

**Daughters of  
Charity of St  
Vincent de Paul  
Charitable  
Trust**

**Annual Report and Consolidated  
Accounts**

31 December 2018

Charity Registration Numbers  
236803 (England and Wales)  
SC039155 (Scotland)

## Contents

### Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	4
Independent auditor's report	34

### Accounts

Consolidated statement of financial activities	37
Balance sheets	40
Consolidated statement of cash flows	41
Principal accounting policies	42
Notes to the accounts	51

## Reference and administrative details of the charity, its trustees and advisers

<b>Trustees</b>	Sister Moira Bain Sister Ellen T Flynn Sister Kathleen Fox Sister Kay Harte Sister Kathleen Kennedy Sister Theresa Tighe
<b>Sister Provincial</b>	Sister Ellen Flynn
<b>Provincial Bursar</b>	Sister Margaret Bannerton
<b>Principal office</b>	Provincial House The Ridgeway Mill Hill London NW7 1RE
<b>Telephone</b>	020 8959 2257
<b>Facsimile</b>	020 8959 7155
<b>Charity Registration Numbers</b>	236803 (England and Wales) SC039155 (Scotland)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC Bank plc Fenton House 85-89 New London Rd Chelmsford Essex CM2 0PP

## Reference and administrative details of the charity, its trustees and advisers

### Investment Managers (until March 2019)

The Charities Property Fund  
Cordea Savills  
33 Margaret Street  
London  
W1G 0JD

Hermes Investment Management Limited  
Lloyds Chambers  
1 Portsoken Street  
London  
E1 8HZ

Kames Capital  
4th Floor  
77 Gracechurch Street  
London  
EC3V 0AS

Epworth Investment Management Limited  
9 Bonhill Street  
London  
EC2A 4PE

Eden Tree Investment Managers  
P O Box 3733  
Royal Wootton Bassett  
Swindon  
SN4 4BG

Foreign and Colonial Investment Managers  
PO Box 9040  
Chelmsford  
CM99 2XH

### (From March 2019)

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

## Reference and administrative details of the charity, its trustees and advisers

### **Solicitors**

Womble Bond Dickinson LLP  
4 More London Riverside  
London  
SE1 2AU

Holmes Mckillop  
109 Douglas Street  
Blythswood Square  
Glasgow  
G2 4HB

The Trustees present their statutory report together with the consolidated accounts of the Daughters of Charity of St Vincent de Paul Charitable Trust (the charity) and its subsidiary company, 1860 Limited, for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out on pages 42 to 50 of the attached accounts and comply with the charity's trust deed, applicable laws, applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the requirements of 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 Daughters of Charity of St Vincent de Paul (the Congregation) is an international Roman Catholic Religious Community of Women who have dedicated their lives to the service of poor, vulnerable and marginalised people. It was founded in France where its Generalate has its headquarters and is divided into a number of distinct Provinces in 91 countries, one being the British Province.

The accounts accompanying this report are the consolidated accounts of the charity and its subsidiary company. The charity is a charitable trust on which the assets of the Congregation in England, Wales and Scotland are held. The charity is governed by a trust deed dated 5 June 1964 and is registered under the Charities Act 2011 - Charity Registration No. 236803 (England and Wales). The charity is also a registered charity in Scotland, Charity Registration No. SC039155 (Scotland). During the year ended 31 December 2010, a wholly owned subsidiary company of the Daughters of Charity of St Vincent de Paul Charitable Trust, 1860 Limited (Company Registration No. 7258317 (England and Wales)), was established and the results of this company are consolidated into these accounts.

### **Mission**

The object of the Daughters of Charity of St Vincent de Paul Charitable Trust, as set out in its governing document, is for *'such charitable purposes which advance the religious and other charitable work for the time being carried on by or under the direction of the society.'* Thus it supports the charitable and religious works carried out by the members of the British Province of the Congregation.

By caring for the members of the Congregation throughout their lives, the charity aims to enable and support the Sisters to live out their faith in the spirit of the founders, St Vincent de Paul and St Louise de Marillac, through the service of those most in need in society today.

The service or works of the Sisters of the Congregation are undertaken in the spirit of their founders, St Vincent de Paul and St Louise de Marillac who, in seventeenth century France, instilled into the first members of the Congregation the values of compassion, respect, love, forgiveness, justice and dignity.

### **Activities, achievements and performance**

The Sisters serve people of all cultures, religions and creeds with particular emphasis on those who are vulnerable in any way or suffering from poverty and injustice. Their 'work' falls into the following five areas:

1. Worship and Prayer
2. Social and Pastoral Work
3. Projects and Services
4. Caring for Members of the Congregation
5. Overseas Missionary Work

## **1. WORSHIP AND PRAYER**

### ***Activities and specific objectives***

*"The apostolic action of the Daughters of Charity draws its strength from contemplation following the example of the Son of God who, intimately united with His Father, often went aside to pray." (Constitution C21a)*

Each member of the Congregation is given every opportunity for daily private and communal prayer, times of worship and an annual eight day retreat for the development of her own personal understanding of and relationship with Jesus Christ.

Many opportunities are given to the wider community to join the Sisters during their times of prayer, as well as offering facilities for quiet times of reflection and/or study to people of all faiths and none. Throughout the Province, Sisters lead prayer services and offer spiritual guidance to people in their own homes, in hospitals, as well as in local parish churches. Opportunities to study and reflect on the life and spirit of the founders of the Congregation – St Vincent de Paul and St Louise de Marillac – as well as the constitutions of the Congregation, are organised each year. Workshops on the Vincentian spirit and values are also offered to all the various organisations (religious and lay) throughout Britain who share this spirit.

The spiritual development and on-going formation of the Sisters is thus given utmost importance, as this is the foundation of all their charitable works and every service they give to people, especially those who are poor.

The charity is committed to helping as many people as possible to join with the Sisters in living out the call of the Gospel to love God and thy neighbour.

Specific examples of this are as follows:

- Promoting the vision and values set out in the Gospel, including the promotion of human dignity and respect for all peoples and cultures, with special emphasis on those who are poor and vulnerable in our society.

## 1. WORSHIP AND PRAYER (continued)

### ***Activities and specific objectives (continued)***

- Having an open-door policy in many of our establishments, enabling people to come in and spend some quiet time in prayer and reflection.
- Leading short prayer services in the homes of those who are housebound and in residential care.
- Having a recognised office from where medals associated with Mary, the Mother of Jesus, are distributed to individuals and groups. This medal is known throughout the world as the 'Miraculous Medal'.
- Involvement in parish liturgies and celebration of the Sacraments especially with children and those wishing to become members of the Catholic Church.
- Providing opportunities for prayer and reflection for those who have been bereaved.
- Providing a daily structure of times for prayer and reflection as well as annual retreats for the members of the Congregation.
- Organising workshops and meetings on the spirit of the founders and the constitution of the Congregation.

The Sisters' personal and common life of prayer and their ever deepening understanding of the spirituality of St Vincent de Paul and St Louise de Marillac forms the bedrock from which stems all aspects of their service to people who are vulnerable.

## 2. SOCIAL AND PASTORAL WORK

### ***Activities and specific objectives***

Many members of the Congregation are involved in various forms of social or pastoral work throughout England, Wales and Scotland. This includes chaplaincy in hospitals, support of families and vulnerable children, especially those who are living in poverty as well as support of families of prisoners, the befriending of elderly people, especially those living alone and in isolation, advocacy and practical help to asylum seekers, refugees and homeless people.

As the members of the Congregation devote their lives to serving people who are in need, many members are involved in various forms of social or pastoral work throughout England, Wales and Scotland in a voluntary capacity. The Mission Statement states:

*'We choose to stand at "the cutting edge" with vulnerable and marginalised people and to open our eyes to the global issues of our world today.'*

The following are examples of the activities undertaken by individual Sisters:

- **Hospital / hospice chaplaincy work** where Sisters aim to provide comfort and a listening ear to those who are ill and support to their families and hospital staff. They pray with and on behalf of those who are ill as well as giving Holy Communion to those who wish to receive it.



## 2. SOCIAL AND PASTORAL WORK (continued)

### *Activities and specific objectives (continued)*

- **Visiting of vulnerable elderly people**, the object of which is to befriend, support and care practically for elderly people, especially those living alone and isolated in inner city areas.
- **Advocacy and assistance to asylum seekers and refugees**, the object of which is to support and to give a voice to those trying to survive in an alien culture, far from their homeland and family.
- **Working with people who are homeless**, the aim of which is to uphold their dignity and offer practical help, advice and rehabilitation.
- **Caring for people with disability**. Sisters provide pastoral care for people with a) visual impairment and b) learning disability. This care extends to the families and staff.
- **Parish work**, in which Sisters support local people, both young and elderly in a variety of ways, for example: spending time with those who are frail and lonely, bringing them Holy Communion and helping them to attend church services, and arranging social and catechetical activities for children.
- **Human trafficking awareness raising**, a new initiative in which four Sisters representing different geographical areas in the UK have become involved in small ways with local agencies working for the relief of victims of human trafficking. The Sisters also aim to heighten the awareness of the Province of the tragedy of this poverty which is sadly growing at an alarming rate in every town and city in the UK.

The objectives of the Trustees in this area include:

- To be faithful to the charism of the Congregation by offering service to those most in need in our society.
- To ensure that members of the Congregation receive appropriate training for the ministries in which they are involved.
- To be alert to needs as they appear and to respond when possible.
- To ensure, whenever possible, that Sisters are remunerated for their work by way of salary or stipend. Such income is given directly to the charity, ensuring that the work of the charity may continue into the future and develop.

## **2. SOCIAL AND PASTORAL WORK** (continued)

### ***Pastoral work in Hull***

We have two local communities here in Hull: St Wilfrid's is situated in West Hull and St Stephen's in East Hull. The River Hull separates the two sides of the city.

Our main ministry in Hull is Evangelisation across the city. To do this we work alongside representatives from every Parish in Hull and the outlying areas. Some of the work carried out over the past year as a team has included:

- Preparation for the National Eucharistic Congress, 'Adoremus'. We offered monthly reflection for individual use and for Prayer Groups as well as hosting a city-wide prayer group each month.
- We supported and encouraged individuals to attend the Adoremus Congress.
- We did an input at the 'Youth Adoremus' Input Day and attended the Youth Congress.
- We organised and funded a coach to take 66 people to the Street Procession.

More recently we have been promoting a 33 day retreat, 'Morning Glory', that culminated in a Mass for the Feast of the Annunciation.

We work very closely with the Vincentian Family across the city. Our involvement includes working with the Youth St Vincent de Paul Society group (YSVP) in St Mary's College but also organising and hosting reflection days and celebrations with the St Vincent de Paul Society (SVP).

With the YSVP we have sent over 1,200 knitted scarves, hats, gloves, bootees and blankets to refugees in Calais and Syria. It started as a simple suggestion by one of the YSVP to send a Christmas gift to the children in camps in Calais but it went 'viral' and before long we were receiving knitted goods from various church groups, local people, parcels from Wales, Southport and Essex!

The SVP led a Reflection Day in March for all members of the Vincentian Family and in September we celebrated together the Feast of St Vincent with a Mass at which Sister Marie Raw DC, General Councillor from Paris, led us in a reflection on the Readings.

At local level we are involved in supporting refugees and asylum seekers through the 'Open Doors' project. One Sister also volunteers at a large foodbank in town, meeting and supporting some destitute people.

We are involved in pastoral work in St Mary's College where we support some young people who are experiencing various difficulties. The Sisters in East Hull have the docks within their parish boundary and so one Sister volunteers with 'Apostleship of the Sea' and visits ships in dock offering seamen any form of help they may need.

Much of our work involves offering support to numerous people who call at our door looking for a listening ear.

Preparing children and their families for the Sacraments is an on-going ministry for most of the Sisters as well as visiting the sick and housebound and taking them Holy Communion.

## **2. SOCIAL AND PASTORAL WORK** (continued)

### ***Pastoral work in Hull*** (continued)

As St Stephen's no longer has weekly Mass, the Sisters there host a prayer gathering each Friday evening, maintaining a praying community in the centre of the housing estate.

Many changes in government policies and social situations are reflected in growing pockets of poverty both materially and spiritually. This brings increasing demands on both communities. Hopefully, as Daughters of Charity, we are responding to this in the spirit of St Vincent and St Louise.



### ***Pastoral work in Cardiff***

This year, work with people who are asylum seekers or refugees in Cardiff has continued to focus on those in most difficulty who are destitute. Home4U accommodated 11 people between July 2017 and June 2018, a total of 1,630 nights. A particular achievement this year was to accommodate one female for a six month period. Almost half, 18 of our first 38 residents, now have Leave to Remain in the UK whilst some others still await decisions. A successful joint bid for a major grant from NACCOM (No Accommodation Network) allowed for the employment of a person to work with Home4U and with another similar project.

This is helping us to review and improve policies and procedures and is enabling us to find ways to be more effective. Another successful annual Sleepout raised over £7,100 which covered approximately two thirds of our costs.

## 2. SOCIAL AND PASTORAL WORK (continued)

### *Pastoral work in Cardiff (continued)*

The Space4U Drop-in Centre continues to operate to capacity and welcomes approximately 160 people per session. Activities develop according to the needs of those coming and the gifts, talents and skills of the volunteer workforce. More than 80 hot meals are served each day, refreshments and clothing are provided and a range of activities help people to use their time constructively whilst they are prohibited from working. In addition to Space4U English classes, in an arrangement with Adult Learning Wales, we offered non-accredited ESOL courses this year for those waiting for college places. Two of our qualified tutor/volunteers delivered those classes. This year Space4U is part of a group of seven organisations working towards a partnership to provide a multi-agency destitution clinic hosted by the Space4U Drop-in. It is beginning to provide a more effective response through working more closely together.

New work in Cardiff this year has been supporting the application, made together by a Catholic Parish and two Mosques, to the Home Office to welcome and support a family from Syria under the Community Sponsorship Scheme. The application has been accepted and the family is expected before summer 2019. The Catholic Parish and Mosques are responsible for securing housing, school places, health services, and English classes as well as working closely with the family for a minimum of two years as the family members make Cardiff their new home.



## **2. SOCIAL AND PASTORAL WORK** (continued)

### ***Pastoral service in Abbey Wood***

We are in our sixth year in Abbey Wood. One good opportunity has been to work in collaboration with the Missionary Vincentian Community from the Nigerian Province. It has also been beneficial to work with a Nigerian Sister who helps reflect the culture of the people.

From the outset we agreed that we would be collaborators in the Mission and work alongside the existing groups in the Parish viz Alive in Christ (AIC) Catechists, Eucharistic Ministers, Legion of Mary etc. and we participated in setting up a SVP conference and Union of Catholic Mothers in St Benet's Parish.

Sister Franca is a volunteer at St John Fisher School and at St Paul's Academy and this offers her an opportunity to identify and reach out to needy families and she has set up a Youth SVP group at St Pauls Academy. She attends the African/Europe Faith and Justice Network (AEFJN) where they reflect on and discuss issues which affect Africa e.g. climate change, trade with multinationals, etc. They make interventions through advocacy and lobbying where appropriate.

Twice a year, Sister Franca attends meetings of the United Nations advisory group in Paris where Sisters reflect and discuss issues which affect women, children and human rights. They aim to create awareness among our Sisters so that they can recognise that service to persons who are poor is a way of participating in the achievement of sustainable goals.



We also work as volunteer Chaplains in the local hospice. We support the Church of England Chaplain and ensure that the Catholic patients are adequately catered for. We visit the sick and housebound in their own homes and in two care homes. We attend Church of England liturgies in both schools and this gives us an opportunity to meet the teachers.



There are huge development plans for Abbey Wood. Thamesmead and two housing associations have recently opened an advice centre. It is just five minutes walk from the house. We have been in contact with the manager who is very interested in our Mission. This will be a very valuable resource for the future.

We have an open door policy where people feel comfortable to come in and share their story, pray, and have a respite from home.

We seize every opportunity to celebrate, relax and build up a strong Community spirit. There is much hope for the future.

## **2. SOCIAL AND PASTORAL WORK** (continued)

### ***Response to human trafficking***

During 2018, four Sisters travelled to Calais to assist refugees and asylum seekers. Two Sisters spent six weeks there while another two spent one week.

The Sisters were based in a house run by another charity in which 18 people receive help, food and accommodation whilst recovering from ill health; most of those supported in this house are Eritrean men.

The Sisters helped generally in the house, cleaning, cooking and offering a listening ear to those living there, as well as taking water and fruit to those living in the nearby forest.

One Sister volunteers in a safe house in Manchester for men who have been trafficked; this Sister teaches English and offers a listening ear to the men. She also teaches English to men in a homeless charity on a weekly basis.

Another Sister is linked to 'TARC' (Trafficking Awareness – Raising and Campaigning); this is an initiative working to end sex trafficking, formed by representatives of religious congregations and is also a member of RENATE, a European-wide network of religious congregations, working to end human trafficking.

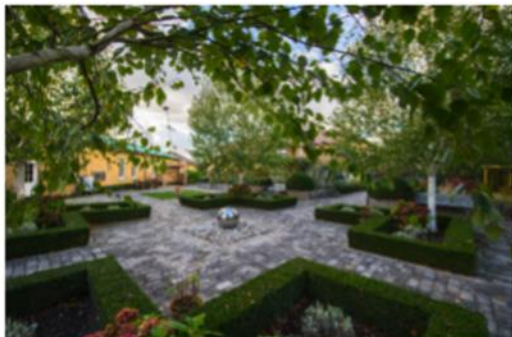
One Sister in Scotland is involved in ACTS (Action of Churches Together in Scotland) and is always alert to where assistance may be given to anyone who is recovering from being trafficked.

A Sister who concentrated on providing awareness raising presentations on issues of human trafficking in south Wales was moved during the year to north west England; she will hopefully discover openings to continue this awareness raising in due course.

### **3. PROJECTS AND SERVICES**

#### ***Activities and specific objectives***

##### **Marillac Care, Warley**



Marillac Care has an outstanding reputation in the healthcare community and this is because of the nature of the service provision that is delivered. It is imperative that in order to maintain the position that it holds with commissioners that it does not stray far from the experience and skill base that it holds.

The commissioning landscape that we identified last year as having changed has continued its evolution. This has meant that Marillac Care has had to adapt and change to this new landscape. We have managed to evolve our services to ensure that we are meeting the needs of the residents and the commissioners. The acuity and complexity of referrals has increased and we are drifting further from the residential care services that we once were. We now have a complex care speciality within the care environment. This has in turn decreased the typical length of stay. Whereas three to four years ago we would regularly see lengths of stay averaging many years, we now see length of stay reduced to weeks.

Commissioners now aim to use our service to enable people to resume their lives at home where possible. This is a roll out of the complete healthcare environment where enablement and resettlement at home is preferable to longer term care within the care environment. This has, unfortunately meant that some longer term residents have been moved by their funders to longer term, lower cost care. Although not driven by use, it has resulted in a higher base fee level than before.

#### ***Care Quality Commission (CQC) compliance and other inspections***

There have been no CQC inspections during the year. This can be seen as a positive due to the investigatory proactive nature of inspection allocation.

Marillac Care retains its "Good" rating.

Interactions with the CQC with regard to notifications has been positive and well received.

Environmental Health Services awarded Marillac Care a '5 star' rating earlier this year, maintaining our status.

Marillac Care has developed internal quality and financial monitoring tools which have aided the development of Marillac Care immensely.



### **3. PROJECTS AND SERVICES (continued)**

#### ***Activities and specific objectives (continued)***

##### **Marillac Care, Warley (continued)**

Marillac Care has always prided itself on the quality of its holistic services. From the frontline staff who are always stretched to the maximum, due to always being fully occupied with a waiting list, through to the massively underpraised Activity Team who regularly achieve 1,000 contacts per month. The superb Therapy Teams add to the quality constantly enabling residents to maximise on their opportunities.

With a supportive Administration Team, the service is well placed to continue its care, treatment and development well into the future.



##### ***Making our organisation stronger***

The Executive team is proving to be effective in making decisions and completing its core job. The Head of Department level has proved supportive and constructive. Marillac Care has maintained its Executive level staff and has changed some of the Heads of Departments. This has enabled the Executive team to evaluate the service needs and recruit accordingly.

##### ***Safeguarding***

The relationship with the Essex Safeguarding Team has been maintained during the year and any safeguarding concerns are raised and dealt with appropriately and quickly. Over the past 12 months there have been no Safeguarding alerts upheld.

##### ***Vincentian Values training***

All new staff receive training upon commencement on Vincentian Values which has been specifically requested by existing members of staff keen to ensure that the Values are ever present. This is coupled with prominent displays on Vincentian Saints on their feast days alongside appropriate opportunities to celebrate and reinforce a Values led service.

##### ***The way forward***

Marillac Care has an outstanding relationship with the local commissioners. It constantly receives referrals and has consistently maintained a waiting list. Marillac Care has historically had a low turnover of residents and has been able to maintain a high level of occupancy.

During the past year Marillac Care has been part of the changing landscape within healthcare that has seen admissions and discharges more than double. This has meant shorter average length of stay (ALOS) with more pressure being placed on the provider to meet the ever shortening timescale of needs.

The challenge for Marillac Care is to ensure that it maintains its high value with the commissioning teams in the locality and that it extends its reach into new areas and diversifies slightly or operates on a larger scale should the need arise.



### **3. PROJECTS AND SERVICES (continued)**

#### ***Activities and specific objectives (continued)***

##### **Marillac Care, Warley (continued)**

Marillac Care has ensured that services are reactive to market forces which has in turn built stronger relationships with CCG and NHS Commissioners to ensure that its service are responsive to needs. This ensures a constant pathway of new referrals that are expedited into vacant beds when they arise.

### **4. CARING FOR MEMBERS OF THE CONGREGATION**

#### ***Activities and specific objectives***

As the average age of the Sisters increases, the need to provide residential care and support at home for our elderly Sisters grows each year. Thus several Sisters are involved directly or indirectly in this Ministry and much attention is given to the provision of high quality accommodation. The Sisters operate three residential care homes for their own Sisters, each with its own registered manager and full complement of staff. Some lay people have also taken advantage of a few weeks or months of respite care as well as a few having a permanent placements in one of these homes.

The Sisters also have a few properties which have been renovated to provide suitable accommodation for elderly Sisters who do not require immediate residential care but whose mobility is compromised due to age or ill health.

The objectives of the Trustees in this area include;

- To ensure that all elderly members of the Congregation receive a high level of care in every aspect of their lives.
- To enable all members of the Congregation to continue in local houses and ministries for as long as possible.
- To review all local community houses to assess their suitability as homes for elderly or frail Sisters.
- To provide adaptations and aides when deemed necessary.

We are trying to make greater efforts to offer the Sisters in our care homes the opportunity to participate more fully and to interact in the life of the Province by using social media and Zoom.

##### **St Vincent's Home**

St Vincent's has been here for over twenty years and continues to provide care for the elderly Sisters within the Congregation. Over the last couple of years the needs of the Sisters has increased greatly and they now require more support with daily living. This is hardly surprising given the ages of the Sisters - from 87 to 105!

#### **4. CARING FOR MEMBERS OF THE CONGREGATION** (continued)

##### ***Activities and specific objectives*** (continued)

##### **St Vincent's Home** (continued)

St Vincent's is rarely quiet, with lots of visitors and social occasions. The Sisters are able to interact and join in wherever they choose. As you will have seen from the pictures, we live life to the full and make the best of things emphasising what we can do rather than what we can't. The Sisters love to get out and about, spending time by the lake, going to the cinema and theatre as well as keeping fit with the chair exercises and yoga.



St Vincent's receives frequent compliments on its warm and homely environment and how everyone feels they are part of one big family. Every day can be very different and it often brings new challenges for the Sisters as they struggle to maintain their independence. The Sisters are loved and supported in all their emotional, physical and spiritual needs. The result of this service is shown in the exceptionally high level of care received by all at St Vincent's.

The team has an excellent understanding, loyalty and commitment to St Vincent's, and together we enhance the atmosphere and quality of life of all the Sisters who are in our care.

There is love and laughter around the home, and as a team we all feel proud to be part of such a special place, and so involved in the lives of the Sisters.



##### **St Catherine's Home**

St Catherine's continues to be a welcoming and happy environment. The Sisters have enjoyed a few celebrations over the past year. Our Sisters and visiting Sisters joined two of our Sisters to celebrate their Jubilees: Sister Barbara Smith, 70 years and Sister Julie Marie, 75 years.

All Sisters enjoyed the lovely weather we had in the summer months. Joining other Lanarkian residents to celebrate the Lanimer week, watching the local procession, and a visit from the Lanimer Queen and her court.



#### **4. CARING FOR MEMBERS OF THE CONGREGATION** (continued)

##### ***Activities and specific objectives*** (continued)

##### **St Catherine's Home** (continued)

Several of the Sisters have been on shopping trips to McKinnon Mills and to Gouldings Garden Centre.



St Catherine's Sisters and community Sisters travelled to Inn on the Loch for a lovely meal together in late November, a joint outing for Christmas. A few Sisters also attended the local pantomime.

Some Sisters enjoyed a little pampering from the beautician who visited St Catherine's to give manicures and hand massages.

##### **Seton Care**

The community of Sisters at Seton has been involved in supporting the staff with fundraising during the past year. The values and ethos of the Daughters of Charity have been very much in the forefront of our minds and staff have had discussions on how to continue to underpin this in our working practices.

The Sisters explained to staff that they were praying for a young man, who was experiencing serious health issues and was being supported by another Sister of their community living close to the family. The Sisters and the staff had a joined-up conversation and all decided to raise money by holding a cake stall at the Marillac boot sale on 7 July. Sisters and staff started baking and were also offered donations of ingredients and caking making skills. This was a wonderful day.

The next month saw the last Marillac boot sale ever to be held and again Sisters and staff all got involved, with donations of everything imaginable from clothing to glassware and everything in between!!

Seton has moved forward very positively this past year, it has a real sense and feel of home.

The Sisters are involved in all aspects of the running of their home, from doing the washing up, going for independent walks around the gardens, to involvement in the recruitment of staff.

There are close links, with Donworth House as they join Seton Care for coffee mornings and birthday celebrations, support our fundraising efforts and maintain existing personal friendships between both communities.



## **5. OVERSEAS MISSIONARY WORK**

### **Project Title: Improving mother and child health care in Irob Woreda, Eastern Tigray Ethiopia**



Illiteracy of women in Irob Woreda has resulted in a low level of awareness on the importance of maternal and child health care services and practices. This is categorised as the main challenge preventing mothers from utilising basic health services and child care endeavors. To address this challenge, the Daughters of Charity's central aim is to improve and develop women's awareness and health care seeking behavior. The Alitena Health Centre has provided reproductive

health and basic child care training for 105 women. The training was offered both in the Health Centre and at outreach stations of the Irob Woreda by maternal and child care professionals of DC Alitena Health Centre and respective government health centres.

This project is operating in remote and disadvantaged areas, where pregnant women travel more than 2 days to get delivery services. Hence, the maternal and child care services implemented during the past six months were life saving. The level of maternal and infant deaths due to lack of accessible ambulance services were reduced.

### **Project Title: Day care centre activities:**

All of the planned activities have been achieved and the 230 children between the ages of two and six have been cared for and taught by eight trained teachers who took Montessori kindergarten training. The children were provided with tea, biscuits and balanced food every day. At the end of the academic year which is from 1 September 2017 to 30 June 2018, 45 children (21 male students and 24 female students) who were able to read and write passed to grade one.





## **5. OVERSEAS MISSIONARY WORK (continued)**

### **Project Title: St Louise Eye Clinic, office of Adigrat**

The Daughters of Charity's, St Louise Eye Clinic's current strategy is to contribute its share to the efforts made by the Regional, National and International communities to achieve the Vision 2020 – to ensure the right to sight by fighting against preventable blindness. To this end, the clinic works closely with its stakeholders; raises funds through written proposals; plans and carries out different activities; monitors and evaluates the planned activities and writes reports.



Efficient medical eye health service is practiced by the staff taking personal responsibility to deepen and to enhance their profession, through personal study and by sharing with each other their knowledge and experience.

42,297 community members have been reached through awareness raising activity on eye health. This awareness raising activity is carried out in the base clinic, with children in public schools, and with communities in the target areas (99.5%).

### **Project Title: St Mary's HIV and AIDS Testing and Counselling Centres**

The Centres provide a lot of services to the community relating to AIDS. There is a laboratory where people come for screening and examination.

The Faithful House Affirming Life, Avoiding Risk program represents an innovative approach to HIV and AIDS avoidance, community development and alleviation of poverty and helps married couples, and those preparing for marriage, to better understand the benefits that flow to husbands, wives and children from a committed relationship.

They also have a program for the youths, Youth Action Kit (YAK). This is training aimed to empower and equip youths with life skills in order to protect them from HIV and AIDS.

There is also a program for teenagers called "Teen STAR" which is for those children whose age ranges from 13-19 and STAR means Sexual Teaching in the context of Adult Responsibility. Therefore the training is given to school children.



Nutrition and promotion training is also provided to help the trainee to lead a healthy and dignified life. Nutritional food is also supplied to patients in critical condition.

The prime goal of this comprehensive HIV and AIDS prevention, care and support project is to create a discernible and predictable source of income after building up the target clients/PLHIVs through transfer of knowledge and skills.

### **LOOKING AHEAD TO 2019**

It is anticipated that Marillac Care will change its name to Marillac Neurological Care Centre and become an independent charitable company by the end of 2019. This is to secure its long term future as a subsidiary of the Daughters of Charity of St Vincent de Paul Services (Charity Registration Number 1149326: Company Registration Number 07638065 (England and Wales)), along with five other charities founded by the Daughters of Charity of St Vincent de Paul Charitable Trust.

Future works will be established as independent from the outset and fall within the remit of the Daughters of Charity of St Vincent de Paul Services. However, initial investment and start-up of such initiatives will be from the Charitable Trust. There are several possibilities in the pipeline.

The Trustees of the Charitable Trust have a two-year programme of renewing and strengthening the mission of the Sisters described in this report. Falling numbers joining has given rise to the need to maximise the potential and impact of the activities of the Sisters by streamlining and building up mission centres and closing down more peripheral activities. This is likely to result in the disposal of three properties in 2019 and possibly more in the following year, as well as the purchase of larger premises in one centre.

Each property owned by the charity will be assessed this year for its suitability to meet the needs of the older group of Sisters. However, it is anticipated that, due to good stewardship and forward thinking in the past, very little refurbishment will be necessary and no purchase of premises is anticipated for this purpose.

### **GRANTS AND DONATIONS**

Grants, donations and other payments in support of missionary work and ministry are decided on by the Trustees in consultation with other members of the Congregation as appropriate. In the main, the charity supports the work of the Congregation in overseas countries where there is the most need. Whilst the Trustees give occasional support to English, Scottish and Welsh organisations whose work is within the objects of the charity, the charity does not regard itself as a grant making entity and application for grants and donations are not invited.

### **INVESTMENTS**

#### **Policy - listed investments**

The charity has a portfolio of listed investments with a market value of approximately £28 million.

During the year, the listed investments were managed by The Charities Property Fund, Hermes Investment Management Limited, Kames Capital, Epworth Investment Management Limited, Eden Tree Investment Managers and Foreign and Colonial Investment Managers, all of whom operated within specific guidelines which are set out and regularly reviewed by the Trustees. Since the year end, the Trustees have appointed Sarasin & Partners LLP as the charity's sole investment managers. This decision was taken following a detailed review assisted by professional investment advisers.

There are no restrictions on the charity's power to invest.

## INVESTMENTS (continued)

### Policy - listed investments (continued)

The Trustees have set ethical restrictions on where their funds are invested.

The Catholic faith reveres the sanctity of life and therefore no investment is allowed in those companies:

- whose activities include direct participation in or support of the willful taking of life, including **abortion** and **euthanasia**. Direct participation in abortion may include, but not be limited to, companies involved in the manufacture of abortifacients and publicly held health-care companies that perform abortions.
- that derive greater than 10% of their reported annual revenue from the sale or manufacture of **contraceptives**.
- that engage in **scientific research on human foetuses** or embryos that (1) results in the end of pre-natal human life; (2) makes use of tissue derived from abortions or other life-ending activities; or (3) violates the dignity of a developing person. Specific activities covered by the policy will include:
  - ◇ Embryonic stem cell research
  - ◇ Foetal tissue research or stem cell research derived from embryos
  - ◇ Human cloning
- that derive any turnover from the production of **tobacco** or tobacco products.

The beneficiaries of the charity are those who are experiencing poverty in the world today. Therefore, the charity will not invest in those companies that contribute to poverty such as those:

- that operate/own casinos or **gambling** arcades, or derive more than 10% of their reported annual revenue from gambling activities.
- whose policies are found to be **discriminatory against women**.
- who operate in Category A countries (as defined by Ethical Investment Research Services/Freedom House) but have provided no evidence of policies to manage **human rights** issues.
- that generate more than 10% of their reported revenue from **military weapons production or sales**.
- that are directly involved in the manufacture, sale, or use of anti-personnel **landmines**, or the development of weapons inconsistent with Catholic teaching on war (e.g. biological and chemical weapons, arms designed or regarded as first-strike nuclear weapons, indiscriminate weapons of mass destruction, etc.).

## INVESTMENTS (continued)

### Policy - listed investments (continued)

- that derive any of their reported revenue from products or services intended exclusively to appeal to a prurient interest in sex or to incite sexual excitement (**pornography**).
- whose policies are found to be **racially discriminatory** against people of varied ethnic and racial backgrounds.
- whose policies are found to be **exploitative of their labour**, especially with respect to human trafficking, poor treatment of labour, poor working conditions, and remuneration below the minimum wage.

On a more positive note, the Trustees try to invest in environmentally friendly and positive philanthropic activities.

The investment strategy is set by the Trustees and takes into account income requirements, the risk profile and the investment managers' views of the market prospects in the medium term. The overall investment policy is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the Trustees and, at the same time, with a view to ensuring that the real capital value of the fund does not fall over any five year period.

The Trustees, or representatives of the Trustees, meet with the investment managers four times a year to review the performance of the portfolio and the investment strategy.

The value of the charity's listed investments decreased during the year. The Trustees consider that the performance demanded by their investment policy will continue to be achieved in the medium to long term.

### Policy - investment land

The charity has owned and occupied land at Lanark, Scotland since 1949 and for many years the Sisters operated a hospital on the site. Since the closure of the hospital, the charity has been exploring how best to utilise the land for the benefit of its charitable objects. Initially, this involved discussions with a property developer about a disposal of the land for residential property development. Unfortunately, the collapse of the housing market and the severe financing restrictions since 2008 have prevented a disposal for this purpose.

The land continues to be owned with a view to disposal. As a consequence, in the accounts, the land is classified as investment land. It is the intention of the Trustees of the charity to continue to seek buyers for this land and hence to maximise its value to the charity.

### Investment performance

During the year the charity's listed investments achieved an income yield of 2.99% (2017 – 3.41%). The investments decreased in value and the capital yield for the year was 6.81% (2017 – 6.68%). At the end of the year the charity's portfolio of listed investments comprised 53% (2017 – 55%) UK equity unit trusts, 30% (2017 – 30%) UK fixed interest unit trusts and 17% (2017 – 15%) UK property unit trusts. Throughout the year the Trustees have continued to liaise closely with the charity's investment advisers and seek their advice.



## **FINANCIAL REPORT FOR THE YEAR**

A summary of the results for the year can be found on page 37 of the attached accounts.

Income for the year to 31 December 2018 totalled £9.60 million compared to £8.51 million in 2017. This increase in income is mainly due to legacy income of £864,061 (2017 - £177,060). This together with the increase in income from residential, care and support services has led to the increase of just over £1 million.

Expenditure has decreased from £10.74 million in 2017 to £10.46 million in 2018. Staff costs have increased by £151,000 mainly as a result of providing residential care and support services. However, professional fees incurred as a result of being a participant in the Scottish Public Inquiry into Historical Abuse have decreased from £287,000 in 2017 to of £174,000 in the year.

Expenditure in all other areas has been tightly controlled during the year.

### **Reserves policy**

The Trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees consider that, given the nature of the charity's work, the charity's continuing commitment to residential and nursing care, the need to care for members of the Congregation and to respond to unforeseen emergencies, the level of free reserves should at least be equivalent to between six and twelve months' expenditure. The Trustees are of the opinion that this provides sufficient flexibility to cover shortfalls in income, adequate working capital to cover core costs, and will allow the charity to meet its commitments to its residential and care work and to members of the Congregation, and will enable the charity to cope and respond to unforeseen emergencies.

### **Financial position**

The balance sheet shows total reserves of £54.5 million (2017 - £59.4 million).

Of this £13.3 million (2017 - £13.6 million) is represented by tangible fixed assets used for the support of the Sisters and their ministry. A decision was made to separate this fund from the general fund in recognition of the fact that the tangible fixed assets are used in the day to day work of the charity and the fund value cannot, therefore, be realised easily if needed to meet future contingencies.

The Programme Related Investments Fund amounts to £682,003 (2017 - £682,003). Two of the charity's properties continue to be used by St Joseph's Services, a separately registered charitable company, one as its head office and the other as a small residential care home for people with learning disabilities. A further property is used by The Louise Project Limited (formerly known as The Space), now a separately registered charitable company, for its head office and a drop in centre.

Funds of £22.8 million (2017 - £24.4 million) have been set aside in the Sisters' Care and Retirement Fund to provide for the Sisters' holistic needs going into the future.

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

### **Financial position (continued)**

The value of the fund has been calculated based on actuarial principles to provide for each of the Province's 121 Sisters. Given the increasing age profile of the Sisters and the lack of new vocations, this sum will provide only modest resources to look after the Sisters, many of whom will need increasing support and increasingly expensive residential and nursing care.

Funds of £6.32 million (2017 - £6.15 million) represents the accumulated net income of Marillac Care (including tangible fixed assets of £5.3 million (2017 - £5.5 million), which has been designated by the Trustees for use by Marillac Care only.

A further £2 million (2017 – £2 million) has been set aside towards the costs of developing new initiatives and those projects newly established, as well as enhancing the properties used by the charity.

Finally, £1.7 million (2017 - £1.8 million) has been designated for use on specific projects by the Trustees. It is intended that such projects should principally be concerned with the missionary work of the Sisters overseas.

The endowment funds amounting to £448,991 (2017 - £448,991) comprise the Salisbury Fund, established in 1871 by a deed of trust when several properties located in Salisbury were gifted to the Congregation, and the Wigmore Street Trust Fund established in 1965. Administration of this latter fund was transferred to the charity during the year ended 31 December 2006 from the Westminster Roman Catholic Diocesan Trust.

Restricted funds comprising monies given specifically for overseas missionary work totalled £359,388 (2017 - £429,287) at the end of the year. Other small restricted funds totalled £29,055 (2017 - £35,019).

Funds available to support the work of the Sisters in the future are shown as general funds on the balance sheet and amount to £6.7 million (2017 - £9.8 million). This figure needs to be considered in the light of annual expenditure of £10.46 million. The Trustees consider the charity's free reserves to be adequate but not excessive.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT**

### **Governance**

The British Province is governed by the Sister Provincial and four Sisters who form the Provincial Council. All are appointed by the Superioress General and General Council in Paris and are accountable to them. The Provincial and Council members are appointed for a period of six years, renewable for a further three-year period if required.

The Trustees are members of the community and are chosen for their personal qualities, their understanding and experience of the works and ministries of the Province and to ensure a varied skills mix.

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

### **Governance** (continued)

At present, the Provincial Secretary and Provincial Bursar, together with the Provincial and Provincial Council members, form the Board of Trustees. The Sister Provincial is always the Chair of Trustees by virtue of her office and she in turn appoints the other Trustees, of which there can be up to seven.

The Trustees are responsible for the policies, activities and assets of the charity and for compliance with regulations and legislation including the Charities Act. The Trustees meet monthly to review developments with regard to the charity, its activities and assets, and to make important decisions. Training continues to be provided for the Trustees in order that they are fully updated with current legislation.

The Trustees are incorporated under the provisions of Section 251 of the Charities Act 2011 as "The Incorporated Trustees of the Daughters of Charity of St Vincent de Paul".

The names of the Trustees who served during the year up until the date on which this report was approved are set out as part of the reference and administrative details on page 1 of this annual report and consolidated accounts and brief biographical details on each of the Trustees is given below:

#### ***Sister Moira Bain***

Sister Moira Bain entered the Daughters of Charity of St Vincent de Paul in 1968. Her early ministry was child care and she worked in various residential school settings and children's homes. A short period of three years was spent in Romania overseeing five children's homes for children who were HIV positive. She also has experience in Parish ministry and trained in Pastoral Leadership. She was instrumental in setting up and managing an organisation offering pastoral care to families of prisoners.

#### ***Sister Ellen Flynn***

Sister Ellen Flynn has been a member of the Daughters of Charity of St Vincent de Paul since 1972, and formerly worked as the CEO of The Passage for nine years, helping homeless people in Central London. During that time she developed skills in charity management, governance, fundraising and project development as well as networking across London in all sectors of business and society. Prior to this, Sister Ellen has a background in education, initially working with disadvantaged young people in inner city schools, and later in adult formation including group facilitation, liturgy, music and management with the Christian Church. Sister Ellen was named Provincial of the Province of Great Britain in September 2015.

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

### **Governance** (continued)

#### ***Sister Kathleen Fox***

Sister Kathleen Fox has been a member of the Daughters of Charity of St Vincent de Paul for over 40 years. She trained as a nurse for people with learning disabilities, and then as a general nurse. She worked for many years in St Joseph's, Rosewell and, with the introduction of the Community Care Act in 1992, was part of the team in the re-provisioning of the Service. She completed further training and holds degrees in Advanced Nursing and Healthcare Chaplaincy. Sister Kathleen also worked for a number of years in a hospice and has trained in palliative care.

#### ***Sister Kay Harte***

Sister Kay Harte entered the Daughters of Charity of St Vincent de Paul in 1967 and is currently working in the offices as secretary to the Provincial. After training as a rehabilitation worker for the visually impaired and interpreter of deaf/blind people, she worked in managerial positions in Glasgow and Liverpool. Prior to moving to Provincial House, she was manager of a community care home for elderly Sisters.

#### ***Sister Kathleen Kennedy***

Sister Kathleen Kennedy entered the Daughters of Charity of St Vincent de Paul in 1966. She worked in residential child care for fourteen years after which she ran a pre-school group in a primary school setting. She qualified as a teacher with Bachelor of Arts with Qualified Teacher Status (BAQTS) and taught in an inner city primary school for sixteen years. She worked as part of a city wide Evangelisation team in Hull before being appointed to the Provincial Council.

#### ***Sister Theresa Tighe***

Sister Theresa Tighe has been a member of the Daughters of Charity of St Vincent de Paul for many years. Her training is in youth and community work and in pursuing that she provides a short counselling course as a way of supporting young people. Most of her experience has involved working with young people with disabilities and their families. She has also engaged with children and families through parish ministry.

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

### **Statement of Trustees' responsibilities**

The Trustees are responsible for preparing the Trustees' report and the 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 and in Scotland 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 group and of the income and expenditure of the group for that period.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 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.

### **Structure and management reporting**

Five professional advisers ably support the Trustees, meeting together twice a year. The solicitors, accountant and surveyors who comprise the Advisory Board are always available for advice and guidance and especially prior to the making of any major decision.

The British Province comprises 131 Sisters, in 22 houses, of which 17 are situated in England, four in Scotland and one in Wales. These local communities are mostly situated in areas of towns and cities where it is believed that the Sisters can provide the greatest help to deprived and marginalised people. The Mission Statement states:

*'We choose to stand at "the cutting edge" with vulnerable and marginalised people and to open our eyes to the global issues of our world today.'*

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

### **Structure and Management Reporting** (continued)

Each of the local communities has a local Superior, appointed by the Provincial. She is responsible, with her Sisters in the community, for the services offered in the local area, for the financial management of the house, the upkeep of the property and the wellbeing of the Sisters. She is accountable to, and supported by, the Provincial and her Council, with whom there is regular communication and meetings. She submits her accounts monthly and budget annually to the Provincial Bursar, who in turn draws up a three-year financial forecast for the Province, thus establishing a sound base for current and future planning.

### **Key management**

The Trustees consider that they, together with the Finance and Business Director, the Care Home Managers, the Project Leader of The Space (prior to transfer to The Louise Project Limited) and the executive team of Marillac Care, 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 or key management.

The pay of the Finance and Business Director, the Project Leader of The Space (prior to transfer) and the three Registered Care Home Managers is reviewed annually by the Trustees. The pay of the executive team of Marillac Care is reviewed annually by the home's Management Committee which makes recommendations to the Trustees who then consider whether or not to approve the proposal.

Pay is normally increased in accordance with average earnings. In view of the nature of operations of the care home and the national shortage of qualified nurses and care staff, the Trustees benchmark pay rates at Marillac Care against pay levels in other similar charitable care homes and the National Health Service. The remuneration benchmarks used for all key management are based on published pay grades for nursing, care and administrative staff but take in to account additional responsibilities to ensure that the remuneration paid is fair and not out of line with that paid for similar roles.

### **Risk management**

The Trustees undertake an annual review of the principal risks and uncertainties that the charity faces categorising the risks between:

- Governance and management
- Operational
- Financial
- Reputation
- Laws, regulations, external and environment

**Governance and management** looks at the skills and training of its members and staff and the good use of its resources.

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Risk Management (continued)

**Operational** looks at the risks inherent in the charity's activities including the operation of its two care establishments – the members engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the service provided, difficulties with staff, poor health and safety, lack of a disaster recovery policy, etc.

**Financial** risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies, global downturn in markets, etc.

**Reputation** looks at possible damage to the Congregation and/or the charity's reputation.

**Laws, regulations, external and environment** look at the effect of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment in the charity's care establishments.

The Trustees regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures.

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

#### ***Risk 1. The increasing age profile of the Province***

The average age of the Sisters in the Province at the end of 2018 was 80 years. The stark reality is that there are now more Sisters in residential care than there are under the age of 70 years. The risks entailed in this fact are multiple, as not only will the activities and ministries of the Sisters decrease, but the need for financial resources to pay for residential and nursing care costs will inevitably increase.

To mitigate the dilution of services for vulnerable people due to this increase in age and few, if any, younger women entering the Congregation, the Trustees created 'The Daughters of Charity of St Vincent de Paul Services' an "umbrella" charitable organisation formed to ensure the sustainability of projects and services started by the Congregation and that the values and ethos on which these services were built, remain strong and true ([www.dcsvpservices.org](http://www.dcsvpservices.org)). The Trustees are made up of both Lay people and Daughters.

Regarding the ongoing care of the elderly members of the Congregation, the Trustees, as companions and friends for many years of all the elderly Sisters, desire to provide excellent care for them. The Trustees also know that there is both a moral and legal obligation to do so, as the Sisters do not have resources of their own, as all earnings, pensions and other income have been donated to the charity under a Deed of Covenant.

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

### **Risk Management** (continued)

Thus there is now a dedicated fund for this need, the value of which has been based on actuarial principles. Also, as previously stated on pages 14 to 16 the Trustees ensure that residential care of a high standard is delivered to those Sisters most in need of it, as well as ensuring that at least another three houses are fully equipped with all necessary aids and facilities to give elderly Sisters, not in need of care, but unable to fulfil active ministries, as much independence as possible.

### ***Risk 2. Loss on investments***

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The charity's Finance and Business Director and an advisor from Ethical Investment Solutions met quarterly with the Trustees to review and monitor the performance of the investment portfolio. The investment policy and strategy are assessed regularly to ensure they remain appropriate to the charity's needs – both now and in the future.

In 2018, an investment performance review was commissioned from an independent investment consultancy which also reviewed the ethical policy with the Trustees. Following this review, the Trustees made a decision to move to a discretionary management arrangement with Sarasin & Partners LLP. This transfer happened in March/April 2019.

### ***Risk 3. Independence of Marillac Care***

The Trustees are in the process of separating Marillac Care from the main Charitable Trust. Although Marillac Care has a well-established Executive team, this team will need to be guided through the process of independence, relying on the expertise of the Trustees of the Charitable Trust. The Trustees will ensure the Executive team receives the training needed for the governance of a charitable company and provide the support needed for independence.

As a newly formed charitable company, Marillac Neurological Care Centre will require independent Trustees who have expertise in neurological care as well as in finance, legal and governance. Trustees are currently being recruited and initially will come together as a board of advisers, later being invited to become Trustees of the new charitable company.

### ***Risk 4. Protection of children and vulnerable adults***

The Trustees recognise the absolute necessity of ensuring the protection and safeguarding of all those whom the charity serves, especially children and vulnerable adults. All the Sisters in the Province and all members of staff and volunteers, who are in contact with people through their ministry, have an Advanced Disclosure from the Disclosure and Barring Service (DBS). The Trustees are committed to implementing all the policies and procedures of the Catholic Safeguarding Advisory Council, England and Wales (CSAC) and the National Office for the Protection of Children and Vulnerable Adults in Scotland (NOPCVA). They take responsibility for identifying, preventing, investigating and responding to all allegations or incidents of abuse. In the light of recent experience of the Inquiries below, the charity has taken independent advice and revised all its policies and practices together with a new training programme.



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

### **Risk Management** (continued)

In England and Wales, Professor Alexis Jay has been appointed by Her Majesty's Government to lead a public inquiry into institutional abuse of children (Independent Inquiry into Child Sexual Abuse). This Inquiry is considered to be the most comprehensive ever commissioned by any government and is expected to run for at least five years. This Inquiry has recently announced its intention to widen its investigation into the Catholic Church and all Congregations are being asked to submit information. The Trustees have, and will continue to, assist this Inquiry in every possible way.

In Scotland, Lady Smith has been appointed to lead a public inquiry (The National Inquiry into Historical Abuse) commissioned by Scottish Ministers under the Inquiries Act 2005.

This Inquiry was set up on 1 October 2015 and was due to report to the Scottish Government Ministers by 1 October 2019 (now extended for as long as it takes) with recommendations to improve the law, policies and practices in Scotland. It has a wide remit and is considering all forms of historic child abuse in Scotland and in other areas to where Scottish children were sent.

The Inquiry hearings in relation to two of the Daughters of Charity's former homes began on 28 November 2017 as anticipated, and ran until 30 January 2018. The transcripts of the Inquiry over that period can be found on the Inquiry website.

The Inquiry's interim report on the case study into the Daughters of Charity's establishments at Smyllum Park in Lanark (Smyllum) and Bellevue House in Rutherglen (Bellevue), was published on 11 October 2018 and is also available on the Inquiry website.

On 11 October 2018, the Daughters of Charity made a public statement in the following terms:

"As Daughters of Charity we wish to thank Lady Smith for her Report.

Lady Smith's findings describe events and practices which are totally out of keeping with the fundamental values which underpin our life and mission and we are committed to giving this Report our utmost attention.

We most sincerely offer our heartfelt apology to anyone who suffered any form of abuse whilst in our care. Our respectful desire for the future is to build appropriate relationships with INCAS and others, to effect healing in whatever ways are possible for this generation."

The Daughters of Charity have considered the findings of the Report in detail and considered very carefully what lessons can be learned for the future in the Congregation's dealings with vulnerable people of all ages, and have considered safeguarding policies and procedures to ensure their adequacy, including working with Westminster Roman Catholic Diocese as Safeguarding Regulator.

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

### **Risk Management** (continued)

The Inquiry did not and does not have the ability to make any findings of civil or criminal liability, but was and is only able to make recommendations for the future. In final submissions, the Daughters of Charity indicated to the Inquiry a willingness to listen to any conclusions which the Inquiry felt able to draw, based on the evidence before it, in relation to any instance of abuse which it was considered was established on the balance of probabilities to have taken place. The Daughters of Charity's consideration of the Report, and of safeguarding policies and actions in light of the Report, evidences this willingness to listen and put into practice.

Police Scotland has been involved following the evidence given by the Daughters to the Inquiry. The Daughters of Charity are seeking to engage with Police Scotland as fully and constructively as possible, and to provide information required, consistently and in a manner which is respectful of data protection obligations owed to Sisters, staff and former residents of the various establishments under consideration.

As the Daughters publicly stated at the time of the publication of the report on the case study, it was then, remains at present, and will remain in the future their respectful desire to build appropriate relationships with Survivor Groups or individual survivors, to effect healing in whatever ways are possible.

The Scottish Government has, with effect from 25 April 2019, operated an Advance Payment Scheme for those aged over 70, or diagnosed with a terminal illness, who experienced abuse in residential care in childhood. Although applicants need only certify that they experienced abuse, without requiring to provide evidence of this or requiring to have their own word on this tested, it is necessary for applicants to provide evidence that they were resident in a qualifying establishment. The Daughters of Charity are therefore in almost daily contact at present with the Advance Payment Scheme validating applications as relating to former residents in their establishments. The Safeguarding and Archivist staff of the Daughters of Charity are engaging fully with the needs of the Advance Payment Scheme, in order to ensure that we facilitate processing of payments to those entitled to them. It is anticipated that, later this year, the Scottish Government will invite anyone with an interest to consult on the legislation required to establish the full Redress Scheme which was proposed in a speech by Deputy First Minister John Swinney on 23 October 2018.

In respect to Scotland, at the date of signing this report, the Daughters of Charity has received a number of claims. In the vast majority of these claims, at the time of intimation, social work and medical records had not been recovered by the claimant, and in those cases either the claimant is recovering those to relay to the Daughters, or the Daughters are securing mandates for recovery of those records and are engaged in retrieving those. Investigation of each of these claims is being proactively progressed with appropriate legal advice. The Daughters of Charity continue to receive correspondence from new individuals and continue to address each claim or subject access request proactively from receipt.

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

### **Risk Management** (continued)

In a limited number of the claims received to date, it has been possible to retrieve records and progress investigations so far as possible given the limitations on available evidence. Three such cases have been settled without litigation, with the express approval in advance of the Trustees and after close consideration of legal advice, on the basis of an economic analysis, without admission of liability. None of these claims have, to date, resulted in litigation.

### **Fundraising policy**

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2018, the charity received no complaints about its fundraising activities.

### **Concern for the environment**

Conscious of the need for a sustainable environment and the responsibility each person and organisation has to care for the environment, the Trustees actively encourage the recycling of waste and reduction in energy consumption throughout the charity's services and locations.

### **Public benefit**

The Trustees confirm that they have complied with their duty under section 17 of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit. The Trustees believe they have demonstrated in detail throughout this report the ways in which the charity has been faithful to this.

### **Employees, volunteers and members of the Congregation**

The Trustees wish to record their recognition of the professionalism and commitment of all their staff and volunteers as well as the individual members of the Congregation. Their loyalty, dedication and positive approach to the service they give is crucial to the services provided to people in need throughout the Province and beyond. This is very much appreciated and never taken for granted.

Signed on behalf of the Trustees:

Ellen T Flynn

Trustee

Approved by the Trustees on: 18 July 2019

**Report of the independent auditor to the Trustees of Daughters of Charity of St Vincent de Paul Charitable Trust**

**Opinion**

We have audited the financial statements of Daughters of Charity of St Vincent de Paul Charitable Trust (the 'parent charity') and of Daughters of Charity of St Vincent de Paul Charitable Trust and its subsidiary (the 'group') for the year ended 31 December 2018, which comprise the consolidated statement of financial activities, the comparative consolidated statement of financial activities, the parent charity and group balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2018 and of the group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**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 group 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 group's or the parent 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 Consolidated 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 and proper accounting records have not been kept by the parent charity; or
- ◆ the parent charity financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the group's and the parent 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 group or the parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act, and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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

27 August 2019

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

# Consolidated statement of financial activities Year to 31 December 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £	Total funds 2017 £
<b>Income:</b>						
Donations and legacies	1	2,791,814	143,631	—	2,935,445	2,293,447
Investment income and interest receivable	2	984,889	56,692	—	1,041,581	1,017,547
Charges for residential, care and support services	3	5,501,405	—	—	5,501,405	5,075,905
Other income						
. Surplus on disposal of tangible fixed assets		5,094	—	—	5,094	7,833
. Rent receivable		108,222	—	—	108,222	106,758
. Miscellaneous income		13,037	—	—	13,037	118,118
<b>Total income</b>		<b>9,404,461</b>	<b>200,323</b>	<b>—</b>	<b>9,604,784</b>	<b>8,512,850</b>
<b>Expenditure:</b>						
Cost of raising funds						
. Investment managers' fees		24,337	159	—	24,496	36,175
Expenditure on charitable activities						
. Provision of residential, care and support services	4	5,748,880	23,329	—	5,772,209	5,546,231
. Support of members of the Congregation and their ministry	5	4,390,592	46	—	4,390,638	4,509,005
. Charitable grants, donations payable and similar	6	34,849	234,697	—	269,546	645,922
<b>Total expenditure</b>		<b>10,198,658</b>	<b>258,231</b>	<b>—</b>	<b>10,456,889</b>	<b>10,737,333</b>
<b>Net expenditure for the year before investment (losses) gains</b>		<b>(794,197)</b>	<b>(57,908)</b>	<b>—</b>	<b>(852,105)</b>	<b>(2,224,483)</b>
<b>Net investment (losses) gains</b>						
. Listed investments		(2,065,763)	—	—	(2,065,763)	1,924,188
. Investment land		(2,000,000)	—	—	(2,000,000)	—
<b>Net expenditure for the year</b>	8	<b>(4,859,960)</b>	<b>(57,908)</b>	<b>—</b>	<b>(4,917,868)</b>	<b>(300,295)</b>
<b>Transfer between funds</b>	17	<b>17,955</b>	<b>(17,955)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net movement in funds for the year</b>		<b>(4,842,005)</b>	<b>(75,863)</b>	<b>—</b>	<b>(4,917,868)</b>	<b>(300,295)</b>
<b>Reconciliation of funds:</b>						
Balances brought forward at 1 January 2018		58,503,283	464,306	448,991	59,416,580	59,716,875
Balances carried forward at 31 December 2018		53,661,278	388,443	448,991	54,498,712	59,416,580

A full comparative consolidated statement of financial activities is provided on page 39.

## Comparative consolidated statement of financial activities Year to 31 December 2018

With effect from 1 April 2017, the activities carried out by The Space, Govanhill were transferred to The Louise Project Limited, a charity registered in Scotland with the Office of the Scottish Charity Regulator (Charity Registration No. SC047316) and a company limited by guarantee incorporated in Scotland (Company Registration No. SC555365). Certain of the assets and liabilities of The Space, Govanhill were transferred to the new charitable company also – details are provided in note 25 to these accounts. The operations of The Space were not affected by the transfer. The income and expenditure relating to The Space are defined as discontinued activities within the Daughters of Charity of St Vincent de Paul Charitable Trust.

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

	2018			2017		
	Continuing £	Dis- continued £	Total £	Continuing £	Dis- continued £	Total £
<b>Income</b>	<b>9,604,784</b>	<b>—</b>	<b>9,604,784</b>	8,498,236	14,614	8,512,850
<b>Expenditure</b>	<b>10,456,889</b>	<b>—</b>	<b>10,456,889</b>	10,567,526	169,807	10,737,333
<b>Net expenditure before investment (losses) gains</b>	<b>(852,105)</b>	<b>—</b>	<b>(852,102)</b>	(2,069,290)	(155,193)	(2,224,483)
<b>Net investment (losses) gains</b>	<b>(4,065,763)</b>	<b>—</b>	<b>(4,065,763)</b>	1,924,188	—	1,924,188
<b>Net movement in funds</b>	<b>(4,917,868)</b>	<b>—</b>	<b>(4,917,868)</b>	(145,102)	(155,193)	(300,295)

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



# **Comparative consolidated statement of financial activities** Year to 31 December 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
<b>Income:</b>					
Donations and legacies	1	2,161,463	131,984	—	2,293,447
Investment income and interest receivable	2	961,341	56,206	—	1,017,547
Charges for residential, care and support services	3	5,075,905	—	—	5,075,905
Other income					
. Surplus on disposal of tangible fixed assets		7,833	—	—	7,833
. Rent receivable		106,758	—	—	106,758
. Miscellaneous income		11,360	—	—	11,360
<b>Total income</b>		<b>8,324,660</b>	<b>188,190</b>	<b>—</b>	<b>8,512,850</b>
<b>Expenditure:</b>					
Cost of raising funds					
. Investment managers' fees		34,017	2,158	—	36,175
Expenditure on charitable activities					
. Provision of residential, care and support services	4	5,489,021	57,210	—	5,546,231
. Support of members of the Congregation and their ministry	5	4,508,974	31	—	4,509,005
. Charitable grants, donations payable and similar	6	365,257	280,665	—	645,922
<b>Total expenditure</b>		<b>10,397,269</b>	<b>340,064</b>	<b>—</b>	<b>10,737,333</b>
<b>Net expenditure for the year before investment gains</b>		<b>(2,072,609)</b>	<b>(151,874)</b>	<b>—</b>	<b>(2,224,483)</b>
<b>Net investment gains</b>					
. Listed investments		1,924,188	—	—	1,924,188
<b>Net expenditure for the year</b>	8	<b>(148,421)</b>	<b>(151,874)</b>	<b>—</b>	<b>(300,295)</b>
<b>Transfer between funds</b>	17	<b>500</b>	<b>(500)</b>	<b>—</b>	<b>—</b>
<b>Net movement in funds for the year</b>		<b>(147,921)</b>	<b>(152,374)</b>	<b>—</b>	<b>(300,295)</b>
<b>Reconciliation of funds:</b>					
Balances brought forward at 1 January 2017		58,651,204	616,680	448,991	59,716,875
Balances carried forward at 31 December 2017		58,503,283	464,306	448,991	59,416,580

## Balance sheets 31 December 2018

	Notes	Group		Charity	
		2018	2017	2018	2017
		£	£	£	£
<b>Fixed assets:</b>					
Tangible assets	12	<b>18,652,834</b>	19,184,477	<b>18,652,834</b>	19,184,477
Investments	13	<b>32,931,196</b>	36,992,064	<b>32,931,196</b>	36,992,064
		<b>51,584,030</b>	56,176,541	<b>51,584,030</b>	56,176,541
<b>Current assets:</b>					
Debtors					
. Amounts falling due within one year	14a	<b>877,522</b>	864,977	<b>877,522</b>	864,977
. Amounts falling due after one year	14b	<b>10,000</b>	10,000	<b>10,000</b>	16,071
		<b>887,522</b>	874,977	<b>887,522</b>	881,048
Short term deposits		<b>802,095</b>	901,090	<b>802,095</b>	901,090
Cash at bank and in hand		<b>2,018,241</b>	2,404,270	<b>2,018,241</b>	2,404,270
		<b>3,707,858</b>	4,180,337	<b>3,707,858</b>	4,186,408
<b>Liabilities:</b>					
<b>Creditors:</b> amounts falling due within one year	15a	<b>(665,980)</b>	(767,562)	<b>(665,980)</b>	(767,562)
<b>Net current assets</b>		<b>3,041,878</b>	3,412,775	<b>3,041,878</b>	3,418,846
<b>Total assets less current liabilities</b>		<b>54,625,908</b>	59,589,316	<b>54,625,908</b>	59,595,387
<b>Creditors:</b> amounts falling due after more than one year	15b	<b>(127,196)</b>	(172,736)	<b>(127,196)</b>	(172,736)
<b>Total net assets</b>		<b>54,498,712</b>	59,416,580	<b>54,498,712</b>	59,422,651
<b>The funds of the charity:</b>					
<b>Capital funds</b>					
Permanent endowment funds	16	<b>448,991</b>	448,991	<b>448,991</b>	448,991
<b>Income funds</b>					
Restricted funds	17	<b>388,443</b>	464,306	<b>388,443</b>	464,306
Unrestricted funds					
. Tangible fixed assets fund	18	<b>13,344,604</b>	13,593,769	<b>13,344,604</b>	13,593,769
. Programme related investments fund	19	<b>682,003</b>	682,003	<b>682,003</b>	682,003
. Designated funds	20	<b>32,920,191</b>	34,408,300	<b>32,920,191</b>	34,408,300
. General fund		<b>6,714,480</b>	9,819,211	<b>6,714,480</b>	9,825,282
		<b>54,498,712</b>	59,416,580	<b>54,498,712</b>	59,422,651

The charity's 2017 figures for investments and debtors have been restated as explained in notes 13 and 14b.

Approved by the Trustees and signed on their behalf by:

Ellen T Flynn  
Trustee

Approved by the Trustees on: 18 July 2019

## Consolidated statement of cash flows Year to 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(1,168,837)</b>	(1,932,081)
<b>Cash flows from investing activities:</b>			
Investment income received		<b>961,934</b>	967,630
Bank interest received		<b>5,122</b>	2,517
Loan interest received		<b>16,825</b>	—
Proceeds from the disposal of tangible fixed assets		<b>5,100</b>	24,783
Purchase of tangible fixed assets		<b>(254,733)</b>	(629,962)
Proceeds from the disposal of investments		<b>—</b>	1,500,000
Purchase of investments		<b>(4,895)</b>	(4,630)
<b>Net cash provided by investing activities</b>		<b>729,353</b>	1,860,338
<b>Cash flows from financing activities:</b>			
Capital element of finance lease rentals		<b>(45,540)</b>	(20,357)
<b>Net cash used in financing activities</b>		<b>(45,540)</b>	(20,357)
<b>Change in cash and cash equivalents in the year</b>		<b>(485,024)</b>	(92,100)
<b>Cash and cash equivalents at 1 January 2018</b>	B	<b>3,305,360</b>	3,397,460
<b>Cash and cash equivalents at 31 December 2018</b>	B	<b>2,820,336</b>	3,305,360

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

### A Reconciliation of net movement in funds to net cash used in operating activities

	2018 £	2017 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(4,917,868)</b>	(300,295)
<b>Adjustments for:</b>		
Depreciation charge	<b>786,370</b>	768,165
Losses (gains) on investments	<b>4,065,763</b>	(1,924,188)
Investment income receivable	<b>(961,934)</b>	(967,630)
Bank interest receivable	<b>(5,122)</b>	(2,517)
Loan interest receivable	<b>(16,825)</b>	—
Surplus on disposal of tangible fixed assets	<b>(5,094)</b>	(7,833)
(Increase) decrease in debtors	<b>(12,545)</b>	190,269
(Decrease) increase in creditors	<b>(101,582)</b>	311,948
<b>Net cash used in operating activities</b>	<b>(1,168,837)</b>	(1,932,081)

### B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<b>2,018,241</b>	2,404,270
Term deposits (less than three months)	<b>802,095</b>	901,090
<b>Total cash and cash equivalents</b>	<b>2,820,336</b>	3,305,360

**Basis of accounting**

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 given 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), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 financial statements where these judgements and estimates have been made include:

- ◆ assessing the probability of the receipt of legacy income;
- ◆ estimating accrued expenditure;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation charge;
- ◆ estimating the market value of investment land;
- ◆ assessing the recoverability of outstanding debtors for residential and care home fees;
- ◆ determining the apportionment of expenditure between governance and support costs and between support costs and the various categories of expenditure on charitable activities; and
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions made in determining the value of the Sisters' care and retirement 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 at least 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 and the potential transfer of certain of the net assets of Marillac Care being transferred to a new charitable company (see the investment policy and the risk management sections of the Trustees' report for more information).

### **Basis of consolidation**

The accounts consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, 1860 Limited (see note 22), made up to the balance sheet date. Any intra-group transactions and balances are eliminated fully on consolidation.

A statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £9,604,784 (2017 - £8,512,850) and total expenditure of £10,462,960 (2017 - £10,737,333), resulting in net expenditure of £858,176 (2017 - £2,224,483).

### **Discontinued activities**

Activities disposed of during the year or subsequent to the year end have been shown as discontinued activities.

### **Income recognition**

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

Income comprises donations and legacies, investment income and interest receivable, charges for residential, care and support services and other income including the surplus on the disposal of tangible fixed assets.

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

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

**Income recognition** (continued)

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

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

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

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

Income derived from the levying of charges for residential, care and support services is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

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

Other income is measured at fair value and accounted for on an accruals basis.

**Expenditure recognition**

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. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This relates to investment management fees only.

**Expenditure recognition** (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 direct and indirect expenditure on the provision of residential, care and support services, direct and indirect costs in respect to the support of members of the Congregation and enabling their ministry, and the provision of charitable grants and donations.

Expenditure incurred in the provision of residential care and support services comprises all costs of providing nursing care for physically disabled persons at Marillac Care, Warley.

Charitable grants and donations are made where the Trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

All expenditure is stated inclusive of irrecoverable VAT.

**Allocation of support and governance costs**

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

Governance costs 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. Governance costs are included as a specific category within support costs.

Support costs are allocated to expenditure on charitable activities on the basis described in note 7 to these accounts.

**Tangible fixed assets**

All assets costing more than £2,500 and with an expected useful life exceeding one year are capitalised.

◆ ***Voluntary-aided schools***

The freehold of the land and buildings legally owned by the charity and occupied rent free on behalf of the Trustees of the governing bodies of Catholic voluntary-aided schools, which are separate charities and publicly funded, are valued at £nil. The Trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

**Tangible fixed assets** (continued)

♦ ***Other freehold land and buildings***

With the exception of one property, all land and buildings located in England and Wales and purchased prior to 1 January 1993 are included in the accounts at a valuation determined as at that date (the date on which the land and buildings were first incorporated into a set of statutory accounts). The valuations, which were determined by the trustees with professional assistance and based on market values as at 1 January 1993, were used in the absence of reliable cost figures being available due (in part) to the fact that many of the properties had been purchased many years earlier and cost figures could not be determined without considerable research - the cost of which, in the opinion of the trustees, would not be an appropriate or effective use of the charity's resources. As permitted by FRS 102, with effect from 1 January 2014 the values assigned to these properties are now deemed their cost.

One property situated in England was not incorporated into the statutory accounts until 1 January 1997 and, for similar reasons as set out above, it is included in the accounts at a valuation determined by the trustees with professional assistance as at 1 January 1997 based on market value as at that date. As permitted by FRS 102, with effect from 1 January 2014 the value assigned to this property is now deemed its cost.

All other freehold land and buildings situated in England and Wales have been purchased subsequent to 1 January 1993 and are included in the accounts at cost.

All land and buildings located in Scotland and purchased prior to 1 January 1996 are included in the accounts at a valuation determined as at that date (the date on which the land and buildings were first incorporated into a set of statutory accounts). The valuations, which were determined by the trustees with professional assistance and based on market values as at 1 January 1996, were used in the absence of reliable cost figures being available due (in part) to the fact that many of the properties had been purchased many years earlier and cost figures could not be determined without considerable research - the cost of which, in the opinion of the trustees, would not be an appropriate or effective use of the charity's resources. As permitted by FRS 102, with effect from 1 January 2014 the value assigned to these properties is now deemed their cost. All freehold land and buildings situated in Scotland and purchased subsequent to 1 January 1996 are included in the accounts at cost.

Non-specialised buildings i.e. those designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and condition are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value.

Specialised buildings are defined as those comprising the charity's care homes, health care establishments and large residential convents. Depreciation is provided at between 2% to 4% per annum on a straight-line basis to write the buildings off over their estimated useful economic life to the charity.



**Tangible fixed assets** (continued)

♦ ***Long leasehold property***

Long leasehold property comprising both specialised and non-specialised buildings is shown on the balance sheet at a valuation determined by the trustees with professional assistance as at 1 January 1993 (the date on which it was first incorporated into a set of statutory accounts). The valuations were used in the absence of reliable cost figures being available due (in part) to the fact that many of the leasehold properties had been purchased many years earlier and cost figures could not be determined without considerable research - the cost of which, in the opinion of the trustees, would not be an appropriate or effective use of the charity's resources. As permitted by FRS 102, with effect from 1 January 2014 the value assigned to these leasehold properties is now deemed their cost.

Long leasehold property is not depreciated until the period of the lease remaining is 50 years or less at which point it is depreciated on a straight line basis over the remaining period of the lease. All leasehold property is maintained to standards which ensure that its residual value is not less than its book value. Therefore, depreciation on such property with more than 50 years of the lease remaining is deemed immaterial.

♦ ***Furniture, plant and computer equipment***

Expenditure on the purchase and replacement of furniture, plant and computer equipment is capitalised and depreciated on a straight line basis over the estimated life of each asset, as follows:

Plant	- 10 years
Furniture and plant	- 5 years
Computer equipment	- 4 years

♦ ***Motor vehicles***

Motor vehicles are capitalised and depreciated over a four year period on a straight line basis in order to write off each vehicle over its estimated useful life.

**Fixed asset 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.

Land held for investment is included in the accounts at the estimated current market value of the land based on disposal for development and the likelihood of residential planning consent being granted. The valuation has been determined by the Trustees after consultation with their professional property advisers.

**Fixed asset 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.

**Programme related investments**

Programme related investments comprise properties owned by the charity but occupied by St Joseph's Services, Rosewell or by The Louise Project Limited.

St Joseph's occupies the properties at a peppercorn rent. St Joseph's is a charitable company registered with the Office of the Scottish Charity Regulator. The work carried out by St Joseph's Services is consistent with the charitable objects of the charity and as such the properties are classified as programme related investments. They are stated at their book value as at 1 April 2015, the date on which the activities of St Joseph's Services were transferred from the charity and the date, therefore, on which the properties were reclassified by the charity from tangible fixed assets (i.e. functional properties) to programme related investments. No depreciation is charged on programme related investments. Impairment provisions, if any, are charged to the statement of financial activities when and if they arise and are classified as charitable expenditure.

The Louise Project Limited occupies the property at a reduced market value rent. The Louise Project Limited (the Project) is a charitable company registered with the Office of the Scottish Charity Regulator. The work carried out by the Project is consistent with the charitable objects of the charity and as such the property is classified as a programme related investment. It is stated at book value as at 1 April 2017, the date on which the activities of the Project were transferred from the charity and the date, therefore, on which the properties were reclassified by the charity from tangible fixed assets (i.e. functional properties) to programme related investments. No depreciation is charged on programme related investments. Impairment provisions, if any, are charged to the statement of financial activities when and if they arise and are classified as charitable expenditure.

**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.

**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.

### **Fund structure**

The endowment funds comprise monies which must be held indefinitely as capital. The income therefrom is credited directly to unrestricted or restricted funds in accordance with the terms of the relevant endowment.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The tangible fixed assets fund represents the net book value of the tangible fixed assets, after deducting the finance lease obligations in respect to furniture and equipment, used for the support of the Sisters and their ministry.

The programme related investments fund represents the book value of those properties classified as programme related investments i.e. those properties occupied by other organisations at a peppercorn rent or reduced market value rent but used for purposes consistent with the charitable objectives of the charity.

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the Trustees.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

### **Leased assets**

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 lease term.

Lease arrangements that transfer substantially all the risks and rewards of ownership to the lessee are treated as finance leases. Assets held under finance leases are capitalised within tangible fixed assets and depreciated over the shorter of the lease term and useful life of the asset. A liability is recognised for the present value of the minimum lease payments within current and long term liabilities as appropriate. Rental payments are apportioned between capital and interest expense.

### **Foreign currencies**

Income received, and costs incurred overseas, are translated into sterling at the rate of exchange in force at the year end. This policy does not comply with FRS 102, Section 30 which requires income and expenditure to be translated using the rate of exchange on the transaction date and amounts payable or receivable to be retranslated at the reporting date but has been adopted to avoid over-complexity. The amounts involved are not material, and the Trustees have therefore concluded that this departure does not prevent the accounts from presenting a true and fair view of the charity's financial position, financial performance and cash flows in the year ended 31 December 2018.

### **Pension costs**

Employer's contributions in respect of the charity's Group Pension Plan, a defined contribution scheme, are charged to unrestricted funds in the statement of financial activities in the year in which they are payable to the scheme.

**Pension costs** (continued)

All eligible members of staff (not already contributing to an eligible scheme) continue to be auto-enrolled in a workplace pension scheme. Employer contributions to the scheme are charged to the statement of financial activities in the year in which they are payable to the scheme.

**Services provided by members of the Congregation**

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

## 1 Donations and legacies

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Salaries and pensions of individual religious	1,916,071	—	—	1,916,071
Legacies	839,782	24,279	—	864,061
Donations for the Congregation's overseas missions	—	84,032	—	84,032
Other donations	35,961	35,320	—	71,281
<b>2018 Total funds</b>	<b>2,791,814</b>	<b>143,631</b>	<b>—</b>	<b>2,935,445</b>

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Salaries and pensions of individual religious	1,949,953	—	—	1,949,953
Legacies	177,060	—	—	177,060
Donations for the Congregation's overseas missions	—	114,916	—	114,916
Other donations	34,450	17,068	—	51,518
<b>2017 Total funds</b>	<b>2,161,463</b>	<b>131,984</b>	<b>—</b>	<b>2,293,447</b>

## 2 Investment income and interest receivable

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Income from listed investments				
. UK fixed interest funds	260,164	17,383	—	277,547
. UK property funds	173,573	8,835	—	182,408
. UK equity funds	472,456	29,523	—	501,979
	<b>906,193</b>	<b>55,741</b>	<b>—</b>	<b>961,934</b>
. Income from programme related investments	57,700	—	—	57,700
Loan interest	16,825	—	—	16,825
Bank interest	4,171	951	—	5,122
<b>2018 Total funds</b>	<b>984,889</b>	<b>56,692</b>	<b>—</b>	<b>1,041,581</b>

**2 Investment income and interest receivable (continued)**

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Income from listed investments				
. UK fixed interest funds	285,226	18,014	—	303,240
. UK property funds	169,779	8,676	—	178,455
. UK equity funds	456,856	29,079	—	485,935
	<u>911,861</u>	<u>55,769</u>	<u>—</u>	<u>967,630</u>
. Income from programme related investments	47,400	—	—	47,400
Bank interest	<u>2,080</u>	<u>437</u>	<u>—</u>	<u>2,517</u>
2017 Total funds	<u>961,341</u>	<u>56,206</u>	<u>—</u>	<u>1,017,547</u>

**3 Charges for residential, care and support services**

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
<b>2018 Total funds:</b>				
Nursing home charges	<u>5,501,405</u>	<u>—</u>	<u>—</u>	<u>5,501,405</u>

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
2017 Total funds:				
Nursing home charges	<u>5,075,905</u>	<u>—</u>	<u>—</u>	<u>5,075,905</u>

#### 4 Provision of residential, care and support services

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Staff costs	4,211,613	—	—	4,211,613
Premises	951,215	3,610	—	954,825
Provisions	145,091	—	—	145,091
Welfare of residents	218,178	8,086	—	226,264
Other costs	154,421	11,633	—	166,054
Support costs (note 7)	68,362	—	—	68,362
<b>2018 Total funds</b>	<b>5,748,880</b>	<b>23,329</b>	<b>—</b>	<b>5,772,209</b>

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Staff costs	4,026,232	22,898	—	4,049,130
Premises	884,903	2,326	—	887,229
Provisions	143,419	—	—	143,419
Welfare of residents	184,189	13,021	—	197,210
Project costs	607	4,706	—	5,313
Other costs	156,749	14,259	—	171,008
Support costs (note 7)	92,922	—	—	92,922
<b>2017 Total funds</b>	<b>5,489,021</b>	<b>57,210</b>	<b>—</b>	<b>5,546,231</b>

#### 5 Support of members of the Congregation and their ministry

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Sisters' living and personal expenses	1,056,393	—	—	1,056,393
Premises	1,040,336	—	—	1,040,336
Staff costs	1,704,300	—	—	1,704,300
Spiritual renewal	145,886	—	—	145,886
Other costs	82,361	—	—	82,361
Support costs (note 7)	361,316	46	—	361,362
<b>2018 Total funds</b>	<b>4,390,592</b>	<b>46</b>	<b>—</b>	<b>4,390,638</b>

**5 Support of members of the Congregation and their ministry (continued)**

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Sisters' living and personal expenses	1,022,254	—	—	1,022,254
Premises	1,052,917	—	—	1,052,917
Staff costs	1,715,889	—	—	1,715,889
Spiritual renewal	166,941	—	—	166,941
Other costs	102,762	—	—	102,762
Support costs (note 7)	448,211	31	—	448,242
<b>2017 Total funds</b>	<b>4,508,974</b>	<b>31</b>	<b>—</b>	<b>4,509,005</b>

**6 Charitable grants and donations payable**

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Donations to the Congregation's overseas missions:				
. Ethiopia	—	208,603	—	208,603
. Haiti	—	2,071	—	2,071
. Bethlehem	—	1,741	—	1,741
. Kenya	—	10,342	—	10,342
. Vietnam	—	7,425	—	7,425
. Syria	—	4,005	—	4,005
. Jerusalem	—	510	—	510
The Vincentian Volunteers	5,000	—	—	5,000
Holy Cross Abbey	10,000	—	—	10,000
Vincentian Care Plus Limited	4,387	—	—	4,387
JPIG Links	2,000	—	—	2,000
Other donations	13,462	—	—	13,462
<b>2018 Total funds</b>	<b>34,849</b>	<b>234,697</b>	<b>—</b>	<b>269,546</b>

'Other donations' comprise amounts of £1,000 or less donated to other organisations with objects consistent with those of the charity.



**6 Charitable grants and donations payable (continued)**

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Donations to the Congregation's overseas missions:				
. Ethiopia	—	185,440	—	185,440
. Kenya	75,000	—	—	75,000
. Vietnam	—	7,630	—	7,630
. India	—	750	—	750
The Vincentian Volunteers	5,000	—	—	5,000
Vincentians in Partnership	12,000	—	—	12,000
Vincentian Care Plus Limited	19,430	—	—	19,430
Catholic Council	5,000	—	—	5,000
The Louise Project Limited	41,920	86,845	—	128,765
Other donations	16,907	—	—	16,907
Total grants and donations	175,257	280,665	—	455,922
Provision against loan advanced to connected charity	190,000	—	—	190,000
2017 Total funds	365,257	280,665	—	645,922

**7 Support costs**

Group	Provision of residential, care and support services £	Support of members of the Congregation and their ministry £	Total funds 2018 £	Provision of residential, care and support services £	Support of members of the Congregation and their ministry £	Total funds 2017 £
Legal and professional fees	14,525	256,678	271,203	46,799	338,646	385,445
Central administration	30,757	30,532	61,289	33,690	20,405	54,095
Bank charges	12,200	7,757	19,957	2,853	7,376	10,229
Governance (see below)	10,880	66,395	77,275	9,580	81,815	91,395
Total funds	68,362	361,362	429,724	92,922	448,242	541,164

## 7 Support costs (continued)

During the year, the charity incurred professional fees of £174,000 ( 2017 - £287,000) in respect to its participation in the Scottish National Inquiry into Historical Abuse. The Inquiry hearings in relation to two of the homes previously owned and operated by the Daughters of Charity of St Vincent de Paul began on 28 November 2017.

The above expenses have been analysed in detail and individual invoices, or groups of invoices, have been allocated as appropriate to either the provision of residential, care and support services or support of members of the Congregation and their ministry.

Governance costs included above comprised:

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Auditor's remuneration	37,880	—	—	37,880
Legal and professional	37,788	—	—	37,788
Central administration	1,607	—	—	1,607
<b>2018 Total funds</b>	<b>77,275</b>	<b>—</b>	<b>—</b>	<b>77,275</b>

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2017 £
Auditor's remuneration	31,720	—	—	31,720
Legal and professional	58,601	—	—	58,601
Central administration	1,074	—	—	1,074
<b>2017 Total funds</b>	<b>91,395</b>	<b>—</b>	<b>—</b>	<b>91,395</b>

General solicitors' fees are apportioned to governance costs on the basis of the estimated time solicitors spend working on matters pertaining to the governance of the charity.

General administrative costs are apportioned to governance costs on the basis of the time staff spent working on governance issues.

## 8 Net expenditure for the year

This is stated after charging (crediting):

Group	Total 2018 £	Total 2017 £
Staff costs (note 9)	5,915,913	5,765,019
Auditor's remuneration		
. Statutory audit services – current year	18,000	18,000
– prior year	5,040	4,140
. Non-statutory audit services	10,880	9,580
. Other advisory services: general consultancy	3,960	—
Depreciation (note 12)	786,370	768,165
Surplus on disposal of tangible fixed assets	(5,094)	(7,833)

**9 Staff costs and remuneration of key management personnel**

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Staff costs during the year were as follows:		
Wages and salaries	<b>4,768,667</b>	4,643,151
Social security costs	<b>363,022</b>	346,411
Other pension costs	<b>108,027</b>	96,063
Apprenticeship levy	<b>6,497</b>	5,195
	<b>5,246,213</b>	5,090,820
Agency staff	<b>669,700</b>	674,199
	<b>5,915,913</b>	5,765,019

Payments to agency staff during the year reflect the difficulties in recruiting permanent nursing and care staff.

Staff costs per function were as follows:

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Provision of residential, care and support services	<b>4,211,613</b>	4,049,130
Support of members of the Congregation and their ministry	<b>1,704,300</b>	1,715,889
	<b>5,915,913</b>	5,765,019

The following number of employees earned £60,000 per annum or more (including taxable benefits but excluding employer's pension contributions):

<b>Group</b>	<b>2018</b>	<b>2017</b>
£60,000 - £70,000	<b>1</b>	1
£80,000 - £90,000	<b>1</b>	1

The average number of employees during the year, analysed by function, was:

<b>Group</b>	<b>2018</b>	<b>2017</b>
Provision of residential, care and support services	<b>187</b>	191
Support of members of the Congregation and their ministry	<b>107</b>	111
	<b>294</b>	302

The number of employees based on full time equivalents, analysed by function, was:

<b>Group</b>	<b>2018</b>	<b>2017</b>
Provision of residential, care and support services	<b>145</b>	144
Support of members of the Congregation and their ministry	<b>77</b>	77
	<b>222</b>	221

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, the Finance and Business Director, the Project Leader of The Space (prior to transfer to The Louise Project Limited on 1 April 2017), the Care Home Managers and the Executive team of Marillac Care. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £388,126 (2017 - £394,176).

## 10 Trustees' expenses and remuneration and transactions with Trustees

The charity's Trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the charity. No Trustee received any remuneration or reimbursement of expenses in connection with their duties as Trustees or members of key management (2017 - none).

As members of the Congregation, none of the Trustees 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. During the year, the total amount donated by the Trustees to the charity was £57,658 (2017 - £62,154).

## 11 Taxation

The Daughters of Charity of St Vincent de Paul 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.

## 12 Tangible fixed assets

Group and charity	Freehold land and buildings			Long leasehold land and buildings £	Furniture plant and computer equipment £	Motor vehicles £	Total £
	Sisters' living accommo- -dation £	Supported living accommo- -dation £	Special needs accommo- -dation housing £				
<b>Cost or valuation</b>							
At 1 January 2018	7,177,827	1,182,889	16,214,027	128,596	894,360	441,284	<b>26,038,983</b>
Additions	—	—	121,497	—	86,435	46,801	<b>254,733</b>
Disposals and eliminations	—	—	(27,527)	—	(208,209)	(47,652)	<b>(283,388)</b>
At 31 December 2018	<u>7,177,827</u>	<u>1,182,889</u>	<u>16,307,997</u>	<u>128,596</u>	<u>772,586</u>	<u>440,433</u>	<b>26,010,328</b>
At deemed cost based on valuation in 1993	805,000	—	—	—	—	—	<b>805,000</b>
At deemed cost based on valuation in 1996	200,000	—	232,000	—	—	—	<b>432,000</b>
At deemed cost based on valuation in 1997	—	—	3,250,001	—	—	—	<b>3,250,001</b>
At cost	<u>6,172,827</u>	<u>1,182,889</u>	<u>12,825,996</u>	<u>128,596</u>	<u>772,586</u>	<u>440,433</u>	<b>21,523,327</b>
	<u>7,177,827</u>	<u>1,182,889</u>	<u>16,307,997</u>	<u>128,596</u>	<u>772,586</u>	<u>440,433</u>	<b>26,010,328</b>
<b>Depreciation</b>							
At 1 January 2018	—	247,929	5,833,530	—	443,849	329,198	<b>6,854,506</b>
Charge for the year	—	23,658	549,535	—	142,713	70,464	<b>786,370</b>
On disposals and eliminations	—	—	(27,527)	—	(208,209)	(47,646)	<b>(283,382)</b>
At 31 December 2018	<u>—</u>	<u>271,587</u>	<u>6,355,538</u>	<u>—</u>	<u>378,353</u>	<u>352,016</u>	<b>7,357,494</b>
<b>Net book values</b>							
At 31 December 2018	<u>7,177,827</u>	<u>911,302</u>	<u>9,952,459</u>	<u>128,596</u>	<u>394,233</u>	<u>88,417</u>	<b>18,652,834</b>
At 31 December 2017	<u>7,177,827</u>	<u>934,960</u>	<u>10,380,497</u>	<u>128,596</u>	<u>450,511</u>	<u>112,086</u>	<b>19,184,477</b>

### Group and charity

Under previous Generally Accepted Accounting Practice, a number of freehold and long leasehold properties were held at book values based on Trustees' valuations made in 1993, 1996 and 1997 based on open market value at the date of valuation. As permitted under the transitional provisions of FRS 102 (section 35), the group and charity have elected to use these valuations as deemed cost.

## 12 Tangible fixed assets (continued)

The remaining properties and other tangible fixed assets are held at cost less accumulated depreciation where applicable.

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

Furniture and equipment with a carrying value of £174,532 (2017 - £220,062) is held under finance leases. The accumulated depreciation on these assets at 31 December 2018 totals £53,118 (2017 - £7,588).

### *Capital commitments*

At 31 December 2018 the group and charity had no capital commitments (2017 - £nil).

## 13 Investments

The charity has owned and occupied land at Lanark, Scotland since 1949 and for many years the Sisters operated a hospital on the site. Since the closure of the hospital, the charity has been exploring how best to utilise the land for the benefit of its charitable objects. Initially, this involved discussions with a property developer about a disposal of the land for residential property development. Unfortunately, the collapse of the housing market and the severe financing restrictions since 2008 have led to interest by developers being extremely limited.

During the year to 31 December 2011, the Trustees concluded that the ownership of the land by the charity increased the complexity of negotiations with potential purchasers and limited certain opportunities such as the possibility of the land being purchased for retail development. After seeking professional advice, the Trustees decided that the prospects of disposing of the site and thereby providing maximum benefit to the charity would be enhanced if the beneficial ownership of the land was transferred to a commercial entity.

Hence, under a legal agreement dated 26 January 2011, the beneficial ownership of the land was transferred to a subsidiary of the charity, 1860 Limited, for an agreed disposal price of £6 million. The disposal was made only after the charity had been granted an Order from the Charity Commission permitting such a disposal. The Order was dated 13 October 2010. The receipt by the charity of the proceeds of £6 million was dependent on the successful onward sale of the land for development by 1860 Limited. Under the agreement, the beneficial ownership of the land was to revert back to the charity on 26 July 2015 if, at that date, the company had not secured a sale. This transfer was not reflected in the charity's 2015 accounts or those of subsequent years and so has been reflected in these accounts as a prior year adjustment.

Since the year end, the charity has received an offer for the land from a potential developer. The offer of £4 million is being considered seriously by the Trustees who are seeking professional advice. The value of the land has been written down in these accounts to reflect its value on the open market as evidenced by this offer. An unrealised loss of £2 million is shown in the consolidated statement of financial activities.

**13 Investments (continued)**

**Listed investments**

<b>Group and charity</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Listed investments</b>		
Market value at 1 January 2018	<b>30,310,061</b>	29,881,243
Additions	<b>4,895</b>	4,630
Disposals at opening book value	<b>—</b>	(1,473,037)
Net (losses) gains on revaluation	<b>(2,065,763)</b>	1,897,225
Market value at 31 December 2018	<b>28,249,193</b>	30,310,061
Cost of listed investments at 31 December 2018	<b>25,070,403</b>	25,065,508

Listed investments held at 31 December 2018 comprised the following:

<b>Group and charity</b>	<b>2018 £</b>	<b>2017 £</b>
UK fixed interest unit trusts	<b>8,591,757</b>	9,027,694
UK equities (including equity based unit trusts)	<b>14,840,888</b>	16,699,687
UK property unit trusts	<b>4,816,548</b>	4,582,680
	<b>28,249,193</b>	30,310,061

At 31 December 2018 listed investments included the following individual holdings, all of which are deemed material holdings in the context of the entire portfolio valuation as at that date:

<b>Group and Charity</b>	<b>2018</b>		<b>2017</b>	
	<b>Market value of holding £</b>	<b>Percentage of portfolio %</b>	<b>Market value of holding £</b>	<b>Percentage of portfolio %</b>
The Charity Property Fund	<b>2,159,656</b>	<b>7.65%</b>	2,077,009	6.85%
Hermes Property Unit Trust	<b>2,656,892</b>	<b>9.41%</b>	2,505,671	8.27%
Ethical Corporate Bond Fund Class B (Income)	<b>8,591,756</b>	<b>30.41%</b>	9,027,694	29.78%
Affirmative Equity Fund for Charities	<b>6,161,306</b>	<b>21.81%</b>	6,734,803	22.22%
Foreign & Colonial UK income Fund	<b>4,330,067</b>	<b>15.33%</b>	4,902,602	16.17%
Amity UK Fund (B Class Income Shares)	<b>4,336,458</b>	<b>15.35%</b>	5,045,953	16.65%

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

### 13 Investments (continued)

#### *Programme related investments*

	2018 £	2017 £
Carrying value at 1 January 2018	682,003	302,351
Transfer from tangible fixed assets	—	379,652
Carrying value at 31 December 2018	682,003	682,003

With effect from 1 April 2015, the activities of St Joseph's Services, Rosewell were transferred from the charity to a newly incorporated charitable company registered with the Office of the Scottish Charity Regulator. At that date, two of the properties owned by the charity but occupied by St Joseph's Services, Rosewell at a peppercorn rent were reclassified as programme related investments in these accounts, having previously been classified as functional freehold properties used for supported living within tangible fixed assets. The programme related investments were transferred from tangible fixed assets at their book value as at 1 April 2015.

Subsequent to the year-end, one of the properties (Sycamore House) has been sold to St Joseph's Services, Rosewell for the sum of £335,000. This amount was agreed after both the charity and St Joseph's Services had taken independent professional advice and after taking in to consideration the fact that both are registered charities.

With effect from 1 April 2017, the activities carried out by The Space, Govanhill were transferred to The Louise Project Limited, a charity registered in Scotland with the Office of the Scottish Charity Regulator (Charity Registration No. SC047316) and a company limited by guarantee incorporated in Scotland (Company Registration No. SC555365). At that date a property owned by the charity but occupied by The Louise Project Limited, at a reduced market rent was reclassified as a programme related investment in these accounts, having previously been classified as functional freehold property within tangible fixed assets and used for special needs accommodation housing.

Discussions have been taking place between the Daughters of Charity of St Vincent de Paul Charitable Trust and St Joseph's Services regarding the property St Joseph's Services occupies as its head office (Sycamore House, Rosewell). In April 2019 the property was sold to St Joseph's Services for the sum of £335,000. This amount was considered acceptable by both parties in light of their registered charity status.

#### 14a Debtors: amounts falling due within one year

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Residential and care home fees	647,600	576,161	647,600	576,161
Prepayments and accrued income	171,767	162,811	171,767	162,811
Legacy receivable	18,965	—	18,965	—
Loans	25,000	95,000	25,000	95,000
Other debtors	14,190	31,005	14,190	31,005
	877,522	864,977	877,522	864,977

**14a Debtors: amounts falling due within one year** (continued)

At 31 December 2017 loans totalling £95,000 had been advanced to the mother of a Sister of the Congregation. One loan of £85,000 had been advanced by the charity secured against a freehold property situated in Dursley, Gloucestershire. The loan was interest free and was advanced in order to enable the beneficiary to purchase the said freehold property. Under the legal loan agreement, the beneficiary was able to reside in the property for the remainder of her life. The loan was to be repaid on the death of the beneficiary from the proceeds of the property or at an earlier date should the beneficiary vacate the property. During 2018, the loan together with interest of £17,000 has been repaid in full following the sale of the property. The loan was agreed and granted many years ago at a time when the beneficiary was not a relative of any of the trustees of the charity. During the years to 31 December 2018 and 31 December 2017 the beneficiary's daughter was a trustee. The other loan of £10,000 was advanced in 2017 to facilitate the move from the property so that it could be sold. This loan was interest free. This loan was approved independently of the conflicted trustee and was repaid in full during 2018.

**14b Debtors: amounts falling due after one year**

The accounts for the year to 31 December 2017 reflected an amount due to the charity (£6,000,000) being the proceeds owed to it by its subsidiary company, 1860 Limited, and payable should that company secure a sale of land situated in Lanark, Scotland. As explained in note 13 above, the beneficial ownership of the land had in fact reverted back to the charity on 26 July 2015. Hence, at that date, the amount due to the charity should have been cancelled. A prior year adjustment has been made in these accounts to eliminate this indebtedness.

At 31 December 2017 an amount of £6,071 was owed to the charity by 1860 Limited in connection with costs associated with the potential land sale. As the company no longer has any interest in the ownership of the land, with full legal and beneficial ownership now residing with the charity, this amount has been written off by the Trustees and, consequently, at 31 December 2018 there is no indebtedness between the two entities.

An interest free loan of £10,000 was made by the charity to a family member of a Sister of the Congregation during 2016. This is repayable on the sale of a property which is expected to occur in 2020.



**15a Creditors: amounts falling due within one year**

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Residential, care and support establishment fees in advance	50,263	15,552	50,263	15,552
Expense creditors	165,495	283,320	165,495	283,320
Social security and other taxes	92,463	82,774	92,463	82,774
Other creditors	35,608	14,400	35,308	14,400
Monies administered by the charity on behalf of individual members of the Daughters of Charity of St Vincent de Paul	67,818	76,598	67,818	76,598
Money held on behalf of the Ethiopian Province of the Daughters of Charity of St Vincent de Paul	86,381	86,145	86,381	86,145
Grants payable	66,000	101,000	66,000	101,000
Accruals	56,412	62,233	56,412	62,233
Finance lease obligations (note 26)	45,540	45,540	45,540	45,540
	<b>665,980</b>	<b>767,562</b>	<b>665,980</b>	<b>767,562</b>

**15b Creditors: amounts falling due after more than one year**

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Finance lease obligations (note 26)	127,196	172,736	127,196	172,736

**16 Permanent endowment funds**

The capital of these funds must be preserved, although the income may be used in accordance with the terms of the relevant endowment at the discretion of the trustees.

Group and charity	At 1 January 2018 £	Movement in year £	At 31 December 2018 £	At 1 January 2017 £	Movement in year £	At 31 December 2017 £
Salisbury fund	254,175	—	254,175	254,175	—	254,175
Wigmore Street Trust fund	194,816	—	194,816	194,816	—	194,816
	<b>448,991</b>	<b>—</b>	<b>448,991</b>	<b>448,991</b>	<b>—</b>	<b>448,991</b>

The Salisbury fund was established in 1871 by deed of trust when several properties located in Salisbury were gifted to the Daughters of Charity of St Vincent de Paul to be held as an endowment in perpetuity. The properties were vested in the name of the charity by means of a Scheme of the Charity Commissioners dated 2 June 1965 and a Vesting Order dated 16 May 1997. The properties were sold during the year ended 31 December 1998, following approval from the Charity Commission. The proceeds are to be held as permanent endowment.

The Wigmore Street Trust fund was established on 2 May 1965 by deed of trust. On 9 June 2005 the administration of the trust was transferred from the Westminster Roman Catholic Diocesan Trust to the Daughters of Charity of St Vincent de Paul to be held as an endowment in perpetuity.

## 17 Restricted funds

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

Group and charity	At 1 January 2018 £	Income £	Expenditure £	Transfers £	At 31 December 2018 £
Mission funds					
. Ethiopian	416,266	148,443	(208,762)	—	355,947
. Mission funds	13,021	16,560	(26,140)	—	3,441
Other restricted funds	35,019	35,320	(23,329)	(17,955)	29,055
	<b>464,306</b>	<b>200,323</b>	<b>(258,231)</b>	<b>(17,955)</b>	<b>388,443</b>

Group and charity	At 1 January 2017 £	Income £	Expenditure £	Transfers £	At 31 December 2017 £
Mission funds					
. Ethiopian	451,498	152,366	(187,598)	—	416,266
. Mission funds	2,677	18,755	(8,411)	—	13,021
Other restricted funds	162,505	17,069	(144,055)	(500)	35,019
	<b>616,680</b>	<b>188,190</b>	<b>(340,064)</b>	<b>(500)</b>	<b>464,306</b>

The mission funds comprise monies donated or granted to the charity towards the work of members of the Roman Catholic Congregation, the Daughters of Charity of St Vincent de Paul, in overseas missions.

Transfers from restricted funds to unrestricted funds represent the reimbursement of the unrestricted funds for expenditure.

## 18 Tangible fixed asset fund

Group and charity	At 1 January 2018 £	Movements in year £	At 31 December 2018 £	At 1 January 2017 £	Movements in year £	At 31 December 2017 £
Tangible fixed assets fund	<b>13,593,769</b>	<b>(249,165)</b>	<b>13,344,604</b>	13,870,732	(276,963)	13,593,769

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets, less the finance lease obligations in respect to furniture and equipment, used for the support of the Sisters and their ministry (i.e. excluding those applied for use by the residential and care service establishments and The Space, Govanhill). A decision was made to separate this fund from the general fund in recognition of the fact that the assets are used in the day to day work of the charity, and the fund value would not be realisable easily if needed to meet future contingencies.

**19 Programme related investments fund**

Group and charity	At 1 January 2018 £	Movement in year £	At 31 December 2018 £	At 1 January 2017 £	Movement in year £	At 31 December 2017 £
St Joseph's Services property	302,351	—	302,351	302,351	—	302,351
The Louise Project Limited property	379,652	—	379,652	—	379,652	379,652
	<b>682,003</b>	<b>—</b>	<b>682,003</b>	302,351	379,652	682,003

The programme related investments fund represents the book value of those properties classified as programme related investments i.e. those properties occupied by St Joseph's Services, Rosewell and The Louise Project Limited, at a reduced rent but used for purposes consistent with the charitable objectives of the charity.

**20 Designated funds**

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

Group and charity	At 1 January 2018 £	New designations £	Utilised/ released £	At 31 December 2018 £
Sisters' care and retirement fund	24,414,000	—	(1,562,000)	22,852,000
Residential care and support services fund	6,146,381	177,816	—	6,324,197
Development fund	2,000,000	—	—	2,000,000
Project fund	1,847,919	—	(103,925)	1,743,994
	<b>34,408,300</b>	<b>177,816</b>	<b>(1,665,925)</b>	<b>32,920,191</b>

Group and charity	At 1 January 2017 £	New designations £	Utilised/ released £	At 31 December 2017 £
Sisters' care and retirement fund	23,163,000	1,251,000	—	24,414,000
Residential care and support services fund	6,503,978	5,212,719	(5,570,316)	6,146,381
Development fund	3,000,000	—	(1,000,000)	2,000,000
Project fund	1,739,011	108,908	—	1,847,919
The Space fund	368,452	18,941	(387,393)	—
	<b>34,774,441</b>	<b>6,591,568</b>	<b>(6,957,709)</b>	<b>34,408,300</b>

The funds have been designated for the following purposes:

♦ ***Sisters' care and retirement fund***

This fund consists of monies set aside by the Trustees to provide for the future costs of providing nursing and care costs to elderly Sisters and also to provide for Sisters of retirement age who are still active and not in need of care. The value of the fund is based on actuarial calculations which show that it will need to be preserved in order to provide for the Congregation's 131 Sisters within the British Province.

♦ ***Residential, care and support services fund***

This fund represents the net assets (including freehold land and buildings) of the residential and care service establishments operated by the charity.

## 20 Designated funds (continued)

### ♦ *Development fund*

This fund represents monies set aside for new initiatives and projects newly established as well as buildings developments at the residential, care and support establishments.

### ♦ *Project fund*

This fund represents monies set aside for use by particular projects, principally the missionary work of the Sisters overseas.

## 21 Analysis of net assets between funds

Group	Tangible fixed assets £	Investments £	Net current assets £	Creditors: amounts falling due after more than one year £	At 31 December 2018 Total net assets £
<b>Capital funds</b>					
Endowment funds	—	—	448,991	—	448,991
<b>Income funds</b>					
Restricted funds	—	—	388,443	—	388,443
Unrestricted funds					
. Tangible fixed assets fund	13,344,604	—	—	—	13,344,604
. Programme related investments fund	—	682,003	—	—	682,003
. Designated funds	5,308,230	26,567,243	1,172,218	(127,196)	32,920,191
. General fund	—	5,681,950	1,032,226	—	6,714,480
	<b>18,652,834</b>	<b>32,931,196</b>	<b>3,041,878</b>	<b>(127,196)</b>	<b>54,498,712</b>

Group	Tangible fixed assets £	Investments £	Net current assets £	Creditors: amounts falling due after more than one year £	At 31 December 2017 Total net assets £
<b>Capital funds</b>					
Endowment funds	—	—	448,991	—	448,991
<b>Income funds</b>					
Restricted funds	—	—	464,306	—	464,306
Unrestricted funds					
. Tangible fixed assets fund	13,593,769	—	—	—	13,593,769
. Programme related investments fund	—	682,003	—	—	682,003
. Designated funds	5,590,708	28,967,701	22,627	(172,736)	34,408,300
. General fund	—	7,342,360	2,476,851	—	9,819,211
	<b>19,184,477</b>	<b>36,992,064</b>	<b>3,412,775</b>	<b>(172,736)</b>	<b>59,416,580</b>

## 21 Analysis of net assets between funds (continued)

Charity	Tangible fixed assets £	Investments £	Net current assets £	Creditors: amounts falling due after more than one year £	At 31 December 2018 Total net assets £
<b>Capital funds</b>					
Endowment funds			448,991	—	448,991
<b>Income funds</b>					
Restricted funds			388,443	—	388,443
Unrestricted funds					
. Tangible fixed assets fund	13,344,604	—	—	—	13,344,604
. Programme related investments fund	—	682,003	—	—	682,003
. Designated funds	5,308,230	26,567,243	1,172,218	(127,196)	32,920,191
. General fund	—	5,681,950	1,032,226	—	6,714,480
	<b>18,652,834</b>	<b>32,931,196</b>	<b>3,041,878</b>	<b>(127,196)</b>	<b>54,498,712</b>
Charity	Tangible fixed assets £	Investments £	Net current assets £	Creditors: amounts falling due after more than one year £	At 31 December 2017 Total net assets £
<b>Capital funds</b>					
Endowment funds	—	—	448,991	—	448,991
<b>Income funds</b>					
Restricted funds	—	—	464,306	—	464,306
Unrestricted funds					
. Tangible fixed assets fund	13,593,769	—	—	—	13,593,769
. Programme related investments fund	—	682,003	—	—	682,003
. Designated funds	5,590,708	28,967,701	22,627	(172,736)	34,408,300
. General fund	—	7,342,360	2,482,922	—	9,825,282
	<b>19,184,477</b>	<b>36,992,064</b>	<b>3,418,846</b>	<b>(172,736)</b>	<b>59,422,651</b>

## 21 Analysis of net assets between funds (continued)

The total unrealised gains as at 31 December 2018 constitute movements on revaluation and are as follows:

Charity	2018 £	2017 £
Unrealised gains include above on:		
On investments	<b>3,178,790</b>	5,244,553
Reconciliation of movements in unrealised gains:		
At 1 January 2018	<b>5,244,553</b>	3,635,045
In respect to disposals in the year	—	(287,717)
Net (losses) gains arising on revaluation	<b>(2,065,763)</b>	1,897,225
At 31 December 2018	<b>3,178,790</b>	5,244,553

## 22 1860 Limited

The charity has a wholly owned subsidiary, 1860 Limited, Company Registration No. 7258317 (England and Wales). 1860 Limited is a property development company established with a view to facilitating the disposal of development purposes of land previously occupied by the Daughters of Charity of St Vincent de Paul Charitable Trust and which the charity had been offering for sale for a number of years previously.

During the year to 31 December 2011, the Trustees concluded that the ownership of the land by the charity increased the complexity of negotiations with potential purchasers and limited certain opportunities such as the possibility of the land being purchased for retail development. After seeking professional advice, the Trustees decided that the prospects of disposing of the site and thereby providing maximum benefit to the charity would be enhanced if the beneficial ownership of the land was transferred to a commercial entity.

Hence, under a legal agreement dated 26 January 2011, the beneficial ownership of the land was transferred to 1860 Limited for an agreed disposal price of £6 million. The land was reflected in the subsidiary's accounts and in the group accounts as investment land. The disposal was made only after the charity had been granted an Order from the Charity Commission permitting such a disposal. The Order was dated 13 October 2010. The receipt by the charity of the proceeds of £6 million was dependent on the successful onward sale of the land for development by 1860 Limited and the accounts of the subsidiary showed the proceeds payable as a creditor due after one year. Under the agreement, the beneficial ownership of the land was to revert back to the charity on 26 July 2015 if, at that date, the company had not secured a sale. This transfer was not reflected in the charity's or company's 2015 accounts or those of subsequent years and so, together with the cancellation of the related indebtedness, it has been reflected in the 2018 accounts of both entities as a prior year adjustment.

**22 1860 Limited (continued)**

At 31 December 2017 an amount of £6,071 was owed to the charity by 1860 Limited in connection with costs associated with the potential land sale. As the company no longer has any interest in the ownership of the land, with full legal and beneficial ownership now residing with the charity, this amount has been written off by the Trustees and, consequently, at 31 December 2018 there is no indebtedness between the two entities. The write off of the loan has resulted in income to the company of £6,071 in 2018 (2017 - £nil). The company had no expenditure in 2018 (2017 - £nil).

At 31 December 2018, 1860 Limited had capital and reserves of £1 being its issued share capital (2017 - £1 as restated).

Accounts of 1860 Limited will be filed with the Registrar of Companies. The company's registered office is Provincial House, The Ridgeway, Mill Hill, London, NW7 1RE.

**23 Related party transactions with connected organisations**

A summary of organisations connected to the charity and transactions with the charity are given below:

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust (the Charitable Trust) is connected to The Daughters of Charity of St Vincent de Paul Services (DCSVP Services) (Charity Registration Number 1149326, Company Registration No. 07638065) by virtue of the fact that its Trustees are also the Trustees of the Charitable Trust.

There were no transactions between the two charities during the year.

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to St Vincent's Family Project (Charity Registration No 1053554) by virtue of the fact that three of the Trustees of the Project who served during the year were Daughters of Charity of St Vincent de Paul, one of which was also Trustee of the Charitable Trust.

On 26 November 2018 the charity advanced an interest free loan of £25,000 to St Vincent's Family Project to help with cash flow (2017 – £nil). The loan was repayable as and when St Vincent's Family Project had sufficient funds. On 16 May 2019, the trustees of the charity notified St Vincent's Family Project that with effect from 31 March 2019 they wished to convert the loan to a donation.

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to Vincentian Care Plus Limited (Charity Registration No 1112473, Company Registration No 05321333) by virtue of the fact that Vincentian Care Plus Limited was initiated by the Congregation and the fact that three of the Trustees of Vincentian Care Plus Limited who served during the year were Daughters of Charity of St Vincent de Paul.

During the year the Charitable Trust gave a donation of £4,387 to Vincentian Care Plus Limited (2017 - £19,430).

**23 Related party transactions with connected organisations (continued)**

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to Out There Supporting Families of Prisoners Limited ('Out There') (Charity Registration No 1120342, Company Registration No 6239170) by virtue of the fact that Out There Supporting Families of Prisoners Limited was initiated by the Congregation and the fact that three of the Trustees of Out There Supporting Families of Prisoners Limited who served during the year were Daughters of Charity of St Vincent de Paul, one of which was also a Trustee of the Charitable Trust.

In 2015, a grant of up to £250,000 from the Charitable Trust to Out There was agreed, to be paid in instalments. During the year the Charitable Trust paid £35,000 to Out There, being the instalment of the grant payable for the year (2017 - £35,000). At 31 December 2018 the maximum remaining grant payable to Out There was £66,000 (2017 - £101,000).

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to Vincentian Volunteers (Charity Registration No 1053019) by virtue of the fact that Vincentian Volunteers was initiated by the Congregation and the fact that two Sisters sit on the Board, one of whom is also a Trustee of the Charitable Trust, and a Sister is the Director of Vincentian Volunteers.

During the year the Charitable Trust gave a donation of £5,000 (2017 - £5,000) to the Vincentian Volunteers.

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to both DePaul UK (Charity Registration No 802384, Company Registration No 2440093) and DePaul International (Charity Registration No 1107385, Company Registration No 5245818). DePaul UK was initiated by the Congregation. DePaul International is now the parent charity of DePaul UK. There are no Trustees of the Charitable Trust sitting on their Boards of Trustees.

There were no transactions between the Charitable Trust and the charity during the year.

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to The Passage 2000 (Company Registration No 3885593) by virtue of the fact that The Passage 2000 was initiated by the Congregation. One Sister who sits on the Board of the company is a Daughters of Charity of St Vincent de Paul.

There were no transactions between the Charitable Trust and the charity during the year.

- ◆ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to Vincentians in Partnership (VIP) (formally Vincentians Millennium Partnership) (Charity Registration No 1103442, Company Registration No 4852510) by virtue of the fact that VIP was initiated by the Congregation and works in partnership with other Vincentian organisations. One Sister who sits on the Board of the company is a Daughter of Charity of St Vincent de Paul.

During the year the Charitable Trust gave a donation of £nil (2017 - £12,000) to VIP.



## 23 Related party transactions with connected organisations (continued)

- ♦ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to St Joseph's Services (Charity Registration No SC045482 (Scotland), Company Registration No SC500182 (Scotland)) by virtue of the fact St Joseph's Services was initiated by the Congregation. Three Sisters who sit on the Board of the company are Daughters of Charity of St Vincent de Paul, one was also a Trustee of the Charitable Trust.

There were no transactions between the Charitable Trust and the charity during the year.

- ♦ The Daughters of Charity of St Vincent de Paul Charitable Trust is connected to The Louise Project (Charity Registration No SC047316 (Scotland), Company Registration No SC555365 (Scotland)) by virtue of the fact The Louise Project was initiated by the Congregation. Two Sisters who sit on the Board of the company are Daughters of Charity of St Vincent de Paul, one was also a Trustee of the Charitable Trust.

There were no transactions between the Charitable Trust and the charity during the year. (See note 25 for details of the transactions between the Charitable Trust and the charity during 2017).

## 24 Ultimate control

The charity, which is constituted as a trust, was controlled throughout the period by the Daughters of Charity of St Vincent de Paul, British Province by virtue of the fact that the Sister Provincial 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 British Province are vested in the Trustees of the charity, who undertake all transactions in the course of the Province's charitable activities.

## 25 The Louise Project Limited, Govanhill

With effect from 1 April 2017, the activities carried out by The Space, Govanhill were transferred to The Louise Project Limited, a charity registered in Scotland with the Office of the Scottish Charity Regulator (Charity Registration No. SC047316) and a company limited by guarantee incorporated in Scotland (Company Registration No. SC555365). Certain of the net assets of The Space, Govanhill were transferred to the new charitable company also as at 1 April 2017. These are detailed below:

	2017 £
Cash at bank and in hand	128,765
The net assets transferred represented:	£
Restricted funds	86,845
Designated funds	41,920
	128,765

The operations of The Louise Project Limited (formerly The Space, Govanhill) were not affected by the transfer. The income and expenditure relating to The Space, Govanhill for the period until the transfer are defined as relating to discontinued activities within these accounts.

## 26 Leasing commitments

### *Operating leases*

At 31 December 2018, the Charity had the following future minimum commitments under non-cancellable operating leases in respect to equipment and motor vehicles:

Amounts falling due:	2018 £	2017 £
. Within one year	49,118	49,118
. After one but within five years	67,800	116,918
<b>Total</b>	<b>116,918</b>	<b>166,036</b>

### *Finance leases*

At 31 December 2018, the charity had the following future minimum commitments under finance leases in respect to furniture and equipment:

Amounts falling due:	2018 £	2017 £
. Within one year	56,621	63,653
. After one but within five years	156,427	206,016
	<b>213,048</b>	<b>269,669</b>
Amounts representing interest	(40,312)	(51,393)
<b>Total</b>	<b>172,736</b>	<b>218,276</b>
Summary		
Amounts repayable within one year (note 15a)	45,540	45,540
Amounts repayable after one year (note 15b)	127,196	172,736
	<b>172,736</b>	<b>218,276</b>

## 27 Contingent liability

As explained in the trustees' report, The National Inquiry into Historical Abuse commissioned by Scottish Ministers under the Inquiries Act 2005 in Scotland has held hearings in relation to two of the Congregation's former homes in Scotland. The Inquiry's interim report on the case study into the establishments at Smyllum Park in Lanark (Smyllum) and Bellevue House in Rutherglen (Bellevue), was published on 11 October 2018 and is also available on the Inquiry website.

The Inquiry did not and does not have the ability to make any findings of civil or criminal liability, but was and is only able to make recommendations for the future. In final submissions, the Daughters of Charity of St Vincent de Paul indicated to the Inquiry a willingness to listen to any conclusions which the Inquiry felt able to draw, based on the evidence before it, in relation to any instance of abuse which it was considered was established on the balance of probabilities to have taken place. The Daughters of Charity of St Vincent de Paul's consideration of the Report, and of safeguarding policies and actions in light of the Report, evidences this willingness to listen and put into practice.

**27 Contingent liability** (continued)

The Scottish Government has, with effect from 25 April 2019, operated an Advance Payment Scheme for those aged over 70, or diagnosed with a terminal illness, who experienced abuse in residential care in childhood. Although applicants need only certify that they experienced abuse, without requiring to provide evidence of this or requiring to have their own word on this tested, it is necessary for applicants to provide evidence that they were resident in a qualifying establishment. Therefore, the charity is in almost daily contact at present with the Advance Payment Scheme validating applications as relating to former residents in the establishments. The Safeguarding and Archivist staff of the charity are engaging fully with the needs of the Advance Payment Scheme, in order to ensure that they facilitate processing of payments to those entitled to them. It is anticipated that, later this year, the Scottish Government will invite anyone with an interest to consult on the legislation required to establish the full Redress Scheme which was proposed in a speech by Deputy First Minister John Swinney on 23 October 2018.

In respect to Scotland, at the date of signing this report, the charity has received a number of claims. In the vast majority of these claims, at the time of intimation, social work and medical records had not been recovered by the claimant, and in those cases either the claimant is recovering those to relay to the Congregation, or the Congregation is securing mandates for recovery of those records and is engaged in retrieving those. Investigation of each of these claims is being proactively progressed with appropriate legal advice. The Congregation continues to receive correspondence from new individuals and continue to address each claim or subject access request proactively from receipt.

In a limited number of the claims received to date, it has been possible to retrieve records and progress investigations so far as possible given the limitations on available evidence. Three such cases have been settled without litigation, with the express approval in advance of the Trustees and after close consideration of legal advice, on the basis of an economic analysis, without admission of liability. None of these claims have, to date, resulted in litigation.

In addition to the claims referred to above in respect to Scotland, it is possible that there may be further claims against the charity concerning the welfare of children in Great Britain. The amounts that may be payable by the charity in respect to the Advance Payments Scheme, other redress schemes to be confirmed in due course, the result of civil claims or the associated costs cannot be quantified at the current time and no provision for any amount that may be payable at a future date has been made in these accounts.