

# REGISTRAR OF COMPANIES

## The Congregation of the Daughters of the Cross of Liege

### Annual Report and Financial Statements

31 March 2015

Company Registration Number 03492921

Charity Registration Number 1068661

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## 1 Brief summary of the year

### *Our finances*

(excluding the discontinued activity of St Anthony's Hospital)

	2015	2014
Total expenditure	£39.9m	£34.2m
Total income	£38.2m	£34.4m
Total staff costs	£26.7m	£24.8m

### *Our people*

Employees	1,036	1,041
Volunteers	1,055	1,083
Sisters	63	65

### *Our beneficiaries*

Resident pupils and learners	96	91
Adult long-term residents and beneficiaries	269	260
Hospice patients	1,003	987
Physiotherapy clients	1,200	1,000

### *Major achievements*

The charity continued to meet the complex needs of people who all need a great deal of care and attention every day

St Elizabeth's School achieved the lengthy and detailed work necessary to raise their Ofsted grading from "Requires Improvement" to "Good", which they achieved in September 2014

St Raphael's Hospice Orangery, at a cost of around £1m, was completed and brought into operation as a wonderful facility where patients and their relatives can relax and socialise

St Elizabeth's School for the first time offered a 52-week provision rather than the normal school year of a 38-week provision and successfully re-registered as a Children's Home

St Anthony's Hospital, Cheam was sold to Spire Healthcare on 22 May 2014 enabling their excellent healthcare provision to be continued in the area

## **2 Trustees**

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

Sister Veronica Hagen (Chairperson)  
Chief Executive of the Charity  
Provincial Superior and Chairperson of the Provincial Council  
Sister Mary McGinn (aka Sister Mary Geraldine)  
Provincial Bursar  
Sister Patricia Ainsworth\*  
Sister Annette Clemence\*  
Sister Anne Kelly\*  
Sister Shirley Lowe (aka Sister Mary Agnes)\*

\* Members of the Provincial Council

## **3 Charity's Aim**

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 set out in their Constitution

## **4 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 2015. 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 2011.

The financial statements are presented in accordance with the accounting policies on pages 40 to 44 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).

The trustees are pleased that during the year the charity has continued to provide a broad range of excellent services. The charity is unusual in providing such a wide range of services and, despite the differences between them, the 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 many people have been helped with their care, education, health, or medical needs in a very challenging environment of limited funding and increasing regulation and inspections. 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.

#### 4 Introduction (continued)

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 offer a spiritual dimension to all those with whom they interact

The charity's objects and the financial results are reflected in the accounts under four headings

- ◆ **Religion** – the support and ministry of the Sisters
- ◆ **Health and Welfare**, which includes
  - ◇ Holy Cross Hospital, Haslemere, Surrey  
*Hospital for the treatment of neurological disability and other long-term conditions*  
Senior Officer: Chns Hinton      Website: [holycross.org.uk](http://holycross.org.uk)
  - ◇ St Raphael's Hospice, Cheam, Surrey  
*Care of the dying and their families*  
Senior Officer: Mike Roycroft      Website: [straphaels.org.uk](http://straphaels.org.uk)
  - ◇ St Wilfrid's Care Home, Chelsea, London  
*Care home for the elderly*  
Senior Officer (from 4 May 2015): Ann Stuart      Website: [stwilfridssw3.com](http://stwilfridssw3.com)
- ◆ **Health, welfare and education**
  - St Elizabeth's Centre, Much Hadham, Hertfordshire  
*School, Home, College and Children's Home 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*  
Senior Officer: James Connolly      Website: [stelizabeths.org.uk](http://stelizabeths.org.uk)
- ◆ **Other** – any other expenditure or grants not falling under the other three main headings

The activities of St Anthony's Hospital have been presented separately as they are now discontinued, it was sold on 22 May 2014

Whilst the ethos of the Sisters permeates all the activities, the individual strategies and performance of the four remaining "Works" are all very different. For this reason a separate section has been included in this report for each of them

#### 5 Strategic objectives

The charity's Objects are very 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
- ◆ To provide that help in whatever way can be practically and reasonably achieved, either by the Sisters themselves, or through the various Works, or by providing financial support to Sisters undertaking similar charitable works in other parts of the world
- ◆ To run a facility for those suffering from epilepsy and other associated complex conditions (St Elizabeth's Centre, Hertfordshire)

**5 Strategic objectives (continued)**

- ◆ 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 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 the Works for when there are fewer Sisters able to take responsibility for them

The objects are listed on page 24

**6 Overall strategy of the charity**

The trustees have set a strategy in order to achieve these 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

**7 Achievements and performance of overall charity**

By the nature of the charity and the work of the Sisters, its success is in continuing to provide appropriate facilities and the highly specialised staff infrastructure to look after people who all need a great deal of care and attention every day, and, for most, this will continue for the rest of their lives. The care, particularly at St Elizabeth's and Holy Cross Hospital is complex and expensive and could not be considered routine healthcare

## **7 Achievements and performance of overall charity (continued)**

St Elizabeth's offers a medical, social, and educational model of care and treatment for people with epilepsy and other complex associated needs. They have cared for 261 people during the year and provided formal education to those between the ages of 5 and 25. Holy Cross Hospital has cared for around 49 people with complex neurological disabilities or illnesses caused by accidents or from degenerative illnesses. St Raphael's Hospice has provided terminal care for 1,003 people both within the Hospice and within their own homes. St Wilfrid's Care Home has cared for 55 very elderly residents, for both long-stay and respite care. In all cases the beneficiaries are given the best quality of life that they are able to experience. The Sisters have continued ministering amongst the staff and beneficiaries within the Works, and in their local parishes, prisons, and all the many other places in which they work.

The main achievement of the charity every year is to continue to carry out those activities to at least the required standard, and often to a much higher one, and in caring for people to make a difference to their lives. St Raphael's is the only activity which raises money directly from the public to meet its operating costs (it raises around £4m p a ), the other Works are all mostly reliant on funding from public or statutory authorities, most of which have considerable financial restraints of their own. In total, 72% of the charity's income comes from public or statutory authorities.

In March 2015, after considerable work and research, St Elizabeth's School decided to offer a 52-week rather than a 38-week provision. Even though the Centre will be doing exactly what it has always done (but for longer for some children), the School was required to re-register as a Children's Home and during the Summer Term 2015, the first children who needed more than a 38-week provision were welcomed into the Home.

At St Raphael's Hospice the "Orangery" development, at a cost of around £1m, was completed and brought into operation as a wonderful facility where patients and their relatives can relax and socialise.

The trustees were pleased that on 22 May 2014 St Anthony's Hospital, Cheam was sold to Spire Healthcare, which the trustees believe will enable the excellent healthcare provision in the area to be continued and expanded.

There are many other individual achievements described in the following sections.

## 8 Achievements and performance of individual works

### 8.1 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 is committed to providing high quality services to adults with severe and complex neurological disabilities or illnesses that may arise from Acquired Brain Injury, Spinal Cord Injury or the advanced stages of degenerative illness. Outpatient facilities are also available for adults requiring physiotherapy and hydrotherapy treatment and some patients are admitted for short term rehabilitation or respite care. The Hospital aims to achieve the best possible quality of life for all those using its services, with a high priority being given to engaging the support and participation of family members. Much effort is devoted to making the Hospital environment as "home-like" as possible. Donations and the work of volunteers make a major contribution to this.

#### *Strategies*

- ◆ Provide services that are complimentary to those available locally through the National Health Service and to do so in co-operation with statutory authorities and other healthcare professionals
- ◆ Increase expertise and improve facilities to deliver services in neuro-disability and associated rehabilitation of physically disabled adults
- ◆ Develop rehabilitation services, using a multi-disciplinary approach
- ◆ Operate the Physiotherapy Centre as a service to local people, offering high quality and accessible physiotherapy services and classes

#### *Objectives and achievements for 2014-2015*

Objective	Achievement
Develop services to people with prolonged disorders of consciousness and high level respiratory needs	Achieved Hospital continues to provide services for up to 8 ventilated patients
Develop services to young people (16-18 years)	Not achieved due to lack of referrals
Maximise the benefit to patients of the Sensory Technology Room, the Sense Garden and the Woodland Trail	Achieved All facilities continue to be well used by patients of varied abilities, with excellent feedback and positive results
Progress the piped oxygen and suction project	Planning application submitted in August 2015
Plan a major capital development for improved education and support facilities	Planning application submitted in August 2015



## **8 Achievements and performance of individual works (continued)**

### **8.1 Holy Cross Hospital – Health and Welfare (continued)**

#### ***Objectives and achievements for 2014-2015 (continued)***

Inpatient occupancy remained high at 97.5% with 8 admissions, 2 discharges and 6 deaths during the year. Most NHS Commissioners continued to implement Government policies by imposing zero fee uplifts and, for many longer term NHS patients, fees are still at 2010 rates. The Hospital's Management Team continue to monitor carefully the levels of income, costs and financial reserves, and to focus on cost control and efficiency measures. This year a balance could not be achieved and its operational income at around £5m was £164,000 short of its operational expenditure.

There was major spending on equipment and facility renewals including upgrading lifts, refurbishing kitchens and the dining room, and a major refurbishment of staff accommodation.

Patient Satisfaction Surveys continue to contain many compliments on the high level of care provided. Any occasional negative comments are always fully investigated and corrective action taken to the total satisfaction of the complainants.

#### ***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:

- ◆ Review demand from local NHS services for our specialist in-patient care
- ◆ Demonstrate that NHS requirements for shorter term neuro-rehabilitation can be met
- ◆ Review range of out-patient services in Physiotherapy Centre and launch at least one new class or service
- ◆ Progress the piped oxygen and suction project

### **8.2 St Raphael's Hospice**

#### ***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.

## 8 Achievements and performance of individual works (continued)

### 8.2 St Raphael's Hospice (continued)

#### *Activities (continued)*

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, 143 staff (including part-timers), 650 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 that support. 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,
- ◆ *Homecare 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

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 2015 only 24% 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 also 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

## 8 Achievements and performance of individual works (continued)

### 8.2 St Raphael's Hospice (continued)

#### *Objectives and achievements*

The Hospice had the following objectives for 2014-2015

Objective	Achievement
Ensure that it has a strong and effective management structure to meet the demands of its comparatively new independence	Achieved
Complete and bring into effective operation the Orangery for the benefit of patients and relatives	Achieved
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	Achieved Implementation of findings for Complex Pain Management, Emergency Admissions, Diagnosis of the Dying Stage and Cardiopulmonary Resuscitation (CPR) discussions
Enhance the governance of the Hospice by introducing an improved system for managing the Hospice's policies and procedures	Achieved New systems introduced for Patient Administration, HR, Fundraising and Facilities Management
Produce the Hospice's own End of Life care plan	Achieved A new Individualised Care Plan for the Dying Stage was produced to replace the defunct Liverpool Care Pathway documentation
Analyse changes to the way the Care Quality Commission will inspect Hospices and ensure that appropriate evidence is collected	Achieved A programme of education was conducted and all improvement activities aligned with the new CQC inspection framework

In addition to the planned objectives, there was intense scrutiny and a putting into practice of audit findings so as to improve the quality of medicines' management and to enhance patient safety

The Hospice Management also made significant improvements to its fabric and infrastructure to increase safety, comfort and amenities for patients, families and staff Both clinical and non-clinical staff improved their engagement with the local community

The fundraising team once again raised almost £4m which enabled the Hospice to continue to operate, despite real-term cuts to funding by public authorities Its total costs were £5.68m (including fund-raising costs) of which £1.39m was covered by Health Authority grants, with the rest coming from fundraising and other sources

## **8 Achievements and performance of individual works (continued)**

### **8.2 St Raphael's Hospice (continued)**

#### ***Future plans and events***

The Hospice has these objectives for 2015-2016

- ◆ Further improvements to systems to enhance the effectiveness and safety of patient care, the quality and effective management of staff, and to improve the effectiveness of fundraising
- ◆ To open at least one new shop
- ◆ Further improvements to the quality of patient care and the systems and procedures surrounding it, particularly from the patient's perspective
- ◆ Improve communication with stakeholders through a completely new website

### **8.3 St Wilfrid's Care Home**

#### ***Activities***

St Wilfrid's Care Home 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, with average staff numbers of 51 during the year. It implements a very active social programme for residents and has good links with all manner of local organisations. A chapel is provided for residents, staff, and people from the locality and this is open at all times for those who wish to make use of it. Daily Roman Catholic services are held and the chapel hosts Anglican Communion Services twice a month.

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

#### ***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

## 8 Achievements and performance of individual works (continued)

### 8.3 St Wilfrid's Care Home (continued)

#### *Strategies (continued)*

- ◆ Continually review systems and training programmes that develop staff, support and enhance residents' lifestyles and ensure regulatory compliance
- ◆ Hold regular care-plan review meetings with residents and their families to ensure that plans fully reflect their needs and choices and meet statutory requirements
- ◆ With local hospice involvement, support residents and their families with robust End of Life plans to enable residents to be cared for in the Home rather than enduring a transfer to hospital

#### *Objectives and achievements*

The Home had the following objectives for 2014-2015

Objective	Achievement
Increase occupancy levels, this will be done gradually so that all new residents can be supported properly	Not achieved Average occupancy was 35 against 36 for previous year, against a maximum complement of 44
Linked with increased occupancy, recruit permanent staff and reduce agency costs	Not achieved as explained below
Upgrade all IT facilities including the telephone and call-alarm systems	Not achieved although much preparatory work has been done

For much of last year, the General Manager was on long-term sick-leave and in July 2014 she decided she could not continue and resigned. For the rest of the year the Registered Manager acted-up whilst future management arrangements were considered. The focus was on resident care and meeting regulatory expectations and therefore the year's objectives had to be set aside until the management had been stabilised. The Registered Manager has now been appointed as the General Manager and the structure of senior care roles is currently being reviewed.

These changes in management unfortunately came on top of the low occupancy last year as a result of a planned hold on placements into vacant rooms. This was to allow for a programme of works to upgrade the internal fire systems, which entailed the safe moving of residents at weekly intervals to allow for installations to be carried out within their own rooms. The net result was a second year of low occupancy resulting in another operating deficit, with income of £1.56m not covering the costs of £1.87m.

During the year the Home cared for 55 residents (2014 - 49) with 19 being admitted -10 long-stay residents and 9 placed for convalescence and respite care (2014 - 10 and 8 respectively). Twelve residents were discharged compared with 5 last year - 10 returning home with the other two transferring to other care facilities. Sadly during the year 4 (2014 - 9) residents died in the Home, supported by family, friends, staff and the multi-disciplinary team from the community. Another resident also died in hospital.

## 8 Achievements and performance of individual works (continued)

### 8.3 St Wilfrid's Care Home (continued)

#### *Future plans and events*

Since the year-end a Registered Manager has been appointed and the final recruitment processes are currently being undertaken

The Home's objectives for 2015-2016 include

- ◆ Increase occupancy levels, this will be done gradually so that all new residents can be supported properly as they are each welcomed
- ◆ Directly linked to the increase in occupancy levels, recruit additional permanent staff and reduce the need for agency staff support
- ◆ Upgrade all IT facilities including the telephone and call-alarm systems
- ◆ Revisit the feasibility plan for refurbishing the kitchen

### 8.4 St Elizabeth's Centre

#### *Activities*

St Elizabeth's Centre provides education, care and medical support to people of all ages who have epilepsy and other 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 (Ashvale, the Jewellery Project, and the Drawing Room) and Day Services for residents and external clients and a 5-bed Respite Unit for external clients
- ◆ A Health Agency which every day of the year provides 24-hour Nursing and Therapy services to all beneficiaries across the Centre

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

## 8 Achievements and performance of individual works (continued)

### 8.4 St Elizabeth's Centre (continued)

#### *Strategies*

- ◆ The School - Achieve long term increases in the number of pupils, through Children's Home placements, 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

#### *Objectives and achievements*

The Centre's plans for 2014-2015 included the following objectives

Objective	Achievement
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	Achieved
Improve Ofsted inspection grading in the School and College	Partially achieved School received a "Good" rating in September 2014 having previously been "Requiring Improvement" The College received a "Requires improvement" rating in July 2014 as the improvements made had not been in place for long enough to produce sufficient data

## 8 Achievements and performance of individual works (continued)

### 8.4 St Elizabeth's Centre (continued)

#### *Objectives and achievements (continued)*

Objective	Achievement
Reduce staff vacancies and turnover, enhance staff selection processes and maintain competitive terms and conditions of employment	Partially achieved Although lower than the care industry generally, staff turnover remains high. Coupled with higher client numbers and greater beneficiary needs, this has resulted in continued high vacancy levels and high agency costs.
Maximise fundraising income in order to invest in facility and service improvements	Partially achieved Shop income increased but other areas were disappointing.
Manage a balanced budget whilst investing resources in maintaining the Investors In People registration, improved staff engagement, and upgrading IT and the website	Partially achieved A balanced budget was not possible in the current economic climate and because of high agency costs, but there was continued investment in achieving IIP, staff engagement and website development.
Register St Elizabeth's School as a Children's Home giving it dual registration	Achieved in March 2015
Plan a major capital development to develop accommodation to meet growing needs	Achieved Outline plans developed

During the year School numbers fell and in response respite care was provided over the summer 2014 and subsequent half terms. After due consideration and consultations, in March 2015 the School offered provision for up to 52 weeks of the year rather than the normal term-time of 38 weeks. This change necessitated registration of the service as a Children's Home, which in turn required considerable consultation with the relevant staff to change their contracts.

Whilst School income fell, income in the Home and College was maintained or improved and demand remains strong for these two services, although obtaining fee rates which cover costs for existing clients is difficult in the current financial climate. Matching staff levels to demand has remained a challenge which has resulted in agency costs increasing by 50% to £2.6m. Steps are currently being taken to address this by recruiting workers from beyond the UK, introducing additional on-site temporary worker accommodation, creating more strategic relationships with agencies, and by reviewing staff terms and conditions.

In consequence there was an increase in operational costs of 6% to £19.8m which, with operational income only reaching £18.8m, created a much larger deficit this year of £1m, reducing their reserves accordingly.



## **8 Achievements and performance of individual works (continued)**

### **8.4 St Elizabeth's Centre (continued)**

#### ***Future plans and events***

- ◆ Embed and market the Children's Home provision for pupils to live on site for up to 52 weeks of the year, and as a result increase pupil numbers
- ◆ Invest in improved staffing resources within the College to achieve an Ofsted "Good" inspection
- ◆ Develop a costed five-year capital improvement plan for the Centre and launch a fundraising campaign to raise the funds within the required timescales
- ◆ Significantly reduce the reliance on agency staff through improvements in sourcing new staff and reducing staff turnover and absence
- ◆ Progress a major capital development to build two new bungalows to meet the growing access needs of beneficiaries and launch the appeal to raise the necessary funds

## **9 Sisters' activities**

At the last worldwide meeting, Sisters were challenged 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/Prophetic/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 and the Communities are maintained so that they have the base and the ability to do that.

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 the management and running of the Works. Nevertheless the Sisters continue to fulfil the objects set out in both their Religious Constitutions and in the Charitable Company's Memorandum and Articles of Association, despite the advancing age and frailty of some of them. Whether they are situated on site at one of the Works or in one of the smaller convents, the Sisters continue to minister in whatever way they are able to. This includes, full and part time duties as Hospital Chaplains or Pastoral Assistants supporting spiritual needs, general Parish Ministry (including visiting the housebound and sacramental preparation), volunteering in various organisations including RESULTS and JPIC, as well as offering practical support in local care homes, hospices and day facilities. Other Sisters are involved in visiting prisoners, bereavement counselling, counselling those with learning disabilities and in ecumenical projects that offer practical help to the homeless and people on low incomes. Wherever there is a need to be met, if possible, the Sisters endeavour to meet it.

## **9 Sisters' activities (continued)**

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

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

## **10 Volunteers**

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

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. This year the average weekly number of hours given was 32. 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

At St Raphael's Hospice there were 650 active volunteers during the year and they contributed 59,663 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

## 10 Volunteers (continued)

At St Elizabeth's Centre over 600 hours a week are donated by volunteers drawn from across the world, with many living on site for between three and nine months. Their 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 Financial Review

### Results

A summary showing the operating deficit is as follows  
(showing the discontinued activity of St Anthony's Hospital separately)

	2015 £'000	2014 £'000
Cost of providing services (including governance costs and pension scheme adjustments)	(33,815)	(31,859)
Operational income – mainly from fees and charges	26,822	26,431
St Raphael's Hospice non-grant income	3,994	3,790
<b>OPERATING DEFICIT</b>	<b>(2,999)</b>	<b>(1,638)</b>
Other income	1,229	1,621
<b>OPERATING DEFICIT after OTHER INCOME</b>	<b>(1,770)</b>	<b>(17)</b>
<b>Other transactions</b>		
Pension scheme adjustments required by FRS 17 (see note 19)	131	351
Surplus on disposal of St Anthony's Hospital	8,131	—
One-off grants	(3,400)	—
Discontinued activity – St Anthony's Hospital	(371)	1,345
<b>Net incoming resources, before other gains and losses</b>	<b>2,721</b>	<b>1,679</b>

There was an unavoidable delay in completing the sale of St Anthony's Hospital and during the seven weeks to 22 May 2014 it incurred a deficit of £371,000.

The continuing charity cares for and educates those for whom largely the state has an obligation and, as a result, the major part of the charity's income now comes from public authorities, such income provided 72% of the total income for each of the last two years. The charity provides the buildings and infrastructure to enable the services to be provided. As the capacity of each facility is largely unchanged from previous years, the related costs are fairly fixed although the same cannot be said for staff costs. They, partly because of increased agency fees, reached 81% of total costs compared with 73% last year. In the financial climate that has existed over the last few years, the overall result is an income which does not meet the costs incurred in providing the charity's services and the operating deficit has therefore increased by £1.36m to £3m.

The story that has prevailed for the last few years is therefore very much the same, with a significant operational deficit made up by other income. The factors affecting the financial results in previous years still prevail, namely

## 11 Financial Review (continued)

### *Results (continued)*

- ♦ 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 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
- ♦ The skills of management and the well-established infrastructure are tested to the extreme in trying to control deficit levels and generate fundraising and other income

This difficult financial climate (which many charities are experiencing) is actually worsening year by year, increasing pressures all across the organisation. This, together with the steady erosion in the real value of fees and charges, represent a long-term financial risk, and the trustees are very aware that this level of deficit cannot be sustained in the long-term, as reserves should not be attempting to fund unviable activities.

The individual Work's sections give more information about their activities, the financial effects of them, and what they are doing to correct the situation.

In addition this year, there is a surplus on the sale of St Anthony's Hospital of £8.1m representing the excess of the net sale proceeds over the book value of the assets. This surplus enabled the trustees to make two one-off grants, one of £3m to the UK charity which is responsible for the works of the Congregation of the Daughters of the Cross worldwide, enabling them to support the 700 or so Sisters who work in some of the most deprived areas of the world. The other of £400,000 was to St Philomena's School, a voluntary-aided school of which the charity is the trustee, to enable them to repair their extensive historical perimeter wall, which is listed and which was in a dangerous state in some places.

In preparing the accounts, the results of St Anthony's Hospital have been separated but the focus has been on showing the results of the continuing operations in an informative manner. Although the Hospital's results were a significant part of the charity's activities (in 2014 their costs were 47% of the total), the sale has not impacted the continuing operations because each Work operates independently and manages its own reserves, although these would be topped up from the Centre if ever that was necessary. What the sale has achieved is to provide additional funds which can support the remaining Works, provide funds for capital expenditure, and ultimately help to provide secure and sustainable futures for all of them.

## 11 Financial Review (continued)

### *Unrealised investment gains and losses*

The stock market has fluctuated within normal, acceptable ranges and the FTSE All-Share Index showed a 4% increase during the financial year. This is the third consecutive year of gains (5% and 11% in the previous two years) and they amount to a little over £4m for the year compared with £1.7m 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 by the investment managers and the Province Finance Advisory Committee.

### *Actuarial losses on pension scheme*

The defined benefit pension scheme for St Elizabeth's Centre has additional actuarial losses of £134,000 (2014 - £149,000) to add to those of previous years, caused by judgements made by the actuaries when preparing their valuation, although the net pension liability has dropped from £873,000 to £576,000 as a result of the Scheme being closed to future accruals in January 2014, it was already closed to new members. The next actuarial valuation as at March 2015 is due shortly.

### *Overall*

The overall position shows an increase in funds of £6.8m (2014 - £20.1m including property revaluation gains) and at 31 March 2015 the charity has total funds of £193m (2014 - £186m).

### *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. 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.

## 11 Financial Review (continued)

### *Reserves policy and funds (continued)*

The trustees consider that, given the level of annual expenditure and the nature of the income and risks of the charity's Works, the level of free reserves required should represent between 3 and 6 months' expenditure. In the current economic climate with funding rates either static or showing limited increases, of costs having to be increased to meet changing and ever-increasing regulation and standards, the trustees consider that the free reserves need to stay at the upper end of this range. These "free reserves", which are funds that are neither restricted nor designated for a defined purpose, are the General Fund. Once these are decided, trustees can consider what other needs the charity has and what funds are available to be designated.

The General Reserve at 31 March 2015 stands at £18.1m (2014 - £16.3m) which represents around 5.97 months (2014 - 5.6 months) of the recurring annual expenditure which is within the reserves policy.

### *Restricted funds*

Restricted funds of the charity relate to the free reserves of St Raphael's Hospice, plus monies which have either been raised or given for, or their use restricted to, specific purposes or which comprise donations subject to donor imposed conditions (which would include being spent at a particular Work). At 31 March 2015 they amounted to £5.4m (2014 - £4.7m) of which £3m (2014 - £3m) is in respect of the Hospice and £1.1m (2014 - £1m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Physiotherapy Centre, with the remainder (the restricted fund) being invested to help meet the running costs of the facility.

### *Designated Funds*

The fixed asset fund amounts to £75.9m (2014 - £97.7m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

- ◆ Daughters of the Cross fund of £30m (2014 - £30m). 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.
- ◆ Charitable Works fund of £57m (2014 - £31.5m). This fund is invested to underpin the needs of the Works. Those needs are connected with the objective of finding long-term secure futures for them, for when there are fewer Sisters who can be involved in their management. This fund will also be used to meet any capital expenditure on facilities to cope with the increasing needs of beneficiaries. It is not possible at this time to calculate the amount which may be required but this is the maximum currently available within which the trustees have to work.

## 11 Financial Review (continued)

### *Reserves policy and funds (continued)*

#### *Designated Funds (continued)*

- ♦ Worldwide fund of £5.4m (2014 - £5m) This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide in India, Pakistan, Africa and South America

All the designated funds are represented by tangible fixed assets or fixed asset investments

#### *Pension reserve*

The pension reserve relates to the defined benefit scheme for St Elizabeth's Centre which is explained in the notes to the financial statements. At 31 March 2015 there is a deficit of £576,000 (2014 - £873,000)

## 12 Investments

### *Investment policies*

The charity's 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 there may be a long-term negative effect

No charity funds are directly invested in companies which generate significant income from armaments, adult entertainment services, or companies which are involved in areas of activity contrary to the sanctity of life. In addition all investments are screened to check the companies' compliance with the International Labour Organisation standards. For other areas of investment (for example the environment or governance), the policy is to adopt an "engagement" approach, which means using the charity's position as a shareholder, through its investment managers, to encourage companies to adopt more ethical and socially responsible policies and procedures. The investment managers, either internally or using external agencies, monitor all these activities and the results are considered at the meetings with them

### *Investment management, review and performance*

With the one-off increase of funds from the sale of St Anthony's Hospital, the trustees took the decision to appoint two new investment managers, which they did in November 2014. Smith & Williamson Holdings Ltd and Sarasin & Partners LLP were appointed and funds were gradually introduced into the market from January 2015 onwards

## 12 Investments (continued)

### *Investment management, review and performance (continued)*

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

The investment manager's results are reviewed formally 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. Composite benchmarks are calculated by each manager reflecting the agreed asset class allocations and using appropriate indices for each asset class. The actual performance of the BlackRock portfolio against the benchmark for the year ended 31 March 2015 was as follows

	Benchmark %	Actual %
BlackRock portfolio	10.30	11.44

It is too early to produce meaningful performance figures for the two new investment managers.

Variations from benchmark are explained by, and discussed with, the 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 2015 was £107m (2014 - £52m), the increase reflecting the additional amounts invested as a result of the sale of St Anthony's Hospital and the investment gains.

## 13 Risk management

The charity works with vulnerable adults and children who have complex needs, and caring for them involves carrying out activities 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 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.



### 13 Risk management (continued)

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

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

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

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

Fund-raising – where, as for many charities, fund-raising income is falling and, as the activity becomes more difficult, additional resources have to be provided in order to generate the targeted income

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

### 14 Events since the year-end

The trustees are pleased to report that since the year-end the work taking place over the last two years to find the appropriate future for Holy Cross College, Bury, Lancashire has resulted (on 31 July 2015) in its transfer to the Diocese of Salford. The provision of Sixth-Form, Further and University Education in the area will therefore continue in the future, albeit under the trusteeship of a different Catholic organisation. This was another milestone in finding futures for all the activities for which the trustees are responsible. The Sisters have provided education on this site since 1878.

There is no financial effect on the accounts as a result of this transfer.

At St Elizabeth's Centre the senior management of their Education services has been strengthened by the decision to create a new Director of Education role, with the Head of School and Head of College both reporting to that Director. The Head of School was appointed to the new post and a new Head of College has been appointed. At the same time, to strengthen the Catholic ethos within the Centre, a new "Ethos" post was created and recruitment into that role is on-going.

## 15 Future plans of overall charity

Since the 1990s the trustees have been undertaking the 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 their communities. The trustees will therefore continue to establish new structures and new ownerships over the medium-term and, whilst this process goes on, the charity will continue to provide its services in the manner it always has, overcoming whatever challenges present themselves.

## 16 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 aims to the needy
- ♦ carry out any other charitable purpose for the benefit of the community as the trustees shall from time to time determine

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.

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.

## **16 Objects (continued)**

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 their costs may become 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 the expectation of 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 support of 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. Having taken a vow of poverty they have no financial resources of their own and their costs relate to 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.

## **17 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.

## **18 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 CO<sub>2</sub> production continue to give benefits to the environment.

## **18 The environment (continued)**

Under the Energy Savings Opportunity Scheme (ESOS) a major review of energy usage is currently being carried out and audited, partly to meet the Government's requirements but also to ensure that the charity is doing as much as possible to save energy

## **19 Structure and governance**

### **19.1 Legal structure**

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

In terms of Canon Law (which is the law of the worldwide Roman Catholic Church) the Congregation of the Daughters of the Cross of Liege is governed at an international level by the Superior General and her General Council (the Generalate) They are elected every six years at a meeting of elected representatives from around the world called a General Chapter At the 2012 General Chapter a 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 (Sister Veronica Hagen) and her Provincial Council (Sister Mary Agnes, Sister Annette Clemence, Sister Patricia Ainsworth and Sister 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

### **19.2 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 2015 are shown on page 2 The trustees are the directors for the purposes of company legislation but they are referred to throughout this report and financial statements as trustees They have all 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

## 19 Structure and governance (continued)

### 19.2 Governance and trustees (continued)

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

The trustees 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. 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 £5,439, cover £5m) to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify them against the consequences of any neglect or default on their part.

## 20 Management

### 20.1 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.

## **20 Management (continued)**

### **20.2 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.

### **20.3 The Works**

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

Each of the Works is supported by an Advisory Committee whilst both St Elizabeth's School and St Elizabeth's College have a Governing Body. The members of the Advisory Committees and Foundation Governors of the School and College are appointed by the Provincial Superior, in consultation with the relevant Sister Superior and the trustees; the Provincial Superior and the Sister Superior are ex-officio members. 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.

### **20.4 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.

## **21 Related parties**

### ***21.1 The Sisters***

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

### ***21.2 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 funds on behalf of this charity.

### ***21.3 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 parts of the Congregation around the world so that the charitable objects can be fulfilled outside the UK and the designated Worldwide Fund generates income which funds some of these grants.

### ***21.4 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 60 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 180, of whom 100 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.

## 21 Related parties (continued)

### **21.4 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.

## 22 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.

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



**22 Statement of trustees' responsibilities (continued)**

- ♦ 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

**Thanks**

The trustees wish to record that none of the charity's work could be achieved without the dedicated loyalty of around 1,000 staff employed by the charity, the efforts of all the full-time and part-time volunteers (also around 1,000), the commitment and effort of the Sisters (63 at 31 March 2015) 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

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 16 November 2015 and it is signed on their behalf by



Sister Veronica Hagen  
Trustee and Provincial Superior

**Registration details**

The Congregation of the Daughters of the Cross of Liege is a charitable company limited by guarantee and that is its registered name. Registration details are

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

**Company Secretary**

Peter Cousins

**Principal advisers**

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

**Independent auditor's report to the members of The Congregation of the Daughters of the Cross of Liege**

We have audited the financial statements of The Congregation of the Daughters of the Cross of Liege for the year ended 31 March 2015 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 2015 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

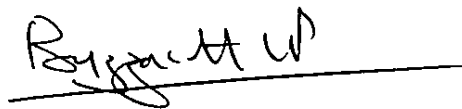
**Opinion on other matter prescribed by the Companies Act 2006**

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

4 December 2015

**Statement of financial activities Year to 31 March 2015**  
**Including the statement of total recognised gains and losses**

		Unrestricted funds		Restricted funds	Total funds	Total funds
	Notes	General fund	Designated funds	£'000	2015	2014
		£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure</b>						
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income		1,000	—	2,547	3,547	3,721
Activities for generating funds		925	—	1,482	2,407	2,288
Investment income		1,843	—	23	1,866	1,927
		<u>3,768</u>	<u>—</u>	<u>4,052</u>	<u>7,820</u>	<u>7,936</u>
<b>Incoming resources from charitable activities</b>						
<b>Health and welfare</b>						
• Holy Cross Hospital		5,010	—	2	5,012	4,905
• St Raphael's Hospice		—	—	1,452	1,452	1,577
• St Wilfrid's Care Home		1,561	—	—	1,561	1,639
<b>Health, welfare and education</b>						
• St Elizabeth's Centre		18,797	—	—	18,797	18,310
		<u>25,368</u>	<u>—</u>	<u>1,454</u>	<u>26,822</u>	<u>26,431</u>
<b>Discontinued activity</b>						
• St Anthony's Hospital		4,342	—	—	4,342	30,920
		<u>29,710</u>	<u>—</u>	<u>1,454</u>	<u>31,164</u>	<u>57,351</u>
Other income		214	—	—	214	66
Surplus on disposal of St Anthony's Hospital	18	8,131	—	—	8,131	—
<b>Total incoming resources</b>	1	<u>41,823</u>	<u>—</u>	<u>5,506</u>	<u>47,329</u>	<u>65,353</u>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
	2	<u>1,104</u>	<u>—</u>	<u>1,707</u>	<u>2,811</u>	<u>2,591</u>
<b>Charitable activities</b>						
<b>Support of members of the congregation and their ministry (Religion)</b>						
		2,431	—	—	2,431	2,323
<b>Health and welfare</b>						
• Holy Cross Hospital		5,162	—	14	5,176	4,846
• St Raphael's Hospice		—	—	3,950	3,950	3,416
• St Wilfrid's Care Home		1,859	—	7	1,866	1,845
<b>Health, welfare and education</b>						
• St Elizabeth's Centre		19,706	—	52	19,758	18,606
Grants and donations		3,566	—	—	3,566	139
		<u>32,724</u>	<u>—</u>	<u>4,023</u>	<u>36,747</u>	<u>31,175</u>
<b>Discontinued activity</b>						
• St Anthony's Hospital		4,713	—	—	4,713	29,493
	3	<u>37,437</u>	<u>—</u>	<u>4,023</u>	<u>41,460</u>	<u>60,668</u>
Governance	4	311	—	26	337	415
<b>Total resources expended</b>		<u>38,852</u>	<u>—</u>	<u>5,756</u>	<u>44,608</u>	<u>63,674</u>
<b>Net incoming (outgoing) resources before transfers</b>						
		2,971	—	(250)	2,721	1,679
<b>Transfers between funds</b>						
Restricted to general	13	(833)	—	833	—	—
General to designated	14	(4,206)	4,206	—	—	—
<b>Net (outgoing) incoming resources for the year before other recognised gains and losses</b>						
		<u>(2,068)</u>	<u>4,206</u>	<u>583</u>	<u>2,721</u>	<u>1,679</u>

**Statement of financial activities Year to 31 March 2015**  
**Including the statement of total recognised gains and losses**

		Unrestricted funds			Total funds 2015	Total funds 2014
	Notes	General fund £'000	Designated funds £'000	Restricted funds £'000	£'000	£'000
<b>Statement of total recognised gains and losses</b>						
<b>Net (outgoing) incoming resources for the year before other recognised gains and losses</b>		(2,068)	4,206	583	<b>2,721</b>	1,679
<b>Gains on revaluation of freehold properties</b>		—	—	—	—	16,869
<b>Gains on investments</b>	8	4,098	—	75	<b>4,173</b>	1,742
<b>Actuarial losses on pensions</b>	19	(134)	—	—	<b>(134)</b>	(149)
<b>Net movement in funds</b>		1,896	4,206	658	<b>6,760</b>	20,141
<b>Fund balances brought forward at 1 April 2014</b>		16,255	164,992	4,732	<b>185,979</b>	165,838
<b>Fund balances carried forward at 31 March 2015</b>		18,151	169,198	5,390	<b>192,739</b>	185,979

	2015 £'000	2014 £'000
<b>Historical cost net movement in funds</b>		
Net movement in funds	6,760	20,141
Revaluation of freehold properties	—	(16,869)
Gains on fixed asset investments	(4,173)	(1,742)
Actuarial losses on pensions	134	149
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	318	(66)
Realised investment gains based on historic cost	(155)	718
Historical cost net movement in funds	2,884	2,331

**Discontinued operations**

The discontinued operations relate to St Anthony's Hospital which was sold during the year. All other of the charity's activities represented continuing operations.

	2015			2014		
	Continuing £	Dis-continued £	Total £	Continuing £	Dis-continued £	Total £
Incoming resources	42,987	4,342	47,329	34,433	30,920	65,353
Resources expended	(39,895)	(4,713)	(44,608)	(34,056)	(29,618)	(63,674)
Net incoming resources before other recognised gains and losses	3,092	(371)	2,721	377	1,302	1,679
Other gains and losses	4,039	—	4,039	15,206	3,256	18,462
Net movement in funds	7,131	(371)	6,760	15,583	4,558	20,141

**Balance sheet 31 March 2015**

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Tangible fixed assets	7		<b>76,734</b>		98,531
Investments	8		<b>106,988</b>		52,104
			<b>183,722</b>		150,635
<b>Current assets</b>					
Stocks		—		1,307	
Debtors	9	<b>1,973</b>		8,531	
Term deposits		<b>8,915</b>		9,891	
Cash at bank and on deposit		<b>14,763</b>		30,152	
		<b>25,651</b>		49,881	
<b>Creditors</b> amounts falling due within one year	10	<b>(4,964)</b>		(6,941)	
<b>Net current assets</b>			<b>20,687</b>		42,940
<b>Total assets less current liabilities</b>			<b>204,409</b>		193,575
<b>Creditors</b> amounts falling due after more than one year	11	<b>(11,094)</b>		(6,723)	
<b>Total net assets excluding pension liability</b>			<b>193,315</b>		186,852
<b>Net pension liability</b>	19	<b>(576)</b>		(873)	
<b>Total net assets</b>			<b>192,739</b>		185,979
<b>Represented by</b>					
<b>Funds and reserves</b>					
Restricted funds	13		<b>5,390</b>		4,732
Unrestricted funds					
Designated funds	14				
Fixed asset fund		<b>75,856</b>		97,720	
Other		<b>93,342</b>		67,272	
		<b>169,198</b>		164,992	
General fund excluding pension reserve		<b>18,727</b>		17,128	
Pension reserve	19	<b>(576)</b>		(873)	
General fund including pension reserve		<b>18,151</b>		16,255	
Total unrestricted funds			<b>187,349</b>		181,247
<b>Total charity funds</b>			<b>192,739</b>		185,979

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

  
Sister Veronica Hagen  
Trustee and Provincial Superior

  
Sister Mary Geraldine  
Trustee and Provincial Bursar

Date of approval 16 November 2015

# **Cash flow statement** Year to 31 March 2015

	Notes	2015 £'000	2014 £'000
<b>Cash (outflow) inflow from operating activities</b>	A	<b>(3,800)</b>	<b>533</b>
<b>Return on investments and servicing of finance</b>			
Investment income		1,866	1,927
<b>Capital expenditure and financial investment</b>	B	<b>10,779</b>	<b>(1,161)</b>
		<b>8,845</b>	<b>1,299</b>
<b>Management of liquid resources</b>	C	<b>976</b>	<b>(1,068)</b>
<b>Financing</b>	C		
Decrease in bank loans	C	(124)	(122)
Increase in other long term liabilities	C	4,495	1,439
Contributions to pension scheme		—	(2,175)
<b>Increase (decrease) in cash</b>	C	<b>14,192</b>	<b>(627)</b>

**Notes to the cash flow statement for the year to 31 March 2015.**

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

	2015 £'000	2014 £'000
Net incoming resources before other recognised gains	2,721	1,679
Depreciation charge and provision for impairment	2,172	3,167
Net surplus on sale of St Anthony's Hospital	(8,131)	—
Net loss (gain) on disposal of other tangible fixed assets	66	(3)
Pension cost	(431)	106
Pension Scheme curtailment gain	—	(582)
Investment income	(1,866)	(1,927)
Decrease in stocks	(33)	(89)
(Increase) decrease in debtors	2,435	(1,979)
Decrease (increase) in creditors	(733)	161
<b>Net cash (outflow) inflow from operating activities</b>	<b>(3,800)</b>	<b>533</b>



# **Cash flow statement** Year to 31 March 2015

## **B Gross cash flows**

	2015 £'000	2014 £'000
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(1,657)	(2,529)
Net proceeds from sale of St Anthony's Hospital	33,380	—
Net proceeds from sale of tangible fixed assets	186	1,134
Payments to acquire investments	(32,824)	(16,370)
Proceeds from the sales of investments	12,243	16,602
Other movements	(549)	2
	<b>10,779</b>	<b>(1,161)</b>

## **C Analysis of changes in net funds**

	At 1 April 2014 £'000	Cash flows £'000	At 31 March 2015 £'000
<b>Available cash</b>			
Cash at bank and in hand	30,152	(15,389)	14,763
Cash held by investment managers	2,057	29,581	31,638
	<b>32,209</b>	<b>14,192</b>	<b>46,401</b>
<b>Management of liquid resources</b>			
Net cash placed on term deposit	9,891	(976)	8,915
<b>Bank loans</b>			
Debt due within one year	(121)	—	(121)
Debt due after one year	(784)	124	(660)
	<b>(905)</b>	<b>124</b>	<b>(781)</b>
<b>Other long term liabilities</b>	<b>(5,939)</b>	<b>(4,495)</b>	<b>(10,434)</b>
<b>Total</b>	<b>35,256</b>	<b>8,845</b>	<b>44,101</b>

## **D Reconciliation of net cash flow to movement in net funds**

	2015 £'000	2014 £'000
Increase (decrease) in cash in the year	14,192	(627)
(Decrease) increase in term deposits	(976)	1,068
Decrease in bank loans	124	122
Increase in other long term liabilities	(4,495)	(1,439)
Increase (decrease) in net funds	<b>8,845</b>	<b>(876)</b>

### **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

- ♦ 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 2015, 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

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 other income.

**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, 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 - 5% on cost or revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	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 St Elizabeth's scheme are held and managed separately from those of the charity. The Teachers' Pension Scheme is an unfunded scheme.

- ◆ 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 2015 £'000	Total funds 2014 £'000
<b>Voluntary income</b>				
Donations	81	1,535	1,616	1,484
Legacies	75	1,012	1,087	1,260
Covenanted income from Sisters of the Congregation – salaries and pensions	844	—	844	977
	1,000	2,547	3,547	3,721
<b>Incoming resources from activities for generating funds</b>				
Charity shops	871	1,093	1,964	1,915
Lottery and events	54	389	443	373
	925	1,482	2,407	2,288
<b>Investment income</b>				
UK investments	1,343	—	1,343	1,599
Overseas investments	36	—	36	29
Property	68	—	68	45
Interest receivable	396	23	419	254
	1,843	23	1,866	1,927
<b>Incoming resources from charitable activities</b>				
<b>Health and welfare</b>				
Fees and charges – Privately-funded	1,563	—	1,563	1,580
Fees and charges – Publicly-funded	4,938	—	4,938	4,877
Grants - Public	—	1,391	1,391	1,574
Other	70	63	133	90
	6,571	1,454	8,025	8,121
<b>Health, welfare and education</b>				
Fees and charges – Publicly-funded	18,612	—	18,612	18,131
Other	185	—	185	179
	18,797	—	18,797	18,310
	25,368	1,454	26,822	26,431
<b>Discontinued activity</b>				
St Anthony's Hospital	4,342	—	4,342	30,920
<b>Total charitable activities</b>	29,710	1,454	31,164	57,351
<b>Other income</b>	214	—	214	66
<b>Surplus on disposal of St Anthony's Hospital</b>	8,131	—	8,131	—
<b>Total incoming resources</b>	41,823	5,506	47,329	65,353
<b>2014</b>	59,611	5,742	65,353	

## 2 Cost of generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
Costs of generating voluntary income	79	794	873	824
Fundraising trading cost of running charity shops	779	913	1,692	1,564
Investment management costs	246	—	246	203
	1,104	1,707	2,811	2,591

## 3 Charitable activities

	Staff costs £'000	Provision for impairment and depreciation £'000	Other direct costs £'000	Total 2015 £'000	Total 2014 £'000
Religion	789	348	1,294	2,431	2,323
Health and welfare	8,017	707	2,268	10,992	10,107
Health, welfare and education	16,282	921	2,555	19,758	18,606
Grants and donations	—	—	3,566	3,566	139
	25,088	1,976	9,683	36,747	31,175
St Anthony's Hospital	2,311	178	2,224	4,713	29,493
<b>Total charitable expenditure</b>	<b>27,399</b>	<b>2,154</b>	<b>11,907</b>	<b>41,460</b>	<b>60,668</b>
2014	39,445	3,154	18,069	60,668	

Included within direct charitable expenditure are the following

	2015 £'000	2014 £'000
Interest payable	35	36
Operating lease rentals		
land and buildings	224	223
other	285	265
Grants and donations	166	139
One off grants		
To the worldwide Congregation	3,000	—
To St Philomena's School	400	—
Payments to auditors for other services	84	73



#### 4 Governance costs

	2015 £'000	2014 £'000
Staff costs	186	166
Professional fees	127	143
Other costs	24	24
	<b>337</b>	<b>333</b>
St Anthony's Hospital	—	82
	<b>337</b>	<b>415</b>

Professional fees include payments to the auditors for audit fees of £86,000 (2014 - £99,000). 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 £182,000 (2014 - £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.

#### 5 Staff costs and trustees' remuneration

	2015 £'000	2014 £'000
Wages and salaries	21,005	20,685
Social security costs	1,784	1,751
Other pension costs	404	672
Pension scheme curtailment	—	(582)
	<b>23,193</b>	<b>22,526</b>
Payments for agency staff	2,929	1,985
Other staff related costs	542	299
	<b>26,664</b>	<b>24,810</b>
St Anthony's Hospital	2,311	16,088
	<b>28,975</b>	<b>40,898</b>

Staff costs have been charged as follows

	2015 £'000	2014 £'000
Cost of generating funds	1,390	1,243
Charitable activities	25,088	23,401
Governance costs	186	166
	<b>26,664</b>	<b>24,810</b>
St Anthony's Hospital	2,311	16,088
	<b>28,975</b>	<b>40,898</b>

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

**5 Staff costs and trustees' remuneration (continued)**

The average monthly number of employees, analysed by function was

	2015		2014	
	F T.E *	Actual People	F T.E *	Actual People
* Full-time equivalents				
Charitable activity				
Religion	18	27	23	32
Health and welfare	230	273	228	263
Health, welfare and education	546	661	566	675
Fundraising	56	75	53	71
	<b>850</b>	<b>1,036</b>	<b>870</b>	<b>1,041</b>
Volunteers		<b>1,055</b>		<b>1,083</b>
		<b>2,091</b>		<b>2,124</b>

In addition, the number of agency staff, on a full-time equivalent basis, was 128 (2014 - 95)

During the period up to its sale on 22 May 2014, St Anthony's Hospital had 389 (2014 - 384) full-time equivalent employees, 7 (2014 - 7) agency staff and 48 (2014 - 47) volunteers

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 (2014 - 2) and these individuals are included in the summary above within their main work activity

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

	2015	2014	
		Continuing	Discontinued
£60,001 - £70,000	5	6	3
£70,001 - £80,000	2	4	3
£80,001 - £90,000	1	—	1
£90,001 - £100,000	2	1	—
£100,001 - £110,000	—	—	1
£110,001 - £120,000	1	1	—
£150,001 - £160,000	1	1	—
£160,001 - £170,000	—	—	1
£190,001 - £200,000	—	—	1
	<b>12</b>	<b>13</b>	<b>10</b>

Two employees of St Anthony's Hospital earned over £60,000 in 2015 (see note 18 for details)

**5 Staff costs and trustees' remuneration (continued)**

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

	2015 Number	2015 £'000	2014 Number	2014 £'000
Those in defined benefit schemes	4	51	8	92
Those in defined contribution schemes	5	30	2	11
Those for whom other contributions have been made	2	26	2	27
Those for whom no contributions were made	1	—	1	—
<b>Total</b>	<b>12</b>	<b>107</b>	<b>13</b>	<b>130</b>

In 2014, pension contributions amounting to £63,000 were also paid for 10 employees of St Anthony's Hospital earning £60,000 per annum or more

**6 Taxation**

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

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £1.5m (2014 - £1.9m)

**7 Tangible fixed assets**

	Freehold & leasehold land and buildings £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2014	93,929	24,225	841	118,995
Additions	571	1,021	65	1,657
Disposals	(19,845)	(18,599)	(135)	(38,579)
At 31 March 2015	74,655	6,647	771	82,073
At cost	903	6,647	771	8,321
At valuation - 2014	73,752	—	—	73,752
	74,655	6,647	771	82,073
<b>Depreciation</b>				
At 1 April 2014	—	19,929	535	20,464
Charge for year	1,517	550	105	2,172
Disposals	(94)	(17,102)	(101)	(17,297)
At 31 March 2015	1,423	3,377	539	5,339
<b>Net book value</b>				
At 31 March 2015	73,232	3,270	232	76,734
At 31 March 2014	93,929	4,296	306	98,531

**7 Tangible fixed assets (continued)**

	2015 £'000
Depreciation is allocated as follows	
Cost of generating funds	12
Charitable activities	2,154
Governance	6
	<u>2,172</u>

Included in freehold land and buildings are amounts for land at cost and valuation of £24.6m (2014 - £27.6m) 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

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.

**8 Fixed asset investments**

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

	2015 £'000	2014 £'000
Unrealised investment gains	4,722	1,635
Unrealised gain on investment property	—	105
Other movements	(549)	2
Gain on investments per SOFA	<u>4,173</u>	<u>1,742</u>

**8 Fixed asset investments (continued)**

The realised gain relating to disposals based upon historic cost was £155,000 (2014 - £718,000)

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Investments (note a)		74,790		49,487
Cash (note a)		31,638		2,057
		106,428		51,544
Investment properties (note b)		560		560
<b>Total fixed asset investments</b>		<b>106,988</b>		<b>52,104</b>

**(a) Investments**

Market value of investments at 1 April 2014		49,487		48,084
Additions at cost		32,824		16,370
Sale proceeds		(12,243)		(16,602)
Net unrealised investment gains		4,722		1,635
<b>Market value of investments at 31 March 2015</b>		<b>74,790</b>		<b>49,487</b>

Historical cost of investments as at 31 March 2015	<b>66,421</b>	<b>45,371</b>
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**Investment cash**

Cash held for investment by investment managers in the UK		31,638		2,057
<b>Total investments at 31 March 2015</b>		<b>106,428</b>		<b>51,544</b>

	UK 2015 £'000	Overseas 2015 £'000	Total 2015 £'000	Total 2014 £'000
<b>Analysis of investments at market value at 31 March 2015</b>				
Listed investments				
Pooled funds	29,406	3,534	32,940	25,562
Other	27,542	6,852	34,394	17,306
Unlisted shares				
Pooled funds	6,496	—	6,496	5,871
Other	322	638	960	748
	63,766	11,024	74,790	49,487
2014	48,691	796	49,487	

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 investment vehicles, there are no individual investments in entities which the trustees would regard as material.

**8 Fixed asset investments (continued)****(b) Investment properties**

	Freehold land and buildings £'000
At 1 April 2014 and at 31 March 2015	560

**9 Debtors**

	2015 £'000	2014 £'000
Amounts recoverable within one year		
Operational debtors	1,068	1,095
Other debtors (including legacies receivable)	405	373
Prepayments	500	3,322
	1,973	4,790
St Anthony's Hospital	—	3,741
	1,973	8,531

Included in prepayments for 2014 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, amounted to £3m

**10 Creditors amounts falling due within one year**

	2015 £'000	2014 £'000
Operational creditors	761	486
Social security and other taxes	473	477
Sisters' funds	277	284
Contribution to compensation scheme	941	1,074
Fixed asset creditors	97	183
Income received in advance	491	580
Accruals	777	1,280
Amount due to the worldwide Congregation (note 17)	1	686
Other creditors	1,025	416
Bank and other loans (note 12)	121	121
	4,964	5,587
St Anthony's Hospital	—	1,354
	4,964	6,941

# 11 Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Amount due to the worldwide Congregation (note 17)	10,434	5,939
Bank loan (note 12)	660	784
	<b>11,094</b>	<b>6,723</b>

# 12 Bank loan

	2015 £'000	2014 £'000
Loan repayable		
Between one and two years	122	122
Between two and five years	376	376
After more than five years	162	286
	<b>660</b>	<b>784</b>
Within one year	121	121
	<b>781</b>	<b>905</b>

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.

# 13 Restricted funds

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

	At 1 April 2014 £'000	Net incoming resources £'000	Transfers £'000	Other movements £'000	At 31 March 2015 £'000
Hospice funds	3,075	(486)	394	—	2,983
Holy Cross Hospital	1,011	—	—	75	1,086
Sundry funds	646	236	439	—	1,321
	<b>4,732</b>	<b>(250)</b>	<b>833</b>	<b>75</b>	<b>5,390</b>

## ♦ *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.

**14 Designated funds**

	At 1 April 2014 £'000	Transfer from (to) general funds £'000	At 31 March 2015 £'000
Fixed asset fund	97,720	(21,864)	75,856
Other funds			
Daughters of the Cross fund	30,000	—	30,000
Charitable works fund	31,500	25,500	57,000
Worldwide fund	5,000	373	5,373
Sundry funds	772	197	969
	67,272	26,070	93,342
	164,992	4,206	169,198

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.

♦ ***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 2015 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 fund***

The Charitable works fund was established to help secure the future needs of the Works and is represented by investments and cash. It has been increased during the year and includes funds to cover any expenditure on improved facilities to cope with the ever-increasing needs of beneficiaries.



#### 14 Designated funds (continued)

♦ **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. This relates to Works' maintenance and development funds

#### 15 Analysis of total net assets between funds

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
<b>Fund balances at 31 March 2015 are represented by</b>					
Tangible fixed assets	—	76,734	—	—	76,734
Fixed asset investments	12,560	—	93,342	1,086	106,988
Net current assets	16,601	(218)	—	4,304	20,687
Other liabilities	(11,010)	(660)	—	—	(11,670)
<b>Total net assets</b>	<b>18,151</b>	<b>75,856</b>	<b>93,342</b>	<b>5,390</b>	<b>192,739</b>
<b>Unrealised gains (losses) included above</b>				<b>2015 £'000</b>	<b>2014 £'000</b>
On tangible fixed assets				41,499	45,836
On investment assets				8,369	4,116
On pension scheme				(576)	(873)
<b>Total unrealised gains at 31 March 2015</b>				<b>49,292</b>	<b>49,079</b>

The revaluation reserve, as required by the Companies Act 2011, is equivalent to the total unrealised gains, shown above

#### 16 Capital commitments

	2015 £'000	2014 £'000
The capital commitments at 31 March 2015 were		
Contracted but not provided for in the financial statements		
Orangery at St Raphael's Hospice	—	468
Others	—	49
<b>Total commitments</b>	<b>—</b>	<b>517</b>

## 17 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.

### *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 £3,104,000 (2014 - £114,000) were made during the year to the worldwide Congregation or for Sisters within it. At 31 March 2015 the charity holds for the International Generalate investments of £10.4m (2014 - £5.9m) and cash in respect of other transactions which amounts to £1,000 (2014 - £686,000). The investments include unrealised gains arising during the year relating to them. The value of both investments and cash are included in liabilities.

### *St Philomena's School*

The School is a related party because the charity owns most of the property from which it operates and one of the trustees (the Provincial Superior) appoints its Foundation Governors. Two trustees serve as Governors. During the year the charity made a grant of £400,000 (2014 - £nil) to the School to meet the cost of necessary repairs to its boundary wall. At 31 March 2015 this was unpaid and included in Other creditors.

## 18 St Anthony's Hospital

### *Surplus on sale of St Anthony's Hospital.*

	2015 £'000
Sale proceeds	38,510
Less	
Net book value of fixed assets at date of sale	(21,030)
Net current assets at date of sale	(4,219)
Professional fees and other direct selling costs	(5,130)
Surplus on sale	8,131

Two long-serving employees retired when the hospital was sold. They were paid a total of £490,000 during the year including pension contributions, £425,200 of which is included in direct selling costs.

## 19 Pension commitments

The Works operate pension schemes, providing pensions under both defined benefit and defined contribution arrangements

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

Details of the contributions are as follows

Name	Type of Scheme	Administrator	Contributions in year	
			2015 £'000	2014 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	72	76
St Elizabeth's Centre	Defined benefit	BBS-Including FRS17 adjustment	(131)	340
St Elizabeth's Centre	Defined contribution	Scottish Widows plc	269	112
St Raphael's Hospice	Defined contribution	Aegon	111	99
Holy Cross Hospital	Defined contribution	The People's Pension	14	—
Non-scheme contributions			69	45
			404	672
St Anthony's Hospital	Defined contribution	Scottish Equitable plc	83	381
			487	1053

### *Teachers' Pension Scheme (TPS)*

Retirement benefits for teachers are provided by the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

- ♦ employer contributions rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))

## 19 Pension commitments (continued)

### *Teachers' Pension Scheme (TPS) (continued)*

- ♦ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015.

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.

### *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 did not contract members out of the State Second Pension. The scheme is now closed to new entrants and future accruals and has been replaced by the defined contribution Scottish Widows' scheme.

Triennial valuations are carried out by a qualified actuary every three years using the projected unit method. There were no contributions from the Centre or its employees during the year but the Centre did make deficit-reduction payments of £300,000 (2014 - £2.3m).

The latest actuarial valuation was at 1 August 2012 and the preparation of a new actuarial valuation is in progress.

**19 Pension commitments (continued)*****The St Elizabeth's Centre Final Salary Scheme (continued)*****Movement in deficit during the year**

	2015 £000	2015 £000	2014 £000	2014 £000
Deficit at 1 April 2014		(873)		(3,375)
Income/expenditure recognised in the statement of financial activities				
Current service cost – total operating charge	—		(340)	
Expected return on pension scheme assets	619		(486)	
Interest on pension liabilities	(488)		486	
Curtailment gain	—		582	
	131		242	
Annual employer contributions	—		109	
Effect of FRS 17 adjustments		131		351
Deficit-reducing contributions				
Annual	300		300	
One off	—		2,000	
		300		2,300
Amounts recognised as other gains and losses				
Actual return less expected return on pension scheme assets	1,456		(153)	
Change in financial and demographic assumptions underlying the scheme assets	(1,590)		4	
Actuarial losses recognised		(134)		(149)
Deficit at 31 March 2015		(576)		(873)

A one-off contribution of £2m was made during 2014 in order to reduce the pension scheme deficit and future contributions

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 information would enhance that given