



**Sisters
Hospitallers of the
Sacred Heart of Jesus
Charitable Trust**

Annual Report and Accounts

31 December 2018

Charity Registration Number
255695

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Reference and administrative information

Trustees	Sister Maria Lourdes Sanz (Chair) (Appointed 17 November 2018) Sister Encarnación Aguayo Sister Isabel Canton (Resigned 17 November 2018) Sister Josefa Hernandez (Resigned 17 November 2018) Sister Maria Begoña Pérez (Resigned 28 February 2019) Sister Tomasa de la Torre (Appointed 17 November 2018)
Provincial	Sister Maria Lourdes Sanz
Provincial Bursar	Sister Encarnación Aguayo
Provincial Secretary	Sister Ana M Oroz
Principal office	St Teresa's Home 42 Roland Gardens London SW7 3PW
Telephone	020 7373 3054
Facsimile	020 7259 2446
Website	www.sistershospitallers.org
E-mail	provincial@hsc-uk.org
Charity registration number	255695
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR Banco Bilbao Vizcaya Argentaria 108 Cannon Street London EC4N 6EU

Reference and administrative information

Investment managers

Coutts & Co
Charity Investment
440 Strand
London
WC2R 0QS

Rathbone Investments Management Limited
8 Finsbury Circus
London
EC2M 7AZ

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

INTRODUCTION AND WELCOME

It is with pleasure that I present the annual report and a summary of work performed by the charity for 2018. As newly appointed Provincial Superior and Chair of Trustees, I would like to thank the former Provincial Government and Trustees for their efforts, sacrifices and endurance in guiding the charity in the Hospitaller way for the last six years.

The year under review has been a time to reap the fruit of the restructuring and revitalisation process we experienced in the previous six-year period, 2012-2018, leading us to a renewed Spirit of Hospitality.

Our 21st General Chapter was an important event for renewal in an atmosphere of faith and fraternity, profound congregational communion, shared responsibility and commitment to the sick and needy. As a response the document “Practice Hospitality” was developed; it has as reference two biblical Icons, The Samaritan Woman and The Samaritan Man.

We take these two Samaritans as benchmarks for what we are and what we do, to drive us forward over the coming years as we continue to care for elderly and disadvantaged people, particularly those with dementia and for whom a dignified life is often a struggle. We see living out the Samaritan identity as a common vision for us all; “Go and do likewise” (Luke 10 v 37).

Financial performance in 2018 was mixed. Operationally it was a reasonable year – if we disregard the 2017 “extraordinary item”, the charity had an improvement in net income before investment gains and losses of 20%. Investment performance was disappointing, however, with net losses in 2018 totalling £365,142 compared to net gains in 2017 of £463,063, creating a year on year differential of £828,205. Markets fell sharply in October 2018 and volatility continued throughout the rest of 2018 as a host of geopolitical concerns affected investor sentiment. At the time of writing much of these losses have been recovered. The trustees are satisfied that the performance of the charity’s investment portfolio was similar to that of other professionally managed funds.

The care home sector remains a complex working environment made more difficult by the challenges faced surrounding the availability and cost of professional care of all levels. In 2018 our managers did have some success in reducing reliance on agency workers and so providing a more stable environment for residents and more easily facilitating regulatory and training compliance.

We are thrilled to have been able to support once again various works in Africa, of particular note the Liberian Mental Health facility that opened in 2017, has provided valuable support to highly vulnerable women on their transition into the community. I would like to thank all those individuals and organisations who have given us their financial support and particularly to those employees who have fundraised for the projects in Africa.

I look forward to getting to know and working alongside the Management Teams, members of staff and volunteers who, with their commitment on a daily basis, make it possible for the elderly and those in need to enjoy a better life.

INTRODUCTION AND WELCOME (continued)

Let us continue working together to help the vulnerable people in our care and pray for more co-workers with Hospitaller Hearts.

“The harvest is plentiful, but the labourers are few. Therefore pray earnestly to the Lord of the harvest to send out labourers into his harvest” (Luke 10 v 2)

Sister Maria Lourdes Sanz, HSC
Provincial Superior, English Province
Chair of Trustees

The trustees present the report and accounts of the Sisters Hospitallers of the Sacred Heart of Jesus Charitable Trust (the "charity") for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out on pages 44 to 50 of the attached accounts and comply with the Charity's trust deed, applicable laws 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 Sisters Hospitallers of the Sacred Heart of Jesus (the "Congregation") is an international Roman Catholic religious congregation, supporting 1,025 sisters worldwide. It was founded in Spain in 1881. The Generalate is based in Rome and the Congregation is divided into a number of individual canonical provinces. The English Province supports care homes, hospitals and health centres in England, Ghana and Liberia.

The accounts accompanying this report are the accounts of the charitable trust on which those assets of the English Province of the Congregation situated in the United Kingdom are held.

The charity is governed by a trust deed dated 31 December 1967, as amended by a scheme ("The Scheme") of the Charity Commissioners dated 13 January 2003. On 17 December 2015, the trustees, in accordance with their power under paragraph 4(1) of The Scheme resolved to amend clause 3(1) of the charity's governing document and insert a new clause 3(l). The Charity Registration Number is 255695.

The trustees of the charity are incorporated under the Charities Act 2011.

MISSION

The mission of the Congregation seeks to be consistent with its origins and to respond to present challenges. Its purpose and practice reveal the relevant and concrete mission of serving the person in their suffering and in society by offering in a variety of ways, the good news of the encounter that heals, integrates, generates and fosters humanity and holistic care. It does so by providing specialised and preferential care for people with psychiatric illness, physical and learning disabilities, with special preference for the poor.

The English Province of the Congregation of the Sisters Hospitallers of the Sacred Heart of Jesus aims to care for the elderly with dementia and Alzheimer's, together with other charitable works according to our charism, including caring and supporting the members of our Congregation. In Ghana and Liberia, the Sisters care for people with mental illness in addition to providing general health care; this work is supported financially by the charity. These ministries, all benefit members of the general public.

MISSION (continued)

Public benefit

The charity ensures that it is acting in the public benefit and the trustees confirm that they have paid due regard to the Charity Commission's guidance on public benefit.

Values

The Congregation considers its values to be a key distinctive feature, as they are qualities which define the Sisters' projects, significantly characterise their activities and manifest their special way of working.

Hospitaller values are part of our tradition – **hospitality** is the crucial overarching value and comprises the following:

- ◆ sensitivity for the excluded;
- ◆ service to the sick and needy;
- ◆ liberating welcome;
- ◆ holistic health;
- ◆ professional quality;
- ◆ humanity in care;
- ◆ respect of ethical standards; and
- ◆ historical awareness.

OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES

The activities of the charity can be divided into three principal areas: ownership and operation of three residential care homes for the elderly (Centres), the support of projects in Africa, and caring for members of the Congregation.

The charity measures the success or otherwise of its activities by comparing the aims and objectives as set out below and as presented each year in the individual Centre's annual plan and budget against actual achievements.

The manner in which achievements are assessed are helpfully categorised into the following main areas: Identity and values, care, human resources, finance and economy, organisation and management and communications. Confirmation of whether a Centre has been successful in any or all of its aims is monitored by using a variety of internal and external control processes as far as the UK care homes are concerned. These include:

- ◆ Review of the monthly reports from the Care Home Managers to the main office.

OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES (continued)

- ◆ Monthly visits from the Area Manager on behalf of the trustees to each Home. Any aspects that require improvement are placed onto an action plan.
- ◆ Regular visitation by the Provincial Superior to the Homes. This involves talking to residents, members of staff and relatives in the Home at the time of the visit.
- ◆ Annual Quality Survey of residents, relatives and members of staff; the results are taken into account when the annual plans are prepared or where action is needed immediately, the Care Home Manager is informed for more timely implementation.
- ◆ The annual plans for each Home are evaluated by the trustees.
- ◆ The charity has implemented an “exit interview” process in order to know the reasons for staff leaving the organisation and for learning about matters that may impact our standards, aims and objectives.
- ◆ Follow up via action plans of any matters brought to our attention by external bodies and consultants e.g. the Care Quality Commission (CQC), the Health and Safety Officer, and the external auditor.
- ◆ An annual budget is prepared at the beginning of the year, is approved by the trustees and is the control used on a monthly basis by each Local Management Team.
- ◆ Financial staff from the provincial office aim to visit the Homes on a regular basis to undertake internal financial examinations and review implementation of external auditor recommendations. The Centres in Africa are audited by the relevant Diocese based on their policies and procedures.

Residential care homes

In England we operate three registered care homes for the care and support of people who are elderly, of which a large number have various degrees of dementia, requiring specialised support. The Homes are:

- ◆ **St Teresa's Care Home**, 40–46 Roland Gardens, London SW7 3PW;
- ◆ **St Augustine's Care Home**, Simplemarsh Road, Addlestone, Surrey KT15 1QR; and
- ◆ **Christ the King Care Home**, Fotherley Hall, Shenstone, Staffordshire WS14 0HG.

In operating these Homes, the trustees aim to:

- ◆ Provide excellent residential care to the elderly, ensuring that their needs are met fully and that they enjoy as high a quality of life as possible;
- ◆ Employ staff who have the necessary qualifications and training needed for their work;
- ◆ Ensure that the Homes meet the requirements of the CQC; and

OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES (continued)

Residential care homes (continued)

- ◆ Maintain the financial security of the Homes through careful budgeting and by setting fees at levels that ensure the viability of the Homes is not threatened.

Support for projects in Africa

In Africa, the charity also supports, financially and/or with voluntary human resources, a number of projects which, although not directly owned by the charity, are closely aligned with the Congregation and other partner organisations which share the same aims and values, principally in providing hospital and day services to people with general medical/surgical needs and people with psychiatric illnesses. These projects include:

- ◆ **St Benedict Menni Rehabilitation Centre, Pipeline, Monrovia, Liberia** - The Health Centre receives support from the sisters as well as financial support. The country is very poor and still dependent on significant external help. National programmes are under way to address the problems of electricity and running water, but there is a long way to go; unemployment and illiteracy are endemic.

Alongside the Health Centre is a newly initiated (December 2017) Mental Health Step Down Unit project. Partnered predominantly by the Aita Menni Hospital of Mondragon the sisters have been able to provide rehabilitation services to people with psychiatric disorders prior to their final discharge into the community. This facility is the only one of its kind in Liberia. During the year, the charity has purchased a replacement 4X4 vehicle to cope with the dreadful local roads.

- ◆ **St Francis Xavier Hospital, Assin Foso, Ghana** - The charity helps the Hospital by providing sisters and some medicines/equipment for the Hospital which cannot be sourced locally. It also covers the travelling costs and expenses for the European sisters.

The Hospital's psychiatric unit officially opened to accept patients daily in March 2018. The existing maternity block units are in a poor state of repair; although the Hospital cannot pay for the reconstruction, it has commenced the building project with its own funding with a view to attracting financial support from outside agencies.

- ◆ **Elmina Centre, Ghana** – Home of spirituality; this Centre has been transformed into a centre of hospitality welcoming people for conferences, meetings, retreats and lodging. For two years, the Elmina Centre has proved to be self-financing as far as ordinary running costs are concerned, but unfortunately lost its major customer in 2018.
- ◆ **Benito Menni Hospital, Dompooase, Ghana** - This Centre is supported with the provision of sisters. During the year, the charity has helped the Centre to buy linen medicine and training and purchase food for the children in the Mental Health Day Centre.

OBJECTIVES, SPECIFIC ACTIVITIES AND RELEVANT POLICIES (continued)

Caring for members of the Congregation

As is happening to many religious congregations, the age profile of the members of the Congregation in England is increasing and there are no new vocations. The charity continues to assist members of the Congregation in their charitable and religious work, as the Congregation has an obligation to provide care for its members, none of whom have resources of their own. Elderly and frail members of the Congregation were cared for by one care staff member and two sisters in the Congregation's infirmary in Addlestone. Over the next ten years the trustees expect that some sisters will require some kind of nursing care, and indeed this has commenced in early 2019. Hence, the aims of the trustees include:

- ◆ Ensuring all members of the Congregation receive the high level of care they require to provide them with the quality of life they have the right to expect;
- ◆ Reviewing the charity's property used as an infirmary and assessing its suitability for the elderly and frail; and
- ◆ Enabling all members of the Congregation to continue with their ministry for as long as possible.

Safeguarding of vulnerable adults

The trustees recognise the necessity of ensuring the protection and safety of those in the charity's care and are committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS). In addition, each Home follows the CQC and Care Act regulations laid out at a national level concerning the safeguarding of residents.

ACHIEVEMENTS AND PERFORMANCE

Residential care homes

	St Teresa's Home	St Augustine's Home	Christ the King Home
Occupancy %	94.2	93.9	96.5
Residents/beds	26	52	50
Residents' deaths in year	4	10	14
Discharges	8	8	8
Admissions	12	19	23
Average number of staff in year	28	47	48
Average number of subcontracted staff	10	5	10

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Teresa's Home, London

St Teresa's Home is a residential care home with 26 beds. Sara Baldesare is the Registered Care Manager; she is supported by a team formed by: Head of Care, Finance and Administration Officer, Local Superior and Local Community Bursar.

In St Teresa's, there is a community of sisters which supports the care staff in different tasks such as helping at meal times, accompanying residents to appointments when family are unavailable and other activities. Staff and sisters work together to enable residents to achieve their maximum potential in a holistic manner.

During the year, ten members of staff left our employment and nine joined. Due to the shortage of staff in the care sector and the locality of the Home, management has depended on a significant increase in additional hours work from existing staff. This proved positive in terms of consistency of care and reducing reliance on agency staff compared with 2017. Language barrier problems continue to be a challenge as most applicants do not have English as their first language. Management is committed to employing staff with a better command of English.

Multi-disciplinary team meetings with the GP are held monthly. This is where all aspects of each resident's health care are discussed; greatly helping us to provide the right assistance and foresee certain risks.

Trinity Hospice offers us good support for those residents nearing the end of life.

The Home was surprised and disappointed to receive a "Requires Improvement" rating from the CQC at its 22 December 2018 inspection. A plan of action has been implemented to ensure standards in the areas highlighted are improved.

Most planned actions for 2018 were achieved, although some not in their entirety. We note the following:

- ◆ The Home continues to have a reputation for providing good care.
- ◆ Participation in the training on philosophy and values has improved, although evaluation of knowledge of Hospitaller Values requires implementation.
- ◆ All new staff participated in an induction programme, which includes consideration of standards of care.
- ◆ Most staff demonstrate commitment and loyalty to the Home, but there are still some challenges due to cultural and language barriers.
- ◆ The Home is financially stable, but management is aware of waiting lists becoming less reliable for immediately filling vacant rooms. Improved liaison with other potential sources of introduction may improve bed occupancy levels in 2019.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Teresa's Home, London (continued)

- ◆ Communication continues to improve within the Home with visitors and professionals although attendance at relatives' meetings remains disappointing despite differing hours being provided. Communications remains strong between Management and Sisters.
- ◆ Extra effort has been made by management to ensure communications with the local authority and residents families is strong so that all parties understand their respective responsibilities and liabilities when residents find they are running out of funds.
- ◆ Management continues to ensure an accurate ratio of staff to residents is maintained at all times.
- ◆ In 2018 the Home did not hit planned targets for the training and monitoring of staff in a number of key areas; the remedy of this will go a long way to bringing the Home back to expected standards.

Staff training and development

During the year the following training was given: Moving and Handling, Fire Safety, Health and Safety, First Aid, Medication, Deprivation of Liberty Safeguards, Nutrition and Hydration, Dementia Awareness, Planning Care, Challenging Behaviour, Induction to the Centre, and Hospitaller Values Training.

Two carers completed NVQ Level 3 and one received an award for the most improved candidate in the year. One completed the Level 2 care certificate.

Activities, outings and entertainment

This year the Home's Activity Coordinator joined the local authority sponsored "Ladder to the Moon"; supportive training to enhance creativity, innovation and a vibrant care culture. The Home was highly commended further to its performance in the outstanding activities competition

Mornings at St Teresa's are active with a family atmosphere as many residents gather in the sitting room to enjoy a cup of coffee, biscuits and chats. Activities such as bingo, exercise sessions, energising music, games, walks, riddles and brain teasers help residents to keep their bodies healthy and their minds active.

A variety of activities is offered in the afternoon too: quizzes, crafts, card making, painting, and sensory activities such as finger painting. New craft activities include making stars and shapes with matchsticks and preparing flower collages. There were many quiz and crossword afternoons in the conservatory (especially when sunny) helping residents to be part of team activities whilst solving teasers.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Teresa's Home, London (continued)

Activities, outings and entertainment (continued)

In August new activities began for the residents in the library – regular special cinema afternoons and classical concerts. Every Thursday afternoon residents watch a movie about a famous historical figure, eg Winston Churchill, Margaret Thatcher, Leonardo Da Vinci, Beethoven, etc. Residents say that they particularly enjoy important British history and culturally important figures. Popular films include High Society, My Fair lady, GIGI and The Sound of Music.

On Friday afternoons “BBC Proms at Home” and items dedicated to Mozart, Rachmaninoff, Chopin, etc are organised. Residents are very appreciative of the musical afternoons as a great opportunity to be able to “attend” the proms on a regular basis without the effort of having to leave the Home. We also had classical performances by the students at “The Royal College of Music”.

Each special day such as Easter, Mother's Day, St Patrick day, our Founder's Day, Pancake Day, the beginning of lent, Harvest Festival, etc. are celebrated with relevant activities.

Every other month groups of residents, sisters and staff go out and attend the most wonderful concerts

There are also coffee outings to Kensington gardens, where residents and care assistants sit by the Serpentine Lake and enjoy the beautiful views or have a picnic lunch and a ride in the special cars that tour Kensington gardens and Hyde Park. In autumn 2018 there were two visits to Holland Park, where residents enjoyed coffee and looking at the peacocks, the Japanese garden and fish.

Coffee and shopping outings to the Fulham Road are regular and a Christmas visit to Peter Jones, Sloane Square, has become an annual favourite activity.

There were two visits to St James School for girls in Kensington, who invited residents for lunch. The lunch was prepared by the girls with the help of their teaching assistant who also served the residents and entertained them with singing and music.

There were regular visits to the Victoria and Albert Museum throughout the year.

This year the Home had plenty of live entertainment and musical performances. Classical and popular musicians – both welcomed and appreciated - came to sing and play. At Christmas there were carol singing performances given by students from local schools and members of local churches.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Teresa's Home, London (continued)

Activities, outings and entertainment (continued)

A wonderful Christmas party was held on 14 December 2018 which began with Christmas Carols, readings and sherry in the morning and was followed by a celebration lunch, and presents from Father Christmas for the residents and staff in the afternoon.

Pastoral care

Sisters, carers and co-workers want to ensure that all aspects of a resident's needs are catered for: physical, emotional, social, spiritual and psychological. This is addressed via the pastoral care programme.

Songs of Praise is organised every other month on a Wednesday morning. Every Thursday some residents, sisters and volunteers meet in the sitting room to pray the Rosary for peace, health and unity in family life. Annually sisters, staff and volunteers loosely perform a nativity play to give residents the opportunity to bring their adoration to Jesus.

Each resident's beliefs and wishes are respected in the Home. Residents have the opportunity to attend their own local church for services or their respective minister visits them if they are not able to go out. A few residents and friends get together every Thursday and have Bible reading and prayer.

Great care is taken to ensure that at the end of their lives residents have their needs fulfilled; every effort is made to ensure that they are not left alone during the last crucial moments of life.

Improvements

The great improvement in the everyday maintenance of the Home in 2017 has continued in 2018 thanks to the Home's Maintenance Officer who is now well known and liked by residents and staff.

The biggest item of capital expenditure was the replacement of second floor windows which, although a big piece of work, has greatly enhanced the bedrooms on that floor.

Other costly, but largely invisible improvements were boiler replacements and complex gas safety work. Some new electronic doors with key pads were added to aid security and Resident safety.

More visible and appreciated improvements included:

- ◆ new curtains;
- ◆ a 55" multimedia TV for the afternoon in-house concerts;

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Teresa's Home, London (continued)

Improvements (continued)

- ◆ a new dishwasher; and
- ◆ two awnings.

Inspections

On 20 November 2018, the CQC visited and their report in summary stated "Requires Improvement". This was disappointing, but the Home is addressing and rebuilding confidence in the areas where concerns were raised. A Quality Assurance expert from Westminster Council is assisting the Home. A repeat inspection is expected later in 2019.

One environmental inspection was carried out. The catering personnel received another 5 star rating indicating excellent standards of food safety management.

There was a Fire Safety Audit on 26 April 2018 which resulted in a fire enforcement notice requiring many of the Homes original doors to be replaced. The remedial works should be completed by June 2019.

We received an award from the NHS for the "greatest reduction in number of falls".

St Augustine's Home, Addlestone, Surrey

St Augustine's Home accommodates 52 residents. Joseph Calem was at the close of 2018 (and until recently) the Registered Care Manager, supported by a team formed by: the Deputy Manager, Finance and Administration Officer, Local Superior and Local Community Bursar.

In St Augustine's there is a community of sisters who support the care staff in different tasks such as helping at meal times, accompanying residents to appointments when family are unavailable and other activities. The Home is fortunate to have two cars, making sisters more mobile when assistance might require fetching and carrying. Staff and sisters work together to enable residents achieve their maximum potential.

Management, sisters and staff were thrilled in February 2018 when the CQC awarded the Home a rating of "Good". This is against a backdrop of improvement from "Inadequate" in 2016 to "Requires Improvement" in 2017. Thanks to all our staff, particularly Tina Boyland, the Area Manager at the time, the Home implemented change and progression beyond expectations.

At the start of 2018 and in line with strategic additional resource approved in the 2018 budget for management costs, a Deputy Manager was recruited (a first lay person in the role at St Augustine's) alongside the Manager and Head of Care.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Augustine's Home, Addlestone, Surrey

At the end of March 2018, a new Area Manager was recruited, also based in Addlestone to further bolster the management presence in St Augustine's and also allow Tina Boyland the opportunity to return to her managerial role at Fotherley Hall.

Unfortunately the new team did not gel; Tina stood in once more to lend assistance with others drafted in from St Teresa's and Fotherley Hall as necessary. For short periods it was felt in the best interests of the residents to decline admissions until management uncertainties were sorted out. In August 2018, Joseph Calem stepped up from Deputy Manager to Manager and this proved a popular choice.

Despite the management changes, the team managed to maintain staffing to meet the needs of the residents. Although the number of agency staff was still far higher than what we would have hoped, reliance compared to 2017 was improved by more than 40%. That said it remains very difficult to recruit the right staff due to shortages in the sector and competition in the area. Considerable efforts have been made by the management team to ensure wherever possible that the same agency staff are used and that they are appropriately inducted into the service. Appropriate checks are undertaken to ensure only suitable staff were employed. New staff receive an induction to ensure they are both confident and competent in their role.

Although appropriate systems and processes have been implemented, there were some safeguarding issues during 2018. At the time of writing this report, all of these matters are closed.

Staff have worked collaboratively and in partnership with other healthcare professionals to ensure holistic care is given to residents and management has worked to implement a culture of reflective learning when things go wrong. These collaborations evolved as an extremely welcome by-product of the adverse CQC report in 2016.

The Home has a waiting list, although when potential residents are contacted they are not always ready to come.

The Home is privileged to have some hard working faithful volunteers, at least two of whom volunteer for several hours five days a week and have done cheerfully for years. Volunteers continue to be an essential part of the community. They come to help and join in activities and they themselves organise some of the activities such as concerts and outings.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Augustine's Home, Addlestone, Surrey (continued)

Staff training and development

Communications was identified as an area for development. Externally there has been improvement; internally, probably due to management changes, there remains a need for continued vigilance.

During 2018, 80% of staff continued to keep their statutory training up to date. Staff completed the following courses: The Hospitaller Identity, Safeguarding, Mental Capacity Act & Deprivation of Liberty, Fire Safety (with extinguishers), Basic Life Support, Infection Control, Medication Administration, Health & Safety Level 1, People Moving & Positioning, Dementia Awareness, Moving & Handling with Hoist.

Two members of staff completed the care certificate programme in 2018. Seven are participating in NVQ level 2 and one at NVQ level 3.

Activities, outings and entertainment

St Augustine's has maintained its improved programme of activities which are largely carried out in a pleasant, family atmosphere as most of the residents like to gather in the sitting room to enjoy a cup of tea or coffee while activities take place. When the weather permits many residents enjoy the garden together with their relatives. In 2018 there were home grown tomatoes!

Activities include: singing, music, stories or riddles and brain teasers/quizzes. On Monday mornings everybody enjoys memory activity in the form of reminiscing with one of our regular volunteers. All these activities help residents to stay healthy and keep their minds alive.

Bingo is organised in the mornings while in the afternoons there is a variety of activities for everyone: crafts, knitting, more quizzes, painting and sensory sessions. To quote one carer "...my favourite activity is the bingo. It's nice to see how the residents and the staff, who help them look for the numbers, are excited about who will be the winner and share the prizes".

Apart from the routine activities, there are set days when different professionals come to the Home to help residents enjoy music, singing and a little dancing. "Charlie" is a regular firm favourite and there is a Rat Pack style singer and a theatre group.

Lassie the dog came to visit!

Residents enjoy the newly introduced relaxing occasional pampering days; one went down particularly well when the lounge was out of use (to replace the carpeting) and the first floor turned into something akin to a spa.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Augustine's Home, Addlestone, Surrey (continued)

Activities, outings and entertainment (continued)

August was a special month for the Hospitaller family when the Home celebrated the Feast Day of St Augustine of Hippo. In 2018, there were arts and crafts and making cards to sell in order to raise money for the sisters projects in Liberia. Over £900 was raised around that time.

A new Coffee Club commenced on the last Sunday of the month after mass.

The residents who suffer more acutely with dementia wanted to make something really special for Remembrance Day (as it's been 100 years since the Great War) and, with a little bit of help, they created big posters and a beautiful painting with poems. Friends of St Augustine's (the group of lovely volunteers affiliated to the Home) organised a bingo and raffle evening that helped raise more than £800 for activities at the Home.

The Friends of St Augustine's did well too organising the annual summer fayre; there was more pampering and plenty of indoor and outdoor activities.

Students and their teachers from the Salesians and St George's College visit once a week to spend a couple of hours with the residents which is very much appreciated. One evening the Weybridge Deanery Care Group were welcome visitors.

Every first Thursday of the month there is a coffee morning; this is a good time to engage with folk from outside the Home.

During the year, some residents are taken to the local park or to the local garden centres for shopping (and to enjoy a cup of tea and cake). These outings are much appreciated and some families and volunteers also come to help.

Activities take place to commemorate special dates such as Easter, Christmas, Mother's Day, etc. At our Founder's Feast Day, eight staff were congratulated on over 10 years of service; one for 17 years and another, Mary, for 28 years of caring for residents at St Augustine's which is fantastic.

Fundraising events included the Spring Fayre, Summer Fete, Christmas Bazaar and others. Money raised by the Friends of St Augustine's goes towards the activities of the residents and fundraising by the Home is generally used to assist the sisters' work in Liberia.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Augustine's Home, Addlestone, Surrey (continued)

Pastoral care

The Pastoral Care Team plays an important part in the holistic care that the Home tries to give to the residents; team members take care to ensure that spiritual and psychological support needs are addressed. The pastoral care programme is carried out taking account of residents' beliefs and wishes. Each resident has the opportunity to attend his/her own local place of worship for services. The Church of England Vicar attends one Wednesday each month for a Holy Communion Service.

Residents, staff, families and volunteers are invited to take part in the different activities.

Great care is taken to ensure that at the end of their lives residents have their needs fulfilled. Every effort is made to ensure they are not left alone during the last crucial moments of life.

Improvements

The Local Management Team has endeavoured at all times for the Home's maintenance to meet minimum care standards and beyond. The Home benefits from two long serving experienced Maintenance Officers whose continuity has proven vital during periods of management change. The Team continues to maintain the décor and furnishings of the Homes, but due to the age of the Home there are always competing interests for capital related expenditure.

Some of the main improvements that took place in 2018 were:

- ◆ New first floor fire alarm system;
- ◆ Replacement wall by the old orchard;
- ◆ Boiler replacements; and
- ◆ New nurse call bell system.

The cost of the above was in excess of £150,000. Other improvements included:

- ◆ Two en-suite shower rooms;
- ◆ Fire escape doors;
- ◆ Sitting room floor carpeting;
- ◆ Dishwasher; and
- ◆ Two nursing beds.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

St Augustine's Home, Addlestone, Surrey (continued)

Inspections

- ◆ CQC – The February 2018 report assessed the Home as “Good”.
- ◆ Quality Assurance – there were two visits during the year. Feedback was to continue with the Improvement and Action Plans that are in place.
- ◆ Environmental Health – Nothing in 2018 (May 2019 – no requirements)
- ◆ Health & Safety – No visits

Footherley Hall, Shenstone, Staffordshire

Footherley Hall is a Residential Care Home for 50 residents, it has attractive and extensive grounds with walking areas throughout; all accessible for wheelchairs. As the Home is situated in the heart of the Staffordshire countryside the grounds also offer peace and tranquillity. Throughout the year the Home has remained focused on giving person centred holistic care as defined in the Identity Framework of the Institution.

The Home has three stories and comprises an impressive reception area leading to; a visitors room, a large attractive lounge for our residents with fully equipped toilet facilities nearby, and a bright spacious dining room with tables laid for between four, six and eight places. A state of the art kitchen with a team to match produce a delightful menu that offers a variety of meals to suit all tastes and caters for special diets. The convent has its own chapel which holds regular services and everyone is welcome to attend including the local community. There is a good selection of bedrooms from double rooms, catering for couples, single rooms with self-supporting en-suites and regular single rooms. There are large fully equipped bathrooms on every floor with separate toilet facilities. On the first and second floors there is a small sitting room to allow residents a choice to sit quietly either alone or with their visitors.

The SWOT (strengths, weaknesses, opportunities, and threats) analysis done by the Centre, shows the Home has performed well against objectives. Whilst some areas may have been impacted by the Registered Manager becoming involved in supporting the other Homes, there have been some very pleasing outcomes. We note the following:

- ◆ The use of agency staff reduced by 71% compared to 2017. The resulting improvement in consistency of care standards has been appreciated.
- ◆ Links with local care sector agencies has continued with strong communication and sharing of ideas/training.
- ◆ The “Friends of Footherley” (volunteers who support and fundraise) are an integral part of the Home, with greater visibility in 2018.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

Footherley Hall, Shenstone, Staffordshire (continued)

- ◆ The Home has participated in the fundraising activities for the St Benito Menni Hospital, Dompouse.
- ◆ Minuted Pastoral Care Team Meetings are to re-commence.

Staff training and development

A comprehensive training programme runs throughout the year for all members of staff including all mandatory courses. This updates existing qualifications and allows for accredited courses and Health & Social Care Diploma's to run alongside. Staff are also regularly trained on the identity, philosophy and values of the Institution of the Sisters Hospitallers.

The Home is very fortunate as almost all staff are qualified to the high standard required. Ten of our new starters completed the new Care Certificate and another three are working towards it – this forms a very robust part of the induction package and covers all aspects of care in fine detail.

Mandatory courses all ran very successfully throughout the year including Safe Handling of Medication Level 2 and for senior carers Vital Signs and Sepsis, and Razer Chair training were added to the schedule. Distance learning is promoted by management as these courses are in-depth and offer a greater level of knowledge for all who complete them.

Other extra courses alongside the mandatories that were held in 2018 include; End of Life Care, Challenging Behaviour & Breakaway, Tissue Visibility, Nutrition & Hydration, Nutrias Dysphagia training, MUST training and Working at Heights for the Maintenance Team. Three Senior Carers have completed their Team Leadership Level 2 and the Home's Head of Care has completed Train the Trainer in Manual Handling.

Training is extremely important and it is encouraged at all levels.

Activities, outings and entertainment

The programme of activities at Footherley is organised by the activities co-ordinators who keep residents active and entertained with a daily timetable of events including pottery craft, card making, gentle exercise and, during the summer months, soft ball games. Articles from the newspaper are read to residents on a daily basis. An array of board games, knitting and cards are available for anyone wishing to partake. There are coffee mornings on a regular basis including a raffle which is great fun and all proceeds go to a chosen charity.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

Footherley Hall, Shenstone, Staffordshire (continued)

Activities, outings and entertainment (continued)

Regular musical afternoons involve singers from different genres entertaining residents. "Knit and Natter" afternoons are also ongoing. Progressive Mobility and Yoga are once a fortnight, and visits from the 'Pat' dogs are just adored by residents who find them so therapeutic. During the year, a Classical Music hour was introduced which proved so popular there had to be a change of rooms! Some of the men have enjoyed the odd lunchtime visit to the local pub for lunch and a pint.

Easter and Christmas 2018 were as always celebrated in true Footherley style; Easter fun with the Easter Bonnet Parade and Easter Egg gifts for residents alongside more reflective Lent and Holy Week Mass, Stations of the Cross, Rosary and moments of prayer. Mother's Day and Father's Day are special days and celebrated accordingly. Christmas was lovely too with a party held by the Friends of Footherley volunteers and a party hosted by the sisters for staff and relatives alike.

The Sisters also throw an annual Christmas meal for volunteers as a thank you for all their hard work throughout the year.

During 2018 residents enjoyed outings to 'Holiday at Home' at Holy Cross Church in Lichfield, Twycross Zoo, and a themed arts and crafts day including a manicure and flower arranging. There were many visits to our local garden centre for tea and biscuits, and an outing to Amerton Farm & Craft Centre. At Christmas, there were outings to Lichfield SVP Christmas Party, St John's Church for a Carol Service and Lichfield Cathedral for the Christmas Tree Festival. Residents also enjoyed the in-house Pantomime 'Oliver Twist'.

During the year, birthdays are celebrated; an 80th a 90th and a 100th birthday were commemorated in 2018.

A marvellous group of volunteers respectively called "Friends of Footherley" has its own committee with approximately 18 members. They organise and run the annual summer fete and fundraise to help purchase "extras" that residents may require, for example pergolas and awnings for summer time through to Easter eggs and the cost of outings.

Pastoral care

The Pastoral Care Team organises most of the activities under this section. Once a fortnight the local Church of England vicar visits for "Songs of Praise". Hymns and prayers appropriate for the day's theme are chosen. Holy Communion is offered once a fortnight to our Anglican residents; again a theme is chosen and prayers are said.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

Footherley Hall, Shenstone, Staffordshire (continued)

Pastoral care (continued)

The 'Sacrament of the Sick' takes place annually in a small simple service. On Remembrance Sunday we hold a Remembrance Day to honour residents who have passed away throughout the year; this is a lovely service whereby relatives are invited to attend, a candle is lit and a rose is given in memory of their loved one.

Other special days celebrated this year were Valentine's Day, St Patrick's Day, and St George's day.

Members of the team try to ensure that residents, in their last moments of life, are not alone and this is a great comfort for the relatives.

Improvements

There is a programme for keeping the Home in good order. The engagement of a second maintenance worker in 2017 helped the Home keep on top of regular maintenance and improvements in 2018. Improvements included:

- ◆ Additional fire door closers;
- ◆ Fitting an en-suite;
- ◆ Two industrial deep fat fryers;
- ◆ New lounge furniture;
- ◆ New flooring for the lounge;
- ◆ Cooling fan system for dining room/kitchen;
- ◆ New wash room;
- ◆ Three room refurbishments;
- ◆ Bathroom refurbishments including a Malibu bath;
- ◆ A nearly new car;
- ◆ Four new low level care beds; and
- ◆ Dishwasher for the sisters' quarters.

ACHIEVEMENTS AND PERFORMANCE (continued)

Residential care homes (continued)

Footherley Hall, Shenstone, Staffordshire (continued)

Inspections

- ◆ CQC – There were no visits in 2018. The Home's rating remains "Good" from the last inspection in October 2017. Requirements to review Mental Capacity Assessments have been completed.
- ◆ Quality Assurance – we had no visits during the year. Requirements identified in 2017 are closed.
- ◆ Environmental Health – 15 August 2018 visit – rating remains at 5 and there are no requirements.
- ◆ Health & Safety – 16 May 2018 inspection – no requirements.

Missions in Africa

St Francis Xavier Hospital, Assin Foso, Ghana

St Francis Hospital continued with 138 beds in 2018. Underpinned by its mission, vision and core identity of hospitality, the Hospital was able to provide client focused, quality driven health care to its numerous clients.

In 2017, other than the delivery of babies, most areas of the Hospital showed a small decrease in provision of services. In 2018, the position was more positive, with many areas experiencing small expansion.

Areas of small growth:

- ◆ Outpatients Department;
- ◆ Accident and Emergency;
- ◆ General Patient Admissions (Ward Utilisation);
- ◆ Chest Unit;
- ◆ Surgical Unit;
- ◆ Maternity;
- ◆ Anti-retroviral Clinic;
- ◆ Eye Clinic;
- ◆ Dental Unit

ACHIEVEMENTS AND PERFORMANCE (continued)

Missions in Africa (continued)

St Francis Xavier Hospital, Assin Foso, Ghana (continued)

- ♦ Scan

Areas of small contraction:

- ♦ Prevention of mother-to-child transmission services (eg malaria);
- ♦ Child welfare services;
- ♦ Disease surveillance;
- ♦ Laboratory services; and
- ♦ X-Rays.

The presence of alternative health care providers - both orthodox and non-orthodox – remains the main reason for the uptake of services not being at the level of, say, four years ago. Another suspected factor for the reduced uptake of some services is the introduction of co-payment (brought in because of slow re-imbursement by the authorities of NHIS payments).

Activity	Patients seen
Accidents and emergency	9,997
Inpatients (admissions)	11,718
Outpatient department	106,686
Major surgeries	2,738
Births	3,008
X-Ray	3,499
Specialist Diagnostic E. (Scans)	7,084
Physical rehabilitation	1,631

Key improvements to the Hospital during the year were as follows:

- ♦ Theatre building upgraded (e.g. leaded doors) to make suitable for trauma patients;
- ♦ Purchase of a C-arm image scanner intensifier;
- ♦ Equipment and accessories for the theatre;

ACHIEVEMENTS AND PERFORMANCE (continued)

Missions in Africa (continued)

St Francis Xavier Hospital, Assin Foso, Ghana (continued)

- ◆ Pharmacy created solely for in-patients (to reduce waiting times);
- ◆ March 2018, Mental Health Unit started receiving patients on a daily basis;
- ◆ New pickup truck and 29 seater bus;
- ◆ Donation of an anaesthesia machine from the district; and
- ◆ Maternity Unit project started with own resources.

Pastoral care

'Holistic health' is one of our core values; the Hospital has a full time chaplain. He works with a sister and a group of lay people to assist in the provision of holistic patient care

The Chaplain works collectively and collaboratively alongside other health care professionals to provide psycho-social-spiritual services for patients and their families. He receives regular patient referrals from our staff and contributes to patients overall care through regular involvement and liaison with members of the multi-disciplinary team.

The Chaplain's role is supportive, serving as a counsellor and guide to the psycho-spiritual needs of the staff and patients and their families.

He is the priest in charge of the Hospital Chapel and coordinates the religious activities.

Services and prayers:

- ◆ The liturgical catholic calendar and various feasts of the Congregation;
- ◆ Daily Masses 06.45 hrs;
- ◆ Communion rounds daily 07.15 hrs;
- ◆ Morning Worship before the start of the hospital day 07.30 hrs;
- ◆ Sunday Mass at 07.00hrs; and
- ◆ Worship, prayer and refreshment in the various departments, second Sunday of the month.

ACHIEVEMENTS AND PERFORMANCE (continued)

Missions in Africa (continued)

St Benedict Menni Centre, Monrovia, Liberia

St Benedict Menni Health Centre is located in Pipeline on the outskirts of Monrovia with a population of between 5,000 to 7,500 inhabitants. It provides 24 hour general medical and maternity services plus a mental health unit which has 24 bed capacity for women.

The country endured two consecutive civil wars (1989-1996 and 1999-2003) causing the death of more than 200,000 people and a severely damaged health system; medical and nursing staff fled to more stable countries. The country has one of the highest infant mortality rates. Many former child soldiers and ex-combatants have pressing needs for rehabilitation and psychological care.

The Clinic offers services in:

- ◆ Outpatient Department & Emergencies;
- ◆ Maternity;
- ◆ Maternal & Child Health (MCT) and Prevention of Mother to Child Transmission;
- ◆ Diagnostics (Laboratory);
- ◆ Communicable diseases (TB, Leprosy, HIV);
- ◆ Pharmaceutical; and
- ◆ Anti-retroviral treatment.

The Mental Health Centre offers services as follows:

- ◆ Admissions for medical treatment, nursing care and occupational therapies; and
- ◆ OPD for follow up consultations with discharged patients.

By the end of 2018, the Clinic had achieved one of its main targets, namely regular access to a doctor; he provides good OPD services once a week and can guide the Clinic regarding renovation of the laboratory.

In 2018, the Ministry of Health recognised the Sisters Hospitallers Mental Health Unit as a leading facility and referral centre. The Management Team, lead by Sister Florence Adevor, participated in the Mental Health Technical Coordination Committee for the Ministry of Health. Great support continues to be received from Aita Menni Hospital of Mondragon (Spain), through the project "We Are Like You".

ACHIEVEMENTS AND PERFORMANCE (continued)

Missions in Africa (continued)

St Benedict Menni Centre, Monrovia, Liberia (continued)

Budgetary control has become increasingly difficult when purchasing in US\$ and budgeting in LBR\$ due to exchange rate volatility. To assist with the issue, an Administrator will be recruited to facilitate proper management and more user-friendly monthly reports.

Activity	Patients seen/assisted
Outpatients	9,489
Births	192
Laboratory	8,972
Mental Health Unit	
Beds	24
Admissions	4,951

Thanks to grants and donations received the Centre has been able to make the following improvements:

- ♦ Generator housing; and
- ♦ 4x4 vehicle to facilitate easier transport too/from the Centre.

Benito Menni Hospital, Dompase, Ghana

Benito Menni Hospital is providing general and specialist services to the local area, as well as outreach visits. During the year the Hospital increased its throughput of patients and improved bed occupancy from 51% to 68% year on year; there remains 41 clinical care beds. The biggest cause for admission is Malaria (841 cases) followed by Sepsis (397) Anaemia (321), Hypertension (289) and Enteritis (287).

The Hospital is a Christian Health Association of Ghana ("CHAG") facility under the jurisdiction of the Obuasi Diocese. It was established by the Sisters Hospitallers in 2001 as a Health Centre and has since acquired Hospital status.

The Pastoral Care Team was able to organise/participate in the:

- ♦ morning devotions in the Outpatient department;
- ♦ monthly celebration of Eucharist;
- ♦ monthly home visits to the aged;
- ♦ HIV client counselling; and

ACHIEVEMENTS AND PERFORMANCE (continued)

Missions in Africa (continued)

Benito Menni Hospital, Dompase, Ghana (continued)

- ◆ Celebration of Congregational Feast and other special days.

Outpatient attendance increased nearly 9% in 2018 to 33,444, some 88% of whom were covered by the government NHIS scheme.

Infant births rose 39% to 509 in 2018 and the infant mortality rate dropped from 0.3% to 0.2%. The trend for admissions of under five year olds for malaria continued its sharp drop year on year with most children treated as outpatients.

Although the number of patients presenting themselves successfully for assistance with psychiatric complaints reduced, the work in this area remains a priority. 1,602 patients had the benefit of individual consultations with a psychiatric nurse and group work was performed in schools and communities in the catchment area. Staff shortages in 2018 meant that the community work was cut back.

Activity	Patients seen
Hospital	
Outpatients	33,444
Laboratory	12,628
Admissions	3,323
Surgery	724
Births	509

Key improvements during the year were as follows:

- ◆ 24 hour service delivery was maintained for emergency psychiatric care;
- ◆ An improvement in the welfare of clients at the Day Care Centre;
- ◆ Increased time was allotted to each psychiatric patient taken through the various stages of mental health interventions;
- ◆ Increased numbers of surgical cases due to the presence of a general Surgeon in 2018;
- ◆ More OPD Doctors. The increase facilitated the high outpatient numbers; and
- ◆ All indicators for child welfare services increased.

VOLUNTEERS

The charity counts on a body of volunteers who assist in the provision of social and recreational activities (local volunteers) in each of the Homes. During 2018 there were 28 volunteers assisting in the UK Care Homes.

INTERNATIONAL VOLUNTEERS

International volunteers are ordinarily co-ordinated from the Benito Menni Foundation, the Congregation's non-governmental organisation (NGO) for international co-operation, based in Madrid, Spain, but this year our volunteers arrived via other international organisations. Six volunteers provided a variety of services (nursing, dentistry, hearing, ENT) in Foso. In Liberia, two skilled professional volunteers from Mondragon, Spain, worked full time at the mental health unit.

FINANCIAL REVIEW

Results for the year

Total income increased by £382,849 during the year to £6,092,003 (2017 - £5,709,154), the main source of income being residential care fees of £5,727,281 (2017 - £5,450,645), an increase of 5.1%. Total expenditure fell by 0.7% to £5,528,311 (2017 - £5,567,929). No professional fees have been included for the now postponed projects at Addlestone and Shenstone sites (2017 - £5,812) and there are no extraordinary items included in the year, unlike in 2017, where the charity became victim to a telephone spoofing fraud giving rise to a loss of £326,884.

Excluding these costs, expenditure increased by £293,078 to £5,528,311 (2017 - £5,235,233). With the impact of net unrealised and realised losses on investments of £365,142 (2017 - gains of £463,063) and with no property revaluation in the year (2017 - gain on revaluation of £3,477,072), the trustees note the overall increase in the charity's funds of £198,550 (2017 - £4,081,360).

Investment policy and performance

The trustees wish to invest the portfolio to provide a return that maintains the real (inflation adjusted) value of the capital, whilst also delivering a cash flow of around 3% per annum over the longer term. The trustees wish to follow a total return approach and are happy to generate income, capital or a combination of the two.

To meet investment objectives, the trustees have taken advice from Coutts and Co and have a risk tolerant attitude to investment risk. The trustees wish to invest in a widely diversified investment portfolio to reflect this. However, for one of the three funds managed by Coutts and Co (the St Teresa's Home Support Fund) a moderately risk tolerant attitude has been reflected in the investment approach.

The trustees wish to avoid any direct investments in armament manufacturing companies, tobacco manufacturing companies or alcoholic drink manufacturing companies and any other companies whose aims are in direct conflict with the objectives of the charity.

Currently the trustees do not utilise any distributions from their investment portfolios and income is reinvested. This policy will be reviewed regularly.

A long term time horizon has been adopted – at least ten years. (For the St Teresa's Home Support Fund the time horizon is a little lower – five to eight years.)

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

The return for the year (comprising both capital and income) based on an average of the opening and closing portfolio value was a loss of 11% (2017 – 12%). The trustees are aware that turbulent world economic news continues to cause significant investment uncertainty and are prepared for less favourable news in 2019.

The trustees have reviewed the charity's investment management services and, since the year end, have appointed Rathbone Investment Management Limited to provide investment management advice.

Reserves policy and financial position

Funds at the end of the year amounted to £26,751,204 (2017 - £26,552,654) including restricted funds of £5,322 (2017 - £211) (subject to donor imposed conditions), a tangible fixed assets fund of £18,975,910 (2017 - £18,699,860) and the Sisters' retirement reserve of £5,000,000 (2017 - £5,000,000).

A decision was made by the trustees to separate the tangible fixed assets from the general funds of the Charity in recognition of the fact that the assets are essential to the day-to-day work of the Charity and as such their value should not be regarded as funds that would be realisable with ease in order to meet future contingencies. Funds will be released on sale or disposal or depreciation of tangible fixed assets.

The retirement fund comprises monies set aside to provide for the care and support of members of the Sisters of the Hospitallers of the Sacred Heart of Jesus as they grow older. The value of the fund has been calculated using actuarial principles but the amount designated is constrained by the assets available. Funds will be released at such point as income from pensions, investments, allocations from the Centres for duties performed by the sisters and donations to the UK communities are less than expenditure by the UK communities. An additional £2,000,000 was set aside for this purpose in 2017.

The trustees' policy is for free reserves to equate to up to twelve months' expenditure.

At 31 December 2018, free reserves amounted to £2,769,972 (2017 - £2,852,583), equivalent to six months' expenditure. The reserves, therefore, fall short of the desired target. The trustees are mindful of this when budgeting for future periods and have plans in place to improve the free reserve balance.

Fundraising

Two of the UK Care Homes have marvellous supporters known as "Friends of Fotherley Hall" and "Friends of St Augustine's". These support groups are both thoroughly hands on registered charities that kindly organise fundraising events and outings / activities for our residents.

FINANCIAL REVIEW (continued)

Fundraising (continued)

If money is donated to the Care Home for a specific asset or item of expenditure from The Friends or otherwise the charity will ensure it is used for that purpose. The UK Care Homes do little if any proactive self-fundraising, but do regularly receive gifts (largely from appreciative relatives) and the occasional legacy.

Employees in the UK Care Homes are engaged in fundraising for the mission in Africa. Such fundraising has been, and is, encouraged by the Sisters without placing undue pressure on staff to either participate or donate. Residents are not approached for donations to the African mission; families and friends however may be engaged by the publicity in the Home or by staff who are partaking.

Because proactive fundraising is very small scale, the charity has not registered with the Fundraising Regulator or any similar body. No external parties are engaged to fundraise on the charity's behalf. The charity has no knowledge of any complaints about its Fundraising activities.

FUTURE PLANS

Because St Augustine's Home was in a better position in 2018 than in prior years the trustees in late 2018 tentatively re-commenced considering the major capital projects that were put on hold in 2016, namely:

- ◆ The redevelopment and expansion plans for Addlestone and
- ◆ The construction of 26 assisted living apartments in Shenstone.

The charity anticipates continuing to support the work of various projects linked to the English Province of the Congregation in African countries

RISK MANAGEMENT

In line with the requirements for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the Congregation, and hence the charity, currently faces in the UK and have reviewed the measures already in place, or needing to be put in place to deal with them. The trustees have identified five main areas where risks may occur:

1. Governance and management – strategic

The Province has a six year plan to address strategic issues for long term sustainability and relevance of services provided. The plan is evaluated annually at each Centre, and modified every three years following a Provincial Assembly of Evaluation.

2. Operational

Through monitoring by the Care Quality Commission, and our own Quality Assurance Audits, we strive to remain relevant to the people we serve.

RISK MANAGEMENT (continued)

3. Financial

Each Centre has an annual budget and ongoing reporting system in place and the annual audit of the accounts helps ensure that proper financial controls are in place. In addition, we carry out internal audits of the finance and administration functions in our UK Centres.

4. Reputational

A full employee and sisters' training programme is maintained to ensure that our reputation as a care provider gives confidence to the public.

5. Laws, regulations, external and environment

We strive to maintain the standards expected by the Charity Commission, the Care Quality Commission and other regulatory bodies.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated. The trustees consider they have established effective systems of monitoring and control to mitigate the identified risks:

- ◆ Operationally the charity works with vulnerable groups including the elderly. The trustees recognise the absolute necessity of ensuring the protection and safety of all those that the charity serves. This means that members engaged in any ministry in the UK and all those who work or volunteer for the charity and work with vulnerable adults 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) and complying with the Care Quality Commission and other regulatory bodies in order to attain safeguarding standards that meet expectations.

In regard to safeguarding, the trustees have worked closely with the Care Quality Commission and other health and social service bodies to attain the required standards in Addlestone and consider they now have improved systems of monitoring and control to mitigate safeguarding risks re-occurring in any of the Homes.

- ◆ An analysis of the age profile of the members of the Congregation shows that the average age at 31 December 2018 was 72 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the members have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the members. 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 setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual members encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

RISK MANAGEMENT (continued)

- ◆ The charity donates charitable funds in support of its missionary work in Africa. The majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in the UK 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 utilised and applied is obtained from the recipient.
- ◆ One of the charity's principal assets comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees plan to meet each year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs - both now and in the future.
- ◆ A significant part of the charity's income is from residents funded in part or in whole by local government or other public bodies at a level that is insufficient to cover the charity's costs. The trustees are mindful of the tension and reputational issue this poses; the charity wants to put the individual resident and their needs as the number one priority yet the trustees have a duty to act in the best interests of all beneficiaries by maintaining sufficient income. The trustees remain close to all the UK Homes so that the charity's approach can be both personal and well considered in terms of public benefit.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

In terms of Canon Law, the Congregation of Sisters Hospitallers of the Sacred Heart of Jesus is governed at international level by the Superior General and her Council in Rome. They are elected every six years at a General Chapter, by representatives of the Congregation from around the world. The English Province is governed by the Provincial and her Council who are in turn elected by representatives of the members of the English Province.

The Superior General is required to make a canonical visit at least once every six years and the Provincial visits all the Centres on a regular basis throughout her term of office. The Provincial ensures that a monthly visit is made to each care establishment, to ensure that the people who use the service are being adequately supported.

In respect to Civil Law the charity is registered with the Charity Commission in England and Wales.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Trustees of the charity are chosen from the Provincial Council and include the Provincial Bursar. They are chosen for their understanding and experience of the ministries of the Congregation and charity. When new trustees are elected, they spend a period of time with their outgoing predecessors who have finished their term of office; this is especially critical for the chair of trustees in order to comprehend the diversity and depth of responsibility. During their period of office trustees attend relevant courses to further understand and assist with their duties.



**Sister Lourdes
Sanz**



**Sister Encarnación
Aguayo**



**Sister Tomasa
de la Torre**

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet at least six times a year 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 advisors, including property consultants, investment 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 employees.

In 2018 the English Province comprised 49 sisters who lived as part of six communities. One community home is situated in each of Staffordshire, London, Surrey, Liberia and three in Ghana. Each UK community provides care services to one of the charity's registered care homes. In Africa, we offer care and support to the sick and the needy in hospitals, health care centres and day centres for people with mental illness.

Each community has a Local Superior appointed by the Provincial. The Local Superior is responsible for the needs and care of the sisters in her community and she liaises regularly with the Provincial. The Local Superior, where applicable, works closely with the Registered Manager of the service, ensuring that the ethos of the Congregation remains part of the everyday running of the Centre.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Structure and management reporting (continued)

The charity has a Centres Management Team which meets six times a year and is comprised of managers of the services, trustees, superiors and senior staff from the central office, plus, when required, an external adviser. This group is accountable to the trustees but works towards promoting a harmonious and consistent application of procedures and policies across the Province. Each Centre has its own Local Management Team consisting of sisters and co-workers in posts of responsibility that monitor day-to-day management and application of the plans for the Centres.

The charity uses a consistent format to complete the annual strategic plan for each of the Centres. This follows the guidelines of the Congregation and it is a good tool for evaluating and improving our annual planning process in order to achieve the charity's objectives.

Key management personnel

The trustees (including the Provincial and Provincial Bursar) consider that they together with the Centres' Management Team 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 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 as trustees.

The pay of the Centres' Management Team is reviewed annually by the trustees. Pay is normally increased in accordance with average earnings. In view of the nature of operations of the care homes and the national shortage of care home managers and care staff, the trustees benchmark pay rates against pay levels in other similar charitable care homes. The remuneration benchmark is based on published pay grades for managers, care and administrative staff but takes in to account additional responsibilities to ensure that the remuneration paid is fair and not out of line with that paid for similar roles.

Trustees' responsibilities statement

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 the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ 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 charity's 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.

Working with other organisations

The charity works with other organisations including:

- ◆ Local Authority Social Services Departments;
- ◆ Local Primary Care Trusts and GPs;
- ◆ Local Care Associations; and
- ◆ Local dioceses and parishes.

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 individual members of the Congregation. Their dedication and positive approach are greatly appreciated.

Volunteers in England largely help accompany residents, assist in pleasure activities, driving and fundraising. The extent of each volunteer's individual involvement varies enormously but the dedication of some is truly humbling. The impact that the "Friends of Fotherley" and "Friends of the Sisters Hospitallers" (in Addlestone) are having is clear and it is simply marvellous that our care home managers or sisters can turn to these lovely people for support.

Sisters in England undertake a variety of roles depending upon their age and physical abilities. Some have roles in management and others undertake ancillary roles that give carers more time for their skilled services. A small number of sisters are themselves in receipt of care. In Africa all the sisters have specific roles and duties.

EMPLOYEES, VOLUNTEERS AND MEMBERS OF THE CONGREGATION (continued)

In Africa, because volunteering is largely from professionals overseas, this whole aspect is far more formal and programmes are prepared according to the requirement and the individuals' qualifications. This is largely in coordination with the Benedict Menni Foundation.

Approved by the trustees and signed on their behalf by:

Sister Maria Lourdes Sanz, HSC
Chair of Trustees
Approved on: 28 May 2019

Independent auditor's report to the trustees of Sisters Hospitallers of the Sacred Heart of Jesus Charitable Trust

Opinion

We have audited the accounts of Sisters Hospitallers of the Sacred Heart of Jesus Charitable Trust (the 'charity') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and 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 2018 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 statement of trustees' responsibilities, 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. 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. 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

18 June 2019

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

Statement of financial activities Year to 31 December 2018

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
Income from:							
Donations and legacies	1	187,673	44,305	231,978	115,761	29,381	145,142
Investments and interest	2	119,619	—	119,619	98,826	—	98,826
Charitable activities							
. Residential and care fees		5,727,281	—	5,727,281	5,450,645	—	5,450,645
Other sources		13,125	—	13,125	14,541	—	14,541
Total income		6,047,698	44,305	6,092,003	5,679,773	29,381	5,709,154
Expenditure on:							
Raising funds							
. Investment management fees		28,907	—	28,907	29,834	—	29,834
Charitable activities							
. Operation of care homes	3	5,101,684	16,614	5,118,298	4,888,098	—	4,888,098
. Costs in relation to possible redevelopment of care homes		—	—	—	5,812	—	5,812
. Support of members of the Congregation		220,460	—	220,460	169,814	—	169,814
. Grants and donations		138,066	22,580	160,646	118,317	29,170	147,487
Extraordinary item							
. Telephone number spoofing fraud	4	—	—	—	326,884	—	326,884
Total expenditure		5,489,117	39,194	5,528,311	5,538,759	29,170	5,567,929
Net income before investment (losses) gains		558,581	5,111	563,692	141,014	211	141,225
Net (losses) gains on investment assets	10	(365,142)	—	(365,142)	463,063	—	463,063
Net income for the year	6	193,439	5,111	198,550	604,077	211	604,288
Other recognised gains and losses							
Gains on the revaluation of tangible fixed assets for the charity's own use	9	—	—	—	3,477,072	—	3,477,072
Net movement in funds		193,439	5,111	198,550	4,081,149	211	4,081,360
Reconciliation of funds							
Total funds brought forward at 1 January 2018		26,552,443	211	26,552,654	22,471,294	—	22,471,294
Total funds carried forward at 31 December 2018		26,745,882	5,322	26,751,204	26,552,443	211	26,552,654

All recognised gains and losses are included in the above statement of financial activities.
All of the charity's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		18,975,910		18,699,860
Investments	10		4,895,577		5,101,557
			23,871,487		23,801,417
Current assets					
Debtors	11	144,653		81,017	
Cash at bank and in hand		3,265,742		3,155,313	
		3,410,395		3,236,330	
Liabilities					
Creditors: amounts falling due within one year	12	(530,678)		(485,093)	
Net current assets			2,879,717		2,751,237
Total net assets			26,751,204		26,552,654
The funds of the charity					
Income funds:					
Restricted funds	13		5,322		211
Unrestricted funds					
. General fund			2,769,972		2,852,583
. Tangible fixed assets fund	14		18,975,910		18,699,860
. Designated funds	15		5,000,000		5,000,000
			26,751,204		26,552,654

Approved by the trustees
and signed on their behalf by:

Sister Tomasa de la Torre, HSC
Trustee

Approved on: 28 May 2019

Statement of cash flows Year to 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	581,243	682,293
Cash flows from investing activities:			
Investment income and interest received		119,619	98,826
Purchase of tangible fixed assets		(431,845)	(134,945)
Proceeds from the disposal of investments		2,104,013	1,466,330
Purchase of investments		(1,948,733)	(1,547,332)
Net cash used in investing activities		(156,946)	(117,121)
Cash flows from exceptional items:			
Cash loss in relation to telephone spoofing fraud (note 4)		—	(326,884)
Change in cash and cash equivalents in the year		424,297	238,288
Cash and cash equivalents at 1 January 2018	B	3,314,634	3,076,994
Change in cash and cash equivalents due to exchange rate movements		574	(648)
Cash and cash equivalents at 31 December 2018	B	3,739,505	3,314,634

Notes to the statement of cash flows for the year to 31 December 2018

A Reconciliation of net income for the year to net cash provided by operating activities

	2018 £	2017 £
Net income for the year (as per the statement of financial activities)	198,550	604,288
Adjustments for:		
Depreciation charge	141,637	132,833
Loss on disposal of tangible fixed assets	14,158	5,269
Net losses (gains) on investments	365,142	(463,063)
Foreign exchange (gains) losses	(574)	648
Loss in relation to telephone spoofing fraud (note 4)	—	326,884
Investment income and interest receivable	(119,619)	(98,826)
(Increase) decrease in debtors	(63,636)	94,154
Increase in creditors	45,585	80,106
Net cash provided by operating activities	581,243	682,293

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,265,742	3,155,313
Cash held by investment managers	473,763	159,321
Total cash and cash equivalents	3,739,505	3,314,634

Principal accounting policies 31 December 2018

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

Basis of preparation

These accounts have been prepared for the year to 31 December 2018 with comparative information provided in respect to the year to 31 December 2017.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, 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 and management to make significant judgements and estimates.

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

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the fair value of the charity's freehold properties which have been determined with professional assistance. The valuations are prepared on the assumption that the property, if sold, would continue to be used as a care home with the convent and ancillary elements being valued on the basis of vacant possession;
- ◆ the trustees' assessment of whether the carrying value of the charity's freehold property may be impaired;
- ◆ the provision required for any bad or doubtful debts which has been determined following an assessment of the likelihood of recovery of long-standing debts by management; and
- ◆ the assumptions adopted by the trustees and management in determining the value of any designations required from the charity's general unrestricted fund.

Assessment of going concern

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

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 2019, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Scope

The accounts include all the activities and net assets of Sisters of Hospitallers of the Sacred Heart of Jesus Charitable Trust (the Congregation) in England. The accounts do not include the activities and assets of the Congregation overseas as these are controlled by the Congregation, not the charity's trustees.

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, investment income, interest receivable, fees receivable from the provision of care to the residents of the care home and sundry income.

Donations, including the 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.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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.

Income recognition (continued)

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.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due; this is normally upon notification by the investment manager.

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.

Fees derived from the provision of care to the residents of the care homes are recognised as income based on the period to which the residency relates.

Services provided by members of the Congregation

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

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.

All expenditure is accounted for on an accruals basis. All expenses are allocated to the applicable expenditure headings. The majority of expenditure is directly attributable and any apportionment between headings is negligible. The classification between activities is as follows:

- ◆ Expenditure on raising funds comprises investment management fees.

Expenditure recognition and the basis of apportioning costs (continued)

- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include:
 - Expenditure on the support of members of the Congregation and their ministry. Such expenditure enables the members to carry out the work of the charity in the areas of the advancement of the Roman Catholic faith, the provision of residential and nursing care, and the relief of poverty.
 - Expenditure incurred in the provision of residential and nursing care facilities for the elderly at the charity's residential and care homes.
 - Grants and donations relate, in the main, to the support of the Congregation's own work overseas and the support of other Roman Catholic charitable organisations.
 - Governance costs which comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.
 - Extraordinary expenditure comprises the loss arising from the telephone number spoofing fraud.

All expenditure can be attributed directly to the above categories and hence there has been no apportionment between headings.

Pension costs

Contributions in respect of defined contribution pension schemes and contributions to a group pension plan are charged to the statement of financial activities in the year in which they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land and buildings
Freehold land and buildings comprise the charity's care homes. They are included in the accounts at their valuation based on existing use. Professional valuations are carried out every five years. Property improvements undertaken in between valuations are included in the accounts at cost.

Upward revaluations are credited to the statement of financial activities as an unrealised gain. Downward revaluations are debited to the statement of financial activities as an unrealised loss to the extent that this reverses a previous revaluation gain on the same asset; thereafter any further downward revaluation is recognised as an impairment loss within resources expended.

Tangible fixed assets (continued)

No depreciation is provided on the freehold buildings as the trustees are satisfied that their residual value is not materially less than their book value. Provision is made against the valuation where there is evidence of material reductions in values.

- ◆ Medical and surgical equipment
Expenditure on the purchase and replacement of medical and surgical equipment is capitalised and depreciated over a five year period on a straight line basis.
- ◆ Plant, fixtures, fittings and office equipment
Expenditure on the purchase and replacement of plant, fixtures, fittings and office equipment is capitalised and depreciated over a five to ten year period on a straight line basis.
- ◆ Motor vehicles
Motor vehicles are capitalised and depreciated over a four year period, on a straight line basis, in order to write off the cost of each vehicle over its estimated useful life.

Heritage assets

The charity owns a number of artefacts and paintings that have not been valued for the purposes of these accounts on the grounds that information regarding the cost or valuation of such assets cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the charity. In the main, these artefacts and paintings are of a religious nature and the trustees consider that their ownership is consistent with the principal charitable objective of the charity of advancing the Roman Catholic faith. Many of these assets have been given or bequeathed to the charity and it is the intention of the trustees that such assets will be held indefinitely.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above 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.

Investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their 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. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Fund structure

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Income from donations and legacies

	Un-restricted funds £	Restricted funds £	Total funds 2018 £	Un-restricted funds £	Restricted funds £	Total funds 2017 £
Donations and gifts	13,093	44,305	57,398	15,473	29,381	44,854
Pensions of individual religious received under gift aid or deed of covenant	174,580	—	174,580	100,288	—	100,288
2018 Total funds	187,673	44,305	231,978	115,761	29,381	145,142

2 Income from investments and interest

	Un-restricted funds £	Restricted funds £	Total funds 2018 £	Un-restricted funds £	Restricted funds £	Total funds 2017 £
Income from listed investments in unitised funds:						
. Fixed interest – UK	4,657	—	4,657	6,884	—	6,884
. Fixed interest - overseas	30,193	—	30,193	22,087	—	22,087
. Equities – UK	32,985	—	32,985	30,076	—	30,076
. Equities – overseas	34,306	—	34,306	23,550	—	23,550
. Property	6,776	—	6,776	6,139	—	6,139
. Hedge funds and alternative investments	577	—	577	1,725	—	1,725
	109,494	—	109,494	90,461	—	90,461
Bank interest receivable	10,125	—	10,125	8,365	—	8,365
2018 Total funds	119,619	—	119,619	98,826	—	98,826

3 Expenditure on charitable activities: Operation of care homes

Operation of care homes	Un-restricted funds £	Restrict ed funds £	Total funds 2018 £	Un-restricted funds £	Restricted funds £	Total funds 2017 £
Staff costs	2,900,863	—	2,900,863	2,850,308	—	2,850,308
Premises costs	776,409	16,614	793,023	739,714	—	739,714
Care and welfare costs	1,100,612	—	1,100,612	966,769	—	966,769
Depreciation	141,637	—	141,637	132,833	—	132,833
Loss on disposal of tangible fixed assets	14,158	—	14,158	5,269	—	5,269
Governance costs (see note 5)	24,514	—	24,514	31,522	—	31,522
Other operating costs	143,491	—	143,491	161,683	—	161,683
2018 Total funds	5,101,684	16,614	5,118,298	4,888,098	—	4,888,098

4 Extraordinary item: Telephone number spoofing fraud

There are no extraordinary items included in the accounts for the year ended 31 December 2018.

During 2017, the charity fell victim to an elaborate telephone fraud which involved the fraudster purporting to be calling from the charity's bankers, National Westminster Bank plc (NatWest). Telephone number spoofing is the deliberate falsifying of telephone numbers visible on the recipients "caller ID" display unit. Checks were undertaken by the charity's trustees at the time of the call to confirm the caller's identity, but ultimately, the fraudster was able to disguise their true identity. Under the fraudster's instructions, cash totalling £345,604 was transferred to accounts supposedly bearing the same name as the charity, but established by the fraudster.

The charity has informed both the police and the Charity Commission through a serious incident report. The bank was able to recover £18,720 for the charity, but does not expect to recover any further sums lost. Therefore, the net loss was £326,884.

No other instances of fraud were noted during 2017 or 2018.

5 Governance costs

	2018 £	2017 £
Auditor's fees	24,514	23,122
Chartered surveyor's fees	—	8,400
	24,514	31,522

6 Net income for the year

This is stated after charging (crediting):

	2018 £	2017 £
Staff costs (note 7)	2,900,863	2,850,308
Depreciation	141,637	132,833
Loss on disposal of tangible fixed assets	14,158	5,269
Foreign exchange (gains) losses	(574)	648
Auditor's remuneration		
. Statutory audit services	24,514	23,122

7 Staff costs and remuneration of key management personnel

	2018 £	2017 £
Wages and salaries	2,353,756	2,120,457
Social security costs	160,040	141,877
Pension costs	86,676	57,658
	2,600,472	2,319,992
Agency staff and other costs	300,391	530,316
	2,900,863	2,850,308

7 Staff costs and remuneration of key management personnel (continued)

The average number of employees in the year was as follows:

	2018	2017
Provision of residential and care services	148	141

The high agency staff costs reflect the national shortage of qualified nursing and care staff.

No employees (2017 - none) received emoluments exceeding £60,000 per annum.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees (including the Provincial and the Provincial Bursar) and the Centres' Management Team. The total remuneration (including taxable benefits, employer's pension contributions, and employer's social security costs) of the key management personnel for the year was £263,773 (2017 - £212,710).

As members of the Congregation, the living and personal expenses of the trustees were borne by the charity, but they received no remuneration or reimbursement of expenses in connection with their duties as trustees during the year (2017 - £nil).

In addition, the residential care staff were supplemented by 28 volunteers and 35 sisters from the Congregation, who did not receive remuneration in either year.

8 Taxation

The Sisters Hospitallers of the Sacred Heart of Jesus 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.

9 Tangible fixed assets

	Freehold property and improvements £	Medical and surgical equipment £	Plant, fixtures, fittings and office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2018	18,360,000	103,658	1,320,102	30,997	19,814,757
Additions	205,819	37,088	177,940	10,998	431,845
Disposals	—	—	(19,914)	—	(19,914)
At 31 December 2018	18,565,819	140,746	1,478,128	41,995	20,226,688
Cost	205,819	140,746	1,478,128	41,995	1,866,688
Valuation – 2017	18,360,000	—	—	—	18,360,000
	18,565,819	140,746	1,478,128	41,995	20,226,688
Depreciation					
At 1 January 2018	—	89,149	1,004,032	21,716	1,114,897
Charge for year	—	7,242	128,512	5,883	141,637
On disposals	—	—	(5,756)	—	(5,756)
At 31 December 2018	—	96,391	1,126,788	27,599	1,250,778
Net book values					
At 31 December 2018	18,565,819	44,355	351,340	14,396	18,975,910
At 31 December 2017	18,360,000	14,509	316,070	9,281	18,699,860

The trustees adopt a policy of revaluing their freehold property every five years. The latest valuations were carried out as at 31 December 2017 on an existing use basis by Gerald Eve LLP, Chartered Surveyors. The valuations were carried out in accordance with professional standards incorporating the International Valuation Standards of the Royal Institute of Chartered Surveyors (RICS). Any property improvements undertaken subsequent to this valuation have been included as additions at cost.

As permitted by Financial Reporting Standard 102 (FRS 102), the charity continues to adopt a policy of not revaluing other tangible fixed assets comprising medical and surgical equipment, fixtures, fittings and office equipment and motor vehicles. Such assets are stated at cost.

Heritage assets

The charity owns a number of artefacts and paintings that have not been valued for the purposes of these accounts. In the main, these artefacts and paintings are of a religious nature and the trustees consider that their ownership is consistent with the principal charitable objective of the charity of advancing the Roman Catholic faith. Many of these assets have been given or bequeathed to the charity and it is the intention of the trustees that such assets will be held indefinitely.

10 Fixed asset investments

	2018 £	2017 £
Listed investments		
Market value as at 1 January 2018	4,942,236	4,398,171
Additions at cost	1,948,733	1,547,332
Disposals (proceeds £2,104,013; net realised losses £81,291)	(2,185,304)	(1,426,306)
Net unrealised (losses) gains	(283,851)	423,039
Market value as at 31 December 2018	4,421,814	4,942,236
Cash held by investment managers for reinvestment	473,763	159,321
	4,895,577	5,101,557
Cost of listed investments at 31 December 2018	4,217,700	4,204,987

Listed investments held at 31 December 2018 comprised the following:

	2018 £	2017 £
Unitised funds		
. Fixed interest – UK	297,495	167,967
. Fixed interest – Overseas	472,099	693,448
. Equities – UK	1,349,510	908,067
. Equities – overseas	2,061,519	2,579,549
Property funds	155,724	204,283
Hedge funds and alternative instruments	85,467	388,922
	4,421,814	4,942,236

All listed investments were dealt in on a recognised stock exchange.

At 31 December 2018, listed investments included the following individual holdings deemed material when compared with the overall portfolio valuation (including cash) as at that date:

Holding	Market value of holding £	Percentage of portfolio %
CF Lindsell Train UK Equity Fund Ptg.Shs/Class -D- GBP	361,583	8.2%
Edgewood L Select SICAV shares GBP ID/US Select Growth Distr	302,374	6.8%

11 Debtors

	2018 £	2017 £
Care home fees receivable	93,178	62,069
Prepayments	48,551	18,411
Other debtors	2,924	537
	144,653	81,017

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Expense creditors	133,769	114,683
Accruals	246,399	236,501
Social security and other taxes	23,671	23,269
Other creditors	126,839	110,640
	530,678	485,093

13 Restricted funds

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

	At January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Overseas missions fund	211	22,369	(22,580)	—
Home missions fund	—	21,936	(16,614)	5,322
	211	44,305	(39,194)	5,322

	At January 2017 £	Income £	Expenditure £	At 31 December 2017 £
Overseas missions fund	—	29,381	(29,170)	211

- ♦ The overseas missions fund comprised donations received for application towards the charity's missions in Africa, principally in relation to the provision of financial and/or human resources support to care establishments in Africa.
- ♦ The home missions fund comprises donations received for the work in the UK. At 31 December 2018, the balance represents money donated for specific items that are yet to be purchased.

14 Tangible fixed assets fund

	2018 £	2017 £
At 1 January 2018	18,699,860	15,225,945
Transfer from general fund	276,050	3,473,915
Balance at 31 December 2018	18,975,910	18,699,860

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general funds of the charity in recognition of the fact that the assets are essential to the day-to-day work of the charity and as such their value should not be regarded as reserves available to finance charitable activities.

15 Designated fund

	At 1 January 2018 £	New designation £	Utilised/ released £	At 31 December 2018 £
Retirement fund	5,000,000	—	—	5,000,000

	At 1 January 2017 £	New designation £	Utilised/ released £	At 31 December 2017 £
Retirement fund	3,000,000	2,000,000	—	5,000,000

The retirement fund comprises monies set aside to provide for the care and support of members of the Sisters of the Hospitallers of the Sacred Heart of Jesus as they grow older. The value of the fund has been calculated using actuarial principles but the amount designated is constrained by the assets available.

16 Analysis of net assets between funds

	Unrestricted funds				Total 2018 £
	General fund £	Tangible fixed assets fund £	Retirement fund £	Restricted funds £	
Tangible fixed assets	—	18,975,910	—	—	18,975,910
Investments	—	—	4,895,577	—	4,895,577
Net current assets	2,769,972	—	104,423	5,322	2,879,717
	2,769,972	18,975,910	5,000,000	5,322	26,751,204

	Unrestricted funds				Total 2017 £
	General fund £	Tangible fixed assets fund £	Retirement fund £	Restricted funds £	
Tangible fixed assets	—	18,699,860	—	—	18,699,860
Investments	101,557	—	5,000,000	—	5,101,557
Net current assets	2,751,026	—	—	211	2,751,237
	2,852,583	18,699,860	5,000,000	211	26,552,654

The total unrealised gains as at 31 December 2018 constitute movements on revaluation. Those in respect to listed investments are as follows:

	2018 £	2017 £
Unrealised gains included above:		
On listed investments	204,114	737,249
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2018	737,249	469,000
Less: in respect to disposals in the year	(249,284)	(154,790)
	487,965	314,210
Add: net gains arising on revaluation arising in the year	(283,851)	423,039
Total unrealised gains at 31 December 2018	204,114	737,249

The charity adopts a policy of carrying its functional property on the balance sheet at revalued amounts. The historic cost of these properties cannot be ascertained with accuracy. The property is not being depreciated. The cumulative unrealised gains on the functional property, therefore, cannot be quantified and so cannot be disclosed accurately.

17 Lease commitments

At 31 December 2018 the charity had total future minimum lease payments under non-cancellable operating leases for office equipment as follows:

	2018 £	2017 £
Amounts payable		
. Within one year	22,695	23,053
. After one but within five years	14,297	30,549
. After five years	287	—
	37,279	53,602

18 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the English Province of the Sisters Hospitallers of the Sacred Heart of Jesus by virtue of the fact that the Provincial Superior of the Province appoints the trustees. The Province does not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the Province in England are vested in the trustees of the charity, who undertake all transactions entered into in the course of the Province's charitable activities.

19 Related party transactions

The total value of donations made by the trustees of the charity during the year was £6,668 (2017- £6,515) being pensions of the trustees donated to the charity under deed of covenant.