

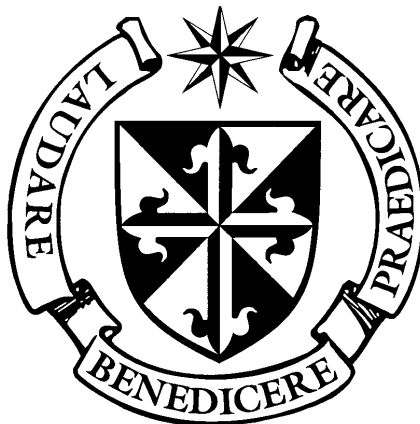
**DOMINICAN SISTERS (THIRD ORDER)  
CONGREGATION OF NEWCASTLE NATAL**

**Established at Bushey Heath, Hertfordshire**

(Registered number 233236)

Annual Report

Year ended 31 December 2017



**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
(Registered Number 233236)  
**ANNUAL REPORT**  
**31 DECEMBER 2017**

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**Saint Dominic Founder of the Order of Preachers**  
(1170 – 1221)

# **DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL TRUSTEE, OFFICERS AND PROFESSIONAL ADVISORS**

## **TRUSTEE OF THE CHARITY**

Saint Rose of Lima Association Limited, the Directors and Officers of which are the Congregation Prioress and Congregation Council members of the Sisters of the Dominican Congregation of Saint Catherine of Siena of Newcastle Natal, as below

## **CONGREGATION PRIORESS and DIRECTOR OF THE TRUSTEE**

M. F. Cunningham (Sister Felicity OP), appointed Director 28 April 2017

A. B. Cunningham (Sister Ann OP), resigned as Director 28 April 2017

## **CONGREGATION COUNCILLORS and DIRECTORS OF THE TRUSTEE**

M. C. Tuohy (Sister Maria OP), Congregation Vicarress & Sister Bursar, appointed Director 28 April 2017

K. E. d'Artois (Sister Karen Marguerite OP), appointed Director 28 April 2017

E. Airey (Sister Eileen OP), appointed Director 28 April 2017

F. M. Jordan (Sister Raymunda OP), Congregation Vicarress, resigned as Director 28 April 2017

E. C. O'Brien (Sister Damien OP), Congregation Secretary, resigned as Director 28 April 2017

P. A. Hayden (Sister Martina OP), resigned as Director 28 April 2017

E. D. McGarry (Sister Winifred OP), resigned as Director 28 April 2017

## **SISTER BURSAR**

M. Tuohy (Sister Maria OP)

## **GENERAL BURSAR**

P. M. Kelly FIA Retired

## **FINANCE MANAGER**

R. D. Bolton FCA

## **ADDRESS**

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Bushey Heath  
Bushey WD23 4EE

**Telephone:** 020 8950 6065

**Fax:** 020 8950 7991

**Website:** [www.dominicansisters.co.uk](http://www.dominicansisters.co.uk)

## **CHARITY REGISTRATION NUMBER**

233236

## **AUDITORS**

BDO LLP

55 Baker Street, London W1U 7EU

## **SOLICITORS**

Farrer & Co LLP  
66 Lincoln's Inn Fields  
London WC2A 3LH

Stone King LLP  
13 Queen Square  
Bath BA1 2HJ

McGrath LLP  
66/67 Newman Street  
London W1T 3EQ

## **BANKERS**

Royal Bank of Scotland plc  
London Drummonds Branch, 49 Charing Cross, London SW1A 2DX

## **INVESTMENT MANAGERS**

Rathbone Investment Management Limited  
8 Finsbury Circus, London EC2M 7AZ

## **CUSTODIAN TRUSTEES**

Bank of New York Mellon and Rathbone Nominees Limited

# **DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**

## **TRUSTEE'S REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors of the Trustee present the Trustee's Report and the audited financial statements of the Dominican Sisters (Third Order) Congregation of Newcastle Natal for the year ended 31 December 2017. The Charity encompasses the European (UK and Rome) activities of the religious congregation titled Sisters of the Dominican Congregation of Saint Catherine of Siena of Newcastle, Natal. Sisters of the Charity (47 at 31 December 2017) ministered in England and Italy. Other sisters of the religious congregation (32 at 31 December 2017) minister in South Africa, two ministering in five not for profit entities but the Charity has no financial interest in their operation and these financial statements do not include their activities. Further information on the basis of accounting is set out in Note 1 to the Financial Statements.

The accounts accompanying this report are the accounts of the charitable trust on which the assets in Europe of the Congregation are held. They include all the Charity's activities in Europe and follow the Charities SORP (FRS102) to which the Charity transitioned on 1 January 2014.

**Our Aims:** The objective of the Charity is the advancement of the Roman Catholic Religion and the support of any associated charitable work for the time being carried on through the Trustee with the approval of the Congregation Prioress.

**Original Mission:** Our aims stem from the original mission of Mother Rose Niland who in 1896 founded the Sisters of Saint Catherine of Siena, within the Dominican tradition, in Newcastle, South Africa. Like so many active congregations founded at the time, Mother Rose set out to meet the urgent social need for education among the indigenous and colonial population. These early pioneers were women of great faith and courage who took enormous risks and suffered considerable hardships. Part of their legacy was fine schools, some of which still exist. Among these pioneers there was an urgency and zeal to evangelise as well as to educate. So they were faithful to the Dominican motto: To give to others the fruits of our contemplation.

As Dominican Sisters we find inspiration in the following quotation from the Basic Constitution:

*To perfect our love of God and neighbour in the following of Christ, by religious profession we are enrolled in the Order of Preachers, completely consecrated to God in a new way, dedicated to the whole Church, and totally engaged in spreading the Word of God.*  
(Basic Constitution of the Order of Preachers, Para III)

## **Geographical location and operation of the Charity**

The Charity operates in the following countries: United Kingdom and Italy.

## **Governance, structure and management**

### **Governance**

The terms of the Charity Governance Code are currently under consideration with a view to ensuring that the Dominican Sisters (Third Order) Congregation of Newcastle Natal meets the expectations of the Charity Commission.

In terms of civil law the Charity is formally established by a Trust Deed dated 20 January 1953, as varied by the provisions of a Scheme sealed on 4 May 1995, and is a registered charity – Charity Registration No. 233236. The Trustee of the Charity is Saint Rose of Lima Association Limited and is an English company which is limited by guarantee. It acts through its five Directors and Officers (four from 28 April 2017) who are the Congregation Prioress and her Council. As such, they have detailed knowledge of the work of the Charity and its structure. New Directors on being appointed are required to familiarise themselves with the responsibilities of being a trustee, and on the Charity's position.

The names of the Directors and Officers who served during the year are set out in the reference and administrative details on page 1 of this report and accounts. On 28 April 2017 all the Directors in place at 31 December 2016 resigned having completed their terms of office and following the appointment on 28 April 2017 of Sisters Felicity Cunningham, Eileen Airey, Karen d'Artois and Maria Tuohy. Brief pen portraits of each of the continuing Directors of the Trustee are set out below:

# **DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**

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### **FOR THE YEAR ENDED 31 DECEMBER 2017**

**Sister Felicity Cunningham** was elected Congregation Prioress in December 2016 and appointed Director of the Charity on 28 April 2017. Prior to her election, she was Region Prioress in South Africa. After some years in the teaching profession, she spent several years in parish ministry and a number of years in formation ministry.

**Sister Maria Tuohy** was elected Councillor in December 2016 and appointed Director of the Charity on 28 April 2017. She was teaching in secondary education for many years and subsequently engaged in administration of the Charity. She was Councillor and Director of the Charity from 1982 to 1993.

**Sister Karen Marguerite d'Artois** was elected Councillor in December 2016 and appointed Director of the Charity on 28 April 2017. She has worked in university chaplaincy and faith formation for children and adults, and trained in formation ministry. With a strong background in administration, she is currently Co-ordinator of the Niland Conference Centre run by the Charity.

**Sister Eileen Airey** was elected Councillor in December 2016 and appointed Director of the Charity on 28 April 2017. She was teaching at secondary level for eleven years and also head of religious education for three years in this period. In 1993 she was elected to the Congregation Council, returning from Argentina, and worked in team ministry in several parishes in the Stevenage area. In 2000 she returned to mission work in Argentina for three years, returning again in 2006 for another two years. In between she was a parish sister in Harpenden and from 2009 in Aberdare, Wales. In 2011, she went to South Africa as formator of the young sisters in training and was involved in retreat work until 2017.

The Congregation Prioress and her Council are elected every six years at a General Chapter Meeting of the Congregation. The General Chapter, composed of elected and ex-officio members, elects the Congregation Prioress and her Congregation Councillors on the basis of their personal qualities, their understanding and experience of the ministries of sisters and to provide a useful mix of skills. Following their election to Congregation Council, these sisters are appointed Directors of the Trustee and are responsible for the organisation of the Charity and the administration of its assets. It is their duty to ensure that the activities undertaken are for the advancement of the objects of the Charity. Decisions are taken by the Congregation Prioress and her Council as the Directors of the Trustee.

The Congregation Prioress visits all the convents and houses of the Congregation either personally or by delegate every three years. The purpose of the visitation is that she may endeavour to examine and assess the quality of community and apostolic life and that she may come to know the sisters better by giving them an opportunity to make known their needs and their opinions about the life, apostolate and administration of the community. Systems of accountability mean that the Congregation Prioress and her Councillors are aware of and able to assist with the progress and development of the ministries carried out by the sisters.

#### **Bursars and Local Communities**

The Sister Bursar, Sister Maria Tuohy, is responsible for the handling of financial and property matters, and attending and reporting on these at meetings of the Directors of the Trustee. She is assisted by the General Bursar and the Finance Manager, both being lay staff.

Each local community is governed by an elected Prioress or, particularly for smaller houses, chooses a participative style of leadership.

House Bursars are responsible for financial aspects of local communities. A number of sisters have been granted budgets for the expenditure they incur in the course of their ministries and report monthly on their use of this facility.

#### **Remuneration of Directors of the Trustee**

While the Directors of the Trustee have been maintained in accordance with the Charity's duty to provide for the sisters, they have received no remuneration whether in the course of their duties or otherwise. Any income paid to them in the course of their work has been given to the Charity.

#### **Remuneration of Key Management Personnel**

Initial remuneration levels of key management personnel were established by surveying comparative rates and negotiation with the individuals. Historically, when there were a significant number of other employees, subsequent annual reviews of pay applied the same change as applied to them. Now, reviews are informed by the Bank of England agents' survey of real wage growth.

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**Risk Management**

In line with the requirement for the Trustee to undertake a risk assessment exercise and report on the same in this report, the Directors of the Trustee have identified the major risks to which the Charity is exposed. The Directors of the Trustee have identified seven main areas where risks may occur:

- ◆ The Charity's Work
- ◆ Governance and Management
- ◆ Operational
- ◆ Safeguarding
- ◆ Data Protection
- ◆ Social Media
- ◆ Financial

**The Charity's Work:** considers the activity of the Charity which is primarily the advancement of the Roman Catholic Religion and associated charitable work. Factors considered include that this may require to be reinterpreted in the circumstance that sisters are ageing and few new members are joining. The Directors of the Trustee monitor this aspect.

**Governance and Management:** considers the efficacy of the trustee body. Risks considered are of a trustee body which lacked sufficient skills, commitment and appropriate decision-making procedures. Such risks could include a lack of training of sisters and staff or poor stewardship of resources – human, financial and property. The Directors of the Trustee monitor this aspect and engage in appropriate courses and training.

**Operational:** guards against the possibility of danger to the health, safety and well-being of those with whom we come in contact, of employees and of sisters; and against the potential risk that the property and buildings of the Charity could suffer alienation or damage, or may not be appropriately adapted for use by the physically or mentally challenged. The Directors of the Trustee arrange for specialist advice to be retained in this area, and for appropriate insurance cover.

**Safeguarding:** guards against any form of abuse and strives towards a 'Culture of Safeguarding'. Child and vulnerable adult policies and procedures are in place both in relation to ministry engagement of sisters and in relation to our own vulnerable adults. In its compliance with the One Church Approach, the Trustee is committed to implement policies and procedures of the National Catholic Safeguarding Commission. The Directors of the Trustee retain an individual to monitor this aspect and themselves engage in training.

**Data Protection:** guards against potentially damaging threats to our and others' data, whether internal or external, deliberate or accidental. The Directors of the Trustee retain an individual to advise on this aspect.

**Social Media:** guards against the inappropriate use of social media and potential danger to our reputation through such use. The Directors of the Trustee have established a policy for this aspect which is disseminated amongst personnel.

**Financial:** guards against the potential risk to the Charity of the occurrence of fraud or financial irregularity, which could include unauthorised expenditure, inappropriate investment policies, and unreliable accounting. The Directors of the Trustee have established appropriate separation of roles and authority levels for those dealing with the Charity's assets.

As indicated above, having identified the major risks to which the Charity is exposed, the Directors of the Trustee have established systems and procedures to mitigate those risks as far as reasonably possible. All policies are updated regularly to assure right practice.

**Realising the Charity's Objective**

The Directors of the Trustee have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

Advancement of the Roman Catholic Religion for Public Benefit, the Charity's main objective, is realised in the following ways:

- 1 Worship and Prayer Life
- 2 Education

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- 3 Caring, Pastoral and Social Ministries
- 4 Collaboration
- 5 Use of Houses of the Charity

Each of these is considered in turn below:

### **1. Worship and Prayer Life**

The daily celebration of the Liturgy, the prayer of the people of God – the Eucharist and the Prayer of the Church – is one of the principal elements in our Dominican Life. Members of the Congregation are given the opportunity for private prayer, ongoing formation, study of the Scriptures, and days of recollection. In each of our houses, members invite people from the wider community to join us in prayer. Our preaching mission can only emerge out of a life rooted in prayer and praise. When we leave the liturgy, we are being missioned back to the world, to 'give to others the fruits of our contemplation'. Members are open to receiving and listening to people seeking spiritual guidance and help.

The place of prayer, silence and retreat at Cricklewood, is valued by its users. The beautiful poustinia (a place of prayer) is well used and is open to anyone wishing to have a 'place apart'. In addition, sisters are available to offer a listening ear and to give spiritual guidance and direction.

All houses welcome parish groups for study and discussion and sisters continue to support prayer groups and Gospel-sharing groups. These groups, meeting regularly, give the public an opportunity to escape the stresses of everyday life for a short time and enable quiet contemplation and reflection.

At the Niland Conference Centre, sisters offer courses for Adult Faith Formation and Formation for Parish Ministry, as well as workshops, retreats and days of reflection for all who are interested. These days are opportunities to reflect on what is important in the spiritual, social and cultural realms.

### **2. Education**

The Charity has been engaged in the ministry of education since its foundation. Education remains a cornerstone of our ministry as Dominican women and is regarded as an essential agent in evangelisation. One of the areas of focus in this regard is Adult Formation at the Niland Conference Centre. One sister is Team Co-ordinator of the Niland Conference Centre and, supported by sister team members, the Dominican charism of preaching the Gospel remains at the heart of all the activities and events hosted at the Niland Conference Centre. Other sisters are engaged:

- at the Angelicum University in Rome as Vice Rector and as Vice Dean of the Faculty of Social Sciences, as Project Director of the formation project "Catholic Social Thought in Central and Eastern Europe 2020", teaching courses: "History of Economics"; History of Christian Social thought"; "Economic Ethics and Corporate Social Responsibility", and running seminars: "Catholic Social Thought and the UN 2030 agenda"; "Putting Catholic social thought into practice";
- as the Vice Secretary General at the Angelicum University in Rome, assisting and mentoring students who are writing their Doctoral Theses;
- in supporting and working with schools and parishes, through running in-service training days for staff and catechists who themselves are involved in promoting the Catholic faith;
- in providing retreats in schools and parishes for staff and pupils of Catholic schools.

### **3. Caring, Pastoral and Social Ministries**

Several of our sisters are engaged in parish ministries. These include:

- being active in catechetics
- assisting in the training of catechists
- being volunteer chaplains at hospitals
- participating as members of parish teams
- arranging retreat days for groups in local parishes
- organising and running reflection and musical sessions during the main seasons of the Church's liturgical year

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Throughout the year, in fulfilling their individual ministries sisters continued to carry out various forms of social and pastoral work. Through this work, the Charity reaches out to those in need and benefits a significant number of people.

Some examples of the work of individual sisters are given below by way of illustration:

- A number of sisters are involved in ministry as pastoral workers. Their ministry takes them into areas of need amongst the poor, the elderly and infirm (some of whom are in their own homes, others in nursing homes). Sisters visit them regularly and help where they can. Often these people long for their visits when they find someone who is prepared to listen and help. In both areas of poverty and areas where the aged are living, the sister may be the only other human face they see for days on end. Sisters are also involved in Parishes where they reach out to the poor and needy through religious education and social support.
- A sister is involved in prison ministry.
- A sister is involved, with others, in a centre that focuses on the needs of asylum seekers, refugees and vulnerable women who have been trafficked and are being rehabilitated. The women are assisted and relevant authorities contacted in an effort to give the help they need.
- To draw attention to the needs in society, sisters lobby and participate with others in an effort to bring change for the good of society. Sisters have been active in drawing attention to the challenges and risks of climate change, issues which affect the whole world.

The Charity enables and supports individual members of the Congregation in ministry and outreach work thereby furthering the message set out in the Gospel.

#### **4. Collaboration with Religious and Other Organisations in the Church**

Such collaboration includes:

- collaborating with other Religious Institutes in working with Caritas Westminster:
  - (a) in offering support to migrants and abused and dislocated people,
  - (b) in setting up an organisation called Safe in Faith addressing high levels of domestic abuse in local areas;
- hosting days of renewal, reflection and prayer to which all religious and parishes are invited;
- working with Anglican and Baptist Churches in offering pastoral care and a listening ear;
- working with the Blueprint Trust in giving training courses to managers to help develop an approach based on human dignity and serving the common good;
- working in a team at Women at the Well – a drop-in day centre at Kings Cross for vulnerable women with varied needs;
- assisting in the office of Blackfriars Hall in Oxford which is the studium of the English Province of the Dominican Order;
- working as Assistant Editor for New Blackfriars, a bimonthly theological and philosophical journal;
- collaborating with the Diocese of Westminster Agency for Evangelisation to offer courses, retreats and opportunities for faith formation;
- working with The Arise Foundation, a charity based in New York City and London, founded on the belief that more should be done to support grass-roots anti-slavery networks and whose mission is to help these reach their potential by providing the support needed. The involvement is to survey the work of Religious in England and Wales in the area of human trafficking;
- the involvement of the Congregation Prioress in UISG (International Union of Superiors General) which keeps the Charity updated on global needs and concerns;
- through the Congregation Prioress, representing the charity at COR (Conference of Religious), being fully involved in Dominican Sisters International, the Dominican Association of Britain and Ireland, and in DSE (Dominican Sisters Europe) keeping the Charity and Congregation in touch with what is happening in Religious life in general, as well as at the level of the Dominican Order;
- sisters continuing to collaborate with other Dominicans through their participation in Dominican Family Days, the annual Dominican Seminar and meetings of lay Dominicans;
- Directors of the Trustee participating in study days, conferences on the consecrated life and charity conferences.



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**5. Houses of the Charity with a special emphasis**

- The houses of the Charity are places of hospitality and, in a variety of ways, the public benefits from use of the facilities provided: for example, one community hosted events of significance for those from local nursing and care homes.
- As mentioned above, in Cricklewood our St Rose's Chapel, Peace Garden and Poustinia offer a quiet place for reflection, prayer and silence to those of all faiths seeking peace and tranquillity away from the noise and busyness of everyday life.
- St Michael's Convent is regularly used by Church and local groups for meetings, discussions and day events, mostly led by the sisters. The convent chapel is also open for private prayer.
- Our convent at Rosary Priory is regularly used for courses on prayer, reflection and music appreciation.

**The Mission of the Congregation in South Africa**

The Charity supports the Congregation mission in South Africa and the charitable works there, particularly evangelisation, education for life programmes and care of the poor, destitute and needy.

**Strategic Plan for 2018 and Future Plans**

The latest Strategic Plan was formed in December 2016 at the 18th General Chapter of the Congregation, and recorded in the 2016 Acts of the General Chapter. The General Chapter theme: - 'Make ready to proclaim the Gospel', 'Preach the word, be urgent in season and out of season' – permeates the mission of the Congregation for the six years to 2022. The responsibility of the Congregation Council then elected is to progress the strategic plan to lead the Congregation forward in fidelity to the mandates of the 2016 Acts of the General Chapter. The background to the strategic plan is a commitment that:

- the mission of preaching requires every community to continue to reach out towards fresh expression of classic Dominican preaching and to articulate this in contemporary language for promotion of vocations to fast-changing generations
- our finances need to be managed to enable future mission
- our corporate witness to truth and justice needs greater focus
- our future calls us to think increasingly of collaboration and healing of past sadnesses
- pastoral care of frail and elderly sisters includes deeper issues of ageing, life stages and death
- formation continues to be a priority and that sisters have a responsibility to develop their own on-going formation plans including continuing study of theology

Throughout 2017, the Strategic Plan of the Directors of the Trustee continued to focus on the formation of members. The Formation Team is charged with preparing, training and educating applicants to become fully active members and to implement effectively the aims of the Charity. A further aim of the Formation Team is to provide programmes for each stage of formation both initial and ongoing. 'Come and See' workshops are facilitated by members of the Team. These workshops provide insight and an experience of the principal objective of the Charity which embraces evangelisation, the advancement of the Roman Catholic Religion and the support of associated charitable work. Provision for ongoing formation is offered to members to assist their development in leadership and the future direction of the Charity.

In support of the aims of the Charity, the Directors of the Trustee remain indebted to the following employees:

- The Finance Team
- The Safeguarding Lead

**Fundraising Statement**

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although this charity does not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts within "income from charitable activities" and amount to £49k (2016: £52k). There are no legacies or grants in either year.

# **DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**

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### **FOR THE YEAR ENDED 31 DECEMBER 2017**

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustee.

The charity is not bound by any undertaking of any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of engagement for members, staff and volunteers require personnel to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

## **Financial Review**

### **Trustee's Responsibilities**

The Trustee is responsible for preparing the trustee's annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the Trustee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources for the year. In preparing those financial statements, the Trustee is required:-

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgments and estimates that are reasonable and prudent;
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Basis of Accounting**

The 2017 financial statements of the Charity are attached to this report. They are prepared on the basis of full reporting of the Charity's activities wherever carried out – currently this is in the UK and Rome.

The Charity's reserves are unrestricted.

Following guidance issued by the Charity Commission (CC15c) these financial statements are prepared under the Charities SORP (FRS 102) rather than SORP 2005 as required by the Charities (Accounts and Reports Regulations 2008). This departure is made to provide a true and fair view.

As required, the Trustee reports that no assets were held as custodian trustee during the reporting period.

### **Financial Outcome of the Year**

Income totalled £2.3m (2016: £4.5m) before including gains/losses on revaluing investment assets, and in 2016 included gains on disposal of fixed assets (largely to right-size our property occupation) of £2.3m (2017: £nil). Net income before taking account of gains/losses on investments was £0.2m (2016: £2.2m). Following continued increases in the market values of quoted investments during 2017 there was a gain at 31 December 2017 on investment assets of £3.2m (2016: £4.4m). Including this, net income was £3.3m (2016: £6.6m). Measured against sterling (the Charity's functional currency) during 2017 the Euro rose and the US dollar and Swiss franc fell marginally. The small exchange loss of £9k (2016: gain £34k) arose from restatement in pounds sterling of balances denominated in those currencies.

The Statement of Financial Activities and the Notes to this set out the areas of income and expenditure and further information on these.

## **DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The balance sheet shows total funds under the Charity's control of £57.4m (2016: £54.1m). These funds are used to support the ongoing charitable work of the Charity. For example, tangible assets including property account for £4.1m (2016: £4.3m) of this total and comprise the net book value of premises occupied for the Charity's work and of equipment and vehicles used in this. Further, the investments and short term deposits shown in the balance sheet of £53.2m (2016: £49.6m) are held for the income they earn which goes towards financing the Charity's present and future objective. The Charity receives little by way of donations from the public, donations received almost entirely being from sisters' pension rights.

The Statement of Cash Flows reports cash used in operating activities of £1.3m (2016: £1.4m) and dividends and interest received of £1.6m (2016: £1.5m), emphasising the importance of the cash flow from the Charity's investments.

### **Reserves Policy**

The Trustee has continued to consider the policy to be adopted on the need for reserves. In common with most religious groups there have been five important trends affecting the Charity in recent years:

- the rate of income received on investments has seriously declined and there has been increased volatility in market values;
- the average age of sisters continues to increase both because of fewer new entrants and the greater longevity of existing sisters;
- mortality of older sisters means there is increasing risk that pensions currently in payment will cease;
- few of the sisters following their vocation are earning pay which is commensurate with their qualifications; and
- for the same reason, the few younger sisters have little entitlement to future pensioning.

The Trustee's overall objective for reserves is to seek to maintain them at such a level that, excluding gains or losses on investments and translation, the income generated for a year, taking one year with another, meets the cost of charitable expenditure to support the Charity's aims. In 2016 and 2017 recurring income broadly met expenditure. Thus, currently, the objective has been achieved. However, in the continuing climate of low investment income and increasing calls for expenditure this cannot be relied upon.

Looking at the position in more detail, in earlier years there were specific designated funds for savings and future needs. In 2016 the Directors of the Trustee decided to establish a continuity fund to absorb these varying needs in a single designation. The reality is that the Charity has almost no source of income other than that arising on its investments and the donations from its sisters. The Charity's assets are required to support expenditure by providing income, physical resource or funding.

In 2017, the income arising from the Fixed assets - Investments was £1.60m or 3.1% of £51.4m being the average of the opening and closing balance sheet figures. This income was a major part of the total income of £2.27m which met the £2.1m total expenditure. The income arising from the Fixed assets - Investments in 2016 was £1.54m or 3.3% of the £46.2m average of the opening and closing Fixed assets - Investments. The total income figure for 2016 was £2.20m (excluding the £2.30m gain on disposal of fixed assets) and was a little less than the £2.26m total expenditure. Thus, the Trustee's overall objective was met, and the figures demonstrate that the income on the Fixed assets - Investments is required as part of the total income to meet expenditure, taking one year with another. Looking at the reserves, which are all free reserves, the continuity fund is now set at the same amount as the Fixed assets - Investments and at 31 December 2017 is £53.2m. (At 2016 it was £49.7m, slightly different to the £49.6m of Fixed assets - Investments). The other designated fund is for property and equipment and reflects the extent to which assets are tied up in property, at 31 December 2017 being £4.1m (2016: £4.3m). Together, these represented almost all the £57.4m (2016: £54.1m) of reserves, leaving general funds at £0.1m (2016: £0.1m).

The Trustee will review the policy at least annually when the financial statements are considered for approval. The policy will be monitored in the meantime by the Sister Bursar.

### **Investment Policy**

The major part of the Charity's funds is held as investments with the aim of producing an income in the shorter term and capital growth in the longer term. Approximately every two years the Directors of the Trustee review the policy for investment. This was formally established in 1995, is aimed to be reviewed on about a two-year cycle and was reviewed after the year end. The 2018 review was undertaken noting that the investment managers are retained in a discretionary role. The investment objective is to achieve a balance between income and capital growth, the longer-term growth being necessary to support the Charity's work by a growing

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**TRUSTEE'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

income level. The Investment Managers have been provided with the Charity's Investment Policy and manage the portfolio knowing the Trustee's ethical views. The Trustee receives at least a quarterly portfolio valuation and commentary with appropriate index comparisons, and meets the Investment Managers at least twice a year to discuss their approach and actions taken.

The Trustee requires appropriate diversification of holdings, both across different types of investment and different investment entities. As the Charity has been involved in work in various areas of the world and cannot know where future demands may arise, some investment is outside UK based companies. Unless it specifically decides otherwise, the Trustee requires that no single equity holding should exceed 3% of the portfolio of investments or 1% of the particular security issued. The Trustee seeks to avoid investment in companies whose business involves tobacco, the production of armaments or excessive exploitation of resources or people, and direct investment in such contracts as futures, options and interest rate swaps unless these are to provide a level of insurance of portfolio value. However, the actual holdings are matters within the discretion of the Investment Managers.

It is in the nature of valuation by the market that in some years there are increases and in others falls. The Trustee monitors the position and is in regular dialogue with the Investment Managers. Income in 2017 is a little higher than in 2016 (2017: £1.6m, 2016: £1.5m).

## **THANKS**

Mention has been made earlier of the contribution of sisters, employees and support staff to the work of the Charity. In concluding this report, the Directors of the Trustee reiterate their appreciation.

This report was approved and authorised for issue by the Directors of the Trustee and the following were authorised to sign on the Trustee's behalf on 24 May 2018.

M. F. Cunningham  
Congregation Prioress  
Director of the Trustee

Date: 24 May 2018

K. E d'Artois  
Congregation Secretary  
Director of the Trustee

Date: 24 May 2018

# **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**

## **Opinion**

We have audited the financial statements of Dominican Sisters (Third Order) Congregation of Newcastle Natal for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 Charity's affairs as at 31 December 2017 and of its incoming resources and application of resources, including the 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 Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions related to going concern**

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

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

## **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The other information comprises the Trustee's Report. The Trustee is responsible for the other information.

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.

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

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF  
DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL (continued)**

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information contained in the financial statements is inconsistent in any material respect with the Trustee's Report; or
- adequate accounting records have not been kept by the Charity; or
- the Charity 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 the Trustee**

As explained more fully in the Trustee's responsibilities statement, the Trustee is 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 Trustee determines 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 Trustee is responsible for assessing the Charity'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 Trustee either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

This report is made solely to the Charity's Trustee in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustee for our audit work, for this report, or for the opinions we have formed.

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 not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**BDO LLP**  
Statutory Auditor  
London  
United Kingdom  
24 May 2018

BDO LLP is eligible for appointment as an auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

|   |       | 2017          | 2016          |
|---|-------|---------------|---------------|
|   | Notes | £000          | £000          |
| <b>Income from:</b>                               |       |               |               |
| Donations and legacies                            | 3     | 601           | 591           |
| Charitable activities                             | 3     | 52            | 55            |
| Investments                                       | 4     | 1,604         | 1,537         |
| Other   | 3     | 14            | 2,319         |
| <b>Total income</b>                               | 5     | <u>2,271</u>  | <u>4,502</u>  |
| <b>Expenditure on:</b>                            |       |               |               |
| Raising funds - Investment management costs       |       | 104           | 92            |
| Charitable activities                             | 6     | 2,016         | 2,170         |
| <b>Total expenditure</b>                          | 5     | <u>2,120</u>  | <u>2,262</u>  |
| <b>Net income before net gains on investments</b> |       | 151           | 2,240         |
| Net gains on investments                          | 11    | 3,166         | 4,361         |
| <b>Net income/expenditure</b>                     |       | <u>3,317</u>  | <u>6,601</u>  |
| <b>Other recognised gains and losses</b>          |       |               |               |
| Foreign exchange (loss)/gain on translation       | 15    | (9)           | 34            |
| <b>Movement in funds</b>                          |       | <u>3,308</u>  | <u>6,635</u>  |
| <b>Reconciliation of funds</b>                    |       |               |               |
| Total funds brought forward                       | 15    | 54,083        | 47,448        |
| <b>Total funds carried forward</b>                | 15    | <u>57,391</u> | <u>54,083</u> |

The above results for 2017 and 2016 are derived from continuing activities. The Charity has no recognised gains and losses other than those stated above; accordingly a statement of total realised gains and losses has not been prepared.

*The notes on pages 16 to 25 form part of these financial statements*

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

|  | Notes | 2017<br>£000  | 2016<br>£000  |
|--|-------|---------------|---------------|
| <b>Fixed assets</b>                            |       |               |               |
| Tangible assets                                | 10    | 4,121         | 4,261         |
| Investments                                    | 11    | 53,153        | 49,580        |
| <b>Total fixed assets</b>                      |       | <b>57,274</b> | <b>53,841</b> |
| <b>Current assets</b>                          |       |               |               |
| Debtors  | 12    | 136           | 167           |
| Cash at bank and in hand                       | 17    | 255           | 336           |
|  |       | <b>391</b>    | <b>503</b>    |
| <b>Liabilities</b>                             |       |               |               |
| Creditors: amounts falling due within one year | 13    | (274)         | (261)         |
| <b>Net current assets</b>                      |       | <b>117</b>    | <b>242</b>    |
| <b>Total net assets</b>                        |       | <b>57,391</b> | <b>54,083</b> |
| <b>The funds of the charity</b>                |       |               |               |
| Unrestricted funds:                            | 15    |               |               |
| General funds                                  |       | 117           | 122           |
| Designated funds being                         |       |               |               |
| Property and equipment                         |       | 4,121         | 4,261         |
| Continuity                                     |       | 53,153        | 49,700        |
| <b>Total charity funds</b>                     |       | <b>57,391</b> | <b>54,083</b> |

The financial statements were approved and authorised for issue by the Trustee and were signed on its behalf on 24 May 2018

M. F. Cunningham  
Director of the Trustee

*The notes on pages 16 to 25 form part of these financial statements*



**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

| Statement of cash flows   | <u>Notes</u> | 2017<br>£000          | 2016<br>£000          |
|---|--------------|-----------------------|-----------------------|
| <b>Net cash (used in) operating activities</b>                            | 17           | (1,285)               | (1,415)               |
| <b>Cash flows from investing activities:</b>                              |              | <hr/>                 | <hr/>                 |
| Dividends and interest received from investments                          |              | 1,620                 | 1,511                 |
| Proceeds from sale of property and equipment                              |              | -                     | 2,387                 |
| Purchase of property and equipment  |              | -                     | ( 119)                |
| Proceeds from sale of investments   |              | 3,283                 | 2,861                 |
| Purchase of investments   |              | (3,690)               | (5,356)               |
| <b>Net cash generated by investing activities</b>                         |              | <hr/> 1,213 <hr/>     | <hr/> 1,284 <hr/>     |
| <b>Change in cash and cash equivalents in the reporting period</b>        |              | ( 72)                 | ( 131)                |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |              | 336                   | 433                   |
| <b>Change in cash and cash equivalents due to exchange rate movements</b> |              | ( 9)                  | 34                    |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 17           | <hr/> 255 <hr/> <hr/> | <hr/> 336 <hr/> <hr/> |

*The notes on pages 16 to 25 form part of these financial statements*

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**a) Basis of preparation**

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trust constitutes a public benefit entity as defined by FRS 102.

The Trustee considers there are no material uncertainties about the Trust's ability to continue as a going concern. There were no significant judgements or estimates necessary in preparing the financial statements.

The most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustee's annual report for more information).

**b) Fund accounting**

There are no restricted funds. Unrestricted funds are available for use at the discretion of the Trustee in furtherance of the charitable objectives of the Charity.

Designated funds are funds which the Trustee has decided at its discretion to set aside for particular purposes in the future and form part of the Charity's unrestricted funds. The Trustee has the power to reallocate such funds within unrestricted funds.

All income and expenditure is shown in the Statement of Financial Activities.

**c) Income**

Income (which includes donations and gain on disposal of fixed assets) is accounted for on a receivable basis as soon as the Charity has entitlement to the income, there is probability of receipt and the amount is quantifiable.

Investment income includes dividends receivable, recognised when the share price goes 'ex-div' which is after a particular company dividend has been declared as payable to shareholders on the register at a particular date.

**d) Expenditure**

All expenditure is accounted for on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure has been listed under headings that aggregate all the costs related to that activity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Charitable expenditure is comprised of expenditure relating to the direct furtherance of the charitable objectives. Where costs cannot be directly attributable they have been allocated to activities on a basis consistent with use of the resources.

Allocation of expenditure across the different areas of advancing the Charity's main objective, being advancement of the Roman Catholic Religion for Public Benefit, is impracticable. Sisters are engaged in many activities, and each property similarly fulfils different functions.

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**e) Allocation of support and governance costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trust's charitable work. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

Governance costs are those incurred in connection with the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements. In the circumstances of the Charity, to include an allocation of the living expenses of the Directors of the Trustee (the Congregation Prioress and her Council) would be of little benefit in comparison with the cost of capturing the information.

The basis on which support and governance costs have been allocated is set out in note 6.

**f) Costs of raising funds**

The costs of raising funds consist of investment management costs.

**g) Operating leases**

The charity classifies the lease of printing equipment as operating leases; the title to the equipment remains with the lessor and the equipment is replaced when necessary. Rental charges, which in most cases are based on usage, are charged on a straight line basis over the term of the lease.

**h) Tangible fixed assets and depreciation**

Freehold land and buildings were included for the first time in 1995 at deemed cost. Acquisitions since are stated at cost. Other tangible fixed assets are stated at cost including any incidental expenses of acquisition. The costs of minor additions to fixed assets, defined as those costing less than £10,000 each (2016: £10,000) are expensed in the year in which they are incurred.

Depreciation is provided to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

|                    |                   |
|--------------------|-------------------|
| Freehold land      | - not depreciated |
| Freehold buildings | - 50 years        |
| Motor vehicles     | - 4 years         |

**i) Financial instruments**

The Trust 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 fair value.

**j) Fixed asset investments**

The fair value of listed investments is taken as the closing quoted market value. There are no unlisted investments.

Certain deposits with banks held for their income earning and monies held by the investment managers pending investment are included in investments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

**k) Realised and unrealised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise.

**l) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Unless significant, transactions in foreign currencies are recorded at the average rate for the year. All exchange differences are taken to the Statement of Financial activities.

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

m) **Liquid resources**

Liquid resources include bank deposits which are subject to a notice period of 24 hours or more.

n) **Creditors and provisions**

Creditors and provisions are established by consideration of individual unpaid future liabilities existing in respect of the reporting year.

**2 Legal status of the Trust**

The Trust is formally established by a Trust Deed dated 20 January 1953, as varied by the provisions of a Scheme sealed on 4 May 1995, and is a registered charity in England and Wales – Charity Registration No. 233236.

**3 Income**

Income from donations comprises:

|   | 2017<br>£000 | 2016<br>£000 |
|---|--------------|--------------|
| Covenanted salaries and pensions from sisters | 585          | 568          |
| Other donations and gifts                     | 16           | 23           |
|   | <hr/> 601    | <hr/> 591    |

Income from charitable activities comprises:

|  | 2017<br>£000 | 2016<br>£000 |
|--|--------------|--------------|
| Other education income including donations for events of £49,000 (2016: £52,000) | 52           | 55           |
|  | <hr/> 52     | <hr/> 55     |

Other income in 2016 includes £2,300,000 gain on disposal of fixed assets (2017: £ Nil).

**4 Investment income**

|                      | 2017<br>£000 | 2016<br>£000 |
|----------------------|--------------|--------------|
| Interest receivable  | 177          | 204          |
| Dividends receivable | 1,427        | 1,333        |
|                      | <hr/> 1,604  | <hr/> 1,537  |

All dividends were earned on listed investments.

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**5 Geographical analysis of income and expenditure**

|              | 2017  | 2016  |
|--------------|-------|-------|
|              | £000  | £000  |
| Income:      |       |       |
| UK           | 2,245 | 4,492 |
| Other        | 26    | 10    |
|              | <hr/> | <hr/> |
| Total        | 2,271 | 4,502 |
|              | <hr/> | <hr/> |
| Expenditure: |       |       |
| UK           | 2,054 | 2,197 |
| Other        | 66    | 65    |
|              | <hr/> | <hr/> |
| Total        | 2,120 | 2,262 |
|              | <hr/> | <hr/> |

**6 Analysis of expenditure on charitable activities**

| <b>2017 Analysis of expenditure on charitable activities</b> | <b>General support<br/>£000</b> | <b>Governance related<br/>£000</b> | <b>Total<br/>2017<br/>£000</b> | <b>Total<br/>2016<br/>£000</b> |
|--|---------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Staff costs  | 81                              | 9                                  | 90                             | 96                             |
| Property costs   | 695                             | -                                  | 695                            | 764                            |
| Other community costs  | 1,128                           | -                                  | 1,128                          | 1,186                          |
| Professional fees and bank charges                           | 49                              | -                                  | 49                             | 74                             |
| Statutory audit fee  | -                               | 29                                 | 29                             | 25                             |
| Other charitable projects                                    | 25                              | -                                  | 25                             | 25                             |
|  | <hr/>                           | <hr/>                              | <hr/>                          | <hr/>                          |
|  | 1,978                           | 38                                 | 2,016                          | 2,170                          |
|  | <hr/>                           | <hr/>                              | <hr/>                          | <hr/>                          |

Basis of apportionment:

Staff cost allocation to governance is based on a reasonable approximation. All other costs are the costs borne. Allocation of expenditure across the different areas of advancing the Charity's main objective is impracticable as sisters and convents are involved in all areas.

| <b>2016 Analysis of expenditure on charitable activities</b> | <b>General support<br/>£000</b> | <b>Governance related<br/>£000</b> | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
|--|---------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Staff costs  | 86                              | 10                                 | 96                             | 138                            |
| Property costs   | 764                             | -                                  | 764                            | 613                            |
| Other community costs  | 1,186                           | -                                  | 1,186                          | 1,040                          |
| Professional fees and bank charges                           | 74                              | -                                  | 74                             | 52                             |
| Statutory audit fee  | -                               | 25                                 | 25                             | 32                             |
| Other charitable projects                                    | 25                              | -                                  | 25                             | 31                             |
|  | <hr/>                           | <hr/>                              | <hr/>                          | <hr/>                          |
|  | 2,135                           | 35                                 | 2,170                          | 1,906                          |
|  | <hr/>                           | <hr/>                              | <hr/>                          | <hr/>                          |

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7 Staff costs**

|                       | 2017      | 2016      |
|-----------------------|-----------|-----------|
|                       | £000      | £000      |
| Wages and salaries    | 84        | 90        |
| Social security costs | 5         | 6         |
| Pension costs         | 1         | -         |
|                       | <u>90</u> | <u>96</u> |

The Trustee considers its key management personnel to comprise the Directors of the Trustee, the Sister Bursar, the General Bursar and the Finance Manager.

The Directors of the Trustee are the Congregation Prioress and Congregation Councillors. As sisters, their living expenses were borne by the Charity. The Directors of the Trustee received no remuneration or other benefits in connection with their duties for the Trustee or otherwise during the year.

The employee benefits of the General Bursar and the Finance Manager totalled £82,384 (2016: £79,121).

No employee received employee benefits in excess of £60,000 in the year (2016: £60,000 - none).

The average number of employees, all of whom were engaged in charitable activities, during the year was 2 (2016: 2).

**8 Net income before other recognised gains and losses**

|  | 2017       | 2016       |
|--|------------|------------|
|  | £000       | £000       |
| <b>Net income before other recognised gains and losses is stated after charging the following:</b> |            |            |
| Auditors' remuneration:  |            |            |
| - Statutory audit examination  | 29         | 25         |
| Depreciation   | 140        | 141        |
|  | <u>169</u> | <u>166</u> |

**9 Related party transactions**

Covenanted salaries and pensions include an aggregate £44,226 (2016: £87,745) received without conditions from sisters treated as related parties. Other than this and the employment contracts with the relevant lay staff there have been no transactions between related parties and the Charity.

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**10 Tangible fixed assets**

| <b>2017 Tangible fixed assets</b> | <b>Freehold land and buildings</b> | <b>Motor vehicles</b> | <b>Total</b> |
|-----------------------------------|------------------------------------|-----------------------|--------------|
|                                   | <b>£000</b>                        | <b>£000</b>           | <b>£000</b>  |
| <b>Cost</b>                       |                                    |                       |              |
| At 1 January 2017                 | 6,553                              | 179                   | 6,732        |
| Additions                         | -                                  | -                     | -            |
| Disposals                         | -                                  | -                     | -            |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2017               | 6,553                              | 179                   | 6,732        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| <b>Depreciation</b>               |                                    |                       |              |
| At 1 January 2017                 | 2,311                              | 160                   | 2,471        |
| Charge for the year               | 131                                | 9                     | 140          |
| Disposals                         | -                                  | -                     | -            |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2017               | 2,442                              | 169                   | 2,611        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| <b>Net book value</b>             |                                    |                       |              |
| At 1 January 2017                 | 4,242                              | 19                    | 4,261        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2017               | 4,111                              | 10                    | 4,121        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |

All tangible fixed assets relate to direct charitable purposes.

On 31 December 1995 the Trustee included freehold land and buildings at estimated replacement cost using insurance values as a basis and this has been used since then as the deemed cost for the purposes of the financial statements.

| <b>2016 Tangible fixed assets</b> | <b>Freehold land and buildings</b> | <b>Motor vehicles</b> | <b>Total</b> |
|-----------------------------------|------------------------------------|-----------------------|--------------|
|                                   | <b>£000</b>                        | <b>£000</b>           | <b>£000</b>  |
| <b>Cost</b>                       |                                    |                       |              |
| At 1 January 2016                 | 6,593                              | 178                   | 6,771        |
| Additions                         | 107                                | 12                    | 119          |
| Disposals                         | (147)                              | ( 11)                 | ( 158)       |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2016               | 6,553                              | 179                   | 6,732        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| <b>Depreciation</b>               |                                    |                       |              |
| At 1 January 2016                 | 2,239                              | 161                   | 2,400        |
| Charge for the year               | 131                                | 10                    | 141          |
| Disposals                         | ( 59)                              | ( 11)                 | ( 70)        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2016               | 2,311                              | 160                   | 2,471        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| <b>Net book value</b>             |                                    |                       |              |
| At 1 January 2016                 | 4,354                              | 17                    | 4,371        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |
| At 31 December 2016               | 4,242                              | 19                    | 4,261        |
|                                   | <hr/>                              | <hr/>                 | <hr/>        |

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11 Investments**

|   | 2017    | 2016    |
|---|---------|---------|
|   | £000    | £000    |
| Carrying value (being market value) at 1 January 2017   | 49,580  | 42,724  |
| Additions at cost                                       | 3,690   | 5,356   |
| Disposal proceeds                                       | (3,283) | (2,861) |
| Net investment (losses)/gains                           | 3,166   | 4,361   |
|   | <hr/>   | <hr/>   |
| Carrying value (being market value) at 31 December 2017 | 53,153  | 49,580  |
|   | <hr/>   | <hr/>   |
|   | 2017    | 2016    |
|   | £000    | £000    |
| <b>Listed investments:</b>                              |         |         |
| UK fixed interest                                       | 3,906   | 4,332   |
| UK equity shares  | 27,022  | 23,311  |
| Investment trusts                                       | 523     | 436     |
| Unit trusts   | 2,472   | 2,443   |
| Overseas fixed interest                                 | 2,417   | 2,464   |
| Overseas equity shares unit trusts                      | 12,708  | 12,750  |
|   | <hr/>   | <hr/>   |
| Market value at 31 December 2017                        | 49,048  | 45,736  |
| <b>Cash at bank held within Investments</b>             | 4,105   | 3,844   |
|   | <hr/>   | <hr/>   |
| Carrying value (being market value) at 31 December 2017 | 53,153  | 49,580  |
|   | <hr/>   | <hr/>   |
| Historical cost at end of year                          | 38,724  | 37,930  |
| Cumulative unrealised investment gain                   | 14,429  | 11,650  |
|   | <hr/>   | <hr/>   |
| Carrying value (being market value) at 31 December 2017 | 53,153  | 49,580  |
|   | <hr/>   | <hr/>   |

**12 Debtors**

|                                | 2017  | 2016  |
|--------------------------------|-------|-------|
|                                | £000  | £000  |
| Prepayments and accrued income | 136   | 167   |
|                                | <hr/> | <hr/> |

**13 Creditors**

|  | 2017  | 2016  |
|--|-------|-------|
|  | £000  | £000  |
| <b>Amounts falling due within one year</b> |       |       |
| Taxation and social security               | 2     | 2     |
| Accruals and deferred income               | 272   | 259   |
|  | <hr/> | <hr/> |
|  | 274   | 261   |
|  | <hr/> | <hr/> |



**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
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**14 Capital commitments**

|   | 2017 | 2016 |
|---|------|------|
|   | £000 | £000 |
| Contracted for but not provided in the accounts | Nil  | Nil  |

**15 Statement of change in reserves**

| 2017 Reserves                    | Balance brought forward | Transfers | Income | Expenditure | Net investment gains | Foreign exchange differences | Balance carried forward |
|----------------------------------|-------------------------|-----------|--------|-------------|----------------------|------------------------------|-------------------------|
|                                  | £000                    | £000      | £000   | £000        | £000                 | £000                         | £000                    |
| <b>Unrestricted income funds</b> |                         |           |        |             |                      |                              |                         |
| General funds                    | 122                     | (3,313)   | 2,271  | (2,120)     | 3,166                | ( 9)                         | 117                     |
| Designated funds                 |                         |           |        |             |                      |                              |                         |
| - Property and equipment         | 4,261                   | (140)     | -      | -           | -                    |                              | 4,121                   |
| - Continuity                     | 49,700                  | 3,453     |        |             |                      |                              | 53,153                  |
| <b>Total unrestricted funds</b>  | 54,083                  | -         | 2,271  | (2,120)     | 3,166                | ( 9)                         | 57,391                  |

**Designated and undesignated funds:**

The designated Property and equipment fund is established to represent the unrestricted tangible fixed assets of the Charity. It is the same amount as the Fixed assets - Tangible assets in the Balance sheet.

The designated Continuity fund is established to show the extent to which funds are required to be retained to provide the basic financial structure to earn income to meet future expenditure. It is the same amount as the Fixed assets - Investments in the Balance sheet.

The undesignated General funds are the same amount as the Net current assets in the Balance sheet.

**Transfers:**

Transfers recorded above are from the Property and equipment designated fund at 1 January 2017 or from General funds arising in 2017 and are to the Continuity fund.

| 2016 Reserves                    | Balance brought forward | Transfers | Income | Expenditure | Net investment gains | Foreign exchange differences | Balance carried forward |
|----------------------------------|-------------------------|-----------|--------|-------------|----------------------|------------------------------|-------------------------|
|                                  | £000                    | £000      | £000   | £000        | £000                 | £000                         | £000                    |
| <b>Unrestricted income funds</b> |                         |           |        |             |                      |                              |                         |
| General funds                    | 77                      | (6,590)   | 4,502  | (2,262)     | 4,361                | 34                           | 122                     |
| Designated funds                 |                         |           |        |             |                      |                              |                         |
| - Property and equipment         | 4,371                   | (110)     | -      | -           | -                    | -                            | 4,261                   |
| - Continuity                     | 43,000                  | 6,700     | -      | -           | -                    | -                            | 49,700                  |
| <b>Total unrestricted funds</b>  | 47,448                  | -         | 4,502  | (2,262)     | 4,361                | 34                           | 54,083                  |

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Designated funds:**

At 1 January 2016 the designated Continuity fund was established to show the extent to which funds are required to be retained to provide the basic financial structure to earn income to meet future expenditure. Property and equipment is a fund representing the unrestricted tangible fixed assets of the Charity.

**Transfers:**

Transfers recorded above are from the Property and equipment designated fund at 1 January 2016 or from General funds arising in 2016 and are to the Continuity fund.

|           |  |                      |                         |                    |
|-----------|--|----------------------|-------------------------|--------------------|
| <b>16</b> | <b>Analysis of net assets between funds</b>                  |                      |                         |                    |
|           | <b>2017 Analysis of net assets between funds</b>             | <b>General funds</b> | <b>Designated funds</b> | <b>Total funds</b> |
|           |  | <b>£000</b>          | <b>£000</b>             | <b>£000</b>        |
|           | <b>Fund balances at 31 December 2017 are represented by:</b> |                      |                         |                    |
|           | Tangible fixed assets  | -                    | 4,121                   | 4,121              |
|           | Investments  | -                    | 53,153                  | 53,153             |
|           | Current assets   | 354                  | 37                      | 391                |
|           | Current liabilities  | ( 274)               | -                       | ( 274)             |
|           | <b>Total net assets</b>                                      | <b>80</b>            | <b>57,311</b>           | <b>57,391</b>      |
|           | <b>Unrealised gains included above</b>                       |                      |                         |                    |
|           | On investment assets   | -                    | 14,429                  | 14,429             |
|           |  |                      |                         |                    |
|           | <b>2016 Analysis of net assets between funds</b>             | <b>General funds</b> | <b>Designated funds</b> | <b>Total funds</b> |
|           |  | <b>£000</b>          | <b>£000</b>             | <b>£000</b>        |
|           | <b>Fund balances at 31 December 2016 are represented by:</b> |                      |                         |                    |
|           | Tangible fixed assets  | -                    | 4,261                   | 4,261              |
|           | Investments  | -                    | 49,580                  | 49,580             |
|           | Current assets   | 383                  | 120                     | 503                |
|           | Current liabilities  | ( 261)               | -                       | ( 261)             |
|           | <b>Total net assets</b>                                      | <b>122</b>           | <b>53,961</b>           | <b>54,083</b>      |
|           | <b>Unrealised gains included above</b>                       |                      |                         |                    |
|           | On investment assets   | -                    | 11,650                  | 11,650             |

**DOMINICAN SISTERS (THIRD ORDER) CONGREGATION OF NEWCASTLE NATAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17 Cash flow information**

**a) Reconciliation of changes in resources to net cash outflow from operating activities**

|  | 2017           | 2016           |
|--|----------------|----------------|
|  | £000           | £000           |
| Net income for the reporting period                        | 3,317          | 6,601          |
| Adjustments:   |                |                |
| (Gain)/loss on investments                                 | (3,166)        | (4,361)        |
| Gain on disposal of fixed assets                           | -              | (2,300)        |
| Investment income  | (1,604)        | (1,537)        |
| Depreciation   | 140            | 141            |
| (Increase)/decrease in debtors                             | 15             | ( 7)           |
| Increase/(decrease) in creditors                           | 13             | 48             |
|  | <hr/>          | <hr/>          |
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>(1,285)</b> | <b>(1,415)</b> |
|  | <hr/> <hr/>    | <hr/> <hr/>    |

**b) Reconciliation of net cash flow to movement in net funds**

|   | 2017        | 2016        |
|---|-------------|-------------|
|   | £000        | £000        |
| Decrease in cash in the period                          | ( 72)       | (131)       |
| Cash inflow/(outflow) from decrease in liquid resources | -           | -           |
|   | <hr/>       | <hr/>       |
| Movement in net funds in the period                     | ( 72)       | (131)       |
| Foreign exchange translation differences                | ( 9)        | 34          |
| Net funds brought forward                               | 336         | 433         |
|   | <hr/>       | <hr/>       |
| <b>Net funds carried forward</b>                        | <b>255</b>  | <b>336</b>  |
|   | <hr/> <hr/> | <hr/> <hr/> |

**c) Analysis of net funds**

|                            | At 1<br>January<br>2017<br>£000 | Cash flow<br>£000 | Foreign<br>exchange<br>differences<br>£000 | At 31<br>December<br>2017<br>£000 |
|----------------------------|---------------------------------|-------------------|--|-----------------------------------|
| 2017 Analysis of net funds |                                 |                   |  |                                   |
| Cash at bank and in hand   | 336                             | ( 72)             | ( 9)                                       | 255                               |
|                            | <hr/>                           | <hr/>             | <hr/>                                      | <hr/>                             |
| 2016 Analysis of net funds |                                 |                   |  |                                   |
|                            | At 1<br>January<br>2016<br>£000 | Cash flow<br>£000 | Foreign<br>exchange<br>differences<br>£000 | At 31<br>December<br>2016<br>£000 |
| Cash at bank and in hand   | 433                             | (131)             | 34   | 336                               |
|                            | <hr/>                           | <hr/>             | <hr/>                                      | <hr/>                             |