

**The Congregation  
of the Little  
Sisters  
of the Poor  
Charitable Trust**

**Annual Report and Accounts**

31 December 2017

Charity Registration Number  
234434

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## Reference and administrative information

<b>Trustee</b>	<p>The Trustee of the charity is The Congregation of the Little Sisters of the Poor Trustee Company Limited, a limited liability company (Company Registration Number 867949).</p> <p>The directors of the corporate trustee during the year were:</p> <p>Caroline Lloyd Margaret Ashton Deirdre McCormack Josephine Storey Sister Isabella Donnelly (appointed 25 April 2017)</p>
<b>Provincial Superior</b>	Caroline Lloyd
<b>Provincial Bursar</b>	Margaret Ashton
<b>Principal office</b>	St Peter's Home 2a Meadow Road South Lambeth London SW8 1QH
<b>Telephone</b>	020 7735 0788
<b>Fax</b>	020 7582 0973
<b>Charity registration number</b>	234434
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Principal bankers</b>	Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA
<b>Principal solicitors</b>	Hunters Solicitors 9 New Square Lincoln's Inn London WC2A 3QN

The directors of the corporate trustee (hereafter referred to as the trustees) present their statutory report together with the accounts of The Congregation of the Little Sisters of the Poor Charitable Trust (the "charity") for the year ended 31 December 2017.

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 32 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011 and 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).

### **INTRODUCTION**

The Congregation of the Little Sisters of the Poor (the "Congregation") is an international Roman Catholic religious congregation with 2,081 Little Sisters worldwide, including 17 novices and 22 postulants at 31 December 2017. It was founded in Brittany, France by Jeanne Jugan, who took into her home a poor, blind elderly lady and gave up her own bed. From this gesture the Congregation spread throughout the world. The Generalate of the Congregation is located in Brittany, France and the Congregation is divided into 17 Provinces across the world.

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Congregation in England and the Channel Islands are held.

### **MISSION**

The object of the Congregation of the Little Sisters of the Poor Charitable Trust, as set out in its governing document, is the spiritual welfare of its members and hospitality towards the elderly poor.

The English Province of the Congregation of the Little Sisters of the Poor Charitable Trust aims to support the religious and other charitable works carried on by the members of the Congregation and to care for those members throughout their lives with the Congregation. These ministries of the Sisters of the Congregation, all of which benefit numerous members of the general public, fall into the two main areas: caring for members of the Congregation; and the ownership and operation of Care Homes for the elderly.

When setting the objectives and planning the work of the charity for the year, and when encouraging the work of individual Sisters, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

The Congregation proposes to its members the following of Jesus Christ through the profession of the evangelical counsels, in order to show forth – according to the words and teaching of Our Lord – the Kingdom of Heaven as a luminous sign. (*Constitutions of the Congregation*).

**MISSION** (continued)

The particular mission of the Congregation of the Little Sisters of the Poor is the apostolate to the elderly poor, in fidelity to the charismatic inspiration of Jeanne Jugan. By the vow of hospitality the Sisters promise God to consecrate themselves to the service of the elderly poor, according to the apostolic purpose of the Congregation and according to its Constitutions. The object of the vow is to practise the corporal works of mercy, in view of the salvation of souls and to spare no effort to attain this end. Each one in the community brings her collaboration to the common tasks. (*Constitutions of the Congregation*).

**OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES**

**Activities and specific objectives**

The works or ministries of the Sisters of the Congregation fall into the following main areas:

◆ **Worship and prayer**

Members of the Congregation are given the opportunity for private worship and to continue to develop their knowledge and trust in Jesus and the Church through quiet prayer, study of the Gospel and spiritual development. In addition, members of the Congregation celebrate and pray with the wider community including people of all faiths and none. They do this through the celebration of the Liturgy and church services.

◆ **Social and pastoral work**

The sole apostolate of the Congregation is the care of the elderly poor, of all nationalities and beliefs, in Homes providing residential and nursing care. Its social and pastoral work is extended to the elderly of the neighbourhood who are welcomed to the Homes on a daily basis and who occasionally participate in the Luncheon Clubs run by the Homes.

◆ **Operation of residential and care establishments**

During the year the Sisters provided care and assistance to the elderly at nine establishments owned and operated by the charity, in Birmingham, Bristol, Jersey, Leeds, London (Stoke Newington and South Lambeth), Manchester, Newcastle and Preston. All Homes provide high quality care for members of the general public and those members of the Congregation in need of care in their later years. Due to the diminishing number of Sisters, and rising ages, it was decided to withdraw from the Home in Preston and the transfer to another provider was made on 15 December 2017.

◆ **Overseas missionary work**

The charity also occasionally helps support Sisters working in healthcare and social and pastoral fields in the Homes of the Congregation in poorer countries, thereby helping some of the world's poorest and most disadvantaged people.

Within this work, the charity is also responsible for caring for members of the Congregation.

**OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES** (continued)

**Activities and specific objectives** (continued)

***Care Homes***

The philosophy of care is:

- ◆ To uphold, in conformity with Christian values and the teachings of the Catholic Church, the sacredness of human life in all its stages;
- ◆ To respond to the desires and aspirations of the elderly residents and, in particular, recognising:
  - a. their dignity, their desire to be respected, esteemed and loved, and the longing to feel useful;
  - b. their apprehension of solitude, together with the wish for a certain independence and privacy;
  - c. the need for security, in health as in sickness, until death;
- ◆ To respect human dignity which does not consist in being able to choose the time of one's death, but in being aware of the fact that one's basic right is the right of respect for life;
- ◆ To reject all passive and active practices of euthanasia.

The tangible fixed assets of the charity are necessary for the work that is done by the Sisters. However, the running costs of the Homes are not compensated by the income that is generated through subsidies from Local Authorities. Without the fundraising activities and daily collections that are made by the Sisters, the Homes would cease to function. The Sisters rely on the help of benefactors and this has been so from the earliest beginnings.

Details of the Homes are given in the table overleaf. Each Home includes lounges, a library, a Chapel, a shop for use by residents, a hairdressing facility, an arts and crafts complex, a medical suite, a concert hall for residents' entertainment and day facilities for the elderly of the locality.

**OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES** (continued)

**Activities and specific objectives** (continued)

**Care Homes** (continued)

<b>Name of Home</b>	<b>Address</b>	<b>Number of rooms</b>	<b>Additional facilities</b>
St Joseph's Care Home with Nursing	71 Queens Park Road Harborne Birmingham B32 2LB	37 en suite with ancillary services	12 Independent living apartments
St Joseph's Care Home with Nursing	66 Cotham Hill Bristol BS6 6JT	40 en suite with ancillary services	
Jeanne Jugan Care Home with Nursing and Independent Living Complex	New St John's Road St Helier Jersey Channel Islands	70 en suite with ancillary services	20 Independent living apartments
Mount St Joseph's Care Home with Nursing and Independent Living Complex	Shire Oak Road Headingley Leeds LS6 2DE	45 en suite with ancillary services	23 Independent living apartments
St Peter's Care Home and Independent Living Complex	Meadow Road South Lambeth London SW8 1QH	56 en suite with ancillary services	20 Independent living apartments
St Joseph's Care Home with Nursing	52 Plymouth Grove West Manchester M13 0AR	52 en suite with ancillary services	2 Independent living apartments
St Joseph's Care Home with Nursing	Westmoreland Road Newcastle-upon-Tyne NE4 7QA	57 en suite with ancillary services	
St Anne's Care Home with Nursing and Independent Living Complex	Manor Road Stoke Newington London N16 5BL	32 en suite with ancillary services	19 Independent living apartments

**OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES** (continued)

**Activities and specific objectives** (continued)

***Caring for members of the Congregation***

In common with many Religious Congregations in England, the age profile of the members of the Congregation is increasing as existing members grow older and the number of new vocations becomes minimal. The age profile of the Congregation in England is shown below:

<b>Age range</b>	<b>Number of Sisters</b>
30 to 39 years	3
40 to 49 years	4
50 to 59 years	7
60 to 69 years	11
70 to 79 years	32
80 to 89 years	17
90 years and over	8

The Congregation has an obligation, both moral and legal, to provide care for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to the care of the elderly poor and marginalised in society. As the age profile of the Congregation increases, so too does the need to provide increasing and increasingly expensive care to the Sisters. As the Sisters become elderly and in need of care they are cared for in the Community to which they are assigned.

As a consequence, the trustees are giving careful consideration to the impact of this on the work of individual members of the Congregation, the property requirements of the Congregation and the financial implications. In this regard, the aims of the trustees over the forthcoming years include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require;
- ◆ Reviewing the charity's properties to provide adequate space to enable the elderly Sisters to be cared for; and
- ◆ Enabling all members of the Congregation to continue with their individual ministries for as long as possible.

**OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES** (continued)

**Activities and specific objectives** (continued)

**Associates**

The Association Jeanne Jugan, approved by the Church on 5 September 1998, offers to lay men and women the opportunity of sharing in the spiritual riches of the Little Sisters of the Poor, of participating in their apostolic mission of hospitality to the needy elderly and of helping to spread the charisma of Jeanne Jugan in the milieus where they live and work.

There are presently 138 members in England.

**Volunteers**

Throughout the year, volunteers give their time to assist the elderly in the Care Homes. They receive no financial reward for this work which contributes to the overall achievement of the charity's objectives. In addition, members are involved in administering the work of the Congregation and the charity. Without their contribution the charity would not be able to function as effectively or as fully as it does. Details of the areas in which volunteers and members gave their time are shown in the table below:

	No of volunteers	No of associates
Reception	32	14
Assisting residents	12	12
Driving	24	9
Administration	9	1
Animation	45	14
Library	8	—
Catering	1	—
Spiritual	11	8
Maintenance	3	5
Meal service and serving teas	29	8
Shop	21	2
Garden	6	—
Flower arranging	6	1
Visiting residents	20	—
Arts & Crafts	17	10
Music	10	—
Fundraising	32	54
<b>Total</b>	<b>286</b>	<b>138</b>

**Protection of Children and Vulnerable Adults**

Along with all other organisations who serve in the community, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charity serves. This means that all Sisters who are in any kind of ministry in England have to obtain clearance from the Disclosure and Barring Service (DBS). The trustees are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS). The Congregation of the Little Sisters of the Poor Charitable Trust is a Registered Body with the DBS and has a registered lead signatory and ten counter-signatories.

## **OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES** (continued)

### **Grants, donations and other payments in support of missionary work and ministry**

The Congregation may make modest donations in exceptional cases with authorisation from the Superior General or the Superior Provincial, as the case requires. The charity supports the work of the Congregation in Africa, the funds being raised by the sale of goods made by residents in the arts and crafts department of the Homes.

### **Fundraising policy**

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. The charity is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. As noted above, it applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that donors' and supporters' communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2017, the charity received no complaints about its fundraising activities.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

Throughout the year Sisters continued to up-date their professional skills. Some Sisters are currently being trained in Leadership and Management Awards, National Certificate of Further Education in: Quality and Diversity, Principles of End of Life Care, Principles of Dementia and Safeguarding. Others courses that are on-going are: Health & Safety, Certificate in the Safe Handling of Medicines, Food Safety in Catering, Safeguarding, Mental Capacity Act, Staff management, Gold Standards Framework, Fire Safety and Emergency First Aid.

### **Care Homes**

The trustees are aware of the importance of the care of the elderly in every aspect and, in particular, of the mission and ethos of the Little Sisters of the Poor in their care of elderly people. The Homes are supported on a national level by qualified personnel and consultancy services. The Care Home Advisor, David Colborn MA, BSc, RGN, Dip. Nurs., Certd. Ed. visits the Homes on a regular basis. David updates the Care Managers on issues surrounding the care of the residents and reviews the policies three yearly. He has attended a course on Fire Prevention which has enabled him to carry out the necessary inspections of the buildings. He also gives courses to the staff on Tissue Viability and Managing Continence.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of activities** (continued)

#### **Care Homes** (continued)

Claudia Pineda is the Moving and Handling Co-ordinator, training staff in the correct procedures in this area. She is updated on an annual basis. There are also Moving and Handling facilitators at each Home. She also oversees the care training session, induction and on-going, using Skills for Care, and as part of the induction supports carers in acquiring the Care Certificate.

The trustees are also aware of the importance of ensuring that the Homes are financially viable and have appointed a Group Purchasing Manager, David West, to negotiate and review contracts, and obtain the best deals in every aspect of purchasing. David operates from the Provincial House in London and is in constant contact with the Managers of the Homes, advising and negotiating discounts with suppliers before placing orders.

Because of the number of employees involved in each Home and complexity of employment law, the Sisters have contracted the services of Peninsula Business Services. An advice line is available 24 hours a day 365 days a year. Contracts of Employment and related documents are in line with current legislation and have been drawn up with the support of the Peninsula Business Services, and material is up-dated as necessary. Training sessions are a part of the package and these are attended by Management and Personnel Officers on a regular basis. Janet Melbourne is sub-contracted to oversee the management of the local HR team in the Homes and to advise as necessary.

The staff from Directory of Social Change have had a large input into the training of staff in various areas in Communication and Developing Effective Relationships. These courses have been appreciated by the staff and all appear to have benefitted fully.

The Homes of the Little Sisters of the Poor are supported by Local Training Centres for the training of staff to required levels.

Distant Learning Courses are in place for Sisters and staff members, particularly in the field of Dementia. These have made an immense difference in helping to understand the elderly who are borderline cases in the Homes.

Sisters and staff have also been registered with Educare and have completed the training on Safeguarding through this means.

#### *St Joseph's Care Home with Nursing, Birmingham*

St Joseph's Care Home in Harborne, Birmingham provides care for 37 residents. The Home also has 12 Independent-Living Apartments.

During the year negotiations continued for the sale of a piece of land bordering Tennial Road. Several potential purchasers were considered and this remained ongoing at the end of 2017.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of activities** (continued)

#### **Care Homes** (continued)

It was found necessary to purchase two profiling beds with mattresses, two new computers, and two new routers. A moving and handling audit proved it was necessary to have various sized slings for the benefit of the residents.

#### *St Joseph's Care Home with Nursing, Bristol*

St Joseph's, Bristol, is registered to provide accommodation and personal care for 40 elderly people of modest income who are 65 and over. Within this they can provide support for up to six people who also require nursing care. There are 40 individual, en-suite rooms, with showers.

Work continued on the up-grading of the en-suite facilities, which enable easier access into the showers for the residents. A new refrigerator system for the cold room in the main kitchen was installed. Thanks to donations in answer to an appeal, the upgrading of flooring on the second floor corridor was made possible. This is appreciated by the residents as it gives an atmosphere of brightness and light.

#### *Jeanne Jugan Care Home with Nursing, Jersey, Channel Islands*

Jeanne Jugan Care Home in Jersey, Channel Islands, provides care for 70 residents of modest income, with an Independent Living Complex for 18 residents. The Home is registered as a Care Home with Nursing.

During the year work completed involved bringing the kitchen sinks and refrigerator shelving up-to-date as per inspection requirements. Thanks to donations received, a new bed and mattress was purchased to facilitate moving and handling, and to give greater comfort to the resident.

#### *Mount St Joseph's Care Home with Nursing, Headingley, Leeds*

Mount St Joseph's provides care for 45 elderly people of modest income. There are also 23 Independent-Living Apartments with full occupancy. During the year the following work was carried out, funded mainly by donations:

The replacement of fire detection system and heads with a completely new system.

Replacement of 8 hot water storage tanks throughout the Home.

The replacement of overhead concealed closers to existing aluminium doors.

Showers were brought up to standard in two areas of the Home, and carpets and crockery renewed. Valves on radiators were replaced around the Home for a more optimal energy consumption.

#### *St Anne's Care Home with Nursing, Stoke Newington, London*

St Anne's provides care for 32 elderly people of modest income and was opened, after re-construction, in October 2008. There are also 19 Independent Living Apartments.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of activities** (continued)

#### ***Care Homes*** (continued)

Due to an emergency during the year it was necessary to carry out repair work on the pedestrian gate. It was also found necessary to renew a third of the emergency lighting in the Home. It was necessary to request from Hackney Council the permission to remove all growth from 10 trees at the front of the Home for Health and Safety reasons. Other purchases during the year included a rotowash floor cleaning machine and garden equipment.

#### ***St Peter's Care Home, South Lambeth, London***

St Peter's is a Residential Care Home registered for 56 places for elderly people with modest income who are 65 and over. There are also 20 independent-living apartments for elderly people with modest income who are capable of living independently. While maintaining a high level of occupancy, the Home continues to receive a large number of applications.

Training of staff has continued to be a priority in order to ensure a high standard of care. We are grateful also for the commitment of our volunteers who contribute so much to the joy and happiness of our residents. Two cupboards and bains-marie were purchased for the first and second floor dining rooms. This is beneficial to the residents as their food is kept hot.

#### ***St Joseph's Care Home with Nursing, Manchester***

St Joseph's, Manchester, is registered for 52 places. Staff and volunteers ensure that the standard of care given is high and this is confirmed by recent inspection reports. Every effort is made to ensure that residents' needs are met, their dignity maintained and their well-being assured.

During the year, work continued with phase 2 of the refurbishment programme, giving better en-suite facilities to the residents. An awareness meal was organised by a friend of the Home inviting some people who may be in a position to help us with fundraising. Various avenues are currently being explored. Phase 2 was completed prior to 31 December 2017, and work began on phase 3. Thanks to some donations we were able to purchase furniture for the newly refurbished rooms. Other work that was necessary was replacing the damaged flooring in the arts and crafts room with wood effect tiles and to fit venetian blinds to patio doors and the upgrading of the software for the paging and emergency call system due to repeated breakdowns in the system.

#### ***St Joseph's Care Home with Nursing, Newcastle***

St Joseph's, Newcastle, underwent a huge refurbishment programme in the 1990s and the Home is well maintained as are the extensive gardens that surround it. It provides places for 57 elderly residents of modest income. Staff are devoted and most of them have been in employment at the Home for many years.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Review of activities (continued)

#### *Care Homes (continued)*

During the past year, thermostatic radiator valves were replaced throughout the Home, as were two hot water boilers and circulating pumps for the central heating. Work has begun on the upgrade of the fire protection and installation of automatic door closers, and installation of an LED lighting system. Free-swing fire doors were installed. Profiling beds, mattresses and bedding were purchased for the comfort of the residents.

#### *Jeanne Jugan Care Home with Nursing, Preston*

Due to a reduced number of Sisters, the Little Sisters of the Poor left Preston on 15 December 2017. The Care Home was sold to ZHPT Limited who leased it to Spiral Health CIC.

The following table summarises some of the important statistics regarding the Homes:

	Occupancy %	Residents in Care	Occupancy Independent Living %	Residents in Independent living	Residents' deaths in year	Staff number	Staff FTE
St Joseph's Birmingham	95	37	92	11	10	11	75
St Joseph's Bristol	80	40		—	13	22	30
Jeanne Jugan Residence Jersey	89	60	100	23	11	22	80
Mount St. Joseph's Leeds	93	45	100	23	16	23	51
St Anne's, Stoke Newington, London	100	32	100	19	5	21	51
St Peter's London	95	56	90	18	14	14	59
St Joseph's Manchester	77	52	50	1	17	15	71
St Joseph's Newcastle upon Tyne	95	57		—	17	9	72

## FINANCIAL REPORT FOR THE YEAR

### Results for the year

A summary of the results for the year can be found on page 25 of the attached accounts.

Income has increased by £676,283 (2016 - £853,490) compared to the previous year and amounts to £17,961,414 (2016 - £17,285,131). However, total income does include a surplus on the disposal of the Jeanne Jugan Care home with Nursing, Preston of £1,569,012. Adjusting for this, income has decreased by £892,729.

Total income from the provision of residential and care services grew by £15,552 (2016 - £243,938). Nevertheless, this increase is insufficient to keep pace with rising costs. The charity remains very dependent on voluntary income – both general donations and legacies, which have decreased by £974,641 following the receipt of a substantial legacy in 2016. (2016 – increase of £642,145).

## **FINANCIAL REPORT FOR THE YEAR (continued)**

### **Results for the year (continued)**

The trustees continue to be extremely grateful to all those who provide financial assistance to the charity, thus enabling it to continue its invaluable work.

Expenditure increased from £17,888,577 in 2016 to £18,564,604 in 2017. The trustees keep a tight control over costs but expect that costs will rise as the homes have to meet the increasing requirements of legislation affecting the care sector. The majority of the charity's expenditure represents the operating costs of the Congregation's care homes and a significant proportion of this relates to staff costs which have risen by rates higher than inflation over the past few years reflecting, in particular, the national shortage of qualified nursing and care staff. Fundraising and administration costs are well controlled and represent only a small proportion of total expenditure.

### **Reserves policy**

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charity's work, the level of free reserves should be approximately equal to between 3 and 6 months' expenditure. The trustees are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

### **Investment policy**

The Congregation does not hold investments and accepts neither revenues nor other forms of guaranty in perpetuity. The work is entrusted to Providence, which has manifested itself in such a remarkable way since the beginning of the Congregation.

### **Financial position**

The balance sheet shows total funds of £47,496,837 (2016 - £48,100,027). Of this, £45,602,196 (2016 - £46,312,999) is designated as the tangible fixed assets fund. This represents the net book value of the charity's tangible fixed assets used to support the work of the sisters less the value of long term loans obtained in order to finance major property improvements. A further £59,670 (2016 - £57,031) represents restricted monies received for specific purposes.

Free reserves, therefore, are those shown on the balance sheet as general funds and at 31 December 2017 showed a surplus of £1,834,971 (2016 – £1,729,997), significantly below the amount required under the reserves policy set out above.

This situation highlights the dependency of the charity on continuing voluntary income to fund the shortfall between operating costs and residential and care charges. The trustees are confident that free reserves will increase and, over the medium term, grow to a level that is consistent with the reserves policy set out above.

**FINANCIAL REPORT FOR THE YEAR (continued)**

**The charity's assets**

Acquisitions and disposals of tangible fixed assets during the year are recorded in the notes to the accounts.

**PLANS FOR FUTURE PERIODS**

Subsequent to the year end, the charity's trustees have carried out a detailed review of the charity's activities including consideration of the future options with regard to the care homes. This review was carried out with care and in light of the charity's overall financial position and its long term commitment to care for the members of the Congregation and to support their ministry. Advice was sought from the charity's professional advisers also.

The conclusion of this review was that, with great sadness, the decision has been made to withdraw from Jersey. This is entirely due to lack of vocations in the Congregation, and the advancing ages of the sisters. This decision has not been taken lightly and has been the object of much reflection and prayer.

We know this news will affect everyone connected to the Home, but most importantly our residents, their families and the staff and we are committed to supporting them through this transition. We are grateful to all who have helped us in our mission during these 133 years.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT**

### **Governance**

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her General Council in Brittany, France. They are elected every six years at a General Chapter consisting of a meeting of representatives of all provinces of the Congregation. The English Province is governed by the Provincial who is named by the Superior General with the deliberative vote of her Council. Members of the Provincial Council are named by the Superior General with the consultation of her Council. Each community in the English Province is governed by a local superior, who is appointed by the Superior General with the deliberative vote of her Council. The Provincial is required to make a Canonical Visitation in each community at least every eighteen months, with shorter visits throughout the year. There is a system of accountability operational throughout the Province to ensure that the Provincial Superior and her Councillors are aware of the progress and development of the ministries carried out by the Sisters of the Province. A visit by the Superior General is made to the English Province during her term of office.

In terms of Civil law, the charity is governed by a trust deed dated 8 December 1948 and is a registered charity – Charity Registration No. 234434. The trustees of the charity are the three members of the Provincial Council and two other members who are local Superiors. As all trustees are members of the Congregation they have a detailed knowledge of the work of the charity and of its structure.

As all trustees are members of the Congregation of the Little Sisters of the Poor, their living and personal costs are borne by the charity. However, they receive no remuneration or expenses for their services as trustees.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and accounts and brief biographical details on each of the trustees is given below.

### ***Sister Caroline Lloyd***

Sister Caroline Lloyd joined the Congregation in 1972. She is currently the Provincial Superior of the English Province. Since entering the Congregation she trained as a nurse at St James's Hospital, Leeds, and has held the post of deputy Manager and Manager in several Homes in France, mainly in Rennes and Paris.

### ***Sister Mary Chantal (Margaret Ashton)***

Sister Mary Chantal joined the Congregation in 1958. She is the Provincial Bursar with overall responsibility for the finances of the charity. Since joining the Congregation she has received training in accountancy and book-keeping.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Governance** (continued)

#### ***Sister Deirdre Mary Francis (Deirdre McCormack)***

Sister Deirdre joined the Congregation in 1992, having previously obtained a BSc degree in Nursing at Cambridge. She also has obtained NVQ Level 4 in Management and Leadership. Since entering the Congregation she has served as Unit Manager in the Homes of the Little Sisters in Dundee, Lyon, Dijon and Paris, and as Deputy Manager and Registered Manager in Newcastle, Preston and Manchester, and is currently serving as Registered Manager at St Peter's, Vauxhall, London.

#### ***Sister Josephine (Josephine Storey)***

Sister Josephine joined the Congregation in 1966. She trained as a Registered General Nurse at St James's Hospital, Leeds, and has held the post of deputy Care Home Manager and Care Home Manager at the charity's Homes in Bristol and London. She is now Manager of the Care Home with Nursing in Manchester.

#### ***Sister Jacinta (Isabella Donnelly)***

Sister Jacinta was appointed trustee in April 2017. She joined the Congregation in 1962. She trained as a Registered General Nurse at St Charles's Hospital, London and has held the post of deputy Care Home Manager in several Homes in England, Ireland and Scotland. She is currently Manager at the Care Home with Nursing at London St Peter's, Vauxhall.

#### ***Statement of trustees' responsibilities***

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to 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 accounts; and

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

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

- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are 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.

### **Structure and management reporting**

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions.

When necessary, the trustees seek advice and support from the charity's professional advisers including property consultants, managers, solicitors and accountants. The day to day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation or senior staff.

The English Province comprises 87 Sisters who lived as part of nine communities during the year. Two of the community houses were situated in London, one in the South West, one in Jersey, one in the West Midlands, one in Yorkshire, two in the North West and one in the North East. The community house in Preston closed during 2017 following the sale of the care home in December. The community houses are located in those areas of towns and cities where it is believed that the Sisters can provide the most help to the poor and marginalised. Often these areas are socially deprived areas desperately in need of the care and pastoral work carried out by the Sisters. As stated above, each community has a local superior appointed by the Superior General. The local superior is responsible for both the needs and the care of the Sisters in her community and she liaises regularly with the trustees. All local superiors meet together once or twice a year with the trustees to discuss developments and future plans and strategy.

The day to day responsibility for the Homes is in the hands of the Registered Care Manager, who is the Mother Superior at each location. They liaise regularly with the Provincial Superior concerning the running and maintenance of the Home. They are supported and aided by a Local Council of two members who are named by the Superior General with the consent of her Council.

The Registered Care Manager in place at each of the Homes at 31 December 2017 were as follows:

#### **St Joseph's, Birmingham**

Registered Manager: Sister Kathleen Kiernan was appointed Manager of the Home on 6 May 2017. She is a Registered Nurse who has over thirty years' experience of nursing and caring for the elderly in a care home environment.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Structure and management reporting** (continued)

#### ***St Joseph's, Bristol***

Registered Manager: Sister Annie Frain is a Registered General Nurse who has over forty years' experience of nursing and caring for the elderly in a care home environment. Sister Catherine McKinlay is a Registered General Nurse with over forty years of experience of nursing and caring for the elderly and leading a Community. She is currently the Mother Superior of the Community.

#### ***Jeanne Jugan Residence, Jersey***

Registered Manager: Sister Catherine Harvie is a Registered General Nurse with over forty years' experience of nursing and caring for the elderly in a care home environment.

#### ***Mount St Joseph's, Leeds***

Registered Manager: Sister Caroline Kissane was appointed Manager of the Home on 11 May 2017. She is a Registered Nurse who has over thirty years' experience of caring for the elderly in a care home environment.

#### ***London – St Peter's, South Lambeth***

Registered Manager: Sister Isabella Donnelly was appointed Manager of the Home on 25 April 2017. She is a Registered Nurse and has over fifty years' experience of caring for the elderly in a care home environment.

#### ***London – St Anne's, Stoke Newington***

Registered Manager: Sister Maureen Wright is a Registered General Nurse who has over forty years' experience of caring for the elderly in a care home environment.

#### ***St Joseph's, Manchester***

Registered Manager: Sister Josephine Storey is a Registered General Nurse who has thirty years' experience of caring for the elderly in a care home environment.

#### ***St Joseph's, Newcastle Upon Tyne***

Registered Manager: Sister Deirdre McCormack was appointed Manager of the Home on 30 April 2017. She is a Registered Nurse who has over twenty years' experience of caring for the elderly in a care home environment.

#### ***Jeanne Jugan Residence, Preston***

Registered Manager: Sister Catherine McGuire has over forty years' experience of caring for the elderly in a care home environment.

### **Working with other organisations**

The charity works closely with a number of other charities and public bodies which work in the field of providing care to the vulnerable and the elderly. Working together in this way enhances communication and understanding thus enabling services to the elderly to be provided more efficiently and effectively and avoiding duplication of effort.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Working with other organisations** (continued)

Examples of the organisations with which the Sisters have worked and the charity has cooperated during the year are as follows:

- ◆ The Roman Catholic Dioceses of Birmingham, Clifton, Portsmouth, Leeds, Westminster, Southwark, Salford, Hexham & Newcastle and Lancaster
- ◆ Care Quality Commission
- ◆ NHS
- ◆ Social Services
- ◆ Training Centres

### **Risk management**

The trustees undertake an annual review of the principal risks and uncertainties that the charity faces, categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures should they be needed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified a number of key risks for the charity which are described below together with the principal ways in which they are mitigated:

- ◆ An analysis of the age profile of the members of the Congregation shows that the average age in the Province at 31 December 2017 was 74 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the Sisters have resources of their own as all earnings, pensions and other income have been donated to the charity. As the age profile increases, so too does the need to provide care for the Sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by claiming state pensions and attendance allowance when entitled to do so (b) ensuring that processes are in place to review regularly the ministries and needs of individual Sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

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

- ◆ Operationally the work of the charity is the care of the elderly of modest means. The trustees recognise the absolute necessity of ensuring the protection and safety of all those that the charity serves. This means that Sisters engaged in any ministry in Great Britain and Jersey, Channel Islands, and all those who work or volunteer for the charity must obtain clearance from the Disclosure and Barring Service (DBS). The trustees are committed fully to implementing the policies of the Catholic Safeguarding Advisory Service (CSAS). One of the Sisters is responsible for ensuring this policy is adhered to in respect to all Sisters, employees and volunteers. In addition, the trustees have established that each Home has a nominated person and this Safeguarding Team meets during the year to discuss any problems that may have arisen. They are regularly in communication by email and phone and on-going safeguarding training is provided. Internal policies are reviewed and up-dated and Sisters, staff and volunteers are kept informed about good practice in work and ministry.
- ◆ Additional administration staff have been recruited to lighten the workload of some departments, through job sharing or dividing tasks. This avoids the risk of a reduced functioning in these areas and contributes to the smooth running of the Home when absences occur.
- ◆ Because of the new General Data Protection Regulations the Sisters acknowledge the risk involved in not being fully functional to meet the requirements of this new law. In order to ensure full compliance, and that the law is fully understood and adhered to, training has been given to the Sisters and delegated staff members. A Data Protection Officer is being recruited and each Home has an appointed Data Protection Leader. A Policy and Fair Processing and Privacy Notice has been developed and these are available on the website.
- ◆ The charity donates occasional sums in support of the wider Congregation. The vast majority of donations sent overseas are to fund projects administered directly by members of the international Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilized and applied is obtained from the recipient.
- ◆ The charity does not hold investments. The charity's principal asset comprises buildings which are essential for the work of the charity and which are maintained to a high standard.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

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

- ◆ The charity has a management committee comprising care professionals and legal and financial professionals. Members of this committee advise the trustees of the myriad of clinical, care and other risks associated with the operation of the care homes including, for example, safeguarding; the chronic shortage of qualified nurses and care assistants; the impact of the planned changes in the provision of care funding, and the changing regulatory environment including alterations to the inspection regime of the Care Quality Commission and the need for specific written policies.

### **Key management**

The trustees consider that they together with the Registered Care Managers of each of the charity's care homes comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees and the Registered Care Managers are members of the Congregation and, whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties.

## **EMPLOYEES, VOLUNTEERS, AND MEMBERS OF THE CONGREGATION**

The trustees wish to record their recognition of the professionalism and commitment of all their staff, volunteers and the individual members of the Congregation. Their dedication and positive approach are very much appreciated.

Approved by the Directors of the Corporate Trustee  
and signed on their behalf by:

C Lloyd

Approved on: 26 October 2018

## **Independent auditor's report to the directors of the corporate trustee of The Congregation of the Little Sister of the Poor Charitable Trust**

### **Opinion**

We have audited the accounts of The Congregation of the Little Sisters of the Poor Charitable Trust (the 'charity') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2017 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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- ◆ the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

### **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 given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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 are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are 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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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.

**Auditor's responsibilities for the audit of the accounts** (continued)

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 accounts.

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

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

30 October 2018

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>					
Donations and legacies	1	2,146,959	134,324	<b>2,281,283</b>	3,255,924
Interest receivable	2	1,253	—	<b>1,253</b>	2,111
Charitable activities					
. Charges for residential and care services	3	13,420,999	—	<b>13,420,999</b>	13,405,447
Other trading activities	4	591,271	—	<b>591,271</b>	564,459
Other sources	5	97,596	—	<b>97,596</b>	57,190
Surplus on disposal of assets	14	1,569,012	—	<b>1,569,012</b>	—
<b>Total income</b>		<u>17,827,090</u>	<u>134,324</u>	<u><b>17,961,414</b></u>	<u>17,285,131</u>
<b>Expenditure on:</b>					
Raising funds					
. Costs of generating voluntary income	6	21,885	—	<b>21,885</b>	15,781
Charitable activities					
. Provision of residential and care services	7	18,411,034	131,685	<b>18,542,719</b>	17,873,212
<b>Total expenditure</b>		<u>18,432,919</u>	<u>131,685</u>	<u><b>18,564,604</b></u>	<u>17,888,993</u>
<b>Net (expenditure) income and net movement in funds</b>	9	(605,829)	2,639	<b>(603,190)</b>	(603,862)
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 January 2017		<u>48,042,996</u>	<u>57,031</u>	<u><b>48,100,027</b></u>	<u>48,703,889</u>
Total funds carried forward at 31 December 2017		<u>47,437,167</u>	<u>59,670</u>	<u><b>47,496,837</b></u>	<u>48,100,027</u>

There is no difference between the net movement of funds stated above and the historical cost equivalent.

All activities derived from continuing operations during the above financial years with the exception of the care home at Preston, Lancashire which was sold to another provider in December 2017.

**Balance sheet** 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	13		<b>46,415,713</b>		47,126,516
<b>Current assets</b>					
Debtors	15	<b>724,372</b>		783,028	
Short term deposits		<b>1,830,760</b>		1,386,633	
Cash at bank and in hand		<b>758,205</b>		1,134,465	
<b>Total current assets</b>		<b>3,313,337</b>		3,304,126	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	16	<b>(1,418,696)</b>		(1,517,098)	
<b>Net current assets</b>			<b>1,894,641</b>		1,787,028
<b>Total assets less current liabilities</b>			<b>48,310,354</b>		48,913,544
Creditors: amounts falling due after more than one year	17		<b>(813,517)</b>		(813,517)
<b>Total net assets</b>			<b>47,496,837</b>		48,100,027
<b>The funds of the charity</b>					
Restricted funds	18		<b>59,670</b>		57,031
Unrestricted funds					
. Tangible fixed assets fund	19	<b>45,602,196</b>		46,312,999	
. General fund		<b>1,834,971</b>		1,729,997	
			<b>47,437,167</b>		48,042,996
			<b>47,496,837</b>		48,100,027

Approved by the Directors of the Corporate Trustee  
and signed on their behalf by:

C Lloyd

Approved on:

26 October 2018

## Statement of cash flows Year to 31 December 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Net cash flows (used in) provided by operating activities	A	<b>(356,660)</b>	1,415,963
<b>Cash flows from investing activities:</b>			
Interest received		1,253	2,111
Purchase of tangible fixed assets		<b>(1,471,606)</b>	(603,730)
Net proceeds from disposal of tangible fixed assets		<b>1,894,880</b>	—
<b>Net cash provided by (used in) investing activities</b>		<b>424,527</b>	(601,619)
<b>Change in cash and cash equivalents in the year</b>		<b>67,867</b>	814,344
<b>Cash and cash equivalents at 1 January 2017</b>	B	<b>2,521,098</b>	1,706,754
<b>Cash and cash equivalents at 31 December 2017</b>	B	<b>2,588,965</b>	2,521,098

### Notes to the statement of cash flows for the year to 31 December 2017:

#### A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2017 £	2016 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(603,190)</b>	(603,862)
<b>Adjustments for:</b>		
Depreciation charge	1,856,541	1,859,955
Surplus on disposal of comprising care home at Preston, Lancashire	<b>(1,569,012)</b>	—
Interest receivable	<b>(1,253)</b>	(2,111)
Decrease (increase) in debtors	<b>58,656</b>	(55,725)
(Decrease) increase in creditors	<b>(98,402)</b>	217,706
<b>Net cash (used in) provided by operating activities</b>	<b>(356,660)</b>	1,415,963

#### B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<b>758,205</b>	1,134,465
Short term deposits	<b>1,830,760</b>	1,386,633
<b>Total cash and cash equivalents</b>	<b>2,588,965</b>	2,521,098

## **Principal accounting policies** 31 December 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

### **Basis of accounting**

The accounts have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to the accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The accounts are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ estimating the provision for bad or doubtful debts; and
- ◆ determining the probability of the receipt of legacies which are measurable and to which the charity is entitled.

### **Going concern**

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

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2018, the most significant issues that may affect the carrying value of the assets held by the charity are the level of local and central government funding for residential and nursing care of older people and the cost of implementing the changes to the regulatory environment affecting care homes generally.

### **Scope**

The accounts include all the activities and net assets of The Congregation of the Little Sisters of the Poor in England and the Channel Islands. The accounts do not include the activities and assets of the Congregation in Scotland or overseas as these are outside of the control of the Directors of the corporate trustee.

### **Discontinued activities**

Where a decision has been taken to discontinue activities less than three months after the year-end, the activities are treated as discontinuing activities and provision is made in the accounts in respect to the costs of closure including redundancy etc. An analysis of the impact of discontinuing the activities on the financial results of the charity is disclosed below the statement of financial activities.

### **Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, interest on funds held on deposit, income from residential and care services, income from fundraising and collections and other income.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, 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.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

**Income recognition** (continued)

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 bank.

Income from residential and care services is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured at fair value of the consideration received or receivable.

Income from fundraising and collections is recognised when receivable and the amount can be measured reliably by the charity; this is normally when the income has been received.

The surplus on the disposal of tangible fixed assets is calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

**Expenditure recognition and the basis of apportioning costs**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure comprises the following:

- a. The costs of generating funds include direct costs associated with collections and generating other donated income.
- b. The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report i.e. the provision of residential and care services and the provision of donations to support the work of the congregation.

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and a suitable working environment.

Governance costs are costs associated with the governance of the charity and its assets. Included within this category are costs associated with the strategic, as opposed to day-to-day, management of the charity's activities.

Support and governance costs are attributed to the provision of residential and care services only.

All expenditure is stated inclusive of irrecoverable VAT.

**Tangible fixed assets**

All assets costing more than £1,500 and with an expected useful life exceeding one year are capitalised.

**Tangible fixed assets** (continued)

All tangible fixed assets are stated at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- ◆ Freehold buildings                      2% on a straight line basis
- ◆ Plant and machinery                    5-20% on a straight line basis
- ◆ Furniture and equipment              20% on a straight line basis
- ◆ Motor vehicles                            25% on a straight line basis

**Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Funds**

The funds of the charity are in the main unrestricted and available for use in furtherance of the charity's objectives at the discretion of the directors of the corporate trustee. Within the total unrestricted funds of the charity, those representing tangible fixed assets net of long term loans to finance major property improvements (see note 19) have been identified separately.

Details of funds raised for a specific purpose or subject to donor imposed conditions, and therefore restricted, are given in note 18.

**Services provided by members of the Congregation**

For the purposes of these accounts, no monetary value has been placed on the care, administrative and other services provided by members of the Congregation.

**Principal accounting policies** 31 December 2017

**Pension contributions**

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 10. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

**1 Income from: Donations and legacies**

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Donations and grants receivable	912,907	134,324	<b>1,047,231</b>	1,051,436
Legacies	1,036,332	—	<b>1,036,332</b>	1,991,440
Pensions of individual religious received under Gift Aid or deed of covenant	197,720	—	<b>197,720</b>	213,048
<b>2017 Total funds</b>	<b>2,146,959</b>	<b>134,324</b>	<b>2,281,283</b>	<b>3,255,924</b>
2016 Total funds	3,071,224	184,700	3,255,924	

**2 Income from: Interest receivable**

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
<b>2017 Total funds: Bank interest</b>	<b>1,253</b>	<b>—</b>	<b>1,253</b>	2,111
2016 Total funds	2,111	—	2,111	

**3 Income from: Charitable activities**

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Pensions and DSS	76,632	—	<b>76,632</b>	52,417
Residents' and family contributions	9,052,452	—	<b>9,052,452</b>	9,115,523
Social services	3,449,639	—	<b>3,449,639</b>	3,425,915
Rental income	842,276	—	<b>842,276</b>	811,592
<b>2017 Total funds</b>	<b>13,420,999</b>	<b>—</b>	<b>13,420,999</b>	<b>13,405,447</b>
2016 Total funds	13,405,447	—	13,405,447	

**4 Income from: Other trading activities**

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Fundraising	431,591	—	<b>431,591</b>	409,541
Collections	159,680	—	<b>159,680</b>	154,918
<b>2017 Total funds</b>	<b>591,271</b>	<b>—</b>	<b>591,271</b>	<b>564,459</b>
2016 Total funds	564,459	—	564,459	

**5 Income from: Other sources**

	Unrestricted funds £	Restricted funds £	<b>Total funds 2017 £</b>	Total funds 2016 £
<b>2017 Total funds: Sundry income</b>	97,596	—	<b>97,596</b>	57,190
2016 Total funds	57,190	—	57,190	

**6 Expenditure on: Raising funds**

	Unrestricted funds £	Restricted funds £	<b>Total funds 2017 £</b>	Total funds 2016 £
<b>2017 Total funds: Fundraising and collections</b>	21,885	—	<b>21,885</b>	15,781
2016 Total funds	15,781	—	15,781	

**7 Expenditure on: Provision of residential and care services**

	Unrestricted funds £	Restricted funds £	<b>Total funds 2017 £</b>	Total funds 2016 £
Staff costs (note 10)	11,675,694	—	<b>11,675,694</b>	11,115,112
Premises	2,608,871	131,685	<b>2,740,556</b>	2,750,733
Care and welfare	1,346,888	—	<b>1,346,888</b>	1,268,505
Depreciation	1,856,541	—	<b>1,856,541</b>	1,859,955
Central administration	272,514	—	<b>272,514</b>	229,109
Professional fees	342,816	—	<b>342,816</b>	312,340
Support costs	62,208	—	<b>62,208</b>	82,695
Governance costs (note 8)	63,097	—	<b>63,097</b>	61,288
Other costs	182,405	—	<b>182,405</b>	193,475
	<b>18,411,034</b>	<b>131,685</b>	<b>18,542,719</b>	17,873,212
	<b>17,678,840</b>	<b>194,372</b>	<b>17,873,212</b>	

The costs above include the direct costs of providing care, the living and personal expenses of individual sisters, all of whom are either directly or indirectly involved in such work, and related support functions of the charity.

**8 Governance costs**

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
<b>2017 Total funds: Professional fees</b>	63,097	—	<b>63,097</b>	61,288
2016 Total funds	61,288	—	61,288	

**9 Net (expenditure) income and net movement in funds**

This is stated after charging:

	2017 £	2016 £
Staff costs (note 10)	<b>11,675,694</b>	11,115,112
Auditor's remuneration		
. Statutory audit services-current year	<b>63,097</b>	61,288
Depreciation	<b>1,856,541</b>	1,859,955

**10 Staff costs and remuneration of trustees and key management personnel**

	2017 £	2016 £
Staff costs during the year were as follows:		
Wages and salaries	<b>10,700,056</b>	10,366,399
Social security costs	<b>620,293</b>	534,468
Pension costs	<b>94,872</b>	45,734
Sub-contracted staff	<b>260,473</b>	168,511
	<b>11,675,694</b>	11,115,112

All staff costs relate to the provision of residential and care services.

No employee earned £60,000 per annum or more (including taxable benefits) during the year (2016 - none).

The average number of employees (calculated on both headcount and full time equivalent (FTE) basis), analysed by function, was as follows:

	2017 No	2016 No	2017 FTE	2016 FTE
Provision of residential and care services	<b>725</b>	734	<b>573</b>	586

**10 Staff costs and remuneration of trustees and key management personnel (continued)**

***Key management personnel***

The trustees consider that they together with the Registered Care Managers of each of the charity's care homes comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees and the Registered Care Managers are members of the Congregation and, whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties.

**11 Trustees' expenses and transactions with trustees**

As members of the Congregation, the trustees' living and personal expenses during the year were borne by the charity, but they received no remuneration or reimbursement of expenses in connection with their duties as trustees during the year (2016 - none).

As members of the Congregation, no trustee has resources of her own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £2,520 (2016 - £2,396).

**12 Taxation**

The Congregation of the Little Sisters of the Poor Charitable Trust is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

**13 Tangible fixed assets**

	Freehold land and buildings £	Plant and machinery £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2017	69,565,014	2,846,582	4,259,332	518,728	<b>77,189,656</b>
Additions	1,015,340	7,455	430,011	18,800	<b>1,471,606</b>
Disposals	(532,796)	—	(386,343)	(45,431)	<b>(964,570)</b>
At 31 December 2017	<u>70,047,558</u>	<u>2,854,037</u>	<u>4,303,000</u>	<u>492,097</u>	<b><u>77,696,692</u></b>
<b>Depreciation</b>					
At 1 January 2017	24,827,816	1,159,438	3,594,476	481,410	<b>30,063,140</b>
Charge for year	1,427,444	142,665	265,006	21,426	<b>1,856,541</b>
On disposals	(226,271)	—	(367,000)	(45,431)	<b>(638,702)</b>
At 31 December 2017	<u>26,028,989</u>	<u>1,302,103</u>	<u>3,492,482</u>	<u>457,405</u>	<b><u>31,280,979</u></b>
<b>Net book values</b>					
At 31 December 2017	<u>44,018,569</u>	<u>1,551,934</u>	<u>810,518</u>	<u>34,692</u>	<b><u>46,415,713</u></b>
At 31 December 2016	<u>44,737,198</u>	<u>1,687,144</u>	<u>664,856</u>	<u>37,318</u>	<b><u>47,126,516</u></b>

**13 Tangible fixed assets** (continued)

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of the properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs which, in the opinion of the trustees, is not justified in terms of the benefit to users of the accounts.

**14 Disposal of assets and activities**

With effect from midnight on 12 December 2017, in accordance with a legal Asset and Business Purchase Agreement, the activities and tangible fixed assets of Jeanne Jugan Residence with Nursing Preston, Lancashire were sold to ZHPT Limited (Company registered in England and Wales No. 10473629).

The net surplus on disposal comprised:

	2017 £
Group and charity	
Disposal proceeds	2,025,100
Costs of disposal	(127,136)
Net book value of tangible fixed assets disposed of	(328,952)
Surplus on disposal	<u>1,569,012</u>

**15 Debtors**

	2017 £	2016 £
Charges for care services	454,854	481,772
Prepayments	68,684	125,412
Legacies receivable	168,000	140,000
Other debtors	32,834	35,844
	<u>724,372</u>	<u>783,028</u>

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

	2017 £	2016 £
Fees in advance	57,779	86,772
Expense creditors	287,257	387,971
Other creditors and accruals	1,073,660	1,042,355
	<u>1,418,696</u>	<u>1,517,098</u>

**17 Creditors: amounts falling due after one year**

	2017 £	2016 £
Jersey State Treasury (see note below)	<u>813,517</u>	<u>813,517</u>

***Loans from the Jersey State Treasury***

The loans from the Jersey State Treasury represents interest free loans advanced towards the cost of property improvements to the charity's freehold property situated in Jersey. The loans may become repayable in the event of The Congregation of the Little Sisters of the Poor Charitable Trust ceasing to occupy the property for the purpose of running a residential home for the elderly.

**17 Creditors: amounts falling due after one year** (continued)

***Loan from the Jersey State Treasury*** (continued)

Although the charity's trustees have announced their intention to cease occupying the property in the future, the loan is not expected to become payable within one year of the balance sheet date.

The amount repayable may depend on the market value of the home at the time it ceases to be occupied by the charity. However, at this time it is not possible to accurately estimate the amount that will be repaid. Therefore, for the purposes of these accounts, the loans have been included at the amounts originally advanced.

**18 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
Canonisation fund	16,168	—	—	<b>16,168</b>
Repairs and refurbishment fund	40,863	134,324	(131,685)	<b>43,502</b>
	<u>57,031</u>	<u>134,324</u>	<u>(131,685)</u>	<u><b>59,670</b></u>

◆ Canonisation fund

Jeanne Jugan, foundress of the Congregation, was canonised in October 2009. This income represents donations to enable the Sisters from Britain to attend the canonisation in Rome. The unexpended balance on the fund after meeting these costs will be used to support the work of the Congregation overseas.

◆ Repairs and refurbishment fund

This comprises monies received towards the cost of repair and refurbishment of the Homes.

**19 Tangible fixed assets fund**

	2017 £	2016 £
At 1 January 2017	<b>46,312,999</b>	47,569,224
Net movement in year	<b>(710,803)</b>	(1,256,225)
At 31 December 2017	<u><b>45,602,196</b></u>	<u>46,312,999</u>

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets less the loan from the Jersey State Treasury to finance major property improvements (note 17). These tangible fixed assets are essential to the ongoing work of the charity – without them the charity's work would simply not be possible. As such their net book values should not be regarded as realisable in order to meet ongoing expenditure or contingencies.

**20 Analysis of net assets between funds**

	Restricted funds £	Tangible fixed assets fund £	General fund £	Total 2017 £
<b>Fund balances at 31 December 2017 are represented by:</b>				
Tangible fixed assets	—	46,415,713	—	<b>46,415,713</b>
Net current assets	59,670	—	1,834,971	<b>1,894,641</b>
Creditors: amounts falling due after more than one year	—	(813,517)	—	<b>(813,517)</b>
<b>Total net assets</b>	<b>59,670</b>	<b>45,602,196</b>	<b>1,834,971</b>	<b>47,496,837</b>

**21 Ultimate control**

The charity, which is constituted as a trust, was controlled throughout the period by the Congregation of the Little Sisters of the Poor by virtue of the fact that the General Council of the Congregation appoints the Directors of the corporate trustee. The Congregation does not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the Congregation in England and the Channel Islands are vested in the corporate trustee of the charity, the directors of which undertake all transactions entered into in the course of the Congregation's charitable activities.

**22 Capital commitments**

At 31 December 2017, the charitable company had the following capital commitment in respect to continued refurbishment of the rooms and corridors within the charity's Manchester home.

	2017 £	2016 £
Contracted for, but not provided for in the accounts	<b>550,000</b>	—