

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

**Annual Report and Financial  
Statements**

31 March 2020

Company Registration Number: 03492921

Charity Registration Number: 1068661

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## 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*

*Website: [holycross.org.uk](http://holycross.org.uk).*

*It has 40 rooms, 40-50 beneficiaries, 135 employees and 31 volunteers.*

- ◆ St Raphael's Hospice, Cheam, Surrey

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

*Senior Officers: Gail Linehan and Nick Stevens*

*Website: [straphaels.org.uk](http://straphaels.org.uk)*

*Mike Roycroft retired as senior officer on 31 March 2020. Nick Stevens and Gail Linehan were appointed as joint interim senior officers on 1 April 2020.*

*The Hospice has 14 rooms, over 2,000 beneficiaries, 144 employees and 830 volunteers.*

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

## 1 Summary of activities (continued)

### *Our finances*

	2020	2019
Total expenditure	£17.1m	£29.5m
Total income	£16.7m	£27.7m
Net expenditure	£(0.5m)	£(1.8m)

These amounts are achieved before investment and other gains and losses and, for 2019, before the transfer of the St Elizabeth's Centre.

### *Our people*

	2020	2019
Total staff costs	£10.1m	£20.1m
Employees	310	680
Volunteers	861	625
Sisters (also volunteers)	44	47

## 2 Trustees

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

Sister Veronica Hagen

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

Sister Mary McGinn (aka Sister Mary Geraldine)

Provincial Bursar

Sister Annette Clemence\*

Sister Anne Kelly\*

Sister Maureen O'Brien\*

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 (over 800), the commitment and effort of the Sisters (44 at 31 March 2020) or without the continuing generosity of their donors and supporters and input of their advisers.

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 2020. The trustees' report, including the strategic report, has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report for the purposes of the Companies Act 2006.

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

### **4 Charity's aim and objects**

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

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

- ◆ advance religion, by establishing and maintaining residencies for the Sisters of the Congregation.
- ◆ relieve poverty and suffering, by establishing and maintaining hospitals, hospices, nursing homes and residential homes for the sick, elderly and needy.
- ◆ advance religion, advance education and relieve poverty and suffering, by direct activity in the community and by all other charitable means, including giving alms to the needy.
- ◆ 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.

#### **4 Charity's aim and objects (continued)**

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

#### **5 Activities**

The trustees are pleased that during the year the charity has continued to provide a range of excellent services, which are all underpinned by the ethos and charism of the Sisters. The charity's services are very much needed in their locality and wider afield, because governmental, charitable and private organisations find such services difficult to provide.

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

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

During the 157-year existence in England of the Daughters of the Cross, they have established many different activities around the country to meet the needs of the locality and the community at the time. As people's needs and the social and economic environment have changed, activities have been adapted, closed, sold or given to others to manage.

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

#### **6 Objectives of the charity**

If there continues to be a need for the Works as there seems to be, and if a viable and long-term future can be established for them, then trustees will attempt to secure their futures in organisations separate from the Sisters and this charity. This has been a successful strategy to date, as can be seen by the continuing activities at St Anthony's Hospital and St Elizabeth's Centre, among others. This objective continues to be necessary as eventually there will be an insufficient number of Sisters with the appropriate skills to be responsible for the remaining Works. Indeed, the separation of the activities of St Raphael's Hospice into an independent charity on 31 October 2020 shows this work is continuing.

## **6 Objectives of the charity (continued)**

The Sisters will continue to carry out their work in accordance with their Constitution, for as long as each of them is able to do so. Where necessary, trustees take advice from professional advisers and, in the case of Holy Cross Hospital up until February 2020, they contracted with a consultant who specialises in business planning and governance in health care settings.

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

## **7 Strategic plans**

- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Ensure that the management teams have the required capacity and capability to run the Works in line with their set objectives, including meeting or exceeding all regulatory standards.
- ◆ Provide healthy and safe environments for Sisters, beneficiaries, staff, volunteers, and visitors.
- ◆ Secure the necessary funding to pay for the services being provided.
- ◆ Explore all options and take all necessary advice to find the most appropriate future for each of the Works.

## **8 Achievements and performance of overall charity and criteria for success**

By the nature of the charity and the work of the Sisters, its success is in continuing to provide the highly-specialised staff, appropriate facilities, and the infrastructure to look after people who are all in need of considerable care and attention every day. For some of the beneficiaries at Holy Cross Hospital, the charity's facilities will be their homes for the rest of their lives, whereas at St Raphael's Hospice, their care may last a short amount of time, and may be in their own home, or within the Hospice building itself. This care has been provided to the required standard or higher and has made a real difference to beneficiaries' lives.

Holy Cross Hospital cares for people with complex neurological disabilities or illnesses caused by accidents or from degenerative illnesses. This year the Hospital has had an average of 98.9% in-patient occupancy. St Raphael's Hospice has provided terminal care and support for almost 2,000 people both within the Hospice and at their own homes, and in many cases has supported their families and friends. In all cases the beneficiaries are given the best quality of life that they are able to experience. The Sisters have continued ministering amongst the staff and beneficiaries within the Works, and in their local parishes, prisons, and all the many other places in which they volunteer.

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

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

## **8 Achievements and performance of overall charity and criteria for success**

(continued)

- ◆ Being satisfied with what they see and hear when talking to staff, beneficiaries and others connected with the services.
- ◆ Being satisfied with what they read in Advisory Committee reports and the discussions at Advisory Committee meetings.
- ◆ Being reassured from the feedback from beneficiary surveys, both formal and informal.
- ◆ Being reassured from reports and feedback from external regulators, particularly the Care Quality Commission (CQC) and from the various local authorities which commission the services.
- ◆ Knowing from internal inspections and organised visits that the Works are meeting or exceeding the required standards.
- ◆ Knowing that any complaints are fully dealt with and revised procedures put in place where necessary.
- ◆ Standing agenda item at each regular trustee meeting to have an update from each of the Works on any significant matters that are currently being managed.
- ◆ Generating financial surpluses which can be reinvested in facilities and services.

The trustees are satisfied that the charity had another successful year, albeit that Covid-19 striking at the end of the financial year put a great strain on the day-to-day operations at each of our locations, particularly in the early stages of the virus hitting the UK as access to PPE was difficult and some staff were placed on furlough as charity shops were closed and fundraising events were postponed or cancelled. The financial effects of the pandemic will be felt for some time across the charity, in areas such as investment valuations and dividends, reduced takings from our charity shops due to months of closure, and public fundraising where events were cancelled and the ability to fundraise effectively was severely curtailed by staff working from home and the public cutting back on charity donations in a time of financial worry for many households. The charity recorded a small deficit before investment losses are accounted for. The financial performance is explained in more detail in the financial review section.

## **9 Reports on each part of the charity**

### **9.1 Sisters' activities**

Like most charities established by Religious Sisters, their involvement makes the charity very different from most other charities in that they are trustees, part of management, donors and beneficiaries. There are six Sister trustees who, like all our Sisters, covenant their pensions and salaries 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.



## **9 Reports on each part of the charity (continued)**

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

Sisters are also working or volunteering as Hospice/Hospital Chaplains or as Pastoral Assistants supporting the spiritual needs of pupils, patients, staff, and relatives. Others are appointed to guide and support groups of the laity who are known as Associates of the Daughters of the Cross. Sisters are active on parish or deanery committees, they are involved in general parish ministry, including visiting the housebound, and sacramental preparation. Others volunteer in various organisations including RESULTS and JPIC, as well as offering practical support in local care homes, hospices, and day facilities. Sisters are involved in school and college governance, in bereavement counselling, counselling those with learning disabilities and in local ecumenical projects that offer practical help to the homeless and people on low incomes.

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.

The project to exhume the remains of 115 Sisters of the Congregation that were buried at the charity's memorial grounds in Cheam was completed this year. This project was necessitated by the persistent trespassing onto the site and the damage that was being caused. The Sisters' remains were re-located to another of the charity's memorial grounds, in Haslemere. The Community of Sisters in Tracy, California was closed in June 2019, with the Sisters moving to some of our existing Communities within England and Ireland.

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

### **9.2 Holy Cross Hospital**

#### ***Activities***

Working in close co-operation with the NHS (from which most patients are referred), Holy Cross Hospital provides high quality inpatient services to adults with severe and complex neurological disabilities or illnesses that may arise from acquired brain injury, spinal cord injury or 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.

## 9 Reports on each part of the charity (continued)

### 9.2 Holy Cross Hospital (continued)

#### **Activities** (continued)

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

#### **Strategies**

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

#### **Objectives and achievements**

The Hospital's plans for 2019-2020 included the following objectives:

Objective	Achievement
The implementation of an electronic patient record system.	<b>Partially achieved</b> Work was incomplete as at February 2020 and then put on hold due to Covid-19
Construction of a treehouse walkway for patients and their families	<b>Partially achieved</b> The project is scheduled to be completed in 2021
Improve the support on offer for families of patients	<b>Achieved</b> The PLACE assessment shows a high score given by patients, and visitors to the Hospital
Launch post-natal physiotherapy services through the physiotherapy centre	<b>Achieved</b> The 'Mummy MOT' service is being delivered through the physiotherapy centre

The Hospital started the year with two empty beds and ended it fully occupied. During the year, four patients died, and one patient was discharged home after a period of rehabilitation. There were seven new admissions.

## 9 Reports on each part of the charity (continued)

### 9.2 Holy Cross Hospital (continued)

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

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

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

During the year there was further investment in the hospital's plant and equipment, including completing the program of replacing lights with LED lighting, helping to reduce energy usage and costs.

In the final few weeks of the financial year the Hospital's response to the clinical effects and risks to patient safety caused by Covid-19 was swift and thorough. The trustees are proud of the way the Hospital staff worked to ensure safety for all of the people on the site. This work has obviously had to continue since the year-end, as described below.

#### ***Events since the year-end and future plans***

Since the year-end, the Hospital has had to continue to work very hard to ensure the correct procedures, guidance, and personal protection equipment have been in place to keep all beneficiaries, staff, and visitors safe whilst they are on the Hospital premises. This work has paid off and the Hospital has managed the risks extremely well. There have been some negative effects of the pandemic that were required; outpatient services such as physiotherapy and hydrotherapy were closed for a period of time and some aspects of the new 5-year business plan had to be delayed for several months while the Hospital dealt with the effect of Covid-19. Financial projections will need to be revised for 2020/21 but there are no significant concerns for the operating financial model at the Hospital.

Future plans include:

- ◆ Complete the design and implementation of the electronic patient record system.
- ◆ Finish the treehouse walkway construction project.
- ◆ Commence work on converting and extending St Joseph's convent into a ten-bed inpatient ward to increase capacity.
- ◆ An evaluation of extending outpatient services to neuro-physiotherapy, extracorporeal shockwave therapy, and women's health.

## 9 Reports on each part of the charity (continued)

### 9.3 St Raphael's Hospice

#### **Activities**

St Raphael's Hospice provides services and support to the communities of the London Boroughs of Sutton and Merton (a population of approximately 420,000). This is done by providing excellent person-centred palliative and end-of-life care to people at the Hospice, in their own homes or nursing/residential homes. Working collaboratively with colleagues in primary care we support patients receiving the right care in the right place at the right time whilst also being able to offer in-patient care if necessary.

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

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

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

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

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

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

#### **Strategies**

- ◆ Ensure patient-centred care is central to everything we do; this care extends to their family and friends.
- ◆ Build on the existing high-quality team of volunteers in order to maximise the benefits to patients and the volunteers' satisfaction in working with them.

## 9 Reports on each part of the charity (continued)

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

#### **Strategies** (continued)

- ◆ Ensure education is maintained as a fundamental principle to improve standards of care at the Hospice.
- ◆ Workforce planning and development to ensure the required numbers of specialist staff are in post to meet the Hospice's current and future needs.
- ◆ Maintain the ethos of the Hospice and the Congregation.

#### **Objectives and achievements**

The Hospice had the following objectives for 2019-2020:

Objective	Achievement
Launch St Raphael's Hospice as a new and independent charity	<b>Partly achieved</b> A new charitable company was set up and registered in readiness for the agreed transfer to take place on 31 March 2020. However, the Covid-19 pandemic has delayed this transfer to 31 October 2020
Deliver the first phase of the clinical action plan to improve clinical performance and innovative practice, including developing a new staff system	<b>Achieved</b> The first phase has commenced. We have also merged the management of the CPCT and Hospice at Home teams
Open the new wellbeing centre with increased therapeutic services and relaxation spaces	<b>Achieved</b> The Wellbeing Centre was launched in January 2020 in a newly refurbished space in the St Bede's conference centre
Invest judiciously in the Hospice's buildings and grounds to enhance the ambience of the site	<b>Partly achieved</b> This work is ongoing across the site
Continue to improve income generation through the development of the fundraising department and the programme of enhancement for the network of shops	<b>Partly achieved</b> Donations rose by 8% in 2019/2020. Two new roles within donor-facing recruitment were recruited to. Seven out of the ten operating shops were refurbished and upgraded.

This year the community palliative care team assessed 977 (2019: 1,047) new patients and undertook 2,972 (2019: 3,051) follow-up visits to patients in their own homes; the Hospice at Home service received 266 referrals (2019: 296) and made 1,807 support visits (2019: 2,164); the Jubilee (now Wellbeing) Centre supported 211 patients (2019: 263) and the psycho-social team supported 287 people (2019: 284). The inpatient unit admitted and cared for 207 patients compared with 225 last year and bed occupancy remained at 84%.

## 9 Reports on each part of the charity (continued)

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

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

St Raphael's financial performance is heavily reliant on donations from the general public. Net expenditure (excluding contributions from the Congregation) at the Hospice for 2019/20 was £77k, compared to last year's deficit of £537k. There was a 28% increase in donations and legacies compared to 2018/19 (£3m, up from £2.4m), with total income up by 14% to £6.3m. The cost of charitable activities rose 3% from £4.1m to £4.2m and the cost of fundraising went up by 10% to £2.1m.

#### *Events since the year-end and future plans*

The future of St Raphael's Hospice has been an on-going project for some years, and it was finally transferred into a new charitable company on 31 October 2020 under a new body of trustees. At present, two Sisters, both trustees of the Daughters of the Cross of Liege, are trustees of the new charity to help with the transition to independence; the Daughters of the Cross established and have run the Hospice since 1987.

The Hospice's assets less liabilities, but excluding the freehold land and buildings, have been gifted to the new charity, although in legal terms it is a transfer from one charity to another. The three freehold buildings the Hospice currently operates from will be leased to the new charitable company on long leases, by the Daughters of the Cross, at a peppercorn rent. St Raphael's Hospice is a company limited by guarantee (registered number 11732567) and a registered charity (registered number 1182636).

The Hospice has benefitted from the grants made available to the Hospice sector by HM Treasury and administered by Hospice UK, for which it is very grateful. The grant was recognised in this financial year, but has helped the Hospice to be able to be part of the response to Covid-19 from April 2020, by answering the CCG's call for six of the Hospice's beds to be made available for palliative care required due to Covid-19.

It has also benefitted from the furlough scheme and business grants from local authorities where we have shops. These grants have helped reduce the inevitable losses suffered because of the requirement to close the charity's shops and the curtailment of fundraising activity.

The Hospice has these key objectives for 2020-21:

- ◆ Complete the transfer of the assets and activities of the Hospice to an independent charitable company.
- ◆ Recover from the effects of the Covid-19 pandemic; which included the temporary closure of the shops, cancelling fundraising events, the furlough of some staff members, and adapting to new and changing circumstances over the next twelve months.
- ◆ Deliver the first phase of the five-year plan of financial sustainability. The plan has three key components; Excellence, Visibility, and Engagement.

## 10 Volunteers

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

The trustees and the management teams at each of the Works are very grateful to the hundreds of volunteers around the charity who give freely and generously of their time and who bring enthusiasm and dedication and make an enormous contribution to the lives of the beneficiaries. The sheer variety and scale of the volunteers' contributions means that it would be impossible to try to put a value on their services.

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

At St Raphael's Hospice there were some 830 active volunteers during the year, and they contributed 51,850 hours of their time, compared with 818 people and 48,243 hours last year. Some volunteers take on several roles. They cover a whole range of activities from Supporter Groups (308) and Charity Shops (188) through Corporate Volunteers (48) and Flowers and Gardens (17) to Chaplains (11) and Receptionists (74). As well as their time, they also bring the local community into the Hospice, so that St Raphael's is truly an integrated part of the society to which it belongs.

## 11 Financial Review (including reserves)

### Results

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

	<b>Works</b>	<b>Sisters*</b>	<b>Total</b>	<b>Total</b>
<b>2020</b>	<b>£'000</b>	<b>£'000</b>	<b>2020</b>	<b>2019</b>
			<b>£'000</b>	<b>£'000</b>
Cost of providing services	(11,376)	(2,789)	(14,165)	(26,473)
Charitable activities' income	8,387	—	8,387	18,677
St Raphael's non-grant income (net)	2,299	—	2,299	1,944
<b>Operating deficit</b>	<b>(690)</b>	<b>(2,789)</b>	<b>(3,479)</b>	<b>(5,852)</b>
Other charity net income	2,999	—	2,999	4,034
<b>Operating surplus/ (deficit) after other income</b>	<b>2,309</b>	<b>(2,789)</b>	<b>(480)</b>	<b>(1,818)</b>
Transfer of St Elizabeth's Centre			—	(28,366)
Investment (losses) gains			(8,415)	3,022
<b>Net expenditure</b>			<b>(8,895)</b>	<b>(27,162)</b>



## 11 Financial Review (including reserves) (continued)

### Results

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

\*Members of the Congregation

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

The operating deficit of £3.5m is a £2.3m improvement on last year's result, however the other net charity income (predominantly investment income and Sisters' salaries and pensions) reduced by 25% from £4m to £3m. These outcomes combined resulted in an operating deficit after other income of £480k, compared to the £1.8m deficit last year.

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

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 paid off, as can be seen by the small in-year surplus it generated (before charity-wide support costs are allocated). Staff costs of £5m are 75% of its running costs, which is not unusual in healthcare settings. The Hospital had income from CCGs and Local Authorities of £6.2m, £400k of income from private patients, and £200k of other income. The total cost of running the Hospital before charity-wide support costs was £6.7m.



## 11 Financial Review (including reserves) (continued)

### *Results (continued)*

The Hospice's costs of its charitable activities is £4.1m but it only received £1.8m charitable activities income, creating a £2.3m shortfall that has to be bridged through fundraising and trading activities. Net income from fundraising, lotteries and shops amounted to £2.1m, creating a £200k operating deficit this year. Staff costs of £4.4m are 71% of total costs.

The trustees' and managements' focus at both the Hospital and the Hospice is to ensure a stable and improving financial operating model at both locations, so that they can continue to run successfully into the future.

### *Investment gains and losses*

There were investment losses of £8,415,000 for the year (2019 – gains of £3,022,000). These are explained in the section on Investment management, review and performance.

### *Reserves policy and funds*

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

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

The trustees consider that, given the level of annual expenditure and the nature of the income and risks of the charity's Works, the level of free reserves required should represent between 3 and 6 months' 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 that the free reserves of the charity should be near to the upper limit of the reserves policy. This enables trustees to react to adverse events and buys time for when changes are required to be made.

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 2020 stands at £5.0m (2019 – £4.7m) which represents around 5.7 months (2019 – 5.1 months) of the recurring annual unrestricted expenditure, which is within the current reserves policy.

## 11 Financial Review (including reserves) (continued)

### ***Restricted funds***

Restricted funds of the charity relate to the free reserves of St Raphael's Hospice, plus monies which have either been raised or given for, or their use restricted to, specific purposes or which comprise donations subject to donor-imposed conditions (which would include being spent at a particular Work). At 31 March 2020 they amounted to £4.6m (2019 – £5m) of which £3.4m (2019 – £3.7m) is in respect of the Hospice and £1.1m (2019 – £1.3m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Physiotherapy Centre, with the remainder (the restricted fund) being invested so the income generated can fund the maintenance costs and keep the facility running.

### ***Designated Funds***

The fixed asset fund amounts to £34.2m (2019 – £34.6m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

- ◆ Daughters of the Cross fund of £38m (2019 – £38m). This fund is established to ensure that the work of the Sisters is continued in the UK and around the world for as long as possible. It is invested for the long-term so that only the income is spent. The income helps to meet the shortfall of the Sisters' covenanted income over the costs of their welfare and apostolic activities, together with meeting the care costs of the frail and elderly members. The fund has been maintained at the same level as last year; although the number of Sisters has reduced, the level of income that will be produced by the invested assets will also be lower this year, mainly due to cuts made to dividends by UK listed companies.
- ◆ Provincialate fund of £25m (2019 – £25m). This fund has been established so that the income from it will meet the running costs of the charity's central core functions. This facility will be required for the foreseeable future as the Provincialate has no source of income other than investment income.
- ◆ Charitable activities fund of £21.1m (2019 – £28.9m). This fund is invested to underpin the wide needs of the Works and other charitable activities. The needs are connected with the objective of finding long-term secure futures for the Works and the long-term accommodation and other needs of the Sister beneficiaries. It is 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 is the maximum amount currently available. The reduced amount available to be designated is due to the fall in the value of the investments in March 2020.

## 11 Financial Review (including Reserves) (continued)

### *Designated Funds (continued)*

- ◆ St Raphael's Hospice fund of £6.3m (2019 - £6.3m). This fund was established following discussions between trustees and the senior management team at the Hospice regarding possible ongoing support once the separation has been concluded. The amount is made up of two distinct amounts. The first is £3.6m which may be required in the shorter term to support the first five years of the business plan. The second is £2.7m which is to be held by the Congregation as a contingency against the risks of delay, variances against inflation assumptions built into the new business model, and possible volatility in legacy income.
- ◆ Worldwide fund of £6.1m (2019 – £6.5m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide.

Other than the tangible fixed assets fund, £88.3m (92%) of the £96.4m of designated funds are represented by fixed asset investments.

### *Overall*

The overall position is that total funds have reduced over the year by £8.9m (2019 – a reduction of £27.2m). This is almost entirely due to the fall in the value of the investment portfolio in March 2020, which lead to investment losses of £8.4m from the prior year total. At 31 March 2020 the charity has total funds of £140.1m (2019 – £149m).

## 12 Investments

### *Investment policy*

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

The 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 the teachings of the Catholic Church. Trustees believe that the overall long-term return on the investments need not be materially affected by the ethical restrictions that form part of the overall policy. The investment policy is reviewed every year by the trustees.

## 12 Investments (continued)

### ***Investment policy (continued)***

No charity funds are directly invested in companies which generate significant income from armaments, adult entertainment services, or companies which are involved in areas of activity contrary to the sanctity of life. In addition, all investments are screened to check the companies' compliance with the International Labour Organisation standards. For other areas of investment stewardship (for example the environment or governance), the policy is to adopt an "engagement" approach, which means using the charity's position as a shareholder, through its investment managers, to encourage companies to adopt more ethical and socially responsible policies and procedures. The investment managers either internally, or using external agencies, monitor the activities of those companies in which the charity is invested, and the results of that monitoring are considered at all investment meetings. Our managers are asked to either follow-up on issues that they are currently engaging on, or we ask them to start to engage with companies on other topics (usually concerning environmental, governance or societal issues).

The charity's investment policy is to undergo a thorough review during 2020/21 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 the Works.

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

The investments performed well for the first ten months of the year. However, one effect of the Covid-19 pandemic was that it created a great amount of uncertainty in financial markets and stock exchanges around the world saw large losses during February and March 2020. As a result, our investment portfolio suffered a large fall in value at the end of our financial year. At 31 December 2019, our investments were valued at £104.3m. However, this total was £89m at the year end, a 15% fall in the final quarter of the year.

However, despite these particular issues, the portfolio saw growth following the year end, and as at the date of signing the accounts, the investments have recovered a good deal of the losses seen in 2019/2020. The investments will continue to be carefully monitored as times remain volatile and investment income levels remain fragile, with dividend cuts seen from approximately half of FTSE 100 companies.

## 12 Investments (continued)

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

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 year ended 31 March 2020 was as follows:

(Shown on a total return basis)	2020		2019	
	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock	-8.97	-10.53	6.53	6.95
Sarasin	-1.70	-6.60	7.00	7.20
Smith & Williamson	-7.80	-7.80	5.42	5.62

The trustees are satisfied with their investment managers' actions and performance and have no significant concerns about them. Although all three recorded losses for the year, this was expected given market conditions, and the above table shows all three delivered losses in line with, or smaller, than their benchmarks.

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

Since the year-end, markets have stabilised and valuations on the whole have recovered. As at 30 September 2020, the total value of the investment portfolio (excluding investment properties) was £97.3m, which is a significant recovery from the £89m at 31 March 2020.

## 13 Fundraising

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

During the year, there were no reported failures in compliance with the Fundraising Regulator or other regulatory bodies, including the Gambling Commission (2019: none) and no fundraising complaints received (2019: none).

### **13 Fundraising (continued)**

Within the charity, St Raphael's Hospice is the principal fundraising area. Holy Cross Hospital does not undertake fundraising activity itself, but it does benefit from another charity, the League of Friends of Holy Cross Hospital's fundraising efforts. In 2019/20, the Hospice raised £4.4m (2018/19: £3.9m) to set against its operating costs. The Hospice has an in-house fundraising team which maintains high standards of ethical fundraising and whose procedures and activities are kept under regular review. For example, the Hospice supports its staff in attending dementia awareness training and is signed up to the fundraising preference service.

St Raphael's Hospice has two commercial contracts with third party fundraisers. Salvia Fundraising acts on its behalf to fundraise from trusts, foundations and The National Lottery Community Fund. Sterling Lotteries runs its weekly draw and two raffle draws each year. At the end of the reporting year we had 5,976 weekly players (2019: 5,929) with 8,388 chances to win (2019: 8,318). The Hospice also manages eight volunteer Supporter Groups which are committees whose members fundraise in their local area by organising events, attending fairs, placing collection cans and supporting Hospice-run activities. The groups currently contain 71 members (2019 – 71). It also benefits from the support of individual fundraisers who carry out activities in aid of the Hospice. They receive a fundraising pack and are supported by regular communication and by the provision of relevant information e.g. legal advice, contact details and how to bank funds. Each group member receives a photo ID badge to allow them to fundraise and collect legally, on behalf of the Hospice.

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

The Hospice does not sell or exchange information in its databases with any other charities or companies, nor does it make them available to third-party organisations.

### **14 Risk management**

The charity works with vulnerable 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 they cannot control, and which cannot be mitigated. Trustees are nevertheless committed to maintaining highly-developed risk management processes across the charity.

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

#### 14 Risk management (continued)

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

The charity is exposed to the normal risks of regulatory and compliance requirements (particularly safeguarding), physical and cyber risks, prices for goods and services, credit and liquidity risk, as well as the external risks of funding bodies and the wider domestic economy. There are also the risks associated with the volatility of investments, including the effects of investing overseas and in foreign currencies.

The Covid-19 pandemic created a collapse in markets and across economies. However, in the months following the outbreak of the virus, markets have gone on to recover a large proportion of the value they lost in March 2020. Equally, our actively managed and diversified portfolios have been more resilient than, for example, the FTSE100 Index. In this example, our risk management planning and actions have helped to avoid the worst financial effects of Covid-19 at the time of writing. The pandemic also damaged income generation from shops, was a direct health threat to the Sisters, to beneficiaries, and to staff and the restrictions imposed in the UK created many operational challenges which needed to be overcome.

The level of the charity's reserves deals with the implications of some of these. The most significant amongst the risks which the charity faces and how it mitigates them are set out below.

Risk	Mitigation
<u>Safeguarding Beneficiaries and Reputation</u>  Where an incident could result in regulatory difficulties or approvals being withdrawn.  Where any significant problem could result in the loss of beneficiaries and the loss of income.	 Appropriate staffing structures, recruitment practices and training and development programmes are embedded across the Works. There is also regular monitoring visits and inspections to ensure our robust policies remain fit for purpose.  There is an ethos of ensuring an open culture and continual improvement, which allows incidents to be reported and then analysed.  Good internal clinical management is backed up by access to specialist external advisors.



#### 14 Risk management (continued)

Risk	Mitigation
<p><u>Clinical quality and management</u></p> <p>At both Holy Cross Hospital and St Raphael's Hospice the care and treatment of patients requires careful management of risks. At the Hospital, patients are very vulnerable people and their well-being requires well established and effective clinical governance arrangements. At the Hospice, specialist palliative and end-of-life care operates, at times, at the boundaries of medical knowledge, which means there is a risk that the use of innovative drugs or other treatment regimens could result in patient harm.</p>	<p>Attention is given to the clinical education and training of all clinical staff members to ensure we are up-to-date with current knowledge and practice.</p> <p>Hospital patient (or representative) feedback is actively sought and where applicable, practice and/or policy is updated.</p> <p>At the Hospice, staff continue to work within the boundaries of orthodox, as informed by published guidelines such as British National Formulary, PCF6 and the NICE guidance.</p> <p>Feedback is actively sought from patients or their families and a culture of openness and continuous improvement is nurtured by senior management.</p> <p>The Hospice has invested in incident reporting software to better report and analyse data and drive improvement.</p>
<p><u>Workforce</u></p> <p>The employment of staff gives rise to risks such as an inability to recruit to key positions, retention of key staff, alleged breach of contract and the employment of unsuitable persons and external competition for specialist staff (particularly from the NHS with regard to clinical staff and the outstanding terms and conditions on offer).</p> <p>Specifically, at the Hospice, one risk faced is of an aging workforce, against the backdrop of the national shortage of nurses in general, but in particular, more highly qualified clinical nurse specialists.</p>	<p>The Congregation is an equal opportunities employer and applies objective criteria to assess merit to ensure no applicant or employee receives less favourable treatment. Selection criteria and procedures are regularly reviewed.</p> <p>At the Hospice, a rotational training opportunity for more junior nurses has been created. This allows them to develop the niche specialist skills that are required by the Hospice.</p> <p>The Hospice strives to provide a different working environment to the NHS, with many non-financial benefits arising from the nature and purpose of its service delivery.</p>



#### 14 Risk management (continued)

Risk	Mitigation
<p><u>Resources</u></p> <p>The Congregation holds a substantial amount of listed financial investments. A significant and prolonged fall in the value of these investments, together with a reduction in the income derived from them (e.g. widespread cutting of dividends paid by companies) would have a detrimental impact on the ability to fund the central office of the charity or maintain grants to the worldwide Congregation at their current level.</p> <p>The Hospice runs at a deficit and there is a risk that funds become insufficient to enable it to continue to deliver all its services to the degree it would choose to do.</p> <p>Funding from statutory bodies is a perennial and very real risk to the services provided at our Works. Funding from local authorities or CCGs, in the face of budget cuts, may be held static or reduced.</p>	<p>The investment portfolio is monitored through regular reporting, regular meetings with investment managers, and a diversified portfolio held across three different managers. Expertise is also provided by independent investment advisors who are members of the finance advisory committee.</p> <p>A new 5-year business plan has been designed and implemented to seek to ensure the Hospice's future long-term financial sustainability and mitigating actions have been put in place to guard against slippage or deviations from the plan. A fundraising plan to diversify income streams and reduce reliance on legacies has been put in place.</p> <p>Engagement and positive dialogue with key commissioners are constant processes across the Works to try and ensure that funding levels keep pace with rising costs. Robust costings are in place for new admissions. Cost controls are in place at the Works to ensure efficient spending plans.</p>
<p><u>Health and safety</u></p> <p>The physical environment in which we care for our beneficiaries carries inherent risks to patients, staff and other visitors. There are many health and safety risks present at each of our sites which may cause harm to vulnerable people.</p>	<p>Health and Safety management and reporting is interwoven into everything that happens in our clinical settings. The health, safety and wellbeing of those people in our care is paramount. Risk assessments and monitoring is constant.</p>

#### 15 Events since the year-end and future plans

During the period from 31 March 2020 to the date that the financial statements were approved, the coronavirus (Covid-19) outbreak had spread worldwide and caused extensive disruptions to businesses as well as economic activities within the UK.

**15 Events since the year-end and future plans** (continued)

We have considered the effects of the 2020 outbreak of Covid-19 on the charity's operations and have concluded that the financial impact on it is likely to be limited, even though in the short-term, many areas of operation across the charity have been heavily disrupted since March 2020. Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, we have enacted procedures to facilitate this and have implemented detailed plans specific to the different operations within the charity that enables the charity to continue as fully and effectively as possible.

Within the Hospice, the whole team has been engaged in the management of the crisis arising from the pandemic. This included restricting the footfall on site, the challenge of arranging for meeting the required levels of PPE at all times, and protocol for all staff, particularly the frontline teams, agreeing to take additional capacity from the NHS, cancelling fundraising events, closing our shops and furloughing staff.

Within the Hospital, the five-year business plan produced in February 2020 and due to be implemented from 1 April 2020 has had to be delayed for a period of months while the effects of Covid-19 are analysed and worked through. While financial projections for 2020/21 have had to be revised, the areas covering in-patient and out-patient services, teaching developments, and research will be brought into action when possible.

Trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the charity, its beneficiaries, partners and stakeholders and on wider society. As well as the potential personal risk to health of its beneficiaries, staff and the Sisters, the charity will see a short-term reduction of budgeted income from fundraising, shops, and investments, although there may be some expenditure savings or delays in planned activity and costs that will reduce any in-year deficit for 2020/21. The reduced opportunities for scheduled face-to-face interaction may have a small impact on the ability to plan effectively for the medium term and some activities expected to be progressed or completed in 2020 may be delayed. However, the trustees and staff have adapted to new ways of working and were in a good position to use digital resources when working remotely well in advance of this emergency situation. It is not anticipated at the current time that the overall financial position of the charity will be adversely affected, or its financial solvency threatened.

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

After many years of work and resolve by the trustees, Hospice senior management and the new trustees of the independent charity, St Raphael's Hospice was transferred to its own charitable company on 31 October 2020. The trustees see this as a great success, as it means that those who need specialist palliative and end-of-life care will be able to access it from the Hospice for many years to come.

**15 Events since the year-end and future plans** (continued)

The trustees are also reviewing the properties the charity owns with a view to ensuring that the Sisters in community are living in suitable arrangements that will allow them to be settled in the medium and longer term. Living in community is an important part of the Sisters' lives and, with the number of Sisters in the Congregation falling, it is vital that good decisions are made with regards to where and how the Sisters are residing. A part of this work will involve resolving the future of the 29 Tite Street property, which currently houses the Provincialate Office and the Chelsea Community of Sisters.

Design and planning work has commenced to convert and extend St Joseph's Convent, Haslemere into a ten-bed in-patient ward. The ward will provide additional capacity at Holy Cross Hospital. As part of this project, in February 2020 the Sisters living in St Joseph's Convent moved to live in Marie Therese House, another Convent building on the same site.

***Other matters***

**16 Public benefit**

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

Holy Cross Hospital provides services which are not widely available within the NHS or elsewhere. In an age of increased longevity, St Raphael's Hospice provides palliative care, increasingly in the Community rather than at the Hospice.

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

**17 The environment**

The trustees are aware of the charity's social responsibility to protect the environment. All Works have conservation and waste programmes in place to reduce the consumption of energy and water, to reduce waste so that as little as possible goes to landfill and to recycle metals, chemicals, etc. wherever possible. Our St Mary's Convent uses solar panels to generate a lot of its electricity, 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 power and other 'green' energy funds and regularly engages with our investment managers on climate change matters.

## 18 Streamlined Energy and Carbon Reporting

Under the new 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 it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the charity employs more than 250 employees and has a balance sheet total of greater than £18million. This information is summarised below.

This year is the first year of reporting these metrics so there are no prior year comparative figures to be reported. The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20 UK consumption (kWh)
Natural gas (Scope 1)	3,059,706
Transportation (Scope 1)	81,266
Grid-supplied electricity (Scope 2)	5,686,668
Transportation (Scope 3)	100,108
<b>Total</b>	<b>8,927,748</b>

The total emissions (tCO<sub>2</sub>e) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20 UK emission (tCO <sub>2</sub> e)
Natural gas (Scope 1)	563
Transportation (Scope 1)	20
Grid-supplied electricity (Scope 2)	1,454
Transportation (Scope 3)	23
<b>Total</b>	<b>2,060</b>

**18 Streamlined Energy and Carbon Reporting** (continued)

An intensity metric of tCO<sub>2</sub>e per headcount number of employees for the annual UK consumption has been calculated as follows:

Total tCO <sub>2</sub> e emissions	2,060
Average headcount employees for the year (Note 5)	310
Intensity metric	6.6

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co<sub>2</sub>e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. The Emission Factor Database 2019, Version 1 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 310 employees, and has been applied to all the carbon emissions reported.

There have been several energy efficiency improvements made during the year. The charity filed its Energy Saving Opportunity Scheme (ESOS) Phase II submission in November 2019. The report received from the ESOS assessor listed several opportunities to reduce our energy usage. Some of these recommendations have been implemented already, others are being worked towards. Holy Cross Hospital completed their programme to replace lights with LED lighting and are looking into the potential use of solar power and combined heat and power (CHP). St Mary's Convent continues to use solar panels. The Provincialate is researching transferring to 'green energy' tariffs when its gas and electricity contracts are due for renewal in the Autumn of 2020. Energy efficiency measures prioritised for 2021 are energy efficient lighting and equipment installed during any refurbishments of properties and the move to green energy tariffs when existing contracts come to an end.

## **19 Structure and governance**

### **19.1 Legal structure**

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

In terms of Canon Law (which is the law of the worldwide Roman Catholic Church) the Congregation of the Daughters of the Cross of Liege is governed at an international level by the Superior General and her General Council (the Generalate). They are elected every six years at a meeting of elected representatives from around the world called a General Chapter. At the 2018 General Chapter a Superior General and four General Councillors were appointed for a six-year term. Two of the Councillors are Sister Mary MacLaughlin and Sister Maureen O'Brien, both of whom are Sisters of the English Province.

The English Province, which covers Communities in England and Ireland, is governed by the Provincial Superior (Sister Veronica Hagen) and her Provincial Council (Sister Annette Clemence, Sister Kathleen O'Reilly, Sister Maureen O'Brien and Sister Anne Kelly) who were all appointed for a three-year term. The Provincial Bursar, Sister Mary Geraldine, is appointed by the Provincial Superior and this appointment continues until such time as a change is made. By reason of holding these offices, these six Sisters are the trustees.

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

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

### **19.2 Governance and trustees**

The Articles of Association provide that there shall be between three and ten trustees. The number will always include Sisters who are trustees by reason of their respective offices within the English Province of the Congregation. The trustees at 31 March 2020 are shown on page 2. They have all lived and worked for many years within one or other of the charity's Works and all have personal experience of the services which the charity offers or has offered to the public.

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

## **19 Structure and governance (continued)**

### **19.2 Governance and trustees (continued)**

The trustees meet six times during the year on pre-arranged dates. Additional meetings are held as circumstances dictate to deal with time-sensitive issues such as changes to bank mandates, leases, etc. as well as projects relating to the future of any of the Works. Trustees carry out Provider visits to the regulated activities to comply with legislation and, where it is more appropriate, trustees appoint others to carry out these visits. Opportunities are taken to develop and enhance trustees' knowledge and expertise, and during the year they have attended various conferences, seminars and training sessions on safeguarding, investments, risk, and criminal action in the workplace. Trustees reviewed the investment policy, refreshed their Essential Trustee knowledge, and their working knowledge of the UKBA regulations relating to Tier 2 and Tier 5.

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 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.

## **20 Management**

### **20.1 The Provincial Superior**

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

## **20 Management (continued)**

### **20.2 The Communities**

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

Each Community has a Sister Superior who is appointed by the Provincial Superior and to whom is delegated authority and responsibility for it.

### **20.3 The Works**

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

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

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

### **20.4 Employees**

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

Whenever an employee becomes disabled, 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.



## **20 Management (continued)**

### **20.5 Key management personnel**

The trustees are key management personnel although they are not remunerated. Other key management personnel are the senior officer at each of the Works (who has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross) and the 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 Works' Advisory Committees and with regard to the external market.

## **21 Related parties**

### **21.1 The Sisters**

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

### **21.2 Generalate of the Congregation**

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

### **21.3 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.

## **22 Stakeholder engagement**

The trustees are very aware of the enormous contribution the staff and volunteers of the charity make. 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 supplier. 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.

## **22 Stakeholder engagement** (continued)

At the charity's Holy Cross Hospital site, a Patients Survey is carried out each year, to help the management team at the Hospital to judge performance and ensure areas of weakness are addressed, so that patients and their families receive the best care we can provide.

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

The trustees have discussed the Charity Governance Code at trustee meetings since the start of 2019 and are aware of the importance of having high standards of governance and the right culture and ethos with the charity.

The two Works of the charity, Holy Cross Hospital and St Raphael's Hospice, both have their own dedicated websites, which are kept updated with the latest news and events that are taking place at those sites. Social media sites are also used to promote charitable events and activities. St Raphael's has its own Twitter, Instagram and Facebook accounts, which all share the successes, upcoming events, and news from the Hospice. Holy Cross Hospital also has its own Facebook page and Twitter account.

## **23 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.

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

Each of the trustees confirms that:

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

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

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 16 November 2020 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*

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

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

**Opinion**

We have audited the financial statements of The Congregation of the Daughters of the Cross of Liege (the 'charitable company') for the year ended 31 March 2020, 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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

**Other information** (continued)

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

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

15 December 2020

# Statement of financial activities Year to 31 March 2020

		Unrestricted funds		Restricted funds	Total funds 2020	Total funds 2019
	Notes	General fund £'000	Designated funds £'000	£'000	£'000	£'000
<b>Income and expenditure account</b>						
<b>Income from:</b>						
Charitable activities		6,575	—	1,812	8,387	18,677
Donations and legacies		680	—	3,092	3,772	3,336
Other trading activities		—	—	1,404	1,404	2,209
Investments		2,930	—	19	2,949	3,200
Other income		149	—	—	149	304
<b>Total income</b>	1	<b>10,334</b>	<b>—</b>	<b>6,327</b>	<b>16,661</b>	<b>27,726</b>
<b>Expenditure on:</b>						
Raising funds	2	835	—	2,141	2,976	3,071
Charitable activities	3					
Support of members of the Congregation and their ministry		2,607	—	—	2,607	2,196
Running:						
A Centre for Epilepsy - St Elizabeth's Centre		—	—	—	—	10,889
A Hospital - Holy Cross		6,828	—	67	6,895	6,333
A Hospice - St Raphael's		—	—	4,481	4,481	4,190
A Care Home - St Wilfrid's		—	—	—	—	2,707
Grants and donations		182	—	—	182	158
		<b>9,617</b>	<b>—</b>	<b>4,548</b>	<b>14,165</b>	<b>26,473</b>
<b>Net expenditure before St Elizabeth's Centre transactions and investment gains</b>						
		(118)	—	(362)	(480)	(1,818)
Transfer to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)	19	—	—	—	—	28,366
<b>Total expenditure</b>		<b>10,452</b>	<b>—</b>	<b>6,689</b>	<b>17,141</b>	<b>57,910</b>
Net expenditure before investment gains and losses, and transfers		(118)	—	(362)	(480)	(30,184)
Losses gains on investments	8	(8,291)	—	(124)	(8,415)	3,022
<b>Net expenditure</b>		<b>(8,409)</b>	<b>—</b>	<b>(486)</b>	<b>(8,895)</b>	<b>(27,162)</b>
Transfers between funds	12, 13	8,685	(8,747)	62	—	—
<b>Net movement in funds</b>		<b>276</b>	<b>(8,747)</b>	<b>(424)</b>	<b>(8,895)</b>	<b>(27,162)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward at 1 April 2019		4,696	139,309	5,036	149,041	176,203
<b>Total funds carried forward at 31 March 2020</b>		<b>4,972</b>	<b>130,562</b>	<b>4,612</b>	<b>140,146</b>	<b>149,041</b>



## Statement of financial activities Year to 31 March 2020

With effect from 30 September 2018, the activities of St Elizabeth's Centre were transferred to an independent charitable company called St Elizabeth's Centre (Company no: 11087989; Charity no: 1176777). This has an independent board of trustees although three Sisters, two of whom are currently Daughters of the Cross trustees (Sister Veronica Hagen and Sister Annette Clemence), are also trustees at St Elizabeth's Centre to help with the transition. Certain of the assets and liabilities of St Elizabeth's Centre were transferred to the new charitable company – details are provided in note 19 to these financial statements. The income and expenditure relating to St Elizabeth's Centre are defined as discontinued activities within the Congregation of the Daughters of the Cross of Liege.

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

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

<b>SOFA</b>	<b>Continuing £'000</b>	<b>Dis- continued £'000</b>	<b>2020 Total £'000</b>	<b>Continuing £'000</b>	<b>Dis- continued £'000</b>	<b>2019 Total £'000</b>
Income	16,661	—	16,661	15,561	12,165	27,726
Expenditure, excluding impairment	(17,141)	—	(17,141)	(15,331)	(14,213)	(29,544)
<b>Net (expenditure) income before investment gains, other gains and losses, transfers and impairment</b>	<b>(480)</b>	<b>—</b>	<b>(480)</b>	230	(2,048)	(1,818)
(Losses) gains on investments	(8,415)	—	—	3,022	—	3,022
<b>Net movement in funds excluding transfer to St Elizabeth's Centre</b>	<b>(8,895)</b>	<b>—</b>	<b>(8,895)</b>	3,252	(2,048)	1,204

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

## Comparative statement of financial activities Year to 31 March 2019

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

## Balance sheet 31 March 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible assets	7		<b>34,164</b>		34,591
Investments	8		<b>89,481</b>		96,081
			<b>123,645</b>		130,672
<b>Current assets</b>					
Debtors	9	<b>2,183</b>		1,055	
Term deposits		—		1,250	
Cash		<b>16,832</b>		18,772	
		<b>19,015</b>		21,077	
<b>Creditors:</b> amounts falling due within one year	10	<b>(1,356)</b>		(1,588)	
<b>Net current assets</b>			<b>17,659</b>		19,489
<b>Total assets less current liabilities</b>			<b>141,304</b>		150,161
<b>Creditors:</b> amounts falling due after more than one year	11		<b>(1,158)</b>		(1,120)
<b>Total net assets</b>			<b>140,146</b>		149,041
<b>The funds of the charity:</b>					
Restricted funds	12		<b>4,612</b>		5,036
Unrestricted funds					
Designated funds					
. Fixed assets fund		<b>34,164</b>		34,591	
. Other		<b>96,398</b>		104,718	
	13	<b>130,562</b>		139,309	
. General fund		<b>4,972</b>		4,696	
Total unrestricted funds			<b>135,534</b>		144,005
<b>Total charity funds</b>			<b>140,146</b>		149,041

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

Sister Veronica Hagen  
Trustee and Provincial Superior

Sister Mary Geraldine  
Trustee and Provincial Bursar

Date of approval: 16 November 2020

## Statement of cash flows 31 March 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities	A	(3,767)	(3,637)
Cash flows from investing activities	B	539	5,178
Cash flows from financing activities	C	1,288	763
Change in cash and cash equivalents		(1,940)	2,304
Cash transferred to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)		—	(10,074)
Cash and cash equivalents at 1 April 2019		18,772	26,542
Cash and cash equivalents at 31 March 2020	D	16,832	18,772

### Notes to the statement of cash flows for the year to 31 March 2020.

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

	2020 £'000	2019 £'000
Net expenditure (as per statement of financial activities)	(8,895)	(27,162)
Depreciation charge	1,061	1,680
(Profit) loss on disposal of tangible fixed assets	(39)	1
(Gains) on investment property	(5)	—
Losses (gains) on investments	8,420	(3,022)
Transfer to St Elizabeth's Centre (Company Number 11087989; Charity Registration Number 1176777)	—	28,366
Investment income	(2,949)	(3,200)
Increase in debtors	(1,128)	(2,028)
(Decrease) increase in creditors	(232)	1,728
<b>Net cash used in operating activities</b>	<b>(3,767)</b>	<b>(3,637)</b>

#### B Investing activities

	2020 £'000	2019 £'000
Payments to acquire tangible fixed assets	(635)	(957)
Net proceeds from sale of tangible fixed assets	40	15
Net proceeds from sale of investment property	16	—
Payments to acquire investments	(24,101)	(21,348)
Proceeds from sales of investments	26,717	25,215
Increase in cash held by investment managers	(4,088)	(473)
Investment income	2,949	3,200
Other movements	(359)	(474)
<b>Net cash provided by investing activities</b>	<b>539</b>	<b>5,178</b>

#### C Financing activities

	2020 £'000	2019 £'000
Increase (decrease) in other long-term liabilities	38	(32)
Decrease in term deposits	1,250	795
<b>Net cash provided by financing activities</b>	<b>1,288</b>	<b>763</b>

**Statement of cash flows** 31 March 2020

**D Analysis of cash and cash equivalents**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Total cash and cash equivalents – cash	<b>16,832</b>	18,772

## 1 Income

Income from	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000
<b>Charitable activities</b>			
. Fees and charges – Privately-funded	389	—	389
. Fees and charges – Publicly-funded	6,186	—	6,186
. Grants – Public*	—	1,701	1,701
. Other	—	111	111
	<b>6,575</b>	<b>1,812</b>	<b>8,387</b>
<b>Donations and legacies</b>			
. Donations	12	1,286	1,298
. Legacies	37	1,806	1,843
. Covenanted income from Sisters of the Congregation – salaries and pensions	631	—	631
	<b>680</b>	<b>3,092</b>	<b>3,772</b>
<b>Other trading activities</b>			
. Charity shops	—	948	948
. Lottery and events	—	456	456
	<b>—</b>	<b>1,404</b>	<b>1,404</b>
<b>Investments</b>			
. UK investments	2,307	—	2,307
. Overseas investments	520	—	520
. Interest receivable	103	19	122
	<b>2,930</b>	<b>19</b>	<b>2,949</b>
<b>Other income</b>			
. Property	64	—	64
. Other income	85	—	85
	<b>149</b>	<b>—</b>	<b>149</b>
<b>Total income</b>	<b>10,334</b>	<b>6,327</b>	<b>16,661</b>

**1 Income (continued)**

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

\*Grants amounting to £1,591,000 (2019 – £1,515,000) were received from Clinical Commissioning Groups and were a contribution to the cost of running St Raphael's Hospice. A grant of £222,000 was received by St Raphael's Hospice from the £200m Government fund for Hospices to enable the Hospice to continue to operate during the Coronavirus outbreak. The Hospice also received £15,005 from the Government's furlough scheme and £155,000 in small business grants to support the shops during the period of lockdown in 2019/20.

**1 Income (continued)**

***Income from charitable activities***

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000
Holy Cross Hospital	6,575	—	6,575
St Raphael's Hospice	—	1,812	1,812
St Elizabeth's Centre	—	—	—
St Wilfrid's Care Home	—	—	—
	<b>6,575</b>	<b>1,812</b>	<b>8,387</b>

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

**2 Expenditure on raising funds**

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2020 £'000
Cost of generating voluntary income	505	—	482	987
Fundraising trading: cost of running charity shops	603	37	514	1,154
Investment management costs	—	—	468	468
Support costs (note 4)	—	—	367	367
	<b>1,108</b>	<b>37</b>	<b>1,831</b>	<b>2,976</b>

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

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
<b>Split between funds</b>			
2020	<b>835</b>	<b>2,141</b>	<b>2,976</b>
2019	<b>1,123</b>	<b>1,948</b>	<b>3,071</b>



**3 Charitable activities**

An analysis of the charitable activity expenditure is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2020 £'000
Support of Members	789	300	1,043	475	2,607
Holy Cross Hospital	4,745	363	1,661	126	6,895
St Raphael's Hospice	3,292	196	702	291	4,481
St Elizabeth's Centre	—	—	—	—	—
St Wilfrid's Care Home	—	—	—	—	—
Grants and donations	—	—	182	—	182
	<b>8,826</b>	<b>859</b>	<b>3,588</b>	<b>892</b>	<b>14,165</b>

An analysis of the charitable activity expenditure for 2019 is as follows:

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

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Support of Members	2,607	—	2,607	2,196	—	2,196
Holy Cross Hospital	6,828	67	6,895	6,319	14	6,333
St Raphael's Hospice	—	4,481	4,481	—	4,190	4,190
St Elizabeth's Centre	—	—	—	10,802	87	10,889
St Wilfrid's Care Home	—	—	—	2,622	85	2,707
Grants and donations	182	—	182	158	—	158
	<b>9,617</b>	<b>4,548</b>	<b>14,165</b>	<b>22,097</b>	<b>4,376</b>	<b>26,473</b>

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

	2020 £'000	2019 £'000
Depreciation	1,061	1,680
(Profit) loss on disposal of tangible fixed assets	(39)	1
Profit on disposal of investment property	(16)	—
Auditors' total remuneration	127	145
Operating lease rentals		
. Land and buildings	297	493
. Other	—	95
Grants and donations	182	158

Of the grants and donations £152,000 (2019 – £129,000) was to the worldwide Congregation.

#### 4 Support costs

	Governance £'000	Other £'000	2020 £'000
Staff costs	38	109	147
Professional fees	519	165	684
Other costs	19	409	428
Total support costs	576	683	1,259

  

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

  

	2020 £'000	2019 £'000
Attributed to the following activities:		
. Raising funds (note 2)	367	200
. Charitable activities (note 3)	892	1,034
	1,259	1,234

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

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

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

Professional fees include payments to the charity's auditors for audit fees of £53,000 (2019 – £79,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to general financial advice and assistance and are included in support costs, amount to £74,000 (2019 – £66,000). The total amount paid to the auditors was £127,000 (2019 – £145,000).

#### 4 Support costs (continued)

Included in support costs is an insurance premium of £12,012 (2019 – £7,280) which provides cover up to a maximum of £5m (2019 – £5m) to protect the charity from any loss arising from neglect or defaults of its trustees and officers and to indemnify them against the consequences or any neglect or default on their part.

#### 5 Staff costs

	2020 £'000	2019 £'000
Wages and salaries	8,567	15,981
Social security costs	821	1,405
Other pension costs (note 16)	296	462
	<b>9,684</b>	17,848
Payments for agency staff	360	1,975
Other staff related costs	37	312
	<b>10,081</b>	20,135

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

	2020 £'000	2019 £'000
Staff costs have been charged as follows:		
. Raising funds (note 2)	1,108	1,230
. Charitable activities (note 3)	8,826	18,613
. Support costs (note 4)	147	292
	<b>10,081</b>	20,135

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

Actual numbers	2020			2019		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Charitable activity						
. St Elizabeth's Centre	—	—	—	192	153	345
. Holy Cross Hospital	78	57	135	74	55	129
. St Raphael's Hospice	43	101	144	40	95	135
. St Wilfrid's Care Home	—	—	—	39	1	40
. Province	25	6	31	22	9	31
	<b>146</b>	<b>164</b>	<b>310</b>	<b>367</b>	<b>313</b>	<b>680</b>
Volunteers			<b>861</b>			<b>625</b>
			<b>1,171</b>			<b>1,305</b>

The full-time equivalent numbers of staff was 259 (2019 – 563).

In addition, the number of agency staff, on a full-time equivalent basis, was 28 (2019 – 84).

## 5 Staff costs (continued)

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

	2020	2019
£60,001 - £70,000	6	7
£70,001 - £80,000	4	2
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1
£100,001 - £110,000	—	1
£130,001 - £140,000	—	1
	<b>14</b>	<b>14</b>

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

	2020		2019	
	Number	£'000	Number	£'000
Those in defined benefit schemes	1	9	1	19
Those in defined contribution schemes	13	40	12	32
Those for whom other contributions have been made	—	—	1	12
Those for whom no contributions were made	—	—	—	—
Total	<b>14</b>	<b>49</b>	<b>14</b>	<b>123</b>

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

The Senior Officer at each of the Works has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross. They are therefore also regarded as “key management personnel”, along with the Provincialate Finance Manager. The total employee benefits of this group, including pension contributions amounted to £283,335 (2019 – £409,735), which together with National Insurance Contributions of £32,847 (2019 – £47,735) brings the total cost of employment of key management personnel to £316,182 (2019 – £457,470).

## 6 Taxation

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

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £0.6m (2019 – £0.9m).

**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	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2019	36,188	—	5,608	345	<b>42,141</b>
Additions	244	160	157	74	<b>635</b>
Disposals	—	—	(53)	(117)	<b>(170)</b>
At 31 March 2020	<u>36,432</u>	<u>160</u>	<u>5,712</u>	<u>302</u>	<b>42,606</b>
At cost	8,666	160	5,712	302	<b>14,840</b>
At deemed cost (2014 valuation)	<u>27,766</u>	<u>—</u>	<u>—</u>	<u>—</u>	<b>27,766</b>
	<u>36,432</u>	<u>160</u>	<u>5,712</u>	<u>302</u>	<b>42,606</b>
<b>Depreciation</b>					
At 1 April 2019	3,536	—	3,723	291	<b>7,550</b>
Charge for year	750	—	294	17	<b>1,061</b>
Disposals	—	—	(52)	(117)	<b>(169)</b>
At 31 March 2020	<u>4,286</u>	<u>—</u>	<u>3,965</u>	<u>191</u>	<b>8,442</b>
<b>Net book value</b>					
At 31 March 2020	<u><b>32,146</b></u>	<u><b>160</b></u>	<u><b>1,747</b></u>	<u><b>111</b></u>	<b>34,164</b>
At 31 March 2019	<u>32,652</u>	<u>—</u>	<u>1,885</u>	<u>54</u>	<b>34,591</b>

Included in freehold land and buildings are amounts for land at deemed cost of £10.0m (2019 – £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. 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:

	2020 £'000	2019 £'000
(Losses) gains on investments	(7,932)	3,421
Investment (losses) gains allocated to others	(124)	75
Other movements	(359)	(474)
(Losses) gains on investments per SOFA	(8,415)	3,022

The realised gain relating to disposals based upon historic cost was £293,000 (2019 – £716,000).

	2020 £'000	Restated 2019 £'000
Investments (note a)	81,854	92,532
Cash (note a)	7,187	3,099
Investment properties (note b)	440	450
<b>Total fixed asset investments</b>	<b>89,481</b>	<b>96,081</b>

**(a) Investments**

	2020 £'000	Restated 2019 £'000
Market value at 1 April 2019	92,532	92,883
Additions at cost	24,101	21,348
Sale proceeds	(26,717)	(25,215)
Investment (losses) gains	(8,062)	3,516
Market value at 31 March 2020	81,854	92,532
Investment cash	7,187	3,099
<b>Total investments at 31 March 2020</b>	<b>89,041</b>	<b>95,631</b>
<b>Historical cost of investments at 31 March 2020</b>	<b>77,797</b>	<b>79,983</b>

Prior year figures have been restated to show the value of investment cash held. Previously this figure was included in the total investments figure but is now shown separately for clarity. The 2019 year-end total figure is unchanged.

	UK £'000	Overseas £'000	Total 2020 £'000
<b>Analysis of investments at market value at 31 March 2020:</b>			
Listed investments			
. Pooled funds	25,688	4,483	30,171
. Other	30,237	21,203	51,440
Unlisted shares			
. Pooled funds	24	—	24
. Other	124	95	219
. Investment cash	7,187	—	7,187
	<b>63,260</b>	<b>25,781</b>	<b>89,041</b>

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

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

The historical cost of investments at 31 March 2020 was £77.8m (2019 – £80.0m). Shares or investment schemes (including unit trusts) relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. All other investments are treated as being overseas.

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

**(b) Investment properties**

	Freehold land and buildings 2020 £'000	Freehold land and buildings 2019 £'000
At 1 April 2019	450	470
Realised loss due to re-assessment in the year	(5)	—
Revaluation loss in the year	—	(20)
Disposal	(5)	—
At 31 March 2020	<b>440</b>	<b>450</b>

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

**9 Debtors**

	2020 £'000	2019 £'000
Operational debtors	490	417
Other debtors	1,355	392
Prepayments	338	246
	<b>2,183</b>	<b>1,055</b>

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

	2020 £'000	2019 £'000
Operational creditors	246	296
Social security and other taxes	196	252
Amounts due to Sisters of the Congregation	228	224
Income received in advance	91	101
Accruals	394	488
Grants payable	150	208
Other creditors	51	19
	<b>1,356</b>	<b>1,588</b>

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

	2020 £'000	2019 £'000
Contribution to compensation scheme	1,158	1,120

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

**12 Restricted funds**

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

	At 1 April 2019 £'000	Net expenditure £'000	Loss on investments £'000	Transfers £'000	At 31 March 2020 £'000
Hospice funds	3,721	(351)	—	62	3,432
Holy Cross Hospital	1,258	—	(124)	—	1,134
Sundry funds	57	(11)	—	—	46
	<b>5,036</b>	<b>(362)</b>	<b>(124)</b>	<b>62</b>	<b>4,612</b>

	At 1 April 2018 £'000	Net expenditure £'000	Gains on investments £'000	Transfers £'000	Transfers to SEC (note 19) £'000	At 31 March 2019 £'000
Hospice funds	3,809	(633)	—	545	—	3,721
Holy Cross Hospital	1,219	—	39	—	—	1,258
Sundry funds	311	(66)	—	—	(188)	57
	<b>5,339</b>	<b>(699)</b>	<b>39</b>	<b>545</b>	<b>(188)</b>	<b>5,036</b>



**12 Restricted funds (continued)**♦ **Hospice funds**

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

♦ **Holy Cross Hospital**

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

♦ **Sundry funds**

These funds relate to a number of funds across the Works of the Congregation.

**13 Designated funds**

	At 1 April 2019 £'000	Transfer (to) from general funds £'000	At 31 March 2020 £'000
Fixed asset fund	34,591	(427)	34,164
Other funds			
. Daughters of the Cross fund	38,000	—	38,000
. Charitable activities fund	28,900	(7,864)	21,036
. Provincialate fund	25,000	—	25,000
. St Raphael's Hospice fund	6,300	—	6,300
. Worldwide fund	6,518	(456)	6,062
	104,718	(8,320)	96,398
	139,309	(8,747)	130,562

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

### 13 Designated funds (continued)

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

#### ♦ ***Fixed asset fund***

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

#### ♦ ***Daughters of the Cross fund***

All Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege and this fund is established to ensure that the work of the Sisters is continued across the Province for as long as possible. The fund is invested for the long-term with the 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 current costs of the care of the frail and elderly members. As the amount of covenanted income falls due to reducing number of Sisters, the level of income generated by this fund must grow, given that costs do not fall in line with income.

#### ♦ ***Charitable activities fund***

The Charitable works fund was established to help secure the future needs of the Works and the long-term accommodation and other needs of the Sisters. It is represented by a combination of investments and cash. Those needs that are likely to arise in the short to medium term are able to be funded from cash reserves, as the capital value of these amounts are less volatile than the fixed asset investments.

#### ♦ ***Provincialate fund***

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

#### ♦ ***St Raphael's Hospice fund***

The trustees have been working on the futures of the Works for many years. The transfer of St Raphael's Hospice into a new independent charity is planned for 2020/21 (note 20). This fund was established to provide support for the Hospice in future years. The trustees have set aside £3.6m to help the newly separated charity to operate over the next five years. There is a further £2.7m designated which, if not used against the three areas of risk already identified in the business plan, will be available to enhance the buildings infrastructure should certain conditions be met.

**13 Designated funds (continued)****♦ Worldwide fund**

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

**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
<b>Fund balances at 31 March 2020 are represented by:</b>					
Tangible fixed assets	—	34,164	—	—	34,164
Fixed asset investments	—	—	88,347	1,134	89,481
Net current assets	6,130	—	8,051	3,478	17,659
Other liabilities	(1,158)	—	—	—	(1,158)
<b>Total net assets</b>	<b>4,972</b>	<b>34,164</b>	<b>96,398</b>	<b>4,612</b>	<b>140,146</b>

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

	2020 £'000	2019 £'000
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**Unrealised gains included above:**

On tangible fixed assets	3,907	4,442
On investments	4,497	12,998
<b>Total unrealised gains at 31 March 2020</b>	<b>8,404</b>	<b>17,440</b>

**Reconciliation of movements in unrealised gains and losses**

Unrealised gains at 1 April 2019	17,440	26,794
Less: unrealised gain at 31 March 2019 transfer from St Wilfrid's to Province	—	(3,928)
Less: unrealised gain transferred to St Elizabeth's Centre	—	(6,812)
Less: amount in respect of disposals in the year	(10)	(721)
Less: net (losses) gains arising on investment revaluations	(8,937)	2,286
Less: depreciation on revalued fixed assets	(89)	(179)
<b>Total unrealised gains at 31 March 2020</b>	<b>8,404</b>	<b>17,440</b>

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

## 15 Related party disclosures

### ***Sisters***

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

The trustees, as Sisters of the Congregation, covenant their salaries and pensions to the charity. During the year the six trustees covenanted an aggregate of £115,455 to the charity (2019 - £114,656).

### ***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 £152,000 (2019 – £129,000) were made during the year to the worldwide Congregation or for Sisters within it. Grants were made to Provinces and Sisters in Rourkela, Nepal and Cameroon.

### ***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 2019/20 a grant of £200,000 was given by the Daughters of the Cross of Liege, to the new St Raphael's charity. 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.

### ***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 four 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 document signed upon separation of St Elizabeth's on 30 September 2018 from this charity. During the year St Elizabeth's Centre paid the Daughters of the Cross £7,000 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.

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2020 £'000	2019 £'000
St Elizabeth's Centre	Defined benefit	Teachers' Pensions	—	42
St Elizabeth's Centre	Defined contribution	Scottish Widows plc	—	142
Holy Cross Hospital	Defined benefit	NHS Pension	13	12
Holy Cross Hospital	Defined contribution	The People's Pension	81	51
St Raphael's Hospice	Defined contribution	Aegon Pension	115	97
St Raphael's Hospice	Defined benefit	NHS Pension	65	66
St Wilfrid's Care Home	Defined contribution	The People's Pension	—	12
Province	Defined contribution	The People's Pension	4	4
Non-scheme contributions			18	26
			296	452
St Elizabeth's Centre	Defined benefit	BBS - FRS 102 adjustment	—	10
			296	462

### **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.

### **The St Elizabeth's Centre Final Salary Scheme**

Broadstone Corporate Benefits Ltd administer pension schemes for charities and voluntary organisations; St Elizabeth's Centre operated a funded defined benefit pension scheme which they administered on behalf of the Scheme Trustee, BESTrustees Ltd. The scheme did not contract members out of the State Second Pension. The scheme was closed to future accrual on 1 February 2014.

In 2017, the trustees took the decision to arrange for the scheme to be taken over by an insurance company so that members' pensions were secure for the rest of their lives. £7m was paid into the scheme in 2018/19. From September 2019, the responsibility for paying pensions has rested with Aviva. No further contributions are required to the scheme and there is no outstanding liability at 31 March 2020.

## 17 Leasing commitments

### *Operating leases*

At 31 March 2020, the charity had total commitments under non-cancellable operating leases for land and buildings and equipment as follows:

	Land and buildings		Equipment	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within one year	286	291	—	—
Between one and five years	728	1,068	—	220
More than five years	303	874	—	—
	<b>1,317</b>	<b>2,233</b>	<b>—</b>	<b>220</b>

## 18 Contingent asset

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

## 19 St Elizabeth's Centre

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

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

The net assets transferred represented:

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

**19 St Elizabeth's Centre** (continued)

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

**20 Post balance sheet events**

The future of St Raphael's Hospice has been an on-going project for some years, and it was finally transferred into a new charitable company on 31 October 2020 under a new body of trustees. At present, two Sisters, both trustees of the Daughters of the Cross of Liege, are trustees of the new charity to help with the transition to independence; the Daughters of the Cross established and have run the Hospice since 1987.

The Hospice's assets less liabilities, but excluding the freehold land and buildings, have been gifted to the new charity, although in legal terms it is a transfer from one charity to another. The three freehold buildings the Hospice currently operates from will be leased to the new charitable company on long leases, by the Daughters of the Cross, at a peppercorn rent. St Raphael's Hospice is a company limited by guarantee (registered number 11732567) and a registered charity (registered number 1182636).

◆ **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
- ◆ St Elizabeth's Centre, Much Hadham, Hertfordshire (until 30 September 2018)
- ◆ St Wilfrid's Care Home, Chelsea, London (until 31 March 2019)

As at 31 March 2020, the six existing Communities are: Cheam St Joseph's, Surrey; 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, and on term deposits with an expiry date within three months of the balance sheet date at the date of acquisition.

**Creditors**

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

**Debtors**

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

**Investments**

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

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

Investment property is included at open market value.

**Tangible fixed assets**

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



◆ **Assets and liabilities** (continued)

***Tangible fixed assets*** (continued)

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

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

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

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

***Term deposits***

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

***Financial instruments***

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

***Financial 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.

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);

◆ **Basis of accounting** (continued)

**Accounting convention** (continued)

- ◆ 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 rates of depreciation;
- ◆ The value of designated funds; and
- ◆ The allocation of support costs

In addition to the above, the full impact of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Valuations used in the financial statements, particularly with respect to the investment properties and listed investments are subject to a relatively high 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.

The trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the charity and has concluded that although there may be some short term negative consequences, such as reduced income from fundraising and shops, increased investment value volatility and reduced future dividend income, it is appropriate for the charity to continue to prepare its financial statements on the going concern basis. Whilst the Covid-19 crisis creates some uncertainty and will create challenges, the trustees are confident that the charity will continue to have sufficient resources to meet its liabilities as they fall 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 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.

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

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

◆ **Fund accounting**

***Restricted funds***

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

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

***Designated funds***

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

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

***General fund***

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

***Revaluation***

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

◆ **Income**

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

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

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

♦ **Income** (continued)

***Donations and legacies***

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

***Grants receivable***

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

***Income from charitable activities***

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

***Income from other trading activities***

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

***Investment income***

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