

REGISTRAR OF COMPANIES



**The Congregation
of the Daughters
of the Cross
of Liege**

Report and Accounts

31 March 2005



A38 *A861YB86* 388
COMPANIES HOUSE 15/12/2005

Company Registration Number
3492921

Charity Registration Number
1068661



Contents

Reports

| | |
|------------------------------|----|
| Trustees' report | 1 |
| Independent auditors' report | 26 |

Accounts

| | |
|-----------------------------------|----|
| Statement of financial activities | 28 |
| Balance sheet | 30 |
| Cash flow statement | 31 |
| Principal accounting policies | 33 |
| Notes to the accounts | 38 |

Administrative details of the Charity, its Trustees and Advisers

Registration details

The Congregation of the Daughters of the Cross of Liege is a charitable company limited by guarantee and that is its registered name. The predecessor organisation was a charitable trust with the same name, formed in 1910. Registration details are:

- ◆ Charity Registration Number: 1068661
- ◆ Company Registration Number: 3492921
- ◆ Registered Office: 29 Tite St, London, SW3 4JX.

Operating locations

The charity operates at a number of locations under the following names:

- ◆ Holy Cross Hospital, Haslemere, Surrey
- ◆ St Anthony's Hospital, Cheam, Surrey
- ◆ St Elizabeth's Centre, Much Hadham, Hertfordshire
- ◆ St Raphael's Hospice, Cheam, Surrey
- ◆ St Wilfrid's, Chelsea, London.

Trustees

Provincial Superior and Chairperson of Provincial Council

Sister Veronica Hagen (Chairperson)

Members of the Provincial Council

Sister Anne Kelly

Sister Shirley Lowe (aka Sister Mary Agnes)

Sister Nilda Pettenuzzo

Sister Mary McLaughlin

Provincial Bursar

Sister Elena Pettenuzzo OBE (Company Secretary)

No other person served as a trustee during the year or during the period since the year end.

Administrative details of the Charity, its Trustees and Advisers (continued)

Principal advisers

| | |
|--------------------------------|--|
| Auditors | Buzzacott 12 New Fetter Lane London EC4A 1AG |
| Investment managers | Merrill Lynch Investment Managers Limited 33 King William Street London EC4R 9AS Davy Stockbrokers 49 Dawson Street Dublin 2 |
| Bankers | Royal Bank of Scotland 127-128 High Holborn London WC1V 6PQ Bank of Ireland University Branch Montrose Stillorgan Road Dublin 4 |
| Solicitors | Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH |

Introduction

The trustees are pleased to present their report, together with the accounts of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2005. The report has been prepared in accordance with Part VI of the Charities Act 1993 and also constitutes a directors' report for the purposes of the Companies Act 1985.

The accounts are presented in accordance with the accounting policies on pages 33 to 37 and comply with The Congregation of the Daughters of the Cross of Liege's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000. Amendments have been made to this report to anticipate the enhanced reporting requirements of SORP 2005 which, as required, will be adopted next year.

Mission

The charity:

- ◆ advances Religion by maintaining sixteen residences for the Sisters of the Congregation of the Daughters of the Cross of Liege
- ◆ advances education by supporting a senior Catholic girls' school and a Further Education College
- ◆ advances education by running, for those suffering from epilepsy and associated disabilities, a School for 5-19 year olds and a College for 19-25 year olds
- ◆ relieves poverty and suffering by running a hospice, an acute hospital, a hospital for those suffering from severe physical disability, a residential home for the elderly and a home for those suffering from epilepsy
- ◆ advances Religion, education and relieves poverty and suffering by Sisters being actively involved in their localities.

As the charity is run by a Religious Congregation, an integral part of the work of the Sisters is to ensure that a spiritual dimension pervades all that is undertaken by the charity. Thus, within the works – the hospitals, hospice, residential homes, schools and colleges – resident and non-resident chaplains and ministers of all denominations are welcomed to minister to the beneficiaries, staff and volunteers of the charity. The chapels within every establishment are open to everyone (including the general public) who wish to use them for prayer or times of quiet.

Through the redeeming love of God, the Sisters welcome believers and non-believers; it is the love of and commitment to the beneficiaries of the charity which is a significant part of the ethos which binds the works of the charity together. All of this is supported by the daily prayer life of the Sisters and those who belong to the Associates of the Cross.

Introduction (continued)

Thanks

Before detailing all the information which needs to be provided in this report, the trustees wish to record that none of the charity's work could be achieved without the dedicated loyalty of the members of staff employed by the charity, the efforts of all the full-time and part-time volunteers, the commitment and effort of the Sisters or without the continuing generosity of their benefactors and advisors. To them all, they offer their thanks and their prayers.

Structure, Governance and Management

Legal structure

As described on page 1, the charity is a company limited by guarantee and its governing documents are its Memorandum and Articles of Association which sets out the objects of the charity and powers of its trustees.

The Superior General of the Worldwide Congregation and the Provincial Superior of the English Province of the Congregation are the only two members of the company.

Trustees

The Articles of Association provide that there shall be between three and ten trustees who are trustees by reason of their respective offices within the English Province of the Congregation to which they belong. The offices referred to are the Provincial Superior, the Provincial Bursar and the members of the Provincial Council. All these appointments are made by the Superior General of the Worldwide Congregation, who is based at the Mother House of the Congregation in Liege, Belgium, after consultation processes with the Sisters. Under the Constitution of the Congregation, these appointments are for 3 years and they can all be extended except that the Provincial Superior can only serve two further terms.

The Provincial Superior, together with her Provincial Council and Provincial Bursar, are the directors for the purposes of company legislation but they are referred to throughout this Report and Accounts as trustees.

The trustees are listed on page 1 and there have been no changes since the year end.

Five of the present trustees reside in convents attached to one of the Works in England run by the charity. All have worked for many years within one or other of those establishments. The sixth Trustee resides in Dublin, is an accredited Chaplain working in a Dublin Hospital and she has also worked within the residential home for children with epilepsy at St Elizabeth's Centre.

Structure, Governance and Management (continued)

Trustees (continued)

The trustees meet regularly every 4-6 weeks and, during the year ended 31 March 2005, have met eight times, as well as having three Interim Meetings and one Urgent Business Meeting. They organise official Trustees' Visits, lasting one or two days, to each of the five locations where the main work of the charity is carried out. One or more trustees are members of the advisory committee of each establishment or on the Governing Body of the Schools or Colleges. During the year nine Conferences and seminars, organised by outside bodies and on relevant topics such as the new Charity Bill, the new SORP, Investment Management, etc. have been attended by one or more of the trustees.

Appropriate induction procedures, reflecting their experience to date, are devised for any new trustee.

The Trustees are aware that regardless of their technical experience and their Management Team experience in running the various Works, they do not necessarily possess the full range of business skills required to effectively govern a substantial charity. For this reason, professional advice is extensively sought and relied upon, particularly in the areas of law, finance and accounting, property and investment.

In addition, as described below, the operational management of each of the principal Works is delegated to a senior management team, in each case supported by an Advisory Committee or Governing Body, consisting of at least one trustee together with appropriately qualified Sisters and lay people.

Trustees responsibilities

Company law 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 its incoming resources and application of resources for the year. In preparing such accounts the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are also responsible for keeping accounting records which:

- ◆ disclose with reasonable accuracy the financial position of the charity;
- ◆ enable them to ensure that the accounts comply with the Companies Act 1985.

Structure, Governance and Management (continued)

Trustees responsibilities (continued)

They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees believe they have fulfilled all these requirements.

Management

The day to day activities of the charity are under the control of the chairperson of the trustees, who is also the Provincial Superior. The charity supports 89 Sisters (at 31 March 2005) living in 16 locations situated in England, Ireland and the USA, working in parishes, local hospitals and schools and carrying out other charitable works. Their locations are:

- | | | |
|------------------------------|--------------------------------|-----------------------------|
| ◆ Blackley, Lancashire | ◆ Blanchardstown, Ireland | ◆ Broadstairs, Kent |
| ◆ Bury, Lancashire | ◆ Carshalton, Surrey | ◆ Cheam, Surrey |
| ◆ Chelsea, London | ◆ Donaghmore, Northern Ireland | ◆ Hammersmith, London |
| ◆ Haslemere, Surrey | ◆ Hayle, Cornwall | ◆ Lindisfarne Island |
| ◆ Much Hadham, Hertfordshire | ◆ Stillorgan, Ireland | ◆ Stockton, California, USA |
| ◆ Tracy, California, USA | | |

Each community has a Sister Superior who is appointed by the Provincial Superior and to whom is delegated authority and responsibility for running the convent.

Most of the locations are where there are, or have been, major works run by the charity. The present and most recent works are as follows:

| Convent | Name of Work | Description of Work |
|---------------------------------------|---------------------------------------|---|
| Aggregated into these accounts | | |
| Cheam, Surrey | St Anthony's Hospital | Acute surgical hospital specialising in cardiac and orthopaedic surgery |
| | St Raphael's Hospice | Care of the dying and their families |
| Chelsea, London | St Wilfrid's | Residential home for the elderly |
| Haslemere, Surrey | Holy Cross Hospital | Hospital caring for the neurologically disabled |
| | St Joseph's Centre (closed July 2004) | Treatment for alcohol and other substance abuse |
| Much Hadham, Hertfordshire | St Elizabeth's Centre | School, Home and College for those affected by epilepsy and associated disabilities (College commenced in September 2004) |

Structure, Governance and Management (continued)

Management (continued)

| Convent | Name of Work | Description of Work |
|---|-----------------------|--|
| Not aggregated into these accounts | | |
| Bury, Lancashire | Holy Cross College | Sixth form and adult education college |
| Carshalton, Surrey | St Philomena's School | Senior School for girls |

As explained in the accounting policies, both these institutions are exempt charities over whose activities and management the Congregation has no control and from which it derives no financial benefit. It continues however to be the legal owner of the property occupied by each at a peppercorn rent.

At each of the major Works, the Sister Superior appoints a management team, of which she herself is automatically chairperson. As chairperson, she relays instructions from the trustees to the management team and they in turn report back through the chairperson to the trustees. In addition, there are one or more trustees on all the advisory committees.

At each work, the Provincial Superior, in consultation with the relevant Sister Superior and the trustees, appoints an advisory committee (of which the Provincial Superior is automatically a member) which comprise both sisters and lay people with an expertise in the work or with a relevant specialism. The purpose of the advisory committee is to advise the Provincial Superior, the Sister Superior and the management team.

Holy Cross College and St Philomena's School, are related parties carrying out the objectives of the charity. The charity owns the freehold property from which they operate and they are both run, independently of the charity, under the control of Governing Bodies, of which the Provincial Superior and other Sisters are members.

Before Mount Edgcumbe Hospice took over in 1999, St Julia's Hospice was established and run by the charity; it still operates from property owned by the charity and it continues to provide palliative care in the community. St Michael's Hospital and Marie Therese House were managed and run by the charity for many years but were sold to the Cornwall and Isle of Scillies' Health Authority in 2004. St Julia's Hospice, St Michael's Hospital and Marie Therese House are now governed and managed entirely separately from the charity, although some of the Sisters still carry out voluntary work within them.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity. They have worked with the management teams and advisory committees at each of the major works, to ensure that there are systems and procedures in place to manage those risks. The trustees are satisfied that for these major works, and for all the other charity's activities, effective systems are in place.

Structure, Governance and Management (continued)

Employees

The Congregation is committed to oppose discrimination on the grounds of ethnicity, religion, disability, gender, age, sexual identity or family circumstances. If an employee becomes disabled, the charity will make every effort to ensure their continued employment.

To further this commitment, the management teams throughout the charity ensure that the recruitment and selection policies avoid direct or indirect discrimination and comply with all relevant legislation. The aim is to ensure that all employees are aware of and understand the charity's equal opportunities policies and are familiar with the legal framework.

The trustees, together with the management teams, aim to keep employees informed and involved through regular meetings and newsletters.

Related parties

Sisters

The Sisters of the Congregation are related parties because they are beneficiaries of the charity in that the costs of their welfare and well-being are met by the charity. No trustee had any beneficial interest in any contract with the charity nor did any trustee receive remuneration for their services.

Worldwide Congregation

The charity is a member of the Worldwide Congregation of the Daughters of the Cross of Liege, which is also a related party. From time to time contributions are made to the Worldwide Congregation for use at the Mother House in Belgium or in other Provinces around the world, so that the charitable objectives can be carried out outside the UK. Details are set out in the notes to the accounts.

St Philomena's and Holy Cross College

St Philomena's, Carshalton, is a Voluntary Aided (and previously a grant maintained) School funded by the Local Education Authority and Holy Cross College, Bury, Lancashire, is a Sixth Form College funded by the Learning and Skills Council. They are related parties but both are exempt charities and therefore separate legal entities.

As the School and College are both carrying out one of the objects of the charity, the properties are let to them at peppercorn rents and this arrangement will, subject only to major changes in Funding, Governance or Educational Needs in those locations, continue indefinitely.

The charity does not exercise control over the activities nor the management of either organisation and derives no financial benefit from them. The income and expenditure, assets and liabilities are not therefore aggregated into the accounts and the property is reported as having no value for the purposes of these accounts. Although both organisations are separately funded, from time to time the Congregation has provided grants towards specific capital projects.

Structure, Governance and Management (continued)

Objects

The charity is established to:

- ◆ advance religion, by establishing and maintaining residencies for the Sisters of the Congregation
- ◆ advance education, by establishing and maintaining educational institutions in accordance with Canon 803 of the Code of Canon Law
- ◆ relieve poverty and suffering, by establishing and maintaining hospitals, hospices, nursing homes and residential homes for the sick, elderly and needy
- ◆ advance religion, advance education and relieve poverty and suffering, by direct activity in the community and by all other charitable means, including giving alms to the needy.

Activities and Achievements

Overall summary

It has been another successful year. The people who have benefited directly can be counted in thousands not counting their families, the local communities, the staff, the volunteers and all the other people whose lives have been touched by the Sisters, their Chaplains and the Works.

Last year, mention was made of the changes in demand and the necessity of adapting to them. The changes continue but they are only possible because of the "people policies" which are in place. It has once again proved difficult to recruit and retain the number and calibre of people needed to provide the charity's services and this difficulty can be quantified in that agency costs are now approaching £3m, representing approximately 6% of total expenditure. Consequently much of the recruitment of new people has been of overseas staff with the concomitant increase in resources necessary to ensure that they settle in to living, often on site, and working in the UK. The process of inducting them has been assisted by considerable time and effort this year being put into already comprehensive training programmes across the Works. These programmes are not only for existing, new and agency staff but the same training, where appropriate, is often provided to others. It is part of the charity's ethos for staff to pass on their specialist expertise to other professionals involved in the delivery of Health, Welfare and Education. As well as the internal training programmes, the Works also support staff taking additional qualifications such as NVQs and post graduate degrees.

Activities and Achievements (continued)

Overall summary (continued)

A breakdown of beneficiary, staff and volunteer numbers by activity is as follows:

| | Facility/ Beds | Out- patient episodes | In-patients /Pupils /Residents | Employee [†] | Agency staff* [†] | Volunteers |
|----------------------------|-------------------|-----------------------------|--------------------------------------|-----------------------|-------------------------------|------------|
| Hospitals | 132 | 33,016 | 6,987 | 458 | 40 | 52 |
| Homes | 148 | — | 169 | 257 | 29 | 58 |
| Hospice | 14 | 1,611 | 310 | 50 | 6 | 42 |
| Special school and college | 80 | — | 62 | 162 | 15 | 32 |
| Fundraising | — | — | — | 31 | — | 220 |
| Totals 2005 | 374 | 34,627 | 7,528 | 958 | 90 | 404 |
| 2004 | 374 | 34,630 | 7,532 | 885 | 76 | 420 |
| 2003 | 374 | 35,597 | 7,854 | 867 | — | 430 |
| 2002 | 374 | 36,636 | 7,957 | 848 | — | 340 |

[†] Full-time equivalents

* No figures are available for the earlier years

In addition to the above, St Philomena's School, Carshalton and Holy Cross College, Bury employ 284 (2004 – 275) teaching and support staff and provide formal education to around 1,200 (2004 – 1,200) senior school pupils and 2,150 (2004 – 1,900) college students.

The number of beneficiaries above exclude those helped by Sisters working in other schools, hospices, hospitals and parishes for which figures are impossible to estimate or obtain. They also exclude the number of Hospice clients visited in their own home; 3,279 visits in 2005 against 3,264 in 2004.

Volunteers

The volunteers are also an important part of the charity's activities. The Sisters themselves are effectively "volunteers" in all the work they carry out and in addition over 400 (2004 – 420) volunteers support the major Works.

The volunteers are drawn from across the world and the pool has been extended this year by establishing links with the Congregation's operations in India. At St Elizabeth's Centre many of them live on site for between 3 and 9 months.

The range of volunteers' work is vast but a few examples of the tasks they do are:

- Working in the charity shops
- Accompanying beneficiaries on outings
- Giving one to one contact time with beneficiaries
- Pushing wheelchairs
- Driving people to and from the hospice

Activities and Achievements (continued)

Overall summary (continued)

Volunteers (continued)

Without them, the quality of the services provided would still be very high but they would not bring the richness to the lives of beneficiaries which the volunteers are able to with their cheerful and ever ready service.

Major events

Negotiations were finally concluded in March 2005 for the sale of the Beechpark Schools in Stillorgan, Ireland, which were sold to the Irish Department of Education, and the trustees are pleased that the land and buildings will continue to be used as a school for those suffering from autism. Approximately £3.7m was raised from the sale. The proceeds are much less than could have been achieved had the site been sold for redevelopment but the land and buildings have been sold to the Irish Department of Education and will continue to run as a school. As Education is a core objective of the charity, the trustees accepted a price less than that which could have been achieved. No further significant sales of property are planned.

The other major development during the year was the opening in September 2004 of the Further Education College at St Elizabeth's for those suffering from epilepsy and with other complex medical needs which accepted its first cohort of twelve students. This is the first part of the Strategic and Business Plan 2003 to 2008. The second stage is also now complete with the completion of two on-site 10 bed accommodation units built in partnership with a housing association, which opened in August 2005.

A new community was begun on the Holy Island of Lindisfarne when the Bishop of Hexham and Newcastle invited the Sisters to become involved in religious life in the community. A property has been acquired and to date one Sister has moved there.

As reported last year, the trustees were very sad that funding could not be found for the substance misuse service provided at St Joseph's in Haslemere which resulted in them having to close the unit at a total cost of over £200,000.

Religious Mission

The English Province stretches from Bury, Lancashire to Hayle, Cornwall, across the sea to Donaghmore in Northern Ireland to Stillorgan and Blanchardstown in County Dublin, then across the ocean to Tracy and Stockton in California. Apart from the works mentioned above, the Sisters in the smaller convents work in a variety of apostolates. The following gives a flavour of some of the activities undertaken by the Sisters.

In Hayle, one Sister is the Secretary of 'Churches Together' and takes children from the local Parish for catechetics and provides spiritual guidance as and when needed. Another Sister is the co-ordinating Chaplain for the NHS Trust owned St Michael's Hospital and Marie Therese House besides fulfilling the same role for the Mount Edgcumbe owned St Julia's Hospice. This Sister also does prison visiting throughout Cornwall and Devon under the auspices of the Irish Bishops' Commission for Prisoners Overseas. Another Sister is Eucharistic Minister in the Parish and visits the housebound and those in Hospital.

Activities and Achievements (continued)

Religious Mission (continued)

In Kingsgate, Broadstairs, Kent, two Sisters are volunteers for the national St Vincent de Paul Society, which aims to provide support and help for disadvantaged and marginalised people through person-to-person contact. They also attend the Deanery Justice and Peace meetings and one of the Sisters is on the Parish and Deanery Councils. This is besides visiting and helping residents who live in the Residential and Nursing home adjacent to the Convent, which once belonged to the charity as a school for emotionally disturbed young children. Another Sister works as a volunteer in the Pilgrim's Hospice which is attached to Margate Hospital.

The Province stretches even further north to the Holy Island of Lindisfarne where a Sister helps to facilitate the summer camps organised by the St Vincent de Paul Society. The Bishop of the Diocese has appointed her as his official Catholic representative on the Island which means, among other things, interacting with the other Faith communities there.

In Northern Ireland, two Sisters help out where they can in St Joseph's School, Donaghmore – in the classroom, in the tuck-shop or wherever needed. Another Sister is in charge of the pastoral care of the Hearing and Sight impaired in the Diocese of Armagh.

Further south, in Blanchardstown, near Dublin, a Sister is Eucharistic minister in the Parish Church and helps with the local Charismatic Prayer group. This is as well as running a weekly meeting in St Joseph's Hospital for a small group of adults and children who are following the SPRED programme, which is a programme of Religious Education for adults and children with learning difficulties.

In Beech Park, Stillorgan, two Sisters work as Chaplains in St James' Hospital, Dublin. Another Sister works voluntarily in Leopardstown Park Hospital Day Centre with a group of Deaf and Blind people, in the Alzheimer Society of Ireland in Dun Laoghaire as a voluntary helpline worker, and does reflexology and therapeutic hand care in Carysford Nursing Home. The work in the Nursing Home is sponsored and insured by the Irish Red Cross of which the Sister is a member. A fourth Sister works for the Irish Mission Union lecturing on the Religious Formation Ministry Programme.

Across the ocean in Stockton and Tracy, California, the Sisters work in Pastoral Care support, as Sacristan in Stockton Cathedral, in Parish Adult Education and as Social Care Organiser, mainly for the elderly and those with special needs. Another Sister co-ordinates 'Welcome to the Parish', supports integration and offers a Bereavement Service.

The activities detailed above are just examples. Similar work is being carried out by most of the Sisters within the Province, which of course includes looking after the Province's own frail and elderly members.

Activities and Achievements (continued)

Religious Mission (continued)

A number breakdown of the Sisters at 31 March 2005 is as follows:

| | |
|---------|-------|
| Active | 39 |
| Retired | 30 |
| | <hr/> |
| | 89 |

Education

The charity provides education to children and adults, both at a local and National level, with particular emphasis on areas where there is a gap in the State provision. The education provided is therefore of great breadth and many of the beneficiaries are the most challenging pupils in Society who have profound and multiple -learning difficulties.

St Elizabeth's Centre, Much Hadham

St. Elizabeth's Centre provides a range of services for people of all ages, mainly those with severe epilepsy but also those with a variety of complex medical needs, learning and/or behavioural difficulties and many associated disabilities. The services comprise a non-maintained special school with facilities for 80 boarding and day pupils; small group residential homes for a total of 104 adults; a day college with 20 on-site tenanted accommodation units, with domiciliary care provided by St Elizabeth's, and a number of on and off-site social enterprises. 100 adult residents and 62 children and young people have been cared for during the year by the equivalent of 346 full-time employees, assisted by 35 community service volunteers and approximately 40 other volunteers.

This year has seen a continuation from the previous year of many memorable celebrations to mark the centenary year of the Centre. These celebrations included a reception in May 2004 at which Cardinal Cormac Murphy O'Connor launched an £11.6m Centenary Appeal to support the many developments set out in the Strategic Review and Business Plan for 2003 to 2008.

The first major development was the opening in September 2004 of St Elizabeth's College with its first cohort of twelve 19-25 year old learners. A number of these learners lived in temporary on-site tenanted accommodation pending the completion of two new 10 bed accommodation units. These high quality units have been built in partnership with a housing association at a cost of £2.7m and St Elizabeth's has an agreement with the association to manage and maintain them.

The College has been established under a new radical and unique model which is being watched by other colleges and the Learning and Skills Council (LSC). The learners are tenants of their social landlord, the housing association, with their rents paid via housing benefits. Their care and nursing needs are provided by the St Elizabeth's Domiciliary Care Agency and St Elizabeth's Nursing Services, and the LSC is funding the learning and training programmes.

Activities and Achievements (continued)

Education (continued)

St Elizabeth's Centre, Much Hadham (continued)

The intensity of work in the early stages of setting up the college was compounded by the announcement of an Ofsted inspection of the new provision. The trustees were reassured and uplifted that the inspectors recognised the strengths of the college and praised the entrepreneurial model. It was even more of an achievement in that the school also had an Ofsted inspection within weeks of the college and they achieved a satisfactory judgement from their inspection team.

The Strategic Review and Business Plan also includes plans for:

- ◆ new living and learning accommodation for 16 to 19 year old students;
- ◆ the improvement and refurbishment of all other School living accommodation;
- ◆ a new day facility offering social, recreational and vocational activities; and
- ◆ the establishment of off-site tenanted accommodation to offer a choice of life styles to the adult residents and learners.

During the year significant progress was made on these developments including:

- ◆ the obtaining of planning consent and the early stages of a partnership building contract for the 16-19 year old student living and learning accommodation
- ◆ planning consent and the approval of a grant of £50,000 and a loan of £122,000, repayable over three years, from the Adventure Capital Fund for a new social enterprise horticulture building
- ◆ a partnership with another housing association for proposed new tenanted accommodation in Bishop's Stortford for both day learners at the College and a number of adult residents able to maintain a more independent life style.

The establishment of three social enterprises has been the most visible expression of lifestyle diversity for beneficiaries. Two are real businesses which, with the support of the LSC, offer sheltered employment and training opportunities.

Beech Park School, Stillorgan, Dublin

Negotiations have been going on for ten years with the Department of Education in Ireland regarding their purchase of the school site since they took over the responsibility of running it. Their intention had always been for the provision of education for those suffering from autism. The trustees are pleased to report that this negotiation was concluded during the year and the school site was finally sold for around £3.7m.

The major part of this site was sold in 2003, but the charity continues to own around one fifth of the original site and the Sisters continue to live there. Some of the remaining buildings are now being extensively extended and refurbished and the total cost, including furnishing could amount to £700,000, of which £550,000 is included in Capital Commitments. When complete these will provide smaller but more suitable accommodation for the Sisters. This will enable the disposal of the property surplus to requirements, from which the proceeds will recoup part or all of the expenditure.

Activities and Achievements (continued)

Education (continued)

St Philomena's School, Carshalton – non-aggregated

St Philomena's is a voluntary aided comprehensive school serving the Catholic girls of Sutton and its environs. Students come from over forty partner schools from about seven different education authorities. There are 1,173 girls on roll including 248 in the Sixth Form, and the school has a teaching staff of 80 with 20 support staff.

A Technology College since 1997, St. Philomena's prepares girls to live and contribute to their local, national and international communities. Links with the community are growing and developing through projects with partner primary and secondary schools, with MENCAP and through parents' ICT classes.

The academic year 2004-2005 was busy, successful and rewarding. Among the highlights this year was OFSTED's verdict that 'St. Philomena's School provides a very good education for its students, which in many respects is excellent'. At the 2005 Sutton Schools' Borough Athletics Championships, St. Philomena's School was confirmed as overall Borough Champions.

Holy Cross College, Bury – non-aggregated

Holy Cross College is a Catholic Sixth Form College which welcomes students and staff of all faiths. The College currently has 1,463 full-time 16-19 year old students, 98.5% of whom follow level three courses – AS, A2 and AVCE. In addition, the College has 683 part and full-time adult students of whom 608 follow higher education courses validated by the University of Liverpool, through Liverpool Hope University College.

The College has this year completed a third large capital project, building a new music and sports centre which has improved its sporting and recreational facilities and also a substantial teaching block. In late 2005 the College is due to commence its fourth capital project to refurbish the kitchen and extend the canteen. The College's facilities have been up-graded over the last eight years and now have 95% accessibility for those students needing wheelchairs.

The trustees are pleased to note that it was their original grant of £1m in 1998 which provided the funds for a Learning and Resource Centre and it is this project that has made all subsequent developments possible.

The Trusteeship of the Daughters of the Cross embodies the life blood of the schools and colleges in the sense that 'Unless the Lord build the House they labour in vain that build it' is something that they strive to fulfil in their living witness and vision. Each of them draws its inspiration from the spirit and traditions of the Daughters of the Cross.

Health and Welfare

The charity runs various works which provide Health Care and Welfare. The philosophy of valuing every person and treating them with dignity and respect and, wherever possible, providing beneficiaries with choice, is enshrined in all of them. All the works generate a friendly and open atmosphere among beneficiaries and staff which enhances the quality of care provided.

Activities and Achievements (continued)

Health and Welfare (continued)

As with education, there is a range and breadth to the provision of Health and Welfare facilities from running a technologically advanced acute hospital and the helping of those who are neurologically disabled through to the care of the old and the dying. In all cases, the charity seeks to allow beneficiaries to live as full a life as possible.

St Elizabeth's Centre

St Elizabeth's Centre incorporates three main activities. Whilst the costs of the Home have been separated from those of the School and College in the statement of financial activities, the report on activities and achievements has all been included under Education on pages 13 and 14 this year.

St Wilfrid's Residential Home for the Elderly, Chelsea

St Wilfrid's is a 44 bedded residential home for elderly people and its aim is to help its residents retain their independence in all ways they can and to offer them love, care, spiritual support and dignity in their later years. During the year it has cared for 69 residents with the dedicated support of 17 full-time and 14 part-time staff, assisted by an average of 8 agency staff.

A variety of social activities continues to be organised for the residents with the help of about 10 volunteers. Links have been maintained with other residential care homes, the Royal Hospital, the Christchurch Christian Fellowship, the Forum of Faiths, the Physic Garden, the Chelsea Society, the Chelsea Festival and the Sheraton Hotel. There are concerts by students from the Royal College of Music and by choirs from various local schools and churches. Among the many activities at the home, a volunteer programme ensures that every resident is visited regularly.

St Wilfrid's large function room and Garden Lounge, besides being used for some of the activities mentioned above, are also used free of charge for meetings or away-days by various outside groups or agencies such as the Parkinson's Disease Society, the NHS Mental Service, Cor Christi and St Gabriel's Stamp Club and for Staff training.

Daily Roman Catholic services are held in the Chapel and an Anglican Communion service is held twice a month. These are also attended by people from the locality. In addition, by hosting and taking part in meetings, St Wilfrid's facilitates the work of the Churches Together.

The major project completed during the year was the complete refurbishment of the function room at a cost of £170,000 and another £80,000 has been committed to the refurbishment of the residents' two lounges which is almost complete.

St Anthony's Hospital, Cheam

St. Anthony's Hospital is a 92 bed hospital which provides treatment for patients requiring acute medical and surgical care and which specialises in cardiology and orthopaedic surgery. The Hospital is fully accredited by Investors in People and the Pathology Laboratory by Clinical Pathology Accreditation (UK) Ltd. The Hospital is registered with and inspected by the Health Care Commission and employs 518 staff of whom 237 are full time and 281 are part-time.

Activities and Achievements (continued)

Health and Welfare (continued)

St Anthony's Hospital, Cheam (continued)

After the transitory and unusual drop in numbers last year, it is satisfying to see that the number of inpatients and day cases which St. Anthony's dealt with this year has increased to 6,934 (2004 – 6,924). The total number of outpatient attendances also rose slightly to 33,016 (2004 – 32,757). It is pleasing to see that the demand for the Hospital's services is holding steady despite the increased publicity in the news media about diminishing waiting lists in the NHS.

The Hospital performed 6,861 operations in the year to 31 March 2005 which is the highest figure ever achieved (2004 – 6,769). The Hospital also recorded the lowest ever average length of inpatient stay at 3.81 days. With the total number of day cases as a proportion of all operations holding steady at between 37% and 38%, the greater throughput reflects increased efficiency and some change in Consultants' practices.

Development is continuing in the Diagnostic Imaging Department with the new Mammography suite opened in January 2005. Equipped with the latest technology to replace the outgoing eight-year-old machine, the Hospital will be in a position to continue providing a high quality Breast Screening service. The new 64-slice Computerised Tomography (CT) machine will be installed before Christmas 2005. This technology provides doctors with images offering greater definition, to enable them to make earlier and more precise diagnoses. This machine will be only the eighth of its kind in the country.

The Hospital has continued to give assistance to St. Raphael's Hospice by providing financial support, together with such practical services as the use of ward facilities, Pathology Laboratory, Imaging services, Catering and Management and Administration services. The financial value of this contribution is estimated at £50,000.

The Hospital provides the St. Bede's Conference Centre on the same site for all manner of staff and training facilities. This superbly appointed facility is used free of charge by St. Raphael's Hospice and the Sisters of the Congregation for seminars and conferences. It is also made available free of charge or at a reduced fee to local groups, including G.P. practices and other NHS organisations for their meetings.

Holy Cross Hospital, Haslemere, Surrey

Holy Cross Hospital has maintained its highly specialised services for the treatment of very severely physically disabled people. The work evolves gradually to meet changing demands. The most noticeable change is in the degree of disability of the patients, which has increased steadily. One consequence of this is a reduction in the average length of stay and average occupancy has reduced for the same reason. The whole staff team accepts this change and has responded in a most positive way to it. The results were reflected in the endorsement of the quality of the services provided given both by the Healthcare Commission, which inspects the Hospital, and patients and their families in their responses to questionnaires.

Activities and Achievements (continued)

Health and Welfare (continued)

Holy Cross Hospital, Haslemere, Surrey (continued)

Since July 2004 all 40 rooms in the Hospital have been used for the treatment of neurological admissions. At 1 April 2004 there were 35 long term patients requiring treatment for complex neurological conditions. There were 7 admissions of new patients for this work, all with multiple and severe disabilities and another 4 patients were admitted for rehabilitation or palliative care. Notwithstanding the complex and serious nature of the disabilities, a very active programme for patients was provided, including outings using the hospital's minibuses and the art and music groups. This was only possible because of the combined efforts of doctors, nurses, therapists, social activities staff and volunteers.

In addition, the hospital continued to provide respite care for another group of 7 seriously disabled people, giving carers at home a much needed break. There were 28 such admissions, most patients coming for 2 weeks 4 times per year.

The recruitment of qualified staff continued to be difficult because of a general scarcity and the high cost of accommodation locally. Overseas nurses who required support to be registered in the UK were attracted by the training available at Holy Cross and, after completion of the course, some continued to work as Registered Nurses.

The hospital also benefits greatly from the services of about 30 volunteers and of the fund-raising efforts of The Friends of Holy Cross. The volunteers' availability enables patients to enjoy activities that would be impossible without one-to-one support. As a result of the additional funds, the hospital has purchased a highly featured wheelchair for assessment purposes, suction machines for use with patients, electric profiling beds, hoists for patient handling and blinds on bedroom windows.

As reported last year, much time was spent during the year on the substance misuse services that, sadly, culminated in the decision to close the St Joseph's Centre in July 2004. Prior to this decision, there had been a great deal of support from staff, friends and former patients and the Management Team was most appreciative of it. There were exceptional expenses following the closure with regards to redundancies and other adjustments to operating arrangements and the deficit on St Joseph's activities for the final 3 months was £185,000. The trustees are sad that funding could not be found for this work, as there is an obvious need for such treatment and support for individuals engaged in substance abuse and their families.

St Raphael's Hospice, Cheam, Surrey

The Hospice, which has 14 inpatient beds, provided 3,479 days of inpatient care for patients requiring symptom control, respite care and terminal care (2004 – 4,119). The total number of admissions was 310 (2004 – 368). The Community Palliative Care Team made 3,279 visits (2004 – 3,264) to patients in their own homes and of these the total number of new referrals visited during the year was 567 (2004 – 557). The total number of day care attendances was 1,611 (2004 – 1,868). The Hospice has 98 staff of whom 39 are full time and 59 part time.

Activities and Achievements (continued)

Health and Welfare (continued)

St Raphael's Hospice, Cheam, Surrey (continued)

In the year under review the Hospice made a deficit of £39,000, which represents 1.2% of the total resources expended. On the face of it, this position appears satisfactory, but an analysis of the incoming resources shows that £516,000 came from legacies (2004 - £747,000). While the Hospice is exceedingly grateful for this income, legacies are by their nature unpredictable, and to rely upon them for day-to-day expenditure is not a comfortable position for the Hospice to be in. It is therefore important to revitalise other sources of income, and to continue to identify new sources, in order to secure the future viability of the Hospice.

Fund-raising continues to be a matter of concern, but as the Hospice enters its 19th year, the total amount of money raised over the entire period since its opening is approximately equal to the total amount of money spent. It is therefore anticipated that with continuing fund raising efforts, the Hospice will provide care in the community for many years to come.

The in-house training programme has been very successful again this year and several members of the medical and nursing staff are continuing their postgraduate studies. Doctors and Nurses from St. Raphael's, as well as helping to develop their colleagues, have also lectured to students from St. Helier Hospital and Kingston University. They are committed to passing on their expertise and also to educating other professionals involved in the delivery of palliative care.

St. Raphael's is firmly embedded in the work of the South West London Cancer Network and in particular the Palliative Care Education Programme, which is an extension of the former District Nurse Training Programme. The hospice intends to provide, in 2006, a training programme which will be attractive to participants from nursing homes, acute hospitals and the community care teams.

St Michael's Hospital and Mount Edgcumbe Hospice, Hayle

St Michael's Hospital and Marie Therese House were sold to the Royal Cornwall Hospital Trust in 2004 and St Julia's Hospice was taken over by Mount Edgcumbe Hospice in 1999. The Sisters continue to reside in the vicinity and help in a voluntary capacity in the Hospital, Marie Therese House, the Hospice and the Parish. Thanks to the manner in which all three were transferred to new owners, excellent health facilities have been retained in West Cornwall for the benefit of those who live there.

Financial review

One of the constant themes of the charity's work is the anxiety caused by the limitations on income, although the pressure varies from one sector to another. There is a shortfall of operating income of almost £3m. Apart from the relentless process of holding or reducing costs, not helped by the large staff agency fees, management teams work to obtain realistic fees and/or grants for the high quality and ever-developing services being provided. Particular mention needs to be made of St Raphael's Hospice, which fund-raises for over two-thirds of its income. For the last two years legacies have been high, and its management team continue to search for more stable sources of income to ensure its continued viability.

Overall results

The statement of financial activities shows that the total resources expended during the year were around £46m (2004 - £43m). The cost of providing services was £44m (2004 - £41m) of this and the related operational income only reached £41m (2004 - £37m). The resultant shortfall has been funded by other income which includes voluntary and investment income and the earnings and pensions of the Sisters which are covenanted to the charity. In addition the charity sold certain freehold property during the year realising gains of £3.4m and there were also investment gains of £3.3m.

Against these gains has to be set the £0.9m provision for compensation which is detailed in note 3. It is noticeable how the number and incidence of such claims increases as there is gradually more and more publicity of them in the UK and Ireland. One of the purposes of the Contingency Fund is to meet any ultimate liabilities to pay compensation.

A brief summary of the overall results is as follows:

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| Cost of providing services | (43,911) | (40,971) |
| Operational income | 40,941 | 37,357 |
| Giving a deficit on operations of: | (2,970) | (3,614) |
| Plus: Charitable grants and donations | (94) | (714) |
| Giving a deficit on all charitable activities of: | (3,064) | (4,328) |
| Plus: Management and administration costs: | (344) | (408) |
| So additional total funding requirement is: | (3,408) | (4,736) |
| Other income obtained from: | | |
| Fundraising activities (net), investment, covenanted from the Sisters and from elsewhere | 5,152 | 5,640 |
| Leaving an overall annual surplus of | 1,744 | 904 |
| To which can be added (deducted): | | |
| Gains on the sale of assets | 3,363 | 1,196 |
| Provision for compensation | (894) | — |
| Unrealised investment gains | 3,343 | 3,717 |
| Giving a total net movement of funds of | 7,556 | 5,817 |

Financial review (continued)

Overall results (continued)

In common with other charities, the charity is unable to recover all the VAT incurred and the total burden of unrecovered VAT during the year, which has reduced the above movement, amounted to approximately £1.2m (2004 - £1m).

For the third year running, around £2m was invested in tangible fixed assets and this year £1.9m (2004 - £2.0m) was spent, the majority at St Anthony's Hospital on medical and computer equipment.

The total net increase in funds is £7.6m (2004 - £5.8m) and results in total charity funds at 31 March 2004 of £99.6m (2004 - £92.0m).

Although fund-raising income forms a small part of income, the fund-raising teams' work continues as strongly as ever. The apparent success of their efforts will inevitably vary from year to year, as the origin of legacies is not always known and time will be spent one year which will benefit future years. Their work however has the added benefits of generating publicity and increasing the profile of the Works.

Reserves policy and funds

The trustees are conscious of the requirement to balance the needs of present and future beneficiaries. This means that they have to consider and decide what proportion of net incoming resources to add to general or designated funds each year and what proportion to invest in fixed assets, staffing, etc. to maintain, improve or develop existing services to beneficiaries.

It is a characteristic of the Education, Health and Welfare Sectors that medium term fixed costs, such as permanent staff salaries, constitute a large proportion of the overall running costs (around 52%). Therefore reserves need to be held to meet these costs in the event of a downturn in occupancy or income or any other unforeseen emergency, and to allow the charity to continue with the provision of services whilst specific action plans are implemented.

The trustees consider that, given the level of the annual expenditure of £46m and the nature of the income and risks of the charity's works, the level of free reserves required should represent between 3 and 6 months' expenditure. These free reserves are the General Fund which represents working capital and funds that are neither restricted nor designated for a defined purpose.

Restricted funds

Restricted funds relate to the fixed assets and other funds of the charity's hospice, St Raphael's Hospice, plus monies which have either been raised for, or their use restricted to, specific purposes, or which comprise donations subject to donor imposed conditions. At 31 March 2005 they amounted to £3.6m (2004 - £3.6m) of which £3m (2004 - £3m) is in respect of the hospice.

Financial review (continued)

Overall results (continued)

Designated funds

The majority of the designated funds relate to the charity's unrestricted funds tied up in tangible fixed assets and which total £45.4m (2004 - £46.1m). The amount so designated excludes fixed assets funded by other means i.e. by restricted funds, amounts due to contractors or bank loans.

Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

- ◆ Sisters' retirement fund of £13.9m (2004 - £12.3m) which generates annual income of around £400,000 to meet the shortfall of the central and convent costs over Sisters' covenanted income.
- ◆ Generalate Worldwide fund of £4.4m (2004 - £3.8m) which generates annual income of around £120,000 to spend across the Congregation worldwide, mainly in India, Pakistan, Africa and South America.
- ◆ Charitable Works development fund of £5.9m (2004 - £5.2m) which is to recognise the future financial needs of the Works. Up to around £800,000 will be spent by St Elizabeth's Centre to fund its Strategic Plan; the timing will depend on the success of its appeals but is expected to be within the next 2 or 3 years. The balance is invested to provide income to meet any deficits arising in the Works.

The trustees have for some years designated a maintenance and repairs fund to cope with the demands of long term maintenance of all the charity's buildings. It has become increasingly apparent to the trustees that there are many other liabilities which cannot be planned for but which could materialise; the possibility of significant expenditure on convents to meet the Commission for Social Care Inspection (CSCI) Standards and claims arising this year are just two examples. They are also much more aware of the obligations of the English Province to the Worldwide Congregation and the needs of its members in other countries.

They have therefore transferred £6m of this fund to become part of the Contingency fund and broadened its purpose to cover, not only long term repairs and maintenance, but also property refurbishment and development, any emergency or developmental funding required by the Works and any other contingencies affecting the charity and its Works.

At 31 March 2005 the fund, which is fully invested, stood at £7.5m and, because of its nature, it is expected to be disbursed but the timing of that disbursement cannot be known.

The above funds are represented entirely by tangible fixed assets and fixed asset investments. The charity's remaining designated funds represent amounts set aside to meet capital expenditure commitments entered into prior to the year end and various funds set aside on the recommendation of local management. These are held mainly as net current assets.

Financial review (continued)

Overall results (continued)

General funds

The resultant balance on the general fund of £15.5m (2004 - £12.2m) represents the "free reserves" available to the charity for day to day working capital requirements. This represents around 4 months (2004 - 4 months) of the annual expenditure and is in line with the reserves policy.

Investment policy and management

The charity's investment objective is to achieve capital and income growth in the longer term, say over five plus years. Sufficient investments are held in Ireland to produce the income required in the local currency and all the other investments are held in the UK. In England the investments are held within various funds for which agreed purposes, objectives and asset allocations are determined. In some cases the individual funds are required to produce a set income each year to meet relevant expenditure.

Responsibility for the day to day management of the portfolios is delegated to the two investment managers, Merrill Lynch in England and Davy Stockbrokers in Ireland, who operate within the guidelines agreed with the trustees. The investment managers and the trustees acknowledge the risks associated with portfolio management and with the volatility that may arise as a result of the various asset allocations selected. Attempts are made to mitigate the risk by holding a diversified portfolio of investment types and by taking the advice of the investment managers. The English investments comprise fixed interest UK Government and Corporate stocks and Listed UK and overseas equities, with an exposure to property and hedge funds. In Ireland the investments are predominantly held in listed stocks on the Irish Stock Exchange to provide funds to meet Irish liabilities with no currency exposure.

The UK manager's performance is measured against bespoke benchmarks, based upon each fund's asset allocation which reflect the agreed strategy for that fund. The performance of the manager in Ireland is measured against a weighted average of Irish charity managed funds.

The investment managers' results are reviewed twice a year at an investment meeting with the trustees, where up to date reports are reviewed and investment performance against the benchmarks is monitored.

The market value of the investment portfolio at 31 March 2005 was £41.3m (2004 - £34.9m), an increase of £6.4m, which reflects unrealised gains of £3.3m and the investment of the proceeds of the Stillorgan sale explained elsewhere in the accounts. Full details of the movements are in note 7.

Financial review (continued)

Overall results (continued)

Ethical and socially responsible investment

The trustees have a policy of Socially Responsible Investment (which they take to include ethical issues) and this policy, together with its results and implications, are considered at every meeting with the investment managers. Merrill Lynch publish an annual report on Corporate Governance which outlines their principles and voting policies. The charity's policy applies to all investments within the charity, however they are managed, and it has regard to the definitions prescribed by the Ethical Investment Research Service ("EIRIS") which continually monitors this area of investment.

The trustees do not invest any charity funds in companies which generate income from:

- ◆ Armaments
- ◆ Adult entertainment services, or
- ◆ Companies which are involved in areas of activity contrary to the sanctity of life.

In addition, any invested funds relating to the hospitals and hospice are not invested in tobacco companies. For other sensitive areas of investment, the policy is to adopt an "engagement" approach, which means using the charity's position as a shareholder, through its investment managers, to encourage companies to change. This method is particularly effective for Environmental, Ethical and Human Rights issues and the investment managers give the trustees a report twice a year on what actions and decisions they have taken. The Provincial Bursar is also a member of the National Justice and Peace Network Ethical Investment Working Group

The trustees believe that some investments are incompatible with the charity's objects and that the overall return on the investments is not materially reduced by their ethical stance.

Events since 31 March 2005 and plans for future periods

The principal events which have occurred since the year end:

- ◆ Work on the remaining Stillorgan site is being carried out to provide more suitable accommodation for the Sisters who reside there and work in the locality. A spend of £0.55m had been authorised at the year end and plans and planning permissions are being arranged. This development could not take place until the sale of the schools to the Irish Department of Education had been completed.
- ◆ The charity is borrowing £2m to fund the new living and learning accommodation for 16-19 year olds at St Elizabeth's Centre. The plan had originally been for a loan and grant from Futurebuilders but they, after months of negotiation, decided that they had other more appropriate projects. Rather than reducing the Contingency Fund, thereby losing income and investment gains, the trustees, in consultation with their advisers, decided that a favourable bank loan was the best course of action. The decision was also taken in the light of the future of St Elizabeth's and its need to continue fund-raising.

Financial review (continued)

Events since 31 March 2005 and plans for future periods (continued)

- ◆ Since the year end, St Elizabeth's has taken the second cohort of students into its College.
- ◆ At 31 March 2005, a further £786,000 (2004 - £650,000) has been committed to be spent at St Anthony's Hospital and there are other major capital spends in the pipeline to keep it at the forefront of medical innovation.

Future planning is carried out within each of the Works and in general terms, the objectives are to ensure that the services being provided are those that are actually required within the areas of the various Works. A further objective is to ensure that, with the charity having provided the facility, the "users" pay the realistic price for the services to cover costs, and ideally provide some additional funds to meet the cost of future improvements and developments.

However, the major planning exercise that was launched at a Vision Day in July 2005 for all trustees, Sisters, advisory committees and senior managements, is to work with each of the Works to review their long-term futures and, where there is seen to be a continuing need, to secure these futures in whatever way is the most appropriate. Whilst the Sisters established the Works, some of them over 100 years ago, the number of Sisters joining the Congregation is falling in the UK, and the trustees have been aware for some time that they must make arrangements for the future. This will follow on from what they have done at other locations, most recently in Stillorgan and in Hayle which are referred to elsewhere in this report. It is to find the best solution for the continuation of the services being provided, whatever that solution might be.

Auditors

The auditors, Buzzacott, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the trustees

V. Hagen

Provincial Superior

Approved by the trustee 20-11-05

Report of the independent auditors to the members of The Congregation of the Daughters of the Cross of Liege

We have audited the accounts on pages 28 to 54 which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and investments and the accounting policies set out on pages 33 to 37.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members, as a body, those matters we are required to state to them in an auditors' 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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 5 the trustees, who are the directors of the Congregation of the Daughters of the Cross of Liege for the purposes of company law, are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information in the trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

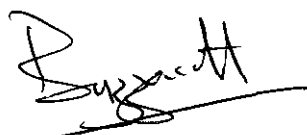
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Independent auditors' report 31 March 2005

Opinion

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 31 March 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott

Chartered Accountants and Registered Auditors

12 New Fetter Lane

London

EC4A 1AG

20 November 2005

Statement of financial activities Year to 31 March 2005

| | | Unrestricted funds | | | Total funds | Total funds |
|---|-------|--------------------|------------------|------------------|---------------|---------------|
| | | General fund | Designated funds | Restricted funds | 2005 | 2004 |
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and expenditure | | | | | | |
| Incoming resources | | | | | | |
| Incoming resources from activities in furtherance of the charity's objects | | | | | | |
| . Operational income | | 39,734 | — | 1,207 | 40,941 | 37,357 |
| . Activities for generating funds | | 128 | — | 792 | 920 | 855 |
| Donations, legacies and similar incoming resources | | 102 | — | 1,574 | 1,676 | 2,408 |
| Investment income and interest receivable | | 1,361 | — | 28 | 1,389 | 1,028 |
| Covenanted income from Sisters of the Congregation | | 993 | — | — | 993 | 1,049 |
| Other income | | 1,043 | — | 29 | 1,072 | 1,165 |
| Net gains on sale of tangible fixed assets | | 3,363 | — | — | 3,363 | 1,196 |
| Total incoming resources | 1 | 46,724 | — | 3,630 | 50,354 | 45,058 |
| Resources expended | | | | | | |
| Cost of generating funds | | | | | | |
| | 2 | 155 | — | 743 | 898 | 865 |
| Charitable expenditure | | | | | | |
| Hospitals | | 28,166 | — | 42 | 28,208 | 26,555 |
| Homes | | 7,059 | — | 299 | 7,358 | 6,812 |
| Hospice | | — | — | 2,426 | 2,426 | 2,216 |
| School and College | | 4,458 | — | 154 | 4,612 | 4,127 |
| Grants and donations | | 94 | — | — | 94 | 714 |
| Support of Sisters of the Congregation | | 1,307 | — | — | 1,307 | 1,261 |
| | | 41,084 | — | 2,921 | 44,005 | 41,685 |
| Provision for compensation | | 894 | — | — | 894 | — |
| Management and administration | | 328 | — | 16 | 344 | 408 |
| Total charitable expenditure | 3 | 42,306 | — | 2,937 | 45,243 | 42,093 |
| Total resources expended | | 42,461 | — | 3,680 | 46,141 | 42,958 |
| Net incoming (outgoing) resources before transfers | | | | | | |
| | | 4,263 | — | (50) | 4,213 | 2,100 |
| Transfers between funds | | | | | | |
| Restricted to general | 12 | 17 | — | (17) | — | — |
| General to designated | 13 | (4,265) | 4,265 | — | — | — |
| Net incoming (outgoing) resources for the year before investment gains | | 15 | 4,265 | (67) | 4,213 | 2,100 |
| Statement of total recognised gains and losses | | | | | | |
| Gains on investments | 7 | 3,309 | — | 34 | 3,343 | 3,717 |
| Net movement in funds | | 3,324 | 4,265 | (33) | 7,556 | 5,817 |
| Fund balances brought forward at 1 April 2004 | | | | | | |
| | | 12,153 | 76,289 | 3,630 | 92,072 | 86,255 |
| Fund balances carried forward at 31 March 2005 | | | | | | |
| | | 15,477 | 80,554 | 3,597 | 99,628 | 92,072 |

Statement of financial activities Year to 31 March 2005

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Historical cost net movement in funds | | |
| Net movement in funds (page 28) | 7,556 | 5,817 |
| Gains on fixed asset investments | (3,343) | (3,717) |
| Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts | (128) | (125) |
| Realised investment gains based on historic cost | 1,118 | 333 |
| Historical cost net movement in funds | 5,203 | 2,308 |

Continuing operations

All of the charity's activities during the above two financial years represented continuing operations.

Balance sheet 31 March 2005

| | Notes | 2005 £'000 | 2005 £'000 | 2004 £'000 | 2004 £'000 |
|---|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 6 | | 47,721 | | 48,579 |
| Investments | 7 | | 41,344 | | 34,897 |
| | | | 89,065 | | 83,476 |
| Current assets | | | | | |
| Stocks | | 847 | | 793 | |
| Debtors | 8 | 4,368 | | 3,966 | |
| Term deposits | | 993 | | 1,097 | |
| Cash at bank and on deposit | | 8,439 | | 5,723 | |
| | | 14,647 | | 11,579 | |
| Creditors: amounts falling due within one year | 9 | 3,940 | | 2,816 | |
| Net current assets | | | 10,707 | | 8,763 |
| Total assets less current liabilities | | | 99,772 | | 92,239 |
| Creditors: amounts falling due after one year | 10 | | 144 | | 167 |
| Total net assets | | | 99,628 | | 92,072 |
| Represented by: | | | | | |
| Funds and reserves | | | | | |
| Restricted funds | 12 | | 3,597 | | 3,630 |
| Unrestricted funds | | | | | |
| .. Designated funds | 13 | | | | |
| .. Fixed asset fund | | 45,492 | | 46,177 | |
| .. Other | | 35,062 | | 30,112 | |
| | | | 80,554 | | 76,289 |
| .. General fund | 14 | | 15,477 | | 12,153 |
| Total funds | | | 99,628 | | 92,072 |

Signed on behalf of the trustees:

V Hagen

Sister Veronica Hagen
Trustee and Provincial Superior

E. Pettenuzzo

Sister Elena Pettenuzzo
Trustee and Provincial Bursar

Date of approval: 20-11-05

Cash flow statement Year to 31 March 2005

| | Notes | 2005 £'000 | 2004 £'000 |
|--|-------|---------------|---------------|
| Cash inflow from operating activities | A | 2,710 | 589 |
| Return on investments and servicing of finance | | | |
| Investment income | | 1,389 | 1,028 |
| Capital expenditure and financial investment | B | (6,172) | (8,903) |
| | C | (2,073) | (7,286) |
| Management of liquid resources | C | 104 | — |
| Financing | | | |
| Decrease in bank loans | C | (20) | (35) |
| Decrease in cash | | (1,989) | (7,321) |

Notes to the cash flow statement for the year to 31 March 2005.

A Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Net incoming resources before transfers | 4,213 | 2,100 |
| Depreciation charge | 2,585 | 2,508 |
| Net gains on disposal of tangible fixed assets | (3,363) | (1,196) |
| Provision for compensation | 894 | — |
| Investment income | (1,389) | (1,028) |
| Increase in stocks | (54) | (5) |
| (Increase) decrease in debtors | (402) | 864 |
| Increase (decrease) in creditors | 226 | (2,654) |
| Net cash inflow from operating activities | 2,710 | 589 |

Cash flow statement Year to 31 March 2005

B Gross cash flows

| | 2005 £'000 | 2004 £'000 |
|---|----------------|----------------|
| Capital expenditure and financial investment | | |
| Payments to acquire tangible fixed assets | (1,914) | (2,056) |
| Net proceeds from sales of tangible fixed assets | 3,550 | 2,320 |
| Payments to acquire investments | (31,507) | (22,047) |
| Proceeds from the sales of investments | 23,684 | 12,824 |
| Exchange movement on investment deposits | 15 | 56 |
| | (6,172) | (8,903) |

C Analysis of changes in net funds

| | At 1 April 2004 £'000 | Cash flows £'000 | At 31 March 2005 £'000 |
|------------------------------------|--------------------------------|------------------------|---------------------------------|
| Available cash | | | |
| . Cash at bank and in hand | 5,723 | 2,716 | 8,439 |
| . Cash held by investment managers | 7,618 | (4,705) | 2,913 |
| | 13,341 | (1,989) | 11,352 |
| Management of liquid resources | | | |
| . Cash placed on term deposit | 1,097 | (104) | 993 |
| Bank loans | | | |
| . Debt due within one year | (18) | (3) | (21) |
| . Debt due after one year | (167) | 23 | (144) |
| | (185) | 20 | (165) |
| Total | 14,253 | (2,073) | 12,180 |

D Reconciliation of net cash flow to movement in net funds

| | 2005 £'000 | 2004 £'000 |
|------------------------------|----------------|----------------|
| Decrease in cash in the year | (1,989) | (7,321) |
| Decrease in term deposits | (104) | — |
| Decrease in bank loans | 20 | 35 |
| Decrease in net funds | (2,073) | (7,286) |

Scope

The accounts incorporate and aggregate the results of the Province with its major works which comprise:

- ◆ St Anthony's Hospital, Cheam, Surrey
- ◆ Holy Cross Hospital, Haslemere, Surrey
- ◆ St Joseph's, Haslemere, Surrey (closed July 2004)
- ◆ St Raphael's Hospice, Cheam, Surrey
- ◆ St Elizabeth's Centre, Much Hadham, Hertfordshire
- ◆ St Wilfrid's, Chelsea, London

The convents included in the accounts are situated at the above locations and in Blackley, Manchester; Blanchardstown (Dublin), Ireland; Broadstairs, Kent; Bury, Lancashire; Carshalton, Surrey; Donaghmore, Northern Ireland; Hayle, Cornwall; Stillorgan (Dublin), Ireland; Stockton and Tracy, California, USA.

The accounts do not include the results and net assets of St Philomena's School, Carshalton nor those of Holy Cross College, Bury (see basis of accounting below).

Basis of accounting

Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and by the inclusion of investments at market value and in accordance with the requirements of the Companies Act 1985. Applicable Accounting Standards and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2000), have been followed in the preparation of these accounts.

Non-aggregated activities – St Philomena's School, Carshalton and Holy Cross College, Bury
In the case of both St Philomena's School and Holy Cross College, the Provincial Superior appoints the Foundation Governors. Other Governors are appointed in accordance with their Constitutions (by parents, by members of staff, by the Local Authority, etc). The Constitutions provide that at St Philomena's School the Foundation Governors number two more than the other Governors and at Holy Cross College there has to be a majority of Foundation Governors. The sole purpose, in both cases, of these Foundation Governor appointments and the majority requirements, is to ensure that the Catholic ethos of the School and College is preserved.

Basis of accounting (continued)

The charity owns the property at St Philomena's, Carshalton, which is a Voluntary Aided (and previously a grant maintained) School funded by the Local Education Authority and the property at Holy Cross College, Bury, Lancashire, which is a Sixth Form College funded by the Learning and Skills Council. The School and College are exempt charities and therefore separate legal entities.

As the School and College are carrying out one of the objects of the charity, the properties are let to them at a peppercorn rent and this arrangement will, subject only to major changes in Funding, Governance or Educational Needs in those areas, continue indefinitely. The College and School land and buildings cannot be disposed of in the open market nor put to alternative use whilst such occupation continues.

The charity does not exercise control over the activities nor the management of either organisation and derives no financial benefit from them. The income and expenditure, assets and liabilities are not therefore incorporated into the accounts and the property is reported as having no value for the purposes of these accounts.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

- ◆ Fees and charges are derived from individuals, health insurance companies and Health, Education and Local Authorities.
- ◆ Grants receivable are accounted for in the period in which they fall due. Grants from the Government and other agencies are included as income from activities in furtherance of the charity's objects where these amount to a contract for services, and as donations where the money is given in response to a fundraising appeal or with greater freedom of use.
- ◆ Income from activities for generating funds comprises income from running a lottery, charity shops and fundraising events.
- ◆ Donations and similar incoming resources represent income given by individuals, corporations and trusts by way of donations, deeds of covenant and gift aid.
- ◆ Legacies are credited to the statement of financial activities once the charity has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.
- ◆ Covenanted income from the Sisters of the Congregation arises predominantly from the donation of their salaries and pensions.

Resources expended and the basis of apportioning costs

Expenditure is charged to the statement of financial activities when incurred and includes attributable irrecoverable VAT.

Cost of generating funds

The costs of generating funds include the costs of fundraising and the running costs of the charity shops, as well as the salaries of fundraising staff. It also includes the fees paid to investment managers in connection with the management of the charity's investments.

Charitable expenditure

The costs of the works are disclosed by activity and include all the costs – staff, premises, equipment, supplies and services, etc – of providing the charitable work within each activity.

Support of Sisters of the Congregation expenditure is subsistence, welfare and the related premises costs in respect of the Sisters living in the UK, Ireland and the USA which enable them to carry out their charitable works. The Sisters of the Congregation are beneficiaries of the charity.

Grants payable are charged to the statement of financial activities when approved by the trustees.

Management and administration costs are those directly attributable to the running of the charity as a legal entity, including compliance with its constitutional and statutory requirements.

Tangible fixed assets

All freehold land and buildings, which were under the total control of the trustees and which were in use within the charity, were valued, with one exception, at 31 March 1999 on a depreciated replacement cost or an existing use basis. The one exception relates to a building on charity land which only became available for charity use in 2002. All subsequent additions are at cost. The recorded value is reduced by accumulated depreciation and impairment provisions as appropriate. All other assets are recognised at cost.

All assets costing more than £5,000, and with an expected useful life exceeding one year, are capitalised.

As the costs of having professional valuations are considerable, the trustees have, as permitted by FRS 15, 'Tangible Fixed Assets', adopted a policy of not revaluing the charity's tangible fixed assets.

Tangible fixed assets (continued)

Depreciation is calculated at the following annual rates in order to write down each asset to its estimated residual value over its estimated useful life:

| | |
|--|------------------------------|
| Freehold buildings | 2 - 4% on cost or valuation |
| Leasehold property | over the period of the lease |
| Medical, computer and office equipment | 10 - 33.3% on cost |
| Motor vehicles | 20% on cost |

No depreciation is provided on freehold land, or assets in the course of construction.

Investments

Investments are included at their market value. Investment valuations are constantly updated so that all gains or losses are unrealised and when investments are sold there are no gains or losses arising. As a result the statement of financial activities includes only unrealised gains.

Stocks

Stocks, representing mainly medical supplies, are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Term deposits

Term deposits comprise monies held in short-term bank deposits with maturity periods of more than 24 hours.

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 an average rate for the year. Exchange differences are taken into account in arriving at the net movement in funds.

Fund accounting

Restricted funds

The restricted funds are funds which have been raised for a specific purpose or which are subject to restrictions on their use. Once the purposes have been fulfilled, or the funds used in accordance with the conditions, they are released to unrestricted funds.

Any income, gains or losses arising from the assets underlying the restricted funds form part of restricted funds.

The restricted funds include all the funds of the charity's hospice (see note 12).

Fund accounting (continued)

Designated funds

Designated funds are those funds earmarked by the trustees for a specific purpose including unrestricted funds representing tangible fixed assets. They are unrestricted, and the trustees may ultimately use such funds for other purposes. Any income, gains or losses on the assets underlying the designated funds form part of general unrestricted funds.

General fund

The general fund represents unrestricted and undesignated monies used to fund working capital and which the trustees may use at their own discretion in furtherance of the charity's objects.

Pension costs

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

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

1 Incoming resources

| | Unrestricted funds £'000 | Restricted funds £'000 | Total funds 2005 £'000 | Total funds 2004 £'000 |
|--|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| Incoming resources from activities in furtherance of the charity's objectives | | | | |
| Fees and charges | | | | |
| · Private individuals and health insurance companies | 27,127 | — | 27,127 | 24,499 |
| · Health, Education and Local Authorities | 12,281 | 283 | 12,564 | 11,474 |
| Grants receivable | 326 | 924 | 1,250 | 1,384 |
| | <u>39,734</u> | <u>1,207</u> | <u>40,941</u> | <u>37,357</u> |
| Incoming resources from activities for generating funds | | | | |
| · Own lottery | — | 174 | 174 | 186 |
| · Charity shops | 128 | 568 | 696 | 637 |
| · Events | — | 50 | 50 | 32 |
| | <u>128</u> | <u>792</u> | <u>920</u> | <u>855</u> |
| Donations, legacies and similar incoming resources | | | | |
| · Legacies | 39 | 516 | 555 | 917 |
| · Appeals and donations | 63 | 1,058 | 1,121 | 1,491 |
| | <u>102</u> | <u>1,574</u> | <u>1,676</u> | <u>2,408</u> |
| Investment income and interest receivable | | | | |
| · UK investments | 917 | — | 917 | 545 |
| · Overseas investments | 129 | — | 129 | 108 |
| · Bank interest | 315 | 28 | 343 | 375 |
| | <u>1,361</u> | <u>28</u> | <u>1,389</u> | <u>1,028</u> |
| Covenanted income from Sisters of the Congregation | | | | |
| · Salaries and pensions | 993 | — | 993 | 1,049 |
| Other income | | | | |
| · Rents receivable and other income | 1,043 | 29 | 1,072 | 1,165 |
| Net gains on sale of tangible fixed assets | 3,363 | — | 3,363 | 1,196 |
| Total incoming resources | 46,724 | 3,630 | 50,354 | 45,058 |

Included in the Covenanted income from Sisters of the Congregation is £186,000 (2004 - £260,000) which was charged to the activities run by the charity (see note 4).

The net gain on the sale of tangible fixed assets relates to the sale of two schools on another part of the Stillorgan, Ireland site (a large part of which was sold two years ago) which has been sold to the Irish Department of Education. As with many previous disposals, the site and buildings are still used for the purpose for which the Congregation established it, in this case education.

The net gains on the sale of tangible fixed assets in 2004 are principally from the sale of properties at Hayle.

2 Cost of generating funds

| | 2005 £'000 | 2004 £'000 |
|-------------------------------|---------------|---------------|
| Fundraising events | 144 | 221 |
| Investment managers' fees | 75 | 44 |
| Cost of running charity shops | 417 | 403 |
| Other fundraising costs | 262 | 197 |
| | 898 | 865 |

3 Analysis of charitable expenditure

| Expenditure | Staff Costs £'000 | Deprecia- tion £'000 | Other costs £'000 | Total 2005 £'000 | Total 2004 £'000 |
|---|-------------------------|----------------------------|-------------------------|------------------------|------------------------|
| Functional costs | | | | | |
| . Hospitals | 15,554 | 1,944 | 10,710 | 28,208 | 26,555 |
| . Homes | 5,604 | 288 | 1,466 | 7,358 | 6,812 |
| . Hospice | 1,919 | 92 | 415 | 2,426 | 2,216 |
| . School and College | 3,620 | 149 | 843 | 4,612 | 4,127 |
| | 26,697 | 2,473 | 13,434 | 42,604 | 39,710 |
| . Support of Sisters of The Congregation | 169 | 107 | 1,031 | 1,307 | 1,261 |
| Grants and donations | — | — | 94 | 94 | 714 |
| Provision for compensation | — | — | 894 | 894 | — |
| Management and administration | — | 5 | 339 | 344 | 408 |
| Total charitable expenditure | 26,866 | 2,585 | 15,792 | 45,243 | 42,093 |
| 2004 | 25,069 | 2,503 | 14,521 | 42,093 | |

Included within charitable expenditure are the following:

| | 2005 £'000 | 2004 £'000 |
|-------------------------|---------------|---------------|
| Interest payable | 13 | 14 |
| Operating lease rentals | | |
| . land and buildings | 93 | 91 |
| . plant and equipment | 9 | 12 |

3 Analysis of charitable expenditure (continued)

Grants and donations

Grants and donations comprise the following amounts:

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Grants | | |
| · The Carshalton Water Tower and Historical Garden Trust | 20 | — |
| · St Julia's Hospice | — | 500 |
| · Worldwide Congregation | | |
| .. Calcutta Province | — | 17 |
| .. Cameroon projects | — | 36 |
| .. Support of the Generalate in Liege | 23 | 24 |
| Total of grants | 43 | 577 |
| Donations | 51 | 137 |
| | 94 | 714 |

Provision for compensation

The provision of £894,000 (€1.3m) relates to the Congregation's proposed contribution to a Redress Scheme Fund established in Ireland by the Irish Government to meet compensation claims.

Management and administration

Management and administration costs comprise legal and professional fees including payments to the auditors for audit fees of £103,000 (2004 - £97,000) and fees for other services of £132,000 (2004 - £152,000).

4 Staff costs and trustees' remuneration

| | 2005 £'000 | 2004 £'000 |
|---------------------------------------|---------------|---------------|
| Wages and salaries | 20,865 | 19,615 |
| Social security costs | 1,876 | 1,765 |
| Pension costs | 634 | 635 |
| | 23,375 | 22,015 |
| Payments for agency staff | 2,823 | 2,329 |
| Other staff related costs | 1,067 | 1,159 |
| | 27,265 | 25,503 |
| Staff costs are allocated as follows: | | |
| Cost of generating funds | 399 | 391 |
| Charitable expenditure | 26,866 | 25,112 |
| | 27,265 | 25,503 |

4 Staff costs and trustees' remuneration (continued)

Payments to agency staff during the year reflect the continuing national shortage of nursing and care staff seeking permanent employment. As stated below, the total costs for the year reflect 90 (2004 - 76) people on a full-time equivalent basis.

Other staff related costs include the costs of training, medical insurance and recruitment costs.

The trustees are Sisters, and therefore beneficiaries, of the Congregation and the costs of their welfare and well-being are met by the charity; this includes travelling and subsistence expenses in the course of carrying out their duties, whether in the major works, in local parishes or as a member of the Congregation. The trustees are not remunerated for their work as trustees.

Included in wages and salaries is £186,000 (2004 - £260,000) which was earned by Sisters from working in the activities run by the charity and which is donated and shown as Covenanted income in note 1. Had the Sisters not been working as nurses, teachers or in management, then lay personnel would have had to have been employed at a cost of at least this amount.

The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees and employees and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £1,375 (2004 - £1,444) and provides cover up to a maximum of £500,000 (2004 - £1m). It is not practicable to split this cost between trustees and others.

The average number of employees, analysed by function was:

| | 2005 | | 2004 | |
|-------------------------|------------|---------------|------------|---------------|
| | F.T.E.* | Actual People | F.T.E.* | Actual People |
| * Full-time equivalents | | | | |
| Charitable activity | | | | |
| . Hospitals | 458 | 844 | 446 | 863 |
| . Homes | 257 | 314 | 214 | 253 |
| . Hospice | 50 | 74 | 50 | 67 |
| . School and college | 162 | 179 | 143 | 164 |
| . Fundraising | 31 | 42 | 32 | 41 |
| | 958 | 1,453 | 885 | 1,388 |
| Volunteers | | 404 | | 420 |
| | | 1,857 | | 1,808 |

In addition, the number of agency staff, on a full-time equivalent basis, was 90 (2004 - 76).

The management and administration of the charity is dealt with by the Sisters themselves, with the assistance of their professional advisors.

At 31 March 2005, the charity supported 89 sisters (2004 - 95), 6 of whom were Trustees, 8 (2004 - 12) worked in the major Works, and 45 of whom worked in their localities.

Notes to the accounts 31 March 2005

4 Staff costs and trustees' remuneration (continued)

The number of employees who earned £50,000 per annum or more (including benefits) during the year was as follows:

| | 2005 | 2004 |
|---------------------|------|------|
| £50,001 - £60,000 | 3 | 1 |
| £60,001 - £70,000 | 2 | 5 |
| £70,001 - £80,000 | 4 | 1 |
| £80,001 - £90,000 | 1 | — |
| £100,001 - £110,000 | — | 1 |
| £110,001 - £120,000 | 1 | — |
| £120,001 - £130,000 | — | 1 |
| £130,001 - £140,000 | 1 | — |

5 Taxation

The charity is not liable to capital gains or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to charities.

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £1.2m (2004 - £1m).

6 Tangible fixed assets

| | Freehold land and buildings £'000 | Leasehold Property £'000 | Medical, computer and office equipment £'000 | Motor Vehicles £'000 | Total £'000 |
|--------------------------|--|--------------------------------|--|----------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 April 2004 | 48,693 | 304 | 15,849 | 660 | 65,506 |
| Additions | 477 | 1 | 1,318 | 118 | 1,914 |
| Transfers | 121 | (99) | (22) | — | — |
| Disposals | (175) | — | (148) | (103) | (426) |
| At 31 March 2005 | 49,116 | 206 | 16,997 | 675 | 66,994 |
| At cost | 8,744 | 206 | 16,997 | 675 | 26,622 |
| At valuation - 1999 | 39,872 | — | — | — | 39,872 |
| - 2002 | 500 | — | — | — | 500 |
| | 49,116 | 206 | 16,997 | 675 | 66,994 |
| Depreciation | | | | | |
| At 1 April 2004 | 5,343 | 26 | 11,099 | 459 | 16,927 |
| Charge for year | 1,174 | 4 | 1,285 | 122 | 2,585 |
| Transfers | 3 | (2) | (1) | — | — |
| Disposals | (13) | — | (147) | (79) | (239) |
| At 31 March 2005 | 6,507 | 28 | 12,236 | 502 | 19,273 |
| Net book value | | | | | |
| At 31 March 2005 | 42,609 | 178 | 4,761 | 173 | 47,721 |
| At 31 March 2004 | 43,350 | 278 | 4,750 | 201 | 48,579 |

6 Tangible fixed assets (continued)

During the year another part of the freehold property in Stillorgan, Ireland was sold and this is explained in note 1 and in the Trustees' Report.

The valuations of the land and buildings included in these accounts have been prepared in accordance with the requirements and procedures specified by the Royal Institution of Chartered Surveyors as contained in their Appraisal and Valuation Manual, and by qualified external valuers as defined by the Manual. The bases of valuation in all cases were depreciated replacement cost for specialist buildings and existing use value for non specialist buildings. The date of the valuations, excluding the property valued in 2002, was 31 March 1999.

The transitional rules set out in Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15) have been applied on implementing FRS 15.

Included in freehold land and buildings is an amount for land at a valuation of £9,110,000, which is not depreciated.

7 Fixed asset investments

Gains on investments recognised in the statement of financial activities are made up as follows:

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| Net unrealised investment gains on listed investments | 3,329 | 3,661 |
| Exchange gain on cash held by investment managers | 15 | 56 |
| Gains on investments | 3,344 | 3,717 |

The exchange gain arises from investment cash held in Euros.

The realised gain relating to disposals based upon historic cost was £1,268,000 (2004 – £333,200).

| | 2005 £'000 | 2005 £'000 | 2004 £'000 | 2004 £'000 |
|--|---------------|---------------|---------------|---------------|
| Market value of listed investments at 1 April 2004 | | 27,279 | | 14,395 |
| Additions at cost | | 31,507 | | 22,047 |
| Sale proceeds | | (23,684) | | (12,824) |
| Net unrealised investment gains | | 3,329 | | 3,661 |
| Market value of listed investments at 31 March 2005 | | 38,431 | | 27,279 |
| Historical cost of listed investments as at 31 March 2005 | 33,997 | | 25,055 | |

7 Fixed asset investments (continued)

| | 2005 £'000 | 2005 £'000 | 2004 £'000 | 2004 £'000 |
|---|---------------|---------------|---------------------------------|---------------------------------|
| Market value of listed investments at 31 March 2005 | | 38,431 | | 27,279 |
| Investment cash | | | | |
| Short term deposits held in the UK | 1,561 | | 6,700 | |
| Cash held for re-investment by investment managers | | | | |
| In the UK | 707 | | 823 | |
| In Ireland | 645 | | 95 | |
| | | 2,913 | | 7,618 |
| Total investments at 31 March 2005 | | 41,344 | | 34,897 |
| | | | Total 2005 £'000 | Total 2004 £'000 |
| Analysis of listed investments at market value at 31 March 2005: | | | | |
| UK investments | | | 31,123 | 22,651 |
| Overseas investments | | | 7,308 | 4,628 |
| | | | 38,431 | 27,279 |

The total value of shares or investment schemes (including unit trusts) relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. All other investments are treated as being overseas.

All dealings in listed investments were on a recognised stock exchange.

Included in the listed investment portfolio at 31 March 2005 are the following investments, which are in excess of 5% of the value of the portfolio:

| | % of portfolio valuation | £'000 |
|---|--------------------------------|--------------|
| Charishare Unit Trust | 13.39 | 5,145 |
| Charinco Unit Trust | 10.03 | 3,854 |
| 33 KWS Overseas Fund International Unit Trust | 9.21 | 3,538 |
| Charishare Tobacco Restricted Unit Trust | 6.33 | 2,433 |
| Merrill Lynch Property Fund | 6.18 | 2,375 |
| Merrill Lynch Liquidity Fund | 5.22 | 2,007 |

Notes to the accounts 31 March 2005

8 Debtors

| | 2005 £'000 | 2004 £'000 |
|-------------------------------------|---------------|---------------|
| Amounts recoverable within one year | | |
| . Operational debtors | 3,464 | 3,132 |
| . Other debtors | 310 | 223 |
| . Prepayments | 594 | 611 |
| | 4,368 | 3,966 |

9 Creditors: amounts falling due within one year

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Operational creditors | 1,068 | 910 |
| Social security and other taxes | 583 | 531 |
| Grants payable | 520 | 500 |
| Sisters' funds | 234 | 121 |
| Accruals | 294 | 369 |
| Other creditors | 311 | 344 |
| Amount due to non-aggregated activities | | |
| . Holy Cross College, Bury (see note 16) | 15 | 23 |
| Provision for compensation (see note 3) | 894 | — |
| | 3,919 | 2,798 |
| Bank loans (see note 11) | 21 | 18 |
| | 3,940 | 2,816 |

10 Creditors: amounts falling due after more than one year

| | 2005 £'000 | 2004 £'000 |
|--------------------------|---------------|---------------|
| Bank loans (see note 11) | 144 | 167 |

11 Bank loans

| | 2005 £'000 | 2004 £'000 |
|----------------------------|---------------|---------------|
| Bank loans repayable: | | |
| Between one and two years | 23 | 18 |
| Between two and five years | 74 | 59 |
| After more than five years | 47 | 90 |
| | 144 | 167 |
| Within one year | 21 | 18 |
| | 165 | 185 |

The bank loans have been provided to St Elizabeth's Centre to finance the building of staff and classroom accommodation and are at interest rates of between 7.95% p.a. and 11% p.a. The loans will be fully repaid by 2017 at the current rate of monthly instalments. The loans are unsecured.

12 Restricted funds

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

| | At 1 April 2004 £'000 | Net outgoing resources £'000 | Transfer from (to) general funds £'000 | Gains on invest- ments £'000 | At 31 March 2005 £'000 |
|---------------|--------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------|
| Hospice funds | 3,003 | (39) | — | — | 2,964 |
| Sundry funds | 627 | (11) | (17) | 34 | 633 |
| | 3,630 | (50) | (17) | 34 | 3,597 |

◆ Hospice funds

The funds of the St Raphael's hospice, which include tangible fixed assets, can only be applied for the benefit of the hospice and have, therefore, been treated as restricted.

◆ Sundry funds

These funds relate to many small funds across the Works of the Congregation. Where the funds have been given for fixed assets, once the money is spent or the project completed the specific purpose of the fund has been fulfilled and, where there are no continuing restrictions, a transfer is made from restricted to general funds.

13 Designated funds

| | At 1 April 2004 £'000 | Transfer from (to) general funds £'000 | At 31 March 2005 £'000 |
|-------------------------------------|--------------------------------|--|---------------------------------|
| Fixed asset fund | 46,177 | (685) | 45,492 |
| Other funds | | | |
| . Sisters' retirement fund | 12,377 | 1,565 | 13,942 |
| . Charitable works development fund | 5,229 | 650 | 5,879 |
| . Contingency fund | — | 7,507 | 7,507 |
| . Maintenance and repairs fund | 7,680 | (6,000) | 1,680 |
| . Capital commitments fund | 753 | 663 | 1,416 |
| . Generalate Worldwide fund | 3,811 | 592 | 4,403 |
| . Sundry funds | 262 | (27) | 235 |
| | 30,112 | 4,950 | 35,062 |
| | 76,289 | 4,265 | 80,554 |

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

♦ Fixed asset fund

The tangible fixed assets, of which property forms the major part, are of fundamental importance to the charity and without them the charity would be unable to fulfil any of its charitable objectives. The value of the assets is therefore not readily realisable and to reflect that, their net book value (excluding that part represented by restricted funds, amounts due to contractors and bank loans), has been established as a designated fund.

♦ Sisters' retirement fund

Monies earmarked and invested to produce income to meet the shortfall of Sisters' covenanted income over the costs of both their welfare and apostolic activities.

♦ Charitable works development fund

The Charitable works development fund was established during 2003 out of the proceeds of a large property sale to recognise the future financial needs of the Works of the Congregation. The amount relating to each Work is as follows:

| | | At 31 March 2005 £'000 |
|-----------------------------|---|---------------------------------|
| ♦ St Anthony's/St Raphael's | To provide investment income in support of St Raphael's Hospice | 1,248 |
| ♦ St Elizabeth's | To support the current appeal directly and to provide long-term funds to underpin its financial needs | 2,159 |
| ♦ St Wilfrid's | To provide long-term funds to underpin its financial needs | 1,285 |
| ♦ Holy Cross Hospital | To provide long-term funds to underpin its financial needs | 1,187 |
| | | 5,879 |

13 Designated funds (continued)

◆ Contingency fund

As explained in their report on page 22, the trustees have transferred the major part of the Province's maintenance and repairs fund to a new Contingency fund. Its purpose is to cover any long term maintenance of the buildings which cannot be funded from elsewhere, property refurbishment, any emergency or developmental funding required by the works and any other contingencies.

◆ Maintenance and repairs fund

Funds designated within each of the Works for future long-term maintenance of the Work's buildings including an amount to meet the cost of any significant unplanned maintenance.

◆ Capital commitments fund

Amounts committed as authorised fixed asset expenditure and projects which have been planned and agreed at 31 March 2005, out of funds already generated and available (note 15).

◆ Generalate Worldwide fund

This is to provide funds, as required by the Generalate based in Liege, to meet the expenses of Sisters from non-European countries undergoing Formation and any other purpose which they consider will enhance or develop the Works of the Worldwide Congregation.

◆ Sundry funds

These relate to other designated funds established by each of the works' management teams and which are approved by the trustees.

14 Analysis of total net assets between funds

| | General fund £'000 | Tangible fixed asset fund £'000 | Other designated funds £'000 | Restricted funds £'000 | Total funds £'000 |
|---|--------------------------|--|---------------------------------------|------------------------------|-------------------------|
| Fund balances at 31 March 2005 are represented by: | | | | | |
| Tangible fixed assets | — | 45,705 | — | 2,016 | 47,721 |
| Fixed asset investments | 7,821 | — | 33,292 | 231 | 41,344 |
| Net current assets | 7,656 | (69) | 1,770 | 1,350 | 10,707 |
| Creditors: amounts falling due after one year | — | (144) | — | — | (144) |
| Total net assets | 15,477 | 45,492 | 35,062 | 3,597 | 99,628 |
| Unrealised gains included above: | | | | | |
| On tangible fixed assets | | | | | 7,572 |
| On investment assets | | | | | 4,434 |
| Total unrealised gains at 31 March 2005 | | | | | 12,006 |

The revaluation reserve, as required by the Companies Act, is equivalent to the total unrealised gains, shown above.

15 Capital commitments

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| The capital commitments at 31 March 2005 were: | | |
| Contracted but not provided for in the accounts | | |
| . CT scanner replacement at St Anthony's Hospital | 615 | — |
| . Other | 171 | 8 |
| | 786 | 8 |
| Authorised but not contracted for | | |
| . Additions and improvements at Stillorgan | 550 | — |
| . CT scanner replacement | — | 200 |
| . Computer upgrades | — | 250 |
| . Other | 80 | 295 |
| | 630 | 745 |
| Total commitments | 1,416 | 753 |

16 Related party disclosures

Sisters

The costs of the welfare and well-being of the Sisters of the Congregation are met by the charity. The trustees, including the Provincial Superior and the Provincial Bursar, are all Sisters and are not remunerated for their work as trustees of the charity.

Worldwide Congregation

The charity is a member of the worldwide Congregation of the Daughters of the Cross of Liege and has objects which are not restricted to the UK. Included under Support of Sisters in the statement of financial activities is a contribution of £18,000 (2004 - £14,000) for the benefit of Sisters living and working outside the UK and who are not Sisters of the UK Province. Total grants of £23,000 (2004 - £77,000) were made during the year to the worldwide Congregation, details of which are in note 3.

Holy Cross College, Bury

As disclosed in note 9, at 31 March 2005 the charity was holding £15,000 (2004 - £23,000) on behalf of the College.

Full details of the relationship are given under "Basis of Accounting" on page 33.

17 Guarantee

The charity gave a guarantee in respect of an original loan facility of £900,000 granted to Holy Cross College, Bury to enable the College to construct a new teaching block. The charity will provide the College with financial support should the College be in a position where it is unable to fulfil the terms of the loan. At 31 March 2005, the amount of the loan outstanding was £804,000 (2004 - £847,227).

18 Contingent liabilities

There are potential liabilities to repay various capital grants received, in the event of a sale of the buildings which were built partly with the grant proceeds or, in some cases in the event of a breach of the grant agreement. At 31 March 2005, there is no intention to sell any of the buildings and, in the view of the trustees, a breach of any agreement is unlikely.

19 Pension commitments

A number of the major works operate pension schemes, providing pensions under both defined benefit and defined contribution arrangements.

The assets of the respective schemes are held independently of the charity's finances.

Details of the contributions are as follows:

| Name | Type of Scheme | Administrator | Contributions in year | |
|--|----------------------|---|-----------------------|---------------|
| | | | 2005 £'000 | 2004 £'000 |
| St Elizabeth's Centre | Defined benefit | Teachers' Pensions | 81 | 80 |
| St Elizabeth's Centre | Defined benefit | The Pensions Trust | 221 | 193 |
| St Anthony's Hospital | Defined contribution | Jardine Lloyd Thomson Benefit Solutions Limited | 257 | 287 |
| | | | 559 | 560 |
| Contributions to smaller pension plans | | | 75 | 75 |
| | | | 634 | 635 |

Teachers' Pension Scheme (TPS)

Retirement benefits for teachers are provided by a defined benefit scheme, the Teachers' Pension Scheme (TPS).

The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. St Elizabeth's Centre is unable to identify its share of the underlying (notional) assets and liabilities of the scheme and accordingly, the Congregation has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. Set out below is the information available about the scheme and the implications in terms of the anticipated contribution rates. The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

19 Pension commitments (continued)

Teachers' Pension Scheme (TPS) (continued)

| | |
|---|----------------------|
| Latest actuarial valuation | 31 March 2001 |
| Actuarial method | prospective benefits |
| Investment returns per annum | 7.0% per annum |
| Salary scale increases per annum | 1.5% per annum |
| Value of notional assets at date of last valuation | £142,880 million |
| (estimated future contributions together with notional investments held at 31 March 2001) | |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 100% |

For the period from 1 April 2003 the employer contributions were 13.5% of salary.

The Pensions Trust

The Pensions Trust administers pension schemes for charities and voluntary organisations and St Elizabeth's Centre operates a funded defined benefit pension scheme which is open to new entrants and is not contracted out of the State second-tier of pension provision. Contributions payable are determined on the basis of triennial valuations carried out by a professionally qualified actuary, and under SSAP 24 are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives.

The last formal valuation of the scheme by a professionally qualified actuary was performed at 30 September 2002 using the projected unit method. This valuation showed that the market value of the scheme's assets was £2,336,000 and that the actuarial value of those assets represented 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The principal assumptions made were that investment returns would be 5.35 – 7.35% p.a, inflation would average 2.5% p.a, and salary increases would be 4.5% p.a. The next valuation is due to be made at 30 September 2005. St Elizabeth's has contributed at a rate of 10.7% of pensionable salaries for joiners before 1 October 2000 and 8.8% for those members who joined after 1 October 2000. Members have paid contributions in line with the rates outlined in Scheme documentation.

The financial assumptions used to calculate Scheme liabilities under FRS17 are as follows. This information is provided for disclosure purposes only:

| | At 31 March 2005 | At 31 March 2004 | At 31 March 2003 |
|--|------------------------|------------------------|------------------------|
| Financial Assumptions | | | |
| Inflation | 2.5% p.a. | 2.5% p.a. | 2.5% p.a. |
| Discount rate | 5.4% p.a. | 5.5% p.a. | 5.4% p.a. |
| Rate of increase in salaries | 4.5% p.a. | 4.5% p.a. | 4.5% p.a. |
| Rate of increase for pensions in payment | 2.5% p.a. | 2.5% p.a. | 2.5% p.a. |

19 Pension commitments (continued)

The Pensions Trust (continued)

| | Long-term rate of return expected at 31 March 2005 | Value at 31 March 2005 £'000 | Long-term rate of return expected at 31 March 2004 | Value at 31 March 2004 £'000 | Long-term rate of return expected at 31 March 2003 | Value at 31 March 2003 £'000 |
|--|--|---------------------------------------|---|---------------------------------------|---|---------------------------------------|
| Scheme Assets and expected rate of return | | | | | | |
| Equities | 8.0% p.a. | 2,675 | 8.0% p.a. | 2,332 | 9.1% p.a. | 1,720 |
| Government bonds | 5.0% p.a. | 1,061 | 4.8% p.a. | 738 | 4.5% p.a. | 660 |
| Cash | 4.25% p.a. | 64 | 4.0% p.a. | 69 | 3.75% p.a. | 102 |
| Total market value of assets | 7.10% p.a. | 3,800 | 7.16% p.a. | 3,139 | 7.66% p.a. | 2,482 |
| Present value of Scheme liabilities | | (4,690) | | (4,098) | | (3,808) |
| Deficit in the Scheme | | (890) | | (959) | | (1,326) |

Under the transitional rules of FRS 17 the measurement principles of SSAP 24 may continue to be used when calculating the impact on the balance sheet and statement of financial activities. However, under SSAP 24 both assets and liabilities are measured at an actuarial rate whereas under FRS 17 the liabilities are measured on an actuarial basis and the assets at a fair value.

Balance sheet information

Under the transitional arrangements of FRS 17, no provision has been made by the charity for the deficit in the scheme. If provision were made, the following entries would have been included in the financial statements:

| | 2005 £'000 | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|---------------|
| Balance sheet provision | | | |
| Net assets excluding FRS 17 pension liability | 99,628 | 92,072 | 86,255 |
| Net pension liability | (890) | (959) | (1,326) |
| Net assets including FRS 17 pension liability | 98,738 | 91,113 | 84,929 |
| Reserves note | | | |
| General fund excluding FRS 17 pension liability | 15,477 | 12,153 | 12,483 |
| Pension reserve | (890) | (959) | (1,326) |
| General fund including FRS 17 pension liability | 14,587 | 11,194 | 11,157 |

19 Pension commitments (continued)

Performance statement information

Under the transitional arrangements of FRS 17, the charity's pension charge for the year calculated under FRS 17 assumptions is not included in the financial statements (as this is currently calculated on a SSAP 24 basis). If the charge had been included on an FRS 17 basis, the following entries would be made:

Analysis of the amount charged to the Statement of Financial Activities

| | 2005 £'000 | 2004 £'000 |
|--------------|---------------|---------------|
| Service cost | 257 | 294 |
| | 257 | 294 |

Analysis of net charge on pension scheme

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | 235 | 194 |
| Interest on pension liabilities | (235) | (211) |
| Net return | — | (17) |

Amounts recognised as other gains and losses

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Actual return less expected return on pension scheme assets | 137 | 346 |
| Experience gains and losses arising on the scheme liabilities | 50 | 67 |
| Change in financial and demographic assumptions underlying the scheme assets | (82) | 72 |
| Actuarial gain recognised | 105 | 485 |

Movement in deficit during the year

| | 2005 £'000 | 2004 £'000 |
|--------------------------|---------------|---------------|
| Deficit at 1 April 2004 | (959) | (1,326) |
| Current service cost | (257) | (294) |
| Contributions | 221 | 193 |
| Net return on scheme | — | (17) |
| Actuarial gain | 105 | 485 |
| Deficit at 31 March 2005 | (890) | (959) |

19 Pension commitments (continued)

History of experience gains and losses

| | 2005 % | 2005 £'000 | 2004 % | 2004 £'000 | 2003 % | 2003 £'000 |
|--|-----------|---------------|-----------|---------------|-----------|---------------|
| Difference between the expected and actual return on scheme assets: | | | | | | |
| . Amount | | 137 | | 346 | | (759) |
| . Percentage of scheme assets | 3.6 | | 11.0 | | 30.6 | |
| Experience gains and losses on scheme liabilities: | | | | | | |
| . Amount | | 50 | | 67 | | 199 |
| . Percentage of the present value of the scheme liabilities | 1.1 | | 1.6 | | 5.2 | |
| Total amount recognised in statement of total recognised gains and losses: | | | | | | |
| . Amount | | 105 | | 485 | | (947) |
| . Percentage of the present value of the scheme liabilities | 2.2 | | 11.8 | | 24.9 | |