

REGISTRAR OF COMPANIES

The Congregation of the Daughters of the Cross of Liege

Annual Report and Financial Statements

31 March 2014

Company Registration Number 03492921

Charity Registration Number 1068661

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* Each of these sections include details of activities, strategies, objectives, achievements, performance and future plans and events.

1 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 2014. 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 46 to 50 and comply with the charity's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005).

2 Brief summary of the year

The trustees are pleased that during the year the charity has continued to provide a broad range of excellent services notwithstanding the continuing difficult economic environment. The charity is unusual in providing such a wide range of services and, despite the differences between them, the ethos and charism of the Sisters is the common feature that permeates all the work carried out. 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.

Once again a large number of people have been helped with their care, education, health, or medical needs in a very challenging environment of limited funding and increasing regulation. Management and staff across the charity do a wonderful job in providing excellent services to beneficiaries with good or outstanding results from the many inspections that take place over a year.

In addition to all the work of the staff and volunteers, there is the work of Sisters in Communities in England, Ireland and the USA who bring assistance, enthusiasm, support, compassion and if required a spiritual dimension to all those with whom they interact.

It has been one of the trustees' objectives for many years to find and secure futures for their Works. In February 2013 the trustees announced the very significant decision to sell St Anthony's Hospital in Cheam and they had hoped that the sale would be made during this financial year. In the event, although the sale required a great deal of trustees' and management's time during the year, the sale was not completed until 22 May 2014 and so all the financial effects will be reflected in next year's accounts.

2 Brief summary of the year (continued)

Our finances

	2014	2013
Total expenditure	£63.7m	£64.1m
Total income	£65.3m	£67.0m
Total staff costs	£40.9m	£40.5m

Our people

Employees	1,550	1,557
Volunteers	1,130	1,109
Sisters	65	72

Our beneficiaries

Resident pupils and learners	75	75
Adult long-term residents and beneficiaries	192	198
Hospice patients	987	1,021
Hospital in-patients	6,026	6,160
Hospital out-patients	30,771	31,017

Major achievements

- ◆ Once again providing the charity's services to a similar number of people as last year in the very challenging environment in which the charity operates.
- ◆ In relation to one of the trustees' objectives, that of finding futures for all the charity's Works:
 - ◇ Achieving the separation of St Raphael's Hospice from St Anthony's Hospital and enabling it to operate independently of the hospital.
 - ◇ Almost completing the sale of St Anthony's Hospital.

3 Administrative details

3.1 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.

3.2 Trustees

Provincial Superior and Chairperson of Provincial Council
Sister Veronica Hagen (Chairperson)

Provincial Bursar

Sister Mary McGinn (aka Sister Mary Geraldine)

Members of the Provincial Council

Sister Patricia Ainsworth

Sister Annette Clemence

Sister Anne Kelly

Sister Shirley Lowe (aka Sister Mary Agnes)

No other person served as a trustee during the year.

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

3.3 Company Secretary

Peter Cousins

3.4 Operating locations – “The Works”

The charity operated at a number of locations under the following names during 2013/2014:

	Senior Officer	Website – www.
◆ Holy Cross Hospital, Haslemere, Surrey	Christopher Hinton	holycross.org.uk
◆ St Anthony's Hospital, Cheam, Surrey	Brian Clarke (to 22 May 2014)	stanthonys.org.uk
◆ St Elizabeth's Centre, Much Hadham, Hertfordshire	James Connolly	stelizabeths.org.uk
◆ St Raphael's Hospice, Cheam, Surrey	Brian Clarke (to 12 January 2014) Michael Roycroft (from 13 January 2014)	straphaels.org.uk
◆ St Wilfrid's Care Home, Chelsea, London:	Pauline Dodd (to 31 July 2014)	stwilfridssw3.com

3 Administrative details (continued)

3.5 Principal advisers

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment managers	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL
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

4 Objects and aims

4.1 Objects

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 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.

4 Objects and aims (continued)

4.1 Objects (continued)

Whilst the charity and the Sisters are inextricably entwined, it is the activities, assets and finances which are enshrined in a legal entity; the life and work of the Sisters continues within the Congregation as it has since the beginning.

However for the Sisters, Religion is the commitment to love and serve God as expressed in their vows, and is and always has been the centre of their lives and everything they do. Thus to them, Religion is not just about worship and prayer but encompasses, 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 four activities but as all part of the one Religious life they have chosen and therefore the one over-riding purpose of the charity.

Like most charities established by Religious Sisters, one aspect which makes them very different is the involvement of the Sisters. There are six Sister trustees but all Sisters, because they covenant their salaries and pensions to the charity, are donors and, as they are provided for by the charity, beneficiaries. As the Sisters spend their entire working lives in one or other of past or present Works, when they reach their later years the charity continues to care for them and for some Sisters the costs will be greater than their covenanted income. The trustees have also welcomed Sisters to work in the English Province from other Provinces and often these Sisters bring no salaries or pensions with them so that the charity has to meet their costs for the long-term.

In the Works, Sisters are working as part of the management teams and in other roles, in and around the beneficiaries. Where Sisters are not based at one of the Works, they are involved with their localities by working voluntarily in parishes, hospices and various organisations. With their work and by their constant prayers for the good of all people, they believe they have a positive impact, and particularly so on all the people with whom they interact.

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

The other objects of the Advancement of Education, the Relief of Poverty and Suffering and Other Charitable Purposes have been, for this report and the financial statements, abridged to three activity headings of "Health and Welfare", "Health, Welfare and Education" and "Other". "Health, Welfare and Education" mainly encompasses the activities of St Elizabeth's Centre whose costs, because of the holistic nature of its work, are not segregated. Owing to the complexity of all the services offered by the charity, this report and the strategic report include a section devoted to each Work.

4 Objects and aims (continued)

4.2 Aims

The Objects section above explains the legal structure and the relationship between the English Province of Sisters and the legal entity.

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

5 Public benefit

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

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 the rest of this and the strategic report demonstrate the public benefit which the charity provides.

6 The environment

The trustees are aware of the charity's corporate social responsibility to protect the environment. All Works have conservation and waste programmes in place to reduce the consumption of energy and water, to reduce waste so that as little as possible goes to landfill and to recycle metals, chemicals, etc. wherever possible. Whenever significant work is carried out on any of the charity's properties, then opportunities are taken to improve insulation and reduce energy consumption. The work that has been done in previous years on utilising energy from solar and wind power, on the sensitive disposal of waste and on projects which reduce CO2 production continue to give benefits to the environment.

In addition any new building project such as the Orangery at St Raphael's Hospice, has to meet all the environmental requirements of the local Authority such as those for energy usage, helping nature, etc.

7 Structure and governance

7.1 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.

7 Structure and governance (continued)

7.1 Legal structure (continued)

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 new 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 (Sr Veronica Hagen) and her Provincial Council (Sr Mary Agnes, Sr Annette Clemence, Sr Patricia Ainsworth and Sr Anne Kelly) who were also appointed for a three-year term at the 2012 Chapter. Following these appointments, Sister Mary Geraldine was appointed as the Provincial Bursar.

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.

7.2 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 offices referred to are the Provincial Superior, the Provincial Bursar and the members of the Provincial Council. There are currently six such trustees.

The trustees at 31 March 2014 are shown on page 3. The trustees are the directors for the purposes of company legislation but they are referred to throughout this report and financial statements as trustees.

Five of the present trustees reside in convents attached to one or other of the Works in England run by the charity. The sixth is Sister Superior of the Community in Stillorgan, Ireland. All the trustees have lived and worked for many years within one or other of the charity's Works, so they all have personal experience of the services which the charity offers or has offered to the public.

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

7 Structure and governance (continued)

7.2 Governance and trustees (continued)

The trustees meet six times during the year on pre-arranged dates. In addition they meet as circumstances dictate to deal with time-sensitive issues such as changes to bank mandates, leases, etc. In the year ended 31 March 2014 there were additional meetings to deal with the sale of St Anthony's Hospital. Trustees carry out Provider visits to the regulated activities to comply with legislation and, where it's 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.

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

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

The charity has purchased insurance (premium £4,383, cover £5m) to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify the them against the consequences of any neglect or default on their part.

8 Management

8.1 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.

8.2 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.

8 Management (continued)

8.3 The Works

The Works are as follows:

	Name of Work	Description of Work
Cheam, Surrey	St Anthony's Hospital*	Acute surgical hospital specialising in cardiac and orthopaedic surgery
	St Raphael's Hospice	Care of the dying and their families
Chelsea, London	St Wilfrid's Care Home	Care home for the elderly
Haslemere, Surrey	Holy Cross Hospital	Hospital for the treatment of neurological disability and other long-term conditions
Much Hadham, Hertfordshire	St Elizabeth's Centre	School, Home and College for those affected by epilepsy and associated disabilities, a Health Agency, a Domiciliary Care Agency which supports the College, and an adult Respite Care Facility.

* Sold May 2014

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 five 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. 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.

8 Management (continued)

8.4 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, regular meetings, newsletters, notice boards and intranets.

9 Sisters' activities

The way Sisters live their lives has been described in the "Objects" section which includes an extract from their Religious Constitution.

At the last General Chapter Sisters were challenged worldwide to renew their commitment to work with others towards meeting the emerging and changing needs of society, both in their own localities and more globally in their rapidly changing world. The Sisters are being encouraged to underpin their ministry by developing and sharing generously with others the "Mystical/Spiritual/Prophetical/Mission in action" aspects of their chosen lifestyle, which is the driving force of all they undertake in the name of the Congregation and is the inspiration of the charity's Memorandum and Articles of Association.

Prayer is the fundamental source of the Sisters' energy which enables them to live out their lives in the service of others. Thus Communities are maintained so that they have the base and the ability to be actively involved in their localities as described below. Sisters are also actively involved in the management and running of the major Works run by the charity.

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

- ♦ Involvement at the charity's own Works - performing a role, being part of the management team, serving on Advisory Committees, making Provider visits on behalf of trustees. In response to staff requests at the Works, Sisters are regularly involved in induction programmes to introduce staff to the Charism, Ethos and Mission of the Congregation.

9 Sisters' activities (continued)

- ◆ Involvement in other groups and organisations – Parish Pastoral Councils, co-ordinating Parish pastoral services, Forum of Faiths, Churches Together, national vocational ministry.
- ◆ Ministering in prisons, hospices, and hospitals.
- ◆ Being part of other local Religious organisations taking Holy Communion to patients, doing catechetical work, giving religious instruction to children and adults, giving spiritual advice as and when required, acting as Eucharistic Ministers, facilitating prayer groups.
- ◆ Performing pastoral care – visiting the sick and their relatives, caring for the Congregation's own frail Sisters.
- ◆ Assisting in hospital shops, at bereavement services, in hospices, on helplines and in nursing and care homes.
- ◆ Performing co-ordination roles within Parish ministries, Justice and Peace efforts, Chaplaincy work, Social Care, volunteering in CAFOD's Education Programme and in RESULTS.
- ◆ Performing other dedicated roles – reflexologists, counsellors, teachers, publishing Christian and spiritual leaflets for those in hospitals and hospices and their families.

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

The Province's frail and elderly Sisters, who have devoted their lives to carrying out the charity's work, are cared for in appropriately adapted accommodation in Haslemere and Stillorgan 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.

Communities are also supporting adult groups who are 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 Jarrow, Much Hadham and Cheam 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. The trustees are pleased that a new Associate group started in Carshalton, Surrey during the year.

10 Volunteers

The Sisters are, as Apostolic Religious, volunteers and the whole of their lives is given voluntarily to helping all those in need. Their lives and work are explained elsewhere in this report.

The trustees and the management teams at each Work 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. They make a significant contribution to the charity's endeavours even though the charity's activities are not dependent on them. The sheer variety and scale of the volunteers' contributions means that it would be impossible to try to put a value on their services.

At Holy Cross Hospital volunteers make a significant contribution to improve the quality of life of long-term patients. They contribute by supporting social activities in the "Living Room" and outside in the community by helping with transport, shopping and fundraising through the Friends of Holy Cross Hospital. Last year the average weekly number of hours given was 32.

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

At St Raphael's Hospice there were 540 active volunteers during the year and they contributed 51,418 hours of their time. 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. Over half of the volunteers are involved in fundraising in one form or another. Others are of direct benefit to patients, for example with bereavement support, whilst others act in indirect activities like chauffeuring.

At St Wilfrid's Care Home, the Home's activity co-ordinator arranges a variety of opportunities for residents ranging from afternoon concerts to hosting tea parties to in-house talks by vets, art specialists and others willing to share their experiences. Volunteers bring not only their skills and enthusiasm, but also bring the local community into the Home, maintaining it as an integral part of the community.

At St Elizabeth's Centre hundreds of hours every week were donated by volunteers drawn from across the world, with many living on site for between 3 and 9 months. The seven charity shops and other fundraising activities are also supported by locally recruited volunteers. The Centre is also supported by staff from St Edmund's College who run Youth Clubs, and other volunteers who run Scouting and Sporting activities.

11 Related parties

11.1 The Sisters

The Sisters of the Congregation covenant their salary and pension income to the charity (see note 1 to the financial statements). They are also beneficiaries of the charity in that the costs of their welfare and activities are met by the charity. The trustees, including the Provincial Superior and the Provincial Bursar, are all Sisters and no trustee is remunerated for their services. No trustee had any beneficial interest in any contract with the charity.

11.2 Generalate of the Congregation

By means of a lease, the charity continues to provide accommodation for the central facilities 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. In order to maximise the income of both charities and thereby increase the amounts that can be spent on charitable activities, the charity also invests and holds certain funds on behalf of this charity.

11.3 Worldwide Congregation

The charity and the Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege. Grants are made to other Provinces of the Congregation around the world so that the charitable objects can be fulfilled outside the UK. These grants, which are comparatively small, are made from income arising on the designated Worldwide Fund.

11.4 St Philomena's School, Carshalton and Holy Cross College, Bury

St Philomena's School, Carshalton, Surrey is a Voluntary Aided School funded by the Local Education Authority. It serves Catholic girls of Sutton, Surrey and its environs and has facilities and resources for around 1,350 girls supported by a teaching staff of 90 and 72 support staff. It is a Leadership Partner School.

Holy Cross College, Bury, Lancashire, is a Catholic Sixth Form College with a University Centre all funded by the Education Funding Agency. It welcomes students and staff of all faiths. The College has facilities and resources for around 2,060 students and caters for 500 adult students following higher education courses validated by various universities and colleges. It has a staff complement of 183, of whom 110 are teaching staff.

Both are exempt charities and therefore separate legal entities, and they are run independently of the charity under the control of their Governing Bodies, of which the Provincial Superior and other Sisters are members. In both cases the Provincial Superior appoints the Foundation Governors. Their Articles and Instruments provide that the number of Foundation Governors exceed that of the other Governors in order to preserve their Catholic ethos. Other Governors are also appointed in accordance with their governing documents.

11 Related parties (continued)

11.4 *St Philomena's School, Carshalton and Holy Cross College, Bury (continued)*

The charity does not exercise control over the activities nor the management of either organisation and derives no financial benefit from them. The income and expenditure, assets and liabilities are not therefore aggregated into these financial statements and the properties are included at nil value. As the School and College are both carrying on activities which further the education object of the charity, they occupy their properties under various arrangements at little or no charge and this arrangement will continue, subject only to major changes in funding, governance or educational needs.

12 Statement of trustees' responsibilities

The trustees 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 charity and its incoming resources and application of resources, including the income and expenditure, of the charity for that period, and under Company Law they must not approve the financial statements unless they are satisfied that the requirement is met. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- ◆ 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 charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

12 Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

- ♦ so far as she is aware, there is no relevant audit information of which the charity'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 charity'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.

Approved by the trustees and signed on their behalf by:

V Hagen

Sister Veronica Hagen
Trustee and Provincial Superior

Approved by the trustees on: *10 November 2014*

1 Introduction

Part of the Trustees' Report, under new regulations, is now included in this strategic report. The charity's objects and the financial results are reflected in the accounts under four headings:

- ◆ **Religion** – the welfare and work of the Sisters
- ◆ **Health and Welfare**, which includes
 - ◇ Holy Cross Hospital
 - ◇ St Anthony's Hospital
 - ◇ St Raphael's Hospice
 - ◇ St Wilfrid's Care Home
- ◆ **Health, welfare and education** – principally St Elizabeth's Centre
- ◆ **Other** – any other expenditure or grants not falling under the other three main headings

Whilst the ethos of the Sisters permeates all these activities, the individual strategies and performance of the five main "Works" are all very different. For this reason a separate section has been included in this report for each of them. Each section covers the Works' strategy, objectives, achievements, performance, and its future plans.

2 Strategic objectives

The charity's Objects are shown in the Trustees' Report. These are widely drawn so the trustees have set specific strategic objectives which are as follows:

- ◆ To help those most in need within the ethos of the Daughters of the Cross – the weak, the marginalised, and the vulnerable – in whatever way can be practically and reasonably achieved.
- ◆ To run a facility for those suffering from epilepsy and other associated complex conditions (St Elizabeth's Centre, Hertfordshire).
- ◆ To run a hospice (St Raphael's Hospice, Cheam).
- ◆ To run a hospital for adults with severe and complex neurological disabilities and illnesses (Holy Cross Hospital, Haslemere).
- ◆ To run a care home for the elderly (St Wilfrid's Care Home, Chelsea).
- ◆ To run (until 22 May 2014) an acute surgical hospital (St Anthony's Hospital, Cheam).
- ◆ To run all these "Works" (as Sisters refer to them) in a way which meets all regulatory standards and ideally exceed them.
- ◆ Ensure that there are viable and sustainable futures for all these Works for when there are fewer Sisters able to take responsibility.

3 Overall strategy of the charity

The trustees have set a strategy in order to achieve these strategic objectives:

- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Provide the premises, equipment and vehicles so that the work can be undertaken.
- ◆ Provide healthy and safe environments for beneficiaries, staff, volunteers, visitors, and anyone affected by them.
- ◆ Provide education and training to a wider audience than staff where it is a practicable and desirable thing to do.
- ◆ Ensure that the management teams have the required capacity and capability to run the Works in line with the strategic objectives.
- ◆ Secure the necessary funding to pay for the services being provided.
- ◆ Ensure that everyone involved with the charity treat all people with whom they come into contact with respect.

4 Achievements and performance of overall charity

The biggest achievement of the year has been to continue to provide the charity's services to a good or excellent standard to all its beneficiaries, with uncertainty and changes taking place at St Anthony's Hospital and St Raphael's Hospice, with difficulty in recruiting and retaining appropriate staff at St Elizabeth's Centre and whilst dealing at all Works with ever more regulation and significant financial pressures from Service Referrers and Funders, many of whom are themselves operating under significant financial restrictions.

There have also been many visits from regulators, particularly the Care Quality Commission and Ofsted, which overall have resulted in gradings that demonstrate the outcomes are being met and good or excellent services are being provided.

In terms of finding futures, the trustees were pleased that, after more than two years of uncertainty, they found a very suitable buyer for St Anthony's Hospital in Spire Healthcare Ltd; a buyer which the trustees believe will operate it in a way that will continue the provision of its excellent services and which will be able to invest in and expand its facilities, something that the trustees were not in a position to do.

The trustees have also been arranging the future of St Philomena's School, Carshalton and since 2009 have been in drawn-out negotiations with the Diocese of Southwark.

Many other small steps are continually being taken to prepare for when the Works will be the responsibility of others.

There are many other individual achievements within the sections on each Work.

5 Events since the year-end

The only significant events since the year-end relate to St Anthony's Hospital. First the Satellite Consulting Rooms in Raynes Park were opened and then on 22 May 2014 the hospital sale to Spire Healthcare Ltd was completed. As the sale was after the year-end, all the financial effects of the sale are required to be reflected in next year's accounts. The trustees are pleased that such a major transaction has been completed satisfactorily and that the sale proceeds were greater than the net book value of the assets sold, which will result in a modest profit on sale in 2014/2015. The most important aspect of the sale however from the trustees' perspective is that the hospital will continue to provide its excellent services in the locality and that funds have been generated which will enable the futures of other Works to be made more secure.

We understand that the new owners plan to spend a considerable sum on developing the theatres to enable the Hospital to continue to provide excellent healthcare in line with developments in medical science and with the Spire mission to develop excellent clinical environments.

6 Future plans of overall charity

Since the 1990s the trustees have been undertaking the long-term process of finding alternative, self-sufficient futures for all of the Works of the charity. The top priority has been, and remains to find the best possible and most appropriate future for each of the Works, so that they can continue to provide much needed and valuable services to the community. The trustees will therefore continue to establish new structures, new managements or new ownerships over the medium-term. Whilst this process goes on, the charity will continue to provide its services in the manner it always has, overcoming whatever challenges present themselves.

7 Holy Cross Hospital – Health and Welfare

Activities

Working in co-operation with the NHS (from and by which most patients are referred and funded), Holy Cross Hospital provides services for 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. Outpatient facilities are also available for adults requiring physiotherapy and hydrotherapy treatment. Some patients are also admitted for short term rehabilitation or respite care. Some patients require access to the Hospital's services over prolonged periods, and so securing the best quality of life for them and their families continues to be the Hospital's goal, with a high priority being given to engaging the support and participation of family members. Much effort is also devoted to making the Hospital environment as "home-like" as possible and donations and volunteers' work make a major contribution to this.

7 Holy Cross Hospital – Health and Welfare (continued)

Activities (continued)

The Hospital has 40 rooms, employs around 120 staff and is accredited by Investors in People. Comprehensive training services are developed for the Hospital's employees and these are made available as appropriate to other local care providers and agency staff. The Physiotherapy Centre, which incorporates a hydrotherapy pool, enhances the treatment of many inpatients and also provides excellent facilities for outpatient treatment; the Hospital aims to bring the benefits of hydrotherapy to as many local people as possible.

The Church attached to the convent is licensed for public worship and daily masses are held there.

Strategies

- ◆ Continue to work closely in partnership with all purchasers of the Hospital's services, whilst maintaining the flexibility of an independent hospital which offers choice and individualised patient care and treatment; this involves working with the NHS, NHS and independent sector hospitals, Consultants, GP's, and other healthcare professionals.
- ◆ Develop further expertise and facilities in the treatment of severe and complex disability, and to secure recognition as a centre of excellence for this work.
- ◆ Develop rehabilitation services, using a multi-disciplinary approach.
- ◆ Develop the hydrotherapy service for the benefit of inpatients and outpatients to ensure the fullest possible use of the hydrotherapy pool.
- ◆ Develop the Physiotherapy Centre further as a service to local people offering high quality and accessible physiotherapy services.

Objectives and achievements

Objectives for 2013 - 2014	Achievement
Continue to provide services for 7 ventilated patients and plan strategically to increase this capacity	Achieved. Hospital able to provide services for 8 ventilated patients.
Increase activity and income in the Physiotherapy Centre	Achieved. Activity levels grew and Patient income increased by 49%.
Plan conference and other external training to promote the Hospital' Work	Achieved. Two-day conference on "Disorders of Consciousness" took place in June 2014. Training courses on aquatic therapy held attracting external physiotherapists.
Research and utilise new methods in all departments to increase efficiency	Achieved. E.g. garment press in laundry, new cleaning equipment, and investment in voltage optimisation.

7 Holy Cross Hospital – Health and Welfare (continued)

Objectives and achievements (continued)

Objectives for 2013 - 2014	Achievement
Utilise the new technology in the multisensory room to enable certain patients to engage better with the outside world at different levels	Achieved. Room used by a diverse group of patients
Develop an out-patient neuro-disability service	Achieved. Service will be extended to keep in line with demand.

NHS Commissioners continued to implement Government policies by imposing zero inflation uplift for most existing patients for the fifth year in succession. The Hospital was able to respond to this challenge by maintaining high occupancy, carefully controlling all expenditure and introducing efficiency measures wherever possible. Despite the constraints the Hospital was able to increase the number of places available for patients requiring artificial ventilation from 7 to 8.

The Patient Satisfaction Surveys continue to be conducted with predominantly positive comments, an example of which is *“Holy Cross Hospital is generally a wonderful and caring establishment and we feel the patients are in a safe and happy environment”*.

At the prompting of a Clinical Commissioner, the Hospital was granted an extension to its licence to include young people and one young person under 18 was admitted.

Future plans and events

There have been no significant events since the year end, but the Hospital's 3-5 year Strategic Clinical Governance Plans include the following objectives for 2014/2015:

- ◆ Develop services to people with prolonged disorders of consciousness and high level respiratory needs
- ◆ Develop services to young people (16-18 years)
- ◆ Maximise the benefit to patients of the Sensory Technology Room, the Senses Garden and the Woodland Trail
- ◆ Progress the piped oxygen and suction project
- ◆ Plan a major capital development for improved education and support facilities

8 St Anthony's Hospital – Health and Welfare

Activities

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

The Hospital is fully accredited by Investors in People, Clinical Pathology Accreditation (UK) (the pathology laboratory), and is registered with and inspected by the Care Quality Commission. It has 91 beds and employs over 500 staff.

The majority of patients are insured, including those carrying health insurance as a benefit from their employer. Of the remainder, around 14% of patients are self-funding and 9% are funded by the NHS.

St Anthony's Hospital's mission statement is fulfilled by offering admitting rights to Consultants who receive referrals of patients from GPs in the local community and further afield. The Consultants choose St Anthony's because of the high standards it offers in patient care, state-of-the-art technology and customer service.

Strategies

- ◆ Keep pace with developments in medical science in order to be able to offer the most up to date treatment available in the specialisms of cardiac and orthopaedic surgery, as well as in other relevant areas.
- ◆ Continue to provide an unrivalled standard of care for patients and service to consultants and general practitioners.
- ◆ Maintain and develop a well-motivated professional team, committed to providing a very high and effective standard of service.
- ◆ Systematically and continuingly review the structure, process and outcome of patient care.

Objectives and achievements

Objectives for 2013 – 2014	Achievement
<i>To maintain or develop the following areas of business and activity:</i>	
Gain registration with the Resuscitation Council as a National Training Organisation	Achieved
Establish an Electrophysiology service	Achieved
Open the Raynes Park Satellite Consulting Rooms	Achieved. Opened in May 2014

8 St Anthony's Hospital – Health and Welfare (continued)

Objectives and achievements (continued)

Objectives for 2013 – 2014	Achievement
Extend the cardiac programme	Achieved. 2 new cardiac surgeons given practicing privileges
Retain the Medicines and Healthcare products Regulatory Agency accreditation in relation to the Blood Transfusion service	Achieved
Renew the Bone Densitometry service provided to the NHS	Achieved
Set up two further contracts with the NHS	In-progress
<i>To replace and/or enhance facilities and various pieces of equipment:</i>	
Upgrade the Resuscitation Training equipment	Achieved
Replace the air-conditioning in Theatre 4	In-progress
Purchase a new Mobile X-ray machine	Achieved
Replace items of Imaging equipment	In-progress
Redevelop the Pathology Laboratory	In-progress

During the year the Hospital's patient activity showed minor changes compared with the prior year as follows:

	2014	2013
Total admissions (including Day Cases)	6,026	6,160
Total operations	6,204	6,159
Outpatient attendances	27,995	28,241
Average length of inpatient stay	4.42	4.42

There were small decreases in the number of admissions and outpatient attendances compared with the previous year (by 2% and 1% respectively) but the number of operations increased by 1%. Of these, the number of complex and major operations fell by 1% year on year from 2,366 procedures last year to 2,355 this year, although the average length of inpatient stay remained the same at 4.42 days, as did the proportion of day cases which was 46% against 45% last year.

8 St Anthony's Hospital – Health and Welfare (continued)

Objectives and achievements (continued)

Overall this activity, together with the result of difficult negotiations with insurance companies to obtain proper rates for services, resulted in incoming resources falling by 5% whilst the cost of delivering those services only fell by 1%.

Events since the year-end

The main event since the year end affecting the Hospital is that its sale was completed in May 2014.

9 St Raphael's Hospice – Health and Welfare

Activities

In its local community the Hospice provides, free of charge, excellent patient-centred specialist in-house care for those patients requiring symptom control, respite and terminal care. It welcomes, respects, and supports patients, their families, and its staff and aims to give patients the best quality of life to the very end. It aims to meet the physical, emotional, spiritual and social needs of patients, their families and friends during the final stages of terminal illness, with attention being paid particularly to patients' ethnic and religious backgrounds. In common with the Hospice movement generally, it runs an Education programme to promote best practice in Palliative Care.

Inpatient care is provided for patients referred by their GPs, with a Day Centre running four days a week. The Hospice is also the base for the Community Palliative Care Team, which enables its members to provide the same standard of care for those patients who require similar services but who continue to be able to live at home. The Hospice has 14 inpatient beds and around 135 staff (including part-timers but excluding volunteers) and has a Social Work Team to assist the patient's family during the course of the terminal illness and thereafter. It also offers a Bereavement Support Service for those patients' families who require support at the time of their bereavement. St Raphael's is firmly embedded in the work of the South West London Cancer Network and in particular the Palliative Care Education Programme.

There are four pillars upon which the work of the Hospice is based:

- ◆ *Inpatient care* within the ward;
- ◆ *Home care in the Community* by Hospice specialist nurses and the Hospice at Home Team;
- ◆ *Daycare*, wherein patients receive medical, nursing and social work care as well as being entertained and stimulated for the day, while carers may have some time for themselves; and
- ◆ *Education*, which trains staff, GP's and Managers of local Care Homes and raises awareness and develops best practice in the delivery of palliative care.

9 St Raphael's Hospice – Health and Welfare (continued)

Activities (continued)

During the year, the management of the Hospice took over the running of St Bede's Conference Centre from St Anthony's management. The Centre is made available for use by the local Primary Care Trust and GPs in the community and public lectures are organised on a wide range of Healthcare topics. Staff provide the St Raphael's Education Programme which promotes the Gold Standard Framework (best practice) in Palliative Care both within and beyond the Hospice.

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; in 2014 only 31.3% of the total costs were met by Health Authorities.

Strategies

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

Objectives and achievements

The Hospice had the following objectives for 2013-2014:

Objectives for 2013 – 2014	Achievement
Design and commission an Orangery to provide extra facilities for patients and relatives	Achieved. Construction started in December 2013.
Establish the Hospice Neighbours scheme which promotes voluntary help for patients in the Community	Achieved. A pilot scheme is running to be evaluated in 2014
Recruit a Community fundraiser and an assistant	Achieved.
Present a talk to the European Association of Palliative Care Congress in Prague	Achieved.
Carry out a critical review of the Liverpool Care Pathway	Achieved. In common with other Hospices and providers, use of the Liverpool Care Pathway has been discontinued.

9 St Raphael's Hospice – Health and Welfare (continued)

Objectives and achievements (continued)

Objectives for 2013 – 2014	Achievement
Enable Blood Transfusion and Pamidronate Infusion to be carried out in the Jubilee Centre	Achieved.
Establish Quality Accounts (an NHS requirement) to monitor and promote the quality of care given	Achieved in June 2014.

It was reported last year that St Anthony's Hospital, with which the Hospice shares a site and with which the Hospice worked very closely, was to be sold. Since that decision, the trustees have been working with management and advisors to plan for a long-term, independent and sustainable future for the Hospice.

There was a great deal of work necessary to separate the site, particularly the utility services, and this was done over a period. Nevertheless the major aspects of the separation were achieved by November 2013 and various new staff appointments were made, the key one being the appointment of a Chief Executive Officer who took up his post in January 2014. By the end of the year the Hospice was operating totally independently of the Hospital. During the same period, additional fundraisers were appointed and steps were taken to increase the number of subscribers to the Hospice lottery.

Future plans and events

The Hospice also has these objectives for 2014-2015:

- ◆ Ensure that it has a strong and effective management structure to meet the demands of its comparatively new independence.
- ◆ Complete and bring into effective operation the Orangery for the benefit of patients and relatives.
- ◆ Investigate, through enhanced clinical audit, ways to improve still further the care of the dying and access to end of life care.
- ◆ Initiate a therapeutic survey to look at the safety, efficacy and clinical outcomes of complex pain management within the Hospice.
- ◆ Recruit a new Matron to replace the long-serving Matron who will retire next year.
- ◆ Enhance the governance of the Hospice by introducing an improved system for managing the Hospice's policies and procedures.
- ◆ Produce the Hospice's own End of Life care plan.

9 St Raphael's Hospice – Health and Welfare (continued)

Future plans and events (continued)

- ◆ Analyse changes to the way the Care Quality Commission will inspect Hospices and ensure that appropriate evidence is collected.
- ◆ Raise over £2m net from voluntary donations, legacies and fundraising activities.

10 St Wilfrid's Care Home – Health and Welfare

Activities

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

It has 44 beds and a staff complement of around 60. It implements a very active social programme for residents and has good links with all manner of local organisations, including the adjacent Army Museum which provided lunchtime lectures. A chapel is provided for residents, staff, 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.

St Wilfrid's large function room and garden lounge are used free of charge for meetings and away-days by various outside groups or agencies such as the Parkinson's Society, Cor Christi and the Christchurch Fellowship.

Strategies

- ◆ Remain a centre of excellence for residential care in the Community and continue to enhance the Home's profile.
- ◆ 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.
- ◆ Ensure that as many of the 44 rooms as possible are occupied at all times.

10 St Wilfrid's Care Home – Health and Welfare (continued)

Objectives and achievements

The Home had the following objectives for 2013-2014:

Objectives for 2013 – 2014	Achievement
Appoint a new Registered Manager to concentrate on managing the Care Department, to allow the current Manager to concentrate on all other aspects of the Home.	Achieved in July 2013.
Review all the Senior Management roles on the appointment of the new Registered Manager.	Achieved
Complete the replacement of two of the Home's three lifts.	Achieved
Upgrade fire doors and install a sprinkler system to optimise the fire evacuation procedures.	Achieved

The replacement of the lifts took five months to complete but was able to be undertaken with minimum disruption to residents.

Occupancy had to be reduced this year to allow for rooms to be empty so that residents could be moved and contractors could work on the necessary upgrading to fire doors and the sprinkler system. It finished the year with 36 residents compared with 42 last year. Occupancy also suffered as the number of residents supported by the Local Authority reduced because of a change of policy caused by financial restrictions. During the year the Home cared for 49 residents (2013 - 60) with 10 being admitted, 8 of whom were long-stay residents (2013 - 18 and 15 respectively). Five residents were discharged, 1 to return home, with the remainder transferring to other care facilities. Sadly 9 (2013 - 15) residents died during the year, supported by family, friends, staff and the multi-disciplinary team from the community.

Future plans and events

Since the year end the General Manager has resigned and the recruitment process to replace her has started.

Home objectives for 2014-2015:

- ◆ Build up resident numbers; this will be done gradually so that all new residents can be supported properly.
- ◆ Linked with additional residents, recruit permanent staff and reduce agency costs.
- ◆ Upgrade all IT facilities including the telephone and call-alarm systems.

11 St Elizabeth's Centre – Health, Welfare and Education

Activities

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

- ◆ a residential non-maintained special school ("the School") with facilities for 80 boarding and day pupils up to the age of 19.
- ◆ a college ("the College"), for those in the 18-25 age range who aspire to more independent lifestyles; the College has 26 on-site tenanted accommodation units and 11 tenanted accommodation units in Bishops Stortford; it is supported by its own Domiciliary Care Agency, which is regulated and monitored in its own right.
- ◆ a "village" of modern bungalows for over 100 adult residents, which constitutes St Elizabeth's residential care home ("the Home"). The Home manages Social Enterprises and Day Services for residents and external clients and a 5-bed Respite Unit for external clients.

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

Strategies

- ◆ The School - Achieve long term increases in the number of pupils, through the building of modern accommodation and classroom facilities and through the development of closer links with regional authorities.
- ◆ The College - Develop the College programme to meet local learners' needs and improve College accommodation.
- ◆ 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 pupils, learners, and residents and meet funders' expectations.
- ◆ Carry out long term plans to improve and upgrade the facilities to meet the needs of pupils, learners and residents.
- ◆ Maintain the ethos of the Centre and provide caring and support to all pupils, learners and residents living at the Centre and those moving into and from the Centre.
- ◆ Support appropriately the families and carers of pupils, learners and residents.

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

Objectives and achievements

The Centre's plans included the following objectives for 2013-2014:

Objectives for 2013 – 2014	Achievement
<p>Review the academic and residential structure of the School and the College with a view to:</p> <p>Meeting Ofsted expectations</p> <p>Meeting the needs of the changing profile of the pupils and learners</p> <p>Delivering the service in a cost-efficient manner so that costs are aligned with the current referral levels</p>	<p>Partly achieved. School staffing was reorganised with effect from April 2014 to create a joint academic and residential support role.</p> <p>The structures will be kept under review to ensure they meet the needs of client referrals.</p>
<p>Review the pension arrangements to meet the dual challenges of the funding deficit at the last actuarial valuation and the auto-enrolment requirements.</p>	<p>Achieved. The final salary pension scheme was closed to future accrual in February 2014.</p>
<p>In order to optimise the quality of the service, as well as reduce costs, in the Home, minimise the use of agency staff through recruitment and retention and more flexible working patterns.</p>	<p>Partly achieved. There have been significant improvements but work in this area is continuing.</p>
<p>Continue to invest in fundraising in order to meet those capital and revenue costs not covered by funders but which are necessary to continue to provide a high-quality service.</p>	<p>Achieved and ongoing. An additional charity shop and a warehouse were opened in the year.</p>

During the year around £500,000 was spent on capital works to refurbish the School and Health Agency and make them more attractive and efficient places to work and live.

The Home continues to generate referrals for residential and external day placement services and occupancy in the new respite unit exceeded expectations.

Future plans and events

- ◆ Review the School and College services in order to align their delivery, curriculum and staffing structure more closely and to consider extending the provision to meet the changing needs of beneficiaries.
- ◆ Improve Ofsted inspection grading in the School and College

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

Future plans and events (continued)

- ◆ Reduce staff vacancies and turnover, enhance staff selection processes and maintain competitive terms and conditions of employment.
- ◆ Maximise fundraising income in order to invest in facility and service improvements.
- ◆ Manage a balanced budget whilst investing resources in maintaining the Investors In People registration, improved staff engagement, and upgrading I.T. and the website.
- ◆ Register St Elizabeth's School as a Children's Home giving it dual registration.
- ◆ Plan a major capital development to develop accommodation to meet growing needs.

12 Risk management

The charity works with vulnerable adults and children and carries out activities which are medically complex and which by their very nature involves 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 which they cannot control and which cannot be mitigated. They are nevertheless committed to a highly-developed risk management process across the charity.

The process by which risks are managed is that the management teams identify the major risks, 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. 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.

There are risk registers at each Work which take different forms depending on the work, the management structure and the beneficiaries and the risk processes are regularly reviewed by each Advisory Committee. From their 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, and the risks associated with the volatility of investments and investment income. The charity's reserves alleviate 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; and

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

12 Risk management (continued)

Funding - meaning organisations (particularly Public Authorities) not paying a proper level of fees and charges; or reducing the number or extent of referrals; or stop using the charity's services altogether; and

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

In all cases, actions are taken across the charity to mitigate these risks.

13 Financial Review

Results

A summary showing the operating deficit is as follows:

	2014 £'000	2013 £'000
Cost of providing services (including governance costs and pension scheme adjustments)	(61,559)	(61,679)
Operational income – mainly from fees and charges	57,351	57,866
OPERATING DEFICIT	(4,208)	(3,813)
Pension scheme adjustments required by FRS 17 (see note 17)	476	(159)
OTHER INCOME		
including net fundraising and investment income	5,411	6,912
Net incoming resources, before other gains and losses:	1,679	2,940

Operating deficit

The services provided by the charity have not changed significantly during the year, mainly because the facilities available to beneficiaries are largely fixed. Likewise the financial environment in the areas in which the charity operates has not been significantly different over the past year. The combined effect of these circumstances has produced similar factors affecting the financial results to those of the past two years namely:

- ◆ Pressure on fees and charges means that income does not keep pace with the rate at which costs increase.
- ◆ Standards, requirements and the regulatory environment make increasing demands and, in many cases, put additional pressure on costs.
- ◆ Considerable effort needs to be expended to maintain the highest levels of occupancy possible.
- ◆ Costs have to be kept in check by more and more efficiencies and by monitoring staffing levels and agency costs very closely (staff costs represent 64% of total costs).
- ◆ The skills of management and the well-established infrastructure enable net fundraising and investment income to cover the operating deficit.

13 Financial Review (continued)

Operating deficit (continued)

Despite the operating deficit, trustees' and management's actions have once again enabled an overall surplus of £1.7m to be generated, although a significant contribution of £2m was made to the pension scheme during the year to reduce the deficit.

Many of the charity's services are specialised and expensive, catering as they do for long-term beneficiaries, but the trustees are very well aware of the continued need for them. Nevertheless constraints on Public Authorities' budgets have a particular impact on either the number of referrals to services, or on the fee level which the authorities are prepared to pay. Inevitably therefore cost savings have to be implemented to match more closely the income but without reducing the quality of the service being provided. The trustees realise that this environment does present future financial risks, as there must be a point at which the expenditure cannot be brought into line with income without dramatically reducing the services available.

For St Anthony's Hospital the continued pressure from large health insurers, the changing patterns of patient admissions, attendances and procedures, and possibly the uncertainty created around the sale, resulted in depressed results with net incoming resources as a percentage of incoming resources falling from around 8% last year to 4.6% this year.

Whilst St Raphael's Hospice continued to provide its excellent services, there were significant changes behind the scenes, as work went on to enable it to operate independently of St Anthony's Hospital, which had supported it in so many ways since its inception. This culminated in its first Chief Executive being appointed in January 2014. The trustees were aware that the sale of the Hospital would increase the Hospice's costs and during the year additional fundraising staff were recruited and a two-year campaign to generate more lottery subscribers was instituted. It is too early to know how all these changes will affect the overall finances of the Hospice but the trustees are hopeful that all the changes will be financially neutral.

Holy Cross Hospital had a number of achievements during the year; it treated an increased number of patients needing ventilators, it increased patient activity in its Physiotherapy Centre (income increased by 49%), and it was able to treat a person under 18 for the first time. And it did all this with a zero-uplift on fees for existing patients for the fifth year in succession.

St Elizabeth's Centre is by its nature complex in that it comprises a School, a College and a Home, with each element subject to different funding and staffing environments. The School has been particularly badly impacted during the year by lower referrals, despite strong evidence of the continued need for the service. The fundraising income, together with action taken to attempt to match outgoings with income have still left the Centre with an unsustainable deficit for the year and Management continue their efforts to rectify the situation.

St Wilfrid's reduced occupancy resulted in a small deficit for the year, putting its reserves under pressure. As occupancy needs to be built up over time, it may take a year or so before the Home is generating a surplus again.

13 Financial Review (continued)

Operating deficit (continued)

Net investment income has increased by around a fifth this year, reflecting both a continuing recovery in the economy and minor tactical changes to generate more income.

Overall, charitable costs have decreased by just over 1% as a result of the actions taken to match costs to reducing income. In recent years, the income has represented around 95% of total costs, which gives rise this year to an operational deficit of £4.3m (2013 – £4.0m). It is clear to trustees and Works' managements that this difficult environment is unlikely to change in the medium-term.

Another example of increasing costs is the new pension auto-enrolment regulations which management has been dealing with during the year. Only two Works had to introduce them and the increased costs for 2013/2014 were around £80,000. This would be increased for a full year, and will be increased again as the other Works implement the necessary changes.

Income from generated funds has dropped overall by 28% although within that heading there are large variations. Both investment income and the income from fundraising activities have increased (16% and 10% respectively), but it has not been such a successful year for donations, legacies and voluntary income which have fallen by 35%.

The net incoming resources are therefore £1.7m (£2.9m) before other gains and losses.

However, despite the difficult financial backdrop, the management teams and staff at all the Works continue to do a magnificent job in continuing to provide excellent services to beneficiaries with generally good or outstanding results from all the various inspections and other feedback they receive.

Discontinued operations

As reported elsewhere, St Anthony's Hospital was sold on 22 May 2014, so this will be the last time that its full year results will be included. Under Financial Reporting Standard 3 (Reporting Financial Performance), because the sale was within three months of the year-end, the year's results have to be split between Discontinued and Continuing Activities. This split is shown on page 42.

The financial results of the Hospital were a significant part of the total (they represent around 47% of total costs), and the Hospital's net incoming resources were £1.3m out of a total of £1.7m. As the Works operate independently of one another within the strategies set by the trustees, the sale and the loss of this income has no disadvantageous effect on the remaining Works or the charity. Indeed the sale will enable additional income to be generated to support the remaining Works, and has provided funds for capital expenditure to extend or enhance existing facilities and make the Works' environments even more attractive to funders, to beneficiaries and their families, and to staff.

13 Financial Review (continued)

Unrealised gain on property revaluation

In 2009 the trustees, for various reasons, arranged a revaluation of all land and buildings for the first time and, under accounting regulations, they are required to revalue them every five years. The revaluation at 31 March 2014 resulted in an increase in value of £16.9m which has been incorporated into the accounts. This uplift has been designated and is reflected in the increase in the fixed asset designated fund.

Unrealised investment gains and losses

The stock market has been less volatile than last year and has continued to grow steadily, albeit not as quickly. The FTSE All-Share index has increased by 5% compared with almost 11% last year, and this has resulted in unrealised investment gains of £1.7m compared with £3.6m last year.

The portfolio is invested for the long-term and has a high percentage in UK and overseas equities; the trustees therefore accept that there will be comparatively high volatility in value, but the asset allocation and other investment policies are regularly monitored with the investment managers and the trustees' Finance Committee, and the movements have been within expected, acceptable ranges.

Actuarial losses on pension scheme

The defined benefit pension scheme for St Elizabeth's Centre has actuarial losses again this year but, as a £2m one-off contribution has been made during the year and as the scheme has been closed to future accrual (resulting in a curtailment gain of £582,000), they amount to only £149,000 this year compared with £872,000 last year. The net pension liability at 31 March 2014 stands at £873,000 (2013 - £3.4m).

Overall

The overall position shows an increase in funds of £20.1m (2013 - £5.7m) and at 31 March 2014 the charity has total funds of £186m (2013 - £166m).

Reserves policy and funds

The trustees are conscious of the requirement to balance the needs of present and future beneficiaries. This means that they have to decide every year whether to increase the proportion of resources allocated to general and designated funds or whether to invest more in fixed assets, staffing, etc. to maintain, improve or develop services to beneficiaries.

It is a characteristic of the Education, Health and Welfare sectors that medium-term fixed costs, such as permanent staff salaries, constitute a large proportion of total costs; total staff costs are normally around 64% 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 the continuing costs would need to be met, these free reserves are held in cash.

13 Financial Review (continued)

Reserves policy and funds (continued)

The trustees consider that, given this 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. These "free reserves", which are funds that are neither restricted nor designated for a defined purpose, are the General Fund.

In looking at the level required at 31 March 2014, the trustees have taken into account the fact that in future the annual expenditure will be around £35m compared with the expenditure last year of £64m. They have also considered what funds they needed to designate and increased the designated funds appropriately. The result is that the General Reserve at 31 March 2014 stands at £16.3m (2013 - £31.6m) which represents around 5.6 months (2013 - 5.9 months) of the future 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 2014 they amounted to £4.7m (2013 - £4.5m) of which £3m (2013 - £3.0m) is in respect of the Hospice and £1m (2013 - £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

Just over half of the total designated funds relate to the charity's unrestricted funds devoted to tangible fixed assets and amounted to £97.7m (2013 - £82.3m), which now includes the effect of the property revaluation.

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 £30m (2013 - £24m). 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 and the costs of the care of the frail and elderly members. At its increased level, this fund is now adequate to fulfil its purpose.

13 Financial Review (continued)

Reserves policy and funds (continued)

- ♦ Charitable Works development fund of £31.5m (2013 - £17.7m). This fund is invested to underpin the long-term financial needs of the Works. This need is connected with the long term aim of finding futures for the Works for when there are fewer Sisters who can be involved in their management. In light of the sale of St Anthony's Hospital, this fund could be, and has been increased. In the short-term, this fund will be used to meet any capital expenditure on facilities to cope with the ever-increasing level of needs of beneficiaries across the Works. It is not possible at this time to know exactly how much may be required to secure the futures of the Works and more may be required, but this is the maximum currently available.
- ♦ Worldwide fund of £5m (2013 - £3.6m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide in India, Pakistan, Africa and South America and it has been increased to £5m.

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

Pension reserve

The pension reserve relates to the defined benefit scheme for St Elizabeth's Centre which is fully explained in the notes to the financial statements. At 31 March 2014 there is a deficit of £873,000 (2013 - £3.4m). The current required level of contributions is met from the normal operating income of St Elizabeth's Centre.

14 Investments

Investment policies

The charity's listed investment objective is to preserve capital value in real terms and to achieve a growing level of income over time.

The trustees have had an ethical investment policy for many years as they believe that some investments are incompatible with the Sisters' spirituality and ethos and the charity's objects and the detailed 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 is not materially reduced by their ethical stance, although they recognise that in the longer-term there may be some negative effect.

14 Investments (continued)

Investment policies (continued)

No charity funds are 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 ensure that the companies comply with the International Labour Organisation standards and any invested funds relating to the hospitals and hospice are not invested in tobacco companies. For other areas of investment (for example the environment), 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. BlackRock, either internally or using external agencies monitor all these activities and the results are considered at every meeting with the investment managers.

Part of the BlackRock portfolio is an investment in Charifaith, which is a BlackRock-run ethical Common Investment Fund investing in a way that complies with Catholic teaching. The trustees took the decision to support the establishment of this fund, which aims to provide a secure, beneficial and ethical home for the investment funds of small to medium-sized charities and is part of the way in which the charity invests in a socially-responsible way.

Investment management, review and performance

Responsibility for the day to day management of the portfolio is delegated to BlackRock, who operate within guidelines agreed with the trustees. The portfolio comprises fixed interest stocks and listed UK and overseas equities, with an exposure to commercial property. The investments comprise segregated stocks and shares as well as pooled investments which are used where it is the BlackRock preferred way of investing and managing risk or where they consider that this is the preferable way of meeting the portfolio objectives. Income is withdrawn to meet central costs and grants.

The investment manager's results are reviewed with them twice a year at Province Finance Advisory meetings, where up to date reports are reviewed, performance against the benchmarks is monitored, and any issues concerning ethical investment or corporate governance are discussed. A composite benchmark is calculated reflecting the agreed asset class allocations and using appropriate indices for each asset class. The actual performance of the main portfolio against the benchmark for the year ended 31 March 2014 was as follows:

	Benchmark %	Actual %
UK investments	7.67	7.17

Variations from benchmark are explained by, and discussed with, the investment managers and appropriate action is agreed where necessary. During the year the trustees have had no significant concerns.

The market value of investments at 31 March 2014 was £52.1m (2013 - £49.1m), an increase of £3m, £1.7m of which is the unrealised investment gains.

Thanks

The trustees wish to record that none of the charity's work could be achieved without the dedicated loyalty of around 1,600 staff employed by the charity, the efforts of all the full-time and part-time volunteers (around 1,100), the commitment and effort of the Sisters (65 at 31 March 2014) or without the continuing generosity and input of their benefactors and advisors. The trustees are also extremely grateful to all members of the Advisory Committees and Governing Bodies who contribute to the charity's work by devoting their time and expertise.

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

Approved by the trustees and signed on their behalf by:



Sister Veronica Hagen
Trustee and Provincial Superior

Approved by the trustees on: 10 November 2014

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 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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).

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

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees 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 charity'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.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources, including 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.

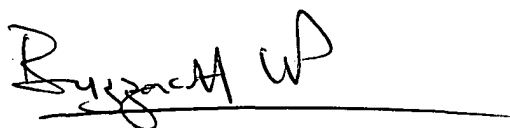
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

16 December 2014

Statement of financial activities Year to 31 March 2014
Including the statement of total recognised gains and losses

	Notes	Unrestricted funds		Restricted funds	Total funds 2014	Total funds 2013
		General fund £'000	Designated funds £'000	£'000	£'000	£'000
Income and expenditure						
Incoming resources						
Incoming resources from generated funds						
Voluntary income		1,084	—	2,637	3,721	5,025
Activities for generating funds		878	—	1,410	2,288	2,053
Investment income		1,908	—	19	1,927	1,615
		3,870	—	4,066	7,936	8,693
Incoming resources from charitable activities						
Health and welfare		37,461	—	1,580	39,041	39,712
Health, welfare and education		18,214	—	96	18,310	18,154
		55,675	—	1,676	57,351	57,866
Other income		66	—	—	66	473
Total incoming resources	1	59,611	—	5,742	65,353	67,032
Resources expended						
Cost of generating funds						
Costs of generating voluntary income		115	—	709	824	910
Fundraising trading: cost of running charity shops		688	—	876	1,564	1,151
Investment management costs		203	—	—	203	193
		1,006	—	1,585	2,591	2,254
Charitable activities						
Religion	2	2,362	—	—	2,362	2,436
Health and welfare		36,186	—	3,434	39,620	39,973
Health, welfare and education		18,505	—	113	18,618	18,931
Other		25	—	—	25	92
		57,078	—	3,547	60,625	61,432
Governance	3	437	—	21	458	406
Total resources expended		58,521	—	5,153	63,674	64,092
Net incoming resources before transfers		1,090	—	589	1,679	2,940
Transfers between funds						
Restricted to general	12	369	—	(369)	—	—
General to designated	13	(35,188)	35,188	—	—	—
Net (outgoing) incoming resources for the year before other recognised gains and losses		(33,729)	35,188	220	1,679	2,940

Statement of financial activities Year to 31 March 2014
Including the statement of total recognised gains and losses

		Unrestricted funds			Total funds 2014 £'000	Total funds 2013 £'000
	Notes	General fund £'000	Designated funds £'000	Restricted funds £'000		
Statement of total recognised gains and losses						
Net (outgoing) incoming resources for the year before other recognised gains and losses		(33,729)	35,188	220	1,679	2,940
Gains on revaluation of freehold properties	6	16,869	—	—	16,869	—
Gains on investments	7	1,712	—	30	1,742	3,586
Actuarial losses on pensions	17	(149)	—	—	(149)	(872)
Net movement in funds		(15,297)	35,188	250	20,141	5,654
Fund balances brought forward at 1 April 2013		31,552	129,804	4,482	165,838	160,184
Fund balances carried forward at 31 March 2014		16,255	164,992	4,732	185,979	165,838

	2014 £'000	2013 £'000
Historical cost net movement in funds		
Net movement in funds	20,141	5,654
Revaluation of freehold properties	(16,869)	—
Gains on fixed asset investments	(1,742)	(3,586)
Actuarial losses on pensions	149	872
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	(66)	50
Realised investment gains based on historic cost	718	483
Historical cost net movement in funds	2,331	3,473

Continuing operations

All of the charity's activities during the above two financial years represented continuing operations, although as explained in the Trustees' / Strategic Report, St Anthony's Hospital has been sold since the year end. The effect of these discontinued operations is shown below:

	2014			2013		
	Continued £	Dis-continued £	Total £	Continued £	Dis-continued £	Total £
Incoming resources	34,433	30,920	65,353	35,148	31,884	67,032
Resources expended	(34,056)	(29,618)	(63,674)	(34,118)	(29,974)	(64,092)
Net incoming resources before other recognised gains and losses	377	1,302	1,679	1,030	1,910	2,940
Other gains and losses	15,206	3,256	18,462	2,714	—	2,714
Net movement in funds	15,583	4,558	20,141	3,744	1,910	5,654

Balance sheet 31 March 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible fixed assets	6		98,531		83,431
Investments	7		52,104		49,094
			150,635		132,525
Current assets					
Stocks		1,307		1,218	
Debtors	8	8,531		6,552	
Term deposits		9,891		8,823	
Cash at bank and on deposit		30,152		32,281	
		49,881		48,874	
Creditors: amounts falling due within one year	9	(6,941)		(6,780)	
Net current assets			42,940		42,094
Total assets less current liabilities			193,575		174,619
Creditors: amounts falling due after more than one year	10		(6,723)		(5,406)
Total net assets excluding pension liability			186,852		169,213
Net pension liability	17		(873)		(3,375)
Total net assets			185,979		165,838
Represented by:					
Funds and reserves					
Restricted funds	12		4,732		4,482
Unrestricted funds					
. Designated funds	13				
.. Fixed asset fund		97,720		82,254	
.. Other		67,272		47,550	
		164,992		129,804	
. General fund excluding pension reserve		17,128		34,927	
. Pension reserve	17	(873)		(3,375)	
. General fund including pension reserve		16,255		31,552	
Total unrestricted funds			181,247		161,356
Total charity funds			185,979		165,838

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: 10 November 2014

Cash flow statement Year to 31 March 2014

	Notes	2014 £'000	2013 £'000
Cash inflow from operating activities	A	533	3,674
Return on investments and servicing of finance			
Investment income		1,927	1,615
Capital expenditure and financial investment	B	(1,161)	(4,632)
		1,299	657
Management of liquid resources	C	(1,068)	2,268
Financing	C		
Decrease in bank loans	C	(122)	(121)
Increase in other long term liabilities	C	1,439	2,388
Contributions to pension scheme		(2,175)	(175)
(Decrease) increase in cash	C	(627)	5,017

Notes to the cash flow statement for the year to 31 March 2014.

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

	2014 £'000	2013 £'000
Net incoming resources before other recognised gains	1,679	2,940
Depreciation charge and provision for impairment	3,167	3,247
Net gains on disposal of tangible fixed assets	(3)	(471)
Pension finance income	—	(2)
Pension cost less contributions paid	106	161
Pension Scheme curtailment gain	(582)	—
Investment income	(1,927)	(1,615)
(Increase) decrease in stocks	(89)	58
Increase in debtors	(1,979)	(1,069)
Increase in creditors	161	425
Net cash inflow from operating activities	533	3,674

Cash flow statement Year to 31 March 2014

B Gross cash flows

	2014 £'000	2013 £'000
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(2,529)	(3,296)
Net proceeds from sale of tangible fixed assets	1,134	1,274
Payments to acquire investments	(16,370)	(13,814)
Proceeds from the sales of investments	16,602	11,450
Other movements	2	(246)
	(1,161)	(4,632)

C Analysis of changes in net funds

	At 1 April 2013 £'000	Cash flows £'000	At 31 March 2014 £'000
Available cash			
· Cash at bank and in hand	32,281	(2,129)	30,152
· Cash held by investment managers	555	1,502	2,057
	32,836	(627)	32,209
Management of liquid resources			
· Net cash placed on term deposit	8,823	1,068	9,891
Bank loans			
· Debt due within one year	(121)	—	(121)
· Debt due after one year	(906)	122	(784)
	(1,027)	122	(905)
Other long term liabilities	(4,500)	(1,439)	(5,939)
Total	36,132	(876)	35,256

D Reconciliation of net cash flow to movement in net funds

	2014 £'000	2013 £'000
(Decrease) increase in cash in the year	(627)	5,017
Increase (decrease) in term deposits	1,068	(2,268)
Decrease in bank loans	122	121
Increase in other long term liabilities	(1,439)	(2,388)
(Decrease) increase in net funds	(876)	482

Scope

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

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

As at 31 March 2014, 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. During the year the Sisters living in Stockton, California relocated to Tracy and now all the Sisters based in the USA live in the one Community in Tracy.

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

Basis of accounting

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), have been followed in the preparation of these financial statements.

Non-aggregated activities – St Philomena's School, Carshalton and Holy Cross College, Bury

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

Basis of accounting (continued)

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

As the School and College are carrying out activities which further one of the objects of the charity, the properties are let to them at a peppercorn or nominal rent and this arrangement will, subject only to major changes in funding, governance or educational needs in those areas, continue indefinitely. The School and College land and buildings cannot be disposed of in the open market nor put to alternative use whilst such occupation continues. The freehold property is therefore considered to have no value for the purpose of these financial statements.

Incoming resources

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

Voluntary income

- ◆ Donations represent income given by individuals, corporations and trusts including recoverable taxation.
- ◆ Legacies are credited to the statement of financial activities once the charity has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.
- ◆ Covenanted income from the Sisters of the Congregation arises from the donation of their salaries and pensions.

Activities for generating funds

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

Investment income

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

Income from charitable activities

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

Incoming resources (continued)

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.

Resources expended

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

Cost of generating funds

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

Charitable activities

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

Governance

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

Tangible fixed assets

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.

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. As required by SORP and FRS 15, these values are updated on a regular basis.

Tangible fixed assets (continued)

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

Freehold buildings	2 - 4% on cost or revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	20 - 25% on cost

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

Investments

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

Term deposits

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

Fund accounting

Restricted funds

The restricted funds are funds which have been raised for a specific purpose or which are subject to restrictions on their use, and include those funds which have to be spent at a particular Work. 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 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.

Fund accounting (continued)

Pension reserve

The pension reserve represents the amount of the surplus or deficit relating to the charity's long term obligations under a defined benefit pension scheme. It is equal to the amount recognised as a pension scheme asset or liability. Whilst the surplus or deficit is required to be recognised in the charity's financial statements by FRS17, it is a situation which will be addressed over the medium term, following actuarial recommendations.

Pension costs

Defined contribution schemes

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

Defined benefit schemes

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

- ♦ Teachers' Pension Scheme (TPS) is a multi-employer defined benefit scheme. As it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers, the contributions to the scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.
- ♦ St Elizabeth's Centre Final Salary 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.

1 Incoming resources

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2014 £'000	Total funds 2013 £'000
Voluntary income				
. Donations	56	1,428	1,484	1,956
. Legacies	51	1,209	1,260	2,057
. Covenanted income from Sisters of the Congregation – salaries and pensions	977	—	977	1,012
	<u>1,084</u>	<u>2,637</u>	<u>3,721</u>	<u>5,025</u>
Incoming resources from activities for generating funds				
. Charity shops	824	1,091	1,915	1,718
. Lottery and events	54	319	373	335
	<u>878</u>	<u>1,410</u>	<u>2,288</u>	<u>2,053</u>
Investment income				
. UK investments	1,599	—	1,599	1,264
. Overseas investments	29	—	29	36
. Property	45	—	45	36
. Interest receivable	235	19	254	279
	<u>1,908</u>	<u>19</u>	<u>1,927</u>	<u>1,615</u>
Incoming resources from charitable activities				
Health and welfare				
. Fees and charges	36,531	—	36,531	37,599
. Grants	—	1,574	1,574	1,197
. Other	930	6	936	916
	<u>37,461</u>	<u>1,580</u>	<u>39,041</u>	<u>39,712</u>
Health, welfare and education				
. Fees and charges	18,035	—	18,035	17,835
. Grants from Health Authorities	—	96	96	123
. Other	179	—	179	196
	<u>18,214</u>	<u>96</u>	<u>18,310</u>	<u>18,154</u>
Other Income				
. Surplus on disposal of tangible fixed assets	3	—	3	471
. Other income	63	—	63	2
	<u>66</u>	<u>—</u>	<u>66</u>	<u>473</u>
Total incoming resources	<u>59,611</u>	<u>5,742</u>	<u>65,353</u>	<u>67,032</u>
2013	<u>60,397</u>	<u>6,635</u>	<u>67,032</u>	

2 Charitable activities

	Staff costs £'000	Provision for impairment and depreciation £'000	Other direct costs £'000	Total 2014 £'000	Total 2013 £'000
Religion	771	287	1,304	2,362	2,436
Health and welfare	23,476	2,006	14,138	39,620	39,973
Health, welfare and education	15,198	861	2,559	18,618	18,931
Other	—	—	25	25	92
Total charitable expenditure	39,445	3,154	18,026	60,625	61,432
2013	39,369	3,238	18,825	61,432	

Included within direct charitable expenditure are the following:

	2014 £'000	2013 £'000
Interest payable	36	61
Pension finance income	—	(2)
Operating lease rentals		
land and buildings	223	223
other	265	268
Total grants and donations	139	123
Payments to auditors for other services	73	66

Of the total grants made during the year, £114,000 (2013 - £105,000) were made to the Worldwide Congregation.

3 Governance costs

	2014 £'000	2013 £'000
Staff costs	210	166
Professional fees	224	217
Depreciation	6	5
Other costs	18	18
	458	406

Professional fees include payments to the auditors for audit fees of £99,000 (2013 - £106,000). Fees paid to the charity's auditor for other services, which all relate to general financial advice and assistance, are included under charitable activities. The total amount paid to the auditors was £172,000 (2013 - £172,000).

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

4 Staff costs and trustees' remuneration

	2014 £'000	2013 £'000
Wages and salaries	33,770	33,346
Social security costs	2,961	2,937
Other pension costs	1,053	1,040
Pension scheme curtailment	(582)	—
	37,202	37,323
Payments for agency staff	2,775	2,268
Other staff related costs	921	958
	40,898	40,549

Staff costs have been charged as follows:

	2014 £'000	2013 £'000
Cost of generating funds	1,243	1,014
Charitable activities	39,445	39,369
Governance costs	210	166
	40,898	40,549

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

The average monthly number of employees, analysed by function was:

	2014		2013	
	F.T.E.*	Actual People	F.T.E.*	Actual People
* Full-time equivalents				
Charitable activity				
· Religion	23	32	27	36
· Health and welfare	612	772	610	780
· Health, welfare and education	566	675	553	675
· Fundraising	54	71	49	66
	1,255	1,550	1,239	1,557
Volunteers		1,130		1,109
		2,680		2,666

In addition, the number of agency staff, on a full-time equivalent basis, was 112 (2013 – 94).

The governance of the charity is dealt with by the Sisters themselves acting, where appropriate, after considering the advice of their professional advisors and with the assistance of the Company Secretary and various members of the Works' Senior Management Teams. The full time equivalent number of people involved in Governance is 2 (2013 – 2) and these individuals are included in the summary above within their main work activity.

4 Staff costs and trustees' remuneration (continued)

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

	2014	2013
£60,001 - £70,000	9	5
£70,001 - £80,000	7	4
£80,001 - £90,000	1	1
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	1
£180,001 - £190,000	—	1
£190,001 - £200,000	1	—
	23	17

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

	2014 Number	2014 £'000	2013 Number	2013 £'000
Those in defined benefit schemes	8	92	5	66
Those in defined contribution schemes	10	38	6	23
Those for whom other contributions have been made	4	64	4	62
Those for whom no contributions were made	1	—	2	—
Total	23	194	17	151

5 Taxation

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

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £1.9m (2013 - £2.0m).

6 Tangible fixed assets

	Freehold & leasehold land and buildings £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2013	88,317	22,993	749	112,059
Additions	920	1,414	195	2,529
Disposals	(1,263)	(207)	(103)	(1,573)
Reallocation	(25)	25	—	—
Revaluation	5,980	—	—	5,980
At 31 March 2014	93,929	24,225	841	118,995
At cost	499	24,225	841	25,565
At valuation - 2014	93,430	—	—	93,430
	93,929	24,225	841	118,995
Depreciation				
At 1 April 2013	8,834	19,251	543	28,628
Charge for year	2,189	885	93	3,167
Disposals	(134)	(207)	(101)	(442)
Revaluation	(10,889)	—	—	(10,889)
At 31 March 2014	—	19,929	535	20,464
Net book value				
At 31 March 2014	93,929	4,296	306	98,531
At 31 March 2013	79,483	3,742	206	83,431

	2014 £'000
Depreciation and the provision for impairment is allocated as follows:	
Cost of generating funds	7
Charitable activities	3,154
Governance	6
	3,167

Included in freehold land and buildings are amounts for land at cost and valuation of £27.6m (2013 - £20.8m) 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 Grugeon FRICS of Reeves & Partners, Chartered Surveyors. Valuations were in accordance with the requirements of the RICS Valuation Standards and Financial Reporting Standard 15 - Tangible Fixed Assets.

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.

6 Tangible fixed assets (continued)

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.

7 Fixed asset investments

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

	2014 £'000	2013 £'000
Unrealised investment gains	1,635	3,832
Unrealised gain on investment property	105	—
Other movements	2	(246)
Gain on investments per SOFA	1,742	3,586

The realised gain relating to disposals based upon historic cost was £718,000 (2013 - £483,000).

	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Investments (note a)		49,487		48,084
Cash (note a)		2,057		555
		51,544		48,639
Investment properties (note b)		560		455
Total fixed asset investments		52,104		49,094

(a) Investments

Market value of investments at 1 April 2013	48,084	41,888
Additions at cost	16,370	13,814
Sale proceeds	(16,602)	(11,450)
Net unrealised investment gains	1,635	3,832
Market value of investments at 31 March 2014	49,487	48,084

Historical cost of investments as at 31 March 2014	45,371	42,882
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Investment cash

Cash held for re-investment by investment managers in the UK	2,057	555
Total investments at 31 March 2014	51,544	48,639

7 Fixed asset investments (continued)

	UK 2014 £'000	Overseas 2014 £'000	Total 2014 £'000	Total 2013 £'000
Analysis of investments at market value at 31 March 2014:				
Listed investments				
. Pooled funds	25,562	—	25,562	25,310
. Other	17,060	246	17,306	17,400
Unlisted shares				
. Pooled funds	5,871	—	5,871	4,683
. Other	198	550	748	691
	<u>48,691</u>	<u>796</u>	<u>49,487</u>	<u>48,084</u>
2013	<u>47,396</u>	<u>688</u>	<u>48,084</u>	

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

Whilst there are significant investments in common investment funds and other collective investments, 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 2013	455
Revaluation gain	105
At 31 March 2014	<u>560</u>

8 Debtors

	2014 £'000	2013 £'000
Amounts recoverable within one year		
. Operational debtors	4,346	4,677
. Other debtors (including legacies receivable)	380	635
. Prepayments	<u>3,805</u>	<u>1,240</u>
	<u>8,531</u>	<u>6,552</u>

Included in prepayments are all the costs of preparing for the sale of St Anthony's Hospital, of separating the site and of arranging the sale itself which, up to 31 March 2014, amount to £3m (2013 - £345,000). These will be set against the sale proceeds in 2014/2015.

9 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Operational creditors	1,361	1,295
Social security and other taxes	768	792
Sisters' funds	284	270
Contribution to compensation scheme	1,074	1,096
Fixed asset creditors	253	381
Income received in advance	582	431
Accruals	1,396	1,120
Amount due to the worldwide Congregation (note 10)	686	920
Other creditors	416	354
	6,820	6,659
Bank and other loans (note 11)	121	121
	6,941	6,780

10 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amount due to the worldwide Congregation	5,939	4,500
Bank loan (note 11)	784	906
	6,723	5,406

11 Bank loan

	2014 £'000	2013 £'000
Loan repayable:		
Between one and two years	122	122
Between two and five years	376	376
After more than five years	286	408
	784	906
Within one year	121	121
	905	1,027

The bank loan will be fully repaid by 2020. It bears an interest rate of 0.85% above base rate and the rate is capped at 6.85%. The loan is unsecured.

12 Restricted funds

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

	At 1 April 2013 £'000	Net incoming resources £'000	Transfers £'000	Other movements £'000	At 31 March 2014 £'000
Hospice funds	3,046	729	(700)	—	3,075
Holy Cross Hospital	981	—	—	30	1,011
Sundry funds	455	(140)	331	—	646
	<u>4,482</u>	<u>589</u>	<u>(369)</u>	<u>30</u>	<u>4,732</u>

♦ *Hospice funds*

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

♦ *Holy Cross Hospital*

In 2006 the charity received a legacy which had to be used at Holy Cross Hospital and is therefore restricted. The funds were 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 many small funds across the Works of the Congregation.

13 Designated funds

	At 1 April 2013 £'000	Transfer from (to) general funds £'000	At 31 March 2014 £'000
Fixed asset fund	82,254	15,466	97,720
Other funds			
• Daughters of the Cross fund	24,000	6,000	30,000
• Charitable works development fund	17,714	13,786	31,500
• Worldwide fund	3,633	1,367	5,000
• Sundry funds	2,203	(1,431)	772
	<u>47,550</u>	<u>19,722</u>	<u>67,272</u>
	<u>129,804</u>	<u>35,188</u>	<u>164,992</u>

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.

13 Designated funds (continued)

♦ ***Fixed asset fund***

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

The fund also includes, where relevant, amounts committed as authorised fixed asset expenditure for projects planned and agreed at 31 March 2014 and which will be met out of funds already generated.

♦ ***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 and around the world 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 and apostolic activities and the costs of the care of the frail and elderly members.

♦ ***Charitable works development fund***

The Charitable works development fund was established to help secure the future financial needs of the Works of the Congregation and is represented by investments and cash. It has been increased during the year and now includes funds to cover any expenditure on facilities in the short-term, to cope with the ever-increasing level of needs of beneficiaries across the Works.

♦ ***Worldwide fund***

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

♦ ***Sundry funds***

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

14 Analysis of total net assets between funds

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2014 are represented by:					
Tangible fixed assets	—	98,531	—	—	98,531
Fixed asset investments	1,853	—	49,240	1,011	52,104
Net current assets	21,214	(27)	18,032	3,721	42,940
Other liabilities	(6,812)	(784)	—	—	(7,596)
Total net assets	16,255	97,720	67,272	4,732	185,979
Unrealised gains (losses) included above:				2014 £'000	2013 £'000
On tangible fixed assets				45,836	28,165
On investment assets				4,116	5,202
On pension scheme				(873)	(3,375)
Total unrealised gains at 31 March 2014				49,079	29,992

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

15 Capital commitments

	2014 £'000	2013 £'000
The capital commitments at 31 March 2014 were:		
Contracted but not provided for in the financial statements		
Orangery at St Raphael's Hospice	468	—
Fire safety works at St Wilfrid's Care Home	21	—
Work on lifts at Holy Cross Hospital	28	—
Replacement of lifts at St Wilfrid's Care Home	—	230
Total commitments	517	230

There were no capital commitments authorised but not contracted for.

16 Related party disclosures

Sisters

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

16 Related party disclosures (continued)

Worldwide Congregation

The charity is a member of the worldwide Congregation of the Daughters of the Cross of Liege and has objects which are not restricted to the UK. Total grants of £114,000 (2013 - £105,000) were made during the year to the worldwide Congregation or for Sisters within it. At 31 March 2014 the charity holds for the International Generalate investments of £5.9m (2013 - £4.5m) and cash in respect of other transactions which amounts to £686,000 (2013 - £920,000). The investments include unrealised gains arising during the year relating to them. The value of both investments and cash are included in liabilities.

17 Pension commitments

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

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

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2014 £'000	2013 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	76	72
St Elizabeth's Centre	Defined benefit	BBS	340	484
St Elizabeth's Centre	Defined contribution	Scottish Widows plc	112	50
St Anthony's Hospital	Defined contribution	Scottish Equitable plc	480	388
Other contributions			45	46
			1,053	1,040

Teachers' Pension Scheme (TPS)

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

The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

Under the definitions set out in Financial Reporting Standard 17, 'Retirement Benefits' (FRS 17), 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 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Set out below is the information available on the scheme and the implications for the Centre in terms of the anticipated contribution rates. The pensions' cost is assessed not less than every four years, with a supporting interim valuation in-between in accordance with the advice of the Government Actuary.

17 Pension commitments (continued)

Teachers' Pension Scheme (TPS) (continued)

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

- ◆ Latest actuarial valuation 31 March 2004
- ◆ Actuarial method Prospective benefits
- ◆ Gross rate of return 6.5% per annum

Real rate of return in excess of:

- ◆ Prices per annum 3.5%
- ◆ Earnings per annum 2.0%
- ◆ Rate of real earnings growth per annum 1.5%

Value of assets at date of last valuation £163,240 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 98%

The employers' contribution rate for the year was 14.1%.

The St Elizabeth's Centre Final Salary Scheme

BBS Consultants and Actuaries Ltd administers pension schemes for charities and voluntary organisations and St Elizabeth's Centre operated a funded defined benefit pension scheme. The scheme does not contract members out of the State Second Pension. The Final salary scheme operated by BBS is closed to new entrants and has been replaced by the defined contribution Scottish Widows scheme. The organisation matches employee contributions to the Scottish Widows scheme between 3% and 6%.

Contributions payable were determined on the basis of triennial valuations carried out by a qualified actuary using the projected unit method. The employer contributions for the year were £409,000 (2013 - £490,000) plus deficit reduction payments of £2.175m.

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

- ◆ Latest actuarial valuation 1 August 2012
- ◆ Actuarial method Projected unit
- ◆ Investment returns per annum 3 - 4%
- ◆ Average inflation per annum 2.5%
- ◆ Salary increases per annum 2.5%
- ◆ Market value of assets at date of last valuation £69m
- ◆ Proportion of members' accrued benefits covered by the actuarial value of the asset 64%

17 Pension commitments (continued)

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

Since 1 August 2012, the employer has contributed at a rate of 12.1% of members' pensionable salaries. Members have paid contributions in line with the rates outlined in Scheme documentation.

Movement in deficit during the year

	2014 £000	2014 £000	2013 £000	2013 £000
Deficit at 1 April 2013		(3,375)		(2,519)
Income/expenditure recognised in the statement of financial activities				
· Current service cost – total operating charge	(340)		(482)	
· Expected return on pension scheme assets	(486)		(444)	
· Interest on pension liabilities	486		442	
· Curtailment gain	582		—	
	<u>242</u>		<u>(484)</u>	
Annual employer contributions	234		325	
Effect of FRS 17 adjustments		476		(159)
Deficit-reducing contributions				
· Annual	175		175	
· One off	<u>2,000</u>		<u>—</u>	
		2,175		175
Amounts recognised as other gains and losses				
· Actual return less expected return on pension scheme assets	(153)		144	
· Experience gains and losses arising on the scheme liabilities	—		(268)	
· Change in financial and demographic assumptions underlying the scheme assets	<u>4</u>		<u>(748)</u>	
Actuarial losses recognised		<u>(149)</u>		<u>(872)</u>
Deficit at 31 March 2014		<u>(873)</u>		<u>(3,375)</u>

A one-off contribution of £2m. was made during the year in order to reduce the pension scheme deficit and to reduce future annual contributions towards it.

Following consultations with the members, the scheme was closed to future accrual on 1 February 2014 and this resulted in a "Curtailment gain" of £582,000.

The extensive disclosures regarding the defined benefit schemes required by FRS 17 have not been included in full, as the trustees do not believe that the charity's exposure to the scheme is material.

18 Post balance sheet events

On 22 May 2014 the sale of St Anthony's Hospital to Spire Healthcare Limited was completed. As the sale was after the year-end, all the financial effects of the sale are required to be reflected in next year's accounts. The split of the year's results between discontinued and continuing activities are shown at the foot of the statement of financial activities.