

REGISTRAR OF COMPANIES

The Congregation of the Daughters of the Cross of Liege

Annual Report and Financial Statements

31 March 2009

Company Registration Number 3492921

Charity Registration Number 1068661

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Trustees' report Year to 31 March 2009

Introduction

The trustees are pleased to present their report, together with the financial statements of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2009. 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 financial statements are presented in accordance with the accounting policies on pages 51 to 55 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 March 2005 (SORP 2005).

Highlights of the year

Our finances

	2009	2008
Total expenditure	£59.4m	£54.9m
Total income	£62.3m	£62.6m
Total staff costs	£36.5m	£33.7m

Our people

Employees	1,441	1,377
Volunteers	615	506
Sisters	76	79

Our beneficiaries

Adult residents	177	153
Hospital in-patients	6,731	6,912
Out-patient visits	33,546	34,328
Pupils and students	3,119	3,027
Hospice patients	840	877

Our achievements

- ◆ Worldwide Congregation celebrated its 175th anniversary of foundation (20080)
- ◆ English Province celebrated its 140th anniversary of working in Chelsea (2009)
- ◆ Community house in Bury was closed during the year after 130 years in serving the people of Bury
- ◆ Sisters moved into the newly refurbished St Joseph's Convent in Haslemere
- ◆ New School Principal and a new Director of Adult Care Service appointed at St Elizabeth's Centre
- ◆ Holy Cross Hospital maintained its occupancy at 98%
- ◆ St Anthony's Hospital treated the highest number of patients needing open heart surgery for seven years, although the total number of operations performed is down
- ◆ St Raphael's hosted a National Conference on Palliative Care – well attended and well received by professionals from all over the country
- ◆ St Elizabeth's operated at or very near capacity in its School, College and Home
- ◆ St Wilfred's review of policies and procedures was completed resulting in residents becoming much more involved in the running of the Home
- ◆ Operating deficit increases six-fold to £2.64m
- ◆ Investment values drop by £9.8m in worst financial crisis for over 30 years
- ◆ Revaluation of all freehold property carried out

Section 1 - Administrative and reference 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. Registration details are:

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

The predecessor organisation was a charitable trust with the same name (a Registered Charity now merged with this one and removed from the Register) which was formed in 1910, although Sisters have been working in the UK since 1863.

Trustees

Provincial Superior and Chairperson of Provincial Council

Sister Veronica Hagen (Chairperson)

Provincial Bursar

Sister Elena Pettenuzzo OBE

Members of the Provincial Council

Sister Shirley Lowe (aka Sister Mary Agnes)

Sister Annette Clemence

Sister Mary McLaughlin

Sister Kathleen O'Reilly

No other person served as a trustee during the year.

The Provincial Superior and Chairperson is also the Chief Executive Officer of the charity.

Company Secretary

Peter Cousins

Operating locations – "The Works"

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

	Senior Officer	Website – www.
◆ Holy Cross Hospital, Haslemere, Surrey	Christopher Hinton	holycross.org.uk
◆ St Anthony's Hospital, Cheam, Surrey	Brian Clarke	stanthonys.org.uk
◆ St Elizabeth's Centre, Much Hadham, Hertfordshire	James Connolly	stelizabeths.org.uk
◆ St Raphael's Hospice, Cheam, Surrey	Brian Clarke	straphaels.org.uk
◆ St Wilfrid's Care Home, Chelsea, London.	Pauline Dodd	stwilfridssw3.com

Section 1 - Administrative and reference details of the Charity, its Trustees and Advisers (continued)

Principal advisers

Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Investment managers	BlackRock Fund Managers Limited 33 King William Street London EC4R 9AS Davy Stockbrokers 49 Dawson Street Dublin 2
Bankers	The Royal Bank of Scotland 127-128 High Holborn London WC1V 6PQ
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

Annual Review: The charity also publishes an Annual Review in January every year, which gives a more pictorial view of the charity's work. Copies are available from the Company Secretary.

Section 2 - Objects, aims and public benefit

2a - Objects

On 8 September 1833, the Congregation of the Daughters of the Cross was inaugurated in Liege, Belgium and last year celebrated its 175th anniversary. It was started by Jeanne Haze, helped by her co-founder, Canon Habets, together with a group of three other women. They dedicated themselves to the care of the poor and the education of children. From this small group, the Congregation has since spread to India, Nepal, Pakistan, Africa, America, Germany, Italy, Brazil, Ireland and England and worldwide numbers 792 Sisters.

The English Province was begun in 1863 and last year celebrated its 145th anniversary. It was started in Cheltenham with 5 Sisters from Liege. It has since spread throughout England, to California and Ireland and now numbers 76 Sisters. The earliest foundation still remaining is in Chelsea which was begun in August 1869. What is not always understood however, is how the Sisters' work develops.

In 1869 or before, the Archbishop of Westminster (later Cardinal Manning), would have written to the then Mother General in Liege in Belgium with his request for Sisters to come and work in his Diocese. Subsequently, eight Daughters of the Cross came from the Mother House to St Wilfrid's Convent, Cale Street, Chelsea. The Sisters ran an orphanage, a 'Poor School', a small boarding school and a hostel. In 1872, they took over the Oratory School for Girls. However needs changed and their property was subject to a compulsory purchase order in 1961 and the Sisters moved to their present site in Tite Street and developed what was then required, which was a Residential Care Home (St Wilfrid's). So for 140 years, the Daughters of the Cross have served the people of the Chelsea area, touching and influencing the lives of many in accordance with the needs of the area and the Diocese.

A similar process would have taken place to establish other Works across the country which will have been subject to many internal and external changes over the 140 years. The other current Works are St Elizabeth's Centre (established 1904), St Anthony's Hospital (established 1903), Holy Cross Hospital (established 1917) and St Raphael's Hospice (established 1983).

In 1910 the Sisters' work was given a more formal framework under a trust deed and in 1998 the activities were transferred to a company limited by guarantee. When the trust became a company its objects were adapted from the original trust deed and covered what until 2006 were the four heads of charity. The charity is therefore 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.

Section 2 - Objects, aims and public benefit (continued)

2a - Objects (continued)

- ♦ 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.

However for the Sisters, Religion is the commitment to love and serve God as expressed in their vows, and is and always has been the centre of their lives and everything they do, thus to them, Religion is not just about worship and prayer but encompasses teaching and caring for others. To quote from the Sisters' Religious Constitution "They will serve Christ in the works of general and special education, the care of the sick and the aged, abandoned children, the physically and mentally handicapped, the socially deprived, local pastoral work and the various needs of the Church". The Sisters do not see the objects as four activities but as all part of the one Religious life they have chosen and therefore the one over-riding purpose of the charity.

One other aspect of the charity, and indeed most Religious charities, which makes them very different to other charities is the involvement of the Sisters. There are six Sister trustees but all Sisters are donors and, as they are provided for by the charity, beneficiaries. More importantly, in the Works, they are working as part of the management teams and in other roles, in and around the beneficiaries the whole time. Where Sisters are not based at one of the Works, they will be involved with their localities by working voluntarily in parishes, hospices and various organisations. With their work and by their constant prayers for the good of all people, they believe they have a positive impact on all the people with whom they interact.

The Religious commitment of the Sisters permeates all of the charitable activity done in the name of the Province and the charity. Their costs (having taken a vow of poverty they have no financial resources of their own), relate to their care and welfare, their residences and direct costs like their travel expenses. However, it is not possible or desirable to separate those costs between for example Religion and Education or Education and Poverty and Suffering. These costs are therefore described as "Religion" throughout this report and the financial statements.

The other objects of the Advancement of Education, the Relief of Poverty and Suffering and Other Charitable Purposes have been, for this report and the financial statements, abridged to three activity headings of "Health and Welfare", "Health, Welfare and Education" and "Other". "Health, Welfare and Education" mainly encompasses the activities of St Elizabeth's Centre whose costs, because of the holistic nature of its work, are not segregated.

2b - Aims

The Objects section above explains how the Sister's work started and developed and section 3a – Legal structure explains the relationship between the Congregation of Sisters and the legal entity, the company limited by guarantee.

The aim of the charity quite simply is to provide a legal framework in the UK, for the Sisters to follow their calling and to meet the obligations as set out in their Constitution which focuses primarily on the needs of the weak and the vulnerable.

Section 2 - Objects, aims and public benefit (continued)

2c - Public benefit

All over the world, Sisters have lived and worked, generally in small communities, to help the public, not only to advance Religion but to bring relief and improvement through education, health care, and social work and in whatever other ways were open to them.

As required by the Charities Act 2006, the Charity Commission published their general guidance on dealing with the "public benefit requirement", meeting which is one of the legal requirements of every organisation set up as a registered charity in England and Wales. They have also published other more specific guidance on the Advancement of Religion, the Advancement of Education, the Prevention or Relief of Poverty, and Public Benefit and Fee-charging, all of which impact the charity.

The trustees have considered the guidance and are satisfied that the charitable objects or purposes of the charity and the way it operates meet the public benefit requirement as defined by the guidance. They also consider that all appropriate members of the public have the opportunity to benefit from the charity's services without unreasonable restriction. In addition, they have had regard to the guidance when exercising any powers or duties to which the guidance is relevant, for example when planning changes to existing or considering additional services.

The trustees consider that the rest of this report demonstrates some aspects of the public benefit which the charity provides.

2c (i) - The environment

The trustees are aware of the charity's corporate social responsibility to protect the environment. All Works have conservation and waste programmes in place to reduce the consumption of energy and water, to reduce waste so that as little as possible goes to landfill and to recycle metals, chemicals, etc. wherever possible.

There were no significant new programmes introduced this year, but the work that has been done previously on, for example, utilising energy from solar and wind power and the programmes for the sensitive disposal of waste are incremental and improve year on year, giving continuing benefits to the environment.

Section 2 - Objects, aims and public benefit (continued)

2d - Related parties

2d (i) - Sisters

The Sisters of the Congregation covenant their salary and pension income to the charity and this is disclosed in note 1 to the accounts. They are also beneficiaries of the charity in that the costs of their welfare and well-being are met by the charity. The trustees, including the Provincial Superior and the Provincial Bursar, are all Sisters and no trustee is remunerated for their services. No trustee had any beneficial interest in any contract with the charity.

2d (ii) - Worldwide Congregation

The charity and the Sisters are part of the Worldwide Congregation of the Daughters of the Cross of Liege. Grants are made to the Worldwide Congregation for use at the Mother House in Belgium and in other Provinces around the world, so that the charitable objectives can be fulfilled outside the UK. All these grants are taken from the Worldwide Fund and details are set out in the notes to the financial statements.

2d (iii) - St Philomena's School, Carshalton and Holy Cross College, Bury

St Philomena's, Carshalton, Surrey is a Voluntary Aided School funded by the Local Education Authority. Holy Cross College, Bury, Lancashire, is a Catholic Sixth Form College with a University Centre funded by the Learning and Skills Council. Both are exempt charities and therefore separate legal entities and they are run independently of the charity under the control of their Governing Bodies, of which the Provincial Superior and other Sisters are members.

As the School and College are both carrying out activities which further the education object of the charity, their properties are let to them at peppercorn rents and this arrangement will continue, subject only to major changes in funding, governance or educational needs.

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 the Articles and Instruments (by parents, by members of staff, by the Local Authority, etc). These provide that the number of Foundation Governors exceed that of the other Governors in order to preserve the Catholic ethos of the School and College.

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 these financial statements and the property is included at nil value.

St Philomena's serves the Catholic girls of Sutton, Surrey and its environs and has facilities and resources for around 1,200 girls supported by a teaching staff of 98 and 62 support staff. It has been a Technology College since 1997 and has dual status as a Language College.

Section 2 - Objects, aims and public benefit (continued)

2d - Related parties

2d (iii) - St Philomena's School, Carshalton and Holy Cross College, Bury (continued)

Holy Cross College is a Catholic Sixth Form College which welcomes students and staff of all faiths. The College has facilities and resources for around 1,850 students and caters for 750 adult students following higher education courses validated by various universities and colleges. It has a staff complement of 175, of whom 103 are teaching staff.

2d (iv) - St Julia's Hospice

Some years ago, the charity provided a long lease at a peppercorn rent to St Julia's Hospice, Cornwall, which the charity previously established and ran, to enable it to continue with lower costs and provide hospice care to the locality. Sisters still carry out voluntary work at the hospice. The hospice carries out an activity which furthers the Health and Welfare object of the charity.

Section 3 - Structure, Governance and Management

3a - Legal structure

The charity is a charitable company limited by guarantee and its governing documents are its Memorandum and Articles of Association which set out the objects of the charity, the powers of its trustees and details of its general administration and governance.

In terms of Canon Law (which is the law of the worldwide Roman Catholic Church) the Congregation of Sisters is governed at an international level by the Superior General and her General Council in Liege, Belgium. They are elected every six years at a General Chapter, which is a meeting of elected representatives from around the world. The English Province is governed by the Provincial Superior and her Provincial Council who are also appointed at the General Chapter, after consultation processes with the Sisters of the English Province. The Congregation has a constitution, approved in Rome, which governs how the Sisters should organise their affairs and live their lives. As well as the English Province, the Congregation has Provinces in Belgium, Germany, India and Pakistan and Communities in Rome, Cameroun and Brazil.

During the General Chapter which took place in May/June 2006 the Superior General, Sister Arlinda Azaredo, was re-elected for a further six years and the Provincial Superior of the English Province, Sister Veronica Hagen, was re-appointed for a further three years. Sister Veronica has since been appointed for a further three years until June 2012.

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.

Section 3 - Structure, Governance and Management (continued)

3b – Governance and trustees

The Articles of Association provide that there shall be between three and ten trustees. The number will always include Sisters who are trustees by reason of their respective offices within the English Province of the Congregation. The offices referred to are the Provincial Superior, the Provincial Bursar and the members of the Provincial Council. There are currently six such trustees.

The trustees at 31 March 2009 are listed on page 2. There have been no changes since the year-end. The trustees are the directors for the purposes of company legislation but they are referred to throughout this report and financial statements as trustees.

Five of the present trustees reside in convents attached to one or other of the Works in England run by the charity. The sixth Trustee, Sister Kathleen O'Reilly, is based in Liege and was a member of the Provincial Council from 1988 to 2000 and a trustee between 1998 and 2000. All the trustees have lived and worked for many years within one or other of the charity's Works so they all have personal experience of the services which the charity offers and has offered to the public. As well as being a trustee, Sister Kathleen O'Reilly has also been appointed as First Assistant to the Superior General in Liege.

The charity is unlike most charities in that the trustees devote, along with all Sisters, their whole lives to the service of the charity and the people it serves. In living on the same sites as the Works, by meeting regularly and by visiting the Works and the Communities, the trustees oversee the smooth running of the charity, encouraging and supporting the Sisters, the lay associates, the employees, the beneficiaries, the volunteers, and all those connected in any way with the charity.

The trustees have met regularly during the year ended 31 March 2009, and have met 7 times, as well as having held 1 Urgent Business Meeting. Trustees carry out regular inspections of the two Homes (at St Elizabeth's and St Wilfrid's) to comply with legislation. During the year trustees have attended various conferences and seminars, organised by outside bodies on financial, investment and governance issues. Although not relevant this year, appropriate induction procedures, reflecting their experience to date, are devised for any new trustee.

The Provincial Superior is the voting member of the Conference of Religious to which all Sisters belong, and the Provincial Bursar is a member of the Association of Provincial Bursars. These, and many other such memberships, help to keep the trustees up to date with changes within Religious Communities and with relevant changing legislation and regulation.

The trustees are aware that regardless of their experience in running the Works of the charity, the environment in which the charity operates continues to evolve and develop, and they do not necessarily possess the full range of business skills required to govern effectively a substantial modern and up to date charity. For this reason, professional advice is extensively sought and relied upon, particularly in the areas of law, finance and accounting, property and investment. The trustees also benefit from the advice of the Province Finance Advisory Committee.

Section 3 - Structure, Governance and Management (continued)

3b – Governance and trustees (continued)

The charity has purchased insurance (premium £1,286, cover £1m) to protect it from any loss arising from the neglect or defaults of its trustees and employees and to indemnify the trustees and other officers against the consequences of any neglect or default on their part.

3c - Trustees' responsibilities

The charity's trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements 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 financial statements 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 financial statements; and
- ◆ prepare the financial statements 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 proper accounting records which:

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

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.

Each of the trustees confirms that:

- ◆ so far as she is aware, there is no relevant audit information of which the company's auditors are unaware; and
- ◆ she has taken all steps that she ought to have taken as a trustee in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Section 3 - Structure, Governance and Management (continued)

3d - Management

3d (i) - The Provincial Superior

The activities of the charity are the day to day responsibility of the Provincial Superior. She speaks to and visits Sisters in their Communities regularly to assist with the many issues arising, e.g. the apostolic work, the Sisters' welfare, property issues and relations/negotiations with others in the local community. She is in contact with members of the management teams of the Works and attends meetings regularly, discussing current issues of the day and identifying those decisions which need trustee approval.

3d (ii) - The Communities

There are ten Communities, each of which has a Sister Superior who is appointed by the Provincial Superior and to whom is delegated authority and responsibility for it. Each Sister is attached to a Community but for reasons of their ministry, three Sisters live separately and so the Sisters' activities emanate from the following residences:

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

During the year the small Community in Bury, Lancashire was closed although one of the Sisters remains living and working in Bury. There have been no changes to the Communities or where Sisters live since the year-end.

3d (iii) - The Works

The locations of the Communities are where there are, or have been, major Works run by the charity. The present Works are as follows:

	Name of Work	Description of Work
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 Care Home	Care home for the elderly
Haslemere, Surrey	Holy Cross Hospital	Hospital for the treatment of neurological disability
Much Hadham, Hertfordshire	St Elizabeth's Centre	School, Home and College for those affected by epilepsy and associated disabilities, and a Domiciliary Care Agency which supports the College.

Section 3 - Structure, Governance and Management (continued)

3d - Management (continued)

3d (iii) - The Works (continued)

At each of the major Works, the Sister Superior appoints a management team, although the Provincial Superior or one of the trustees is involved in the appointment of key people. The Sister Superior is ex-officio chairperson of the team and, as chairperson, she relays instructions from the trustees to the management team and reports back to the trustees.

Each Work is supported by an Advisory Committee whilst both St Elizabeth's School and St Elizabeth's College have a Governing Body. The members of the Advisory Committees and Foundation Governors are appointed by the Provincial Superior, in consultation with the relevant Sister Superior and the trustees; the Provincial Superior and the Sister Superior are ex-officio members. The membership therefore comprises trustees, Sisters and lay people with an expertise in the work or with a relevant specialism. The Advisory Committees' purpose is to advise the Provincial Superior, the Sister Superior and the management team, whilst in the case of the Governing Bodies, they have additional responsibilities imposed by legislation and the School and College funding bodies.

3d (iv) - Overall

The management structure described above allows the management teams to run each of the Works on a daily basis within the ethos, framework and strategy set by the trustees. It also allows important issues to be brought to the attention of trustees, enabling them to make the key decisions affecting strategy, policies, the facilities and services provided, and the service quality and delivery. This structure also enables the trustees to inform management of their current thinking and the reasoning for decisions.

3e - Risk management

The trustees continually assess the major risks to which the charity is exposed.

Within the Works, the management teams have assessed their major risks and the findings have been reviewed by their Advisory Committees (on which trustees sit). Because of the nature of the Works and their beneficiaries, risk assessment and management are continuous activities and generally the policy is to embed them into the daily routines which means that most members of staff are involved.

The significant financial risks are as follows:

3e (i) - Price risk

For some of its services, the charity generates fees and charges to organisations responsible for the beneficiaries. Prices are subject to discrete negotiation with those organisations and are based on recovering, or trying to recover, the cost of providing those services. Where there is a shortfall, this is made up by generating other streams of income. With the parlous state of the country's finances and the ramifications arising from that, it is expected that future fee and charge negotiations will become increasingly difficult.

Section 3 - Structure, Governance and Management (continued)

3e - Risk management (continued)

3e (ii) - Credit risk

The organisations meeting the fees and charges are mainly public bodies or large insurance companies and although some of these are very slow payers, with the consequent impact on managing cash flow, there is little risk to ultimate recovery. Where individuals pay, each Work makes appropriate arrangements to ensure that the fees and charges are received.

3e (iii) - Funding risk

The organisations meeting fees and charges, mainly public bodies or large insurance companies, act in accordance with their own strategies, policies and to some extent the political agenda of the day. The charity could be adversely affected, if the way these organisations operate changes in any fundamental way. For example the funding for St Elizabeth's College will pass from the Learning and Skills Council to Local Authorities from 1 April 2010 onwards but it is as yet unclear what effect this will have on the numbers of, or the funding for, learners.

3e (iv) - Investment risk

The charity has a significant investment portfolio invested predominantly in listed securities in the UK and overseas. The principal risks are the volatility which arises from such a portfolio, the prospect of a total loss on an investment and the possibility that income yields become inadequate for the charity's needs. There are other risks as well and they are all mitigated by using two investment managers, by holding a diversified portfolio of asset classes, by taking the advice of the investment managers and by discussing issues with them at the Province Finance Advisory Committee meetings twice a year.

Despite managing risks in this way, the charity has suffered from the unprecedented fall in stock markets around the world in the last two years. The trustees have consequently taken appropriate action, for example by having more meetings with the investment managers, and temporarily amending managers' mandates where that was appropriate. As long-term investors, the trustees expect volatility in market values; it was the severity of the fall experienced in the last two years which created the need for exceptional actions.

3e (v) - Liquidity risk

The charity manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so as to maximise interest income. With the likely downward pressure on income, the trustees expect future cash generation to be more difficult, but existing reserves should ensure that cash resources are adequate for the charity's immediate needs.

3e (vi) - Interest rate risk

The charity's borrowings are all at St Elizabeth's Centre, and the principal borrowing of £1.5m bears an interest rate of 0.85% above base rate. This rate has been capped at 6.85% under a separate agreement.

Section 3 - Structure, Governance and Management (continued)

3e - Risk management (continued)

3e (vi) - Interest rate risk (continued)

The charity also earns interest on cash deposits and with interest rates at historically low levels the trustees are taking appropriate action to ensure that they maximise the income from these deposits, whilst at the same time ensuring that the charity's money is secure and available when it is needed.

3e (vii) - Other risks

The trustees have assessed other major identifiable risks and they are satisfied that appropriate systems and procedures are in place to manage them to an acceptable level.

3f - Employees

The charity 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 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, through the management teams, aim to keep employees informed and involved through staff briefing and training, regular meetings, newsletters, an Annual Review and, at St Elizabeth's an intranet.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods

This section is set out under the headings, "Religion", "Health and Welfare", "Health, Welfare and Education" and "Other", which are explained in Section 2a. Owing to the complexity of the services offered, each section has been divided with a part devoted to each Work detailing their individual aims, key objectives, main achievements, etc.

4a - Religion

4a (i) - Activities

The Sisters' lives have been partly explained in the "Objects" section under 2a above, and their activities can be encapsulated by an extract from their Religious Constitution:

"They will serve Christ in the works of general and special education, the care of the sick and the aged, abandoned children, the physically and mentally handicapped, the socially deprived, local pastoral work and the various needs of the Church".

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4a – Religion (continued)

4a (i) - Activities (continued)

At the Congregation's General Chapter in 2006, the Sisters present committed all Sisters of the Congregation to address the realities of our times, the challenges of our mission in the Church and in Society and to proclaim and manifest God's love through compassion, justice and peace. It is in that spirit that the Sisters of the English Province continue to strive to fulfil the objects set out both in their Religious Constitutions and in their charity's Memorandum and Articles of Association.

Communities of Sisters are maintained to ensure Sisters' well-being and welfare so that they have the base and the ability to be actively involved in their localities. Thus they can carry out their apostolate of helping those most in need in whatever way they can, for example, by visiting the sick, the imprisoned and consoling the bereaved. Sisters are also actively involved in the management and running of the major Works run by the charity.

Prayer is the fundamental source of the Sisters' energy which enables them to live out their lives in the service of others. Thus, whether situated on site at one of the Works or in one of the smaller convents, they continue to minister to the local community in whatever way they are able to do.

In financial terms, the major part of the charity is devoted to the relief of poverty and suffering (referred to as Health and Welfare) and a large part of the work of the Sisters is devoted to facilitating the Works. The Sisters' personal activities however, which are all voluntary, are many and varied and in a formal report such as this, only a flavour of those activities can be given. They encompass activities like:

- ♦ Involvement at the charity's own Works – performing a role, being part of the management team, serving on Advisory Committees, making Provider visits on behalf of trustees,
- ♦ Involvement in other groups and organisations – Parish Pastoral Councils, Deanery Parish Councils, Chrysallis, Churches Together, medical ethics discussion groups,
- ♦ Acting as Chaplains for prisons, hospices, hospitals and other groups,
- ♦ Being part of local Religious Communities, taking Holy Communion to patients, being a Cathedral Sacristan, doing catechetical work, giving religious instruction to children and adults, giving spiritual advice as and when required, acting as Eucharistic Ministers,
- ♦ Performing pastoral care – visiting the sick and their relatives, caring for the Congregation's own frail and elderly Sisters,
- ♦ Assisting in hospital shops, at bereavement services, in hospices, for the National St Vincent de Paul Society, on helplines, in nursing and care homes, remedial teaching in local primary schools,
- ♦ Performing co-ordination roles – Justice and Peace efforts, Chaplaincy work, Social Care, Welcome to the Parish groups,

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4a - Religion (continued)

4a (i) - Activities (continued)

- ◆ Performing other dedicated roles – reflexologists, counsellors, teachers, lecturers, publishing Christian and spiritual leaflets for those in hospitals and hospices and their families.

The Sisters normally spend a few days on retreat each year in silent contemplation and prayer, their purpose being to deepen their own spiritual life and to reflect on and evaluate how they are fulfilling their commitment to helping those most in need.

The costs of the Sisters' activities include the costs of caring for the Province's frail and elderly Sisters for whom the charity has an obligation, as all of them have devoted their lives to carrying out the charitable work.

4a (ii) - Strategies

- ◆ Adapt and rationalise charity properties to match Sisters' needs so that, wherever possible, they can continue to live within the Communities rather than go into the full time care of others.
- ◆ Organise regular meetings within Communities and the Province to explore and address issues as they arise.
- ◆ Organise or notify Sisters about relevant seminars and other means of deepening their own spiritual life and expertise.
- ◆ Work with management teams, Advisory Committees and Governing Bodies to ensure that the major activities can continue without such close involvement from the Sisters.
- ◆ Ensure that the charity's investments are invested ethically and, as far as possible, achieve the investment returns required.
- ◆ Ensure that on the sites of the major Works:
 - the Sister Superior is fully supported by competent staff and advisors; and
 - the Sisters maintain an active integrated presence.
- ◆ Strengthen the ethos, vision and mission which underpins all services.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4a - Religion (continued)

4a (iii) - Objectives, Achievements and Performance

Objectives for 2008 – 2009	Achievement
Continue with the plan for Sisters' future accommodation.	£1.4m was spent on St Joseph's Convent Haslemere, which was Phase 1 on that site, and Sisters moved in November 2008. Phase 2 is to refurbish the original convent and that started just after the year-end, as did the expansion of the convent in Much Hadham. Three convents remained empty at the year-end awaiting sale, and one has been sold since the year-end.
Planning the future of the Works without such close involvement of the Sisters	On-going

At 31 March 2009 there were 77 Sisters in the Province, two Sisters having died during the year under review. Since then, one Sister who was in full-time care has also died.

The Sisters continue to fulfil the objects set out in both their Religious Constitutions and in the Charity's Memorandum and Articles of Association despite the advancing age and frailty of some of them. Whether situated on site at one of the Works or in one of the smaller convents, the Sisters continue to minister to the local community in whatever way they are able to do. This includes supporting the local parishes and the area in which they are situated by being members of groups such as the Forum of Faiths and by facilitating prayer groups. Voluntary work is also undertaken in local hospices and residential homes. Wherever there is a suitable need to be met, the Sisters endeavour to fill it.

The Sisters respect the faith life of all those they come into contact with, whilst living their lives in a way that demonstrates the value and benefits of living their chosen faith and lifestyle. They willingly help all those who wish to strengthen their faith life or to develop their spirituality. By living in this way, they make a positive contribution to the lives of all the people with whom they interact.

Whilst accepting the comparatively small number of Sisters within the English Province of the Congregation, the trustees have given a time commitment to four Sisters to seek occasions to share information on the Sisters' Community way of life, and to accompanying and mentoring those who are considering commitment to life within a Religious Community.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4a - Religion (continued)

4a (iii) - Objectives, Achievements and Performance (continued)

On 12 April 2009, Sister Ann Venita, a Sister of the Californian Community, was honoured by the City of Manteca when her service to the people was recognized by "The Manteca Hall of Fame". Mention was made of her work with the "Youth in Need", the pastoral care of the elderly at home, in hospital and care homes, pastoral work in the local prison and her support of single mothers.

The groups of Associates of the Daughters of the Cross have continued in all three countries of the Province to welcome new members. Twenty members of the newly founded group in Cheam went on to make their promises to embrace the Charism and Ethos of the Congregation and to support the Congregation's ministries with their prayers.

In response to staff requests at the Works, Sisters are regularly involved in initial induction programmes to introduce staff to the Charism, Ethos and Mission of the Congregation.

The long-term objective of reviewing the future legal and financial structure of the charity for when there are fewer Sisters involved has continued and will continue for many years. At this stage in the process the work is mainly about across-the-board preparation but talks about specific activities are held when they are appropriate or when an opportunity presents itself.

4a (iv) - Volunteers

The Sisters are, as Apostolic Religious, volunteers and the whole of their lives is given voluntarily to helping all those in need in whatever way they can, either actively or by prayer.

4a (v) - Plans for future periods and events since 31 March 2009

There have been no significant events since the year end.

The two principal objectives continue to be planning the future of the Works and organising appropriate accommodation for the Sisters. The trustees hope that by the end of the next financial year the plan for Sisters' accommodation will be complete; organising the future of the Works will remain a focus for discernment and action.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4b - Health and Welfare - *Holy Cross – Hospital for neuro-disabilities*

4b (i) - Activities

Working in co-operation with statutory authorities, Holy Cross Hospital provides highly specialised services for people who are severely physically disabled and neurologically impaired and concentrates its attention on the treatment of severe and complex long-term conditions. Examples are those in low awareness states, those who are ventilator dependent and those in the terminal stages of a degenerative illness. Some patients are also admitted for short term rehabilitation or respite care. Securing the best quality of life for all patients and their families continues to be the Hospital's goal, and so engaging the support and participation of family members is given high priority. The Hospital has 40 rooms, employs around 100 staff and is accredited by Investors in People. Comprehensive training services are developed for the hospital's employees and these are made available as appropriate to other local care providers and agency staff.

The completion of the Physiotherapy Centre, incorporating a hydrotherapy pool, early in the new financial year has provided opportunities to improve the treatment of inpatients. The building also provides facilities for outpatient treatment and the Hospital aims to bring the benefits of hydrotherapy to as many local people as possible.

The Church attached to the convent is licensed for public worship and daily masses are held there. It is also used by the parish community for marriage and funeral ceremonies.

Most of the patients referred to the Hospital have been in contact with statutory services and most of the Hospital's income is derived from Primary Care Trusts who are responsible for funding such healthcare services.

4b (ii) - Strategies

- ◆ Continue to work closely in partnership with the NHS whilst maintaining the flexibility of an independent hospital.
- ◆ Develop further expertise and facilities in the treatment of severe and complex disability, using a multi-disciplinary approach.
- ◆ Develop rehabilitation services, including intermediate rehabilitation, with a view to discharge after a few months.
- ◆ Establish a new hydrotherapy service for the benefit of inpatients and outpatients.
- ◆ Develop an outpatient physiotherapy service in conjunction with the hydrotherapy service.
- ◆ Ensure that it has the resources needed in terms of funding, staff, buildings and equipment to provide consistently high quality services, both efficiently and economically, to patients.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4b - Health and Welfare - Holy Cross – Hospital for neuro-disabilities (continued)

4b (iii) - Objectives, Achievements and Performance (continued)

Objectives for 2008 - 2009	Achievement
Maintain average occupancy level at a minimum of 95%.	Achieved 98%.
Extend the range and depth of clinical audit.	Achieved. Regular audits carried out; reports used to maintain and improve standards.
Introduce the new services of hydrotherapy and outpatient physiotherapy in the new buildings.	Partially achieved. Delayed by non-completion of the building but staff recruited, marketing commenced and operational policies prepared.
Improve the facilities in St Hughs training building.	Not achieved. The building continued to be occupied by office staff due to the delay in the completion of the hydrotherapy building works.
Introduce smaller projects into the business plan managed by a project manager to a defined outcome.	A new Nurse Call system was installed and commissioned. Macerators were successfully introduced for safer and more efficient disposal of clinical waste.

Particular successes, in clinical terms, this year were successfully stabilising the condition of several new patients who had been very unwell on arrival and the successful discharge of a young patient with an acquired brain injury whose dream had been to resume life at home, was a highlight for the whole clinical team.

A major reorganisation of patients' care plans took place, with results proving very useful for sharing information and goal-setting for the team, patients and their families, reflecting again the importance of teamwork in a multidisciplinary environment.

Although the new hydrotherapy facility was not complete at the year end, only a few items were outstanding and it is now complete and in use. It provides a wonderful new facility to the Hospital and its patients - a hydrotherapy pool and physiotherapy rooms - which will enhance the treatment of both inpatients and outpatients from the local area. The building and all the people who will work within it were blessed on 17 July 2009 by the Bishop of Arundel & Brighton. The Bishop referred to the generous donations that had made the Project possible and the Hospital's Management Team would also like to record their thanks to the donors who, in this way, have acknowledged the importance of the Hospital's work.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4b - Health and Welfare - Holy Cross – Hospital for neuro-disabilities (continued)

4b (iv) - Volunteers

Volunteers make a significant contribution to improve the quality of life of long-term patients. Last year around 43 volunteers were active escorting patients, driving the ambulances, assisting on social outings, shopping for patients, visiting and assisting in the wards and taking part in Living Room activities. Fundraising is organised through the volunteers who work as part of the Friends of Holy Cross, a separate charity. The Hospital's Management Team continue to be most grateful to the Friends whose members give their time and skills to a wide range of successful fundraising events.

4b (v) - Plans for future periods and events since 31 March 2009

Since the year end the main event has been the commissioning of the Physiotherapy Centre, incorporating the hydrotherapy pool.

The Hospital's business plan for 2009/2010 includes these objectives:

- ◆ Maintain occupancy level at a minimum of 95%
- ◆ Introduce the new services of hydrotherapy and outpatient physiotherapy
- ◆ Market the hydrotherapy facility to local GPs and others.
- ◆ Achieve evidence of quality assurance in non clinical areas
- ◆ Review the Clinical Procedure Manual
- ◆ Improve the facilities in St Hughs training building.
- ◆ Introduce smaller projects into the business plan managed by a project manager to a defined outcome. These include, creating a senses garden in the central courtyard and upgrading the staff accommodation.

4c - Health and Welfare St Anthony's Hospital – acute surgical hospital

4c (i) - Activities

St Anthony's Hospital provides high quality healthcare to its local community based on Christian values, skilled and dedicated staff and advanced technology. It serves patients requiring acute medical and surgical care and specialises in cardiology and orthopaedic surgery. With its special caring ethos, it aims to provide exceptional standards of diagnosis, treatment and nursing whilst maintaining its international reputation for clinical excellence. It also encourages amongst all its stakeholders an awareness of the changing nature of healthcare so that it can respond swiftly and imaginatively to new developments.

The Hospital is fully accredited by Investors in People, Clinical Pathology Accreditation (UK) (the pathology laboratory), and is registered with and inspected by the Care Quality Commission. It has ninety-one beds and employs over 500 staff.

The majority of patients are insured and those are, in the main, carrying health insurance as a benefit from their employer. The remainder, around 15% of patients, are self-funding.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4c - Health and Welfare *St Anthony's Hospital – acute surgical hospital (continued)*

4c (i) – Activities (continued)

St Anthony's Hospital also manages and runs St Bede's Conference Centre as a first class facility to support the work of the charity. The Centre is made available for use by the local Primary Care Trust and GPs in the community and public lectures, offered free of charge, are organised on a wide range of Healthcare topics. Hospice staff provide the St Raphael's Education Programme which promotes the Gold Standard Framework (best practice) in Palliative Care both within and beyond the Hospice. The Centre is also used by the Sisters and other groups from the locality.

4c (ii) - Strategies

- ◆ Keep pace with developments in medical science in order to be able to offer the most up to date treatment available in the specialisms of cardiac and orthopaedic surgery, as well as in other relevant areas.
- ◆ Continue to provide an unrivalled standard of care for patients and service to consultants and general practitioners.
- ◆ Ensure value for money for the services provided.
- ◆ Maintain and develop a contented and well motivated professional team, committed to providing a very high and effective standard of service.
- ◆ Ensure that a healthy and safe environment is provided for patients, visitors, consultants and staff.
- ◆ Systematically and continuingly review the structure, process and outcome of patient care.
- ◆ Address and manage clinical risk.
- ◆ Keep the hospital at the heart of the local community.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4c - Health and Welfare *St Anthony's Hospital – acute surgical hospital (continued)*

4c (iii) - Objectives, Achievements and Performance

Objectives for 2008 - 2009	Achievement
To upgrade the MRI unit in order to enhance the quality of the images.	Achieved
To install a new Endoscopy Suite to comply with new regulations.	Achieved
To complete the installation of the new Decontamination Suite, necessary to comply with new regulation.	Achieved
To recruit a replacement for the Pharmacy Manager retiring after more than 32 years' service.	Achieved
To install a Cardio Picture Archiving and Communications System to complement the Radiology Information System installed in 2007- 2008.	Achieved
To replace the Ultrasound machine.	Achieved
To develop a new Hearing Aid service.	Not achieved – Research indicated there was insufficient demand for this service
To develop a new Podiatry service.	Achieved
To collect and submit data to the Central Cardiac Audit database (CCAD).	Achieved

During the year the hospital's throughput of patients fell slightly compared with the prior year as follows:

	2009	2008
Total admissions	6,693	6,873
Total operations	6,616	6,866
Outpatient attendances	30,914	31,657
Average length of inpatient stay (AVLOIS)	4.20 days	4.15 days

Although the number of operations fell, the total number of cardiac and other major operations actually increased. The average length of inpatient stay is gradually increasing year on year, in part because more patients' conditions can be dealt with on a "DayCase" basis rather than with an overnight stay. The shorter inpatient stays, replaced by daycases, drop out of the AVLOIS calculation, with the effect that the AVLOIS increases.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4c - Health and Welfare *St Anthony's Hospital – acute surgical hospital* (continued)

4c (iii) - Objectives, Achievements and Performance (continued)

A small decline in activity is due perhaps to the decrease in NHS waiting lists. This factor, together with the development of other cardiological interventions, means that the number of patients requiring open heart surgery has diminished, even though the number of such operations performed at St Anthony's was the highest for seven years. This was in part due to the arrangement with a local NHS hospital to treat a number of patients requiring cardiac surgery between February and July 2008. A further example of service provision to the local NHS is Magnetic Resonance Imaging (MRI) for Cardiac patients. The Hospital carries out Cardiac MRI on NHS patients for one and a half days each week.

The negotiations with BUPA continue and new contracts for services were completed for the years ended 31 March 2009 and 2010. However, the Hospital continues to resist contract clauses which would jeopardise its own independence and autonomy.

The constant Customer Satisfaction Surveys continue to show excellent results, as does the feedback from Consultants, both informally and through the medium of the Medical Advisory Committee.

The Hospital provides significant support to St Raphael's Hospice, which is on the same site. The original building of the Hospice was financed from the retained earnings of the Hospital and it was recognised then that the Hospital would always have to play a part in Hospice activities. At present it provides support in management, accounting, catering, diagnostic services and the use of the Hospital's Conference Centre (St Bede's), without which the Hospice could not run its Education Programme.

The Hospital manages St Bede's Conference Centre for all manner of staff and training facilities; the Hospital regularly invites participation of other hospitals, both NHS and private, at its training days. The Conference Centre facilities are used by the Sisters of the Province for seminars and conferences as well as by St Raphael's Hospice. They are also made available free of charge or at reduced rates to local groups, including GP practices and other NHS organisations. Regular events include the Tuesday Club (a social club for local Pensioners), Neighbourhood Watch, and the Local Residents' Committee. The Hospital's Cardiac Support Group, which provides support for patients who have undergone Cardiac Surgery, is open to all (not just St Anthony's patients) free of charge. Free public lectures are held regularly: specialist events are held free of charge for GPs from whom the feedback on the quality of teaching is excellent.

In addition to the educational work carried out through the Hospice and the Conference Centre, St Anthony's supports Kingston University in its placement of student nurses, who spend between 8 to 12 weeks at the Hospital as part of their Degree course. A Regional Conference, sponsored by the Royal College of Nursing, was held in March 2009 and was attended by over one hundred Health Care Assistants.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4c - Health and Welfare *St Anthony's Hospital – acute surgical hospital (continued)*

4c (iv) - Volunteers

Around 30 volunteers manage the patient liaison function, which consists of leading newly admitted patients to their rooms, advising them of all the facilities available within the Hospital, and dealing sympathetically and in a leisurely manner with any concerns they may have upon being admitted to Hospital. The Hospital also has a League of Friends run by volunteers who look after the Hospital shop.

4c (v) - Plans for future periods and events since 31 March 2009

The Management Team, in discharging its responsibilities diligently and lawfully within the ethos of the Daughters of the Cross of Liege and running the Hospital within its set framework, continue to concentrate on keeping the Hospital viable. It continually strives to generate net incoming resources equal to some 8% to 10% of total incoming resources. The resultant surplus is then available for reinvestment in people, buildings, equipment and systems, to ensure that the Hospital stays at the forefront of technological development and best practice, and to fund support for the Hospice and all the work done free of charge.

Plans for the forthcoming year include the following:

- ◆ To review options regarding the replacement of the existing Cardiac Catheter Laboratory.
- ◆ To replace the existing bathrooms in the High Dependency Unit with larger wet rooms.
- ◆ To consider an Endoscopic Retrograde Cholangio Pancreatography (ERCP) service.
- ◆ To achieve a successful report in the Clinical Pathology Accreditation Inspection.
- ◆ To continue to achieve a Five Star Rating for cleanliness and hygiene in the catering service.
- ◆ To substitute, where possible, generic drugs for proprietary brands.
- ◆ To streamline the management structure of nursing at night.
- ◆ To consider replacing all windows in patients' bedrooms.
- ◆ To increase the usage of the Intensive Therapy Unit.
- ◆ To develop further the Risk Register and to make it embedded Hospital practice.
- ◆ To maintain the use of agency staff hours at less than 1% of total hours worked.
- ◆ To review the establishment of the resident Cardiac Surgeons.
- ◆ To promote and develop the role of the Blood Transfusion Practitioner.
- ◆ To encourage attendance by external candidates at St Anthony's training and study days, thereby increasing revenue and improving the delivery of healthcare within the local community.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4d - Health and Welfare *St Raphael's Hospice*

4d (i) - Activities

In its local community, the Hospice provides, free of charge, excellent patient-centred specialist in-house care for those patients requiring symptom control, respite and terminal care. It welcomes, respects and supports patients, their families, and its staff, with no regard to ethnic or religious background and aims to give patients the best quality of life to the very end. It aims to meet the physical, emotional, spiritual and social needs of patients, their families and friends during the final stages of terminal illness and it runs an Education programme to promote best practice in Palliative Care.

Inpatient care is provided for patients referred by their GPs, with a Day Centre running four days a week. The Hospice is also the base for the Community Palliative Care Team, which enables its members to provide the same standard of care for those patients who require similar services but who continue to be able to live at home. The Hospice has 14 inpatient beds and around 100 staff and it provides a Bereavement Support Service to ensure that patients' families receive the support they need at the time of their bereavement. 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.

There are four pillars upon which the work of the Hospice is based: *Inpatient care* within the ward; *Home care in the Community* by Hospice specialist nurses under the guidance of the Medical Director, and by the newly created Hospice at Home Team; *Daycare*, wherein patients receive medical, nursing and social work care as well as being entertained and stimulated for the day, while carers may have some time for themselves; and *Education*, which raises awareness of best practice in palliative medicine in a large variety of organisations.

Of all the charity's Works, St Raphael's is the only one which is substantially funded by general public donations and it relies heavily on them. As in 2008, only 26% of the total costs comes from public funds.

4d (ii) - Strategies

- ◆ Maintain the delivery of the highest possible standards of care to patients and their families.
- ◆ Continue to promote training and education in palliative care, not just amongst Hospice staff but in the wider community and to other professionals involved in the delivery of palliative care.
- ◆ Build on the existing high quality team of volunteers in order to maximise the benefit to patients and the satisfaction of volunteers.
- ◆ Ensure a healthy and safe environment for patients, visitors, consultants and staff.
- ◆ Systematically review the structure, process and outcome of patient care.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4d - Health and Welfare – St Raphael's Hospice (continued)

4d (iii) - Objectives, Achievements and Performance

Objectives for 2008 - 2009	Achievement
To resolve with the local PCT problems arising from the new legislation on dispensing controlled drugs in the community.	Achieved
To continue to take the lead locally on the implementation of the Government's End of Life Care project.	Achieved
To train Nursing Home staff in order to upgrade the knowledge of Palliative Care amongst professionals in the community.	Achieved
To extend the knowledge of doctors, both in the Hospice and in the community, in techniques for the control of Neuropathic pain.	Achieved and ongoing. GP Seminars planned for 09/10.
To secure continuing funding for the Bereavement Service.	Achieved
To increase volunteer input to Hospice activities by 10%.	Partly achieved – the total number of volunteers increased by 2.8%
To develop an epidural therapy policy and provide associated staff training.	Ongoing - Partly achieved
To undertake a Controlled Drugs Management audit in accordance with Help the Hospices guidelines.	Achieved
To implement Gift Aid on donated goods in the charity shops.	Achieved
To complete the formation of a network of Local Friends Supporter Groups and consolidate those already founded.	Achieved

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4d - Health and Welfare – St Raphael's Hospice (continued)

4d (iii) - Objectives, Achievements and Performance (continued)

The Hospice provided 3,532 (2008 – 3,566) days of inpatient care for patients requiring symptom control, respite care and terminal care. The total number of admissions was 353 (2008 – 339). The total number of day care attendances was 1,385 (2008 – 1,198), the increase resulting from the refurbishment of the Day Centre during the previous year. The Community Palliative Care Team made 3,307 visits (2008 – 3,693) to patients in their own homes and of these the total number of new referrals visited during the year was 647 (2008 – 542).

With the difficulties in the economy generally, the fundraising team have had a very difficult year with public donations dropping by 30%. Combined with the drop in legacies this year, the Hospice has a deficit of £500,000 which has reduced its reserves significantly, bringing sharper focus on the continued management and financial support of St Anthony's Hospital (without St Anthony's Hospital the Hospice would not be viable). Nevertheless, the fundraising team continues to pursue its objective of procuring financial viability, without reliance on legacies, to provide the proper level of free reserves.

It is part of the mission of the Hospice to reach out into the Community to raise awareness of the nature and value of Palliative Care in all its aspects and the Education department organised, and the Hospice hosted, a National Conference on Palliative Care which was well attended and very well received by professionals from all over the country.

The Hospice took the lead locally on the implementation of the Government's End of Life Care project and is participating in the Government's Advanced Communication Skills project. It is also providing training for a Palliative Care Specialist Registrar. Such professional training would normally be funded through the NHS, but St Raphael's bears 75% of the cost of this training post.

4d (iv) - Volunteers

The Hospice's Management Team and the trustees greatly acknowledge the significant contribution which volunteers make to the Hospice. There were 300 volunteers active during the year and they contributed 48,737 hours (2008 – 48,416) with an estimated financial value of £457,000 (2008 – £446,000).

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4d - Health and Welfare – St Raphael's Hospice (continued)

4d (iv) - Volunteers (continued)

The type of services provided by volunteers is very broad. It includes care on the ward, pastoral care, and bereavement support workers. In the Day Centre there are art and music assistants, beauticians, hairdressers, manicurists, and complementary therapists. By way of support for the work, there are drivers (most using their own cars), receptionists, gardeners, flower arrangers, a librarian, administration assistants, a finance assistant, and members of the Advisory Committee. Last but not least there are volunteers working in the charity shops.

Volunteers bring not only their skills, enthusiasm and dedication to the work they do, they also bring the local community into the Hospice, so that St Raphael's is truly an integrated part of the society to which it belongs.

4d (v) - Plans for future periods and events since 31 March 2009

As well as continuing to run the Hospice within its set framework, the Management Team are also concentrating on keeping the Hospice viable under the four main pillars of its philosophy namely *Inpatient care, Home care in the Community, Daycare and Education*. To fulfil this aim, the Hospice needs to raise around £1.8m net every year from voluntary donations, legacies and fund-raising activities.

In addition, the Hospice has these objectives for 2009-2010:

- ◆ To continue to take the lead locally on the implementation of the Government's End of Life Care project by advancing four specific projects.
- ◆ To recruit into three new roles – an “advancing practice” nurse, a night sister and a social worker.
- ◆ To secure continuing funding for the Bereavement Service.
- ◆ To refurbish the library.
- ◆ To establish a Clinical Research project with the aim of diminishing death rattle.
- ◆ To carry out an Inpatient satisfaction audit.
- ◆ To resolve problems with the Nurse Call system.
- ◆ To draft new guidelines on IV Administration, Blood Transfusion and Anaphylaxis.
- ◆ To establish a clinical ethics committee.
- ◆ To enter into discussions with the Primary Care Trust regarding the funding of costs for diagnostic tests currently borne by the Hospice.
- ◆ To replace one of the charity shops, the lease for which has expired.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4e - Health and Welfare – *St Wilfrid's Care Home*

4e (i) - Activities

St Wilfrid's Care Home provides a caring and quality environment for elderly regardless of religious, cultural or ethnic backgrounds. It aims to provide a lifestyle which satisfies residents' social, cultural, religious and recreational needs and interests, assisting them to exercise choice and control over their lives and to retain their independence in every way possible. Rooted in Christian, gospel values, St Wilfrid's Care Home exists to offer to elderly people love, care, spiritual support and dignity in their later years. It works closely with the Local Authority and, where there is a need, provides respite care.

It has 44 beds and a staff complement of around 50. It implements a very active social programme and has good links with all manner of local organisations. The chapel within the home hosts daily Roman Catholic services for Sisters, residents, staff and people from the locality. An Anglican Communion service is also held twice a month and the chapel is open at all times for those who wish to make use of it.

4e (ii) - Strategies

- ◆ Ensure that as many of the 44 rooms as possible are occupied at all times.
- ◆ Involve residents, as far as is practicable, in the running of the Home.
- ◆ Develop systems and training programmes to support staff so that residents' life styles are enhanced.
- ◆ Ensure that residents' care plans fully reflect their needs and meet statutory requirements.
- ◆ Ensure income more than covers the total running costs of the Home.
- ◆ Continue developing End of Life plans so that as many residents as wish to, can choose to end their life in the Home rather than enduring transfer to hospital.
- ◆ Continue to raise and enhance the Home's profile within the community and remain a centre of excellence.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4e - Health and Welfare – St Wilfrid's Care Home (continued)

4e (iii) - Objectives, Achievements and Performance

Objectives for 2008 - 2009	Achievement
Complete the review of policies and procedures.	Achieved
Write and implement a new staff induction programme.	Achieved
Increase the number of volunteers to give residents more individual-centred activity.	Volunteers increased to an average complement of 15
Write and implement a comprehensive resident information handbook.	Achieved
Generate at least a small surplus.	Achieved.
Undertake a full internal audit of the service provision to assess its quality and robustness.	On-going

Occupancy has remained stable with an average occupancy of 41 and during the year the Home has cared for 77 residents. There were 36 new admissions, compared with 27 last year, of whom 21 were long term residents. 15 people were discharged back to their own homes. Sadly 16 residents died during the year, 6 of whom were cared for and died peacefully in the Home using the End of Life care plans.

The comprehensive review of all systems and procedures which has been taking place since May 2007 continues to provide significant benefits to both residents and staff. For example residents are now actively involved in the menu, activities and refurbishment committees. This process will continue as legislation changes and as the needs of the Home and residents change.

The residents' care plan arrangements have proved exceptionally successful and have significantly improved communication and the sharing of information.

The End of Life care plans introduced last year, have been enhanced with active treatment documentation and all documentation has now been discussed and agreed with residents, their representatives and the Home's GP. In addition, links have been established with Trinity Hospice and they now support the staff and residents during the process.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4e - Health and Welfare – *St Wilfrid's Care Home (continued)*

4e (iv) - Volunteers

Fifteen volunteers donate as much as 50 hours per week of their time making a significant contribution to improve the quality of life for the residents. The type of service they provide is very broad. It includes acting as Bridge and Scrabble partners, organising crosswords, providing concerts, one to one time for shopping trips, pushing wheelchairs to fellowship meetings, museums, concerts, flower shows and parades and sometimes simply sitting with a resident and talking or reading.

Volunteers bring not only their skills and enthusiasm to the work they do, but they also bring the local community into the Home, maintaining the Home as an integral part of the local community.

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

4e (v) - Plans for future periods and events since 31 March 2009

The main event since the year end has been to plan, after discussion with the residents and relatives, some major upgrading of the dining room, ground floor corridor, reception and the two ground floor lounges. The refurbishment work commenced in August 2009, and is due to be completed by the end of 2009.

Objectives for 2009-2010 include:

- ◆ Add the category "dementia" to the Home's registration certificate. This will involve considerable training for staff and additional qualifications for many of them.
- ◆ Implement the "MUST" assessment tool across the Home, which involves training for staff from the dietetics department from the local Primary Care Trust; it is to ensure that everyone is aware of the potential nutrition risks to residents in a Home setting.
- ◆ Update procedures and documentation surrounding individual's mental capacity brought in by new legislation in April 2009.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4f – Health, Welfare and Education – *St Elizabeth's Centre*

4f (i) - Activities

St Elizabeth's Centre provides education, care and medical support to people of all ages who have epilepsy and other complex requirements, on the basis of need, regardless of religious, cultural or ethnic backgrounds. The Centre comprises:

- a residential non-maintained special school ("the School") with facilities for 80 boarding and day pupils up to the age of 19.
- a college ("the College"), for those in the 19-25 age range who aspire to more independent lifestyles, with 26 on-site tenanted accommodation units, and 11 tenanted accommodation units in Bishops Stortford; it is supported by its own domiciliary care agency.
- and a "village" of modern bungalows for over 100 adult residents, which constitutes St Elizabeth's residential care home ("the Home").

All the activities of the Centre are based around "living and learning" and have educational aspects as well as those that would be characterised as Health and Welfare. For example the Centre operates Social Enterprises offering learning and work experience to pupils, college learners and residents.

It aims within this field to ensure a quality service which will develop and support more people, to develop and support a choice of lifestyle and pathways of opportunity, to remain a national centre of excellence and innovation, to establish new and enhance existing partnerships with families, statutory authorities and voluntary organisations and to ensure that users of services are afforded opportunities to express their rights, make choices, take control of their own lives and enjoy social inclusion. The Centre also provides Respite and Day Services for those with an appropriate need.

4f (ii) - Strategies

- ◆ The School - Achieve long term increases in the number of pupils, through the building of modern accommodation and classroom facilities and through the development of closer links with regional authorities.
- ◆ The College - Develop residential facilities through further partnerships with housing associations.
- ◆ The Home - Continue to work with funders to ensure funding matches costs, continue to improve the provision of care for each Home unit and provide improved living and learning opportunities for all residents through the Social Enterprises and day services.
- ◆ Ensure the medical and therapy services meet the needs of residents, pupils and learners and meet funders' expectations.
- ◆ Carry out long term plans to improve and upgrade the facilities to meet the needs of pupils, learners and residents.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4f – Health, Welfare and Education – St Elizabeth's Centre (continued)

4f (ii) – Strategies (continued)

- ◆ Exceed statutory expectations through inspection and other scrutiny and ensure that all services are self funding and value for money.
- ◆ Maintain the ethos of the Centre and provide caring and support to all pupils, learners and residents living at the Centre and those moving into and from the Centre.
- ◆ Support appropriately pupils', learners' and residents' families and carers.

4f (iii) - Objectives, Achievements and Performance

Objectives for 2008 - 2009	Achievement
Put in place statutory funding for a significant proportion of the cost of a new Training Therapy and Vocational Centre (£3.5m) and fundraise through trusts and other sources for the remainder of the cost.	Not achieved. As was widely publicised, the Learning and Skills Council overcommitted its funds, and the "cornerstone" grant was therefore not successful.
Continue with the refurbishment programme to complete the upgrade of pupil accommodation in the School and improve facilities across the Centre.	Achieved and ongoing. Two areas of School living accommodation upgraded in 2008. New refurbishment programme across the Centre is now in place.
Invest in resources and systems to enable the Centre to demonstrate to funders and others that it provides a good quality, value for money service that meets all statutory obligations.	Achieved and ongoing. Major work this year on HR systems and controls and on Health & Safety training and systems.
Continue to work with funders of the Home to ensure funding matches costs.	Achieved and ongoing. Appropriate fees achieved for new residents; work goes on for long-standing residents.
Ensure that resources are in place in each of the services to support pupils, learners and residents and their families and carers during the transition into and out of services at St Elizabeth's	Achieved. Quality support provided with dedicated posts established where appropriate.
Invest further in therapy provision for residents, pupils and learners so that they might live and develop to their potential	Achieved and ongoing. Provision in speech and language and psychology has been expanded. Needs monitoring continually.

During the year the Centre appointed a new School Principal, a new head of the Home (the role has been renamed the Director of Adult Care Services) and created and recruited into a new role, the Director of HR and Staff Development.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4f – Health, Welfare and Education – St Elizabeth's Centre (continued)

4f (iii) - Objectives, Achievements and Performance (continued)

The School and Home had good years financially as a result of pupil and resident numbers exceeding budgets.

Notwithstanding the additional numbers, the quality of services was maintained, and the overall results were achieved despite vacancies in a number of senior posts for part of the year. It is a testament to the willingness and ability of those who “acted up” into more senior positions that the Centre as a whole had such a good year.

Even with the above pressures the School achieved an outstanding Ofsted care inspection during the year and the College achieved another good inspection report from CSCI (now CQC – the Care Quality Commission).

In terms of numbers of pupils, learners and residents, the Home enjoyed steady demand for places as they became available and during 2008 approached capacity. It also enjoyed higher demand for respite beds. The numbers in the School and College were close to maximums and there is a delicate balancing act between the numbers leaving at the end of their final terms and the numbers joining, affecting as it does not only the teaching arrangements but also the residential ones. The trustees were encouraged that most of the nine College leavers moved on to supported living schemes utilising the skills gained whilst at the College.

4f (iv) - Volunteers

Around 200 volunteers work at or for the Centre. These include around 36 young volunteers who work within the School and live on-site for between 3 and 9 months. They are drawn from across the world and they include four selected Sisters from the Indian Provinces who arrive every summer, bringing a joyful and different expression of their pastoral and spiritual commitment to the work of the Centre. The other volunteers work in the charity shops, in fund-raising generally and in helping to organise the many fund-raising events.

4f (v) - Plans for future periods and events since 31 March 2009

The main event since the year end was learning of the decision of the Learning and Skills Council to turn down the application for the cornerstone grant for the Training, Therapy and Vocational Centre (TTV). All the prevarication of the LSC has led to wholly unnecessary delays and wasted costs in this project (the initial application was submitted in January 2008) and the management team are now having to explore modified proposals and developing new fundraising strategies to enable an adaptation of the TTV to go ahead.

Section 4 - Objectives and Activities, Achievements and Performance, and plans for future periods (continued)

4f – Health, Welfare and Education – St Elizabeth's Centre (continued)

4f (v) - Plans for future periods and events since 31 March 2009 (continued)

Other plans for 2009-2010 include:

- ◆ Manage each of the services so that the Centre remains financially viable in the light of restrictions in the ability of funders to meet the increasing costs of the service.
- ◆ Continue with the planned refurbishment programme to upgrade accommodation across the Centre within agreed budgetary constraints.
- ◆ Expand the fundraising resources of the Centre to meet alternative plans to replace the Day Centre, expand the College learning provision and meet longer term refurbishment plans.
- ◆ Continue to work with funders of the Home to ensure fees are at a proper level.
- ◆ Keep up to date with external developments through working closely with placing authorities and external partners with a view to ensuring sufficient referrals of pupils, learners and residents.
- ◆ Expand the use of volunteers to provide support for fundraising and for services where the costs cannot be recovered in fees met by statutory funders.
- ◆ Review the Centre's pension arrangements.

4g – Other (including grants)

The expenditure on other charitable activities this year amounted to £816,000 (2008 - £83,000) of which £801,000 (2008 - £52,000) was grants and donations.

Although not a grant making charity, the charity provides grants and donations where the trustees wish to support an activity which they believe to be worthwhile and which is in keeping with the Religious life of the Sisters and the ethos and heritage of the Congregation of the Daughters of the Cross. Hence grants are primarily provided to other Provinces within the worldwide Congregation.

The total grants amounted to £1,097,000 (2008 - £522,000) and of this £1,029,000 (2008 - £479,000) was made to the Generalate in Liege to support the work of the Congregation worldwide and to other Provinces and Regions within the Congregation. An amount granted to the Generalate itself of £781,000 was of funds which had originated from them and which had always been designated for their use, but which the trustees this year decided to grant to them, to provide a more solid financial base from which they can support other Provinces around the world.

Section 5 - Financial Review

5a - Results

An alternative summary of the financial activity from that shown on the Summary of Financial Activities is as follows:

	2009 £'000	2008 £'000
Cost of providing services (Governance costs included as they are comparatively small)	(57,836)	(53,393)
Operational income – mainly from fees and charges	55,196	52,940
DEFICIT ON OPERATIONS	(2,640)	(453)
OTHER INCOME obtained from fundraising and investments (net of fund-raising costs)	5,586	6,244
Giving an overall surplus on activities of:	2,946	5,791
 Movements unrelated to recurring operations:		
VAT refund plus related interest	—	1,988
Unrealised investment losses	(9,829)	(2,439)
Unrealised gains on property revaluation	29,368	—
Actuarial (losses) gains on pension scheme	(1,743)	563
Giving a total net movement of funds of	20,742	5,903

5b - Key features

5b(i) – Deficit on operations

One of the charity's aims has to be that Works' fees and charges, with related Works income, meet the costs of providing the charity's services, partly to ensure that the whole organisation remains financially viable and partly to ensure that the charity is not subsidising public authorities, as that is not one of its objects. Great strides had been made in the last few years to achieve that aim, but in the last financial year the trend has been reversed. The main reasons were pressure on fee and charge rates and the need to increase costs in order to provide the level of service expected by funders and regulators and to meet the needs of beneficiaries, which become increasingly complex. It also has to be remembered that the only cost included for land and buildings is depreciation, so part of the capital cost is effectively being provided free of charge. These situations are likely to continue and the deficit on operations in the current year is expected to be greater still.

The deficit means that other income, from fundraising and investments is utilised and cannot all be used to fund capital expenditure for enhancing and developing the facilities and services, which is the intention.

In addition, with the extraordinarily low interest rates, the investment income will be reduced and in the current economic climate, it is already clear that fund-raising is becoming more difficult.

Section 5 - Financial Review (continued)

5b - Key features (continued)

5b(i) – Deficit on operations (continued)

Despite all these pressures, the trustees and Management Teams are addressing the many issues, to ensure that any deficits are managed and that reserves are not depleted below the required level. In view of the existing level of reserves and cash resources, capital spending has not yet been affected and St Elizabeth's has once again taken advantage of its cash position to reduce their large bank loan by an extra £250,000. The cash resources are in fact a significant part of the working capital and free reserves and are required for the committed capital expenditure.

The trustees wish to record that the services which the charity provides are obviously still needed and that the Works are operating at or close to capacity.

5b(ii) – Unrealised investment losses

As envisaged last year, investment losses are significantly greater at £9.8m, caused by the unprecedented turmoil in the world's financial markets over the last eighteen months. The portfolios are seen as long-term ones, and although investment managers' performance compares well with the benchmarks, when investments are managed with a market-related benchmark, the charity cannot be immune from the enormous volatility which has ensued. The greater part of the portfolios has remained invested and, gratifyingly, in the last few months some of the capital value has been recovered, although it could be another year or two before income levels return to their previous level.

5b(iii) – Unrealised gains on property revaluation

In order to reflect an up to date position, and to provide a more realistic basis for future depreciation charges, the trustees arranged a revaluation of all the charity's property, and this was done in the last few months of the financial year. This created an uplift in value of £29.4m, although this was then reflected in the designated fixed asset fund. Incorporating the new values into the accounts means that the values will have to be updated every few years.

The revaluations also enable the trustees to address two of the charity's on-going objectives of organising appropriate accommodation for the Sisters and planning the future of the Works.

Section 5 - Financial Review (continued)

5b - Key features (continued)

5b (iv) – Actuarial (losses) gains on pension scheme

The turmoil in financial markets has also had an effect on the defined benefit pension scheme at St Elizabeth's Centre. Whereas last year there was a surplus for the first time, this year the year-end review required by accounting standards (FRS17) results in a deficit of £1.5m and this is shown as a net pension liability.

5b (v) - Overall

The overall increase in funds was £20.7m (2008 - £5.9m) and this results in the charity having total funds at 31 March 2009 of £143.9m (2008 - £123.1m).

5c - Capital spending

Capital spending during the year amounted to £5.6m which related mainly to the continued refurbishment and extension of Sisters' accommodation and the new hydrotherapy facility at Holy Cross Hospital which was approaching completion. A broad analysis is as follows:

	£'000s	£'000s
Sisters' residences and vehicles		2,277
Health and welfare		
Hydrotherapy facility	1,710	
Other	1,579	
		3,289
Health, welfare and education		—
Total		5,566

5d - 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 decide every year whether to increase the proportion of resources allocated to general and designated funds or whether to invest more in fixed assets, staffing, etc. to maintain, improve or develop 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 61%). 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 developed and implemented.

Section 5 - Financial Review (continued)

5d - Reserves policy and funds (continued)

The trustees consider that, given the level of annual expenditure of £59.4m 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", which are funds that are neither restricted nor designated for a defined purpose, are the General Fund which represents working capital. At 31 March 2009 the general fund remained at £21.9m which represents around 4.4 months (2008 - 4.4 months) of the annual expenditure and is in line with the reserves policy.

5e - Restricted funds

Restricted funds relate to the general funds of 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 (which would include being spent at a particular Work). At 31 March 2009 they amounted to £2.6m (2008 - £6.9m) of which £1.1m (2008 - £3.5m) is in respect of the hospice and £1.1m (2008 - £2.7m) is in respect of a legacy for the benefit of Holy Cross Hospital. The legacy has been used to build a Physio-and Hydrotherapy Centre, with the remainder being invested to help meet the running costs of the facility.

5f - Designated Funds

Two-thirds of the total designated funds relate to the charity's unrestricted funds tied up in tangible fixed assets which amount to £81.5m (2008 - £48.2m) which reflects the property revaluation. The amount so designated excludes fixed assets funded by other means i.e by restricted funds, amounts due to contractors and 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' fund of £20m (2008 - £27m). This fund is invested to produce income to meet the ever-widening shortfall of the costs of the Sisters' welfare and apostolic activities over their covenanted income.
- ◆ Charitable Works development fund of £12m (2008 - £11.2m). This fund is invested for growth to underpin the long-term financial needs of the Works. This need is connected with the long term aim of reviewing the financial and legal structure of the charity.
- ◆ Worldwide fund of £2.5m (2008 - £4.2m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide, including India, Pakistan, Africa and South America.
- ◆ Capital commitments fund of £2.8m (2008 - £3.7m) representing amounts committed as authorised fixed asset expenditure which has been planned and agreed at 31 March 2009, and which will be met out of general unrestricted funds.

All the designated funds are represented by fixed asset investments or bank balances.

Section 5 - Financial Review (continued)

5f - Designated Funds (continued)

One implication of the drop in value of the investments is that the Sisters' Fund has had to be reduced to reflect the existing investment values. This fund is now considerably less than the required level, and the trustees recognise that it is likely to take several years to rebuild the fund.

5g - Pension reserve

The pension reserve relates to the defined benefit scheme at St Elizabeth's Centre which is fully explained in the notes to the financial statements. At 31 March 2009 there is a deficit of £1,472,000 (2008 - surplus of £157,000) and this turnaround was expected in the latest actuarial valuation (not on an FRS17 basis). The current level of contributions is provided for within the normal operating budget of St Elizabeth's Centre.

Section 6 - Investments

As part of the process of revaluing properties, a number of properties were identified as being investment properties, in that they are not used for charitable activities; they are comparatively minor in relation to the property portfolio overall. These accounts now therefore refer to listed investments and investment properties.

The investment properties were not previously identified as such, and their valuation at £680,000 is all an unrealised investment gain.

6a - Investment policy

The charity's listed investment objective is to preserve capital value in real terms and a growing income over time. Sufficient investments are held in Ireland to produce the income required in the local currency; all other investments are held in the UK.

The trustees have had an ethical investment policy for many years as they believe that some investments are incompatible with the Sisters' spirituality and ethos and the charity's objects. They also believe that the overall return on the investments is not materially reduced by their ethical stance.

Responsibility for the day to day management of the portfolios is delegated to the two investment managers Davy Stockbrokers in Ireland and BlackRock in England, who both operate within guidelines agreed with the trustees. Withdrawals at present are made to meet the costs of Sisters' Communities and the costs of the developments at the Community properties.

Section 6 - Investments (continued)

6a - Investment policy (continued)

The Irish portfolio is to cover future liabilities of the Congregation in Ireland and therefore is held mainly in Euros. In view of the volatility in the world, and particularly the Irish, market last year a temporary change was made in the asset allocation resulting in a greater cash holding. Since the year end the allocation has reverted to its normal level and the fund is more fully invested. The investments are in listed Irish equities, fixed interest instruments, international equities, exchange traded funds, leading equity funds and some exposure to syndicated Irish and international property investments.

The BlackRock portfolio comprises fixed interest stocks and listed UK and overseas equities, with an exposure to commercial property and defensive hedge fund of funds. The investments comprise segregated stocks and shares as well as pooled investments. The pooled investments are used where it is the preferred way of investing and managing risk, for example in investing overseas or in property.

6b - Investment review and performance

The investment managers' results are reviewed twice a year at Province Finance Advisory meetings, where up to date reports are reviewed, performance against the benchmarks is monitored, and any issues concerning ethical investment or corporate governance are discussed.

For both investment managers, a composite benchmark is calculated reflecting the agreed asset class allocations and using appropriate indices for each asset class. The actual performance against the benchmarks for each of the investment managers for the year ended 31 March 2009 was as follows:

	Benchmark %	Actual %
UK investments – BlackRock	(22.3)	(21.7)
Irish investments – Davy	(26.8)	(21.6)

The market value of investments at 31 March 2009 was £38.7m (2008 - £45.7m), a decrease of £7m.

6c - Ethically and socially responsible investment

The trustees have a policy of Socially Responsible Investment (which they take to include ethical issues and matters of corporate governance of the companies in which they are invested) and this policy, together with its effects and implications, are considered at every meeting with the investment managers. The charity's SRI policy applies to all direct investments and has regard to the definitions prescribed by the Ethical Investment Research Service ("EIRIS") which continually monitors companies' activities and reporting.

Section 6 - Investments (continued)

6c - Ethically and socially responsible investment (continued)

No charity funds are invested in companies which generate income wholly 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 adopt more ethical and socially responsible policies and procedures.

In addition all BlackRock investments are screened to ensure that the companies comply with the International Labour Organisation standards.

6d - Charifaith

In October 2006, BlackRock launched an ethical fund called Charifaith, which invests in a way that follows Catholic teaching. The trustees supported the launch of the fund with an investment of £5m. The support was given as one of the fund's principal aims was to provide a secure and beneficial home for the investment funds of small to medium sized charities in an ethically structured way.

Thanks

The trustees wish to record that none of the charity's work could be achieved without the dedicated loyalty of around 1,450 staff employed by the charity, the efforts of all the full-time and part-time volunteers (around 600), the commitment and effort of the Sisters (77 at 31 March 2009) or without the continuing generosity and input of their benefactors and advisors. The trustees are also extremely grateful to all members of the Advisory Committees and Governing Bodies who contribute to the charity's work by devoting their time and expertise.

To them all, they offer their thanks and their prayers.

Signed on behalf of the trustees



Trustee and Provincial Superior

Approved by the trustees on: *19 November 2009*

Independent auditors' report 31 March 2009

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

We have audited the financial statements of The Congregation of the Daughters of the Cross of Liege for the year ended 31 March 2009 on pages 46 to 71 which have been prepared under the accounting policies set out on pages 51 to 55.

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 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 and 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 independent auditors

As described on page 10 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 trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements 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 information given in the trustees' report is consistent with the audited financial statements.

In addition, we report to you if, in our opinion, the charitable company 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 charitable company is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

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

Independent auditors' report 31 March 2009

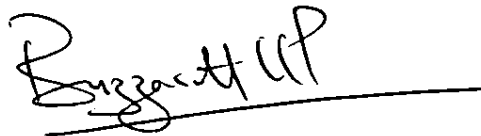
Basis of opinion (continued)

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 financial statements 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 financial statements.

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charitable company's state of affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the trustees' report is consistent with the financial statements.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

3 December 2009

Statement of financial activities Year to 31 March 2009
Including the statement of total recognised gains and losses

		Unrestricted funds		Restricted funds	Total funds	Total funds
		General fund	Designated funds		2009	2008
	Notes	£'000	£'000	£'000	£'000	£'000
Income and expenditure						
Incoming resources						
Incoming resources from generated funds						
Voluntary income		1,300	—	2,014	3,314	4,247
Activities for generating funds		162	—	956	1,118	1,053
Investment income		2,562	—	128	2,690	2,403
		4,024	—	3,098	7,122	7,703
Incoming resources from charitable activities						
Religion		26	—	—	26	338
Health and welfare		35,280	—	1,032	36,312	37,641
Health, welfare and education		18,676	—	182	18,858	16,949
		53,982	—	1,214	55,196	54,928
Total incoming resources	1	58,006	—	4,312	62,318	62,631
Resources expended						
Cost of generating funds						
Costs of generating voluntary income		117	—	517	634	593
Fundraising trading: cost of running charity shops		66	—	580	646	616
Investment management costs		256	—	—	256	250
		439	—	1,097	1,536	1,459
Charitable activities						
Religion	2	2,113	—	—	2,113	1,829
Health and welfare		32,611	—	3,594	36,205	34,438
Health, welfare and education		18,099	—	193	18,292	16,617
Other		816	—	—	816	83
		53,639	—	3,787	57,426	52,967
Governance	3	391	—	19	410	426
Total resources expended		54,469	—	4,903	59,372	54,852
Net incoming (outgoing) resources before transfers		3,537	—	(591)	2,946	7,779
Transfers between funds						
Restricted to general	12	3,434	—	(3,434)	—	—
General to designated	13	(24,749)	24,749	—	—	—
Net (outgoing) incoming resources for the year before other recognised (losses) gains		(17,778)	24,749	(4,025)	2,946	7,779

Statement of financial activities Year to 31 March 2009
Including the statement of total recognised gains and losses

		Unrestricted funds		Restricted	Total	Total
		General	Designated	Restricted	funds	funds
		fund	funds	funds	2009	2008
	Notes	£'000	£'000	£'000	£'000	£'000
Statement of total recognised gains and losses						
Net (outgoing) incoming resources for the year before other recognised (losses) gains		(17,778)	24,749	(4,025)	2,946	7,779
Losses on investments	7	(9,582)	—	(247)	(9,829)	(2,439)
Actuarial (losses) gains on pensions	17	(1,743)	—	—	(1,743)	563
Gains on investment properties		680	—	—	680	—
Gains on revaluation of freehold land and buildings		28,688	—	—	28,688	—
Net movement in funds		265	24,749	(4,272)	20,742	5,903
Fund balances brought forward at 1 April 2008		20,155	96,102	6,855	123,112	117,209
Fund balances carried forward at 31 March 2009		20,420	120,851	2,583	143,854	123,112

	2009 £'000	2008 £'000
Historical cost net movement in funds		
Net movement in funds	20,742	5,903
Losses on fixed asset investments	9,829	2,439
Gains on investment properties	(680)	—
Gains on revaluations of freehold land and buildings	(28,688)	—
Actuarial losses (gains) on pensions	1,743	(563)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	109	117
Realised investment (losses) gains based on historic cost	(1,570)	5,716
Historical cost net movement in funds	1,485	13,612

Continuing operations

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

Balance sheet 31 March 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible fixed assets	6		83,444		52,277
Investments	7		38,759		45,726
			122,203		98,003
Current assets					
Stocks		1,138		1,150	
Debtors	8	6,047		7,668	
Term deposits		7,718		4,426	
Cash at bank and on deposit		17,221		18,683	
		32,124		31,927	
Creditors: amounts falling due within one year	9	(5,902)		(4,984)	
Net current assets			26,222		26,943
Total assets less current liabilities			148,425		124,946
Creditors: amounts falling due after more than one year	10	(3,099)		(1,991)	
Total net assets excluding pension (liability) asset			145,326		122,955
Net pension (liability) asset	17	(1,472)			157
Total net assets			143,854		123,112
Represented by:					
Funds and reserves					
Restricted funds	12		2,583		6,855
Unrestricted funds					
.. Designated funds	13				
.. Fixed asset fund		81,524		48,233	
.. Other		39,327		47,869	
		120,851		96,102	
General fund excluding pension reserve		21,892		19,998	
Pension reserve	17	(1,472)		157	
General fund including pension reserve		20,420		20,155	
Total unrestricted funds			141,271		116,257
Total charity funds			143,854		123,112

Signed on behalf of the trustees:

V. Hagen
Trustee and Provincial Superior

E. Petteny
Trustee and Provincial Bursar

Date of approval: *19 November 2009*

Cash flow statement Year to 31 March 2009

	Notes	2009 £'000	2008 £'000
Cash inflow from operating activities	A	5,662	7,231
Return on investments and servicing of finance			
Investment income		2,690	2,403
Capital expenditure and financial investment	B	(7,257)	(1,806)
	D	1,095	7,828
Management of liquid resources	C	(3,292)	357
Financing	C		
Decrease in bank loans		(254)	(250)
Increase in other long term liabilities		1,443	170
(Decrease) increase in cash		(1,008)	8,105

Notes to the cash flow statement for the year to 31 March 2009.

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

	2009 £'000	2008 £'000
Net incoming resources before other recognised (losses) gains	2,946	7,779
Depreciation charge	3,076	3,352
Net gains on disposal of tangible fixed assets	(26)	(338)
Pension finance income	(32)	(59)
Pension cost less contributions payable	(82)	4
Investment income	(2,690)	(2,403)
Decrease in stocks	12	60
Decrease (increase) in debtors	1,621	(1,365)
Increase in creditors	837	201
Net cash inflow from operating activities	5,662	7,231

Cash flow statement Year to 31 March 2009

B Gross cash flows

	2009 £'000	2008 £'000
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(5,566)	(5,033)
Net proceeds from sales of tangible fixed assets	37	419
Payments to acquire investments	(15,754)	(9,972)
Proceeds from the sales of investments	13,514	12,294
Other movements	512	486
	(7,257)	(1,806)

C Analysis of changes in net funds

	At 1 April 2008 £'000	Cash flows £'000	At 31 March 2009 £'000
Available cash			
. Cash at bank and in hand	18,683	(1,462)	17,221
. Cash held by investment managers	3,740	454	4,194
	22,423	(1,008)	21,415
Management of liquid resources			
. Net cash placed on term deposit	4,426	3,292	7,718
Bank loans			
. Debt due within one year	(51)	(81)	(132)
. Debt due after one year	(1,821)	335	(1,486)
	(1,872)	254	(1,618)
Other long term liabilities	(170)	(1,443)	(1,613)
Total	24,807	1,095	25,902

D Reconciliation of net cash flow to movement in net funds

	2009 £'000	2008 £'000
(Decrease) increase in cash in the year	(8)	8,105
Increase (decrease) in term deposits	2,292	(357)
Decrease in bank loans	254	250
Increase in other long term liabilities	(1,443)	(170)
Increase in net funds	1,095	7,828

Principal accounting policies 31 March 2009

Scope

The financial statements disclose the financial position and results of the charitable company, which incorporate and aggregate the results of the Province with its Works which are:

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

The Sisters' residences are situated at the above locations and in Blackley, Manchester; Broadstairs, Kent; Bury, Lancashire; Hammersmith, London; Hayle, Cornwall; Lindisfarne, Holy Island; Stillorgan (Dublin), Ireland; Stockton and Tracy, California, USA.

The financial statements 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 financial statements 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), have been followed in the preparation of these financial statements.

Non-aggregated activities – St Philomena's School, Carshalton and Holy Cross College, Bury
The charity owns the property at St Philomena's, Carshalton, which is a Voluntary Aided School funded by the Local Education Authority and the property at Holy Cross College, Bury, Lancashire, which is a Catholic Sixth Form College funded by the Learning and Skills Council. The School and College are exempt charities and therefore separate legal entities. The charity does not exercise control over the activities nor the management of either organisation and derives no financial benefit from them. The income, expenditure, assets and liabilities are not therefore incorporated into these financial statements.

Basis of accounting (continued)

Non-aggregated activities – St Philomena’s School, Carshalton and Holy Cross College, Bury (continued)

As the School and College are carrying out activities which further 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 School and College land and buildings cannot be disposed of in the open market nor put to alternative use whilst such occupation continues. The freehold property is therefore considered to have no value for the purpose of these financial statements.

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.

Voluntary income

- ◆ Donations represent income given by individuals, corporations and trusts including recoverable taxation.
- ◆ 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 charitable activities where they 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.
- ◆ 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 from the donation of their salaries and pensions.

Activities for generating funds

- ◆ Income from activities for generating funds comprises income from running charity shops, a lottery and from holding fundraising events.
- ◆ Charity shops’ income arises mainly from the sales of donated goods and is accounted for on receipt. Donated goods stock has no value for financial statement purposes.

Investment income

Investment income, representing dividends and interest, includes any associated tax recoverable.

Income from charitable activities

- ◆ Fees and charges are derived from individuals, health insurance companies and Public Authorities and are stated exclusive of VAT.
- ◆ Other income represents the hire of consulting rooms, proceeds from the sale of food and sundry income generated by the Works.

Resources expended

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

Cost of generating funds

This represents the costs of fundraising and those of generating voluntary income. It includes the running costs of the charity shops, as well as the salaries of fundraising staff. It also includes the fees charged by investment managers for managing the charity's investments.

Charitable activities

The costs of the charitable activities are disclosed under the four objects for which the charity was formed. Religion reflects the costs of the Sisters' ministry in the UK, Ireland and the USA and includes the costs of their welfare. The Sisters of the Congregation are beneficiaries of the charity as well as donors to it. Health and welfare reflects the costs of running St Raphael's Hospice, St Anthony's Hospital, Holy Cross Hospital and St Wilfrid's Care Home. Health, welfare and education mainly reflects the costs of running St Elizabeth's Centre.

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

Governance

Governance costs are those which relate to the general running of the charity, including compliance with constitutional and statutory requirements and the overseeing of the Works. These costs are principally audit fees, the cost of legal and other professional advice to the trustees and staff costs. As the governance of the charity is mainly carried out by the trustees, there is very little extra cost over and above their ministry and welfare costs as Sisters of the Congregation and nothing is included for them.

Tangible fixed assets

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

The majority of freehold land and buildings under the total control of the trustees and in use within the charity were valued at 31 March 2009 on a depreciated replacement cost or an existing use basis.

The costs of having professional valuations are considerable and in previous years the trustees adopted a policy of not revaluing the charity's tangible fixed assets, as permitted by Financial Reporting Standard 15 - Tangible Fixed Assets (FRS 15). However, the operational requirements of the charity have required a revaluation of freehold land and buildings and the trustees have decided to include the values in the financial statements. As required by SORP and FRS 15, these values will in future be updated on a regular basis.

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 revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	20 - 25% on cost

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

Investments

Investments are included at their market value. 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. 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.

Term deposits

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

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, and include those funds which have to be spent at a particular Work. 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 general funds of the charity's hospice.

Designated funds

Designated funds are those funds earmarked by the trustees for a specific purpose. 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.

The funds represented by fixed assets are treated as designated funds.

Fund accounting (continued)

General fund

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

Pension reserve

The pension reserve represents the amount of the surplus or deficit relating to the charity's long term obligations under defined benefit pension schemes. It is equal to the amount recognised as a pension scheme asset or liability. Whilst the surplus or deficit is required to be recognised in the charity's financial statements by FRS17, it is an amount which will be addressed over the medium term, following actuarial recommendations and is therefore not considered part of the charity's reserves for the purposes of its reserves management policy.

Pension costs

Defined contribution schemes

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.

Defined benefit schemes

The charity contributes to two defined benefit pension schemes (The Pensions Trust and the Teachers' Pension Scheme) providing benefits based on either final or career-average pensionable salary, depending on the scheme. The assets of the schemes are held and managed separately from those of the charity.

- ◆ Teachers' Pension Scheme (TPS) is a multi-employer defined benefit scheme. As it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers, the contributions to the scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.
- ◆ The Pensions Trust pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities in recognised gains and losses for the period. Other movements are charged to the statement of financial activities.

Notes to the financial statements 31 March 2009

1 Incoming resources

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2009 £'000	Total funds 2008 £'000
Voluntary income				
. Donations	109	1,297	1,406	1,689
. Legacies	95	717	812	1,531
. Covenanted income from Sisters of the Congregation – salaries and pensions	1,096	—	1,096	1,027
	1,300	2,014	3,314	4,247
Incoming resources from activities for generating funds				
. Charity shops	129	744	873	834
. Lottery and events	33	212	245	219
	162	956	1,118	1,053
Income from investments				
. UK investments	1,416	40	1,456	1,114
. Overseas investments	168	—	168	169
. Interest receivable	155	—	155	44
	1,739	40	1,779	1,327
Other finance income				
. Interest receivable	791	88	879	1,017
. Pension finance income	32	—	32	59
	2,562	128	2,690	2,403
Incoming resources from charitable activities				
Religion				
. Net gain on sale of tangible fixed assets	26	—	26	338
Health and welfare				
. Fees and charges	34,343	—	34,343	33,603
. Grant	—	1,010	1,010	1,006
. Other	937	22	959	3,032
	35,280	1,032	36,312	37,641
Health, welfare and education				
. Fees and charges	18,389	—	18,389	16,510
. Grants	—	182	182	162
. Other	287	—	287	277
	18,676	182	18,858	16,949
Total incoming resources	58,006	4,312	62,318	62,631
2008	57,499	5,132	62,631	

Included within other income in 2008 under Health and Welfare is a VAT refund, plus related interest, amounting to £2m relating to recovered VAT paid between 1973 and 1997.

Notes to the financial statements 31 March 2009

1 Incoming resources (continued)

Included in the covenanted income from Sisters of the Congregation is £121,000 (2008 - £118,000) which was charged to the activities run by the charity (see note 4).

2 Charitable activities

a) Summary

	Direct £'000	Grants and donations £'000	Total 2009 £'000	Total 2008 £'000
Religion	2,056	57	2,113	1,829
Health and welfare	36,018	187	36,205	34,438
Health, welfare and education	18,240	52	18,292	16,617
Other	15	801	816	83
	<u>56,329</u>	<u>1,097</u>	<u>57,426</u>	<u>52,967</u>
2008	<u>52,445</u>	<u>522</u>	<u>52,967</u>	

b) Analysis of "Direct" charitable expenditure

	Staff Costs £'000	Depreciation £'000	Other direct costs £'000	Total 2009 £'000	Total 2008 £'000
Religion	499	294	1,263	2,056	1,784
Health and welfare	20,777	2,023	13,218	36,018	34,093
Health, welfare and education	14,372	735	3,133	18,240	16,537
Other	—	—	15	15	31
Total charitable expenditure	<u>35,648</u>	<u>3,052</u>	<u>17,629</u>	<u>56,329</u>	<u>52,445</u>
2008	<u>32,936</u>	<u>3,322</u>	<u>16,187</u>	<u>52,445</u>	

Included within direct charitable expenditure are the following:

	2009 £'000	2008 £'000
Interest payable	88	134
Operating lease rentals		
· land and buildings	187	153
· other	104	107

2 Charitable activities (continued)

c) Grants and donations

	Total 2009 £'000	Total 2008 £'000
Support for worldwide Congregation:		
. Liege Generalate	781	—
. Germany	149	310
. Other Provinces/Regions	99	169
	1,029	479
Other grants and donations	68	43
	1,097	522

The grant to the Generalate (the Superior General and General Council responsible for the Congregation worldwide based in Liege) was funds which had always been designated for their use but which the trustees have now granted to them, to provide a more solid financial base from which they can support other Provinces around the world.

3 Governance costs

	2009 £'000	2008 £'000
Staff costs	203	185
Professional fees	197	195
Other costs	10	46
	410	426

Professional fees include payments to the auditors for audit fees of £138,000 (2008 - £155,000).

Fees paid to the charity's auditors for other services, some of which relate to and have been included under charitable activities, amounted to £46,000 (2008 - £14,000) which all relates to financial and general advice.

4 Staff costs and trustees' remuneration

	2009 £'000	2008 £'000
Wages and salaries	29,941	27,842
Social security costs	2,670	2,512
Other pension costs	686	807
	33,297	31,161
Payments for agency staff	2,335	1,917
Other staff related costs	825	645
	36,457	33,723

4 Staff costs and trustees' remuneration (continued)

Staff costs have been charged as follows:

	2009 £'000	2008 £'000
Cost of generating funds	606	602
Charitable activities	35,648	32,936
Governance costs	203	185
	36,457	33,723

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

The trustees are Sisters of the Congregation and are not remunerated for their work as trustees. They are, as are all Sisters, beneficiaries of the charity and the charity meets the costs of their ministry, welfare and well-being.

Included in wages and salaries is £121,000 (2008 - £118,000) 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 average monthly number of employees, analysed by function was:

	2009		2008	
	F.T.E.*	Actual People	F.T.E.*	Actual People
* Full-time equivalents				
Charitable activity				
. Religion	17	23	11	19
. Health and welfare	579	747	571	732
. Health, welfare and education	541	627	503	582
. Fundraising	33	44	29	44
	1,170	1,441	1,114	1,377
Volunteers		615		506
		2,056		1,883

In addition, the number of agency staff, on a full-time equivalent basis, was 107 (2008 - 84).

4 Staff costs and trustees' remuneration (continued)

The governance of the charity is dealt with by the Sisters themselves acting, where appropriate, after considering the advice of their professional advisors and with the assistance of the Company Secretary and various members of the Works' Senior Management Teams. The full time equivalent number of people involved in Governance is 2 (2008 – 2) and these individuals are included in the summary above within their main work activity.

The number of employees who earned £60,000 per annum or more (including benefits but excluding pension contributions) during the year was as follows:

	2009	2008
£60,001 - £70,000	4	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	2
£90,001 - £100,000	4	2
£120,001 - £130,000	—	1
£130,001 - £140,000	1	—
£140,001 - £150,000	1	1
£150,001 - £160,000	1	1

Pension benefits are accruing under defined benefit pension schemes to 2 employees (2008 – 1) included above. Payments to defined contribution pension arrangements in the year amounted to £52,767 (2008 – £44,371) in respect of 6 employees (2008 – 5) included above.

5 Taxation

The charity is not liable to 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 £1.8m (2008 – £1.0m).

6 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold property £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 April 2008	58,355	15	19,569	831	78,770
Additions	4,335	—	1,167	64	5,566
Disposals	(9)	—	(73)	(73)	(155)
Revaluations	16,213	—	—	—	16,213
At 31 March 2009	78,894	15	20,663	822	100,394
At cost	2,248	15	20,663	822	23,748
At valuation - 2009	76,646	—	—	—	76,646
	78,894	15	20,663	822	100,394
Depreciation					
At 1 April 2008	10,665	15	15,191	622	26,493
Charge for year	1,811	—	1,163	102	3,076
Disposals	(1)	—	(73)	(70)	(144)
Revaluations	(12,475)	—	—	—	(12,475)
At 31 March 2009	—	15	16,281	654	16,950
Net book value					
At 31 March 2009	78,894	—	4,382	168	83,444
At 31 March 2008	47,690	—	4,378	209	52,277

Included in freehold land and buildings are amounts for land at cost and valuation of £21.0m (2008 - £9.6m) which has not been depreciated.

The majority of the charity's freehold land and buildings were valued as at 31 March 2009 principally by an external valuer, Nigel Grugeon FRICS of Stanley Hicks, Chartered Surveyors. Valuations were in accordance with the requirements of the RICS Valuation Standards and Financial Reporting Standard 15 - Tangible Fixed Assets (FRS 15).

6 Tangible fixed assets (continued)

The bases of valuation in all cases was:

- ♦ depreciated replacement cost for specialist buildings, and
- ♦ existing use value for non-specialist buildings which are occupied by the Province, or
- ♦ market value for those properties which are either surplus to requirements or are held as investments.

The depreciated replacement cost approach has been adopted to assess the market value of those properties where the specialised nature of the asset meant that there were no market transactions of this type of asset, except as part of the business or entity.

In arriving at the existing use or market values, the principal valuer has involved and consulted with other valuers who have more local knowledge where appropriate, and in particular with Richard Roberts FRICS of Mullucks Wells, Chartered Surveyors, who was involved with the valuation of the property in Much Hadham.

The property remaining at cost is the hydrotherapy facility at Holy Cross Hospital which had not been fully completed or brought into use at the year end.

The difference between the net book value of freehold land and buildings at 31 March 2009 and the revalued amount has been dealt with in the statement of total recognised gains and losses.

7 Fixed asset investments

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

	2009 £'000	2008 £'000
Net unrealised investment losses	(10,341)	(2,925)
Other movements	512	486
Losses on investments	(9,829)	(2,439)

The realised loss relating to disposals based upon historic cost was £1.6m (2008 – gain of £5.7m).

Notes to the financial statements 31 March 2009

7 Fixed asset investments (continued)

	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Investments (note a)		33,885		41,986
Cash (note a)		4,194		3,740
		38,079		45,726
Investment properties (note b)		680		—
Total fixed asset investments		38,759		45,726

(a) Investments

Market value of investments at 1 April 2008		41,986		47,233
Additions at cost		15,754		9,972
Sale proceeds		(13,514)		(12,294)
Net unrealised investment losses		(10,341)		(2,925)
Market value of investments at 31 March 2009		33,885		41,986

Historical cost of investments as at 31 March 2009	40,820	40,897
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Investment cash

Cash held for re-investment by investment managers

. In the UK	888		1,327	
. Overseas	3,306		2,413	
Investment cash		4,194		3,740
Total investments at 31 March 2009		38,079		45,726

	UK 2009 £'000	Overseas 2009 £'000	Total 2009 £'000	Total 2008 £'000
Analysis of investments at market value at 31 March 2009:				
Pooled funds	17,230	—	17,230	21,246
Shares listed on stock exchanges	10,723	2,276	12,999	17,056
Unlisted shares	1,794	1,862	3,656	3,684
	29,747	4,138	33,885	41,986

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.

Notes to the financial statements 31 March 2009

7 Fixed asset investments (continued)

(a) Investments (continued)

Included in the listed investment portfolio at 31 March 2009 are the following material investments, taken as being in excess of 5% of the value of the portfolio:

	% of portfolio valuation	£'000
Charishare Tobacco Restricted Common Investment Fund – distribution units	12.54	4,248
Charifaith Common Investment fund	12.01	4,069
BlackRock UK Property Fund	9.23	3,127
Blackrock International Equity Fund	8.37	2,837
Charinco Common Investment Fund – distribution units	7.29	2,469

(b) Investment properties

	Freehold land and buildings £'000
At 1 April 2008	—
Net investment gains	680
At 31 March 2009	680

Arising from the freehold land and buildings' revaluation, three small properties were identified as being investment properties in that they are not used to deliver charitable services. They were owned at the time of the previous valuation, but were not then identified as investment properties nor separately valued, hence their year-end value is all represented by investment gains.

8 Debtors

	2009 £'000	2008 £'000
Amounts recoverable within one year		
· Operational debtors	4,653	4,511
· Other debtors	607	2,422
· Prepayments	787	735
	6,047	7,668

Other debtors in 2008 included a VAT refund and related interest of £2m received in April 2008.

Notes to the financial statements 31 March 2009

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Operational creditors	1,209	975
Social security and other taxes	763	734
Sisters' funds	243	248
Contribution to compensation scheme	1,208	1,030
Grants payable	127	180
Fixed asset creditors	435	503
Income received in advance	337	348
Accruals	1,102	791
Other creditors	346	124
	5,770	4,933
Bank and other loans (note 11)	132	51
	5,902	4,984

10 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amount due to the worldwide Congregation	1,613	170
Bank and other loans (note 11)	1,486	1,821
	3,099	1,991

11 Bank and other loans

	2009 £'000	2008 £'000
Loans repayable:		
Between one and two years	266	304
Between two and five years	398	456
After more than five years	822	1,061
	1,486	1,821
Within one year	132	51
	1,618	1,872

These two unsecured loans were provided to St Elizabeth's Centre and contributed to the cost of the new school building and the Social Enterprises. They are at interest rates of between 5% p.a. and 6.85% p.a. and will be fully repaid by 2023.

	2009 £'000	2008 £'000
Bank loans	1,500	1,750
Other loans	118	122
	1,618	1,872

Notes to the financial statements 31 March 2009

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 2008 £'000	Net incoming resources £'000	Transfers £'000	Other movements £'000	At 31 March 2009 £'000
Hospice funds	3,500	(498)	(1,893)	—	1,109
Holy Cross Hospital	2,735	94	(1,515)	(247)	1,067
Sundry funds	620	(187)	(26)	—	407
	6,855	(591)	(3,434)	(247)	2,583

◆ Hospice funds

The general funds of St Raphael's Hospice can only be applied for the benefit of the hospice and have, therefore, been treated as restricted.

◆ Holy Cross Hospital

In 2006 the charity received a legacy which had to be used at Holy Cross Hospital and is therefore restricted. The funds have been used to build and run a hydrotherapy facility.

◆ Sundry funds

These funds relate to many small funds across the Works of the Congregation.

13 Designated funds

	At 1 April 2008 £'000	Transfer from (to) general funds £'000	At 31 March 2009 £'000
Fixed asset fund	48,233	33,291	81,524
Other funds			
• Sisters' fund	27,000	(7,000)	20,000
• Charitable works development fund	11,208	835	12,043
• Worldwide fund	4,163	(1,707)	2,456
• Capital commitments fund	3,723	(949)	2,774
• Sundry funds	1,775	279	2,054
	47,869	(8,542)	39,327
	96,102	24,749	120,851

13 Designated funds (continued)

The designated funds have been set aside for specific purposes by the trustees out of unrestricted funds, although they may ultimately use such funds for other 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 amounts due to contractors and bank loans), has been established as a designated fund.

◆ **Sisters' and Contingency fund**

The Sisters' fund relates to monies earmarked and invested to produce income to meet the shortfall of Sisters' covenanted income over the costs of their welfare and apostolic activities and provision for the care of their elderly members. As the underlying investments have reduced in value, this fund has had to be reduced by £7m to £20m despite the fact that it is less than the required amount.

◆ **Charitable works development fund**

The Charitable works development fund was established to help secure the future financial needs of the Works of the Congregation and is represented by investments.

◆ **Worldwide fund**

This is to provide funds, as recommended by the Generalate based in Liege, to enhance or develop the Works of the Worldwide Congregation.

◆ **Capital commitments fund**

This fund represents amounts committed as authorised fixed asset expenditure for projects planned and agreed at 31 March 2009, and which will be met out of funds already generated.

◆ **Sundry funds**

These relate to other designated funds established by each of the Works' management teams and approved by the trustees. The major part of this relates to Works' maintenance funds.

Notes to the financial statements 31 March 2009

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 2009 are represented by:					
Tangible fixed assets	—	83,444	—	—	83,444
Fixed asset investments	4,130	—	34,629	—	38,759
Net current assets (liabilities)	19,375	(434)	4,698	2,583	26,222
Other liabilities	(3,085)	(1,486)	—	—	(4,571)
Total net assets	20,420	81,524	39,327	2,583	143,854
Unrealised (losses) gains included above:				2009 £000's	2008 £000's
On tangible fixed assets				35,595	7,042
On investment assets				(6,935)	1,123
On pension scheme				(1,132)	157
Total unrealised gains at 31 March 2009				27,528	8,322

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

15 Capital commitments

	2009 £'000	2008 £'000
The capital commitments at 31 March 2009 were:		
Contracted but not provided for in the financial statements		
. Community properties	2,456	1,497
. Hydrotherapy project at Holy Cross Hospital	261	1,845
. Decontamination Suite at St Anthony's Hospital	—	129
. Other	57	252
Total commitments	2,774	3,723

There were no commitments authorised but not contracted for.

16 Related party disclosures

Sisters

The Sisters of the Congregation are beneficiaries of the charity, in that the costs of their ministry, welfare and well-being are met by the charity. The trustees, including the Provincial Superior and the Provincial Bursar, are all Sisters and they are not remunerated for their services. No trustee had any beneficial interest in any contract with 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. Total grants of £1,029,000 (2008 - £479,000) were made during the year to the worldwide Congregation, details of which are in note 2c.

17 Pension commitments

Two of the major Works operate pension schemes, providing pensions under both defined benefit and defined contribution arrangements.

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

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2009 £'000	2008 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	98	99
St Elizabeth's Centre	Defined benefit	The Pensions Trust	247	294
St Anthony's Hospital	Defined contribution	Scottish Equitable plc	307	364
Other contributions			34	50
			686	807

Teachers' Pension Scheme (TPS)

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

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. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

17 Pension commitments (continued)

Teachers' Pension Scheme (TPS) (continued)

Under the definitions set out in Financial Reporting Standard 17, 'Retirement Benefits' (FRS 17), the TPS is a multi-employer pension scheme. St Elizabeth's Centre is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Centre 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 on the scheme and the implications for the Centre in terms of the anticipated contribution rates. The pensions cost is assessed not less than every four years, with a supporting interim valuation in between 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:

Latest actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Gross rate of return	6.5% per annum
Real rate of return in excess of:	
♦ Prices per annum	3.5%
♦ Earnings per annum	2.0%
♦ Rate of real earnings growth per annum	1.5%
Value of assets at date of last valuation	£163,240 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98%
The employers' contribution rate for the year was	14.1%.

The Pensions Trust

The Pensions Trust administers pension schemes for charities and voluntary organisations and St Elizabeth's Centre operated a funded defined benefit pension scheme. The scheme does not contract members out of the State Second Pension.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary using the projected unit method.

17 Pension commitments (continued)

The Pensions Trust (continued)

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	30 September 2005
Actuarial method	Projected unit
Investment returns per annum	4.8 – 6.9%
Average inflation per annum	2.75%
Salary increases per annum	4.25%
Market value of assets at date of last valuation	£4,938,000
Proportion of members' accrued benefits covered by the actuarial value of the asset	88%

The employer 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.

Movement in (deficit) surplus during the year

	2009 £000	2009 £000	2008 £000	2008 £000
Surplus at 1 April 2008		157		(461)
Current service cost – total operating charge		(237)		(298)
Contributions		319		294
Analysis of net charge on pension scheme				
Expected return on pension scheme assets	360		359	
Interest on pension liabilities	(328)		(300)	
Net finance credit		32		59
Amounts recognised as other gains and losses				
Actual return less expected return on pension scheme assets	(1,442)		(606)	
Experience gains and losses arising on the scheme liabilities	(229)		47	
Change in financial and demographic assumptions underlying the scheme assets	(72)		1,122	
Actual (losses) gains recognised		(1,743)		563
(Deficit) surplus at 31 March 2009		(1,472)		157

Other normal pension disclosures regarding assumptions, the scheme assets and the experience of gains and losses have been excluded as they are extensive and the scheme is a very small part of the charity's operations. Details can be obtained from the Company Secretary.