

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

**Annual Report and Financial  
Statements**

31 March 2023

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 (resigned 31 August 2022); Chris Hinton (appointed 5 September 2022)*

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

*The Hospital has 40 beds, over 50 in-patient beneficiaries, 144 employees and 21 volunteers.*

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

### *Our finances*

	2023	2022
Total expenditure	£14.4m	£12.0m
Total income	£10.8m	£10.2m
Net expenditure	£(3.6m)	£(1.9m)

These amounts are achieved before investment and other gains and losses.

### *Our people*

	2023	2022
Total staff costs	£7.3m	£6.2m
Employees	193	186
Volunteers	21	23
Sisters	35	35

## 2 Trustees

The trustees who served during the year are:

Sister Veronica Hagen\*

Chair and Chief Executive of the Charity

Provincial Superior and Chair of the Provincial Council

Sister Mary McGinn (aka Sister Mary Geraldine)

Provincial Bursar

Sister Annette Clemence\*

Sister Anne Kelly\*

Sister Kathleen O'Reilly\*

\* Members of the Provincial Council

## 2 Trustees (continued)

### *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 the 21 full-time and part-time volunteers (2022 – 23) the commitment and effort of the 35 Sisters in the Province (2022 – 35 Sisters) or without the continuing generosity of its donors and supporters. The trustees are also extremely appreciative of all the members of the Advisory Committees who contribute to the charity's work by devoting their time and expertise.

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

### **Strategic Report**

## 3 Introduction

The trustees are pleased to present their report, together with the financial statements of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2023. 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 48 to 52 and comply with the requirements of the Charities Act 2011, the Companies Act 2006, the charity's Memorandum and Articles of Association, applicable laws, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

## 4 Charity's aim and objects

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

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

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

Blessed Marie Therese was beatified on 21<sup>st</sup> April 1991. She died on 7<sup>th</sup> January 1876, by which time she had received more than 900 Sisters into the Congregation and founded 51 communities. These communities were spread across Europe and Asia; Germany (founded in 1849), India (1861), and England (1863), when the English Province was established. In 1910 the Sisters' work was given a more formal framework under a trust deed and in 1998 the activities were transferred to a charitable company limited by guarantee, the objects being based on their Constitution. The charity is established to:

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

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

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

#### **5 Strategic plans and objectives**

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

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

## 5 Strategic plans and objectives (continued)

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

- ◆ Ensure that the senior management of the charity have the required capacity and capability to run the day-to-day operations of the charity in line with their set objectives, including meeting or exceeding all regulatory standards.
- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Provide healthy, inclusive, and safe environments for Sisters, beneficiaries, staff, volunteers, and visitors.
- ◆ Provide services that are complimentary to those available locally through the NHS and to do so in co-operation with statutory authorities and other healthcare professionals.
- ◆ Continue to develop services in neuro-disability and associated rehabilitation of physically disabled adults by increasing the knowledge and expertise of staff, collaborating with the NHS and other professionals and by improving facilities.
- ◆ Operate the physiotherapy centre as a service to local people, offering high quality and accessible physiotherapy services and classes.
- ◆ Provide comprehensive training programmes for staff and make these available as appropriate to other local care providers and agency staff.
- ◆ Maintain the ethos of the Congregation across all areas of the charity.

## 6 Activities, performance and achievements in the year

Sisters' and Provincialate objectives and activities:

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

The objectives for the Province for 2022/23 were:

### ***To complete the major building works on our Cheam site***

These projects all suffered delays during and since the Covid-19 lockdowns and associated delays within council planning departments and global supply chains. The projects to build or redevelop four dwellings for the Sisters were unfinished at the balance sheet date, and are expected to be completed during 2023/24.

### ***To review the long-term plans for Sisters' residences***

These plans remain on hold, largely due to delays with the various property projects described above. This work rolls on into next year.

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

The central office moved from Chelsea to St Joseph's, North Cheam in January 2023.

## 6 Activities, performance and achievements in the year (continued)

### ***To resolve the future of St Wilfrid's, Chelsea***

The property was placed on the open market in May 2022. Despite considerable interest and coming close to completing on a deal to sell the property, the site remained unsold at the balance sheet date. The property was re-marketed for sale in September 2023 and the trustees continue to work with advisors to achieve a sale in 2024.

### ***To complete the redevelopment project at Holy Cross Hospital***

The project to create two new patient beds, extend and redevelop the staff training facilities, and other building work on St Margaret's and St Joseph's was almost complete at the year-end date. Phase two of the redevelopment project will take place during 2023/24.

The main activities of the Province are:

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

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

The Sisters are trustees, part of management, donors, and beneficiaries. The trustees, like all our Sisters, covenant their pensions and other income to the charity. Having taken a vow of poverty they have no financial resources of their own and they are provided for by the charity as beneficiaries. The Sisters have spent their entire working lives in one or other of the past or present Works and when they reach their later years the charity continues to care for them. As Sisters age, the care and support they require in their Communities is gradually increasing.

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

## 6 Activities, performance and achievements in the year (continued)

### *To complete the redevelopment project at Holy Cross Hospital (continued)*

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

The Provincial Superior and Provincial Bursar are members of Conference of Religious in England and Wales and the Association of Provincial Bursars respectively and participated in the Annual Conferences in 2022. Sisters are members of the Association of Senior Religious JPIC. During the year, the Province subscribed to membership of the Religious Life Safeguarding Service (RLSS) and the Catholic Safeguarding Standards Agency (CSSA) and are in the process of refreshing our own safeguarding procedures.

The governance and oversight work these Sisters do in the various charitable organisations they support is part of their mission and contribution to civil society and local communities.

The Province has two dedicated Care Communities to support the full-time care needs of 16 frail elderly members. The Communities are based in Haslemere, Surrey and in Stillorgan, Dublin. This arrangement enables these Sisters to continue to participate in the spiritual rhythm and companionship of community life, whilst continuing to receive the care they need.

No Sisters are in paid employment anymore. All Sisters are over 70 years old, so it is unlikely any will carry out paid employment in the future. However, Sisters remain very active and carry out a great deal of unpaid work in a variety of settings. With expert advice, the Sisters manage the income and reserves of the Province in a socially and environmentally responsible manner, to ensure we can support our commitments both at home and abroad.

Each Sister is supported in their chosen ways of volunteering in their neighbourhood. Examples are organising chaplaincy support, offering spiritual and/or pastoral companionship to pupils, patients, staff and relatives within our own hospital (Holy Cross), or in our previously owned services that are now independent charities. Sisters also take part in ecumenical activities, particularly those helping homeless people or those on low incomes. The Province continues to support a charity that supports victims of human trafficking and from this year has started to support Living and Dying Well's work in the end-of-life debate.



## 6 Activities, performance and achievements in the year (continued)

### *To complete the redevelopment project at Holy Cross Hospital (continued)*

Some examples of mission work carried out by Sisters during the year include working as a volunteer befriender through the Marie Curie charity to support people living with cancer; working with ResultsUK on campaigns around nutrition in developing countries, creating the political will to end poverty, 'giving a voice to the voiceless', and supporting asylum seekers coming to the UK. Our Sister based on Holy Island has recommenced her pastoral support to the Catholic community on the island and is once again active in the island's ecumenical and social networks.

Sister Ann Venita, a member of our Cheam community, volunteers at St Raphael's Hospice on a daily basis. This can involve speaking to patients and their families, writing cards and letters to families, and arranging for patients of all faiths to speak with or receive visits from ministers of their own religion. Sister Ann also volunteers in the Hospice's Wellbeing Centre, where they welcome cancer patients, hospice at home patients, and their families and provide emotional support, fun, exercise, and joy.

Our Sisters in Ireland have welcomed two Ukraine families who have sought refuge from the invasion by Russia. The two families are living on the Stillorgan site, and is part of an agreement signed with the Irish Refugee Council. The agreement is for 12 months and can be renewed. Both families have settled in well and interact with the Sisters. The children attend local schools and have a safe garden to play in. Sisters in Ireland continue to be involved in their local community, with Sister Marlene Syllas involved in the work of the local Parish, and Sister Joyce Cullinane continuing her many years of working and volunteering at St James's Hospital, Dublin.

The Sisters also continue to be involved with The St Stephen's Green Trust, where our endowment continues to fund vital work in the area of social justice. The Daughters of the Cross gave the Trust a €3m permanent endowment in 2003 and the income generated from that sum is spent supporting the work of the Trust in Ireland, in line with the Deed of Gift. The work of the St Stephen's Green Trust in the areas of relief of poverty and advancing welfare and health in communities is very closely aligned with the charitable aims of the Daughters of the Cross.

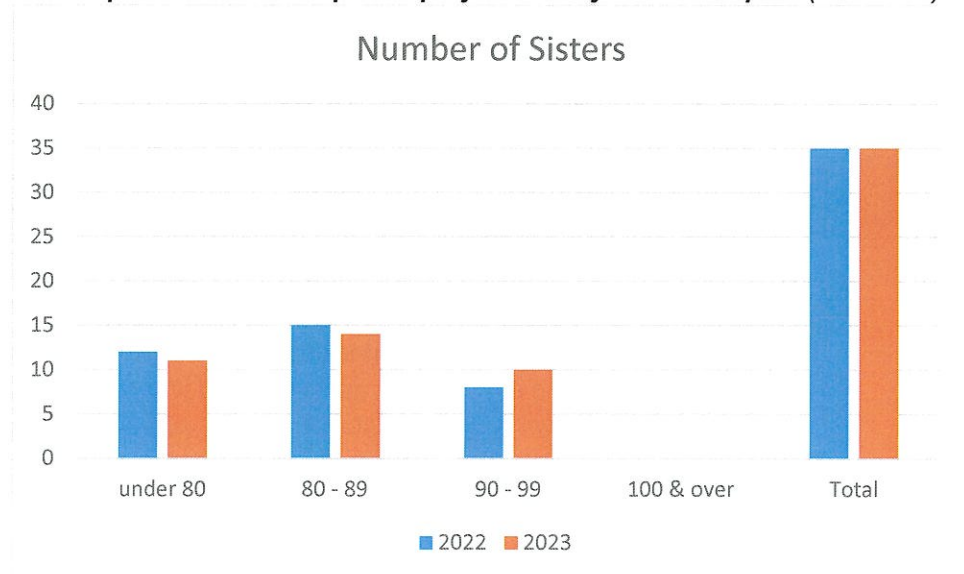
Sister Gillian Price works closely with RESULTSUK and JPIC (Justice Peace and the Integrity of Creation) with their advocacy work on nutrition, healthcare, and ending poverty in developing countries, including engaging with MPs and other parliamentarians in order to use UK overseas development aid effectively.

The Sisters care deeply about their own impact on the environment and nature. They continually seek to address environmental and ecological issues and maximise reusing and recycling in their own living areas, caring for local wildlife, conserving water, and engaging in citizen science projects that support biodiversity and protecting UK wildlife that is under threat.

At 31 March 2023 there were 35 Sisters (33 in Communities and 2 on the General Council) in the Province (2022 – 35 Sisters (33 in Communities and 2 on the General Council)). No Sisters died during the year.

## 6 Activities, performance and achievements in the year (continued)

### *To complete the redevelopment project at Holy Cross Hospital (continued)*



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

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

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

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

## 6 Activities, performance and achievements in the year (continued)

### ***Holy Cross Hospital***

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

Most of the inpatients referred to the Hospital have been in contact with statutory services and most of the Hospital's income is derived from NHS Clinical Commissioning Groups (CCGs), replaced in July 2022 by Integrated Care Boards (ICBs), and Local Authorities, who are responsible for funding such healthcare services.

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

The Hospital has forty beds and achieved an average of 93.5% in-patient occupancy (2022 – 88.8%). The increase in occupancy was related to the steadily reducing impact of the Covid-19 pandemic, with a consequent increase in the number of suitable patients being referred to the Hospital. Recovering occupancy to pre-pandemic levels and securing the staff required to deliver services were the primary areas of focus this year. The Hospital has maintained its Outstanding CQC rating.

The year in review was one of significant change and challenge at the Hospital. The Hospital CEO resigned in August 2022, with an interim CEO in place for the remainder of the year. Throughout the year the large building redevelopment project took place which, while necessary for the long-term future of the Hospital, did create some short-term challenges on-site. However, during this year of significant upheaval, patient care remained our top priority and high levels of care were maintained throughout.

### ***Grants***

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

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

During the year there were £165,000 (2022 – £146,000) of worldwide fund grants made to communities of the Worldwide Congregation to help their work in poor local communities in Cameroon, Nepal, and Rourkela, India.

## 6 Activities, performance and achievements in the year (continued)

### *Grants (continued)*

Two grants were awarded to Nepal, both supporting the work being done by Sisters at the Christalaya convent in East Nepal. The total of the two grants was £40,000.

The first project is to support the children at the Christalaya Hostel in Maheshpur. Maheshpur is an area where a high percentage of the population are landless labourers, working in the tea gardens and paddy fields, while living in small accommodation provided by their employers. The children of these workers, as well as girls living in challenging and impoverished homes are given access to good quality education, medical care and wellbeing services, and are able to learn crafts and other skills needed in later life. The Hostel currently has 30 boarders, from very young children to college-age students. The Morning Start Nursery provides the younger children with good quality early years care and development, to prepare them for school. Last year it had 37 children attending regularly. The Hostel also provides medical and pastoral care for the children. The £10,000 grant was to pay for food, toiletries, and equipment used by the children, and pay the costs of the teaching and support staff.

The second project was to support the St Joseph's school in Tulachan, East Nepal. The school was started in 2015 and provides education for up to 276 pupils, up from 195 in previous years. The area has a low literacy rate and many people in the Santhal Tribe, who populate this area, earn their living as agricultural labourers, but do not own any land themselves. The grant of £30,000 was to fund buying books, uniforms, desks, benches, and chairs for the pupils, as well as covering the costs of the teaching and non-teaching staff. The grant also covered the school fees for 110 children, who come from families who are not able to afford to pay themselves. Due to the rising number of pupils, six more teachers were recruited this year.

In Rourkela, India, two grants of £24,000 each were awarded to the Daughters of the Cross Rourkela Province. The first project was to fund the completion of the development of the St Joseph's school in Gaibira. The pandemic meant that the financial resources of the Rourkela Province are depleted, and the Sisters there have been unable to fund the much-needed development of the school that is linked to the St Joseph's convent. The school was closed during the pandemic but has re-opened its doors and welcomed the children back. The grant will fund the construction work (paused due to Covid lockdowns) that was started last year (also funded by a WWF Grant from the English Province), which will allow more students to attend the school and will provide a better teaching and learning environment.

The second grant, also for £24,000, is to fund a project at the St Joseph's school in Sundargarh. Due to cutbacks in local government support for education in the locality, the Sisters have had to take it upon themselves to help educate the children of the local tribal people. There are 247 children at the school (up from 210 last year) and the grant will allow the Sisters to maintain their education and keep developing the school, so it continues to meet the needs of the local people.

## 6 Activities, performance and achievements in the year (continued)

### *Grants (continued)*

Several grants totalling £77,000 for projects in Cameroon were also awarded. These are for projects across the different parts of the country where the Sisters live and work. In recent years this activity has been severely restricted by civil war and terrorist groups, so the grants help to cover the costs of re-starting the work of the Sisters in Cameroon, building the infrastructure (such as boundary walls, a well, and solar power) and supporting the development of the novice Sisters.

A grant of £1,750,000 was paid to St Elizabeth's Centre during the year, to assist with high costs during a period of reduced income. This grant is shown within Charitable activities (Grants and donations) on the Statement of Financial Activities.

The Sisters also made grants and donations totalling £32,000 (2022 - £29,000) to projects in the UK and to emergency disaster relief appeals. These include £10,000 to CAFOD for their Turkey and Syrian earthquake appeal and £5,000 to their Pakistan floods appeal. £10,000 to Living and Dying Well, £5,000 to the Medaille Trust and £2,000 to the homeless charity Glass Door. Other smaller donations totalling £400 were awarded to other organisations such as Housing Justice and the Cardinal Hume Centre.

## 7 Volunteers

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

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

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

## 8 Financial Review (including reserves)

### *Results*

The Statement of Financial Activities shows an overall result of £9.9m deficit, which is made up of a £9.8m deficit in general funds and an £82,000 deficit in restricted funds.

The losses on investments of £6.2m make up the majority of the £9.9m deficit. However, there was also a £3.7m operating deficit, which is driven by several factors across the charity. During the year there was a £1.75m grant paid to another charity (the St Elizabeth's Centre). High inflation has driven up staff costs this year, as well as affecting non-pay expenditure such as energy bills and within the Province there continued to be significant non-capital expenditure on our properties. Income challenges such as lower Hospital patient occupancy and investment income still recovering also affected the in-year financial performance.

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

### *Results (continued)*

Within the Province, there was significant expenditure (almost £1m) on property projects throughout the year. Some of these are capital projects that either finished during the year, or are ongoing in 2023, whereas some were non-capital projects. Costs supporting the members of the congregation were up again this year, at £3.7m (2022 - £3.5m). These projects took place across our two large sites in Haslemere and Cheam.

As well as the significant spend, there was considerable time and energy spent on property matters during the year. This includes moving the Chelsea and Much Hadham communities, as well as the Provincialate office, to the Cheam site. In addition to this, there was considerable time and money spent getting the St Joseph's building ready for the new community living there, and the office and archives of the Province moving from St Wilfrid's, Chelsea.

Within the Province, income from investments was £2.5m (2022 - £2.6m). But, looking back to pre-pandemic times (2018/19) Province investment income was £2.95m. The fall in income in the past four years, whilst also suffering cost inflation over the same time period, means it continues to be challenging to meet all the needs of our beneficiaries and other people we work with – some of whom are experiencing very challenging economic circumstances.

However, fundamentally, the current income model continues to work for the Province and only a longer-term, systemic change in markets and dividend payments, or a permanent shift in the Province's cost-base would create a cause for a realignment of the income model. The Provincialate team continue to talk with the investment managers to ensure the situation is closely monitored and managed.

Holy Cross Hospital has worked hard over recent years to agree a level of fees with CCGs, ICBs, and Local Authorities that cover the full cost of providing the appropriate level of care for its patients, with NHS funding authorities awarding fee uplifts in the range of 3.5% to 4%. However, while this helped to increase patient income by 10%, with costs rising at an even greater amount, the Hospital again recorded a deficit, even before charity-wide support costs are allocated).

Staff costs of £5.4m are 68% (2022 - £4.9m and 67%) of its running costs, which is not unusual in healthcare settings. The Hospital had income from Health and Local Authorities of £7m (2022 - £6.2m), £249,000 (2022 - £335,000) of income from private patients, and £276,000k of other income (2022 - £316,000). The total cost of running the Hospital before charity-wide support costs was £8m (2022 - £7.3m).

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

### *Investment gains and losses*

There were investment losses of £6.2m for the year (2022 – £5.3m gain). These are explained in the section on Investment performance.

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

### ***Reserves policy and funds***

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

A thorough review of the charity's reserves was conducted during the year. The result is a new policy for the general funds reserves. A further review of our designated funds has been deferred to 2023/24.

The previous policy was that the charity should hold free reserves of between three and six months of normal, unrestricted expenditure. The policy review sought to align the level of reserves with the major risks faced, and the potential financial effects, should one or more of these risk events occur. Trustees acknowledged that given the volatile nature of external markets at present, it is possible that several risk events could happen at once, or that one event may trigger a series of challenges, and so it is prudent to set the reserves at a level that could withstand the full effects of the major risks.

The reserves policy states that £10.7m should be held as free reserves, and that half of this figure should be held in cash, with the other half held in investment assets to mitigate inflation risks over the medium to long term.

The significant risks facing the charity include sudden large falls to major income streams such as fee income at Holy Cross Hospital and income earned from the investment portfolio. Other elements of the policy include reserves to protect against adverse events or to enable an orderly winding down of the charity should that need arise.

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 2023 stands at £10.7m (2022 – £9.5m). This is in line with the free reserves target of £10.7m. Having set this target reserve part way through the year, the trustees are satisfied that the level of reserves have met the target, and that over the coming months the charity will work towards meeting the second-level target of holding half of the free reserves in cash.

### ***Restricted funds***

Restricted funds of the charity relate to the surplus monies which have either been raised or given for, or their use restricted to, specific purposes or which comprise donations subject to donor-imposed conditions. At 31 March 2023 they amounted to £1.5m (2022 – £1.6m), of which £1.4m (2022 – £1.5m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Hydrotherapy Centre, with the remainder (the restricted fund) being invested so the income generated can fund the maintenance costs and keep the facility running.

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

### *Designated Funds*

The fixed asset fund amounts to £33.5m (2022 – £32.7m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

The Daughters of the Cross fund stands at £43m (2022 - £45m). The level in the Daughters of the Cross fund reflects the continued (and future) decrease in covenanted income of the Sisters. The cost of running the Communities has not materially decreased over recent years, despite the reduction in the number of Sisters. At present, Sisters – including the frail and elderly - live in community. Two communities have a staff team to provide care and other support to the Sisters who need it. While these costs are significant, the current arrangements allow for the Sisters to live and take part in religious community life within the convent. Were Sisters to be resident in a care home this would incur higher costs, and the Sisters would lose the spiritual connection of living in community.

The shortfall in covenanted income to meet the Sisters' living costs must be met from investment income. The current size of the fund that provides this income has been necessitated by the post-pandemic lower yields we have been experiencing within the investment portfolio since 2020. The income from Sisters pensions is considerably lower than the annual day-to-day living costs of the Sisters across all of our Communities. The shortfall is approximately £1m, and this can only be made up from income generated by the investment portfolio. Yields fell during 2020/21 and have been slow to recover ever since, so, a substantial fund is still required to generate the required amount of income, given we are still seeing income yields of approximately 2.5%.

Provincialate fund of £34m (2022 – £31m). This fund has been established so that the income generated by the investment assets within it will meet the running costs of the charity's central core functions. This facility will be required for the foreseeable future as the Provincialate office has no source of income other than investment income. The fund has been increased to meet the growing costs the charity faces due to high inflation pushing up the cost of goods and services.

The £10.8m (2022 – £23.2m) Charitable activities fund reflects the continuation of the stated objective to plan for the future of the current and former charitable Works so they can continue their much-needed work. This will involve improving their physical and digital infrastructure, and ensuring their services are compliant and fit for current and future purpose. The Works' finances are very marginal, particularly in the current climate of central government and local authority budget cuts. The fund is also in place to fund other long-term needs of the Sisters, such as ensuring appropriate housing and maintaining and enhancing existing properties.



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

### *Designated Funds (continued)*

This fund is invested to underpin the wide needs of the Works and the charitable activities within the Province. The needs are connected with the objective of finding long-term secure futures for the Works, securing the value of the existing land and buildings within the Province, and the long-term accommodation and other needs of the Sisters. It is difficult at this time of great change, both internally and externally, to calculate the funds which may be required to secure those futures. Some of these funds have been utilised over the past three years, by building new dwellings for Sisters as well as significant refurbishment of existing buildings, as well as supporting one former Work with a grant of £1.75m during the year. The fund has been further reduced this year, not because of lack of need in the areas this fund is set up for, but because of the fall in the value of our investments since the previous year-end. Unrealised investment losses of over £6m this year, means that the charity is not currently able to designate as much as it would like to fund these challenges.

Worldwide fund of £8.0m (2022 – £8.5m). This fund is invested to produce annual income to meet charitable needs across the worldwide Congregation. The decrease represents the fall in investment valuations, as well as the grants paid out during the year for projects in India, Nepal, and Cameroon.

St Raphael's Hospice fund of £2.7m (2022 – £2.7m). This fund was established at £6.3m following discussions between trustees and the senior management team at the Hospice. £3.6m was paid across to the Hospice upon separation, and the remaining £2.7m is being held as a contingency against the risks of delay, variances against inflation assumptions built into the new business model, and possible future volatility in legacy income. The expectation is that this fund will begin to be utilised from next year.

The £98.5m other designated funds (i.e. not including the tangible fixed assets fund) are represented by fixed asset investments.

### *Overall*

The overall position is that total funds have decreased over the year by £9.9m (2022 – £3.4m increase). This is mainly due to the £6.1m decrease in the value of the investment portfolio, as well as the £3.7m in-year operating deficit. At 31 March 2023 the charity has total funds of £144.2m (2022 – £154.1m).

## 9 Investments

### *Investment policy*

The charity's investment objective is to preserve capital value in real terms and to achieve a growing level of income over time. The day-to-day operation of the portfolio is managed by three investment management firms, who must each operate in line with risk and other parameters set out in our investment policy statement. Their approaches and strategies are all different, which gives additional diversification and contributes to the management of the various risks involved in holding investment assets.

## 9 Investments (continued)

### *Investment policy (continued)*

The charity has had an 'ethical' investment policy for many years as they believe that the practice of holding investments must be done in line with the Sisters' ethos, values, and spirituality. Inevitably this means that some investments cannot be held as they will be incompatible with the values of the Congregation and Catholic Social Teaching. The trustees are comfortable that the long-term total return on the investments is not materially negatively affected by the exclusionary screens that form part of the overall investment policy. The investment policy is reviewed every year by the trustees, in consultation with the finance advisory committee.

The investment policy states that no charity funds are to be directly invested in companies which generate significant income from armaments, adult entertainment services, high interest lending, companies who breach modern slavery standards, or oil and gas companies that are not actively working towards meeting the goals of the 2015 Paris Agreement. Also excluded are companies which are involved in areas of activity contrary to the sanctity of life.

For certain areas of investment stewardship (for example the environment or corporate governance), the policy is to adopt an "engagement" approach, which means using the charity's position as a shareholder, through its investment managers, to encourage companies to adopt more ethical and socially responsible policies and procedures, such as meeting Net Zero commitments. The investment managers, either internally or by using external agencies, monitor the activities of those companies in which the charity is invested, and the results of that monitoring are reported on and considered by the committee at all investment meetings. Our managers are asked to either follow-up on issues that they are currently engaging on, or we ask them to start to engage with companies on other specific topics of environmental, governance or societal issues.

The charity's investment policy underwent review during the year, to ensure it remains fit for purpose and relevant to the present and future issues surrounding charity investments, particularly faith charities. There are various initiatives around faith-consistent investing and the role of catholic social teaching when selecting investments and the trustees are engaging with these at an early stage. These are longer-term processes and, while similar to "ESG" considerations, require deep thought on the interplay of faith and the financial system, so results will be seen over a period of years.

### *Investment management, review and performance*

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

## 9 Investments (continued)

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

The portfolios have a significant exposure to global equity markets and the trustees therefore accept that there is likely to be considerable volatility in values. The strategic asset allocation of the overall portfolio, as well as the three individual portfolios, 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). This group is satisfied that all the movements in investment values were within acceptable parameters.

The investment market was again difficult and various asset classes performed poorly over the year, which is reflected in our results to March 2023. The portfolio saw large losses across the first half of the year (April – September 2023). And although the October to March period saw small recoveries in markets, these did not make up for the falls in values in Spring and Summer 2022. The overall result is that our investment portfolio dropped in value over the year, falling from £112.2m in April 2022 to £105.8m in March 2023.

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

Each of the three investment managers' results are reviewed formally at meetings twice a year, where up to date reports are reviewed, performance against benchmarks is considered, and any issues concerning ethical investment or corporate governance are discussed. Composite benchmarks are arranged in consultation with 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. Actual performance against the benchmarks for the 12 months to 31 March 2023 was as follows:

(Shown on a total return basis)	2023		2022	
	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock	(3.50)	1.75	11.76	12.00
Sarasin	(4.20 )	(2.40)	6.00	9.10
Evelyn Partners	(3.60)	(2.20)	8.80	13.60

The trustees continue to be satisfied with their investment managers' actions and performance over the past 12 months. All three recorded losses for the year and all three were below the benchmark returns they are each measured against. This partly reflects that the oil and gas sector recorded good results in the latter part of the year. Because we are not invested in these companies, due to our ethical policy, our actual results were below the benchmark. Our portfolios are also underweight very large tech stocks (Meta, Tesla, Apple etc), which make up a large proportion of the US market's returns.

## 10 Fundraising

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

During the year, there were no reported failures in compliance with the Fundraising Regulator or other regulatory bodies, including the Gambling Commission (2022: none) and no fundraising complaints received (2022: none).

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

## 11 Risk management

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

There are separate risk registers maintained at both Holy Cross Hospital and the Provincialate office. However, some risks carry across both parts of the charity; high inflation, increasing staff and non-staff costs, data protection and cyber risks are all features that need careful management.

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

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

## **11 Risk management (continued)**

Exposure to risks relating to the major building projects under construction is still significant but has reduced in likelihood over the year as projects become closer to completion. While it is a short-term risk, careful management of contractors and budgets is necessary. The trustees utilise the services of a third-party project management firm (a long-standing supplier to the charity) to ensure projects are kept on time and on budget, and any issues that arise are dealt with swiftly.

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

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

There were no significant events since 31 March 2023.

Future plans for 2023/24 within the Province include:

- ◆ To resolve the future of the 29 Tite Street, London property.
- ◆ To continue to fund the redevelopment project at Holy Cross Hospital.
- ◆ To continue to review the future status of Holy Cross Hospital.
- ◆ To complete the major building works in Cheam (Clarkes Avenue and 571 Gander Green Lane).

Future plans for Holy Cross Hospital include:

- ◆ Completion of building work to bring into use the two new patient rooms, refurbish the former convent building into a staff facility, and provide new office space and meeting rooms within the Hospital.
- ◆ Continue the work to introduce a new electronic patient record system.
- ◆ Digitisation of archive patient records.
- ◆ Recruitment of a new, permanent Chief Executive Officer of the Hospital.
- ◆ Introduce ultrasound scanning for physiotherapy outpatients.

### ***Other matters***

#### **13 Public benefit**

In many different locations both in the UK and overseas, Sisters have lived and worked to help the public - not only to advance Religion but to bring relief and improvement through education, healthcare, and social work and in whatever other ways were open to them. The charity continues in this spirit.

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

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

#### **14 The environment**

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

#### **15 Structure and governance**

##### **15.1 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.

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

### **15.1 Legal structure (continued)**

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, and Sister Anne Kelly). The Provincial Bursar, Sister Mary Geraldine, is appointed by the Provincial Superior and this appointment continues until such time as a change is made. By reason of holding these offices, these five Sisters are the current trustees.

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

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

### **15.2 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 2023 are shown on pages 1 and 2. They have all lived and worked for many years within one or other of the charity's Works and all have personal experience of the services which the charity offers or has offered to the public.

The charity is unlike most charities in that the trustees devote, along with all the Sisters, their whole lives to the service of the charity and the people it serves. In normal circumstances, in living on the same sites as the Works, by meeting regularly and by visiting the Works and the Communities, the trustees oversee the smooth running of the charity. During the pandemic and subsequent constraints such as reduced access to buildings and beneficiaries, Sisters have had to adapt their oversight activities and stay connected in different ways. New ways of communicating with the lay associates, the employees, the beneficiaries, the volunteers, and all those connected in any way with the charity have also been crucial over the past two years.

The trustees meet six times during the year. Additional meetings are held as circumstances dictate to deal with time-sensitive issues such as changes to bank mandates, leases, etc.

Opportunities are taken to develop and enhance trustees' knowledge and expertise, and during the year they have attended various online conferences, seminars and training sessions on safeguarding, data protection, visas and UK Border Agency, risk and reserves, public benefit, financial governance and general trustee responsibilities.

Trustees reviewed the investment policy, governance arrangements, and refreshed their Essential Trustee knowledge. In particular, trustees have attended an in-depth seminar series held by the Religious Life Safeguarding Service (RLSS) looking at safeguarding issues in the Catholic Church.

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

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

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

The trustees have adopted the Charity Governance Code and they are considering each recommendation as they work their way through the Code. The charity is also registered as a charity in Ireland and is now reporting against the Charities Regulator's governance code, with progress reported at least annually at trustee meetings.

The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify them against the consequences of any neglect or default on their part. The policy provides cover for up to a maximum of £5,000,000. The charity has also purchased a terrorism and sabotage insurance policy to cover property damage and business interruption at its Central London site.

## **16 Management**

### **16.1 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.

### **16.2 The Communities**

At the end of the year, there are now three Communities, two in the UK and one in Ireland.

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



## **16 Management (continued)**

### **16.3 Holy Cross Hospital**

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

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

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

### **16.4 Employees**

The charity has always been and remains committed to opposing discrimination in its many forms and strives to be an inclusive employer. 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.

### **16.5 Key management personnel**

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

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

## **17 Related parties**

### **17.1 The Sisters**

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

## 17 Related parties (continued)

### 17.2 Generalate of the Congregation

The International Generalate is the base for the Superior General and her Council who, under the structure of a separate registered England & Wales charity (Charity no. 1142490), guide, support and monitor the worldwide activities of the Congregation. The English Province works with the International Generalate to distribute the Worldwide Fund grants to other Daughters of the Cross of Liege Provinces around the world.

### 17.3 Worldwide Congregation

The charity and the Sisters are part of the Worldwide Congregation of the Daughters of the Cross of Liege. The worldwide Congregation includes Sisters being present in ten countries (UK, Belgium, Brazil, Cameroon, Germany, India, Ireland, Italy, Nepal, Pakistan).

Grants are made to Provinces of the Congregation around the world so that the charitable objects can be fulfilled outside the UK.

Since the year-end, the charity has committed to £2m of support towards the creation of a new health facility in the Kolkata Province of the Daughters of the Cross.

### 17.4 St Elizabeth's Centre

Two trustees of this charity are also trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. Another of our Sisters, Sister Patricia Ainsworth, is also a trustee at St Elizabeth's. Until March 2023 three Sisters resided in the Much Hadham Convent, which is situated on the site owned by St Elizabeth's Centre.

Since the year-end the charity has continued to support the Centre during a challenging financial period, with a grant of £2m to help with operational costs as well as investing in the Centre's infrastructure to support areas of future income.

### 17.5 St Raphael's Hospice

Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of St Raphael's Hospice. In 2020, the charity and the Hospice entered into three 20-year lease agreements for the Hospice building, the 759 London Road office, and St Bede's conference centre. All three leases have a nominal rent of £100 per annum.

## 18 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.

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

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

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

Each of the trustees confirms that:

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

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

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 8 November 2023 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 incorporated in England and Wales and that is its registered name. Registration details are:

- ♦ Charity Registration Number: 1068661
- ♦ Company Registration Number: 3492921
- ♦ Registered Office and Principal Office address: Joseph's Convent, 801 London Road, North Cheam, Surrey. SM3 9AT

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

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

**Opinion**

We have audited the financial statements of Congregation of the Daughters of the Cross of Liege (the 'charitable company') for the year ended 31 March 2023 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 2023 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 Charities Act 2011.

**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 Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

**Other information** (continued)

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

We have nothing to report in this regard.

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

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

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

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

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

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

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

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

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

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

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

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

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

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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.



22 December 2023

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



**Statement of financial activities (incorporating income and expenditure account)**  
Year to 31 March 2023

	Notes	Unrestricted funds		Restricted funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
		General funds £'000	Designated funds £'000			
<b>Income from:</b>						
Charitable activities	1	7,238	—	—	7,238	6,575
Investments	2	2,702	—	—	2,702	2,796
Donations and legacies	3	672	—	26	698	739
Other income	4	110	—	4	114	112
<b>Total income</b>		<b>10,722</b>	<b>—</b>	<b>30</b>	<b>10,752</b>	<b>10,222</b>
<b>Expenditure on:</b>						
Raising funds	5	814	—	—	814	911
Charitable activities	6					
Support of members of the Congregation and their ministry		3,674	—	—	3,674	3,516
Running Holy Cross Hospital		7,969	—	31	8,000	7,466
Grants and donations		1,951	—	—	1,951	193
		<b>13,594</b>	<b>—</b>	<b>31</b>	<b>13,625</b>	<b>11,175</b>
<b>Total expenditure</b>		<b>14,408</b>	<b>—</b>	<b>31</b>	<b>14,439</b>	<b>12,086</b>
<b>Net expenditure before net (losses) gains on investments</b>		<b>(3,686)</b>	<b>—</b>	<b>(1)</b>	<b>(3,687)</b>	<b>(1,864)</b>
Net (losses) gains on investments	12	(6,111)	—	(81)	(6,192)	5,295
<b>Net (expenditure) income</b>		<b>(9,797)</b>	<b>—</b>	<b>(82)</b>	<b>(9,879)</b>	<b>3,431</b>
Transfers between funds		10,956	(10,956)	—	—	—
<b>Net movement in funds</b>		<b>1,159</b>	<b>(10,956)</b>	<b>(82)</b>	<b>(9,879)</b>	<b>3,431</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward at 1 April 2022		9,540	143,010	1,573	154,123	150,692
<b>Total funds carried forward at 31 March 2023</b>		<b>10,699</b>	<b>132,054</b>	<b>1,491</b>	<b>144,244</b>	<b>154,123</b>

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 36 to 52 form part of these financial statements.

**Statement of financial activities (incorporating income and expenditure account)**  
Year to 31 March 2022

		<i>Unrestricted funds</i>			<i>Total funds</i>
	<i>Notes</i>	<i>General fund</i>	<i>Designated funds</i>	<i>Restricted funds</i>	<i>2022</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Income and expenditure account</i>					
<i>Income from:</i>					
<i>Charitable activities</i>		6,575	—	—	6,575
<i>Investments</i>		2,796	—	—	2,796
<i>Donations and legacies</i>		663	—	76	739
<i>Other income</i>		107	—	5	112
<i>Total income</i>		<u>10,141</u>	<u>—</u>	<u>81</u>	<u>10,222</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>		<u>911</u>	<u>—</u>	<u>—</u>	<u>911</u>
<i>Charitable activities</i>					
<i>Support of members of the Congregation and their ministry</i>		3,516	—	—	3,516
<i>Running Holy Cross Hospital</i>		7,408	—	58	7,466
<i>Grants and donations</i>		193	—	—	193
		<u>11,117</u>	<u>—</u>	<u>58</u>	<u>11,175</u>
<i>Total expenditure</i>		<u>12,028</u>	<u>—</u>	<u>58</u>	<u>12,086</u>
<i>Net (expenditure) income before investment gains and transfers</i>		(1,887)	—	23	(1,864)
<i>Net gains on investments</i>		<u>5,221</u>	<u>—</u>	<u>74</u>	<u>5,295</u>
<i>Net income</i>		<u>3,334</u>	<u>—</u>	<u>97</u>	<u>3,431</u>
<i>Transfers between funds</i>		(238)	295	(57)	—
<i>Net movement in funds</i>		<u>3,096</u>	<u>295</u>	<u>40</u>	<u>3,431</u>
<i>Reconciliation of funds:</i>					
<i>Total funds brought forward at 1 April 2021</i>		6,444	142,715	1,533	150,692
<i>Total funds carried forward at 31 March 2022</i>		<u>9,540</u>	<u>143,010</u>	<u>1,573</u>	<u>154,123</u>

## Balance sheet 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Tangible assets	10		33,537		32,713
Investments	12		105,780		112,223
Investment property	11		510		478
			<u>139,827</u>		<u>145,414</u>
<b>Current assets</b>					
Debtors	13	525		505	
Cash at bank and in hand		<u>5,484</u>		<u>9,764</u>	
		6,009		10,269	
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,416)</u>		<u>(1,392)</u>	
<b>Net current assets</b>			<u>4,593</u>		<u>8,877</u>
<b>Total assets less current liabilities</b>			<u>144,420</u>		<u>154,291</u>
Provisions for liabilities	15		<u>(176)</u>		<u>(168)</u>
<b>Total net assets</b>			<u>144,244</u>		<u>154,123</u>
<b>The funds of the charity:</b>					
Restricted funds	16		1,491		1,573
Unrestricted funds					
. Fixed assets fund	16	33,524		32,659	
. Other	16	<u>98,530</u>		<u>110,351</u>	
		132,054		143,010	
. General fund	16	<u>10,699</u>		<u>9,540</u>	
Total unrestricted funds	16		<u>142,753</u>		<u>152,550</u>
<b>Total charity funds</b>			<u>144,244</u>		<u>154,123</u>

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

The notes on pages 36 to 52 form part of these financial statements.

*V Hagen*

Sister Veronica Hagen

*Sr. Mary Mc Ginn*

Sister Mary McGinn

Date of approval: *8 - november 2023*

# Statement of cash flows 31 March 2023

	Notes	2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>	A		
Net cash used in operating activities		(5,644)	(3,025)
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		2,702	2,852
Proceeds from the sale of tangible fixed assets		13	7
Purchase of tangible fixed assets		(1,578)	(933)
Proceeds from sale of investments		63,360	27,258
Purchase of investments		(60,627)	(27,949)
Decrease in cash held by investment manager		(1,873)	720
Other movements		(641)	(119)
<b>Net cash provided by investing activities</b>		<b>1,356</b>	<b>1,836</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in other long term liabilities		8	(2)
<b>Net cash provided by (used in) financing activities</b>		<b>8</b>	<b>(2)</b>
<b>Change in cash and cash equivalents</b>		<b>(4,280)</b>	<b>(1,194)</b>
<b>Cash and cash equivalents at 1 April 2022</b>		<b>9,764</b>	<b>10,958</b>
<b>Cash and cash equivalents at 31 March 2023</b>	B, C	<b>5,484</b>	<b>9,764</b>

The notes on pages 36 to 52 form part of these financial statements.

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

	2023 £'000	2022 £'000
Net (expenditure) income (as per statement of financial activities)	(9,879)	3,431
<b>Adjustments for:</b>		
Depreciation charge	969	956
Losses (gains) on investments	6,224	(5,287)
Loss on the sale of fixed assets	35	252
(Increase) decrease in debtors	(19)	132
Increase in creditors	24	351
Gains on investment property	(32)	(8)
Investment income	(2,702)	(2,852)
Donated fixed assets	(264)	—
	<b>(5,644)</b>	<b>(3,025)</b>

## B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Total cash and cash equivalents – cash	<b>5,484</b>	<b>9,764</b>

**Statement of cash flows 31 March 2023**

**C. Analysis of changes in net debt**

	At 1 April 2022 £'000	Cash flows £'000	At 31 March 2023 £'000
Cash at bank and in hand	9,764	(4,280)	5,484

## 1 Income from charitable activities

	Unrestricted funds 2023 £'000	Total funds 2023 £'000
. Fees and charges – Privately-funded	249	249
. Fees and charges – Publicly-funded	6,989	6,989
	<b>7,238</b>	<b>7,238</b>

	Unrestricted funds 2022 £'000	Total funds 2022 £'000
. Fees and charges – Privately-funded	335	335
. Fees and charges – Publicly-funded	6,239	6,239
	<b>6,574</b>	<b>6,574</b>

## 2 Investment income

	Unrestricted funds 2023 £'000	Total funds 2023 £'000
UK investments	2,023	2,023
Overseas investments	591	591
Interest receivable	88	88
	<b>2,702</b>	<b>2,702</b>

	Unrestricted funds 2022 £'000	Total funds 2022 £'000
UK investments	2,341	2,341
Overseas investments	437	437
Interest receivable	18	18
	<b>2,796</b>	<b>2,796</b>

### 3 Income from donations and legacies

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total funds 2023 £'000
<b>Donations</b>			
Donations	26	20	46
Covenanted income from Sisters of the Congregation – pensions and other income	629	—	629
Legacies	17	6	23
	<b>672</b>	<b>26</b>	<b>698</b>

	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total funds 2022 £'000
<i>Donations</i>			
<i>Donations</i>	53	—	53
<i>Covenanted income from Sisters of the Congregation – pensions and other income</i>	610	—	610
<i>Legacies</i>	—	76	76
	<b>663</b>	<b>76</b>	<b>739</b>

### 4 Other incoming resources

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total funds 2023 £'000
Property	86	—	86
Sale of fixed assets	13	—	13
Other income	11	4	15
	<b>110</b>	<b>4</b>	<b>114</b>

	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total funds 2022 £'000
<i>Property</i>	56	—	56
<i>Other income</i>	51	5	56
	<b>107</b>	<b>5</b>	<b>112</b>

### 5 Expenditure on raising funds

	Unrestricted funds 2023 £'000	Total funds 2023 £'000
Investment management costs	542	542
Support costs	272	272
	<b>814</b>	<b>814</b>

**5 Expenditure on raising funds (continued)**

	<i>Unrestricted funds 2022 £'000</i>	<i>Total funds 2022 £'000</i>
<i>Investment management costs</i>	538	538
<i>Support costs</i>	373	373
	<u>911</u>	<u>911</u>

**6 Analysis of expenditure on charitable activities****Summary by expenditure type**

	<b>Staff costs 2023 £'000</b>	<b>Non-staff costs 2023 £'000</b>	<b>Support costs 2023 £'000</b>	<b>Total 2023 £'000</b>
Support of Members	977	1,366	1,331	3,674
Holy Cross Hospital	5,846	2,034	120	8,000
Grants and Donations	—	1,951	—	1,951
	<u>6,823</u>	<u>5,351</u>	<u>1,451</u>	<u>13,625</u>

	<i>Staff costs 2022 £'000</i>	<i>Non-staff costs 2022 £'000</i>	<i>Support costs 2022 £'000</i>	<i>Total 2022 £'000</i>
<i>Support of Members</i>	879	1,844	793	3,516
<i>Holy Cross Hospital</i>	5,144	2,173	149	7,466
<i>Grants and Donations</i>	—	193	—	193
	<u>6,023</u>	<u>4,210</u>	<u>942</u>	<u>11,175</u>

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Depreciation	969	956
(Profit) loss on disposal of tangible fixed assets	(13)	252
Gain on investment property	(32)	(8)
Auditors' total remuneration	98	109
Grants and donations	<u>1,951</u>	<u>193</u>

Of the grants and donations paid, £1.75m was to St Elizabeth's Centre (2022 - £Nil) and £165,000 was to the worldwide congregation (2022 - £146,000).



**7 Support costs**

	<b>Governance 2023 £'000</b>	<b>Other 2023 £'000</b>	<b>2023 £'000</b>
Staff costs	34	221	255
Professional fees	112	697	809
Property costs	—	219	219
Other costs	78	362	440
<b>Total support costs</b>	<b>224</b>	<b>1,499</b>	<b>1,723</b>
	<i>Governance 2022 £'000</i>	<i>Other 2022 £'000</i>	<i>2022 £'000</i>
Staff costs	31	174	205
Professional fees	143	517	660
Property costs	—	158	158
Other costs	5	287	292
<b>Total support costs</b>	<b>179</b>	<b>1,136</b>	<b>1,315</b>
		<b>2023 £'000</b>	<b>2022 £'000</b>
Attributed to the following activities:			
. Raising funds (note 5)		272	373
. Charitable activities (note 6)		1,451	942
		<b>1,723</b>	<b>1,315</b>

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

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

Trustees are, as are all Sisters, beneficiaries of and donors to, the charity and the charity meets the costs of their ministry and welfare. In the case of trustees, their costs include expenses incurred when they are fulfilling their trustee duties for which an allocation of costs is made.

Professional fees include payments to the charity's auditors for audit fees of £49,000 (2022 – £46,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to taxation, governance, and general financial advice and are included in support costs, amount to £49,000 (2022 – £63,000). The total amount paid to the auditors was £98,000 (2022 – £109,000).

**8 Staff costs**

	2023 £'000	2022 £'000
Wages and salaries	5,846	5,226
Social security costs	681	561
Contribution to defined contribution pension schemes	177	164
	<b>6,704</b>	<b>5,951</b>
Agency costs	213	273
Termination payments	158	—
Other costs	262	4
	<b>7,337</b>	<b>6,228</b>

The average number of persons employed by the charity during the year was as follows:

	2023 No.	2022 No.
Full time equivalent numbers of staff	169	169

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023 No.	2022 No.
In the band £60,001 - £70,000	9	8
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	3	1
In the band £90,001 - £100,000	—	1

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

	2023		2022	
	Number	£'000	Number	£'000
Defined contribution schemes	15	37	11	23

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

The Senior Officer at Holy Cross Hospital has delegated authority to run the Work in line with the agreed strategy and within the ethos and charism of The Daughters of the Cross. They are therefore also regarded as key management personnel, along with the Provincialate Finance Manager. The total employee benefits of this group, including pension contributions amounted to £122,051 (2022 – £185,659), which together with National Insurance Contributions of £15,147 (2022 – £21,373) brings the total cost of employment of key management personnel to £137,198 (2022 – £207,032).

## 9 Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 – £nil).

During the year ended 31 March 2023, no Trustee expenses have been incurred (2022 – £nil).

## 10 Tangible fixed assets

	Freehold & leasehold land and buildings £'000	Assets in course of construction £'000	Medical Computer and office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2022	36,767	193	4,516	192	41,668
Additions	470	1,255	116	—	1,841
Disposals	(60)	—	(85)	(36)	(181)
Transfers between classes	52	(52)	—	—	—
At 31 March 2023	37,229	1,396	4,547	156	43,328
<b>Depreciation</b>					
At 1 April 2022	5,696	—	3,130	129	8,955
Charge for the year	756	—	190	23	969
On disposals	(12)	—	(85)	(36)	(133)
At 31 March 2023	6,440	—	3,235	116	9,791
<b>Net book value</b>					
At 31 March 2023	30,789	1,396	1,312	40	33,537
At 31 March 2022	31,071	193	1,386	63	32,713

Included within freehold land and buildings are amounts for land a deemed cost of £10.0m (2022 – £10.0m) which has not been depreciated.

Under the transitional arrangements set out in FRS 102, the charity elected to treat property valuations prior to 1 April 2014 as their deemed cost at that date. Valuations were performed by a qualified external valuer, in accordance with the requirements of the RICS Valuation Standards and FRS 102. Subsequent additions are stated at cost.

## 11 Investment property

	Freehold investment property £'000
<b>Valuation</b>	
At 1 April 2022	478
Surplus on revaluation	32
At 31 March 2023	510

## 11 Investment property (continued)

The values of investment properties are wholly based on valuations by independent valuers. An update valuation report was carried out by chartered surveyors, Weldon Beesly LLP, to determine the market value of the freehold agricultural grazing land in Much Hadham, Hertfordshire, following a full valuation report in 2021. The land leased to the operator of the transmission mast was valued in 2023. The basis of valuation was market value and is based on a formal valuation carried out by Reeves and Partners Chartered Surveyors in 2014, adjusted for subsequent changes in the rental market.

## 12 Fixed asset investments

	2023 £'000	2022 £'000
Market value at 1 April	112,223	104,345
Additions at cost	63,630	27,949
Sale proceeds	(60,627)	(27,258)
Investment (losses) gains	(13,113)	5,406
Investment cash	3,667	1,781
<b>Market value at 31 March</b>	<b>105,780</b>	<b>112,223</b>

Historical cost of investments at 31 March 2023 £93,852k (2022 – £91,434k).

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

	2023 £'000	2022 £'000
Gains on investments	(5,633)	5,340
Investment gains allocated to others	81	74
Other movements	(640)	(119)
<b>(Losses) gains on investments per SOFA</b>	<b>(6,192)</b>	<b>5,295</b>

### a) Investments

	2023 £'000	2022 £'000
Listed investments		
. Pooled funds	36,547	43,643
. Other	64,991	65,485
Unlisted shares		
. Pooled funds	17	609
. Other	558	705
Cash held for reinvestment	3,667	1,781
	<b>105,780</b>	<b>112,223</b>

The historical cost of investments at 31 March 2023 was £93.8m (2022 – £91.4m). Shares, bonds, investment funds (including unit trusts), and other asset types relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. Investments in overseas-based companies and other non-UK-based assets and investment funds are treated as being overseas.

## 12 Fixed asset investments (continued)

### a) *Investments (continued)*

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

## 13 Debtors

	2023 £'000	2022 £'000
<b>Due within one year</b>		
Trade debtors	338	364
Other debtors	17	26
Prepayments and accrued income	170	115
	<b>525</b>	<b>505</b>

## 14 Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	166	207
Other taxation and social security	137	125
Other creditors	554	575
Accruals and deferred income	559	485
	<b>1,416</b>	<b>1,392</b>

## 15 Provisions

	£'000
At 1 April 2022	168
Movement in year	8
	<b>176</b>

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

**16 Statement of funds**

	Balance at 1 April 2022 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains (losses) £'000	Balance at 31 March 2023 £'000
<b>Current year</b>						
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Fixed asset fund	32,659	—	—	865	—	33,524
Daughters of the Cross fund	45,000	—	—	(2,000)	—	43,000
Charitable activities fund	23,200	—	—	(12,402)	—	10,798
Provincialate fund	31,000	—	—	3,000	—	34,000
St Raphael's Hospice fund	2,700	—	—	—	—	2,700
Worldwide fund	8,451	—	—	(419)	—	8,032
	<u>143,010</u>	<u>—</u>	<u>—</u>	<u>(10,956)</u>	<u>—</u>	<u>132,054</u>
<b>General funds</b>						
General funds – all funds	9,540	10,722	(14,408)	10,956	(6,111)	10,699
<b>Total unrestricted funds</b>	<u>152,550</u>	<u>10,722</u>	<u>(14,408)</u>	<u>—</u>	<u>(6,111)</u>	<u>142,753</u>
<b>Restricted funds</b>						
Hydrotherapy centre	1,523	—	—	—	(81)	1,442
Amenities fund	50	30	(31)	—	—	49
	<u>1,573</u>	<u>30</u>	<u>(31)</u>	<u>—</u>	<u>(81)</u>	<u>1,491</u>
<b>Total funds</b>	<u>154,123</u>	<u>10,752</u>	<u>(14,439)</u>	<u>—</u>	<u>(6,192)</u>	<u>144,244</u>

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

◆ **Fixed asset fund**

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

◆ **Daughters of the Cross fund**

This fund is established to ensure the care and support needs of the Sisters is sufficiently met over the course of their lives. The Sisters have carried out the charitable activities of the charity over many decades, so it is essential, as part of the charity's mission, that these Sisters are cared for both during and after they carry out their ministries. The fund is invested for the long-term with the current intention that only the income is spent. This income meets the shortfall of the Sisters' covenanted income over the costs of their welfare, their apostolic activities and the costs of the care of the frail and elderly members. The fund value was slightly decreased this year, from £45m to £43m. The calculation is based upon expected investment income yields in the current post-Covid, high-inflationary economic conditions. The £43m fund allows for sufficient income to be generated to meet the shortfall between Sisters' income and expenditure. In due course, as the number of UK Sisters declines, investment returns may be able to be used to support the former Works and to support the work and welfare of Sisters in the other Provinces around the world.

## 16 Statement of funds (continued)

- ◆ Charitable activities fund  
This fund has been established to help secure the future needs of the charity's current and former Works' and the long-term accommodation and other needs of the Sisters (separate from the day-to-day living costs planned for in the Daughters of the Cross designated fund described above) and is represented by fixed asset investments. The funds are expected to be utilised in the medium to long-term to secure the Works' futures, however some commitments have a much shorter time horizon and so the proportion of the fund held in cash deposits is available for commitments in the coming 12-24 months.
- ◆ Provincialate fund  
The Provincialate office of the charity incurs running costs each year, which are met from investment income. For the foreseeable future the office will be required to support the Sisters and to be the central administration function of the whole charity. In order to meet these ongoing running costs, this fund has been established to provide the necessary income. The fund remains at the same level as the previous year. To cover the full cost of the central office functions with the income generated by the investments, a much bigger fund would need to be created.
- ◆ St Raphael's Hospice fund  
The St Raphael's Hospice fund was set up with a total of £6.3m which included the £3.6m that was paid to the Hospice upon separation in 2020. The remaining £2.7m balance as at 31 March 2023 may be utilised by the Hospice in the medium term to develop the buildings and infrastructure, and is held as a contingency against medium-term performance against thirteen strands of the 5-year business plan.
- ◆ Worldwide fund  
This fund is to provide grants to enhance or develop the work of the Worldwide Congregation, as agreed with the Superior General and her Council. The fund is made up of investment assets and distributes 85% of its net income as grants to overseas Provinces of the Worldwide Congregation. The fund is to be held in the long-term to provide ongoing support to developing the Sisters' work around the world.

### ***Restricted funds***

- ◆ Hydrotherapy centre  
This represents part of a legacy which had to be used at Holy Cross Hospital and is therefore restricted. The legacy was partly used to build a hydrotherapy facility and these were released to unrestricted funds. The remainder (being the restricted fund) was invested to generate an income to help meet the running costs of the facility.
- ◆ Amenities fund  
This fund represents monies donated to support patients and staff activities, and patient amenities. The fund supports the running of the ambulances used to transport patients, and the cost of social activities and outings for patients. This includes the costs associated with the off-site cottage in Selsey that's used by patients as part of their care.

**17 Analysis of net assets between funds**

	General Funds 2023 £'000	Designated funds 2023 £'000	Restricted funds 2023 £'000	Total funds 2023 £'000
Tangible fixed assets	13	33,524	—	33,537
Fixed asset investments	6,318	98,530	1,442	106,290
Net current assets	4,544	—	49	4,593
Provisions for liabilities and charges	(176)	—	—	(176)
	10,699	132,054	1,491	144,244

**18 Contingent asset**

Several years ago the charity paid a proportion of the estimated buy-out total requirement into the St Elizabeth's Centre Final Salary Pension Scheme, in order to facilitate a buy-out of the Scheme by an insurance provider. Subsequently, the charity was informed by the Scheme Trustee that the amount paid was greater than the total sum required by the insurer for the Scheme to be bought out. The charity's position is the surplus amount should be returned to the charity. The charity received a payment on account of £152,000, in May 2023. There are several more steps in the process before the Scheme is wound up, all amounts are settled, and the charity's financial exposure ceases. The remaining amount due is subject to the finalisation of costs of the negotiations and the winding-up process, which must be met from the Scheme.

**19 Related party transactions*****Sisters***

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

The trustees, as Sisters of the Congregation, covenant their pensions and other income to the charity. During the year the six trustees covenanted an aggregate of £114,101 to the charity (2022 – £115,055).

***International Generalate***

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

***Worldwide Congregation***

The Sisters are members of the worldwide Congregation of the Daughters of the Cross of Liege and the charity has objects which are not restricted to the UK. Total grants of £165,000 (2022 – £146,000) were made during the year to the worldwide Congregation. Grants were made for projects in Rourkela (India), Nepal and Cameroon. Since the year end, the trustees agreed a donation of £2m for Kolkata.



## 19 Related party transactions (continued)

### *St Raphael's Hospice*

Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of the St Raphael's Hospice charity. On 1 November 2020, this charity and the Hospice entered into three 20-year lease agreements for the Hospice building, the 759 London Road office, and St Bede's conference centre. All three leases have a nominal rent of £100 per annum.

### *St Elizabeth's Centre*

Two trustees of the Daughters of the Cross are trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. During the year, this charity paid a grant of £1,750,000 (2022 - £nil) to St Elizabeth's Centre to assist with exceptional staffing costs. Since the year end, the trustees agreed a donation of £2m to St Elizabeth's Centre.

## 20 Capital commitments

As at 31 March 2023 the charity had commitments of £317,000 (2022 – £140,000) for projects at Cheam and Haslemere.

## 21 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	
			2023 £'000	2022 £'000
Holy Cross Hospital	Defined benefit	NHS Pension	8	13
Holy Cross Hospital	Defined contribution	The People's Pension	138	121
Province	Defined contribution	The People's Pension	20	19
Non-scheme contributions			11	11
			<b>177</b>	<b>164</b>

### *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.

## 22 Post balance sheet events

Other than donations disclosed in note 19, there are no post balance sheet events that require disclosure.

## 23 Scope

The financial statements disclose the financial position and results of the charitable company, which incorporate and aggregate the results of the Province and Holy Cross Hospital, Haslemere, Surrey.

As at 31 March 2023, the five existing Communities were: Cheam St Mary's, Surrey; Chelsea, London; Haslemere, Surrey; Much Hadham, Hertfordshire; Stillorgan (Dublin), Ireland.

## 24 Accounting policies

### ***Basis of preparation of financial statements***

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Congregation of the Daughters of the Cross of Leige meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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

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 are confident that the charity has, and will continue to have, sufficient resources to meet its liabilities as they become due. The trustees have concluded that there are no material uncertainties related to events or conditions that would cast significant doubt on the ability of the charity to continue as a going concern. This is because they believe they have sufficient unrestricted reserves to withstand any temporary drop in income or any additional unexpected liability.

## 24 Accounting policies (continued)

### *Income*

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

Donations represent income given by individuals, corporations and trusts including recoverable taxation.

Legacies are included in the statement of financial activities when there has been a grant of probate, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Covenanted income from the Sisters of the Congregation arises from the donation of their pensions and other income.

Grants receivable 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 tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

### *Income from charitable activities*

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

### *Investment income*

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

## 24 Accounting policies (continued)

### ***Expenditure***

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

### ***Interest receivable***

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

### ***Tangible fixed assets and depreciation***

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

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

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

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

## 24 Accounting policies (continued)

### ***Investments***

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

### ***Debtors***

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### ***Cash at bank and in hand***

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### ***Liabilities***

Liabilities 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.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

### ***Financial instruments***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

### ***Pensions***

#### **◆ *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.

## 24 Accounting policies (continued)

### ◆ *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.

### *Fund accounting*

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.

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.

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.