

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**Charity Number: 254849**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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

### **REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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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  
The Old Rectory  
Springhead Road  
Northfleet  
Kent  
DA11 8HN

# FRANCISCAN SISTERS OF THE HEART OF JESUS

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### INTRODUCTION

The trustees present their report together with the accounts for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the Charities Act 2011 and the 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) (Second Edition effective 1 January 2019) and comply with the charity's trust deed.

#### 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 activities of the charity were similar to the prior year, following two years of the Covid-19 pandemic. The Charity continued with its work to provide 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 strive 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.

There are no changes in the objectives or policies of the Community.

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

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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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 (2023: £10,000). 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.

Making financial contributions for these causes will be reviewed annually, with due consideration being given to the financial position of the charity.

#### **FINANCIAL REVIEW**

Income is generated primarily from providing accommodation for infirmed people who have come to London from Malta for treatment. Income for the year was £232,859 (2022: £264,303) of which £229,928 (2022: £263,867) was obtained from fees for accommodation.

Expenditure rose marginally from £233,654 in 2022 to £237,385 in the year under review. 2023 marked the first full year of the charity having employees and this is reflected in the higher staff costs. However, there was a reduction in expenditure on repairs following the significant repairs undertaken in 2022.

The net result for the year was net expenditure of £4,526 (2022: £30,649 net income).

The impact of the activities in the year was that the Charity had total net assets amounting to £815,580 (2022: £820,106) which included tangible fixed assets needed for its ongoing work with a net book value of £412,457 (2022: £425,190).

#### **Reserves Policy**

At 31 December 2023, the free assets/reserves (that is excluding the value of tangible fixed assets) of the charity stood at £403,123 (2022: £394,916); represented by the charity's net current assets. The trustees estimate that approximately £250,000, or about one year's average regular expenditure plus a consideration for maintenance of the premises, is needed to provide for the day-to-day running of the charity and for contingencies.

The balance of £153,123 is far below the amount required to provide for the long-term maintenance of sisters. The commitment to provide for the care of members 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.

#### **Investment Powers and Policy**

By virtue of the Trustee Act 2000, the Trustees 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 trustees feel the free assets of the charity are insufficient to permit wider investment other than bank and cash deposits.

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

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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#### **FUTURE DEVELOPMENTS**

The Trustees expect the charity will continue with the provision of accommodation and ensure the wellbeing of its members. However, as the number of sisters able to support the work of the charity continues to fall with age, Trustees recognise that future activities of the charity will need to be reviewed in due course, in the light of this eventuality.

The trustees will continue to monitor the charity's finances closely and will endeavour to safeguard the long-term security of the charity.

#### **POST BALANCE SHEET EVENT**

In April 2024, the charity was the victim of an online scam on its bank account. This resulted in substantial financial loss to the charity of £153,000. Appropriate reports have been made to the Police, National Crime Agency and the Charity Commission. The trustees are reviewing the charity's internal financial controls to ensure measures are put in place to mitigate against the reoccurrence of events like this.

The trustees do not envisage this event will affect the charity's ability to continue as a going concern.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Objects**

The objects of the charity are to advance the religious and other charitable work of the Missionary Sisters as the Trustees, with the approval of the Superior, shall from time to time think fit and for such other lawful charitable purposes connected with the advancement of the Roman Catholic religion as the Trustees shall determine.

##### **Trustees and Governance**

All trustees are members of the Congregation. The power of appointment and removal of trustees rests with the Superior General for the time being. The trustees meet as frequently as is required for the purposes of the charity's activities and will meet at least twice per year. As members of the Congregation all trustees are well-versed in its charism, or ethos, and the objectives and activities of the charity.

When necessary, the trustees seek advice and support from the charity's professional advisers and attend courses, conferences and training days as required in order to keep up-to-date with legal, regulatory and other such matters.

#### **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 29<sup>th</sup> October 2024

**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 2023 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

**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; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

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**

**29<sup>th</sup> October 2024**

**Longmeade Consult Ltd  
The Old Rectory  
Springhead Road,  
Northfleet  
Kent, DA11 8HN**

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	<b>2023 Total Funds (unrestricted) £</b>	<b>2022 Total Funds (unrestricted) £</b>
<b>Income and Endowments from:</b>			
Charitable activities – fees receivable		229,928	263,867
Investments		2,931	436
<b>Total Income</b>		<u>232,859</u>	<u>264,303</u>
<b>EXPENDITURE on:</b>			
Charitable activity	2	237,385	233,654
<b>Total expenditure</b>		<u>237,385</u>	<u>233,654</u>
<b>Net movement of funds</b>		<b>(4,526)</b>	<b>30,649</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		820,106	789,457
<b>Total funds carried forward</b>		<u><b>£815,580</b></u>	<u><b>£820,106</b></u>

The accompanying notes form part of these financial statements.

There are no other gains or losses other than those disclosed in the statement above.

The accompanying notes form part of these financial statements.

# FRANCISCAN SISTERS OF THE HEART OF JESUS

## BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023	2022
		£	£
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	5	412,457	425,190
<b>CURRENT ASSETS</b>			
Debtors	6	11,683	12,300
Cash at bank and in hand		409,807	402,049
		<u>421,490</u>	<u>414,349</u>
<b>CURRENT LIABILITIES</b>			
<b>CREDITORS:</b>			
Amounts due within one year	7	(18,367)	(19,433)
<b>NET CURRENT ASSETS</b>		403,123	394,916
<b>NET ASSETS</b>		<u><b>£815,580</b></u>	<u><b>£820,106</b></u>
<b>REPRESENTED BY:</b>			
<b>Funds</b>			
- Unrestricted General Funds		815,580	820,106
		<u><b>£815,580</b></u>	<u><b>£820,106</b></u>

Approved by the Trustees on 29<sup>th</sup> October 2024 and signed on their behalf by:

**Sr Sylvia Borg**  
Trustee

The accompanying notes form part of these financial statements.



# FRANCISCAN SISTERS OF THE HEART OF JESUS

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019), Charities SORP FRS 102 and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

The charity meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees to make significant judgements and estimates, and to exercise judgment in applying the Charity's accounting policies. The items in the accounts where these judgments and estimates have been made include:

- estimating the economic useful life of tangible fixed assets.

#### Assessment of going concern

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

#### 2. Income

All income is included in the Statement of Financial Activities when the charity is legally entitled to the income, there is probability of receipt, and the amount can be quantified with reasonable accuracy.

Donations and legacies are recognised only when received or when the charity becomes legally entitled to them.

Income received in advance is deferred until the criteria for income recognition are met.

#### 3. Expenditure

Charitable expenditure consists of all expenditure relating to the objects of the Charity. All costs are directly attributable to the activities under which they have been analysed.

Governance costs which form part of support costs, include expenditure on the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

#### 4. 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
Building Improvements and equipment	15% - 25% straight line
Motor vehicles	25% straight line

No depreciation is provided on land.

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

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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#### **5. Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

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

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Deposits for more than three months and up to one year are disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

#### **7. Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **8. Services provided by members of the Congregation**

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

#### **9. Pension scheme**

The charity operates a defined Contribution Pension Scheme for its employees. The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

#### **10. Statement of cash flows**

The charity is exempt from the requirement to produce a Statement of Cash Flows as it qualifies as a small charity under the requirements of the Charities SORP.

# FRANCISCAN SISTERS OF THE HEART OF JESUS

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. EXPENDITURE

	2023 £	2022 £
<b>Charitable Activity - Support of Sisters and their ministries:</b>		
Council tax & rent	2,567	3,208
Food	30,487	27,585
Laundry	6,782	5,213
Light, heat and Water	18,387	22,050
TV & Internet	159	595
Insurance	8,119	7,762
Postage and stationery	967	681
Medicine and healthcare	571	1,125
Motor and travel expenses	2,678	4,582
Telephone	7,022	3,761
Clothes and footwear	747	1,208
Spiritual welfare and Chapel	3,790	5,670
Repairs, renewals and maintenance	26,998	44,057
Staff costs/Domestic Assistance	85,867	65,231
Depreciation	24,385	30,224
Legal and professional fees	1,489	1,268
Bank Charges	398	137
Alms and donations	10,000	1,500
Other	2,232	5,597
Governance costs (see Note 3)	3,740	2,200
	<u>£237,385</u>	<u>£233,654</u>

Alms and donations include a donation of £10,000 (2022: £1,500) to the Congregation's Generalate in Malta.

#### 3. GOVERNANCE COSTS

	2023 £	2022 £
Fees paid to Independent Examiner:		
Independent examination	1,400	1,400
Accountancy	500	550
Other	1,840	250
	<u>£3,740</u>	<u>£2,200</u>

#### 4. STAFF COSTS

	2023 £	2022 £
Wages and salaries	84,091	21,996
Social security costs	-	-
Pension costs	1,776	473
	<u>85,867</u>	<u>22,469</u>
Other domestic assistance	-	42,762
	<u>£85,867</u>	<u>£65,231</u>

The charity began employing staff from October 2022. The average number of employees in the year was 4 (2022: 4), all of whom carry out catering and domestic duties.

The Trustees comprise the senior management of the charity and they receive no remuneration.

**FRANCISCAN SISTERS OF THE HEART OF JESUS**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**5. TANGIBLE FIXED ASSETS**

	<b>Freehold land &amp; buildings £</b>	<b>Building improvements &amp; equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2023	600,000	341,149	20,995	962,144
Additions	-	11,652	-	11,652
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2023	600,000	352,801	20,995	973,796
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2023	204,000	316,765	16,189	536,954
Charge for year	9,600	9,979	4,806	24,385
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	213,600	326,744	20,995	561,339
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2023	£386,400	£26,057	£-	£412,457
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	£396,000	£24,384	£4,806	£425,190
	<hr/>	<hr/>	<hr/>	<hr/>

**6. DEBTORS**

	<b>2023 £</b>	<b>2022 £</b>
Other debtors	8,792	9,525
Prepayments	2,891	2,775
	<hr/>	<hr/>
	£11,683	£12,300
	<hr/>	<hr/>

**7. CREDITORS: Amounts falling due within one year**

	<b>2023 £</b>	<b>2022 £</b>
VAT payable	12,193	13,814
Other taxes and Social Security	3,026	3,051
Other creditors	348	368
Accrued expenses	2,800	2,200
	<hr/>	<hr/>
	£18,367	£19,433
	<hr/>	<hr/>