

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

**Annual Report and Financial
Statements**

31 March 2022

Company Registration Number: 03492921

Charity Registration Number: 1068661

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Trustees' report Year to 31 March 2022

1 Summary of activities

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

♦ The ministry of the Sisters

- ♦ Healthcare provided at Holy Cross Hospital, Haslemere, Surrey
Hospital for the treatment of neurological disability and similar long-term conditions

Senior Officer: Ross White (resigned 31 August 2022); Chris Hinton (appointed 5 September 2022)

Website: holycross.org.uk.

The Hospital has 40 beds, over 50 in-patient beneficiaries, 144 employees and 23 volunteers.

The activities of the Sisters 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 and providing house-keeping for elderly Sisters in Haslemere, Chelsea, Cheam, and Stillorgan, Ireland.

Our finances

	2022	2021
Total expenditure	£12.0m	£17.0m
Total income	£10.2m	£13.8m
Net Income (expenditure)	£(1.9m)	£(3.3m)

These amounts are achieved before investment and other gains and losses and for 2021, before the transfer of the St Raphael's Hospice.

Our people

	2022	2021
Total staff costs	£6.2m	£8.6m
Employees	186	278
Volunteers	23	272
Sisters	35	41

2 Trustees

The trustees who served during the year 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* (resigned 11 September 2021)

Sister Kathleen O'Reilly*

* Members of the Provincial Council

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 23 (2021 - 272, the commitment and effort of the 35 Sisters in the Province (2021 – 41 Sisters) or without the continuing generosity of its donors and supporters. The trustees are also extremely appreciative of all the members of the Advisory Committees 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 2022. 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 55 to 60 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.

In February 1782, in Liege, Belgium, Jeanne Haze was born. As a result of the French Revolution, Jeanne and her family were exiled in Germany, during which time her father died. Jeanne was conscious of her vocation early in her life and was drawn to helping those most in need. On 8th September 1833 Jeanne, and her sister, Ferdinande, made their perpetual vows. The two sisters were joined by other young women wishing to lead a religious life. Jeanne received the name Mother Marie Therese, with Ferdinande receiving the name Mother Aloysia. Along with Sisters Clara and Constance, and two postulants, the Congregation of the Daughters of the Cross was born. This small community of Sisters responded whenever they could to the needs of the people around them, nursing the sick in their own homes, caring for women prisoners, teaching children by day and adults in the evening.

Blessed Marie Therese was beatified on 21st April 1991. She died on 7th January 1876, by which time she had received more than 900 Sisters into the Congregation and founded 51 communities. These communities were spread across Europe and Asia; Germany (founded in 1849), India (1861), and England (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:

Trustees' report Year to 31 March 2022

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

For the Sisters, Religion is the commitment to love and serve God as expressed in their vows and is and always has been the centre of their lives and everything they do. Thus, to them, Religion is not just about worship and prayer but encompasses, among other things, teaching and caring for others. To quote from the Sisters' Religious Constitution "They serve Christ in the works of general and special education, the care of the sick and the aged, abandoned children, the physically, psychologically and mentally challenged, the socially deprived, local pastoral work and the various needs of the Church". The Sisters do not see the above objects as separate 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 carried out in the name of the Province and the charity.

5 Strategic plans and objectives

The trustees are continuing to work on their strategic objective of resolving the long-term futures for:

- The Sisters, including where and how they live and are supported and cared for;
- Holy Cross Hospital, as eventually there will be an insufficient number of Sisters with the appropriate skills to continue to be responsible for the Hospital, whose activities are complex and heavily regulated.

Supporting these longer-term strategic plans, are the objectives of the charity;

- Ensure that the senior management of the charity have the required capacity and capability to run the day-to-day operations of the charity in line with their set objectives, including meeting or exceeding all regulatory standards.
- Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- Provide healthy and safe environments for Sisters, beneficiaries, staff, volunteers, and visitors.

Trustees' report Year to 31 March 2022

- 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.
- 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 Congregation across all areas of the charity.

6 Activities, performance and achievements in the year

Sisters' and Provincialate objectives and activities:

The activities of the Sisters and the central office are referred to in this report as 'The Province', as a collective term for their combined activities. Holy Cross Hospital and the activities that take place there, are described separately, as the two parts of the charity operate quite differently, on a day-to-day basis.

The objectives for the Province for 2021/22 were:

To complete the major building works on our Cheam site

These projects all suffered delays due to the Covid-19 lockdowns and associated delays within council planning departments and global supply chains. The St Ann's ground floor redevelopment was substantially completed by March 2022, but the other projects are all still at various stages of progress as at the balance sheet date.

To review the long-term plans for Sisters' residences

These plans are still in their infancy, largely due to delays with the various property projects described above. This work rolls on into next year.

To complete the move of the Province central office into the St Joseph's building in Cheam

The central office is still located in the St Wilfrid's building at the end of this financial year. Delays to IT infrastructure as well as the large undertaking that is moving out of such a large building, has meant this move will now take place during the 2022/23 year.

To resolve the future of St Wilfrid's, the charity's London-based HQ and convent

The property was placed on the open market after the year-end and has attracted considerable interest from potential purchasers. Bids are expected later in 2022 and trustees will work alongside the appointed advisers to ensure a successful sale.

To fund the redevelopment project at Holy Cross Hospital

The scope of this project changed during the course of the year, as a result of current external market pressures the Hospital is subject to. As a result of the large revision to the project, the start of the work was delayed, although some costs were incurred during the year. This project will carry on throughout 2022/23.

Trustees' report Year to 31 March 2022

The main activities of the Province are:

- the welfare of the frail and elderly Sisters;
- the individual ministries of the Sisters
- the support of Holy Cross Hospital;
- the support of the former Works of the charity; and
- the support of the Worldwide Congregation.

The Province continues to have a presence in England and Ireland. The Sisters continue to fulfil the objectives of their Religious Constitutions, which are further reflected in the charitable company's Memorandum and Articles of Association.

The Sisters are trustees, part of management, donors, and beneficiaries. The trustees, like all our Sisters, covenant their pensions and other income 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 they require in their Communities is gradually increasing.

The Sisters continue to fulfil the objects set out in both their Religious Constitutions and in the charitable company's Memorandum and Articles of Association, despite the advancing age and frailty of some of the members. The Sisters provide in-house facilities in England and Ireland to meet the need of their growing number of very frail and sick members, who need full time care.

Several of our Sisters are trustees of other charities (where they act as individuals, not on behalf of the Province). Sister Annette Clemence, Sister Pat Ainsworth, and Sister Veronica Hagen are trustees at St Elizabeth's Centre. As well as being trustees, the Sisters have roles as school governors (Sister Annette and Sister Pat), a college governor (Sister Annette), and a member of the healthcare quality committee (Sister Veronica). Sister Veronica and Sister Kathleen O'Reilly are trustees of St Raphael's Hospice. Sister Kathleen is also a member of the finance committee at the Hospice. Five sisters serve as Trustees for our own charity. A sister is appointed to support each of the groups of lay people, who are associate members of the Daughters of the Cross. These groups are based in Cheam, Carshalton, Much Hadham, Jarrow, Dublin (Ireland), and Tracey (California).

The Provincial Superior and Provincial Bursar are members of Conference of Religious in England and Wales and the Association of Provincial Bursars respectively and participated in the Annual Conferences in 2021. Sisters are members of the Association of Senior Religious JPIC. During the year, the Province subscribed to membership of the Religious Life Safeguarding Service (RLSS) and the Catholic Safeguarding Standards Agency (CSSA) and are in the process of refreshing our own safeguarding procedures.

The Province has two dedicated Care Communities to support the full-time care needs of 14 frail elderly members. This enables these Sisters to continue to participate in the spiritual rhythm and companionship of community life.

Trustees' report Year to 31 March 2022

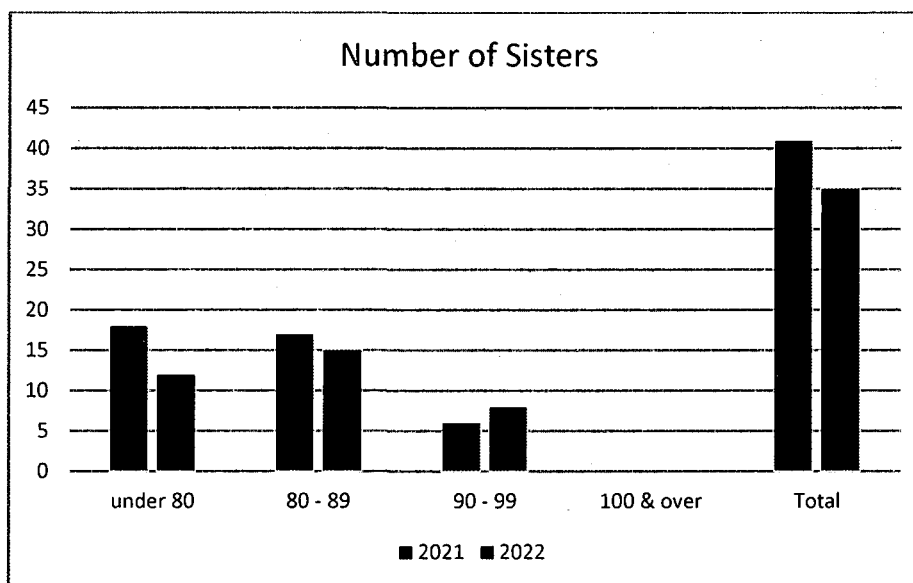
Currently, no Sisters are in paid employment. With expert advice, the Sisters manage the income and reserves of the Province in a socially and environmentally responsible manner, to ensure we can support our commitments both at home and abroad.

Each Sister is supported in their chosen ways of volunteering in their neighbourhood. Examples are organising chaplaincy support, offering spiritual and/or pastoral companionship to pupils, patients, staff and relatives within our own hospital (Holy Cross), or in our previously owned services that are now independent charities. Sisters are also active on Parish committees and in ecumenical activities, particularly those helping homeless people or those on low incomes. The Province continues to support a charity that supports victims of human trafficking.

Some examples of mission work carried out by Sisters during the year include working as a volunteer befriender through the Marie Curie charity to support people living with cancer; working with ResultsUK on campaigns around nutrition in developing countries, creating the political will to end poverty, 'giving a voice to the voiceless', and supporting asylum seekers coming to the UK. One Sister has chaired the organising committee at JPIC (Justice, Peace, and Integrity of Creation), written articles on vaccine inequality, TB, tackling malnutrition, and created a YouTube video on malnutrition that was sent to a Member of Parliament. Sisters in Ireland continue to be involved with The Stephen Green Trust.

As the pandemic continued across 2021, Sisters' IT skills were developed to improve the communication within most areas of our services, ministries, and across our communities. These skills also enabled the Sisters to maintain the remote support they offer to so many previous users of our services, who are spread far and wide, as well as those still in the immediate neighbourhoods.

At 31 March 2022 there were 35 Sisters (33 in Communities and 2 on the General Council) in the Province (2021 – 41 Sisters (39 in Communities and 2 on the General Council)). During the year, three Sisters died; Sister Jane Hehir (13th November 2021); Sister Lucia Lang (2nd February 2022); Sister Clarissa Pereira (14th February 2022). Three Sisters transferred out of the English Province during the year; Sister Arlinda Azaredo, Sister Flavia Cerejo, and Sister Josephine Rosario moved from the St Joseph's community in Cheam, where they were supporting the International Generalate when it was based in England and moved to Rome when the Generalate transferred its day-to-day operations over to a recently vacated Convent in Italy.



The Sisters normally spend time on retreat each year in silent contemplation and prayer. The 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 in Stillorgan, Ireland within a Community setting and with the help of lay staff. The costs are significant, but it avoids the need for Sisters to go into the full-time and even more expensive care of others.

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

The Province supports the Worldwide Congregation in various ways. The English Province continues to provide two members of the General Council; Sister Maureen O'Brien and Sister Mary McLaughlin. The Province continues to hold the Worldwide Fund designated fund, which enables it to provide grants for the International Generalate to support other Provinces around the world. The Province pays an annual contribution towards the running of the International Generalate and the costs of the Chapter and General Meetings.

Holy Cross Hospital

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 advanced stage of degenerative illness. It also has a physiotherapy centre which houses the 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.

Trustees' report Year to 31 March 2022

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 NHS Clinical Commissioning Groups (CCGs) and Local Authorities, 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.

The Hospital (40 beds) started and ended the year with four empty beds. During the year four patients died and seven patients were discharged; there were eleven new admissions. The average number of vacant beds during the year was 4.5, largely due to Covid-19 pandemic related bed vacancy across the neuro-rehabilitation healthcare system, although demand did start to pick up in the third quarter of the year.

During the year, virtual patient visiting was available to relatives, and this was invaluable for patients and relatives during times of lockdown and restricted visiting.

Looking back over the year, there are several highlights to pick out from across the services and activities at the Hospital:

- maintained high care standards (as monitored through the monitoring arrangements of the Care Quality Commission (CQC));
- further development of the electronic patient record system to include incident management, medicine prescribing and administration, and forms for therapy;
- added extra-corporeal shockwave therapy and post-natal support to the services provided by the Physiotherapy Centre;
- completed and opened the Treehouse wheelchair accessible platform;
- installed solar panels on the Hospital roof and installed electric vehicle (EV) charging points on site;
- celebrated the diversity of the 21 different nationalities represented across the Hospital workforce at our annual Celebration of Learning and Development; and
- introduced a remembrance service for families of patients who have passed away.

Grants

Although grants were awarded each year, the charity is not primarily a grant-making charity.

Before every grant is approved, a request for appropriate information to support the grant is made to ensure that it is within the charitable objectives and being made to an organisation or on a project which the trustees wish to support. The impact which the grant would make is also considered. For all grants made within the Worldwide Congregation, reports are received (including photographs) to show what has been achieved with the funds.

Trustees' report Year to 31 March 2022

During the year there were £146,000 (2021 – £162,000) of worldwide fund grants made to communities of the Worldwide Congregation to help their work in poor local communities in Cameroon, Nepal, and Rourkela, India.

Two grants, both for €20,000 were awarded to Nepal, for supporting the work being done by Sisters at the Christalaya convent in East Nepal.

The first project was to support the girls living in the Christalaya Hostel in Maheshpur, an area where a high percentage of the population are landless labourers, working in the tea gardens and paddy fields, while living in small accommodation provided by their employers. The children of these workers, as well as girls living in challenging and impoverished homes are given access to good quality education, medical care and wellbeing services, and are able to learn crafts and other skills needed in later life. The Morning Star nursery school, looks after up to 40 very young children and provides them with good quality early years care and development, to prepare them for school. The €20,000 grant was to pay for food and accommodation, uniforms and equipment used by the children, and pay the costs of the teaching and support staff.

The second project was to support the St Joseph's school in Tulachan, East Nepal. The school was started in 2015 and provides education for up to 195 pupils. The grant of €20,000 was to fund buying books, uniforms, desks, benches, and chairs for the pupils, as well as covering the costs of the teaching and non-teaching staff.

In Rourkela, India, two grants of €25,000 each were awarded to the Daughters of the Cross Rourkela Province. The first project was to fund the development of the St Joseph's school in Gaibira. The pandemic has meant that the financial resources of the Rourkela Province are depleted, and they are unable to fund the much-needed development of the school that is linked to the St Joseph's convent. The school was closed during the pandemic but has recently begun to open its doors and welcome the children back, but this has meant their education has suffered over the past two years. The grant will fund the re-starting of the construction work (paused due to Covid lockdowns), which will allow more students to attend the school and provide a better learning environment.

The second grant, also for €25,000, was to fund a project at the St Joseph's school in Sundargarh. Due to cutbacks in local government support for education in the locality, the Sisters have had to take it upon themselves to help educate the children of the local tribal people. There are 210 children at the school and the grant will allow the Sisters to maintain their education and keep developing the school, so it meets the needs of the local people.

Two grants totalling €83,000 for projects in Cameroon were also awarded. These are for projects in Maroua and Melim, where the work of the Sisters in recent years has been severely restricted by civil war and terrorist groups. The grants will help to cover the costs of re-starting the work of the Sisters in Cameroon and supporting the development of the novice Sisters.

Trustees' report Year to 31 March 2022

The Sisters also made grants and donations totalling £28,000 (2021 - £22,000) to projects in the UK and to emergency disaster relief appeals. These include £10,000 to CAFOD for their Ukraine appeal and a further £5,000 to their Afghanistan appeal. £5,000 to the Medaille Trust and £2,000 each to Glass Door (a homeless charity), Mercy Ships, Aid to the Church in Need, and to CAFOD's emergency relief fund. A £15,000 contribution was also made to the Religious Life Safeguarding Service's 'Common Fund', to ensure poorer Congregations are able to access the service.

7 Volunteers

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

The trustees and staff are very grateful to our volunteers, in whatever role they carry out, across the charity, who give freely and generously of their time and who bring enthusiasm and dedication. They make an enormous contribution to the lives of the beneficiaries and the success of the charity.

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.

8 Financial Review (including reserves)

Results

A high-level analysis of the operating deficit and the overall results is as follows:

	Works £'000	Sisters* £'000	Total 2022 £'000	Total 2021 £'000
2022				
Cost of providing services	(7,466)	(2,708)	(10,174)	(11,390)
Province property projects	—	(1,001)	(1,001)	(37)
Grant to St Raphael's Hospice	—	—	—	(3,600)
Charitable activities' income	6,575	—	6,575	8,430
St Raphael's non-grant income (net)	—	—	—	282
Operating deficit	(891)	(3,709)	(4,600)	(6,315)
Other charity net income	316	2,420	2,736	3,039
Operating deficit after other income	(575)	(1,289)	(1,864)	(3,276)
Transfer of St Raphael's Hospice			—	(3,699)
Investment gains			5,295	17,521
Net income			3,431	10,546

Trustees' report Year to 31 March 2022

	Works	Sisters*	Total 2021	Total 2020
	£'000	£'000	£'000	£'000
2021				
Cost of providing services	(8,966)	(2,424)	(11,390)	(14,165)
Province property projects	—	(37)	(37)	—
Grant to St Raphael's Hospice	—	(3,600)	(3,600)	—
Charitable activities' income	8,430	—	8,430	8,387
St Raphael's non-grant income (net)	282	—	282	2,299
Operating deficit	(254)	(6,061)	(6,315)	(3,479)
Other charity net income	354	2,685	3,039	2,999
Operating surplus/ (deficit) after other income	100	(3,376)	(3,276)	(480)
Transfer of St Raphael's Hospice			(3,699)	—
Investment gains (losses)			17,521	(8,415)
Net expenditure			10,546	(8,895)

*Members of the Congregation

The operating deficit of £4.6m is a £1.7m improvement on last year's result (mainly due to the £3.6m grant given to St Raphael's Hospice in 2021 which was not repeated this year), however the other net charity income (predominantly investment income and Sisters' pensions and other income) reduced by £300,000 compared to 2021. These outcomes combined resulted in an operating deficit after other income of £1.9m, compared to the £3.2m deficit last year, although the separation of St Raphael's part way through 2020/21, and the large one-off grant given upon separation, makes direct comparison difficult.

The Statement of Financial Activities shows an overall result of £3.4m surplus, including a £3.0m surplus in general funds and a £14,000 increase in restricted funds. This year, the accounts show the results for the Province (the Sisters and the central function of the charity) and only one Work – Holy Cross Hospital. This is a marked change from previous years, where the charity consisted of several Works. This change in the number of services and activities has a significant effect on the financial results of the charity, as well as the wider implications such as number of beneficiaries, volunteers, and staff.

Within the Province, there was significant expenditure on property projects throughout the year. Some of these are capital projects that either finished during the year, or are ongoing in 2023, whereas some were non-capital projects, which can be seen in the increase in the costs that support the members of the congregation (£3.5m in 2022, compared to £2.3 in 2021). These projects took place across our two large sites in Haslemere and Cheadle.

Trustees' report Year to 31 March 2022

Holy Cross Hospital has worked hard over recent years to agree a level of fees with CCGs and Local Authorities that cover the full cost of providing the appropriate level of care for its patients. This work has meant that even though bed occupancy levels have been lower this year, the Hospital recorded only a small deficit (before charity-wide support costs are allocated), whereas with a lower fee level, losses could have been much greater. Staff costs of £4.9m are 67% of its running costs, which is not unusual in healthcare settings. The Hospital had income from Health and Local Authorities of £6.2m, £336,000 of income from private patients, and £316,000k of other income. The total cost of running the Hospital before charity-wide support costs was £7.3m.

The trustees' and management's focus at the Hospital is to ensure a stable and improving financial operating model, so that it can continue to run successfully in the future.

Investment gains and losses

There were investment gains of £5.3m for the year (2021 –£17.5m). These are explained in the section on Investment performance.

Reserves policy and funds

The trustees are conscious of the requirement to balance the needs of present and future beneficiaries, especially the Sisters current needs versus the changing needs over the next 20-30 years. This means that each year they consider whether to increase the proportion of resources allocated to general and designated funds reserves or whether to invest more in areas such as fixed assets, staffing, and training to maintain, improve or develop services to beneficiaries.

It is a characteristic of the health sector that staff 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 rates at the Hospital, 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. Such downturns tend to happen quickly and because the continuing costs would still need to be met, so these reserves are held in readily available 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' normal operating unrestricted expenditure. During this period of internal organisational change, as well as managing the significant external risks and a volatile economic environment for at least another 12 months, the trustees consider it necessary that the free reserves of the charity should be at least towards the upper limit of the reserves policy. This enables trustees to react to adverse events and allows time for management to make the required changes. An in-depth review of the reserves policy is due to take place in 2022/23.

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 the charity's other needs and what funds are available to be designated.

The General Fund (free reserves) at 31 March 2022 stands at £9.5m (2021 – £6.4m) which represents around 9.4 months (2021 – 4.7 months) of the recurring annual unrestricted expenditure, which is above the approved reserves policy range. However, trustees are comfortable with this figure at this stage for the following reasons: The external financial environment is undergoing a volatile period, with high inflation, rising interest rates, and a looming economic recession. Given the importance of investment returns to the funding of the Sisters, a higher level of free reserves will help to mitigate potential falls in returns in the next 12-24 months. The charity is also undertaking a range of large construction projects during 2022 and 2023. Given the economic volatility mentioned above, the risks of overruns, rising costs, and the impact a recession may have on the construction industry means the charity is facing greater external risks than usual.

Restricted funds

Restricted funds of the charity relate to the surplus 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. At 31 March 2022 they amounted to £1.6m (2021 – £1.5m), of which £1.5m (2021 – £1.4m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Hydrotherapy Centre, with the remainder (the restricted fund) being invested so the income generated can fund the maintenance costs and keep the facility running.

Designated Funds

The fixed asset fund amounts to £32.7m (2021 – £33.0m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

- The Daughters of the Cross fund stands at £45m (2021 - £47m). The level in the Daughters of the Cross fund reflects the continued (and future) decrease in covenanted income being received by the Sisters. The cost of running the Communities has not materially decreased over recent years, despite the fall in the number of Sisters, and the recent Covid-related lockdowns have made it difficult to assess the current level of 'normal' expenditure at our Communities. At present, Sisters – including the frail and elderly - live in community. Two communities have a staff team to provide care and other support to the Sisters who need it. While these costs are significant, the current arrangements allow for the Sisters to live and take part in religious community life within the convent. Were Sisters to be resident in a care home this would incur higher costs, and the Sisters would lose the spiritual connection of living in community.

The shortfall in income to meet the Sisters' living costs must be met from investment income. The current size of the fund has been necessitated by the fall in yields we have experienced within the investment portfolio. The income from Sisters pensions is considerably lower than the annual day-to-day living costs of the Sisters across all of our Communities. The shortfall is approximately £1m, and this can only be made up from income from our investments. Yields fell during 2020/21 and have been slow to recover – and it may take many years to return to pre-pandemic levels given the current volatile state across global markets, so a substantial-sized fund is still required to generate the required amount of income. In pre-pandemic years, the portfolio produced approximately a 2.7% income yield. Since 2020 the yield has fallen and now stands at about 2%. During 2022/23, it may recover slightly from 2020 levels, but trustees are aware of the current economic pressures, and possible forthcoming recession, which will mean any recovery will be over a period of years, rather than months.

- Provincialate fund of £31m (2021 – £31m). 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 the Provincialate office has no source of income other than investment income.
- The £23.2m (2021 – £18.2m) Charitable activities fund reflects the continuation of the stated objective to plan for the future of the Works so they can continue their much-needed work. This will involve improving their infrastructure, strengthening their management teams and ensuring their services are compliant and fit for purpose. The Works' finances are very marginal, particularly in the current climate of central government and local authority budget cuts. Ultimately, trustees will need to assess the best way to support the futures of the Works within the financial means at their disposal. This fund is invested to underpin the wide needs of the Works and the charitable activities within the Province. The needs are connected with the objective of finding long-term secure futures for the Works, securing the value of the existing land and buildings within the Province, and the long-term accommodation and other needs of the Sisters. It is difficult at this time of great change, both internally and externally, to calculate the funds which may be required to secure those futures, but this amount allows for £4m for the Province land and buildings, £4m for identified needs of St Elizabeth's Centre and Holy Cross Hospital (£2m each), as well as another £15m set aside for potential longer-term support across the existing and former Works of the charity.
- Worldwide fund of £8.5m (2021 – £7.8m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide. The increase represents the gains in investment valuations, less the grants paid during the year for projects in India, Nepal, and Cameroon.
- St Raphael's Hospice fund of £2.7m (2021 – £2.7m). This fund was established at £6.3m following discussions between trustees and the senior management team at the Hospice. £3.6m was paid across to the Hospice upon separation, and the remaining £2.7m is being held as a contingency against the risks of delay, variances against inflation assumptions built into the new business model, and possible future volatility in legacy income.

The £110.4m other designated funds (*i.e.* not including the tangible fixed assets fund) are represented by £107.5m of fixed asset investments, with the remaining £2.9m held in cash.

Overall

The overall position is that total funds have increased over the year by £3.4m (2021 – £10.5m). This is mainly due to the £5.3m increase in the value of the investment portfolio, partly offset by the £1.9m in-year operating deficit. At 31 March 2022 the charity has total funds of £154.1m (2021 – £150.7m).

9 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 all different, which gives additional diversification and contributes to the management of the various risks involved in holding investment assets.

The charity 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 Catholic Social Teaching. The long-term total return on the investments are not materially affected by the exclusions that form part of the overall investment policy. The investment policy is reviewed every year by the trustees.

The policy states that no charity funds are to be directly invested in companies which generate significant income from armaments, adult entertainment services, high interest lending, breach modern slavery standards, or oil and gas companies that are not actively working towards meeting the goals of the 2015 Paris Agreement. Also excluded are companies which are involved in areas of activity contrary to the sanctity of life. For certain areas of investment stewardship (for example the environment or corporate 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, such as meeting Net Zero commitments. 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 specific topics of environmental, governance or societal issues.

The charity's investment policy underwent a thorough review during the year, to ensure it is fit for purpose and relevant to the present and future issues surrounding charity investments, particularly faith charities.

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 to fund the Worldwide Fund grants.

Trustees' report Year to 31 March 2022

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 volunteer independent investment advisors) has formed the view that all the movements in investment values were within acceptable parameters.

The investments performed well over the course of the year, with gains across the first three quarters of the year bringing the portfolio up to over £115m at December 2021. However, following the Russian invasion of Ukraine, markets fell back in the final quarter. The overall result is that our investment portfolio gained in value over the year, rising from £107.3m in April 2021 to £112.7m in March 2022.

The investments will continue to be carefully monitored as markets and economic conditions remain volatile and investment income remains a challenge to get back to pre-pandemic levels, given the current economic climate of high inflation, rising interest rates, and global supply chain delays.

Each investment manager's 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 12 months to 31 March 2022 was as follows:

(Shown on a total return basis)	2022		2021	
	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock	11.76	12.00	19.75	22.35
Sarasin	6.00	9.10	25.10	25.50
Evelyn Partners	8.80	13.60	21.80	21.30

The trustees continue to be satisfied with their investment managers' actions and performance over the past 12 months. All three recorded gains for the year and a repeat of last year's large growth figures was not expected, so performance between 6% and 12% returns, which is broadly in line with the benchmarks, was satisfactory to the trustees.

10 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 (2021: none) and no fundraising complaints received (2021: none).

Holy Cross Hospital does not undertake fundraising activity itself, but it does benefit from the fundraising efforts of another charity, the League of Friends of Holy Cross Hospital. The Province does not undertake any direct fundraising with the public, nor use the services of a third-party organisation.

11 Risk management

The charity works with people 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 are outside of the charity's direct control, and which cannot be mitigated. Trustees are nevertheless committed to maintaining highly developed risk management processes across the charity.

There are separate risk registers maintained at both Holy Cross Hospital and the Provincialate office.

At Holy Cross Hospital, the management team assesses risks on an ongoing basis, with a summary of the major risks being presented to the advisory committee for discussion and review. Risks are assessed under four main headings; clinical management; estates, facilities and supply; workforce; and governance. In respect of clinical management, the Hospital specialises in the care and treatment of vulnerable adults. Detailed attention is given to the clinical education and training of all clinical members of staff and patient feedback is actively sought.

Within the Provincialate office, the risk register is updated regularly and is reviewed by trustees at least once every year. Significant risks currently facing the Province include high inflation eroding the real value of investments and investment income, meaning income cannot keep pace with rising costs. Diversification across asset classes, sectors, geographies and currencies is key to managing the various investment risks faced. Regular dialogue with our fund managers to ensure the investment agreements are robust, but flexible when required, and that any change in need or future plans is communicated well in advance so any changes can be well planned over time remains critical during a period of volatility.

Exposure to risks relating to the major building projects under construction is also significant at this time. While it is a relatively short-term risk, careful management of contractors and budgets is necessary. The trustees utilise the services of a third-party project management firm (a long-standing supplier to the charity) to ensure projects are kept on time and on budget, and any issues that arise are dealt with swiftly.

The charity maintains a good level of reserves, and a robust set of insurance policies, which also ensure the charity is managing its risk exposures prudently.

12 Events since the year-end and future plans

There were no significant events since 31 March 2022.

Future plans for 2022/23 within the Province include:

- To resolve the future of the 29 Tite Street, London property.
- To complete the move of the Provincialate office into the St Joseph's building in Cheam.

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- To fund the redevelopment project at Holy Cross Hospital.
- To continue to review the future status of Holy Cross Hospital.
- To complete the major building works in Cheam (Clarkes Avenue, 571 Gander Green Lane, and St Joseph's Convent extension).

Future plans for Holy Cross Hospital include:

- Recovery from the multiple impacts of Covid-19 (including restoring high patient occupancy and recruiting to optimum staffing levels).
- Roll-out of the electronic patient record system.
- Acquire new accessible systems for patient use and new diagnostic equipment for physiotherapy patients.
- Host a conference on Recent Advances in Managing Disorders of Consciousness.
- Commence building work to increase patient capacity with two additional beds, improve staff accommodation, and create additional office space/meeting rooms.

Other matters

13 Public benefit

In many different locations both in the UK and overseas, 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 provides services which are not widely available within the NHS or elsewhere. Through the Worldwide fund grants, the Sisters fund projects such as new schools and educational resources in developing nations including Nepal, India and Cameroon. The various grants to other UK charities help those organisations to achieve their own charitable aims.

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.

14 The environment

The trustees are aware of the charity's social responsibility to protect the environment. The 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 high proportion of its electricity, as does the Hydrotherapy Centre in Holy Cross Hospital. 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 and wind power and other 'green' energy funds and regularly engages with our investment managers on climate change matters.

15 Streamlined Energy and Carbon Reporting

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the charity is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The charity is required to comply with these regulations as within the most recent two financial years, it met two of the three criteria of a large company, as defined by the Companies Act 2006. This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2021/22 UK consumption (kWh)	2020/21 UK consumption (kWh)
Natural gas (Scope 1)	3,191,790	3,280,748
Transportation (Scope 1)	4,174	67,136
Grid-supplied electricity (Scope 2)	4,569,081	6,436,659
Transportation (Scope 3)	1,602	30,832
Total	7,766,647	9,815,375

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2021/22 UK emission (tCO ₂ e)	2020/21 UK emission (tCO ₂ e)
Natural gas (Scope 1)	585	603
Transportation (Scope 1)	8	20
Grid-supplied electricity (Scope 2)	970	1,501
Transportation (Scope 3)	3	23
Total	1,566	2,147

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2021/22	2020/21
Total tCO ₂ e emissions	1,566	2,147
Average headcount employees for the year (Note 5)	186	278
Intensity metric	8.4	7.7

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co2e emissions data has been calculated in line with the UK Government environmental reporting guidance. The GHG Conversion Factors for Company Reporting (standard set 2021), published by the Department for Business, Energy & Industrial Strategy has been used. Estimations to cover missing billing periods were calculated on a kWh/month pro-rata basis at a metered site level. Where data was not available for the entirety of the reporting period, a kWh value was based on similar properties with similar operations. Scope 3 reporting includes energy used and emissions relating to employee-owned vehicles only. Other, voluntary, Scope 3 emissions have not been reported as it is not practical to be able to measure these.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole charity, totalling 186 employees (2021 – 278), and has been applied to all the carbon emissions reported.

There have been several energy efficiency improvements made during the year. Solar panels have been installed on the roof at Holy Cross Hospital. New building developments during the year all comply with all relevant building regulations. This means that all new buildings are well insulated and energy efficient. We are also installing EV charging points at the Cheam site. Boundaries on our sites at Cheam and Haslemere have made use of hedging shrubs and trees rather than fencing, to both provide boundaries and support the local wildlife.

St Mary's Convent continues to use solar panels to reduce reliance on energy production. The Provincialate has moved to 'green energy' tariffs over recent years, and as contracts come up for renewal, old 'brown' tariffs are switched away from. Trustees also examine the investment policy and the portfolio's carbon intensity metrics to ensure climate change issues are raised with the investment managers. Investments in battery storage, wind, solar and other renewable funds increase year-on-year, and form an important part of the Alternatives segment of the investment portfolio.

16 Structure and governance

16.1 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.

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The English Province, which covers Communities in England and Ireland, is governed by the Provincial Superior (Sister Veronica Hagen) and her Provincial Council (Sister Annette Clemence, Sister Kathleen O'Reilly, Sister Anne Kelly, and Sister Maureen O'Brien (resigned 11 September 2021)). 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 five Sisters are the current trustees.

The Worldwide Congregation has Constitutions, 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.

16.2 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 2022 are shown on pages 1 and 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 normal circumstances, 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. During the pandemic and subsequent constraints such as reduced access to buildings and beneficiaries, Sisters have had to adapt their oversight activities and stay connected in different ways. New ways of communicating with the lay associates, the employees, the beneficiaries, the volunteers, and all those connected in any way with the charity have also been crucial over the past two years.

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.

During this year, trustee meetings were held in a hybrid fashion – with some trustees attending in person (where they live at the same site as the charity's main office) and some attending online.

Opportunities are taken to develop and enhance trustees' knowledge and expertise, and during the year they have attended various online conferences, seminars and training sessions on safeguarding, investments, fraud and matters relating to Religious life. Trustees reviewed the investment policy, governance arrangements, and refreshed their Essential Trustee knowledge. In particular, trustees have attended an in-depth seminar series held by the Religious Life Safeguarding Service (RLSS) looking at safeguarding issues in the Catholic Church.

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 English 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 is also registered as a charity in Ireland and is now reporting against the Charities Regulator's governance code, with progress reported at least annually at trustees meetings.

The charity has purchased insurance 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. The policy provides cover for up to a maximum of £5,000,000. The charity has also purchased a terrorism and sabotage insurance policy to cover property damage and business interruption at its Central London site.

17 Management

17.1 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.

17.2 The Communities

There are five Communities, four in the UK and one in Ireland.

Each Community has a Sister Superior who has the responsibility for the day-to-day running of the Community. The Sister Superiors are recommended for appointment by the Provincial Superior, then ratified by the Superior General.

17.3 Holy Cross Hospital

At the Hospital, the Provincial Superior appoints a management team. The Sister Superior at our Haslemere Community attends management team meetings. The Superior, currently Sister Kathleen O'Reilly, is also a trustee and acts as a conduit between the management team and the board of trustees.

The Hospital is supported by an Advisory Committee. 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 the committee. The membership therefore comprises trustees, Sisters, and lay people with an expertise in the work or with a relevant specialism. The Advisory Committees' purpose is to advise the Provincial Superior, the Sister Superior and the management team.

The management structure described above allows the management team to run the Hospital 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.

17.4 Employees

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

Whenever an employee becomes disabled, wherever possible arrangements are made 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.

17.5 Key management personnel

The trustees are key management personnel although they are not remunerated. Other key management personnel are the senior officer at Holy Cross Hospital (who has delegated authority to run the Hospital in line with the agreed strategy and within the ethos of The Daughters of the Cross) and the finance manager in the Provincialate Office.

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 Advisory Committee and with regard to the external market.

18 Related parties

18.1 The Sisters

The Sisters of the Congregation covenant their pension and other 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.

18.2 Generalate of the Congregation

By means of a lease, the charity provided 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. This lease ended in September 2021, when the Generalate relocated to its new base in Rome, Italy.

18.3 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.

18.4 St Elizabeth's Centre

Two trustees of this charity are also trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. Another of our Sisters, Sister Patricia Ainsworth, is also a trustee at St Elizabeth's. Currently three Sisters reside in the Much Hadham Convent, which is situated on the site owned by St Elizabeth's Centre.

18.5 St Raphael's Hospice

St Raphael's Hospice (registered company number 11732567 and registered charity number 1182636) was registered at Companies House on 18 December 2018 and with the Charity Commission on 26 March 2019. On 31 October 2020 certain assets and liabilities were transferred from the Daughters of the Cross of Liege to the independent St Raphael's Hospice charitable company. During 2021/22 a grant of £Nil (2020/21 - £3.6m) was given by the Daughters of the Cross of Liege, to St Raphael's Hospice. Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of the new Hospice charity in order to aid the transition to operating independently of the Daughters of the Cross. The charity and the Hospice entered into three 20-year lease agreements for the Hospice building, the 759 London Road office, and St Bede's conference centre. All three leases have a nominal rent of £100 per annum.

19 Stakeholder engagement

The trustees are very aware of the enormous contribution made by the staff and volunteers. When finding futures for the charity's Works, trustees have ensured that staff have been treated very well during uncertain times, have enabled regular two-way dialogue between trustees and staff and have supported employees both spiritually and financially. Trustees ensure staff teams are aware of changes well ahead of time e.g., when staff will be required to work from a different location in the future.

Trustees ensure there is a culture of being a good customer to the charity's suppliers. This includes prompt payment for supplies of goods and services. The charity publishes six-monthly figures on the gov.uk website as part of the Payment Practices Reporting requirements. These results show the charity consistently pays its suppliers in a timely manner.

At the charity's Holy Cross Hospital site, the normal annual Patients Survey was not able to be carried out this year due to Covid-19 restrictions, but instead the Hospital communicated regularly with relatives of patients via email so that the feedback mechanism

wasn't lost, despite the pandemic. The clinical team at the Hospital also receives feedback from NHS Commissioners to ensure expectations are being met.

The Sisters, who are beneficiaries of the charity, hold several Province Days each year, whereas many Sisters from across the Congregation as possible can come together and discuss issues and share thoughts as a whole group.

The trustees discuss both the UK and Irish Charity Governance Codes at trustee meetings and are aware of the importance of having high standards of governance and the right culture and ethos with the charity.

Holy Cross Hospital has its own dedicated website, which is kept updated with the latest news and events happening on site. Social media sites are also used to promote charitable events and activities. The Hospital has its own Facebook page and Twitter account.

20 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:

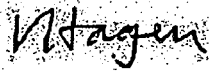
- ♦ so far as she is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and

Trustees' report Year to 31 March 2022

- ♦ 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 15 November 2022 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.

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 Evelyn Partners 45 Gresham Street London EC2V 7BG
Bankers	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH Mullany Walsh Maxwell 19 Herbert Place Dublin 2 D02 NY72 Ireland

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 Congregation of the Daughters of the Cross of Liege (the 'charitable company') for the year ended 31 March 2022 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 2022 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 purposes of company law and includes 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 purposes of company law and includes 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 trustees' responsibilities statement, 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.

Responsibilities of trustees (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- ♦ making enquiries of management and representatives of those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ♦ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ♦ performed analytical procedures to identify any or unusual or unexpected relationships;
- ♦ performed substantive testing of expenditure including authorization thereof; and
- ♦ tested journal entries to identify unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.



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

14 December 2022

Statement of financial activities Year to 31 March 2022

		Unrestricted funds		Restricted funds	Total funds 2022	Total funds 2021
	Notes	General fund £'000	Designated funds £'000	£'000	£'000	£'000
Income and expenditure account						
Income from:						
Charitable activities		6,575	—	—	6,575	8,430
Donations and legacies		663	—	76	739	2,134
Other trading activities		—	—	—	—	369
Investments		2,796	—	—	2,796	2,616
Other income		107	—	5	112	214
Total income	1	10,141	—	81	10,222	13,763
Expenditure on:						
Raising funds	2	911	—	—	911	1,958
Charitable activities						
Support of members of the Congregation and their ministry	3	3,516	—	—	3,516	2,331
Running:						
A Hospital - Holy Cross		7,408	—	58	7,466	7,228
A Hospice - St Raphael's		—	—	—	—	2,651
Grants and donations		193	—	—	193	3,807
Reversal of provision		—	—	—	—	(936)
		11,117	—	58	11,175	15,081
Total expenditure		12,028	—	58	12,086	17,039
Net (expenditure) income before investment gains and transfers		(1,887)	—	23	(1,864)	(3,276)
Transfer to St Raphael's Hospice						
Charitable company	19	—	—	—	—	(3,699)
Gains on investments	8	5,221	—	74	5,295	17,521
Net income		3,334	—	97	3,431	10,546
Transfers between funds	12, 13	(238)	295	(57)	—	—
Net movement in funds		3,096	295	40	3,431	10,546
Reconciliation of funds:						
Total funds brought forward at 1 April 2021		6,444	142,715	1,533	150,692	140,146
Total funds carried forward at 31 March 2022		9,540	143,010	1,573	154,123	150,692

Comparative statement of financial activities Year to 31 March 2021

		Unrestricted funds		Restricted funds	Total funds
	Notes	General fund £'000	Designated funds £'000	£'000	2021 £'000
<i>Income and expenditure account</i>					
<i>Income from:</i>					
Charitable activities		6,571	—	1,859	8,430
Donations and legacies		937	—	1,197	2,134
Other trading activities		—	—	369	369
Investments		2,613	—	3	2,616
Other income		209	—	5	214
Total income	1	10,330	—	3,433	13,763
<i>Expenditure on:</i>					
Raising funds	2	746	—	1,212	1,958
<i>Charitable activities</i>					
3					
Support of members of the Congregation and their ministry		2,331	—	—	2,331
<i>Running:</i>					
A Hospital - Holy Cross		7,205	—	23	7,228
A Hospice - St Raphael's		—	—	2,651	2,651
Grants and donations		3,807	—	—	3,807
Reversal of Provision		(936)	—	—	(936)
		12,407	—	2,674	15,081
Total expenditure		13,153	—	3,886	17,039
Net expenditure before investment gains and transfers		(2,823)	—	(453)	(3,276)
Transfer to St Raphael's Hospice Charitable company	19	(2,741)	(634)	(324)	(3,699)
Gains on investments	8	17,205	—	316	17,521
Net income (expenditure)		11,641	(634)	(461)	10,546
Transfers between funds	12, 13	(10,169)	12,787	(2,618)	—
Net movement in funds		1,472	12,153	(3,079)	10,546
<i>Reconciliation of funds:</i>					
Total funds brought forward at 1 April 2020		4,972	130,562	4,612	140,146
Total funds carried forward at 31 March 2021		6,444	142,715	1,533	150,692

Comparative statement of financial activities Year to 31 March 2021

With effect from 31 October 2020, the net assets and the operations at St Raphael's Hospice were transferred to the new St Raphael's Hospice charitable company. The income and expenditure relating to St Raphael's Hospice are defined as discontinued activities within the Congregation of the Daughters of the Cross of Liege.

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

SOFA	Continuing £'000	Discontinued £'000	2021 Total £'000
Income	10,407	3,356	13,763
Expenditure	(13,336)	(3,703)	(17,039)
Net expenditure before investment gains and transfers	(2,929)	(347)	(3,276)
Transfer to new St Raphael's Hospice charity	(3,699)	—	(3,699)
Gains on investments	17,521	—	17,521
Net movement in funds	10,893	(347)	10,546

All other activities of the charity comprised continuing operations during the financial year.

Balance sheet 31 March 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Tangible assets	7		32,713		32,995
Investments	8		112,701		107,316
			<u>145,414</u>		<u>140,311</u>
Current assets					
Debtors	9	505		637	
Cash		<u>9,764</u>		<u>10,955</u>	
		10,269		11,592	
Creditors: amounts falling due within one year	10	<u>(1,392)</u>		<u>(1,041)</u>	
Net current assets			<u>8,877</u>		<u>10,551</u>
Total assets less current liabilities			154,291		150,862
Provisions for liabilities	11		<u>(168)</u>		<u>(170)</u>
Total net assets			<u>154,123</u>		<u>150,692</u>
The funds of the charity:					
Restricted funds	12		1,573		1,533
Unrestricted funds					
Designated funds					
. Fixed assets fund		32,659		32,980	
. Other		<u>110,351</u>		<u>109,735</u>	
	13	143,010		142,715	
. General fund		<u>9,540</u>		<u>6,444</u>	
Total unrestricted funds			<u>152,479</u>		<u>149,159</u>
Total charity funds			<u>154,123</u>		<u>150,692</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

Date of approval: 15/11/2022

St. Mary McGinn

Sister Mary McGinn

Trustee and Provincial Bursar

Statement of cash flows 31 March 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities	A	(3,025)	(3,971)
Cash flows from investing activities	B	1,836	1,860
Cash flows from financing activities	C	(2)	(988)
Change in cash and cash equivalents		(1,191)	(3,099)
Cash transferred to St Raphael's Hospice (Company Number 11732567; Charity Registration Number 1182636)		—	(2,778)
Cash and cash equivalents at 1 April 2021		10,955	16,832
Cash and cash equivalents at 31 March 2022	D	9,764	10,955

Notes to the statement of cash flows for the year to 31 March 2022.

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

	2022 £'000	2021 £'000
Net income (as per statement of financial activities)	3,431	10,546
Depreciation charge	956	1,032
Loss (profit) on disposal of tangible fixed assets	252	(3)
Gains on investment property	(8)	(30)
Gains on investments	(5,287)	(17,491)
Transfer to St Raphael's Hospice (Company Number 11732567; Charity Registration Number 1182636)	—	3,699
Investment income	(2,852)	(2,668)
Decrease in debtors	132	519
Increase in creditors	351	425
Net cash used in operating activities	(3,025)	(3,971)

B Investing activities

	2022 £'000	2021 £'000
Payments to acquire tangible fixed assets	(933)	(500)
Net proceeds from sale of tangible fixed assets	7	6
Payments to acquire investments	(27,949)	(40,625)
Proceeds from sales of investments	27,258	34,845
Decrease in cash held by investment managers	720	4,686
Investment income	2,852	2,668
Other movements	(119)	780
Net cash provided by investing activities	1,836	1,860

C Financing activities

	2022 £'000	2021 £'000
Decrease in other long-term liabilities	(2)	(988)
Net cash used in financing activities	(2)	(988)

Statement of cash flows 31 March 2022

D Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Total cash and cash equivalents – cash	9,764	10,955

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

1 Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2022 £'000
Income from			
Charitable activities			
. Fees and charges – Privately-funded	336	—	336
. Fees and charges – Publicly-funded	6,239	—	6,239
. Grants – Public*	—	—	—
. Other	—	—	—
	6,575	—	6,575
Donations and legacies			
. Donations	53	—	53
. Legacies	—	76	76
. Covenanted income from Sisters of the Congregation – pensions and other income	610	—	610
	663	76	739
Other trading activities			
. Charity shops	—	—	—
. Lottery and events	—	—	—
	—	—	—
Investments			
. UK investments	2,341	—	2,341
. Overseas investments	437	—	437
. Interest receivable	18	—	18
	2,796	—	2,796
Other income			
. Property	56	—	56
. Other income	51	5	56
	107	5	112
Total income	10,141	81	10,222

Notes to the financial statements 31 March 2022

1 Income (continued)

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000
<i>Income from</i>			
<i>Charitable activities</i>			
· Fees and charges – Privately-funded	226	—	226
· Fees and charges – Publicly-funded	6,345	—	6,345
· Grants – Public*	—	1,856	1,856
· Other	—	3	3
	<u>6,571</u>	<u>1,859</u>	<u>8,430</u>
<i>Donations and legacies</i>			
· Donations	2	759	761
· Legacies	310	438	748
· Covenanted income from Sisters of the Congregation – pensions and other income	625	—	625
	<u>937</u>	<u>1,197</u>	<u>2,134</u>
<i>Other trading activities</i>			
· Charity shops	—	120	120
· Lottery and events	—	249	249
	<u>—</u>	<u>369</u>	<u>369</u>
<i>Investments</i>			
· UK investments	2,183	—	2,183
· Overseas investments	408	—	408
· Interest receivable	22	3	25
	<u>2,613</u>	<u>3</u>	<u>2,616</u>
<i>Other income</i>			
· Property	52	—	52
· Other income	157	5	162
	<u>209</u>	<u>5</u>	<u>214</u>
<i>Total income</i>	<u>10,330</u>	<u>3,433</u>	<u>13,763</u>

Notes to the financial statements 31 March 2022

1 Income (continued)

Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2022 £'000
Holy Cross Hospital	6,575	—	6,575
St Raphael's Hospice	—	—	—
	6,575	—	6,575

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000
Holy Cross Hospital	6,571	—	6,571
St Raphael's Hospice	—	1,859	1,859
	6,571	1,859	8,430

2 Expenditure on raising funds

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2022 £'000
Cost of generating voluntary income	—	—	—	—
Fundraising trading: cost of running charity shops	—	—	—	—
Investment management costs	—	—	538	538
Support costs (note 4)	—	—	373	373
	—	—	911	911

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2021 £'000
Cost of generating voluntary income	302	—	263	565
Fundraising trading: cost of running charity shops	296	—	351	647
Investment management costs	—	—	471	471
Support costs (note 4)	—	—	275	275
	598	—	1,360	1,958

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Split between funds			
2022	911	—	911
2021	746	1,212	1,958

3 Charitable activities

An analysis of the charitable activity expenditure is as follows:

	Property costs £'000	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2022 £'000
Support of Members	1,001	879	259	584	793	3,516
Holy Cross Hospital	87	5,144	364	1,722	149	7,379
St Raphael's Hospice	—	—	—	—	—	—
Grants and donations	—	—	—	193	—	193
	1,088	6,023	623	2,499	942	11,175

An analysis of the charitable activity expenditure for 2021 is as follows:

	Property costs £'000	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2021 £'000
Support of Members	37	818	354	613	509	2,331
Holy Cross Hospital	—	5,109	361	1,661	97	7,228
St Raphael's Hospice	—	1,961	151	369	170	2,651
Grants and donations	—	—	—	3,807	—	3,807
Reversal of provision	—	—	—	(936)	—	(936)
	37	7,888	866	5,514	776	15,081

An analysis of the expenditure between restricted and unrestricted funds is as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Support of Members	3,516	—	3,516	2,331	—	2,331
Holy Cross Hospital	7,408	58	7,466	7,205	23	7,228
St Raphael's Hospice	—	—	—	—	2,651	2,651
Grants and donations	193	—	193	3,807	—	3,807
Reversal of provision	—	—	—	(936)	—	(936)
	11,117	58	11,175	12,407	2,674	15,081

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

	2022 £'000	2021 £'000
Depreciation	956	1,032
Loss (profit) on disposal of tangible fixed assets	252	(3)
Gain on investment property	(8)	(30)
Auditors' total remuneration	109	104
Operating lease rentals	—	173
Grants and donations	193	3,807

Of the grants and donations £146,000 (2021 – £162,000) was to the worldwide congregation and £Nil was to St Raphael's Hospice upon separation (2021 – £3.6m).

4 Support costs

	Governance £'000	Other £'000	2022 £'000
Staff costs	31	174	205
Professional fees	143	517	660
Property Costs	—	158	158
Other costs	5	287	292
Total support costs	179	1,136	1,315

	Governance £'000	Other £'000	2021 £'000
Staff costs	37	124	161
Professional fees	218	228	446
Property Costs	8	117	125
Other costs	13	306	319
Total support costs	276	775	1,051

	2022 £'000	2021 £'000
Attributed to the following activities:		
· Raising funds (note 2)	373	275
· Charitable activities (note 3)	942	776
	1,315	1,051

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 Senior Management Teams.

Trustees 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 for which an allocation of costs is made.

Professional fees include payments to the charity's auditors for audit fees of £46,000 (2021 – £50,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to taxation, governance, and general financial advice and are included in support costs, amount to £63,000 (2021 – £54,000). The total amount paid to the auditors was £109,000 (2021 – £104,000).

Notes to the financial statements 31 March 2022

5 Staff costs

	2022 £'000	2021 £'000
Wages and salaries	5,226	7,419
Social security costs	561	741
Other pension costs (note 16)	164	223
	5,951	8,383
Payments for agency staff	273	229
Other staff related costs	4	35
	6,228	8,647

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

	2022 £'000	2021 £'000
Staff costs have been charged as follows:		
· Raising funds (note 2)	—	598
· Charitable activities (note 3)	6,023	7,888
· Support costs (note 4)	205	161
	6,228	8,647

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

Actual numbers	2022			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Charitable activity						
· Holy Cross Hospital	96	51	147	90	58	148
· St Raphael's Hospice	—	—	—	39	53	92
· Province	30	9	39	26	12	38
	126	60	186	155	123	278
Volunteers			23			272
			209			550

The full-time equivalent numbers of staff is 169 (2021 – 245).

In addition, the number of agency staff, on a full-time equivalent basis, was 8 (2021 – 20).

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

	2022	2021
£60,001 - £70,000	8	6
£70,001 - £80,000	1	2
£80,001 - £90,000	1	1
£90,001 - £100,000	1	—
	11	9

5 Staff costs (continued)

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

	2022		2021	
	Number	£'000	Number	£'000
Defined contribution schemes	11	23	9	23

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 Holy Cross Hospital (and for 2020/21, the Senior Officer at St Raphael's Hospice) has delegated authority to run the Work in line with the agreed strategy and within the ethos and charism of The Daughters of the Cross. They are therefore also regarded as key management personnel, along with the Provincialate Finance Manager. The total employee benefits of this group, including pension contributions amounted to £185,659 (2021 – £288,858), which together with National Insurance Contributions of £21,373 (2021 – £33,555) brings the total cost of employment of key management personnel to £207,032 (2021 – £322,414).

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.

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 2021	36,294	203	4,367	201	41,065
Additions	594	180	159	—	933
Transfer	190	(190)	—	—	—
Disposals	(311)	—	(10)	(9)	(330)
At 31 March 2022	36,767	193	4,516	192	41,668
At cost	9,002	193	4,516	192	13,903
At deemed cost (2014 valuation)	27,765	—	—	—	27,765
	36,767	193	4,516	192	41,668
Depreciation					
At 1 April 2021	5,014	—	2,944	112	8,070
Charge for year	737	—	196	23	956
Disposals	(55)	—	(10)	(6)	(71)
At 31 March 2022	5,696	—	3,130	129	8,955
Net book value					
At 31 March 2022	31,071	193	1,386	63	32,713
At 31 March 2021	31,280	203	1,423	89	32,995

Notes to the financial statements 31 March 2022

7 Tangible fixed assets (continued)

Included in freehold land and buildings are amounts for land at deemed cost of £10.0m (2021 – £10.0m) 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. Valuations were performed by a qualified external valuer, in accordance with the requirements of the RICS Valuation Standards and FRS102. Subsequent additions are stated at cost.

8 Fixed asset investments

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

	2022 £'000	2021 £'000
Gains on investments	5,340	16,425
Investment gains allocated to others	74	316
Other movements	(119)	780
Gains on investments per SOFA	5,295	17,521

The realised gain relating to disposals based upon historic cost was £4,177,000 (2021 – £3,323,000).

	2022 £'000	2021 £'000
Investments (note a)	110,442	104,345
Cash (note a)	1,781	2,501
Investment properties (note b)	478	470
Total fixed asset investments	112,701	107,316

(a) Investments

	2022 £'000	2021 £'000
Market value at 1 April 2021	104,345	81,854
Additions at cost	27,949	40,625
Sale proceeds	(27,258)	(34,845)
Investment gains	5,406	16,711
Market value at 31 March 2022	110,442	104,345
Investment cash	1,781	2,501
Total investments at 31 March 2022	112,223	106,846
Historical cost of investments at 31 March 2022	91,434	86,457

	UK £'000	Overseas £'000	Total 2022 £'000
Analysis of investments at market value at 31 March 2022:			
Listed investments			
· Pooled funds	39,186	4,457	43,643
· Other	36,877	28,608	65,485
Unlisted shares			
· Pooled funds	609	—	609
· Other	473	232	705
· Investment cash	1,781	—	1,781
	78,926	33,297	112,223

Notes to the financial statements 31 March 2022

8 Fixed asset investments (continued)

(a) Investments (continued)

	UK £'000	Overseas £'000	Total 2021 £'000
<i>Analysis of investments at market value at 31 March 2021:</i>			
<i>Listed investments</i>			
<i>Pooled funds</i>	32,506	7,613	40,119
<i>Other</i>	35,378	28,322	63,700
<i>Unlisted shares</i>			
<i>Pooled funds</i>	19	—	19
<i>Other</i>	418	89	507
<i>Investment cash</i>	2,501	—	2,501
	70,822	36,024	106,846

The historical cost of investments at 31 March 2022 was £91.4m (2021 – £86.4m). Shares, bonds, investment funds (including unit trusts), and other asset types relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. Investments in overseas-based companies and other non UK-based assets and investment funds are treated as being overseas.

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

(b) Investment properties

	Freehold land and buildings 2022 £'000	Freehold land and buildings 2021 £'000
At 1 April 2021	470	440
Realised loss due to re-assessment in the year	—	—
Revaluation gain in the year	8	30
Loss on disposal	—	—
At 31 March 2022	478	470

The values of investment properties are wholly based on valuations by independent valuers. An update valuation report was carried out by chartered surveyors, Weldon Beesly LLP, to determine the market value of the freehold agricultural grazing land in Much Hadham, Hertfordshire, following a full valuation report in 2021.

9 Debtors

	2022 £'000	2021 £'000
Operational debtors	364	482
Other debtors	26	57
Prepayments	115	98
	505	637

10 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Operational creditors	207	116
Social security and other taxes	125	119
Amounts held on behalf of Sisters	223	224
Income received in advance	36	33
Accruals	449	270
Worldwide fund grants payable	256	189
Fixed asset creditors	54	45
Other creditors	42	45
	1,392	1,041

11 Provisions for liabilities

	2022 £'000	2021 £'000
Obligation at 1 April	170	1,158
Reversal of provision	—	(936)
Movement in the year	(2)	(52)
Obligation at 31 March	168	170

The provision for compensation is an amount set aside, originally to meet the charity's potential contribution to the Residential Institutions Redress Board (RIRB) established in Ireland to make compensation awards to people who, as children, were abused while resident in schools and other institutions subject to state regulation or inspection, as well as High Court claims that did not meet the criteria for claiming through RIRB. The Redress scheme is now closed for applications, so the provision is held to meet any claims made through the High Court. A review carried out in 2021 in conjunction with our legal advisors in Ireland set the provision at €200,000.

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 2021 £'000	Net income £'000	Gain on investments £'000	Transfers £'000	At 31 March 2022 £'000
Hydrotherapy centre	1,449	—	74	—	1,523
Amenities fund	84	23	—	(57)	50
	1,533	23	74	14	1,573

	At 1 April 2020 £'000	Net expenditure £'000	Gain on investments £'000	Transfers £'000	At 31 March 2021 £'000
Hospice funds	3,432	(3,432)	—	—	—
Hydrotherapy centre	1,134	—	316	(1)	1,449
Amenities fund	46	(118)	—	156	84
	4,612	(3,550)	316	155	1,533

12 Restricted funds (continued)

- **Hydrotherapy centre**

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.

- **Amenities fund**

This fund represents monies donated to support patients and staff activities, and patient amenities. The fund supports the running of the ambulances used to transport patients, and the cost of social activities and outings for patients. This includes the costs associated with the off-site cottage in Selsey that is used by patients as part of their care. Transfers in the year of £57,000 represent the capital costs incurred in the year in relation to the construction of the Treehouse.

- **Hospice funds**

The general funds of St Raphael's Hospice could only be applied for the benefit of the Hospice and were, therefore, treated as restricted. The net expenditure total of £3,432,000 in 2020/21 includes the transfer of £2,761,000 of restricted Hospice funds to the separate St Raphael's Hospice charitable company on the separation date of 31 October 2020.

13 Designated funds

	At 1 April 2021 £'000	Transfer (to) from general funds £'000	At 31 March 2022 £'000
Fixed asset fund	32,980	(321)	32,659
Other funds			
• Daughters of the Cross fund	47,000	(2,000)	45,000
• Charitable activities fund	18,200	5,000	23,200
• Provincialate fund	31,000	—	31,000
• St Raphael's Hospice fund	2,700	—	2,700
• Worldwide fund	7,835	616	8,451
• Adversity reserve fund	2,000	(2,000)	—
• Income risk reserve fund	1,000	(1,000)	—
	109,735	616	110,351
	142,715	295	143,010

13 Designated funds (continued)

	At 1 April 2020 £'000	Transfer (to) from general funds £'000	At 31 March 2021 £'000
<i>Fixed asset fund</i>	34,164	(1,184)	32,980
<i>Other funds</i>			
• <i>Daughters of the Cross fund</i>	38,000	9,000	47,000
• <i>Charitable activities fund</i>	21,036	(2,836)	18,200
• <i>Provincialate fund</i>	25,000	6,000	31,000
• <i>St Raphael's Hospice fund</i>	6,300	(3,600)	2,700
• <i>Worldwide fund</i>	6,062	1,773	7,835
• <i>Adversity reserve fund</i>	—	2,000	2,000
• <i>Income risk reserve fund</i>	—	1,000	1,000
	96,398	13,337	109,735
	130,562	12,153	142,715

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**

This fund is established to ensure the care and support needs of the Sisters is sufficiently met over the course of their lives. The Sisters have carried out the charitable activities of the charity over many decades, so it is essential, as part of the charity's mission, that these Sisters are cared for both during and after they carry out their ministries. The fund is invested for the long-term with the current intention that only the income is spent. This income meets the shortfall of the Sisters' covenanted income over the costs of their welfare, their apostolic activities and the costs of the care of the frail and elderly members. The fund value was slightly decreased this year, from £47m to £45m. The calculation is based upon expected investment income yields in the current post-Covid, high-inflationary economic conditions. The £45m fund allows for sufficient income to be generated to meet the shortfall between Sisters' income and expenditure. In due course, as the number of UK Sisters declines, investment returns may be able to be used to support the former Works and to support the work and welfare of Sisters in the other Provinces around the world.

13 Designated funds (continued)

- **Charitable activities fund**

This fund has been established to help secure the future needs of the charity's current and former Works' and the long-term accommodation and other needs of the Sisters (separate from the day-to-day living costs planned for in the Daughters of the Cross designated fund described above) and is represented by fixed asset investments. The funds are expected to be utilised in the medium to long-term to secure the Works' futures, however some commitments have a much shorter time horizon and so the proportion of the fund held in cash deposits is available for commitments in the coming 12-24 months

- **Provincialate fund**

The Provincialate office of the charity incurs running costs each year, which are met from investment income. For the foreseeable future the office will be required to support the Sisters and to be the central administration function of the whole charity. In order to meet these ongoing running costs, this fund has been established to provide the necessary income. The fund remains at the same level as the previous year. To cover the full cost of the central office functions with the income generated by the investments, a much bigger fund would need to be created. However, the fund level of £31m represents the amount that trustees are currently able to designate for this purpose.

- **St Raphael's Hospice fund**

The St Raphael's Hospice fund was set up with a total of £6.3m which included the £3.6m that was paid to the Hospice upon separation in 2020. The remaining £2.7m balance as at 31 March 2022 may be utilised by the Hospice in the medium term to develop the buildings and infrastructure, and is held as a contingency against medium-term performance against thirteen strands of the 5-year business plan.

- **Worldwide fund**

This fund is to provide grants to enhance or develop the work of the Worldwide Congregation, as agreed with the Superior General and her Council. The fund is made up of investment assets and distributes 85% of its net income as grants to overseas Provinces of the Worldwide Congregation. The fund is to be held in the long-term to provide ongoing support to developing the Sisters' work around the world.

- **Other designated funds**

The adversity reserve fund (to provide availability of liquid funds in case of an adverse event) and income risk reserve fund (to provide a liquid reserve in case of an exceptional dip in net income) were both discontinued during the year.

Notes to the financial statements 31 March 2022

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 2022 are represented by:					
Tangible fixed assets	—	32,713	—	—	32,713
Fixed asset investments	3,798	—	107,451	1,452	112,701
Net current assets	5,910	(54)	2,900	121	8,877
Other liabilities	(168)	—	—	—	(168)
Total net assets	9,540	32,659	110,351	1,573	154,123
	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2021 are represented by:					
Tangible fixed assets	—	32,995	—	—	32,995
Fixed asset investments	—	—	105,867	1,449	107,316
Net current assets	6,614	(15)	3,868	84	10,551
Other liabilities	(170)	—	—	—	(170)
Total net assets	6,444	32,980	109,735	1,533	150,692
				2022 £'000	2021 £'000
Unrealised gains included above:					
On tangible fixed assets				2,463	2,696
On investments				20,028	18,909
Total unrealised gains at 31 March 2022				22,491	221,605
Reconciliation of movements in unrealised gains and losses					
Unrealised gains at 1 April 2021				21,605	8,618
Less: net gains arising on investment revaluations				916	13,017
Less: depreciation on revalued fixed assets				(30)	(30)
Total unrealised gains at 31 March 2022				22,491	21,605

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 pensions and other income to the charity. During the year the six trustees covenanted an aggregate of £115,055 to the charity (2021 – £116,967).

International Generalate

Until September 2021, The International Generalate occupied St Joseph's Convent in Cheam, Surrey and paid a nominal annual rent to the English Province. The lease was terminated when the Generalate relocated to Rome in September 2021.

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 £146,000 (2021 – £162,000) were made during the year to the worldwide Congregation. Grants were made for projects in Rourkela (India), Nepal and Cameroon.

St Raphael's Hospice

Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of the St Raphael's Hospice charity. On 31 October 2020 certain assets and liabilities were transferred from the Daughters of the Cross of Liege to the new St Raphael's Hospice charitable company. During 2022 a grant of £Nil (2021 – £3.6m) was given by the Daughters of the Cross of Liege, to St Raphael's Hospice. The charity and the Hospice entered into three 20-year lease agreements for the Hospice building, the 759 London Road office, and St Bede's conference centre. All three leases have a nominal rent of £100 per annum.

St Elizabeth's Centre

Two trustees of the Daughters of the Cross are trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. Currently three Sisters reside in the Much Hadham Convent, which is situated on the site owned by St Elizabeth's Centre, in line with the transfer agreement signed in 2018. During the year St Elizabeth's paid the Daughters of the Cross of Liege £Nil (2021 – £1,000) in rent for the use of St Anne's Cottage.

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.

16 Pension commitments (continued)

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2022 £'000	2021 £'000
Holy Cross Hospital	Defined benefit	NHS Pension	13	13
Holy Cross Hospital	Defined contribution	The People's Pension	121	90
St Raphael's Hospice	Defined contribution	Aegon Pension	—	73
St Raphael's Hospice	Defined benefit	NHS Pension	—	25
Province	Defined contribution	The People's Pension	19	11
Non-scheme contributions			11	11
			164	223

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.

17 Leasing commitments

Operating leases

At 31 March 2022 and 31 March 2021 the charity had no commitments under non-cancellable operating leases for land and buildings.

18 Contingent asset

Several years ago the charity paid a proportion of the estimated buy-out total requirement into the St Elizabeth's Centre Final Salary Pension Scheme, in order to facilitate a buy-out of the Scheme by an insurance provider. Subsequently, the charity was informed by the Scheme Trustee that the amount paid was greater than the total sum required by the insurer for the Scheme to be bought out. The charity's position is 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 not yet complete and the amount is subject to the finalisation of costs of the negotiations and the winding-up process, which must be met from the Scheme.

19 St Raphael's Hospice

With effect from 31 October 2020, the activities and net assets of St Raphael's Hospice were transferred to an independent charitable company, St Raphael's Hospice Ltd. The value of the net assets at 31 October 2020 are detailed below:

	£'000
Fixed assets	634
Debtors	1,027
Cash	2,778
Current liabilities	(740)
Net assets	3,699

Notes to the financial statements 31 March 2022

19 St Raphael's Hospice (continued)

The net assets transferred represented:

	£'000
Fixed assets fund	634
General fund	2,741
Restricted funds	324
	<u>3,699</u>

The net assets shown above, split by fund are how the funds are represented within the Hospice's own accounts. In the charity's aggregated accounts, the Hospice funds are shown as all being restricted. The income and expenditure relating to St Raphael's Hospice for the period until the transfer are defined as relating to discontinued activities within the prior year comparatives of these financial statements.

20 Capital Commitments

As at 31 March 2022 the charity had commitments of £140,000 for projects at Cheam and Haslemere.

21 Post balance sheet events

There are no post balance sheet events that require disclosure.

Principal accounting policies 31 March 2022

◆ **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 were:

- ◆ Holy Cross Hospital, Haslemere, Surrey
- ◆ St Raphael's Hospice, Cheam, Surrey (from 1 April 2020 – 31 October 2020)

As at 31 March 2022, the five existing Communities were: Cheam St Mary's, Surrey; Chelsea, London; Haslemere, Surrey; Much Hadham, Hertfordshire; Stillorgan (Dublin), Ireland.

◆ **Assets and liabilities**

Cash

Cash is held in hand, in bank accounts available on demand, or 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.

Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable the charity will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as at the balance sheet date.

Investments

Investments are held mainly in companies quoted on world stock exchanges (or in funds which invest in the same way), bonds, and property funds, 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.

Principal accounting policies 31 March 2022

◆ Assets and liabilities (continued)

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.

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 instruments

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.

Principal accounting policies 31 March 2022

◆ **Basis of accounting** (continued)

Accounting convention (continued)

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);
- ◆ the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ the Charities Act 2011; and
- ◆ the Companies Act 2006.

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

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 value of the provision;
- ◆ The estimated useful lives of fixed assets and therefore the rates of depreciation; and
- ◆ The future commitments and other obligations that are used to establish the value of designated funds.

In addition to the above, the lasting impact of the global coronavirus pandemic still has some unknowns. For example, valuations used in the financial statements, particularly with respect to the investment properties and listed investments are subject to a degree of uncertainty and volatility.

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.

◆ **Basis of accounting** (continued)

Going concern status (continued)

The trustees are acutely aware of the effect that Covid-19 has had on the charity's finances and operations. The ability to generate income, be that through fundraising channels, care fees from admitting new patients, or investment income has been very difficult and government assistance has been crucial in keeping certain parts of the charity running without large deficits. However, the trustees are confident that the charity has, and will continue to have, sufficient resources to meet its liabilities as they become due.

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 unrestricted reserves to withstand any temporary drop in income or any additional unexpected liability.

◆ **Expenditure**

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

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

Expenditure on raising funds

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

Pension costs

- ***Defined benefit schemes***

The charity contributed to one defined benefit pension scheme, the NHS Pension Scheme, providing benefits based on either final or career-average pensionable salary, depending on the scheme. The National Health Service Superannuation Scheme is a multi-employer defined benefit scheme and is an unfunded 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.

◆ **Expenditure (continued)**

Support costs, including Governance (continued)

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, up to 31 October 2020, at which point they were transferred to the new St Raphael's Hospice charitable company.

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.

Principal accounting policies 31 March 2022

◆ **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 authorities, health authorities, and individuals which cover a period beyond the balance sheet date. This income is carried forward and disclosed as "Income received in advance".

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

Donations and legacies

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

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.

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.