

REGISTRAR OF COMPANIES

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

**Annual Report and Financial
Statements**

31 March 2019

Company Registration Number: 03492921

Charity Registration Number: 1068661

SATURDAY



A8KT20IR

A09

21/12/2019

#277

COMPANIES HOUSE

Contents

Trustees' Report

1 Summary of activities	1
2 Trustees	2

Strategic Report

3 Introduction	3
4 Charity's aim and objects	3
5 Activities	4
6 Objectives of the charity	4
7 Strategy of overall charity	5
8 Achievements and performance of overall charity and criteria for success	6
9 Reports on each part of the charity	
9.1 Sisters' activities	7
9.2 St Elizabeth's Centre	8
9.3 Holy Cross Hospital	10
9.4 St Raphael's Hospice	12
9.5 St Wilfrid's Care Home	15
10 Volunteers	17
11 Financial Review (including Reserves)	18
12 Investments	22
13 Fundraising	24
14 Risk management	25
15 Events since the year-end and future plans	28

Other matters

16 Public benefit	28
17 The environment	29
18 Structure and governance	29
19 Management	31
20 Related parties	32
21 Statement of trustees' responsibilities	33

Registration details and principal advisers	34
--	-----------

Independent auditor's report	35
-------------------------------------	-----------

Financial Statements

Statement of financial activities	38
Comparative statement of financial activities	40
Balance sheet	41
Statement of cash flows	42
Notes to the financial statements	44
Principal accounting policies	62

1 Summary of activities

The activities of the charity during the year under review can be considered under five headings.

- ♦ The ministry of the Sisters

- ♦ St Elizabeth's Centre, Much Hadham, Hertfordshire

School, Home, College, Children's Home, and adult Respite Care Facility for those affected by epilepsy and associated disabilities, supported by a Health Agency and a Domiciliary Care Agency

Senior Officer: Adam Sampson

Website: stelizabeths.org.uk

James Connolly retired as the Senior Officer on 30 June 2018 and Adam Sampson took up the position on 3 September 2018.

It has between 240 and 260 beneficiaries, 345 employees and 400 volunteers.

St Elizabeth's Centre was transferred into its own charity on 30 September 2018. Please see Section 9.2 of this report.

- ♦ Holy Cross Hospital, Haslemere, Surrey

Hospital for the treatment of neurological disability and similar long-term conditions

Senior Officer: Ross White

Website: holycross.org.uk

It had 40 rooms, 40-50 beneficiaries, 130 employees and 30 volunteers.

- ♦ St Raphael's Hospice, Cheam, Surrey

Care of the dying and their families both in the Hospice itself and in the local community

Senior Officer: Mike Roycroft

Website: straphaels.org.uk

It has 14 rooms, over 2,000 beneficiaries, 140 employees and 800 volunteers.

- ♦ St Wilfrid's Care Home, Chelsea, London

Care home for the elderly

Senior Officer: Ann Stuart

Website: stwilfridssw3.org.uk

It had 44 rooms, up to 30 beneficiaries, 50 employees and up to 10 volunteers.

St Wilfrid's Care Home was closed by 31 March 2019. Please see Section 9.5 of this report.

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

1 Summary of activities (continued)

Our finances

	2019	2018
Total expenditure	£29.5m	£38.8m
Total income	£27.7m	£38.3m
Net expenditure	£(1.8m)	£(0.5m)

These results are achieved before investment and other gains and losses and before the transfer of the St Elizabeth's Centre.

Our people

Total staff costs	£20.1m	£27.8m
Employees	680	1,042
Volunteers	625	1,312
Sisters (also volunteers)	47	50

2 Trustees

The trustees, at the date of approval of this report, are:

Sister Veronica Hagen

Chair and Chief Executive of the Charity
Provincial Superior and Chair of the Provincial Council

Sister Mary McGinn (aka Sister Mary Geraldine)

Provincial Bursar

Sister Annette Clemence*

Sister Anne Kelly*

Sister Maureen O'Brien* (appointed 31 May 2018)

Sister Kathleen O'Reilly* (appointed 17 December 2018)

* Members of the Provincial Council

Sister Patricia Ainsworth and Sister Shirley Lowe (aka Sister Mary Agnes) retired from the Provincial Council, and therefore resigned as trustees on 31 May 2018.

Trustees' thanks

None of the charity's work could be achieved without the dedicated loyalty of all the staff employed by the charity, the efforts of all the full-time and part-time volunteers (over 600), the commitment and effort of the Sisters (47 at 31 March 2019) or without the continuing generosity and input of their benefactors and advisers.

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

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

Strategic Report

3 Introduction

The trustees are pleased to present their report, together with the financial statements of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2019. The trustees' report, including the strategic report, has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report for the purposes of the Companies Act 2006.

The financial statements are presented in accordance with the accounting policies on pages 62 to 67 and comply with the requirements of the Charities Act 2011, the Companies Act 2006, the charity's Memorandum and Articles of Association, applicable laws, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

4 Charity's aim and objects

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

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

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

4 Charity's aim and objects (continued)

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 above objects as five different activities but as all part of the one Religious life they have chosen.

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

5 Activities

The trustees are pleased that during the year the charity has continued to provide a broad range of excellent services. The charity is unusual in providing such a wide range of services and, despite the differences between them, the common feature is the ethos and charism of the Sisters. 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.

Over 2,000 people have once again been helped with their care, education, health, or medical needs in a very challenging financial and social environment. Management, staff, and volunteers across the charity do a wonderful job in providing excellent services to beneficiaries with good or outstanding results from the multiplicity of inspections that take place over the course of a year.

The Sisters, in Communities in England, Ireland and the USA (until June 2019, upon when our Sisters in California moved out of that locality and now reside in England and Ireland), continue to bring assistance, enthusiasm, support, and compassion to all those with whom they interact, whilst at the same time offering a spiritual dimension to their lives.

During the 156-year existence in England of the Daughters of the Cross, they have established many different activities around the country to meet the needs of the locality and the community at the time. As people's needs and the social and economic environment have changed, activities have been adapted, closed, sold or given to others to manage.

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

6 Objectives of the charity

If there continues to be a need for the Works as there seems to be, and if a viable and long-term future can be established for them, then trustees will attempt to secure their futures in organisations separate from the Sisters and this charity. This is necessary because eventually there will be an insufficient number of Sisters with the appropriate skills to be responsible for them.

In line with this strategy, on 30 September 2018, St Elizabeth's Centre has been transferred into its own charity with a new trustee body.

6 Objectives of the charity (continued)

Sadly, although over the years trustees have been very successful in securing the futures of their Works, they have been unable to achieve that for St Wilfrid's Care Home and an announcement was made in September 2018 that it would close by 31 March 2019. There are many reasons for this but chief amongst them are too few Local Authority referrals, the increasing age and dependency levels of residents, and the fact that the rooms are not big enough for those residents who depend on mobility aids.

The remaining Works, Holy Cross Hospital and St Raphael's Hospice, will be run to their traditional high standard, and the Sisters will continue to carry out their work in accordance with their Constitution, for as long as each of them is able to do so. Where necessary, trustees take advice from professional advisers, and in the case of Holy Cross Hospital, they have contracted with a consultant who specialises in business planning and governance in health care settings.

These two objectives of running the Works and working to secure their long-term futures are both short and long-term because, from trustees' past experience, it is impossible to control how quickly separate futures can be organised.

7 Strategy of overall charity

- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Ensure that the management teams have the required capacity and capability to run the Works in line with their set objectives.
- ◆ Run the Works in a way which meets all regulatory standards and ideally exceeds them.
- ◆ Provide appropriate premises, equipment and vehicles so that the work can be undertaken.
- ◆ Provide healthy and safe environments for beneficiaries, staff, volunteers, visitors, and anyone else affected by them.
- ◆ Where it is a desirable and practicable thing to do, provide education and training to a wider audience than staff.
- ◆ Secure the necessary funding to pay for the services being provided.
- ◆ Ensure that everyone involved with the charity treats all people with whom they come into contact with respect and dignity.
- ◆ Explore every option, and take all necessary advice, to find the most appropriate future for each of the Works as far as the charity and all their stakeholders are concerned.
- ◆ Ensure that all services are good value for money.

8 Achievements and performance of overall charity and criteria for success

By the nature of the charity and the work of the Sisters, its success is in continuing to provide the highly-specialised staff, appropriate facilities, and the infrastructure to look after people who are all in need of considerable care and attention every day. For many of the beneficiaries, the charity's facilities will be their homes for the rest of their lives. In some cases, particularly at St Raphael's Hospice, this will be a very short period of time. For others, for example, patients at Holy Cross Hospital, it could be forty years or more. This care and education has been provided to the required standard or higher and has made a real difference to beneficiaries' lives.

In addition this year, after many years of work and resolve, St Elizabeth's Centre was finally transferred to its own charity on 30 September 2018. The trustees see this as a great success, as it means that those who suffer from epilepsy and its related conditions and who require long-term specialist care will be able to find it at the Centre for many years to come.

St Elizabeth's offers a medical, social, and educational model of care and treatment for people with epilepsy and associated disabilities. It cared for over 200 people during the six months to 30 September 2018 and provided formal education to 71 of those between the ages of 5 and 25. Holy Cross Hospital has cared for 48 people with complex neurological disabilities or illnesses caused by accidents or from degenerative illnesses. St Raphael's Hospice has provided terminal care and support for over 2,100 people within the Hospice and their own homes, and in many cases has supported their families and friends. St Wilfrid's Care Home has cared for 31 very elderly residents, for both long-stay and respite care. In all cases the beneficiaries are given the best quality of life that they are able to experience. The Sisters have continued ministering amongst the staff and beneficiaries within the Works, and in their local parishes, prisons, and all the many other places in which they volunteer.

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

In what is a very challenging financial and social environment, continuing this much-needed work is in itself a success. Other criteria that the Sister trustees and other Sisters would use to measure success are:

- ◆ Being satisfied with what they see and hear when talking to staff, beneficiaries and others connected with the various facilities, bearing in mind that they are living around beneficiaries all the time.
- ◆ Being satisfied with what they read in Advisory Committee reports and the discussions at Advisory Committee meetings.
- ◆ Being reassured from the feedback from the many beneficiary and other surveys, both formal and informal.
- ◆ Being reassured from reports and feedback from the many regulators, particularly the Care Quality Commission (CQC), Ofsted and from the various authorities which commission the services.
- ◆ Knowing from internal inspections and organised visits that the charity is meeting, and ideally exceeding the required standards.
- ◆ Knowing that any complaints are fully dealt with and revised procedures put in place where necessary.

8 Achievements and performance of overall charity and criteria for success

(continued)

- ◆ Being reassured at first-hand that beneficiaries are content and enjoying their lives.
- ◆ Generating financial surpluses which can be reinvested in facilities and services.

The trustees are satisfied that the charity had another successful year, with the future of St Elizabeth's Centre secured and the orderly closure of St Wilfrid's Home completed. In financial terms, the continuing operations of the charity returned a surplus for the year. The financial performance is explained in more detail in the financial review.

9 Reports on each part of the charity

9.1 Sisters' activities

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

In the Works, Sisters have a daily presence to support management, staff teams and beneficiaries. Where Sisters are not based at one of the Works, and despite the advancing age and frailty of some of them, they work voluntarily in parishes, hospices and various other organisations. This includes full-time and part-time duties as Hospital Chaplains or Pastoral Assistants supporting spiritual needs, in general Parish Ministry (including visiting the housebound and sacramental preparation), volunteering in various organisations including RESULTS UK (an anti-poverty organisation) and JPIC (Justice, Peace and Integrity of Creation), as well as offering practical support in local care homes, hospices and day facilities.

Other Sisters are involved in visiting prisoners, bereavement counselling, counselling those with learning disabilities and in ecumenical projects that offer practical help to the homeless and people on low incomes. Wherever there is a need to be met in their locality, if it is practical and possible, the Sisters endeavour to meet it.

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

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

9 Reports on each part of the charity (continued)

9.1 Sisters' activities (continued)

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

9.2 St Elizabeth's Centre

Activities

On 30 September 2018, St Elizabeth's Centre was transferred into a new charity with a new trustee body.

St Elizabeth's Centre, as a part of the Daughters of the Cross, provided education, care and medical support to people of all ages who have epilepsy and other complex needs, on the basis of need regardless of religious, cultural or ethnic backgrounds. This work continues at St Elizabeth's Centre, but under the control of a separate charity. The Centre comprises:

- ◆ a residential non-maintained special school and children's home ("the School") with facilities for 80 boarding and day pupils from ages 5 to 19.
- ◆ a college ("the College"), for those in the 18-25 age range who aspire to more independent lifestyles; the College has on-site accommodation for up to 30 learners.
- ◆ a domiciliary care agency, regulated and monitored in its own right, operating both onsite at St Elizabeth's and offsite in 12 supported living flats in nearby Bishop Stortford.
- ◆ a residential care home with nursing ("the Home") housing over 100 adult residents in a "village" of modern bungalows, in the Bishop Stortford flats and in a 5-bed respite unit for external clients. For residents and external clients, there are social enterprises (Ashvale (a horticultural enterprise), the Jewellery Project, and the Drawing Room) and day services.
- ◆ a regulated health agency providing 24-hour nursing and therapy services every day of the year to all beneficiaries across the Centre.

All the activities of the Centre are based around "living and learning" and have educational aspects, as well as those that would be characterised as health and welfare.

9 Reports on each part of the charity (continued)

9.2 St Elizabeth's Centre (continued)

Strategies

- ◆ The School aims to provide high standards of education and care from modern, well-equipped accommodation and classrooms.
- ◆ The College, with a particular focus on independent living, aims to meet learners' complex changing needs and aspirations with a well-developed college and day services programmes.
- ◆ The Home works to improve the services provided to meet the needs of residents and improve living and learning opportunities. This can only be done through working with funders to ensure that the funding matches the rising costs.
- ◆ The Home, School and College all seek to maintain the ethos of the Centre and the Congregation.
- ◆ The whole Centre aims to give appropriate support to the families and carers of residents, pupils and learners.

Objectives and achievements

The Centre's plans for 2018-2019 included the following objectives:

Objective	Achievement
Increase the number of pupils attending the School and College.	Achieved Pupil numbers increased from 46 at the start of the year to 47 on 30 September 2018. College numbers increased from 18 in April 2018 to 24 on 30 September 2018.
Maintain or improve the current "Good" ratings for the College, adult services, the health agency and the domiciliary care agency.	Achieved All services are currently rated good by CQC and Ofsted (the college has 'outstanding' elements).
Develop the facilities for the children and residents.	Achieved The children's home bathroom facilities were refurbished in the summer of 2018. Changes were made to the college accommodation ahead of the arrival of new starters in September 2018.

Over 600 hours per week are donated by volunteers. The charity shops and various other activities are supported by local volunteers.

During the six-month period to 30 September 2018, a total of £805k was raised from donations, legacies, shops and other fundraising activities, of which £648k was generated by the network of shops.

9 Reports on each part of the charity (continued)

9.2 St Elizabeth's Centre (continued)

Objectives and achievements (continued)

The Centre engages with corporate partners to encourage their employees to raise funds and volunteer at the Centre. Our internal teams run fundraising events such as the Summer fun day.

In the six-months to 30 September 2018 the Centre's total costs were £10.9m, with income totalling £11.1m, which means that for the six-month period a £229k surplus was generated (excluding the £6.5m contribution from the Congregation). The deficit incurred by the Home was more than offset by surpluses in the School and from fundraising and retail activities.

The Centre's assets

The assets of the Centre were transferred to the new charity on 30 September 2018 and so are not shown in these financial statements at the balance sheet date of 31 March 2019.

9.3 Holy Cross Hospital

Activities

Working in close co-operation with the NHS (from which most patients are referred), Holy Cross Hospital provides high quality inpatient services to adults with severe and complex neurological disabilities or illnesses that may arise from acquired brain injury, spinal cord injury or the advanced stages of degenerative illness. It also has an outpatient physiotherapy centre which includes a hydrotherapy pool, enhancing the treatment of some inpatients and providing excellent facilities for outpatient treatment. The Hospital makes the benefits of physiotherapy and hydrotherapy available to as many local people as possible. The Hospital is also able to provide short-term rehabilitation and respite care.

Most of the inpatients referred to the Hospital have been in contact with statutory services and most of the Hospital's income is derived from Clinical Commissioning Groups (CCGs) who are responsible for funding such healthcare services.

The Hospital aims to achieve the best possible quality of life for all those using its services, with a high priority being given to engaging the support and participation of family members. Some patients require access to the Hospital's services over prolonged periods, therefore great effort is devoted to making the environment as home-like as possible, to which donations and the work of volunteers make a major contribution.

Strategies

- ◆ Provide services that are complimentary to those available locally through the NHS and to do so in co-operation with statutory authorities and other healthcare professionals.
- ◆ Continue to develop services in neuro-disability and associated rehabilitation of physically disabled adults by increasing the knowledge and expertise of staff, collaborating with the NHS and other professionals and by improving facilities.

9 Reports on each part of the charity (continued)

9.3 Holy Cross Hospital (continued)

Strategies (continued)

- ◆ Operate the physiotherapy centre as a service to local people, offering high quality and accessible physiotherapy services and classes.
- ◆ Provide comprehensive training programmes for staff and make these available as appropriate to other local care providers and agency staff.
- ◆ Maintain the ethos of the Hospital and the Congregation.

Objectives and achievements

The Hospital's plans for 2018-2019 included the following objectives:

Objective	Achievement
Identify and introduce a new electronic patient record system.	Partly achieved The system to be used has been identified and its introduction is planned for 2020.
Construct a 'treehouse' – a raised walkway into the tree canopy that will function as a well-being project to connect patients with nature.	Partly achieved Sufficient funds have now been raised to enable the project to start next year.
Undertake an options and feasibility study into ward expansion.	Achieved The study has been completed and detailed planning is now in progress.
25% increase in beds available for ventilated patients.	Not achieved An increase has not been possible as yet due to delays in the recruitment of registered nurses.
Host a conference on prolonged disorders of consciousness.	Achieved A national conference on the Assessment, Diagnosis and Multidisciplinary Management of People with a Disorder of Consciousness was held in October 2018.

The Hospital started the year fully occupied and ended it with one empty bed. During the year, eight patients died and there were nine new admissions. Of the nine admissions, one patient was transferred to a more suitable facility and one was discharged to a residential care home after a period of rehabilitation treatment.

A new service was introduced in neuro-music therapy and a number of patients and relatives have perceived this to be a positive experience with clear well-being benefits, with some functional and communication improvements as well.

The Hospital encourages feedback in any form. The annual patient satisfaction survey contained many compliments for the care given (the latest version is on the Hospital's website) and informal feedback is given to the director of clinical services and the director of nursing services through daily visits to patients and regular contact with families and visitors.

9 Reports on each part of the charity (continued)

9.3 Holy Cross Hospital (continued)

Objectives and achievements (continued)

Throughout the year, the clinical team received feedback from NHS commissioners on the services provided to all patients. Each one of these reviews confirmed the expectations of the commissioner had been fully met or exceeded. The Hospital also participated in a national assessment process, PLACE (Patient Led Assessments of the Care Environment), that scores areas such as cleanliness, maintenance and food service. The assessment's results showed that very high standards are being maintained in all areas.

During the year the Hospital made further investment in the buildings, plant and equipment. A particular focus was on upgrading the hydrotherapy pool plant and equipment to improve reliability and reduce energy costs and chemical usage.

Events since the year-end and future plans

There have been no significant events since the year-end. Future plans include:

- ◆ The implementation of an electronic patient record system.
- ◆ Construction of the treehouse walkway for the benefit of patients and their families.
- ◆ Improving the support on offer for families of patients at Holy Cross.
- ◆ Launching post-natal physiotherapy services through the physiotherapy centre.

9.4 St Raphael's Hospice

Activities

St Raphael's Hospice provides, free of charge, services and support to the communities of the London Boroughs of Sutton and Merton (a population of approximately 400,000). This is done by providing excellent person-centred palliative and end-of-life care to people at the Hospice, in their own homes or nursing/residential homes. Working collaboratively with colleagues in primary care we support patients receiving the right care in the right place at the right time whilst also being able to offer in-patient care if necessary.

The Jubilee Therapy Centre provides activities and support for both patients and carers. Sometimes activities are integrated, such as yoga; others, for example the monthly lunch clubs, are facilitated separately to enable peer support. The 'Men's Den' enables patients and bereaved men to meet, talk and relax in a supportive environment.

The Hospice welcomes, respects, and supports patients, their families, and its staff and aims to give patients the best quality of life to the very end. It aims to meet the physical, emotional, spiritual and social needs of patients, their families, friends and carers during the final stages of terminal illness, with attention being paid particularly to patients' ethnic and religious backgrounds.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Activities (continued)

The Hospice accepts referrals from hospital clinical nurse specialists, district nurses and GPs of patients in the community who are in need of specialist palliative care. It has highly trained specialist doctors and nurses who work both in the inpatient unit and patients own homes, whether that is in their own domestic setting or a care home. The community palliative care consultant assesses patients and adjusts their medication to provide relief from pain and other symptoms whilst retaining maximum awareness and wellbeing for the patient.

The Hospice at Home service provides professional nursing care and support to patients in their own homes whose preference is to die at home rather than in any other setting.

The psycho-social and pastoral care team, which includes counsellors, a social worker and a pastoral care sister assist the patient and their family and other loved ones during the course of the terminal illness and offer a bereavement service after the death of the patient where appropriate.

The Hospice provides extensive education and training on palliative and end-of-life care knowledge and skills for its own staff and for other healthcare professionals including GPs, and nursing home staff. The programme is designed to improve awareness of and support best practice in the delivery of palliative and end-of-life care in all settings. The Hospice continues to take the lead locally in the implementation of the government's end-of-life care objectives and works collaboratively across sectors to improve education and training in palliative and end-of-life care.

Strategies

- ◆ Maintain the delivery of the highest possible standards of care to patients and their supporters.
- ◆ Workforce planning and development to ensure the required numbers of specialist staff are in post to meet the Hospice's current and future needs.
- ◆ Build on the existing high-quality team of volunteers in order to maximise the benefits to patients and the volunteer's satisfaction in working with them.
- ◆ Find ways to balance the budget by increasing income, reducing costs or, ultimately, reducing services.
- ◆ Systematically review the structure, process and outcome of patient care.
- ◆ Maintain a constant drive to be a learning organisation that looks for continual improvement across our operations.
- ◆ Maintain the ethos of the Hospice and the Congregation.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Objectives and achievements

The Hospice had the following objectives for 2018-2019:

Objective	Achievement
Continue to implement the governance structures required for separation from the Congregation of the Daughters of the Cross of Liege.	Partly achieved Many of the necessary governance structures have been implemented, including various sub-committees that will support the future Board of Trustees.
Capacity planning and production of a robust financial strategy.	Achieved A robust 5-year strategy has been created to guide the Hospice as it moves towards an independent and sustainable future.
Improving clinical performance, particularly by improving communication between clinical team and patients and relatives.	Achieved Bespoke professional training for patient-facing staff has been provided, to enhance communication skills and their appreciation of patient and family needs.
Increase income through implementation of the communications and fundraising strategy.	Partly achieved The plan has been commenced; reorganisation of the fundraising team and a programme of improvements to the network of shops is in progress.
Complete the GDPR implementation project.	Achieved The review project was completed in May 2018.

This year the community palliative care team assessed 1,047 (2018: 989) new patients and undertook 3,051 (2018: 3,008) follow-up visits to patients in their own homes; the Hospice at Home service received 296 referrals (2018: 324) and made 2,164 support visits (2018: 2,300); the Jubilee Centre supported 263 patients (2018: 175) and the Psycho-social team supported 284 people (2018: 280). The inpatient unit admitted and cared for 225 patients compared with 203 last year.

Of all the charity's Works, St Raphael's is the only one whose financial performance is heavily reliant on donations from the general public. Net expenditure at the Hospice for 2018/19 was £537k (excluding contributions from the Congregation), compared to last year's surplus of £301k. There was a 10% reduction in income compared to 2017/18 (£5.5m down from £6.1m), whilst the costs of charitable activities rose almost 5% from £3.9m to £4.1m and the cost of fundraising went up by 4% to £1.9m.

9 Reports on each part of the charity (continued)

9.4 St Raphael's Hospice (continued)

Objectives and achievements (continued)

Legacy income fell from £1.7m last year to £1.2m this year, while income from donations (£1.2m), shop sales (£1m) and from government sources (£1.5m) were little-changed from the previous year.

Events since the year-end and future plans

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

The Hospice has these objectives for 2019-20:

- ◆ Launch St Raphael's Hospice as a new and independent charity.
- ◆ Deliver the first phase of the Hospice's clinical plan to improve clinical performance and innovative practice, by developing a new staff system that enables better sharing of knowledge and experience.
- ◆ Open the new wellbeing centre, with increased therapeutic services and relaxation spaces.
- ◆ Invest judiciously in the Hospice's buildings and grounds to enhance the ambiance of the site.
- ◆ Continue to improve income generation through the development of the fundraising department and the programme of enhancement for the network of shops.

9.5 St Wilfrid's Care Home

Activities

During the year, the trustees made the sad decision that St Wilfrid's Care Home would close by 31 March 2019.

St Wilfrid's Care Home provided a caring and quality environment for men and women over the age of 65 regardless of religious, cultural or ethnic backgrounds. It aimed to provide a lifestyle which satisfied residents' social, cultural, religious and recreational needs and interests, assisted them in exercising choice and control over their lives and in retaining their independence in every way possible. Rooted in Christian gospel values, St Wilfrid's Care Home existed to offer to elderly people love, care, spiritual support and dignity in their later years.

It had 44 beds and a staff complement of around 50, including 14 staff from agencies. The number of residents cared for during the year was 31 (2018 – 40). A chapel was provided for residents, staff, and people from the locality and daily Roman Catholic services were held. In addition to these services, the chapel hosted Anglican communion services twice a month. A Community of Sisters still lives within the building, so Catholic services continue to be held daily and the chapel remains open to local people.

9 Reports on each part of the charity (continued)

9.5 St Wilfrid's Care Home (continued)

Activities (continued)

On 11 September 2018, the planned closure of the home was announced. A decommissioning and closure project team (DCPT) was formed, which included members of the home's senior management team, trustees, a Sister from St Wilfrid's community, and the Bi-borough head of adult social care quality assurance team. A key part of the DCPT was maintaining continuity of day-to-day service care provisioning for the residents, staff and related stakeholders in care, parallel to the planned decommissioning processes. There was

- ◆ A robust communication strategy, including holding early meetings with stakeholders, preparing a joint closure statement with the local authority, weekly information sharing with the quality assurance officer and writing to all stakeholders.
- ◆ A timely announcement of the closure, supported with consultations for residents, their families, volunteers and other service users. This was done in both group settings and with one-to-one meetings.
- ◆ Continuity of care provision and care services running parallel with decommissioning, with a strong emphasis on the care and wellbeing of residents right up until the day of relocation.
- ◆ The safe relocation of residents to alternative care providers, with up-to-date care plans provided (each resident had a pack containing all information needed to support the residents' needs in their new homes). A detailed risk management plan was carried out for each resident and follow-up visits were made to ensure they had settled in their new homes.
- ◆ The health and wellbeing of staff during the time of change and uncertainty was considered. Staff were offered generous redundancy packages and assistance was given when looking for new employment, such as CV writing and interview workshops, as well as having their core training brought up-to-date prior to leaving.

The closure of the home was successfully achieved. The last resident was safely relocated on 5 March 2019 and all staff made redundant. Three members of the senior management team were retained post-closure to complete the final decommissioning of St Wilfrid's, including year-end accounting and handover of records to the Provincialate office.

A key mission statement adopted from the beginning of the process and throughout the home was to 'close the home in the manner that it was run; with excellence in care and operational services, pride and teamwork'.

9 Reports on each part of the charity (continued)

9.5 St Wilfrid's Care Home (continued)

Objectives and achievements

The Home had the following objectives for 2018-2019:

Objective	Achievement
Wi-Fi upgrade to meet expectations of residents and visitors.	Not achieved for reasons explained above
Revise the data protection policy and procedures to meet GDPR implementation in May 2018.	Achieved
Recruit more permanent staff and reduce reliance on agency staff.	Not achieved for reasons explained above

10 Volunteers

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

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

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

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

At St Raphael's Hospice there were some 818 active volunteers during the year, and they contributed 48,243 hours of their time, compared with 825 people and 56,832 hours last year. Some volunteers take on several roles. They cover a whole range of activities from Supporter Groups (338) and Charity Shops (114) through Corporate Volunteers (49) and Flowers and Gardens (18) to Chaplains (12) and Hospice Biographers (3). As well as their time, they also bring the local community into the Hospice, so that St Raphael's is truly an integrated part of the society to which it belongs.

10 Volunteers (continued)

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

11 Financial Review (including reserves)

Results

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

	Works £'000	Sisters* £'000	Total 2019 £'000	Total 2018 £'000
2019				
Cost of providing services	(24,119)	(2,354)	(26,473)	(35,382)
Charitable activities' income	18,677	—	18,677	28,084
St Raphael's non-grant income (net)	1,944	—	1,944	2,538
Operating deficit	(3,498)	(2,354)	(5,852)	(4,760)
Other charity income (net)			4,034	4,224
Operating deficit after other income			(1,818)	(536)
Transfer of St Elizabeth's Centre			(28,366)	—
Impairment adjustment			—	(18,285)
Investment gains			3,022	290
Net expenditure			(27,162)	(18,531)

	Works £'000	Sisters* £'000	Total 2018 £'000
2018			
Cost of providing services	(32,983)	(2,399)	(35,382)
Charitable activities' income	28,084	—	28,084
St Raphael's non-grant income (net)	2,538	—	2,538
Operating deficit	(2,361)	(2,399)	(4,760)
Other charity income (net)	744	3,480	4,224
Operating (deficit) surplus after other income	(1,617)	1,081	(536)
Impairment adjustment			(18,285)
Investment gains			290
Net expenditure			(18,531)
Pension scheme adjustment			(7,443)
Actuarial gains on pension scheme			318
Net movement in funds			(25,656)

*Members of the Congregation

11 Financial Review (including Reserves) (continued)

Results (continued)

Amounts quoted for the Works in their own sections may not agree in total to these charity-wide figures, as their results are spread across several headings in the Statement of Financial Activities and in practice they do not suffer the central support costs of the charity which, under Charity SORP FRS 102, have to be spread across all activities. Each part of the charity is affected by both common and individual issues, and explanations are given in their own sections of this report of their financial effects, and what trustees and management are doing to improve their financial situations.

This year has featured two exceptional events – the transfer of St Elizabeth's and the closure of St Wilfrid's – and this has produced an exceptional financial result that is unlikely to be repeated. The operating deficit of £5.9m is £1.1m below last year's result. This is largely due to St Wilfrid's, which posted a large deficit in the year of £1.1m. Once the decision had been made to close the home and gradually move residents on, income fell substantially (£878,000 of fees this year, compared to £1,384,000 last year – a fall of £506,000). Coupled with the drop in income are the substantial additional costs incurred in closing the home and making all the staff redundant.

The other charity income (predominantly investment income and Sisters' salaries and pensions) reduced by 4% from £4.2m to £4.0m, and this resulted in an operating deficit after other income of £1.8m, compared to the £536,000 deficit last year.

The transfer out of the Congregation of St Elizabeth's Centre, a project that has been worked on since 2010, has had a large effect on the level of net expenditure shown this year. The Centre was the largest of our Works and the transfer of over £28m of assets, recorded as an expense in these accounts, means that the result for 2018/19 of a deficit of £27.2m requires further explanation as the operational reality is very different. With income of £27.7m, investment gains of £3m and total expenditure (not including the transfer of St Elizabeth's) of £29.5m, the charity posted a surplus of £1.2m. Indeed, when looking at the continuing vs discontinued split of results (shown on page 39), the continuing operations of the Congregation posted a surplus of £3.25m, with the discontinued elements having a deficit of £2m. Continuing operations consist of St Raphael's Hospice, Holy Cross Hospital, the Sisters, and the central administrative office in the Provincialate.

The Works' management teams do an excellent job in maintaining or exceeding the necessary standards whilst coping with the many challenges facing them. These include the pressure on income from the public and local authorities with which the charity works, the difficulty of recruiting sufficient and appropriate staff, and the increasing complexity of the needs of beneficiaries. These challenges appear to be a constant for the foreseeable future.

The charity cares for those for whom the state has an obligation and, as a result, 63% of the charity's total income comes from public or statutory authorities. The charity provides the buildings and infrastructure to enable the services to be provided, and in principle the income from public sources, with some private and other income, should meet the running costs, so that any extra income can be put to developing facilities and improving the lives of beneficiaries. Regrettably, that has not occurred for many years and the additional income generated is having to meet the shortfall in running costs. The income from running the services only covers 77% of the costs (2018 – 85%).

11 Financial Review (including reserves) (continued)

Results (continued)

The capacity of the two Works that make up the continuing operations is largely unchanged from previous years and therefore the non-staff costs are fairly fixed; the staff costs have remained similar to the last two years at 72% of the total costs.

The trustees' and managements' focus on the Hospital and the Hospice continues to be improving their operating results, so that they can both continue successfully into the future.

Investment gains and losses

There were investment gains of £3,022,000 for the year (2018 – £290,000). These are explained in the section on Investment management, review and performance.

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

The trustees consider that, given the level of annual expenditure and the nature of the income and risks of the charity's Works, the level of free reserves required should represent between 3 and 6 months' expenditure. In the current economic climate of fairly static funding rates overall, of a more challenging fundraising environment, and of the increasing costs of meeting changing and ever-increasing regulation and standards, the trustees consider that reserves should be towards the top of that range.

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

This year, the level of free reserves held has had to be reconsidered in light of the significant changes that occurred within the charity this year. The transfer of St Elizabeth's and the closure of St Wilfrid's has meant that total annual expenditure for the coming year will be much lower than when those two Works were operating on an ongoing basis. Expenditure in 2018/19 for continuing operations was £15.3m, whereas in 2017/18 the total expenditure across the charity was £38.8m – a 60% reduction.

The General Fund (or free reserves) at 31 March 2019 stands at £4.7m (2018 – £17.7m) which represents around 5.1 months (2018 – 5.5 months) of the recurring annual expenditure which is within the reserves policy.

11 Financial Review (including Reserves) (continued)

Reserves policy and funds (continued)

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 2019 they amounted to £5m (2018 – £5.3m) of which £3.7m (2018 – £3.8m) is in respect of the Hospice and £1.3m (2018 – £1.2m) 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 £34.6m (2018 – £54.4m) and relates to those funds invested in tangible fixed assets. The principal reason for the reduction is the separation of St Elizabeth's, which meant that during the year £19m of fixed assets were transferred out of this charity and into the new St Elizabeth's Centre charity. 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 £38m (2018 – £32m). 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. The income helps to meet the shortfall of the Sisters' covenanted income over the costs of their welfare and apostolic activities, together with meeting the care costs of the frail and elderly members. The fund has been increased this year by £6m to reflect increased expenses and the decline in the level of Sisters' pensions, which has seen a marked fall in recent years due to the decline in the number of Sisters in the Congregation.
- ◆ Provincialate fund of £25m (2018 – £25m). This fund has been established so that the income from it will meet the running costs of the charity's central core functions. This facility will be required for the foreseeable future as it has no source of income other than investment income.
- ◆ Charitable activities fund of £28.9m (2018 – £28.7m). This fund is invested to underpin the wide needs of the Works. The needs are connected with the objective of finding long-term secure futures for the Works and the long-term accommodation and other needs of the Sister beneficiaries. It is not possible at this time to calculate the funds which may be required to secure those futures, but this is the maximum amount currently available.
- ◆ St Raphael's Hospice fund of £6.3m (2018 – £nil). This fund was established during the year following discussions between trustees and the senior management team at the Hospice regarding possible ongoing support once the separation has been concluded. The amount is made up of two distinct amounts. The first is £3.6m which may be required in the shorter term to support the first five years of the business plan. The second is £2.7m which is to be held by the Congregation as a contingency against the risks of delay, variances against assumptions built into the new business model, and possible volatility in legacy income.

11 Financial Review (including Reserves) (continued)

Designated Funds (continued)

- ◆ St Elizabeth's Centre fund of £nil (2018 – £6.5m). This fund is no longer required as the £6.5m was transferred to the Centre during the year, just prior to the separation of the Centre from this charity.
- ◆ Worldwide fund of £6.5m (2018 – £6.2m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide.

Other than the tangible fixed assets fund, £94.8m (90%) of the £104.8m of designated funds are represented by fixed asset investments.

Overall

The overall position is that total funds have reduced over the year by £27.2m (2018 – a reduction of £25.7m). This is due to the separation of St Elizabeth's Centre, which in financial terms was a transfer out of this charity amounting to £28.4m. Investment gains in the year were £3m, compared with £0.3m in 2018. At 31 March 2019 the charity has total funds of £149m (2018 – £176m).

12 Investments

Investment policy

The charity's investment objective is to preserve capital value in real terms and to achieve a growing level of income over time. The day-to-day operation of the portfolio is entrusted to three investment management firms, who must each operate in line with our policy. Their approach and strategies are very different, which gives additional comfort to trustees and contributed to the management of the various risks involved in holding investment assets.

The Congregation has had an ethical investment policy for many years as they believe that the practice of holding investments must be done in line with the Sisters' ethos, values and spirituality. Inevitably this means that some investments cannot be held as they will be incompatible with the values of the Congregation and the teachings of the Catholic Church. Trustees believe that the overall long-term return on the investments need not be materially affected by the ethical restrictions that form part of the overall policy. The investment policy is reviewed every year by the trustees.

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 stewardship (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 the activities of those companies in which the charity is invested, and the results of that monitoring are considered at all investment meetings. Our managers are asked to either follow-up on issues that they are currently engaging on, or we ask them to start to engage with companies on other topics (usually concerning environmental, governance or societal issues).

12 Investments (continued)

Investment management, review and performance

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

The portfolios have a significant exposure to UK and overseas equities and the trustees therefore accept that there will be considerable volatility in values. The asset allocation is continually monitored by trustees, in consultation with the investment managers, and the Finance Advisory Committee (which includes all trustees and a volunteer independent investment advisor) has formed the view that all the movements in investment values were within acceptable parameters.

For three of the four quarters of the year, the investments performed very well. However, markets experienced falls of approximately 10% in quarter three (October – December 2018) which caused a significant drag on results for the full year. The fall in valuations was largely a result of increased tensions between the US and China administrations regarding trade talks and the expectation at that time of several interest rate rises in the US that would dampen growth. The ongoing Brexit situation in the UK played a small part in this, but in global investment market terms, it is largely seen as a 'local difficulty'.

However, despite these particular issues, the portfolio saw solid growth at all other times through the year, leading to a £3m gain for the 2018/19 year, and any losses seen in quarter three were almost all recovered by the end of quarter four (March 2019). This result compares very favourably with the previous year's investment gains of £290,000. The investments will continue to be carefully monitored as times remain volatile. Although we do not anticipate a recession in the next 12 months, we are likely to be reaching the end of this economic cycle.

Each investment managers' results are reviewed formally at meetings twice a year, where up to date reports are reviewed, performance against benchmarks is considered, and any issues concerning ethical investment or corporate governance are discussed. Composite benchmarks are arranged by each manager reflecting the agreed asset class allocations and using appropriate indices for each asset class. Where action is necessary, this is agreed and the actions are monitored to ensure it was taken. The variations in performance fluctuate from manager to manager and from quarter to quarter. Actual performance against the benchmarks for the year ended 31 March 2019 was as follows:

	2019		2018	
	Benchmark %	Actual %	Benchmark %	Actual %
(Shown on a total return basis)				
BlackRock	6.95	6.53	3.17	2.36
Sarasin	7.20	7.00	3.30	3.10
Smith & Williamson	5.62	5.42	2.18	1.40

The trustees are satisfied with their investment managers' actions and performance and have no significant concerns about them.

12 Investments (continued)

Investment management, review and performance (continued)

With this background to investments and investment markets, it is important that the trustees continue to take a long-term view and that they seek a reasonable level of diversification. They achieve this by using three investment managers (each having different approaches and strategies), by investing across different asset types, by investing in the UK and overseas, and by holding specialist pooled funds in addition to direct holdings in stocks and shares.

13 Fundraising

The charity is registered with the Fundraising Regulator and is committed to adhering to the Fundraising Code of Practice. There have been no adjudications and no significant failures to comply with those standards. The charity has detailed policies and procedures in place to ensure high standards are complied with and those procedures ensure that all fundraisers and those who work on the charity's behalf are aware of them.

During the year, there were no reported failures in compliance with the Fundraising Regulator or other regulatory bodies, including the Gambling Commission. In the previous year we had one complaint that was reported to the Gambling Commission that related to our third-party lottery provider.

Of the Works, St Raphael's Hospice and, until its separation, St Elizabeth's Centre are the principal fundraisers. At St Wilfrid's, donations were incidental and Holy Cross Hospital keeps donations at arms-length and benefits from the League of Friends of Holy Cross Hospital which is a separate charity. In 2018/19, St Raphael's Hospice raised £3.9m for its operating costs, and in six months St Elizabeth's raised £1.3m for a variety of revenue and capital projects. Both Works have in-house fundraising teams who maintain high standards of ethical fundraising and whose procedures and activities are kept under regular review. For example, the Hospice supports its staff in attending dementia awareness training and is signed up to the fundraising preference service.

St Raphael's Hospice has two commercial contracts with third party fundraisers. Salvia Fundraising acts on its behalf to fundraise from trusts, foundations and The National Lottery Community Fund and the other, Sterling Lotteries, runs its weekly draw and two raffle draws each year. The Hospice also manages eight volunteer Supporter Groups which are committees whose members fundraise in their local area by organising events, attending fairs, placing collection cans and supporting Hospice-run activities. The groups currently contain 71 members (2018 – 75). It also benefits from the support of individual fundraisers who carry out activities in aid of the Hospice. They receive a fundraising pack and are supported by regular communication and by the provision of relevant information e.g. legal advice, contact details and how to bank funds. Each group member receives a photo ID badge to allow them to fundraise and collect legally, on behalf of the Hospice.

The Hospice has procedures in place to ensure that undue pressure is not put on anyone, particularly vulnerable people, to donate or support its charitable work. For example; by never phoning people unless they have expressed an interest in the work and respecting people's wishes if they wish to hear from the Hospice less often or not at all. The Hospice always checks first that people it phones are happy to speak to it. This has been implemented as a fundraising promise across all teams.

13 Fundraising (continued)

St Elizabeth's Centre's fundraisers have all been briefed to protect people in vulnerable circumstances. If someone is showing signs of distress, confusion or vulnerability, they politely end the conversation and refuse any donation offered in such circumstances.

Neither the Hospice nor the Centre sells or exchanges information in its databases with any other charities or companies, nor do they make them available to third-party organisations.

14 Risk management

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

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

There are risk registers at each of the Works which take different forms depending on their beneficiaries, the services being provided, and their management structure. They are kept under constant review by senior management and are discussed at the regular meetings of the Works' advisory committees. From their constant involvement with the Works, trustees are aware of and review the risk management processes to satisfy themselves that they are robust and appropriate.

The charity is exposed to the normal risks of regulatory and compliance requirements (particularly safeguarding), physical and cyber risks, prices for goods and services, credit and liquidity risk, as well as the external risks of funding bodies and the wider domestic economy. There are also the risks associated with the volatility of investments, including the effects of investing overseas and in foreign currencies. The level of the charity's reserves deals with the implications of some of these. The most significant amongst the risks which the charity faces and how it mitigates them are set out below.

14 Risk management (continued)

Risk	Mitigation
<p><u>Safeguarding Beneficiaries and Reputation</u></p> <p>Where an incident could result in regulatory difficulties or approvals being withdrawn.</p> <p>Where any significant problem could result in the loss of beneficiaries and the loss of income.</p>	<p>Appropriate staffing structures, recruitment practices and training and development programmes are embedded across the Works. There is also regular monitoring visits and inspections to ensure our robust policies remain fit for purpose.</p> <p>There is an ethos of ensuring an open culture and continual improvement, which allows incidents to be reported and then analysed.</p> <p>Good internal clinical management is backed up by access to specialist external advisors.</p>
<p><u>Clinical quality and management</u></p> <p>At both Holy Cross Hospital and St Raphael's Hospice the care and treatment of patients requires careful management of risks. At the Hospital, patients are very vulnerable people and their well-being requires well established and effective clinical governance arrangements. At the Hospice, specialist palliative and end-of-life care operates, at times, at the boundaries of medical knowledge, which means there is a risk that the use of innovative drugs or other treatment regimens could result in patient harm.</p>	<p>Attention is given to the clinical education and training of all clinical staff members to ensure we are up-to-date with current knowledge and practice.</p> <p>At the Hospice, staff continue to work within the boundaries of orthodox, as informed by published guidelines such as British National Formulary and NICE.</p> <p>Feedback is actively sought from patients or their families and a culture of openness and continuous improvement is nurtured by senior management.</p> <p>The Hospice has invested in incident reporting software to better report and analyse data and drive improvement.</p>

14 Risk management (continued)

Risk	Mitigation
<p><u>Workforce</u></p> <p>The employment of staff gives rise to risks such as an inability to recruit to key positions, retention of key staff, alleged breach of contract and the employment of unsuitable persons and external competition for specialist staff (particularly from the NHS with regard to clinical staff and the outstanding terms and conditions on offer).</p> <p>Specifically, at the Hospice, one risk faced is of an aging workforce, against the backdrop of the national shortage of nurses in general, but in particular, more highly qualified clinical nurse specialists.</p>	<p>The Congregation is an equal opportunities employer and applies objective criteria to assess merit to ensure no applicant or employee receives less favourable treatment. Selection criteria and procedures are regularly reviewed.</p> <p>At the Hospice, a rotational training opportunity for more junior nurses has been created. This allows them to develop the niche specialist skills that are required by the hospice.</p> <p>The Hospice strives to provide a different working environment to the NHS, with many non-financial benefits arising from the nature and purpose of its service delivery.</p>
<p><u>Resources</u></p> <p>The Congregation holds a substantial amount of listed investments. A significant and prolonged fall in the value of these investments, together with a reduction in the income derived from them (e.g. widespread cutting of dividends paid by companies) would have a detrimental impact on the ability to fund the central office of the charity or maintain grants to the worldwide Congregation at their current level.</p> <p>The Hospice runs at a deficit and there is a risk that funds become insufficient to enable it to continue to deliver all its services to the degree it would choose to do.</p> <p>Funding from statutory bodies is a perennial and very real risk to the services provided at our Works. Funding from local authorities or CCGs, in the face of budget cuts, may be held static or reduced.</p>	<p>The investment portfolio is monitored through regular reporting, regular meetings with investment managers, and a diversified portfolio held across three different managers. Expertise is also provided by independent investment advisors who are members of the finance advisory committee.</p> <p>A new 5-year business plan has been designed and implemented to seek to ensure the Hospice's future long-term financial sustainability and mitigating actions have been put in place to guard against slippage or deviations from the plan. A fundraising plan to diversify income streams and reduce reliance on legacies has been put in place.</p> <p>Engagement and positive dialogue with key commissioners are constant processes across the Works to try and ensure that funding levels keep pace with rising costs. Robust costings are in place for new admissions. Cost controls are in place at the Works to ensure efficient spending plans.</p>

14 Risk management (continued)

Risk	Mitigation
<u>Health and safety</u> The physical environment in which we care for our beneficiaries carries inherent risks to patients, staff and other visitors. There are many health and safety risks present at each of our sites which may cause harm to vulnerable people.	Health and Safety management and reporting is interwoven into everything that happens in our clinical settings. The health, safety and wellbeing of those people in our care is paramount. Risk assessments and monitoring is constant.

15 Events since the year-end and future plans

The trustees' main priority over the past several years has been to find the best possible and most appropriate future for each of the Works, so that they can continue to provide the much needed and valuable services in their communities.

It is expected that St Raphael's Hospice will be transferred into its own independent charity during the 2019-20 financial year. This work also involves putting in place accurate and appropriate plans for the Cheam site to ensure boundaries are clear and unambiguous.

The trustees are also reviewing the properties we own with a view to ensuring that the Sisters in community are living in suitable arrangements that will allow them to be settled in the medium and longer term. Living in community is an important part of the Sisters' lives and, with the number of Sisters in the Congregation falling, it is vital that good decisions are made with regards to where and how the Sisters are residing.

The remains of 115 Sisters buried in the memorial grounds in Cheam will be exhumed and moved to our Haslemere site, where a new memorial stone will be sited to commemorate the lives of these Sisters.

During 2019-20, the last of our Sisters living in our US-based community in California will move to join our existing communities in both the UK and Ireland.

The trustees will review the charity's governing documents to ensure they are up-to-date and fit for purpose.

Other matters

16 Public benefit

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

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

16 Public benefit (continued)

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

17 The environment

The trustees are aware of the charity's social responsibility to protect the environment. All Works have conservation and waste programmes in place to reduce the consumption of energy and water, to reduce waste so that as little as possible goes to landfill and to recycle metals, chemicals, etc. wherever possible. Our St Mary's Convent uses solar panels to generate a lot of its electricity and St Elizabeth's Centre generates a proportion of its electricity from a wind turbine on site. Whenever significant work is carried out on any of the charity's properties, opportunities are taken to reduce energy consumption. The Congregation has for many years held investments in solar power and other 'green' energy funds and regularly engages with our investment managers on climate change matters.

18 Structure and governance

18.1 Legal structure

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

In terms of Canon Law (which is the law of the worldwide Roman Catholic Church) the Congregation of the Daughters of the Cross of Liege is governed at an international level by the Superior General and her General Council (the Generalate). They are elected every six years at a meeting of elected representatives from around the world called a General Chapter. At the 2018 General Chapter a Superior General and four General Councillors were appointed for a six-year term. Two of the Councillors are Sister Mary MacLaughlin and Sister Maureen O'Brien, 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 Annette Clemence, Sister Kathleen O'Reilly, Sister Maureen O'Brien and Sister Anne Kelly) who were all appointed for a three-year term. The Provincial Bursar, Sister Mary Geraldine, is appointed by the Provincial Superior and this appointment continues until such time as a change is made. By reason of holding these offices, these six Sisters are the trustees.

The Congregation has a Constitution, approved in Rome, which governs how the Sisters should organise their affairs and live their lives. As well as the English Province, the Congregation has a presence in Belgium, Brazil, Cameroon, Germany, India, Italy, Nepal, and Pakistan.

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

18 Structure and governance (continued)

18.2 Governance and trustees

The Articles of Association provide that there shall be between three and ten trustees. The number will always include Sisters who are trustees by reason of their respective offices within the English Province of the Congregation. The trustees at 31 March 2019 are shown on page 2. They have all lived and worked for many years within one or other of the charity's Works and all have personal experience of the services which the charity offers or has offered to the public.

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

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

The Provincial Superior is the voting member of the Conference of Religious in England and Wales to which all Sisters belong, and the Provincial Bursar is a member of the Association of Provincial Bursars. Through these and other such memberships, through attending seminars and conferences, and through newsletters from their advisers and others, trustees keep themselves up to date with changes within Religious Communities and with relevant changing legislation and regulation.

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

The trustees have adopted the Charity Governance Code and they are considering each recommendation as they work their way through the Code.

The charity has purchased insurance (premium £7,280, cover £5m) to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify them against the consequences of any neglect or default on their part.

19 Management

19.1 The Provincial Superior

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

19.2 The Communities

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

19.3 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 are appointed by the Provincial Superior in consultation with the relevant Sister Superior and the trustees. The Provincial Superior and the Sister Superior are ex-officio members of these Committees/Boards. The membership therefore comprises trustees, Sisters, and lay people with an expertise in the work or with a relevant specialism. The Advisory Committees' purpose is to advise the Provincial Superior, the Sister Superior and the management teams.

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

19.4 Employees

The charity has always been and remains committed to opposing discrimination in its many forms. To further this commitment, the management teams throughout the charity ensure that recruitment and selection policies avoid direct or indirect discrimination and comply with all relevant legislation. The aim is to ensure that all employees are aware of and understand the charity's equal opportunities policies and are familiar with the legal framework. The only exception to this policy is that for certain designated posts within the organisation, the post-holder has to be a Catholic.

19 Management (continued)

19.4 Employees (continued)

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

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

19.5 Key management personnel

The trustees are key management personnel although they are not remunerated. Other key management personnel are the senior officer at each of the Works (who has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross) and the company secretary, until his retirement in December 2018.

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

20 Related parties

20.1 The Sisters

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

20.2 Generalate of the Congregation

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

20.3 Worldwide Congregation

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

21 Statement of trustees' responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

Each of the trustees confirms that:

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

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

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 9 December 2019 and it is signed on their behalf by:



Sister Veronica Hagen
Trustee and Provincial Superior

Registration details and principal advisers

Registration details

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

- ◆ Charity Registration Number: 1068661
- ◆ Company Registration Number: 3492921
- ◆ Registered Office and Principal Office address: 29 Tite St, London, SW3 4JX.
- ◆ Company Secretary: Peter Cousins (to 31 December 2018)

Principal advisers

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

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

Opinion

We have audited the financial statements of The Congregation of the Daughters of the Cross of Liege (the 'charitable company') for the year ended 31 March 2019, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purpose of company law, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purpose of company law, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

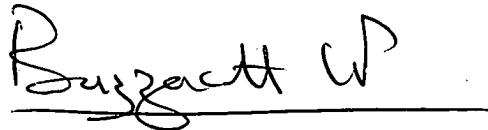
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

20 December 2019

Statement of financial activities Year to 31 March 2019

		Unrestricted funds			Total funds	Total funds
	Notes	General fund	Designated funds	Restricted funds	2019	2018
		£'000	£'000	£'000	£'000	£'000
Income and expenditure account						
Income from:						
Charitable activities		17,085	—	1,592	18,677	28,084
Donations and legacies		856	—	2,480	3,336	3,855
Other trading activities		682	—	1,527	2,209	2,731
Investments		3,179	—	21	3,200	3,158
Other income		299	—	5	304	429
Total income	1	22,101	—	5,625	27,726	38,257
Expenditure on:						
Raising funds	2	1,123	—	1,948	3,071	3,411
Charitable activities	3					
Support of members of the Congregation and their ministry		2,196	—	—	2,196	2,243
Running:						
A Centre for Epilepsy - St Elizabeth's Centre		10,802	—	87	10,889	20,881
A Hospital - Holy Cross		6,319	—	14	6,333	5,934
A Hospice - St Raphael's		—	—	4,190	4,190	4,034
A Care Home - St Wilfrid's		2,622	—	85	2,707	2,134
Grants and donations		158	—	—	158	156
		22,097	—	4,376	26,473	35,382
Net expenditure before St Elizabeth's Centre transactions and investment gains						
		(1,119)	—	(699)	(1,818)	(536)
Transfer to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)	19	8,971	19,207	188	28,366	—
Impairment of St Elizabeth's Centre freehold property	7	—	—	—	—	18,285
Total expenditure		32,191	19,207	6,512	57,910	57,078
Net expenditure before investment gains and losses, and transfers		(10,090)	(19,207)	(887)	(30,184)	(18,821)
Gains on investments	8	2,983	—	39	3,022	290
Net expenditure		(7,107)	(19,207)	(848)	(27,162)	(18,531)
Transfers between funds	12, 13	(5,936)	5,391	545	—	—
Other recognised (losses) gains						
Pension scheme surplus written off		—	—	—	—	(7,443)
Actuarial gains on pension scheme		—	—	—	—	318
Net movement in funds		(13,043)	(13,816)	(303)	(27,162)	(25,656)
Reconciliation of funds:						
Total funds brought forward at 1 April 2018		17,739	153,125	5,339	176,203	201,859
Total funds carried forward at 31 March 2019		4,696	139,309	5,036	149,041	176,203

Statement of financial activities Year to 31 March 2019

With effect from 30 September 2018, the activities of St Elizabeth's Centre were transferred to an independent charitable company called St Elizabeth's Centre (Company no: 11087989; Charity no: 1176777). This has an independent board of trustees although three Sisters, two of whom are currently Daughters of the Cross trustees (Sister Veronica Hagen and Sister Annette Clemence), are also trustees at St Elizabeth's Centre to help with the transition. Certain of the assets and liabilities of St Elizabeth's Centre were transferred to the new charitable company – details are provided in note 18 to these financial statements. The income and expenditure relating to St Elizabeth's Centre are defined as discontinued activities within the Congregation of the Daughters of the Cross of Liege.

With effect from 31 March 2019, St Wilfrid's Care Home was closed. The income and expenditure relating to St Wilfrid's Care Home are defined as discontinued activities within the Congregation of the Daughters of the Cross of Liege.

The impact on income and expenditure of the discontinued operations described above is summarised in the table below:

SOFA	Continuing £'000	Dis- continued £'000	2019 Total £'000	Continuing £'000	Dis- continued £'000	2018 Total £'000
Income	15,561	12,165	27,726	15,758	22,499	38,257
Expenditure, excluding impairment	(15,331)	(14,213)	(29,544)	(14,755)	(24,038)	(38,793)
Net income (expenditure) before investment gains, other gains and losses, transfers and impairment	230	(2,048)	(1,818)	1,003	(1,539)	(536)
Impairment of SEC freehold property	—	—	—	—	(18,285)	(18,285)
Gains on investments	3,022	—	3,022	290	—	290
Actuarial gains on pensions	—	—	—	318	—	318
Pension Scheme surplus written off	—	—	—	(7,443)	—	(7,443)
Net movement in funds excluding transfer to St Elizabeth's Centre	3,252	(2,048)	1,204	5,832	(19,824)	(25,656)

All other activities of the charity comprised continuing operations during the above two financial years.

Comparative statement of financial activities Year to 31 March 2018

		Unrestricted funds		Restricted funds	Total funds
	Notes	General fund £'000	Designated funds £'000	£'000	2018 £'000
Income and expenditure account					
Income from:					
Charitable activities		26,350	—	1,734	28,084
Donations and legacies		909	—	2,946	3,855
Other trading activities		1,181	—	1,550	2,731
Investments		3,179	—	16	3,158
Other income		426	—	3	429
Total income	1	32,008	—	6,249	38,257
Expenditure on:					
Raising funds	2	1,537	—	1,874	3,411
Charitable activities	3				
Support of members of the Congregation and their ministry		2,243	—	—	2,243
Running:					
A Centre for Epilepsy - St Elizabeth's Centre		20,731	—	150	20,881
A Hospital - Holy Cross		5,917	—	17	5,934
A Hospice - St Raphael's		—	—	4,034	4,034
A Care Home - St Wilfrid's		2,112	—	22	2,134
Grants and donations		156	—	—	156
		31,159	—	4,223	35,382
Net (expenditure) income before investment gains and losses, transfers and impairment adjustments					
		(688)	—	152	(536)
Impairment of St Elizabeth's Centre freehold property	7	18,285	—	—	18,285
Total expenditure		50,981	—	6,097	57,078
Net (expenditure) income before investment gains and losses, and transfers		(18,973)	—	152	(18,821)
Gains (losses) on investments	8	301	—	(11)	290
Net (expenditure) income		(18,672)	—	141	(18,531)
Transfers between funds	12, 13	26,460	(26,231)	(229)	—
Other recognised (losses) gains					
Pension scheme surplus written off		(7,443)	—	—	(7,443)
Actuarial gains on pension scheme		318	—	—	318
Net movement in funds		663	(26,231)	(88)	(25,656)
Reconciliation of funds:					
Total funds brought forward at 1 April 2017		17,076	179,356	5,427	201,859
Total funds carried forward at 31 March 2018		17,739	153,125	5,339	176,203

Balance sheet 31 March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	7		34,591		54,381
Investments	8		96,081		95,979
			<u>130,672</u>		<u>150,360</u>
Current assets					
Debtors	9	1,055		2,221	
Term deposits		1,250		2,045	
Cash		<u>18,772</u>		<u>26,542</u>	
		21,077		30,808	
Creditors: amounts falling due within one year	10	(1,588)		(3,813)	
Net current assets			<u>19,489</u>		<u>26,995</u>
Total assets less current liabilities			<u>150,161</u>		<u>177,355</u>
Creditors: amounts falling due after more than one year	11		(1,120)		(1,152)
Total net assets			<u>149,041</u>		<u>176,203</u>
The funds of the charity:					
Restricted funds	12		5,036		5,339
Unrestricted funds					
Designated funds					
. Fixed assets fund		34,591		54,381	
. Other		<u>104,718</u>		<u>98,744</u>	
	13	139,309		153,125	
. General fund		<u>4,696</u>		<u>17,739</u>	
Total unrestricted funds			<u>144,005</u>		<u>170,864</u>
Total charity funds			<u>149,041</u>		<u>176,203</u>

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

V. Hagen

Sister Veronica Hagen
Trustee and Provincial Superior

S. Mary Geraldine

Sister Mary Geraldine
Trustee and Provincial Bursar

Date of approval: *9th December 2019*

Statement of cash flows 31 March 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities	A	(3,637)	(2,170)
Cash flows from investing activities	B	5,178	15,101
Cash flows from financing activities	C	763	(6,978)
Change in cash and cash equivalents		2,304	5,953
Cash transferred to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)		(10,074)	—
Cash and cash equivalents at 1 April 2018		26,542	20,589
Cash and cash equivalents at 31 March 2019	D	18,772	26,542

Notes to the statement of cash flows for the year to 31 March 2019.

A Reconciliation of net expenditure to net cash flow used in operating activities

	2019 £'000	2018 £'000
Net expenditure (as per statement of financial activities)	(27,162)	(18,531)
Depreciation charge	1,680	2,142
Loss (profit) on disposal of tangible fixed assets	1	(185)
Impairment of St Elizabeth's Centre freehold property	—	18,285
Gains on investments	(3,022)	(290)
Transfer to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)	28,366	—
Pension cost	—	(125)
Investment income	(3,200)	(3,337)
(Increase) decrease in debtors	(2,028)	16
Increase (decrease) in creditors	1,728	(145)
Net cash used in operating activities	(3,637)	(2,170)

B Investing activities

	2019 £'000	2018 £'000
Payments to acquire tangible fixed assets	(957)	(1,375)
Net proceeds from sale of tangible fixed assets	15	909
Payments to acquire investments	(21,821)	(24,153)
Proceeds from sales of investments	25,215	35,533
Investment income	3,200	3,337
Other movements	(474)	850
Net cash provided by investing activities	5,178	15,101

C Financing activities

	2019 £'000	2018 £'000
(Decrease) increase in other long term liabilities	(32)	49
Decrease (increase) in term deposits	795	(27)
Pension scheme contribution (note 16)	—	(7,000)
Net cash provided by (used in) financing activities	763	(6,978)

Statement of cash flows 31 March 2019

D Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Total cash and cash equivalents – cash	18,772	26,542

1 Income

Income from	Unrestricted funds £'000	Restricted funds £'000	Total funds 2019 £'000
Charitable activities			
. Fees and charges – Privately-funded	1,163	—	1,163
. Fees and charges – Publicly-funded	15,841	—	15,841
. Grants – Public*	—	1,515	1,515
. Other	81	77	158
	<u>17,085</u>	<u>1,592</u>	<u>18,677</u>
Donations and legacies			
. Donations	62	1,282	1,344
. Legacies	47	1,198	1,245
. Covenanted income from Sisters of the Congregation – salaries and pensions	747	—	747
	<u>856</u>	<u>2,480</u>	<u>3,336</u>
Other trading activities			
. Charity shops	648	1,019	1,667
. Lottery and events	34	508	542
	<u>682</u>	<u>1,527</u>	<u>2,209</u>
Investments			
. UK investments	2,449	—	2,449
. Overseas investments	619	—	619
. Interest receivable	111	21	132
	<u>3,179</u>	<u>21</u>	<u>3,200</u>
Other income			
. Property	178	—	178
. Other income	121	5	126
	<u>299</u>	<u>5</u>	<u>304</u>
Total income	<u>22,101</u>	<u>5,625</u>	<u>27,726</u>

1 Income (continued)

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000
Income from			
Charitable activities			
. Fees and charges – Privately-funded	1,338	—	1,338
. Fees and charges – Publicly-funded	24,842	—	24,842
. Grants – Public*	—	1,643	1,643
. Other	170	91	261
	<u>26,350</u>	<u>1,734</u>	<u>28,084</u>
Donations and legacies			
. Donations	101	1,253	1,354
. Legacies	16	1,693	1,709
. Covenanted income from Sisters of the Congregation – salaries and pensions	792	—	792
	<u>909</u>	<u>2,946</u>	<u>3,855</u>
Other trading activities			
. Charity shops	1,157	1,007	2,164
. Lottery and events	24	543	567
	<u>1,181</u>	<u>1,550</u>	<u>2,731</u>
Investments			
. UK investments	2,588	—	2,588
. Overseas investments	477	—	477
. Interest receivable	77	16	93
	<u>3,142</u>	<u>16</u>	<u>3,158</u>
Other income			
. Property	179	—	179
. Other income	247	3	250
	<u>426</u>	<u>3</u>	<u>429</u>
Total income	<u>32,008</u>	<u>6,249</u>	<u>38,257</u>

*Grants amounting to £1,515,000 (2018 – £1,529,000) were received from Clinical Commissioning Groups and were a contribution to the cost of running St Raphael's Hospice. In addition, St Elizabeth's Centre received grants from Local Authorities of £Nil (2018 – £114,000) based on pupil-led factors, for particular School expenditures.

Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2019 £'000
St Elizabeth's Centre	10,277	—	10,277
Holy Cross Hospital	5,930	—	5,930
St Raphael's Hospice	—	1,592	1,592
St Wilfrid's Care Home	878	—	878
	<u>17,085</u>	<u>1,592</u>	<u>18,677</u>

1 Income (continued)**Income from charitable activities (continued)**

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000
<i>St Elizabeth's Centre</i>	19,456	114	19,570
<i>Holy Cross Hospital</i>	5,510	—	5,510
<i>St Raphael's Hospice</i>	—	1,620	1,620
<i>St Wilfrid's Care Home</i>	1,384	—	1,384
	26,350	1,734	28,084

2 Expenditure on raising funds

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2019 £'000
Cost of generating voluntary income	396	—	479	875
Fundraising trading: cost of running charity shops	834	18	686	1,538
Investment management costs	—	—	458	458
Support costs (note 4)	—	—	200	200
	1,230	18	1,823	3,071

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2018 £'000
Cost of generating voluntary income	379	—	436	815
Fundraising trading: cost of running charity shops	1,028	21	881	1,930
Investment management costs	—	—	439	439
Support costs (note 4)	—	—	227	227
	1,407	21	1,983	3,411

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Split between funds			
2019	1,123	1,948	3,071
2018	1,537	1,874	3,411

3 Charitable activities

An analysis of the charitable activity expenditure is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2019 £'000
Support of Members	712	300	1,030	154	2,196
St Elizabeth's Centre	8,538	419	1,489	443	10,889
Holy Cross Hospital	4,350	355	1,527	101	6,333
St Raphael's Hospice	3,205	270	617	98	4,190
St Wilfrid's Care Home	1,808	318	343	238	2,707
Grants and donations	—	—	158	—	158
	18,613	1,662	5,164	1,034	26,473

3 Charitable activities (continued)

An analysis of the charitable activity expenditure for 2018 is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2018 £'000
Support of Members	749	326	987	181	2,243
St Elizabeth's Centre	16,625	980	2,707	569	20,881
Holy Cross Hospital	4,097	313	1,401	123	5,934
St Raphael's Hospice	3,045	288	577	124	4,034
St Wilfrid's Care Home	1,513	212	321	88	2,134
Grants and donations	—	—	156	—	156
	26,029	2,119	6,149	1,085	35,382

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Support of Members	2,196	—	2,196	2,243	—	2,243
St Elizabeth's Centre	10,802	87	10,889	20,731	150	20,881
Holy Cross Hospital	6,319	14	6,333	5,917	17	5,934
St Raphael's Hospice	—	4,190	4,190	—	4,034	4,034
St Wilfrid's Care Home	2,622	85	2,707	2,112	22	2,134
Grants and donations	158	—	158	156	—	156
	22,097	4,376	26,473	31,159	4,223	35,382

Net expenditure for the year is stated after charging (crediting):

	2019 £'000	2018 £'000
Depreciation	1,680	2,142
Loss (profit) on disposal of tangible fixed assets	1	(185)
Auditors' total remuneration	145	157
Operating lease rentals		
Land and buildings	493	483
Other	95	95
Grants and donations	158	156

Of the grants and donations £129,000 (2018 – £130,000) was to the worldwide Congregation.

4 Support costs

	Governance £'000	Other £'000	2019 £'000
Staff costs	116	176	292
Professional fees	601	162	763
Other costs	32	147	179
Total support costs	749	485	1,234

4 Support costs (continued)

	<i>Governance £'000</i>	<i>Other £'000</i>	<i>2018 £'000</i>
<i>Staff costs</i>	118	209	327
<i>Professional fees</i>	416	285	701
<i>Other costs</i>	94	190	284
<i>Total support costs</i>	<u>628</u>	<u>684</u>	<u>1,312</u>
		2019 £'000	2018 £'000
Attributed to the following activities:			
· Raising funds (note 2)		200	227
· Charitable activities (note 3)		1,034	1,085
		<u>1,234</u>	<u>1,312</u>

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

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

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

Professional fees include payments to the charity's auditors for audit fees of £79,000 (2018 – £78,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to general financial advice and assistance and are included in support costs, amount to £66,000 (2018 – £79,000). The total amount paid to the auditors was £145,000 (2018 – £157,000).

Included in support costs is an insurance premium of £7,280 (2018 – £9,520) which provides cover up to a maximum of £5m (2018 – £5m) to protect the charity from any loss arising from neglect or defaults of its trustees and officers and to indemnify them against the consequences or any neglect or default on their part.

5 Staff costs

	2019 £'000	2018 £'000
Wages and salaries	15,981	21,757
Social security costs	1,405	1,838
Other pension costs (note 16)	462	377
	17,848	23,972
Payments for agency staff	1,975	3,425
Other staff related costs	312	366
	20,135	27,763

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

	2019 £'000	2018 £'000
Staff costs have been charged as follows:		
· Raising funds' (note 2)	1,230	1,407
· Charitable activities (note 3)	18,613	26,029
· Support costs (note 4)	292	327
	20,135	27,763

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

Actual numbers	2019			2018		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Charitable activity						
· St Elizabeth's Centre	192	153	345	376	317	693
· Holy Cross Hospital	74	55	129	84	47	131
· St Raphael's Hospice	40	95	135	41	93	134
· St Wilfrid's Care Home	39	1	40	47	2	49
· Province	22	9	31	12	23	35
	367	313	680	560	482	1,042
Volunteers			625			1,312
			1,305			2,354

The full-time equivalent numbers of staff was 563 (2018 – 827).

In addition, the number of agency staff, on a full-time equivalent basis, was 84 (2018 – 135).

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

	2019	2018
£60,001 - £70,000	7	7
£70,001 - £80,000	2	3
£80,001 - £90,000	2	—
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£120,001 - £130,000	—	1
£130,001 - £140,000	1	1
	14	15

5 Staff costs (continued)

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

	2019		2018	
	Number	£'000	Number	£'000
Those in defined benefit schemes	1	19	2	34
Those in defined contribution schemes	11	74	10	42
Those for whom other contributions have been made	2	30	2	31
Those for whom no contributions were made	—	—	1	—
Total	14	123	15	107

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

The Senior Officer at each of the Works has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross. They are therefore also regarded as "key management personnel", along with the Company Secretary. The total employee benefits of this group, including pension contributions amounted to £409,735 (2018 – £462,481), which together with National Insurance Contributions of £47,735 (2018 – £57,195) brings the total cost of employment of key management personnel to £457,470 (2018 – £519,676).

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 £0.9m (2018 – £1.2m).

7 Tangible fixed assets

	Freehold & leasehold land and buildings £'000	Assets in course of construction £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2018	74,173	251	8,808	777	84,009
Additions	65	489	373	30	957
Transfers	542	(571)	29	—	—
Disposals	—	—	(90)	(29)	(119)
Transfer to St Elizabeth's Centre	(38,592)	(169)	(3,512)	(433)	(42,706)
At 31 March 2019	36,188	—	5,608	345	42,141
At cost	2,302	—	5,608	345	8,255
At deemed cost (2014 valuation)	33,886	—	—	—	33,886
	36,188	—	5,608	345	42,141
Depreciation					
At 1 April 2018	23,960	—	5,041	627	29,628
Charge for year	984	—	660	36	1,680
Disposals	—	—	(74)	(29)	(103)
Transfer to St Elizabeth's Centre	(21,408)	—	(1,904)	(343)	(23,655)
At 31 March 2019	3,536	—	3,723	291	7,550
Net book value					
At 31 March 2019	32,652	—	1,885	54	34,591
At 31 March 2018	50,213	251	3,767	150	54,381

Included in freehold land and buildings are amounts for land at deemed cost of £10.0m (2018 – £12.8m) which has not been depreciated.

Under the transitional arrangements set out in FRS 102, the charity elected to treat property valuations prior to 1 April 2014 as their deemed cost at that date. Subsequent additions are stated at cost.

In 2017/18, in anticipation of the transfer of assets of St Elizabeth's Centre to the newly incorporated St Elizabeth's Centre charity, the net book value of the freehold land and buildings were, with the help of the charity's advisors, assessed for impairment and this resulted in an impairment adjustment of £18,285,000 in 2018.

On 30 September 2018, the assets of St Elizabeth's Centre were transferred to the newly incorporated St Elizabeth's Centre charity. The net book value of the tangible fixed assets transferred was £19.051m including freehold land and buildings of £17.184m.

8 Fixed asset investments

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

	2019 £'000	2018 £'000
Gains (losses) on investments	3,421	(560)
Investment gains allocated to others	75	(22)
Other movements	(474)	872
Gains on investments per SOFA	3,022	290

The realised gain relating to disposals based upon historic cost was £716,000 (2018 – £6,591,000).

	2019 £'000	2018 £'000
Investments (note a)	95,631	95,509
Investment properties (note b)	450	470
Total fixed asset investments	96,081	95,979

(a) Investments

	2019 £'000	2018 £'000
Total value of investments at 1 April 2018	95,509	107,349
Additions at cost	21,821	24,153
Sale proceeds	(25,215)	(35,533)
Investment gains (losses)	3,516	(460)
Total investments at 31 March 2019	95,631	95,509
Historical cost of investments at 31 March 2019	79,983	84,018

	UK £'000	Overseas £'000	Total 2019 £'000
Analysis of investments at market value at 31 March 2019:			
Listed investments			
· Pooled funds	29,060	6,210	35,270
· Other	35,894	21,079	56,973
Unlisted shares			
· Pooled funds	32	—	32
· Other	128	129	257
· Investment cash	3,099	—	3,099
	68,213	27,418	95,631

8 Fixed asset investments (continued)**(a) Investments (continued)**

	UK £'000	Overseas £'000	Total 2018 £'000
Analysis of investments at market value at 31 March 2018:			
<i>Listed investments</i>			
Pooled funds	28,146	6,859	35,005
Other	35,799	21,438	57,237
<i>Unlisted shares</i>			
Pooled funds	351	—	351
Other	142	148	290
Investment cash	2,626	—	2,626
	67,064	28,445	95,509

The historical cost of investments at 31 March 2019 was £80.0m (2018 – £84.0m). Shares or investment schemes (including unit trusts) relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. All other investments are treated as being overseas.

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

(b) Investment properties

	Freehold land and buildings 2019 £'000	Freehold land and buildings 2018 £'000
At 1 April 2018	470	570
Revaluation loss in year	(20)	(100)
At 31 March 2019	450	470

The values of investment properties are wholly based on valuations by independent valuers.

9 Debtors

	2019 £'000	2018 £'000
Operational debtors	417	888
Other debtors	392	833
Prepayments	246	500
	1,055	2,221

10 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Operational creditors	296	776
Social security and other taxes	252	483
Amounts due to Sisters of the Congregation	224	225
Income received in advance	101	888
Accruals	488	906
Grants payable	208	163
Other creditors	19	372
	1,588	3,813

11 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Contribution to compensation scheme	1,120	1,152

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

12 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 2018 £'000	Net expenditure £'000	Gains on investments £'000	Transfers £'000	Transfers to SEC (note 18) £'000	At 31 March 2019 £'000
Hospice funds	3,809	(633)	—	545	—	3,721
Holy Cross Hospital	1,219	—	39	—	—	1,258
Sundry funds	311	(66)	—	—	(188)	57
	5,339	(699)	39	545	(188)	5,036

	At 1 April 2017 £'000	Net income £'000	Losses on investments £'000	Transfers £'000	At 31 March 2018 £'000
Hospice funds	3,210	140	—	459	3,809
Holy Cross Hospital	1,230	—	(11)	—	1,219
Sundry funds	987	12	—	(688)	311
	5,427	152	(11)	(229)	5,339

◆ **Hospice funds**

The general funds of St Raphael's Hospice can only be applied for the benefit of the Hospice and have, therefore, been treated as restricted. The transfer of Hospice funds represents the amount by which they have moved during the year.

12 Restricted funds (continued)♦ **Holy Cross Hospital**

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

♦ **Sundry funds**

These funds relate to a number of funds across the Works of the Congregation and the transfer to General Funds in 2017/18 represents the value of fixed asset additions and other expenditure funded from restricted income.

13 Designated funds

	At 1 April 2018 £'000	Transfer (to) from general funds £'000	Transfer to St Elizabeth's Centre (note 19) £'000	At 31 March 2019 £'000
Fixed asset fund	54,381	(739)	(19,051)	34,591
Other funds				
. Daughters of the Cross fund	32,000	6,000	—	38,000
. Charitable activities fund	28,700	200	—	28,900
. Provincialate fund	25,000	—	—	25,000
. St Raphael's Hospice fund	—	6,300	—	6,300
. St Elizabeth's Centre fund	6,500	(6,500)	—	—
. Worldwide fund	6,228	290	—	6,518
. Sundry funds	316	(160)	(156)	—
	98,744	6,130	(156)	104,718
	153,125	5,391	(19,207)	139,309

	At 1 April 2017 £'000	Transfer (to) from general funds £'000	At 31 March 2018 £'000
Fixed asset fund	74,157	(19,776)	54,381
Other funds			
. Daughters of the Cross fund	30,000	2,000	32,000
. Charitable activities fund	58,300	(29,600)	28,700
. Provincialate fund	—	25,000	25,000
. St Elizabeth's Centre Pension fund	10,000	(10,000)	—
. St Elizabeth's Centre fund	—	6,500	6,500
. Worldwide fund	5,982	246	6,228
. Sundry funds	917	(601)	316
	105,199	(6,455)	98,744
	179,356	(26,231)	153,125

13 Designated funds (continued)

The designated funds have been set aside for specific purposes by the trustees out of unrestricted funds, although they may ultimately use such funds for other purposes. It is a policy that income and expenditure either relates to restricted or unrestricted general funds, thus there is no income or expenditure on designated funds. Designated funds are determined by trustees at the end of the year and the increases or decreases are reflected as transfers from unrestricted general funds.

◆ ***Fixed asset fund***

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

◆ ***Daughters of the Cross fund***

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

◆ ***Charitable activities fund***

The Charitable works fund was established to help secure the future needs of the Works and the long-term accommodation and other need of the Sisters. It is represented by investments.

◆ ***Provincialate fund***

The Provincialate office of the charity incurs the costs of the central core functions and these are met from investment income. For the foreseeable future, this office will be required and this fund has been established to provide the necessary income.

◆ ***St Raphael's Hospice fund***

The trustees have been working on the futures of the Works for many years. The transfer of St Raphael's Hospice into a new independent charity is planned for 2019-2020 (note 20). This fund was established to provide support for the Hospice in future years. The trustees have set aside £3.6m to help the newly separated charity to operate over the next five years. There is a further £2.7m designated to enhance buildings infrastructure should certain conditions be met.

◆ ***St Elizabeth's Centre fund***

At 31 March 2018, the St Elizabeth's Centre fund was established to provide for the Centre's long-term financial stability and the necessary reserves for its three activities of School, College and Home. The Centre was transferred to an independent charitable company called St Elizabeth's Centre on 30 September 2018 and this fund was transferred to the new charitable company on this date.

◆ ***Worldwide fund***

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

13 Designated funds (continued)**♦ Sundry funds**

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

14 Analysis of total net assets between funds

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2019 are represented by:					
Tangible fixed assets	—	34,591	—	—	34,591
Fixed asset investments	—	—	94,823	1,258	96,081
Net current assets	5,816	—	9,895	3,778	19,489
Other liabilities	(1,120)	—	—	—	(1,120)
Total net assets	4,696	34,591	104,718	5,036	149,041

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2018 are represented by:					
Tangible fixed assets	—	54,381	—	—	54,381
Fixed asset investments	—	—	94,760	1,219	95,979
Net current assets	18,891	—	3,984	4,120	26,995
Other liabilities	(1,152)	—	—	—	(1,152)
Total net assets	17,739	54,381	98,744	5,339	176,203

	2019 £'000	2018 £'000
Unrealised gains included above:		
On tangible fixed assets	4,442	17,459
On investments	12,998	9,335
Total unrealised gains at 31 March 2019	17,440	26,794

Reconciliation of movements in unrealised gains and losses

Unrealised gains at 1 April 2018	26,794	52,742
Less: unrealised gain at 31 March 2018 transfer from St Wilfrid's to Province	(3,928)	—
Less: unrealised gain transferred to St Elizabeth's Centre	(6,812)	—
Less: impairment of St Elizabeth's Centre freehold property	—	(18,285)
Less: amount in respect of disposals in the year	(721)	(80)
Less: net gains (losses) arising on investment revaluations	2,286	(7,207)
Less: depreciation on revalued fixed assets	(179)	(376)
Total unrealised gains at 31 March 2019	17,440	26,794

14 Analysis of total net assets between funds (continued)

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

15 Related party disclosures

Sisters

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

The trustees, as Sisters of the Congregation, covenant their salaries and pensions to the charity. During the year the eight trustees covenanted an aggregate of £114,656 to the charity (2018 - £145,003).

Worldwide Congregation

The Sisters are members of the worldwide Congregation of the Daughters of the Cross of Liege and the charity has objects which are not restricted to the UK. Total grants of £129,000 (2018 – £130,000) were made during the year to the worldwide Congregation or for Sisters within it.

16 Pension commitments

The Works contribute to pension schemes, providing pensions under both defined benefit and defined contribution arrangements.

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

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2019 £'000	2018 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	42	81
St Elizabeth's Centre	Defined contribution	Scottish Widows plc	142	227
Holy Cross Hospital	Defined benefit	NHS Pension	12	4
Holy Cross Hospital	Defined contribution	The People's Pension	51	25
St Raphael's Hospice	Defined contribution	Aegon Pension	97	77
St Raphael's Hospice	Defined benefit	NHS Pension	66	51
St Wilfrid's Care Home	Defined contribution	The People's Pension	12	6
Province	Defined contribution	The People's Pension	4	4
Non-scheme contributions			26	27
			452	502
St Elizabeth's Centre	Defined benefit	BBS - FRS 102 adjustment	10	(125)
			462	377

16 Pension commitments (continued)

Teachers' Pension Scheme (TPS)

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The charity is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the year amounted to £42,000 (2018: £81,000).

St Elizabeth's Centre is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly it has accounted for its contributions to the scheme as if it were a defined contribution scheme.

National Health Service (NHS) Pension Scheme

The NHS pension scheme is a defined benefit scheme operated by the National Health Service Superannuation Scheme. The administration of the scheme is dealt with by the National Health Service Pension agencies. The charity is unable to identify its share of the underlying assets of the scheme. Accordingly it has accounted for its contributions as if it were a defined contribution scheme. Contributions to this scheme are paid in respect of current service. There is no liability to the charity in respect of past service.

16 Pension commitments (continued)

The St Elizabeth's Centre Final Salary Scheme

BBS Consultants and Actuaries Ltd administer pension schemes for charities and voluntary organisations; St Elizabeth's Centre operated a funded defined benefit pension scheme which they administered. The scheme did not contract members out of the State Second Pension. The scheme was closed to future accrual on 1 February 2014 and has been replaced by the defined contribution Scottish Widows' scheme.

In 2017, the trustees took the decision to arrange for the scheme to be taken over by an insurance company so that members' pensions were secure for the rest of their lives. £7m was paid into the scheme in 2017/18. From September 2018, the responsibility for paying pensions rests with Aviva. No further contributions are required to the scheme and there is no outstanding liability at 31 March 2019.

17 Leasing commitments

Operating leases

At 31 March 2019, the charity had total commitments under non-cancellable operating leases for land and buildings and equipment as follows:

	Land and buildings		Equipment	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	291	255	—	1
Between one and five years	1,068	1,006	220	265
More than five years	874	742	—	—
	2,233	2,003	220	266

18 Contingent asset

As explained in note 16, the charity paid £7m into the St Elizabeth's Final Salary Scheme in 2017/18, in order to facilitate a buy-out of the Scheme by an insurance provider. Since then the charity has become aware that this amount was greater than was needed for the Scheme to be bought out, and so the surplus amount should be returned to the charity. It is not possible to reliably estimate the amount due to the charity, or when it will be received, as negotiations with the Scheme are ongoing and the amount is subject to market fluctuations and the finalisation of costs of the negotiations, which are being met from the Scheme's surplus assets.

19 St Elizabeth's Centre

With effect from 30 September 2018, the activities of St Elizabeth's Centre were transferred to an independent charitable company called St Elizabeth's Centre (Company no. 11087989; Charity no. 1176777). All of the net assets of St Elizabeth's Centre were transferred to the new charitable company also as at 30 September 2018. These are detailed below:

	£'000
Fixed assets	19,051
Debtors	3,194
Cash	10,074
Current liabilities	(3,953)
Net assets	28,366

19 St Elizabeth's Centre (continued)

The net assets transferred represented:

	£'000
Fixed assets fund	19,051
General fund	8,971
Jubilee House Development Fund	156
Restricted funds	188
	28,366

The income and expenditure relating to St Elizabeth's Centre for the period until the transfer are defined as relating to discontinued activities within these financial statements.

20 Post balance sheet events

Several years ago a decision was taken to make arrangements for St Raphael's Hospice to become a separate independent charity, governed by its own board of trustees. The net assets of the Hospice will be transferred to the new charity; this transfer is currently planned to take place during 2019-20, although the exact timing has not yet been confirmed. As a result, a reliable estimate of the financial impact of the transfer cannot be made.

Principal accounting policies 31 March 2019

◆ **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 during the year were:

- ◆ St Elizabeth's Centre, Much Hadham, Hertfordshire (until 30 September 2018)
- ◆ Holy Cross Hospital, Haslemere, Surrey
- ◆ St Raphael's Hospice, Cheam, Surrey
- ◆ St Wilfrid's Care Home, Chelsea, London

As at 31 March 2019, the seven existing Communities are: Cheam St Joseph's, Surrey; Cheam St Mary's, Surrey; Chelsea, London; Haslemere, Surrey; Much Hadham, Hertfordshire; Stillorgan (Dublin), Ireland; Tracy, California, USA.

◆ **Assets and liabilities**

Cash

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

Creditors

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

Debtors

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

Investments

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

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

Investment property is included at open market value.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation and, where appropriate, impairment provisions. All assets costing £5,000 or more, and with an expected useful life exceeding one year, are capitalised. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

◆ **Assets and liabilities (continued)**

Tangible fixed assets (continued)

The majority of freehold land and buildings under the total control of the trustees and in use within the charity were valued at 31 March 2014 on a depreciated replacement cost or an existing use basis. Under the transitional arrangements set out in FRS 102, the valuations are deemed to be equal to cost at the date of transition. Subsequent additions are stated at cost.

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

Freehold buildings	2 - 5% on cost or revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	10 - 25% on cost

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

Term deposits

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

Financial instruments

The charity only holds basic financial instruments and accounts for these in accordance with FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – Other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – Classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments, and are measured at amortised cost.

◆ **Basis of accounting**

Accounting convention

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

The financial statements have been prepared in accordance with:

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

◆ **Basis of accounting** (continued)

Accounting convention (continued)

- ◆ the Charities Act 2011; and
- ◆ the Companies Act 2006.

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

Critical accounting estimates and areas of judgement

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

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

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

Going concern status

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

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

◆ **Expenditure**

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

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

Expenditure on raising funds

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

◆ **Expenditure** (continued)

Pension costs

- ***Defined benefit schemes***

The charity contributed to two defined benefit pension schemes (the Teachers' Pension Scheme and the NHS Pension Scheme) providing benefits based on either final or career-average pensionable salary, depending on the scheme. The Teachers' Pension Scheme and NHS Pension Scheme are unfunded schemes.

- ◆ Teachers' Pension Scheme (TPS) is a multi-employer defined benefit scheme. As it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers, the contributions to the scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.
- ◆ The National Health Service Superannuation Scheme is a multi-employer defined benefit scheme. As it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers, the contributions to the scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

- ***Defined contribution schemes***

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

Support costs, including Governance

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

The central costs of the charity are the support costs and these support the Works and the welfare and work of the Sisters. Where costs relate specifically to an activity, they are allocated to that activity. The other general support costs are allocated on the basis of the cost and time the central Province team spend on each activity.

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

◆ **Fund accounting**

Restricted funds

The restricted funds are funds which have been raised for a specific purpose or which are subject to restrictions on their use, and include those funds which have to be spent at a particular Work. Restricted funds raised for capital expenditure are released to unrestricted funds once they have been spent. Any income, gains or losses arising from the assets underlying the restricted funds form part of restricted funds.

The restricted funds include all the general funds of the charity's hospice.

Designated funds

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

The funds represented by the net book value of fixed assets are treated as designated funds.

General fund

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

Revaluation

Investments are stated at valuation and most tangible fixed assets were stated at valuation until 31 March 2014, when under the transitional arrangements set out in FRS102, the charity elected to treat property valuations prior to 1 April 2014 as their deemed cost at that date. All the fund balances, including restricted and designated funds, include a revaluation element. The notes give details of the amounts included at the balance sheet date.

◆ **Income**

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

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

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

◆ **Income (continued)**

Donations and legacies

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

Grants receivable

Grants receivable are accounted for in the period in which they fall due. Grants from the Government and other agencies are included as income from charitable activities where they amount to a contract for services, and as donations where the money is given in response to a fundraising appeal or with greater freedom of use.

Income from charitable activities

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

Income from other trading activities

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

Investment income

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