(20,492)
<b>NET CURRENT ASSETS</b>				<u>£308,744</u>			<u>£290,314</u>

**TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	Building improvements & equipment £	Motor Vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	600,000	474,702	20,995	1,095,697
Additions	-	23,498	-	23,498
Disposals	-	(157,051)	-	(157,051)
	<u>600,000</u>	<u>341,149</u>	<u>20,995</u>	<u>962,144</u>
31 December 2020	600,000	341,149	20,995	962,144
<b>Depreciation</b>				
At 1 January 2020	175,200	417,793	440	593,433
Charge for year	9,600	20,324	5,250	35,174
Disposals	-	(157,051)	-	(157,051)
	<u>184,800</u>	<u>281,066</u>	<u>5,690</u>	<u>471,556</u>
At 31 December 2020	184,800	281,066	5,690	471,556
<b>Net book value</b>				
At 31 December 2020	£415,200	£60,083	£15,305	£490,588
	<u>£424,800</u>	<u>£56,909</u>	<u>£20,555</u>	<u>£502,264</u>
At 31 December 2019	£424,800	£56,909	£20,555	£502,264

Approved by the Trustees on 15<sup>th</sup> October 2021

**Sr Sylvia Borg**  
Trustee



# FRANCISCAN SISTERS OF THE HEART OF JESUS

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Charities Act 2011 and Charity Commission guidelines for the preparation of accounts using the Receipts and Payments basis.

##### Tangible Fixed Assets

Fixed asset additions below £1,500 are not categorised as capital but are included in payments in the year under an appropriate heading. Fixed Assets are shown in the Statement of Assets and Liabilities at cost (or an estimate thereof where purchased before the Charities Act accounting regulations came into force in 1995) less accumulated depreciation. Subsequent additions to fixed assets are shown at cost.

All tangible fixed assets are used in direct furtherance of the Charity's objectives.

Tangible assets are depreciated over their estimated useful lives, at the following rates: -

Freehold buildings	2%	straight line
Furnishings and equipment	15%	straight line
Motor vehicles	25%	straight line

No depreciation is provided on land.

No charge for depreciation is shown in the Receipts and Payments Account as it does not represent an outflow of cash. Additions to Fixed Assets are reflected in the Receipts and Payments Account as a payment in the year in which the expenditure is incurred.

#### 2. SUPPORT OF SISTERS AND THEIR MINISTRIES

	2020 £	2019 £
Council tax & rent	4,249	3,599
Food	21,907	23,846
Laundry	2,703	5,492
Light, heat and Water	15,722	14,289
TV & Internet	218	173
Insurance	10,795	10,780
Postage and stationery	937	1,783
Medicine and healthcare	1,032	921
Small furniture and equipment	2,402	1,662
Motor and travel expenses	1,337	4,714
Telephone	3,951	6,176
Clothes and footwear	413	978
Spiritual welfare and Chapel	2,194	3,092
Repairs, renewals and maintenance	19,531	30,787
Staff costs/Domestic Assistance	25,685	22,517
Visa fees	1,162	-
Bank Charges	559	1,670
Alms and donations	2,930	-
Other	1,358	1,583
Governance costs (see Note 3)	3,301	3,131
	<hr/> £122,386 <hr/>	<hr/> £137,193 <hr/>

**FRANCISCAN SISTERS OF THE HEART OF JESUS****NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. GOVERNANCE COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees paid to Independent Examiner		
Independent examination	1,400	1,400
Accountancy	550	550
	<hr/>	<hr/>
	1,950	1,950
	<hr/>	<hr/>
Legal and professional fees	1,351	1,181
	<hr/>	<hr/>
	£3,301	£3,131
	<hr/> <hr/>	<hr/> <hr/>

**4. LIABILITIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
VAT (reclaimable)/payable	(473)	11,326
VAT on trade debtors	568	1,666
	<hr/>	<hr/>
	95	12,992
	<hr/>	<hr/>
Accrued expenses	2,450	2,500
Deposits and income received in advance	-	5,000
	<hr/>	<hr/>
	2,450	7,500
	<hr/>	<hr/>
	£2,545	£20,492
	<hr/> <hr/>	<hr/> <hr/>

**5. COVID-19 PANDEMIC AND CHARITY OPERATIONS**

The trustees have continued to review the impact of the Covid-19 pandemic on the charity's operations and on its ability to continue as a going concern. Due consideration has been given to assessing future income and expenditure including cash flow. Given the unprecedented nature of the pandemic, it is difficult to evaluate its impact on the charity's future activities with reasonable certainty. However, the trustees believe that the level of reserves will ensure the charity will be able to continue in operational existence for the foreseeable future.