

REGISTRAR OF COMPANIES

The Congregation of the Daughters of the Cross of Liege

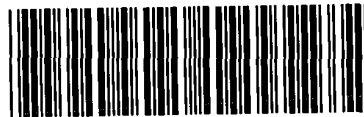
Annual Report and Financial Statements

31 March 2017

Company Registration Number: 03492921

Charity Registration Number: 1068661

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1 Summary of activities

The activities of the charity can currently be considered under five headings.

- ◆ The ministry of the Sisters
- ◆ St Elizabeth's Centre, Much Hadham, Hertfordshire
School, Home, College, Children's Home, and adult Respite Care Facility for those affected by epilepsy and associated disabilities supported by a Health Agency and a Domiciliary Care Agency
Senior Officer: James Connolly *Website: stelizabeths.org.uk*
It has 260 beneficiaries, 690 employees and 350 volunteers
- ◆ Holy Cross Hospital, Haslemere, Surrey
Hospital for the treatment of neurological disability and similar long-term conditions
Senior Officer: Chris Hinton *Website: holycross.org.uk*
It has 40 rooms, 40-50 beneficiaries, 130 employees and 34 volunteers
- ◆ St Raphael's Hospice, Cheam, Surrey
Care of the dying and their families both in the Hospice itself and in the local community
Senior Officer: Mike Roycroft *Website: straphaels.org.uk*
It has 14 rooms, over 1,200 beneficiaries, 140 employees and 680 volunteers
- ◆ St Wilfrid's Care Home, Chelsea, London
Care home for the elderly
Senior Officer: Ann Stuart *Website: stwilfridssw3.org.uk*
It has 44 rooms, 40-45 beneficiaries, 50 employees and up to 10 volunteers

These activities are supported by a small central staff who deal with statutory and charity-wide matters, including monitoring the investments and funding Sisters' Communities. The Centre also encompasses the lay care staff dealing with Sisters in Haslemere, Surrey and Stillorgan, Ireland.

Our finances

	2017	2016
Total expenditure	£38.2m	£38.0m
Total income	£37.3m	£36.1m
Total staff costs	£27.8m	£27.5m
Net expenditure before investment gains and losses	£(0.9m)	£(1.9m)

Our people

Employees	1,048	1,021
Volunteers	1,118	1,118
Sisters	54	58

2 Trustees

The trustees, all of whom served throughout the year and up to the date of approval of this report, are:

Sister Veronica Hagen
Chairperson and Chief Executive of the Charity
Provincial Superior and Chairperson of the Provincial Council

Sister Mary McGinn (aka Sister Mary Geraldine)
Provincial Bursar

Sister Patricia Ainsworth*

Sister Annette Clemence*

Sister Anne Kelly*

Sister Shirley Lowe (aka Sister Mary Agnes)*

* Members of the Provincial Council

Trustees' thanks

None of the charity's work could be achieved without the dedicated loyalty of around 1,000 staff employed by the charity, the efforts of all the full-time and part-time volunteers (also around 1,000), the commitment and effort of the Sisters (54 at 31 March 2017) or without the continuing generosity and input of their benefactors and advisers.

The trustees are also extremely appreciative of all the members of the Advisory Committees and Governing Bodies who contribute to the charity's work by devoting their time and expertise.

To all these groups, the trustees offer their grateful thanks and their prayers.

Strategic Report

3 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 2017. The trustees' report, including the strategic report, has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report for the purposes of the Companies Act 2006.

The financial statements are presented in accordance with the accounting policies on pages 58 to 63 and comply with the requirements of the Charities Act 2011, the Companies Act 2006, the charity's Memorandum and Articles of Association, applicable laws, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015.

4 Charity's aim and objects

The aim of the charity is to provide a legal framework in the UK for the Sisters to follow their calling and to meet the obligations set out in their own Constitution.

Sisters have been working in the UK since 1863 when the English Province was established. In 1910 the Sisters' work was given a more formal framework under a trust deed and in 1998 the activities were transferred to a charitable company limited by guarantee, the objects being based on their Constitution. The charity is established to:

- ♦ advance religion, by establishing and maintaining residencies for the Sisters of the Congregation.
- ♦ advance education, by establishing and maintaining educational institutions in accordance with Canon 803 of the Code of Canon Law.
- ♦ relieve poverty and suffering, by establishing and maintaining hospitals, hospices, nursing homes and residential homes for the sick, elderly and needy.
- ♦ advance religion, advance education and relieve poverty and suffering, by direct activity in the community and by all other charitable means, including giving alms to the needy.
- ♦ carry out any other charitable purpose for the benefit of the community as the trustees shall from time to time determine.

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, among other things, teaching and caring for others. To quote from the Sisters' Religious Constitution "They serve Christ in the works of general and special education, the care of the sick and the aged, abandoned children, the physically, psychologically and mentally challenged, the socially deprived, local pastoral work and the various needs of the Church". The Sisters do not see the objects as five different activities but as all part of the one Religious life they have chosen.

The Religious commitment of the Sisters permeates all of the charitable activity done in the name of the Province and the charity.

5 Activities

The trustees are pleased that during the year the charity has continued to provide a broad range of excellent services. The charity is unusual in providing such a wide range of services and, despite the differences between them, the common feature is the ethos and charism of the Sisters. Many of the charity's services are very much needed in their locality and wider afield, because Governmental, charitable and private organisations find such services difficult to provide.

5 Activities (continued)

Many people have once again been helped with their care, education, health, or medical needs in a very challenging environment of inadequate funding and ever-increasing regulation and inspections. Management, staff, and volunteers across the charity do a wonderful job in providing excellent services to beneficiaries with good or outstanding results from the multiplicity of inspections that take place over the course of a year.

The Sisters, in Communities in England, Ireland and the USA, continue to bring assistance, enthusiasm, support, and compassion to all those with whom they interact, whilst at the same time offering them a spiritual dimension.

During the Daughters of the Cross' 155-year existence in England, they have set up and run many different activities around the country to meet the needs of the locality and the community at the time. As needs and the economic environment have changed, activities have been started or adapted and closed, sold or given to others to manage.

The individual strategies and performance of the "Works" (as the Sisters refer to them) have been and continue to be very different and for this reason a separate section has been included in this report for each of them.

6 Objectives of the charity

If there continues to be a need for the Works (as there seems to be), then trustees will attempt to secure their futures in organisations separate from this charity and the Sisters, providing that those futures are viable and long-term. This is necessary because, as time passes, there will eventually be an insufficient number of Sisters with the appropriate skills to be responsible for them.

Until those separate futures have been determined, the four Works will be run to their traditional high standard and the Sisters will continue to carry out their work in accordance with their Constitution for as long as each of them is able to do so.

These two objectives are both short and long-term because, from trustees' past experience, it is impossible to control how quickly separate futures can be arranged.

7 Strategy of overall charity

- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Ensure that the management teams have the required capacity and capability to run the Works in line with their set objectives.
- ◆ Run the Works in a way which meets all regulatory standards and ideally exceeds them.
- ◆ Provide appropriate premises, equipment and vehicles so that the work can be undertaken.
- ◆ Provide healthy and safe environments for beneficiaries, staff, volunteers, visitors, and anyone else affected by them.

7 Strategy of overall charity (continued)

- ◆ Provide education and training to a wider audience than staff where it is a desirable and practicable thing to do.
- ◆ Secure the necessary funding to pay for the services being provided.
- ◆ Ensure that everyone involved with the charity treats all people with whom they come into contact with respect and dignity.
- ◆ Explore every option, and take all necessary advice, to find the most appropriate future for each of the Works as far as the charity and all their stakeholders are concerned.
- ◆ Ensure that all services are good value for money.

8 Achievements and performance of overall charity and criteria for success

By the nature of the charity and the work of the Sisters, its success is in continuing to provide the highly-specialised staff, appropriate facilities, and the infrastructure to look after people who are all in need of considerable care and attention every day. For many of the beneficiaries, the charity's facilities will be their homes for the rest of their lives, which may be just a few years or in many cases, those at St Elizabeth's Centre for example, could be 50 years or more. This care and education has been provided to the required standard or higher and has made a real difference to beneficiaries' lives.

St Elizabeth's offers a medical, social, and educational model of care and treatment for people with epilepsy and associated disabilities. It has cared for 264 people during the year and provided formal education to 89 of those between the ages of 5 and 25. Holy Cross Hospital has cared for 45 people with complex neurological disabilities or illnesses caused by accidents or from degenerative illnesses. St Raphael's Hospice has provided terminal care and support for around 1,200 people within the Hospice and their own homes, and in many cases has supported their families and friends. St Wilfrid's Care Home has cared for 43 very elderly residents, for both long-stay and respite care. In all cases the beneficiaries are given the best quality of life that they are able to experience. The Sisters have continued ministering amongst the staff and beneficiaries within the Works, and in their local parishes, prisons, and all the many other places in which they volunteer.

There are many other achievements described in the rest of this report.

Continuing this much-needed work is in itself a success. Other criteria that the Sister trustees and other Sisters would use to measure success are:

- ◆ Being satisfied with what they see and hear when talking to staff, beneficiaries and others connected with the various facilities, bearing in mind that they are living around beneficiaries all the time.
- ◆ Being satisfied with what they read in Advisory Committee reports and the discussions at Advisory Committee meetings.
- ◆ Being reassured from the feedback from the many beneficiary and other surveys, both formal and informal.

8 Achievements and performance of overall charity and criteria for success

(continued)

- ◆ Being reassured from reports and feedback from the many Regulators, particularly the Care Quality Commission (CQC) and Ofsted and from the various authorities which commission the services.
- ◆ Knowing that any complaints are fully dealt with and revised procedures put in place where necessary.
- ◆ Sisters being reassured at first-hand that beneficiaries are content and enjoying their lives.
- ◆ Knowing that the charity is meeting, and ideally exceeding, the standards set by the many Regulators and Inspectors.
- ◆ Generating financial surpluses which can be reinvested in facilities.

Examples of data from some of the sources noted above are included in the sections of this report describing the Works' achievements in the year.

The trustees are satisfied that the charity had another successful year, with the one main exception being that the charity suffered a deficit, explained in more detail in the financial review.

9 Reports on each part of the charity

9.1 Sisters' activities

Like most charities established by Religious Sisters, their involvement makes the charity very different from most other charities in that they are trustees, part of management, donors and beneficiaries. There are six Sister trustees who, like all Sisters, covenant their salaries and pensions to the charity. Having taken a vow of poverty they have no financial resources of their own and they are provided for by the charity as beneficiaries. The Sisters have spent their entire working lives in one or other of the past or present Works and when they reach their later years the charity continues to care for them. As Sisters age, the care and support being given to them in the Community is gradually increasing.

In the Works, Sisters work as part of the management teams and in other roles in support of the beneficiaries. Where Sisters are not based at one of the Works, and despite the advancing age and frailty of some of them, they are involved working voluntarily in parishes, hospices and various organisations. This includes full-time and part-time duties as Hospital Chaplains or Pastoral Assistants supporting spiritual needs, general Parish Ministry (including visiting the housebound and sacramental preparation), volunteering in various organisations including RESULTS and JPIC, as well as offering practical support in local care homes, hospices and day facilities. Other Sisters are involved in visiting prisoners, bereavement counselling, counselling those with learning disabilities and in ecumenical projects that offer practical help to the homeless and people on low incomes. Wherever there is a need to be met in their locality, if it is practical and possible, the Sisters endeavour to meet it.

9 Reports on each part of the charity (continued)

9.1 Sisters' activities (continued)

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 Province's frail and elderly Sisters are cared for in appropriately adapted accommodation in Haslemere, Surrey and Stillorgan, Ireland within a Community setting and with the help of lay staff. The costs are significant but this strategy avoids the need for Sisters to go into the full-time and even more expensive care of others.

Sister Communities are also supporting adult groups known as Associates of the Daughters of the Cross. These are people who wish to embrace the Charism and Ethos of the Congregation and who in turn support the Congregation's ministries with their prayers. The English Province Sisters support Associates in Carshalton, Cheam, Jarrow and Much Hadham in England, Stillorgan in Ireland and Tracy in the USA, and there are other groups of Associates in many of the countries in which the Congregation works.

9.2 St Elizabeth's Centre

Activities

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

- ◆ a residential non-maintained Special School and Children's Home ("the School") with facilities for 80 boarding and day pupils from aged 5 to 19.
- ◆ a College ("the College"), for those in the 18-25 age range who aspire to more independent lifestyles; the College has 26 on-site tenanted accommodation units; it is supported by its own Domiciliary Care Agency, which is regulated and monitored in its own right.
- ◆ a residential Care Home with Nursing ("the Home") housing over 100 adult residents in a "village" of modern bungalows. For residents and external clients, the Home offers Social Enterprises (Ashvale (a Horticultural enterprise), the Jewellery Project, and the Drawing Room) and Day Services. There is also a 5-bed Respite Unit for external clients.
- ◆ A regulated Health Agency which every day of the year provides 24-hour Nursing and Therapy services to all beneficiaries across the Centre.

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.

9 Reports on each part of the charity (continued)

9.2 St Elizabeth's Centre (continued)

Strategies

- ◆ The School - Achieve long-term increases in the number of pupils, through providing high standards of education and care; through Children's Home placements, through the provision of modern accommodation and classroom facilities and through the development of closer links with referring authorities.
- ◆ The College - Develop the College programme, including the Day Programme, to meet learners' aspirations and their complex needs with a particular focus on independent living.
- ◆ The Home - Continue to work with funders to ensure that funding matches costs and continuously improve the service to meet the needs of residents; improve 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 residents, pupils and learners.
- ◆ Maintain the ethos of the Centre and provide care and support to all residents, pupils and learners living at the Centre, those moving into and from the Centre, and those attending as day placement or for respite care.
- ◆ Support appropriately the families and carers of residents, pupils and learners.

Objectives and achievements

The Centre's plans for 2016-2017 included the following objectives:

Objective	Achievement
Build on improvements to the admissions process across the Centre to increase pupil recruitment in the School.	Achieved Greater volume of enquiries and pupil numbers increased from 39 in March 2016 to 41 in March 2017.
Reduce the reliance on agency staff.	Partly Achieved Although staff turnover has improved, agency staffing levels have remained high.
Launch the fundraising appeal for the planned capital development and commence the build of the first bungalow.	Not Achieved Delays in securing planning permission and in recruitment to key posts have delayed the launch of the appeal.
Commence the renegotiation of fees for long-standing residents.	Achieved Major negotiations are underway and continuing with the largest referring Local Authority.

9 Reports on each part of the charity (continued)

9.2 St Elizabeth's Centre (continued)

Objectives and achievements (continued)

All the Centre's CQC and Ofsted ratings are "Good", with the exception of that for the College. Achieving "Good" in this service was one of the key objectives for 2017-2018 and this was achieved in November 2017.

Total income was broadly similar to last year, and demand for services remains between reasonable and strong in most areas. Income in the School, including the Children's Home, stabilised during the year following the move to the 52-week provision. The challenge in the Home of increasing fees for long-standing residents is well under way and should improve the Centre's results in future years by producing a better balance between income, staff vacancies and agency costs.

The Centre's costs increased by 2% to £20.7m and once again the Centre's total income did not cover the costs resulting in a deficit of £917,000 (2016 - £394,000). There were deficits in each of the three services with the majority relating to the Home.

Whilst preparing for the launch of the appeal and the building of two new bungalows, the Centre continues to improve the School and Centre-wide facilities and there are plans to open two new charity shops in 2017-2018 to enhance the portfolio and make up for the closure of one of the poorer-performing shops during the year.

Future plans and events

There have been no significant events since the end of the financial year. The main plans for 2017-2018 are to:

- ◆ Maintain and grow pupil numbers in the School and College, whilst avoiding large fluctuations in numbers from year to year.
- ◆ Develop new facilities for the children and residents.
- ◆ Achieve a "Good" rating in the College at the next Ofsted inspection.
- ◆ Maintain or improve the current "Good" ratings for Adult Services, the Health Agency and the College Domiciliary Care Agency.
- ◆ Re-organise the adult care services to improve cost effectiveness whilst maintaining the same high standards.
- ◆ Launch the fundraising appeal for the planned capital development and commence the build of the first bungalow.
- ◆ Reduce the reliance on agency staff.
- ◆ Complete Home fees' negotiations with all referring authorities.

9 Reports on each part of the charity (continued)

9.3 Holy Cross Hospital

Activities

Working in close co-operation with the NHS (from which most patients are referred), Holy Cross Hospital is committed to providing high quality services to adults with severe and complex neurological disabilities or illnesses that may arise from Acquired Brain Injury, Spinal Cord Injury or the advanced stages of degenerative illness. It has a Physiotherapy Centre which includes a Hydrotherapy Pool and this is enhancing the treatment of many inpatients. The Centre also provides excellent facilities for outpatient treatment and the Hospital makes the benefit of physiotherapy, including hydrotherapy, available to as many local people as possible. The Hospital is also able to provide short-term rehabilitation and respite care.

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 Clinical Commissioning Groups (CCGs) who are responsible for funding such healthcare services.

The Hospital aims to achieve the best possible quality of life for all those using its services, with a high priority being given to engaging the support and participation of family members. Much effort is devoted to making the Hospital environment as "home-like" as possible and donations and the work of volunteers make a major contribution to this.

Strategies

- ◆ Provide services that are complimentary to those available locally through the NHS and to do so in co-operation with statutory authorities and other healthcare professionals.
- ◆ Continue to develop services in neuro-disability and associated rehabilitation of physically disabled adults by increasing knowledge and expertise of staff, collaborating with other professionals and improving facilities.
- ◆ Operate the Physiotherapy Centre as a service to local people, offering high quality and accessible physiotherapy services and classes.
- ◆ Maintain and develop comprehensive training programmes for staff and make these available as appropriate to other local care providers and agency staff.

9 Reports on each part of the charity (continued)

9.3 Holy Cross Hospital (continued)

Objectives and achievements

The Hospital's plans for 2016-2017 included the following objectives:

Objective	Achievement
Introduce a new role of Practice Development Manager.	Not Achieved Upon further review and analysis it was decided that this role was not needed.
Arrange and host another conference on advances in relation to the Disorders of Consciousness following on from the first successful event in June 2014.	Achieved Another successful conference was held over two days in September 2016.
Analyse the potential benefits, in terms of both quality of care and efficiency, of the digital capture and analysis of patient data.	Partially Achieved Good progress made. Project to continue in 2017-2018.
Complete the piped oxygen and suction project.	Partly Achieved Good progress made, and will be completed once the St Hugh's building work is complete.

The Hospital started and ended the year fully occupied. There were four admissions during the year all funded by CCGs. The condition of one patient improved sufficiently to allow a return home, and there were two deaths. The Hospital continued to provide up to eight beds for patients requiring assisted ventilation. There was continued growth in the physiotherapy and neuro-therapy outpatient services during the year, and the Physiotherapy Centre is now operating close to full capacity.

After many years of no fee increases, the Hospital did achieve some increases this year, but many NHS Commissioners awarded either no or minimal inflation uplifts and the resultant financial risk therefore continues. Proper fees were agreed for the newly admitted patients and the risk resulting from under-funded patients is kept under constant review.

The Hospital's costs were maintained at a similar level to last year at £5,673,000 and with its increased total income up by 7%, it was able to eliminate its deficit (£155,000 last year) and achieve a break-even position.

The Hospital made further investment in plant and equipment replacements and upgrades, including a new telephone system, cold water storage tanks, and a new heating control panel to help reduce energy costs. The new St Hugh's building contract was going well and should have been completed around the end of the year when, at the end of February 2017, the contractor had financial difficulties and could not complete the contract. A new contractor was appointed in May 2017 and the building was completed in September 2017.

9 Reports on each part of the charity (continued)

9.3 Holy Cross Hospital (continued)

Objectives and achievements (continued)

The Hospital encourages feedback in any form on its services, whether informal to staff during the course of their daily rounds or through the annual Patient Satisfaction Survey. This survey contained many compliments for the care given. In addition, the Clinical Team received feedback on services from NHS Commissioners through their regular reviews. Every one of the reviews during the year confirmed that the expectations of the Commissioner had been fully met or exceeded.

The CQC's periodic statutory inspection was last carried out in February 2014 and seven Inspectors arrived in March 2017 for a new inspection. Trustees are delighted that they had no major concerns, identified no breaches of regulations, and gave the Hospital an "Outstanding" rating.

The Hospital participated in the annual national assessment process "PLACE" (Patient Led Assessment of the Care Environment) which scores such aspects as cleanliness, tidiness, food service and maintenance. The assessment team included patients and visitors and the results indicated that very high standards were being maintained in all areas.

Future plans and events

Since the year end, the specially designed training, office and storage building (St Hugh's) has been completed with the formal opening ceremony taking place in October 2017. Objectives for the ensuing year include:

- ◆ Further research into an electronic patient record system, culminating in identifying and possibly purchasing the system.
- ◆ A review of the end-of-life care planning processes.
- ◆ Complete the piped oxygen and suction project.
- ◆ Purchase and commission new outpatient booking and note taking software.
- ◆ Develop the learning and development policy and programme to make full use of the facilities in St Hugh's.

9.4 St Raphael's Hospice

Activities

The Hospice opened in 1987, so the end of the financial year saw the start of activities to mark the 30th Anniversary of St Raphael's. Although the basic philosophy and ethos of the Hospice have not changed over that time, the way in which the care is provided has changed significantly, in particular the switch of emphasis from caring for our patients in the Hospice to caring for them in their own home.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Activities (continued)

Nonetheless, the Hospice continues to provide, free of charge, excellent patient-centred specialist in-house care for those patients who require symptom control or pain relief who cannot be adequately managed by the Hospice's and other respite and terminal care services in the community, mainly the people of the London Boroughs of Sutton and Merton. It welcomes, respects, and supports patients, their families, and its staff 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, friends and carers during the final stages of terminal illness, with attention being paid particularly to patients' ethnic and religious backgrounds. In common with the Hospice movement generally, it is involved in the Palliative Care Education Programme which promotes best practice in palliative care.

Inpatient care is provided for patients referred by their GPs, with a Day Centre running three 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, around 140 staff (of whom 100 are part-time), and 680 volunteers, up from 640 last year. The Hospice also has around 40 "Bank staff" who are people who do not want to commit to working any specific hours. It also has a Social Work Team to assist the patient's family during the course of the terminal illness and thereafter and they offer a Bereavement Support Service for those who require that support.

St Raphael's is firmly embedded in the work of the South West London Cancer Network and in education. The Hospice provides an extensive educational programme, designed to improve awareness and develop best practice in the delivery of palliative care, both for its own staff and for GPs and Managers of Care Homes in the community.

Strategies

- ◆ Maintain the delivery of the highest possible standards of care to patients and their supporters.
- ◆ Continue to promote training and education in palliative care.
- ◆ Build on the existing high quality team of volunteers in order to maximise the benefits to patients and the volunteer's satisfaction in working with them.
- ◆ Find ways to balance its budget, by increasing income, by reducing costs, or ultimately by reducing its services.
- ◆ Systematically review the structure, process and outcome of patient care.
- ◆ Maintain a constant drive to be a learning organisation and, through learning, to achieve continual improvement.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Objectives and achievements

The Hospice had the following objectives for 2016-2017:

Objective	Achievement
Secure the long-term viability of the Hospice.	Ongoing Given the situation faced by the whole of the NHS, negotiating and obtaining funding from CCGs continues to be extremely challenging but progress appears to be being made. Fundraising in the Hospice sector continues to be difficult and the Hospice is recruiting to enhance its Fundraising and Retail teams.
Achieve re-accreditation against the Investing in Volunteers' standard.	Achieved Re-accreditation was achieved in October 2016.
Carry out a variety of improvement projects, embraced in the Hospice's Quality Account so that processes generate more or higher quality evidence and information for internal assessment and/or regulatory submission.	Achieved and Ongoing Three examples: <ol style="list-style-type: none">1 Development of data extraction from the electronic Patient Administration system that supports compliance with the NICE guidance NG31 Care of Dying Adults.2 Sustained drive to assure data integrity of electronic patient records which support the National Minimum Dataset.3 Achieving submission of evidence determining compliance with Standard 14 of the NHS's Information Governance Toolkit.

The Hospice was inspected by the Care Quality Commission in July 2016, and the trustees are pleased to report that the report makes no negative comments or observations and the CQC rating was judged as "Good".

The Management carried out its second staff survey in September 2016 and, although the number of responses were down, issues raised in both surveys continue to be addressed. The results of the surveys are monitored by the comparatively new Staff Consultative Group who also act as a conduit for staff's thoughts and concerns.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Objectives and achievements (continued)

There were 1,010 referrals to the Hospice (2016 – 1,031) and over the year around 1,200 patients were supported by the clinical team. There were 218 admissions, which resulted in 2,699 patient days of inpatient care (2016 – 322 admissions and 3,875 patient days of inpatient care). Around 390 patients and family members were supported by the Bereavement Team.

This year there were 12 clinical complaints of which 9 were upheld, and practice was reviewed in all of them.

This year the Community Palliative Care Team made 3,411 visits (2016 – 3,421) to patients in their own homes and of these 500 (2016 – 620) were new referrals. The Hospice at Home Service received 368 referrals and made 2,080 follow-up visits (2016 – 297 referrals and 1,887 follow-up visits). The Inpatient Unit admitted 218 patients (2016 – 332) and had an occupancy rate based upon available beds of 83%. The total number of day care attendances was 1,357 (2016 – 1,922).

The Hospice's first "VOICES" Survey report of bereaved carers whose relatives, partners or friends received support and care from the Hospice was drafted. It covers experiences in the last months of life and is used nationally to monitor and improve services provided. Information from the report will be incorporated by the Office for National Statistics into its annual report – the National Survey of Bereaved People.

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. The grants from Clinical Commissioning Groups increased by 3% this year to £1.4m, but this still only met 24% of the £5.8m total costs, including fundraising, compared with 23% last year.

Fundraising in the Hospice sector remains very challenging. Whilst there were modest increases in income from the lottery and the charity shops (£107,000), they did not cover the drop in donation and legacy income (£135,000). Management achieved a 4% reduction in costs and with the small increases in the CCG grant and other income, the Hospice was able to achieve a £306,000 reduction in its deficit, resulting in another £624,000 having to be taken from reserves; this is in addition to the £930,000 taken from reserves last year.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Future plans and events

There have been no significant events since the end of the financial year. The Hospice has these objectives for 2017-2018:

- ◆ Building upon work done this year, work with the CCGs and any other relevant agencies to ensure that the finances of the Hospice are more robust and that all services are affordable.
- ◆ Review the staff medical cover within the Hospice to ensure that adequate cover is available at all times.
- ◆ Undertake an improvement project on the International Patient Outcome Scale (iPOS) and ensure integration of the results into the practical clinically-led assessment process.
- ◆ Develop a dashboard for the completion of patient documentation for the Inpatient Unit.
- ◆ Facilitate the benchmarking of incident data between hospices by submissions to Hospice UK.
- ◆ Improve the data quality checks and housekeeping reports that support data assurance and information integrity.

9.5 St Wilfrid's Care Home

Activities

Working closely with the Local Authority, St Wilfrid's Care Home provides a caring and quality environment for men and women over the age of 65 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 in exercising choice and control over their lives and in retaining 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. Where there is a need, the Home occasionally provides respite care.

It has 44 beds and a staff complement of around 50, including 12 staff coming from agencies. It implements a very active social programme for residents and has good links with all manner of local organisations. A chapel is provided for residents, staff, and people from the locality and this is open at all times for those who wish to make use of it. Daily Roman Catholic services are held and the chapel hosts Anglican Communion Services twice a month. It was inspected by the CQC in March 2016 and has a "Good" rating.

St Wilfrid's large function room and garden lounge are used free of charge for meetings and away-days by various outside groups and agencies such as the Parkinson's Society and Cor Christi. The Home also welcomes pensioners from the Royal Hospital and other groups from the locality to various functions.

9 Reports on each part of the charity (continued)

9.5 St Wilfrid's Care Home (continued)

Strategies

- ◆ Remain a centre of excellence for residential care and continue to enhance the Home's profile in the community.
- ◆ Actively involve residents, their families and all supporting agencies, in the running of the Home.
- ◆ Continually review systems and training programmes that develop staff, support and enhance residents' lifestyles, and ensure regulatory compliance.
- ◆ Hold regular care-plan review meetings with residents and their families to ensure that plans fully reflect their needs and choices and meet statutory requirements.
- ◆ With local hospice involvement, support residents and their families with robust End of Life plans to enable residents to be cared for in the Home rather than enduring a transfer to hospital.

Objectives and achievements

The Home had the following objectives for 2016-2017:

Objective	Achievement
Increase occupancy levels.	Not achieved For many and varied reasons explained below.
Reduce the need for agency staff.	Not achieved This was due to continuing staff turnover.
Develop the use of social media and website for better communication.	Ongoing An interim project manager has been recruited to take this project forward for completion by March 2018.
Replace the call-bell system.	Partly achieved Project progressed. Completed November 2017.
Refurbish main car park area and security around it.	Partly achieved A CCTV system has been installed to improve security and refurbishment of the main car park has been deferred.
Enhance the use and management of staff.	Partly achieved and ongoing Some progress has been made. In view of staffing issues, this may become a long-term project.
Revisit the feasibility plan for refurbishing the kitchen.	Not achieved Project has been deferred.

9 Reports on each part of the charity (continued)

9.5 St Wilfrid's Care Home (continued)

Objectives and achievements (continued)

Average occupancy for the year remained very low at 36 (2016 – 36) compared with the 44 rooms available. A few years ago, the lower occupancy was planned to allow fire safety and lift refurbishment work. Since then a combination of staff re-organisation and turnover, residents entering the Home older and frailer, and the reluctance of the Local Authority to place residents in private Care Homes, has resulted in it remaining low despite attempts to increase it. The changing profile of residents also results in the comparatively short duration of residents' stays, which in turn affects average occupancy as rooms have to be refurbished and funding for new residents arranged.

During the year the Home cared for 43 residents (2016 - 47) with 11 being admitted, of whom eight were long-stay residents and three were short-stay places for convalescence and respite care (2016 - 11 and 3 respectively). Sadly during the year six (2016 – eight) residents died in the Home, supported by family, friends, staff and the multi-disciplinary team from the community. Four other residents died in hospital.

The low occupancy and the staffing challenges that this creates have been an ever-present focus during the year which has meant that a number of planned projects and other initiatives have not been addressed, although they continue to be included in future plans. Nevertheless, the Continued Professional Development programme for staff has been very effective and one senior carer, who was part of the pilot cohort completing a higher national diploma, has been so successful that he was invited to be a core speaker at the award ceremony.

In the latter part of the year, a project was started to transfer care plan documentation to a computerised system to enhance the person-centred care-planning process. The software has been installed and implementation will take place during 2017-2018.

Largely as a result of the low occupancy and the use of agency staff, the Home's costs were broadly similar to 2016 at £2,066,000 (2016 - £2,051,000) and these were not covered by the total Home income, resulting in an operating deficit of £284,000 (2016 - £279,000).

9 Reports on each part of the charity (continued)

9.5 St Wilfrid's Care Home (continued)

Future plans and events

There have been no significant events since the year-end.

The Home's objectives for 2017-2018 include:

- ◆ Install a new telephone system.
- ◆ Carry out a targeted service review within the Care Department.
- ◆ Enhance management reporting, with a view to making fee negotiation with families and authorities more transparent.
- ◆ Recruit more permanent staff and reduce reliance on agency staff.

10 Volunteers

The Sisters are, as Apostolic Religious, volunteers and the whole of their lives is given voluntarily to helping those in need.

The trustees and the management teams at each of the Works are very grateful to the hundreds of volunteers around the charity who give freely and generously of their time and who bring enthusiasm and dedication to their activities. The charity's activities are not totally dependent on them (although St Elizabeth's and St Raphael's Charity Shops could not run without them) but they nevertheless make an enormous contribution to the lives of the beneficiaries. The sheer variety and scale of the volunteers' contributions means that it would be impossible to try to put a value on their services.

Volunteers make a big contribution to the lives of the people living at St Elizabeth's. They are drawn from a wide variety of cultures and experiences and have much to offer. Its charity shops and other fundraising activities are supported by locally recruited volunteers. Local schools and colleges support the children and young people at clubs and activities like Scouts and Youth Club. Collectively the volunteers contribute over 600 hours a week to enhance the lives of the adults and children living at St Elizabeth's.

At Holy Cross Hospital volunteers make a significant contribution to the activities of the Hospital. They contribute to patients' quality of life by supporting social activities in the "Living Room" and outside in the wider community by helping with transport, outings, and fundraising through the Friends of Holy Cross Hospital.

At St Raphael's Hospice there were some 683 active volunteers during the year and they contributed 66,625 hours of their time, compared with 637 people and 67,840 hours last year. Many take on several roles. They cover a whole range of activities from Supporter Groups (242) and Charity Shops (161) through Receptionists (78) and Day Care (33) to Bereavement Support (5) and PATDogs (2). As well as their time, 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.

10 Volunteers (continued)

At St Wilfrid's, volunteers, including Sisters, are an integral part of the activities offered to residents. They support arranged activities and provide many stimulating opportunities including chess and coffee and chat time on site and at the Royal Hospital, Chelsea which is next door. Such activities support the residents' well-being; few of them would be able to attend social and cultural events off the premises if it were not for the generosity and care of the volunteers who make them feel special.

11 Financial Review (including Reserves)

Results

A basic analysis of the operating deficit and the overall results is as follows

	Works £000's	Sisters* £000's	Total 2017 £000's
2017			
Cost of providing services	(32,385)	(2,295)	(34,680)
Charitable activities' income	27,797	—	27,797
St Raphael's non-grant income (net)	1,585	—	1,585
Operating deficit	(3,003)	(2,295)	(5,298)
Other charity income (net)	841	3,565	4,406
Operating (deficit) income after other income	(2,162)	1,270	(892)
Investment gains			14,017
Net income			13,125
Pension scheme adjustment			471
Actuarial losses on pension scheme			(480)
Net movement in funds			13,116
	Works £000's	Sisters £000's	Total 2016 £000's
2016			
Cost of providing services	(32,290)	(2,319)	(34,609)
Charitable activities' income	27,276	—	27,276
St Raphael's non-grant income (net)	1,659	—	1,659
Operating deficit	(3,355)	(2,319)	(5,674)
Other charity income (net)	811	2,979	3,790
Operating (deficit) income after other income	(2,544)	660	(1,884)
Investment losses			(1,897)
Net expenditure			(3,781)
Pension scheme surplus written off			(635)
Actuarial losses on pension scheme			(211)
Net movement in funds			(4,627)

*Members of the Congregation

11 Financial Review (including Reserves) (continued)

Results (continued)

Figures quoted for the Works in their own sections may not agree in total to these charity-wide figures, as their results are spread across several headings in the Statement of Financial Activities and in practice they do not suffer the central support costs of the charity which, under Charity SORP FRS102, have to be spread across all activities.

The operating deficit shows a slight improvement of 7% on 2016 but there are many different recurring and one-off factors which affect the individual results during the course of a year. Suffice to say that the charitable income of each of the Works (plus the fundraised income in St Raphael's) is insufficient by some margin to meet the costs of providing services. This has been the case for some years.

The other charity income (predominantly investment income and Sisters' pensions) has increased by around £600,000 (plus 16%) which is due to the funds invested in the last two years generating a full year's income for the first time. This has resulted in the overall operating deficit reducing to £892,000 (a 53% reduction), after two years of rising deficits. There is a limit to what can be achieved by cost control and efficiency measures and although there has been some upward movement in a small number of fees for some Works during the year, the long-term threat to reserves and therefore to services remains.

The Works' Management Teams do an excellent job in maintaining or exceeding the necessary standards whilst coping with the many challenges facing them. These include the pressure on fees from the public and local authorities with which the charity works, the difficulty of recruiting sufficient and appropriate staff, the increasing complexity of the needs of beneficiaries, the ever-increasing demands of regulation, and the rises in costs over which the charity has no control, such as incremental staff increases, the apprenticeship levy and auto-enrolment pension contributions.

The financial issues within the Works are different from one another, but taken together their results are improved and there are signs that, with some fee increases now being approved, this may continue.

The charity cares for and educates those for whom the state largely has an obligation and, as a result, 70% of the charity's income, the same as last year, comes from public or statutory authorities. This increases to 93% as a proportion of charitable income (fees, charges and grants). The charity provides the buildings and infrastructure to enable the services to be provided and in principle these fees from public sources, with some private fees, should meet the running costs.

This is true for all Works except St Raphael's whose fundraising income, plus a £1.4m grant from its local CCGs, fall short of its £5.8m total costs, including fundraising. St Raphael's is the only activity which raises money directly from the public at large and this year has not been good for fundraising, with reductions in both its legacies and other fundraised income.

The capacity of each facility is largely unchanged from previous years and therefore the non-staff costs are fairly fixed; the staff costs have remained similar to last year at 73% of the total costs.

11 Financial Review (including Reserves) (continued)

Results (continued)

The trustees' and managements' focus is to improve their operating results as, for Works to continue successfully into the future, solutions have to be found.

External events and the subsequent rise in stock markets have generated significant gains in investment values this year which have provided welcome additional reserves from which to support the futures of the Works, but such gains should not and cannot be relied upon to cover operating deficits.

The sections on each individual Work give more information about their activities, the financial effects of them, and what they are doing to improve their own very individual financial situations.

Investment gains and losses

There were investment gains of £14,017,000 for the year (2016 – losses of £1,897,000). These are explained in the section on Investment management, review and performance.

Actuarial losses and gains on pension scheme

The last actuarial valuation of the St Elizabeth's Centre Final Salary Pension Scheme took place on 1 April 2015 and the resultant deficit was cleared by a one-off contribution of £1.25m. It had actuarial losses for the year of £480,000 (2016 – £211,000), the result of the judgements required of the actuaries when preparing their annual accounting valuation. At 31 March 2016, the annual accounting valuation showed a surplus of £635,000 which was written off. The annual accounting valuation at 31 March 2017 shows a reduction in the surplus of £471,000 to £164,000 which has been adjusted.

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 and agency staff salaries, constitute a large proportion of total costs. Reserves need to be held to meet these costs in the event of a downturn in occupancy or income or any other unforeseen eventuality, and to allow the charity to continue with the provision of services whilst specific action plans are developed and implemented. As such downturns tend to happen quickly and because the continuing costs would still need to be met, these free reserves tend to be held in cash.

The trustees consider that, given the level of annual expenditure 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. In the current economic climate of fairly static funding rates overall, of more difficult fundraising, and of costs having to be increased to meet changing and ever-increasing regulation and standards, the trustees consider that reserves should be towards the top of that range.

11 Financial Review (including Reserves) (continued)

Results (continued)

These "free reserves", which are funds that are neither restricted nor designated for a defined purpose, are represented on the balance sheet as the General Fund. Once its level is decided, trustees can consider other needs and what funds are available to be designated.

The General Fund (or free reserves) at 31 March 2017 stands at £17.1m (2016 - £15.1m) which represents around 5.40 months (2016 - 4.76 months) of the recurring annual expenditure which is within the reserves policy.

Restricted funds

Restricted funds of the charity relate to the free reserves of St Raphael's Hospice, plus monies which have either been raised or given 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 2017 they amounted to £5.4m (2016 - £5.6m) of which £3.2m (2016 - £3.2m) is in respect of the Hospice and £1.2m (2016 - £1.1m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Physiotherapy Centre, with the remainder (the restricted fund) being invested to help meet the running costs of the facility.

Designated Funds

The fixed asset fund amounts to £74.2m (2016 - £73.8m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

- ◆ Daughters of the Cross fund of £30.0m (2016 - £30.0m). This fund is established to ensure that the work of the Sisters is continued in the UK and around the world for as long as possible. It is invested for the long-term so that only the income is spent. For the time being, the income helps to meet the shortfall of the Sisters' covenanted income over the costs of their welfare and apostolic activities, together with meeting the care costs of the frail and elderly members.
- ◆ Charitable Works fund of £58.3m (2016 - £58.3m). This fund is invested to underpin the needs of the Works. Those needs are connected with the objective of finding long-term secure futures for them. This fund will also be used to meet any capital expenditure on facilities to cope with the increasing needs of beneficiaries. It is not possible at this time to calculate the amount which may be required to secure the Works' futures but this is the maximum currently available.
- ◆ Pension Scheme fund of £10.0m (2016 - nil). This is invested to secure the long-term future of the St Elizabeth's Centre Final Salary Scheme. An amount of £7.0m has been paid into the Scheme since the year-end.
- ◆ Worldwide fund of £6.0m (2016 - £5.3m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide.

The designated funds, other than the tangible fixed assets fund, are represented by fixed asset investments.

11 Financial Review (including Reserves) (continued)

Overall

The overall position, excluding investment gains, shows a reduction in funds of £892,000 (2016 - £1.9m). When the investment gains of £14.0m (2016 - losses of £1.9m) and the pension scheme loss of £9,000 (2016 - £846,000) are adjusted, the overall increase in funds is £13.1m (2016 - decrease of £4.6m). At 31 March 2017 the charity has total funds of £202m (2016 - £189m).

12 Investments

Investment policy

The charity's investment objective is to preserve capital value in real terms and to achieve a growing level of income over time. It has one investment policy and responsibility for the day to day management of the portfolio is delegated to all three managers, who operate in line with the policy. Their approach and strategies are very different, which gives additional comfort to trustees about spreading their investment risk.

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 policy is set with a view to investments being in line with the teachings of the Catholic Church. They believe that the overall return on the investments in any one year may not be materially reduced by their ethical stance, although they acknowledge that there may be a negative effect over the long-term due to the smaller universe being available for investment.

No charity funds are directly invested in companies which generate significant income from armaments, adult entertainment services, or companies which are involved in areas of activity contrary to the sanctity of life. In addition all investments are screened to check the companies' compliance with the International Labour Organisation standards. For other areas of investment (for example the environment or governance), 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. The investment managers, either internally or using external agencies, monitor companies' activities and the results, for those companies in which the charity is invested, are considered at all investment meetings.

Investment management, review and performance

The portfolios are invested for the long-term and comprise fixed interest stocks and listed UK and overseas equities, with an exposure to commercial property and other alternative investments. The investments comprise direct company holdings in both equities and bonds, together with pooled funds which are used by all managers to gain specific exposure and to manage risk. Income is withdrawn to meet central costs and the needs of the Works.

The portfolios have a significant exposure to UK and overseas equities and the trustees therefore accept that there will be considerable volatility in values. The asset allocation is continually monitored by the investment managers and the Province Finance Advisory Committee considered that all the movements in investment values were within acceptable parameters.

12 Investments (continued)

Investment management, review and performance (continued)

There have been a number of significant events during the year to which stock markets have reacted positively. The major one was possibly the result of the referendum to leave the European Union. This had the immediate effect of lowering the value of sterling which in turn, because so many UK companies are international, increased stock market values. Sterling fell to a 31-year low against the US dollar. This upwards momentum in the market was, for various reasons, maintained and the FTSE All-Share Index finished the financial year 15.3% higher than at the outset. In preparing for the referendum, the investment managers found it difficult to position the investments appropriately, and subsequently to deal with the effects of the result on the market, which has resulted in varied performances against the benchmarks.

Other events included a USA election, with another surprise result, a general election in the UK, a UK interest rate cut (albeit small, it was the first since 2009), and a rise in the USA interest rate (again a small one). The UK stock market remained resilient in the post-Brexit environment and the FTSE All-Share Index achieved an 18% increase during 2016 whilst the overseas index finished 30% higher.

The net result of these and many other events, and their effect on investment markets was to produce large investment gains of £14.0m against losses last year of £1.9m. This level of gain more than compensated for the repayment of approximately £12m to the International Generalate of the Congregation of the Daughters of the Cross, for which the charity held funds. The market value of investments ended the year at £107.9m compared with £105.7m at 31 March 2016.

The investment managers' results are reviewed formally at Province Finance Advisory Committee meetings, where up to date reports are reviewed, performance against benchmarks is monitored, and any issues concerning ethical investment or corporate governance are discussed. Composite benchmarks are arranged by each manager reflecting the agreed asset class allocations and using appropriate indices for each asset class. Actual performance against the benchmarks for the year ended 31 March 2017 was as follows:

(Shown on a total return basis)	Benchmark %	Actual %
BlackRock	19.37	20.26
Sarasin	16.60	12.50
Smith & Williamson	16.81	16.20

Variations from benchmark are explained by, and discussed with, the managers and appropriate action is agreed where necessary. As explained above, these variations in performance were not unexpected and the trustees have no significant concerns about them.

12 Investments (continued)

Investment management, review and performance (continued)

With this background to investments and investment markets, it is important that the trustees continue to take a long-term view and that they seek a reasonable level of diversification. They achieve this by using three investment managers who have different approaches and strategies, by investing in different asset types, by investing in the UK and overseas, and by holding pooled funds as well as stocks and shares.

A large part of the investment funds arose from the sale in 2014-2015 of St Anthony's Hospital. These funds are enabling the trustees to facilitate their objective of supporting the Works and ultimately helping to provide secure and sustainable futures for them, and in the case of St Elizabeth's Centre, their pensioners.

13 Fundraising

The charity is registered with the Fundraising Regulator. Fundraising is carried out at St Elizabeth's Centre primarily for funds to meet capital projects and at St Raphael's Hospice to provide income to cover its operating costs. Both Works have in-house fundraising teams who maintain high standards of ethical fundraising and whose procedures and activities are kept under regular review. St Raphael's employs a professional organisation to identify and sign-up new members for their lottery; this organisation works to the same high standards as St Raphael's itself. Neither organisation sells information in its databases nor makes them available to third-party organisations.

During the year, St Elizabeth's Centre had two fundraising complaints and St Raphael's Hospice had none.

14 Risk management

The charity works with vulnerable adults and children who have complex needs, and caring for them involves carrying out activities which entail inherent risk. Whilst actions can be taken to monitor, manage and mitigate risks, only a certain level of assurance can ever be obtained and the trustees accept that there are some risks which they cannot control and which cannot be mitigated. They are nevertheless committed to highly-developed risk management processes across the charity.

The process by which risks are managed is that management teams identify the major ones, and assess them for potential impact and the likelihood of occurrence. They review what steps are being taken to mitigate them and take additional actions as necessary to reduce the exposure to them. This applies not only at the overall level but also to particular events and activities and to specific beneficiaries. As far as possible each risk or area of risk is the responsibility of an individual or individuals and the mitigating actions are embedded into staff routines and responsibilities, so that they become an integral part of their daily work.

14 Risk management (continued)

There are risk registers at each Work which take different forms depending on their beneficiaries, the services being provided, and their management structure. They are kept under constant review by senior management. The processes are reviewed at least annually by Work's Advisory Committees. From their constant involvement with the Works, trustees are aware of and review the risk management processes to satisfy themselves that they are robust and appropriate.

The charity is exposed to the normal risks of prices for goods and services, credit risk and the recovery of debts, cash flow and liquidity risk. There are also the risks associated with the availability of investment income together with the volatility of investments, including the effects of investing overseas and in foreign currencies. The level of the charity's reserves deals with the implications of some of these. The most significant amongst the risks which the charity faces are those of:

Reputation - where any particular significant problem could result in a loss of income.

Staffing - where the difficulties of recruiting, training and retaining the appropriate staff complement creates potential issues of different kinds across the charity - more administration time, accepting more risk, and increased agency staff costs.

Safeguarding beneficiaries - where an incident could result in regulatory difficulties or approvals being withdrawn.

Funding - where organisations (particularly Public Authorities) not paying a proper level of fees and charges, or reducing the number or extent of referrals, or stopping using the charity's services altogether, results in lower income and could ultimately make activities unviable.

Laws and regulations - where the lack of compliance could result in loss of income or withdrawal of approvals, certifications, licences, etc.

Laws and regulations - where the ever-increasing burden placed on Works means that more and more resources have to be allocated to safeguarding processes and the administrative processes potentially detract from the care of beneficiaries.

Fundraising - St Raphael's is exposed to the variations in the ways that the public supports charities and the competition for funds which all charities face. When the income achieved does not meet the target, it threatens reserves and ultimately may result in a reduced range of services.

Many of the risks are inter-linked and actions are taken on a daily basis across the charity to mitigate them. The plans and strategies of managing those risks would include employing appropriately qualified staff, having up to date policies and procedures in place, running regular and frequent staff training courses, regular monitoring by management, and acting on the feedback from the many inspections that take place across the charity every year. The activities given here would, for example, help to mitigate the risk of losing the charity's reputation, safeguarding beneficiaries, and complying with the law and regulations. For all these significant risks, there will be a whole series of common and related actions carried out to mitigate each one of them.

15 Events since the year-end and future plans

The St Elizabeth's Centre Final Salary Scheme has been closed to new entrants for some time and closed to future accruals since February 2014. During the year, the administration of the Scheme was transferred to the central administration to consider how, in the long-term, the Scheme will meet all of its liabilities as they fall due. As part of these ongoing considerations, in July 2017 the charity made an additional contribution of £7m out of the Designated Fund established for the purpose.

Apart from this, the top priority remains to find the best possible and most appropriate futures for each of the Works, so that they can continue to provide much needed and valuable services to their communities, a practice which the trustees have been undertaking since the 1990s. The trustees will therefore continue to establish new structures and new ownerships whilst the charity continues to provide its services in the way it always has.

Other matters

16 Public benefit

All over the world, Sisters have lived and worked to help the public - not only to advance Religion but to bring relief and improvement through education, healthcare, and social work and in whatever other ways were open to them. The charity continues in this spirit.

St Elizabeth's Centre and Holy Cross Hospital provide services which are not widely available within the NHS or elsewhere. In an age of increased longevity, St Raphael's Hospice provides palliative care, increasingly in the Community rather than at the Hospice. St Wilfrid's Care Home gives a home to people who are often leaving their own in their nineties.

As required by the Charities Act 2011, the Charity Commission has issued guidance on the "public benefit requirement". The trustees have considered the guidance and have had regard to it when exercising any powers or duties to which the guidance is relevant. The trustees consider that many aspects of this report demonstrate the public benefit which the charity provides.

17 The environment

The trustees are aware of the charity's 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. St Elizabeth's Centre sources water from a borehole on site and generates a proportion of its electricity from a wind turbine on site. Whenever significant work is carried out on any of the charity's properties, opportunities are taken to reduce energy consumption, for example a number of buildings have solar roof panels to provide electricity for the charity or for sale to the networks. Much of the work done in previous years continues to give benefits to the environment.

18 Structure and governance

18.1 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 the Daughters of the Cross of Liege is governed at an international level by the Superior General and her General Council (the Generalate). They are elected every six years at a meeting of elected representatives from around the world called a General Chapter. At the 2012 General Chapter a Superior General and three General Councillors were appointed for a six-year term. The Superior General is Sister Kathleen O'Reilly and one of the Councillors is Sister Mary MacLaughlin, both of whom are Sisters of the English Province.

The English Province, which covers Communities in England, Ireland and the USA, is governed by the Provincial Superior (Sister Veronica Hagen) and her Provincial Council (Sister Mary Agnes, Sister Annette Clemence, Sister Patricia Ainsworth and Sister Anne Kelly) who were appointed for a three-year term in 2012 and who were reappointed for a second three-year term to serve until May 2018. The Provincial Bursar, Sister Mary Geraldine, is appointed by the Provincial Superior and this appointment continues until such time as a change is made. By reason of holding these offices, these six Sisters are the trustees.

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 a presence in Belgium, Brazil, Cameroun, Germany, India, Italy, Nepal, and Pakistan.

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.

18.2 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 trustees at 31 March 2017 are shown on page 2. They have all lived and worked for many years within one or other of the charity's Works and all have personal experience of the services which the charity offers or has offered to the public.

The charity is unlike most charities in that the trustees devote, along with all the 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.

18 Structure and governance (continued)

18.2 Governance and trustees (continued)

The trustees meet six times during the year on pre-arranged dates. Additional meetings are held as circumstances dictate to deal with time-sensitive issues such as changes to bank mandates, leases, etc. Trustees carry out Provider visits to the regulated activities to comply with legislation and, where it is more appropriate, trustees appoint others to carry out these visits. Opportunities are taken to develop and enhance trustees' knowledge and expertise, and during the year they have attended various conferences, seminars and training sessions on safeguarding, regulatory changes, financial, investment and governance issues, and on the Government's Prevent Strategy.

The Provincial Superior is the voting member of the Conference of Religious in England and Wales to which all Sisters belong, and the Provincial Bursar is a member of the Association of Provincial Bursars. Through these and other such memberships, through attending seminars and conferences, and through newsletters from their advisers and others, trustees keep themselves 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, accounting, property and investment. The trustees also benefit from the advice of the Province Finance Advisory Committee.

The charity has purchased insurance (premium £8,250, cover £5m) to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify them against the consequences of any neglect or default on their part.

19 Management

19.1 The Provincial Superior

The day to day activities of the charitable company are the responsibility of the Provincial Superior, who delegates the management to the local teams. 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 and attends meetings regularly, discussing current issues of the day and identifying those decisions which need trustee approval.

19.2 The Communities

There are seven Communities, five in the UK linked with the Works and the International Generalate, one in the USA and one in Ireland. Each Community has a Sister Superior who is appointed by the Provincial Superior and to whom is delegated authority and responsibility for it.

19 Management (continued)

19.3 The Works

At each of the Works, the Provincial Superior appoints a management team and, where appropriate, the Sister Superior or other nominated Sister is a member. The Sister Superior or nominated Sister has a frequent dialogue with trustees and acts as a conduit for trustees' decisions and management's feedback.

Each of the Works 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 of the School and College 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 of these Committees/Boards. 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 teams, whilst the Governing Bodies have additional responsibilities imposed by legislation and the School and College funding bodies.

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.

19.4 Employees

The charity has always been and remains committed to opposing discrimination in its many forms. 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 only exception to this policy is that for certain designated posts within the organisation, the post-holder has to be a Catholic.

Whenever an employee becomes disabled in any way, arrangements are made, wherever possible, to accommodate them by re-organising tasks, sharing roles and duties, and changing amenities. Their training, career development and potential promotion would be considered in the normal way within the non-discrimination policy.

The trustees, through the management teams, aim to keep employees informed and involved through staff briefing and training, staff groups, regular meetings, newsletters, notice boards and intranets.

19 Management (continued)

19.5 Key management personnel

The trustees are key management personnel although they are not remunerated. Other key management personnel are the Senior Officer at each of the Works (who has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross) plus the Company Secretary.

Their pay and remuneration is set by the Provincial Superior with regard to the pay structure in the relevant part of the organisation, in consultation with trustees and appropriate members of the Works' Advisory Committees and with regard to the external market.

20 Related parties

20.1 The Sisters

The Sisters of the Congregation covenant their salary and pension income to the charity. They are also beneficiaries of the charity in that the costs of their welfare and activities are met by it. 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.

20.2 Generalate of the Congregation

By means of a lease, the charity continues to provide accommodation for the central government of the Congregation. The International Generalate is the base for the Superior General and her Council who, under the structure of a separate registered English charity (Charity no. 1142490), guide, support and monitor the worldwide services of the Congregation.

20.3 Worldwide Congregation

The charity and the Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege. Grants, mainly from income from the designated Worldwide Fund, are made to other parts of the Congregation around the world so that the charitable objects can be fulfilled outside the UK.

21 Statement of trustees' responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 charitable company and of the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;

21 Statement of trustees' responsibilities (continued)

- ♦ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ♦ so far as she is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ she has taken all the 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 charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 4 December 2017 and it is signed on their behalf by:



Sister Véronica Hagen
Trustee and Provincial Superior

Registration details and principal 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.
- ◆ Company Secretary: Peter Cousins

Principal advisers

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment managers	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Smith & Williamson Holdings Limited 25 Moorgate London EC2R 6AY
Bankers	The Royal Bank of Scotland plc 127-128 High Holborn London WC1V 6PQ
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

Independent auditor's report 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 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report, including the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report Year to 31 March 2017

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

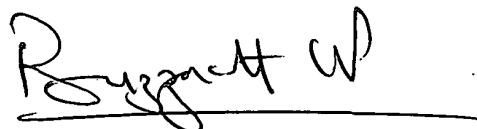
In our opinion, based on the work undertaken in the course of the audit, the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

21 December 2017

Statement of financial activities Year to 31 March 2017

		Unrestricted funds		Restricted funds	Total funds 2017	Total funds 2016
	Notes	General fund £'000	Designated funds £'000	£'000	£'000	£'000
Income and expenditure account						
Income from:						
Charitable activities		26,169	—	1,628	27,797	27,276
Donations and legacies		999	—	2,040	3,039	3,194
Other trading activities		1,089	—	1,645	2,734	2,553
Investments		3,402	—	12	3,414	2,925
Other income		303	—	2	305	140
Total income	1	31,962	—	5,327	37,289	36,088
Expenditure on:						
Raising funds	2	1,563	—	1,938	3,501	3,363
Charitable activities	3					
Support of members of the Congregation and their ministry		2,173	—	—	2,173	2,196
Running:						
A Centre for Epilepsy - St Elizabeth's Centre		20,595	—	112	20,707	20,351
A Hospital - Holy Cross		5,659	—	14	5,673	5,678
A Hospice - St Raphael's		94	—	3,845	3,939	4,210
A Care Home - St Wilfrid's		2,054	—	12	2,066	2,051
Grants and donations		122	—	—	122	123
		30,697	—	3,983	34,680	34,609
Total expenditure		32,260	—	5,921	38,181	37,972
Net expenditure before investment gains, losses and transfers		(298)	—	(594)	(892)	(1,884)
Gains (losses) on investments	8	13,847	—	170	14,017	(1,897)
Net income (expenditure)		13,549	—	(424)	13,125	(3,781)
Transfers between funds						
General to restricted	13	(245)	—	245	—	—
General to designated	14	(11,285)	11,285	—	—	—
Other recognised gains (losses)						
Pension scheme surplus written back (written off)	17	471	—	—	471	(635)
Actuarial losses on pension scheme	17	(480)	—	—	(480)	(211)
Net movement in funds		2,010	11,285	(179)	13,116	(4,627)
Reconciliation of funds:						
Total funds brought forward at 1 April 2016		15,066	168,071	5,606	188,743	193,370
Total funds carried forward at 31 March 2017		17,076	179,356	5,427	201,859	188,743

Continuing operations

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

Balance sheet 31 March 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	7		74,157		74,530
Investments	8		107,919		105,691
			<u>182,076</u>		<u>180,221</u>
Current assets					
Debtors	9	2,237		2,443	
Term deposits		2,018		1,000	
Cash		<u>20,589</u>		<u>22,288</u>	
		24,844		25,731	
Creditors: amounts falling due within one year	10	<u>(3,958)</u>		<u>(15,648)</u>	
Net current assets			<u>20,886</u>		<u>10,083</u>
Total assets less current liabilities			202,962		190,304
Creditors: amounts falling due after more than one year	11		<u>(1,103)</u>		<u>(1,561)</u>
Total net assets			<u>201,859</u>		<u>188,743</u>
The funds of the charity:					
Restricted funds	13		5,427		5,606
Unrestricted funds					
Designated funds					
. Fixed assets fund		74,157		73,846	
. Other		<u>105,199</u>		<u>94,225</u>	
	14	179,356		168,071	
. General fund		<u>17,076</u>		<u>15,066</u>	
Total unrestricted funds			<u>196,432</u>		<u>183,137</u>
Total charity funds			<u>201,859</u>		<u>188,743</u>

Approved by the trustees of The Congregation of the Daughters of the Cross of Liege, Company Registration Number 03492921 (England and Wales), and signed on their behalf by:

V. Hagen

Sister Veronica Hagen
Trustee and Provincial Superior

Sr. Mary Geraldine

Sister Mary Geraldine
Trustee and Provincial Bursar

Date of approval: *4th December 2017*

Statement of cash flows Year to 31 March 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities	A	(13,506)	9,312
Cash flows from investing activities	B	13,404	2,297
Cash flows from financing activities	C	(1,597)	(6,940)
Change in cash and cash equivalents	D	(1,699)	4,669
Cash and cash equivalents At 1 April 2016	D	22,288	17,619
Cash and cash equivalents at 31 March 2017	D	20,589	22,288

Notes to the statement of cash flows for the year to 31 March 2017.

A Reconciliation of net income (expenditure) before transfers to net cash flow used in operating activities

	2017 £'000	2016 £'000
Net income (expenditure) before other recognised gains and losses	13,125	(3,781)
Depreciation charge	2,169	2,120
Net loss on disposal of tangible fixed assets	3	112
(Gains) losses on investments	(14,017)	1,897
Pension cost	(9)	103
Investment income	(3,414)	(2,925)
Decrease in debtors	206	161
(Decrease) increase in creditors	(11,569)	11,625
Net cash (used in) provided by operating activities	(13,506)	9,312

Statement of cash flows Year to 31 March 2017

B Investing activities

	2017 £'000	2016 £'000
Payments to acquire tangible fixed assets	(1,806)	(1,019)
Net proceeds from sale of tangible fixed assets	7	991
Payments to acquire investments	(28,003)	(54,943)
Proceeds from sales of investments	40,654	25,167
Decrease in cash held by investment managers	858	28,829
Investment income	3,414	2,925
Other movements	(1,720)	347
Net cash provided by investing activities	13,404	2,297

C Financing activities

	2017 £'000	2016 £'000
Decrease in bank loans	(655)	(126)
Increase (decrease) in other long term liabilities	76	(10,348)
(Increase) reduction in term deposits	(1,018)	5,059
Pension scheme deficit reducing contribution	—	(1,525)
Net cash used in financing activities	(1,597)	(6,940)

D Details of changes

	At 1 April 2016 £'000	Cash flows £'000	At 31 March 2017 £'000
Bank loans			
Debt due within one year	(121)	121	—
Debt due after one year	(534)	534	—
	(655)	655	—
Other long term liabilities	(1,027)	(76)	(1,103)
Creditors	(15,527)	11,569	(3,958)
Cash and cash equivalents	22,288	(1,699)	20,589

1 Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
Income from charitable activities				
· Fees and charges – Privately-funded	1,629	—	1,629	1,782
· Fees and charges – Publicly-funded	24,394	—	24,394	23,796
· Grants – Public	—	1,481	1,481	1,474
· Other	146	147	293	224
	<u>26,169</u>	<u>1,628</u>	<u>27,797</u>	<u>27,276</u>
2016	<u>25,855</u>	<u>1,421</u>	<u>27,276</u>	
Donations and legacies				
· Donations	95	1,331	1,426	1,462
· Legacies	75	709	784	930
· Covenanted income from Sisters of the Congregation – salaries and pensions	829	—	829	802
	<u>999</u>	<u>2,040</u>	<u>3,039</u>	<u>3,194</u>
2016	<u>941</u>	<u>2,253</u>	<u>3,194</u>	
Other trading activities				
· Charity shops	1,086	1,095	2,181	2,088
· Lottery and events	3	550	553	465
	<u>1,089</u>	<u>1,645</u>	<u>2,734</u>	<u>2,553</u>
2016	<u>1,067</u>	<u>1,486</u>	<u>2,553</u>	
Investments				
· UK investments	2,525	—	2,525	2,086
· Overseas investments	545	—	545	307
· Property	233	—	233	261
· Interest receivable	99	12	111	271
	<u>3,402</u>	<u>12</u>	<u>3,414</u>	<u>2,925</u>
2016	<u>2,887</u>	<u>38</u>	<u>2,925</u>	
Other income	<u>303</u>	<u>2</u>	<u>305</u>	<u>140</u>
Total income	<u>31,962</u>	<u>5,327</u>	<u>37,289</u>	<u>36,088</u>
2016	<u>30,890</u>	<u>5,198</u>	<u>36,088</u>	

Grants amounting to £1,395,000 (2016 - £1,358,000) were received from the Clinical Commissioning Groups and were a contribution to the cost of running St Raphael's Hospice. In addition £21,000 was received by St Elizabeth's College for capital expenditure from the Department for Education and £65,000 for St Elizabeth's School normal expenditure from Local Authorities (2016 - £116,000).

1. Income (continued)

Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
St Elizabeth's Centre	19,162	86	19,248	19,143
Holy Cross Hospital	5,317	—	5,317	5,047
St Raphael's Hospice	—	1,542	1,542	1,419
St Wilfrid's Care Home	1,690	—	1,690	1,667
	26,169	1,628	27,797	27,276

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2016 £'000
St Elizabeth's Centre	19,143	—	19,143
Holy Cross Hospital	5,045	2	5,047
St Raphael's Hospice	—	1,419	1,419
St Wilfrid's Care Home	1,667	—	1,667
	25,855	1,421	27,276

2 Expenditure on raising funds

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2017 £'000	Total funds 2016 £'000
Cost of generating voluntary income	510	—	353	863	862
Fundraising trading: cost of running charity shops:	1,029	23	865	1,917	1,787
Investment management costs	—	—	505	505	477
Support costs	—	—	216	216	237
	1,539	23	1,939	3,501	3,363
2016	1,459	20	1,884	3,363	

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Split between funds			
2017	1,563	1,938	3,501
2016	1,480	1,883	3,363

3 Charitable activities

An analysis of the charitable activity expenditure is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2017 £'000	Total 2016 £'000
Support of Members	685	320	966	202	2,173	2,196
St Elizabeth's Centre	16,884	974	2,724	125	20,707	20,351
Holy Cross Hospital	3,991	301	1,339	42	5,673	5,678
St Raphael's Hospice	2,974	302	569	94	3,939	4,210
St Wilfrid's Care Home	1,419	217	359	71	2,066	2,051
Grants and donations	—	—	122	—	122	123
	25,953	2,114	6,079	534	34,680	34,609

An analysis of the charitable activity expenditure for 2016 is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2016 £'000
Support of Members	647	320	996	233	2,196
St Elizabeth's Centre	16,630	966	2,617	138	20,351
Holy Cross Hospital	3,817	297	1,517	47	5,678
St Raphael's Hospice	3,155	269	681	105	4,210
St Wilfrid's Care Home	1,426	221	322	82	2,051
Grants and donations	—	—	123	—	123
	25,675	2,073	6,256	605	34,609

An analysis of the expenditure between Restricted and Unrestricted funds is as follows:

	Un-restricted funds £'000	Restricted funds £'000	Total 2017 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2016 £'000
Support of Members	2,173	—	2,173	2,196	—	2,196
St Elizabeth's Centre	20,595	112	20,707	20,351	—	20,351
Holy Cross Hospital	5,659	14	5,673	5,667	11	5,678
St Raphael's Hospice	94	3,845	3,939	105	4,105	4,210
St Wilfrid's Care Home	2,054	12	2,066	2,041	10	2,051
Grants and donations	122	—	122	123	—	123
	30,697	3,983	34,680	30,483	4,126	34,609

3 Charitable activities (continued)

Included within direct charitable expenditure are the following:

	2017 £'000	2016 £'000
Depreciation	2,169	2,120
Loss on disposal of tangible fixed assets	3	112
Auditors' total remuneration	163	210
Interest payable	8	10
Operating lease rentals		
land and buildings	480	492
other	105	91
Grants and donations	122	—

Of the grants and donations, £101,000 (2016 - £102,000) was to the worldwide Congregation.

4 Support costs

	Governance £'000	Other £'000	2017 £'000	2016 £'000
Staff costs	123	204	327	319
Professional fees	140	52	192	294
Other costs	30	201	231	229
Total support costs	293	457	750	842
2016	469	373	842	

	2017 £'000	2016 £'000
Attributed to the following activities:		
Raising funds (note 2)	216	237
Charitable activities (note 3)	534	605
	750	842

All costs relating to a particular activity are treated as costs of that activity. Support costs, which include governance costs, are the central costs incurred predominantly within the Province which support the charity's activities and deal with its governance arrangements. They are allocated to the activities on the basis of the time spent on each of them.

The trustees are Sisters of the Congregation and they are not remunerated for their work as trustees. The governance of the charity is dealt with by the trustees acting, where appropriate, after considering the advice of their professional advisers and with the assistance of the Company Secretary and various members of the Works' Senior Management Teams.

They are, as are all Sisters, beneficiaries of and donors to, the charity and the charity meets the costs of their ministry and welfare. In the case of trustees, their costs include expenses incurred when they are fulfilling their trustee duties which, because of their nature, are impossible to identify.

4 Support costs (continued)

Professional fees include payments to the auditors for audit fees of £75,000 (2016 - £74,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to general financial advice and assistance and are included in support costs, amount to £88,000 (2016 - £136,000). The total amount paid to the auditors was £163,000 (2016 - £210,000).

Included in Support costs is an insurance premium of £8,250 (2016 - £7,118) which provides cover up to a maximum of £5m (2016 - £5m) to protect the charity from any loss arising from neglect or defaults of its trustees and officers and to indemnify them against the consequences or any neglect or default on their part.

5 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	21,408	20,749
Social security costs	1,801	1,776
Other pension costs (note 17)	485	603
	23,694	23,128
Payments for agency staff	3,694	3,868
Other staff related costs	431	457
	27,819	27,453

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

	2017 £'000	2016 £'000
Staff costs have been charged as follows:		
· Raising funds (note 2)	1,539	1,459
· Charitable activities (note 3)	25,953	25,675
· Support costs (note 4)	327	319
	27,819	27,453

The analysis of average staff numbers between full-time and part-time staff are as follows:

Actual numbers	2017			2016		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Charitable activity						
· St Elizabeth's Centre	409	281	690	416	252	668
· Holy Cross Hospital	85	47	132	79	48	127
· St Raphael's Hospice	42	101	143	41	101	142
· St Wilfrid's Care Home	48	—	48	47	—	47
· Province	35	—	35	37	—	37
	619	429	1,048	620	401	1,021
Volunteers			1,118			1,118
			2,166			2,139

The full-time equivalent numbers are 605 full-time staff and 249 part-time making 854 in all (2016 – 611 full-time, 237 part-time, and 848 in total).

5 Staff costs (continued)

In addition, the number of agency staff, on a full-time equivalent basis, was 149 (2016 - 158).

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

	2017	2016
£60,001 - £70,000	4	7
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—
£120,001 - £130,000	1	—
£130,001 - £140,000	—	1
£140,001 - £150,000	1	1
£150,001 - £160,000	—	1
	12	15

Details of the pension contributions for those earning £60,000 per annum or more are shown below:

	2017		2016	
	Number	£'000	Number	£'000
Those in defined benefit schemes	2	49	2	56
Those in defined contribution schemes	7	31	10	59
Those for whom other contributions have been made	2	31	2	28
Those for whom no contributions were made	1	—	1	—
Total	12	111	15	143

The trustees are key management personnel of the charity; they are not remunerated as trustees but they are beneficiaries of the charity in that their welfare and work is funded by it. The cost of the support of all Sisters is disclosed elsewhere.

The Senior Officer at each of the Works has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross. They are therefore also regarded as "key management personnel", along with the Company Secretary. The total employee benefits including pension contributions of this group amounted to £455,964 (2016 - £537,563).

6 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 £1.3m (2016 - £1.2m).

7 Tangible fixed assets

	Freehold & leasehold land and buildings £'000	Assets in course of construction £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 April 2016	73,751	—	7,347	731	81,829
Transfers	(139)	139	—	—	—
Additions	63	621	976	146	1,806
Disposals	—	—	(139)	(101)	(240)
At 31 March 2017	73,675	760	8,184	776	83,395
At cost	1,053	760	8,184	776	10,773
At deemed cost (2014 valuation)	72,622	—	—	—	72,622
	73,675	760	8,184	776	83,395
Depreciation					
At 1 April 2016	2,831	—	3,931	537	7,299
Charge for year	1,428	—	637	104	2,169
Disposals	—	—	(132)	(98)	(230)
At 31 March 2017	4,259	—	4,436	543	9,238
Net book value					
At 31 March 2017	69,416	760	3,748	233	74,157
At 31 March 2016	70,920	—	3,416	194	74,530

Included in freehold land and buildings are amounts for land at cost and valuation of £24.1m (2016 - £24.1m) which has not been depreciated.

The charity's freehold land and buildings were valued as at 31 March 2014 principally by one external valuer, Nigel Gurgeon FRICS of Reeves & Partners, Chartered Surveyors. Valuations were in accordance with the requirements of the RICS Valuation Professional Standards 2014, and UK GAAP.

The bases of valuation in all cases was:

- ◆ Depreciated Replacement Cost for specialist buildings, and
- ◆ Existing Use Value for non-specialist buildings, or
- ◆ Market Value for those properties which are either surplus to requirements or are held as investments.

The depreciated replacement cost approach was adopted for 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.

Under the transitional arrangements set out in FRS 102, the 2014 valuations are deemed to be equal to cost at the date of transition on 1 April 2014. Subsequent additions are stated at cost.

8 Fixed asset investments

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

	2017 £'000	2016 £'000
Gains (losses) on investments	15,737	(2,244)
Investment gains allocated to others	(1,316)	(252)
Other movements	(404)	599
Gains (losses) on investments per SOFA	14,017	(1,897)

The realised gain relating to disposals based upon historic cost was £4,651,000 (2016 - £487,000).

	2017 £'000	2016 £'000
Investments (note a)	107,349	105,131
Investment properties (note b)	570	560
Total fixed asset investments	107,919	105,691

	2017 £'000	2016 £'000
(a) Investments		
Total value of investments at 1 April 2016	105,131	106,428
Additions at cost	27,145	26,114
Sale proceeds	(40,654)	(25,167)
Investment gains (losses)	15,727	(2,244)
Total investments at 31 March 2017	107,349	105,131
Historical cost of investments at 31 March 2017	90,354	96,338

	UK 2017 £'000	Overseas 2017 £'000	Total 2017 £'000	Total 2016 £'000
Analysis of investments at market value at 31 March 2017:				
Listed investments				
• Pooled funds	33,003	9,366	42,369	47,006
• Other	43,039	18,912	61,951	54,549
Unlisted shares				
• Pooled funds	495	34	529	312
• Other	—	549	549	455
• Investment cash	1,951	—	1,951	2,809
	78,488	28,861	107,349	105,131
2016	82,964	22,167	105,131	

8 Fixed asset investments (continued)

The historical cost of investments at 31 March 2017 was £90,354,000 (2016 - £96,338,000). 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.

Whilst there are significant investments in common investment funds and other collective investment vehicles, there are no individual investments in entities which the trustees would regard as material.

(b) Investment properties

	Freehold land and buildings £'000
At 1 April 2016	560
Revaluation gain in year	10
At 31 March 2017	570

The values of investment properties are wholly based on a valuation by an independent valuer.

9 Debtors

	2017 £'000	2016 £'000
Operational debtors	1,261	1,377
Other debtors	426	570
Prepayments	550	496
	2,237	2,443

10 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amount due to the worldwide Congregation (note 16)	—	10,951
Operational creditors	872	908
Social security and other taxes	483	461
Amounts due to Sisters of the Congregation	231	225
Income received in advance	1,050	951
Accruals	826	1,045
Grants payable	104	516
Other creditors	392	470
	3,958	15,527
Bank loans (note 12)	—	121
	3,958	15,648

11 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Contribution to compensation scheme	1,103	1,027
Bank loan (note 12)	—	534
	1,103	1,561

The provision for compensation is an amount set aside to meet the charity's proposed contribution to a Redress Scheme Fund established in Ireland by the Irish Government to meet compensation claims.

12 Bank loan

	2017 £'000	2016 £'000
Loan repayable:		
Between one and two years	—	122
Between two and five years	—	376
After more than five years	—	36
	—	534
Within one year	—	121
	—	655

The unsecured bank loan from Allied Irish Bank plc in 2005 to part finance the cost of a school building was repaid during the year.

13 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 2016 £'000	Net expenditure £'000	Gains on investments £'000	Transfers £'000	At 31 March 2017 £'000
Hospice funds	3,169	(706)	—	747	3,210
Holy Cross Hospital	1,060	—	170	—	1,230
Sundry funds	1,377	112	—	(502)	987
	5,606	(594)	170	245	5,427

◆ **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. The transfer of Hospice funds represents the amount by which they have moved during the year.

◆ **Holy Cross Hospital**

This represents part of a legacy which had to be used at Holy Cross Hospital and is therefore restricted. The legacy was partly used to build a hydrotherapy facility and these were released to unrestricted funds. The remainder (being the restricted fund) was invested to generate an income to help meet the running costs of the facility.

◆ **Sundry funds**

These funds relate to a number of funds across the Works of the Congregation and the transfer to General Funds represents the value of fixed asset additions funded from restricted income.

14 Designated funds

	At 1 April 2016 £'000	Transfer from general funds £'000	At 31 March 2017 £'000
Fixed asset fund	73,846	311	74,157
Other funds			
• Daughters of the Cross fund	30,000	—	30,000
• Charitable works fund	58,300	—	58,300
• St Elizabeth's Centre Pension fund	—	10,000	10,000
• Worldwide fund	5,261	721	5,982
• Sundry funds	664	253	917
	94,225	10,974	105,199
	168,071	11,285	179,356

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. It is a policy that income and expenditure either relates to Restricted or Unrestricted General funds, thus there is no income or expenditure on Designated funds. Designated funds are determined by trustees at the end of the year and the increases or decreases are reflected as transfers from unrestricted general funds.

◆ **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 has been established as a designated fund.

◆ **Daughters of the Cross fund**

All Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege and this fund is established to ensure that the work of the Sisters is continued in the UK for as long as possible. The fund is invested for the long-term so that only the income is spent. This income meets the shortfall of the Sisters' covenanted income over the costs of their welfare, their apostolic activities and the costs of the care of the frail and elderly members.

◆ **Charitable works fund**

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

◆ **St Elizabeth's Centre Pension Scheme fund**

This fund is to secure the long term future of the pension scheme to the end of its life.

◆ **Worldwide fund**

This is to provide small grants, to enhance or develop the works of the worldwide Congregation, as requested by the Generalate.

14 Designated funds (continued)

♦ Sundry funds

These relate to other designated funds established by each of the Works' management teams and approved by the trustees. These relate to Works' maintenance and development funds.

15 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 2017 are represented by:					
Tangible fixed assets	—	74,157	—	—	74,157
Fixed asset investments	1,485	—	105,204	1,230	107,919
Net current assets	16,694	—	(5)	4,197	20,886
Other liabilities	(1,103)	—	—	—	(1,103)
Total net assets	17,076	74,157	105,199	5,427	201,859
				2017 £'000	2016 £'000
Unrealised gains included above:					
On tangible fixed assets				37,128	37,798
On investments				15,614	6,545
Total unrealised gains at 31 March 2017				52,742	44,343
Reconciliation of movements in unrealised gains and losses					
Unrealised gains at 1 April 2016				44,343	48,461
Less: in respect of disposals in the year				—	(494)
Add: net gains (losses) arising on revaluation in the year				8,399	(3,624)
Total unrealised gains at 31 March 2017				52,742	44,343

The revaluation reserve, as required by the Companies Act 2006, is equivalent to the total unrealised gains, shown above.

16 Related party disclosures

Sisters

The Sisters of the Congregation are beneficiaries of the charity, in that the costs of their ministry and welfare are met by the charity. The trustees are all Sisters and they are not remunerated for their services. No trustee had any beneficial interest in any contract with the charity.

The trustees, as Sisters of the Congregation, covenant their salaries and pensions to the charity. During the year the six trustees covenanted an aggregate of £145,578 to the charity (2016 - £143,410).

16 Related party disclosures (continued)

Worldwide Congregation

The Sisters are members of the worldwide Congregation of the Daughters of the Cross of Liege and the charity has objects which are not restricted to the UK. Total grants of £101,000 (2016 - £102,000) were made during the year to the worldwide Congregation or for Sisters within it.

At 31 March 2017 the charity holds no investments for the International Generalate (2016 - £10.9m). The investments included its share of the investment income less any funds withdrawn, together with its share of gains and losses. The value of both investments and cash were included in liabilities.

17 Pension commitments

The Works contribute to 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	
			2017 £'000	2016 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	71	72
St Elizabeth's Centre	Defined contribution	Scottish Widows plc	235	244
Holy Cross Hospital	Defined benefit	NHS Pension	3	7
Holy Cross Hospital	Defined contribution	The People's Pension	23	22
St Raphael's Hospice	Defined contribution	Aegon Pension	64	76
St Raphael's Hospice	Defined benefit	NHS Pension	58	38
St Wilfrid's Care Home	Defined contribution	The People's Pension	6	6
Province	Defined contribution	The People's Pension	4	—
Non-scheme contributions			30	35
			494	500
St Elizabeth's Centre	Defined benefit	BBS - FRS 102 adjustment	(9)	103
			485	603

17 Pension commitments (continued)

Teachers' Pension Scheme (TPS)

Retirement benefits for teachers are provided by the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract. Teachers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions, along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key results of the valuation are:

- ◆ new employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million
- ◆ an employer cost cap of 10.9% of pensionable pay
- ◆ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate was implemented in September 2015,

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme and 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 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

17 Pension commitments (continued)***National Health Service (NHS) Pension Scheme***

The NHS pension scheme is a defined benefit scheme operated by the National Health Service Superannuation Scheme, which is only available to staff who have previously contributed to the scheme. The administration of the scheme is dealt with by the National Health Service Pension agencies. Contributions to this scheme are paid in respect of current service. There is no liability to the charity in respect of past service.

The St Elizabeth's Centre Final Salary Scheme

BBS Consultants and Actuaries Ltd administer pension schemes for charities and voluntary organisations and St Elizabeth's Centre operated a funded defined benefit pension scheme. The scheme did not contract members out of the State Second Pension. The scheme is now closed to new entrants and future accruals and has been replaced by the defined contribution Scottish Widows' scheme.

Triennial valuations are carried out by a qualified actuary every three years using the projected unit method. There were no contributions from the Centre or its employees during the year but the Centre did make deficit-reduction payments of £1,525,000 in 2016.

The latest actuarial valuation was at 1 April 2015.

The pension scheme valuation at 31 March 2016 showed a surplus of £635,000 which, as there is no expectation that any surplus arising is to be shared between the employer and the scheme members, was written off. At 31 March 2017, the surplus has reduced by £471,000 to £164,000.

	2017 £000 Scheme	2017 £000 Accounts	2016 £000
Surplus (deficit) at 1 April 2016	635	—	(576)
Income/expenditure recognised in the statement of financial activities			
· Expected return on pension scheme assets	480	480	410
· Interest on pension liabilities	(457)	(457)	(424)
· Expenses (see note)	(14)	(14)	(89)
Effect of FRS 102 adjustments	9	9	(103)
Deficit-reducing contributions			
· Annual	—	—	275
· One off	—	—	1,250
	—	—	1,525
Amounts recognised as other gains and losses			
· Actual return less expected return on pension scheme assets	2,571	2,571	(463)
· Change in financial and demographic assumptions underlying the scheme assets	(3,051)	(3,051)	252
Actuarial losses recognised	(480)	(480)	(211)
Movements in year – (reduction) increase in surplus	(471)	(471)	1,211
Revised surplus at 31 March 2017	164	—	635
Surplus asset written off	—	—	(635)
Position at 31 March 2017	164	—	—

17 Pension commitments (continued)

The St Elizabeth's Centre Final Salary Scheme (continued)

The expenses are now not paid from the Scheme assets but by the charity directly. In 2017 they amounted to £102,000 (2016 - £89,000) in total.

	2017 £000	2016 £000
Market value of scheme assets	16,199	13,498
Present value of scheme liabilities	(16,035)	(12,863)
Surplus as at 31 March 2017 written off	164	635

The reconciliation of opening and closing balances of the fair value of the Centre's share of the scheme assets is as follows:

	2017 £000	2016 £000
Fair value of scheme assets at 1 April 2016	13,498	12,457
Expected return on scheme assets	480	410
Actuarial gains (losses)	2,571	(463)
Contributions by employer	—	1,525
Scheme expenses	(14)	(89)
Benefits paid	(336)	(342)
Fair value of scheme assets at 31 March 2017	16,199	13,498

The assets in the scheme are as follows:

	Value at 31 March 2017 £'000	Value at 31 March 2016 £'000
Equities	4,148	3,072
Government bonds	4,284	3,613
Corporate bonds	1,947	1,789
Diversified Growth Fund	5,777	3,737
Other	43	1,287
Total market value of assets	16,199	13,498

The reconciliation of opening and closing balances of the present value of the Centre's share of scheme liabilities is as follows:

	2017 £000	2016 £000
Scheme liabilities at 1 April 2016	12,863	13,033
Interest cost	457	424
Actuarial losses (gains)	3,051	(252)
Benefits paid	(336)	(342)
Scheme liabilities at 31 March 2017	16,035	12,863

The extensive disclosures regarding the defined benefit schemes required by FRS 102 have not been included in full, as the trustees do not believe that the information would enhance that given above.

18 Leasing commitments

Operating leases

At 31 March 2017, the charity had total commitments under non-cancellable operating leases for land and buildings and equipment as follows:

	Land and buildings		Equipment	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within one year	257	280	1	35
Between one and five years	969	913	264	80
More than five years	869	997	19	—
	2,095	2,190	284	115

19 Post balance sheet events

Since the year end, a decision has been taken to make arrangements to have the St Elizabeth's Centre Defined Benefit Pension Scheme bought out by an insurance company (yet to be selected). This will ensure that all scheme benefits will be met over time and remove the risk and responsibility for them from the charity. At the same time an amount of £7m was paid in to the Scheme to help secure those future benefits.

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

As at 31 March 2017, the seven existing Communities are: Cheam St Joseph's, Surrey; Cheam St Mary's, Surrey; Chelsea, London; Haslemere, Surrey; Much Hadham, Hertfordshire; Stillorgan (Dublin), Ireland; Tracy, California, USA.

◆ **Assets and liabilities**

Cash

Cash is held in hand, in bank accounts available on demand, and on term deposits with an expiry date within three months of the balance sheet date at the date of acquisition.

Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Debtors

Debtors are recognised at their settlement amounts, less any provision for non-recoverability. Prepayments are valued at the amount paid in advance.

Investments

Investments are held mainly in companies quoted on world stock exchanges (or in funds which invest in the same way), partly for the purpose of generating income and partly to maintain the value of the charity's funds. They are initially recorded at cost, and at the balance sheet date are valued at fair value (the value for which they could be sold).

Gains or losses are included in the statement of financial activities as part of net income or expenditure.

Investment property is included at open market value.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation and, where appropriate, impairment provisions. All assets costing £5,000 or more, and with an expected useful life exceeding one year, are capitalised.

◆ **Assets and liabilities (continued)**

Tangible fixed assets (continued)

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 2014 on a depreciated replacement cost or an existing use basis. Under the transitional arrangements set out in FRS 102, the valuations are deemed to be equal to cost at the date of transition. Subsequent additions are stated at cost.

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 - 5% on cost or revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	10 - 25% on cost

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

Term deposits

Term deposits comprise monies held with deposit-taking institutions with terms longer than three months.

◆ **Basis of accounting**

Accounting convention

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements have been prepared in accordance with:

- ◆ Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014;
- ◆ the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ the Charities Act 2011; and
- ◆ the Companies Act 2006.

The charity is a public benefit entity as defined by FRS 102.

◆ **Basis of accounting** (continued)

Critical accounting estimates and areas of judgement

The trustees consider that the judgements they have made in the process of applying the charity's accounting policies (apart from those involving estimations) which give rise to significant effects on the amounts recognised in the financial statements are:

- ◆ The rates of depreciation; and
- ◆ The value of designated funds.

The trustees do not consider that there are any key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Going concern status

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements and they have made this assessment in respect of a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that would cast significant doubt on the ability of the charity to continue as a going concern. This is because they believe they have sufficient reserves to withstand any temporary drop in income or any additional unexpected liability.

◆ **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is inclusive of irrecoverable VAT.

Expenditure on raising funds

This represents the costs of fundraising and 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.

Pension costs

- ***Defined benefit schemes***

The charity contributed to three defined benefit pension schemes (The St Elizabeth's Centre Final Salary Pension Scheme, the Teachers' Pension Scheme and the NHS Pension Scheme) providing benefits based on either final or career-average pensionable salary, depending on the scheme. The assets of the St Elizabeth's scheme are held and managed separately from those of the charity. The Teachers' Pension Scheme and NHS Pension Scheme are unfunded schemes.

◆ **Expenditure (continued)**

Pension costs (continued)

- **Defined benefit schemes (continued)**

- ◆ 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.
- ◆ St Elizabeth's Centre Final Salary 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 credited or charged to the statement of financial activities.
- ◆ The National Health Service Superannuation Scheme 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 period from pensions over employees' working lives.

- **Defined contribution schemes**

The charity operates a number of defined contribution pension schemes. The amounts charged to the statement of financial activities represents the employers' contributions payable to the schemes in the year.

Support costs, including Governance

All direct costs associated with the Works are accounted for by them and reflected in their expenditure, including their own support costs.

The central costs of the charity are the support costs and these support the Works and the welfare and work of the Sisters. The costs are allocated on the basis of the time the central Province team spend on each activity.

Included within support costs are those which relate to the governance arrangements of the charity. These are principally audit fees, the cost of legal and other professional advice to the trustees and staff costs associated with meeting constitutional and statutory requirements. Nothing is included for trustees as there is very little extra trustee-cost over and above their welfare and ministry costs as Sisters of the Congregation.

◆ **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. Restricted funds raised for capital expenditure are released to unrestricted funds once they have been spent. 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 the net book value of fixed assets are treated as designated funds.

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.

Revaluation reserve

Most fixed assets are stated at valuation and all the fund balances, including restricted and designated funds, include a revaluation reserve. The notes give details of the amounts included at the balance sheet date.

◆ **Income**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably, and it is probable that the funds will be received.

At the end of any financial year, the charity will have issued invoices to Local, Education, and Health Authorities and individuals which cover a period beyond the balance sheet date. This income is carried forward and disclosed as "Income received in advance".

In accordance with the Charities SORP FRS 102, no financial valuation of volunteer time is recognised in these financial statements.

Donations and legacies

- ◆ Donations represent income given by individuals, corporations and trusts including recoverable taxation.
- ◆ Legacies are included in the statement of financial activities when there has been a grant of probate, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

◆ **Income (continued)**

Donations and legacies (continued)

- ◆ Covenanted income from the Sisters of the Congregation arises from the donation of their salaries and pensions.

Grants receivable

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.

Income from charitable activities

- ◆ Fees and charges are derived from individuals and Public Authorities and are stated exclusive of VAT.
- ◆ Other income represents proceeds from the sale of food and sundry other income.

Income from other trading activities

- ◆ Income from trading activities comprises that from running charity shops and a lottery, and from holding fundraising events.
- ◆ Income from the sale of donated goods within the charity shops is accounted for when the goods are sold. The resources that would be required to value and record the goods as they are donated are too great to make this a practical method of accounting. Donated goods therefore have no value in these financial statements.

Investment income

Investment income, representing dividends, interest, and income from property, includes any associated tax recoverable. Dividends are recognised once the dividend has been declared and when the right to receive the dividend payment is irrevocable.