

**The Congregation
of the Sisters of
Nazareth Generalate**

**Annual Report and
Accounts**

31 March 2019

Charity Registration Number
1138876 (England and Wales)

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

Trustees	Sister Mary Anne Monaghan (Chair) (resigned 16 September 2018) Sister Brenda McCall (Chair from 16 September 2018) Sister Valma Cooper, AKA Sister Dominica of the Cross (appointed 16 September 2018) Sister Hannah Maria Dwyer (appointed 16 September 2018) Sister Catherine Teresa Higgins (resigned 16 September 2018) Sister Kathleen Marie Hoye, AKA Sister Rose Hoye (resigned 16 September 2018) Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey (appointed 16 September 2018) Sister Anne Bernadette Walsh, AKA Sister Teresa Walsh
Superior General	Sister Mary Anne Monaghan (until 16 September 2018) Sister Brenda McCall (from 16 September 2018)
Treasurer General	Sister Rose Hoye (until 16 September 2018) Sister Hannah Maria Dwyer (from 16 September 2018)
General Secretary	Sister Teresa Walsh (until 16 September 2018) Sister Veronica Anne Kealey (from 16 September 2018)
Congregational Chief Executive	Kevin Barnes
Principal office	Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street, London EC2V 6DL
Investment managers	BlackRock Investment Management Limited 12 Throgmorton Avenue, London EC2N 2DL Royal London Asset Management 55 Gracechurch Street, London EC3V 0UF
Principal bankers	The Royal Bank of Scotland plc 29 Old Brompton Road, London SW7 3JE
Principal solicitors	Stone King LLP 13 Queen Square, Bath BA1 2HJ

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate ('the Charity') for the year ended 31 March 2019. The Charity is based in the United Kingdom (U.K.).

The accounts have been prepared in accordance with the accounting policies set out on pages 24 to 28 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The Charity supports the religious, educational, care and other charitable work of the Congregation of the Sisters of Nazareth ('the Congregation') across the world. The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – founded by Victoire Larmenier and recognised by the Holy See in 1864.

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. At 31 March 2019 the Congregation operated 36 Nazareth Houses, eight retirement villages and five education services in 39 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and United Kingdom. For the purposes of this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the 'Congregation' and an 'operating company'. Each regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the organisation, its governance and welfare of the Sisters in the region. The operating companies are charitable or not-for-profit organisations that manage, on behalf of the Congregation, the care homes and other services, receive income and employ the staff. This arrangement ensures lay staff can primarily deliver the care, but Sisters retain control over the assets and mission.

Under the generic banner of Nazareth Care (Nazareth House in America), the operating company in each region is a separate legal entity with its own governing document and board of trustees, consisting of a majority of Sisters and supplemented with lay trustees. Each board is led and chaired by the Regional Superior, who herself is a Sister.

Each region has a similar legal structure, although these are necessarily tailored to the legal jurisdiction in which they operate.

The Superior General and the four General Councillors, who represent the entire Congregation, are the trustees of the Charity. They retain a number of decision making powers over the regions. The Charity holds the central reserves of the Congregation.

MISSION, VISION, AIMS AND VALUES

Mission

The Charity supports the work of the Congregation throughout the world. Its mission, therefore, is identical to the Congregation's own mission statement:

"We, the Sisters of Nazareth, aim to share the love of God through our ministries of care and education and our openness to respond to the needs of the times."

"Whatsoever you do to the least of my people you do to me". Words of Jesus Christ (Matt.25:40)

Vision

The Sisters of Nazareth is a Catholic Congregation devoted to the dignity of life. We strive to maintain and improve the quality of life of those whose lives we touch.

The aim of the Congregation

The Congregation's Constitutions set out its aim:

"To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God's kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place."

The mission, vision and aims are supported by six 'core values'.

Core values

The core values are based on Scripture and on the Sisters' heritage and tradition. All who are associated with the work of the Congregation are expected to demonstrate a commitment to the core values:

- ◆ Love – Unselfish concern for the good of others, shown through patience, kindness, trust, hope, endurance, truth and a strong affection.
- ◆ Compassion – Being open and attentive to the whole person, spiritually, physically and emotionally, showing empathy for the suffering of others and trying to relieve that suffering.
- ◆ Respect – Holding the unique dignity of each person in high esteem and with special consideration, showing thoughtfulness, courtesy and care.
- ◆ Justice – Upholding what is fair, decent and right, appreciating each person, respecting his/her rights in a balanced and fair manner.
- ◆ Hospitality – Welcoming and receiving all into a warm, friendly and open atmosphere.
- ◆ Patience – Persevering calmly and with understanding and endurance.

MISSION, VISION, AIMS AND VALUES (continued)

The Congregation's '*Mission Alive*' programme reinforces the impact of its mission and core values on its ministries. The programme provides training to staff and volunteers in the meaning and application of the values and how to put them into practice in the workplace, ensuring the values and mission make each Nazareth House distinctive. The continuing and visible presence of Sisters in the services is a reminder for residents and relatives of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from the services provided.

The leadership of the Congregation has adopted the principles of 'servant-leadership' set out by Robert Greenleaf, which has a strong affinity with the core values.

REVIEW OF THE YEAR

Review of the year

During the year the Charity has supported the mission and care provided in the regions in a number of ways. These have included providing guidance, formal approval, financing and ongoing monitoring and support to building works, regional constitutions and any other significant developments.

General Chapter

In June 2018 the 26th General Chapter of the Congregation was held, in Hammersmith, London. The General Chapter is an extended meeting of representative Sisters of Nazareth, who meet every six years to elect the Superior General and the four General Councillors and set the direction for the next six years. The 2018 General Chapter was attended by 32 Sisters, known as Capitulars, who are ex-officio Sisters and elected Sisters, selected by all Sisters of Nazareth to represent them in the elections and discussions at the General Chapter.

At the General Chapter, one mandate and four recommendations were agreed, and are detailed in the Future Plans section. Details of the new Superior General and three new General Councillors elected are presented in the Governance section.

Property

During the year the convent that is the home and office for the trustees was extended to also provide office accommodation for the staff team, so that staff may work more closely with the Sisters. Planning, preparation and tendering also took place to create The Nazareth Heritage Centre, a new facility containing a permanent home for the Congregation's archive and a museum celebrating the life and legacy of the foundress, Victoire Larmenier. Works are expected to be completed in the 2019/20 financial year.

The volume of building work taking place in the regions continues to be significant. Consent was granted by the Charity to a number of building projects in the regions. In America these include reroofing and upgrading the exterior of Nazareth House San Rafael and refurbishing the assisted living and care centre areas, external landscaping to the grounds in Los Angeles, and completing the refurbishment of Nazareth House San Diego by refurbishing the remaining care wing.

Other building projects consented to during the year included refurbishing and extending the Nazareth House in Birkenhead, UK and in Christchurch, New Zealand building a community centre for the residents of the retirement village and the conversion of the temporary convent into three more villas in the village.

Consent was granted to market a plot of land in Hammersmith to fund the refurbishment of the Hammersmith care home and make changes to the site layout. Similarly, consent was granted to sell a disused building in Crosby. Both remained unsold at the end of the financial year. Consent was also granted to swap a small plot of land that is owned in Derry, Ireland with a neighbouring housing association, and to approve the legal agreements to enable the sale of apartments in Glasgow.

REVIEW OF THE YEAR (continued)

Property (continued)

Work previously given consent to extend and upgrade the care homes in Dublin, Belfast and Mallow in Ireland has continued. The works in Belfast are complete and the rooms are occupied. Phase 1 works in Dublin and Mallow are both complete and work is being completed on the second and final phases of both. The refurbishment of a wing of Nazareth House Cheltenham, England has also been completed during the year.

Plans are also being developed for upgrades and improvements to a number of other Nazareth Houses.

Constitutions and governance

The Constitutions and Directives of the Congregation have been updated. The Constitutions were approved by the Holy See and both documents have been printed and distributed to each Sister of Nazareth.

In November 2018 a new Governance Handbook was launched, setting out the governance arrangements for the Congregation and covering the relationship between the Congregation and Nazareth Care at the Generalate, region and house level including for each civil law legal entity. The Governance Handbook covers the regulatory and internal standards that are required in all parts of the Congregation including Nazareth Care, and covers areas such as legal and regulatory compliance, finance, safeguarding, management and oversight of lay staff and risk management.

Finance

Each region consists of one or more independent charities. Therefore, consolidated accounts are only produced at regional level and are not consolidated globally. Region accounts are prepared and audited according to their local standards and are available on request from each region.

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that total turnover for 2018/19 was £109m, a slight increase from £108 million in 2017/18. The increase is mainly attributed to the opening of some of the new beds in Belfast, Mallow and Dublin following their extensions and refurbishments.

Three of the five regions operated at break even or generated a modest surplus for reinvestment in capital projects.

To support the work in the regions, the Charity approved and started paying a loan to the UK Region to fund the refurbishment and extension of Nazareth House Birkenhead.

The loans provided to the Irish Region to extensively rebuild the houses in Mallow and Dublin, and a smaller extension to the Belfast house, have been increased. The increase has been provided to complete the building works and to enable the opening of the second and final phase of each house.

REVIEW OF THE YEAR (continued)

Inquiries

The Northern Ireland Historical Institutional Abuse Inquiry published its report in 2017. The report made a number of references to our previous work with children in Northern Ireland, which ceased in 1999. The report is currently with the Northern Ireland Assembly, which must decide what action to take when the Assembly sits again.

The Scottish Child Abuse Inquiry continues to sit and hear evidence, but the case study into the Sisters of Nazareth concluded mid-2018. Shortly after the 2018/19 financial year, the Inquiry published its report into the work of the Sisters of Nazareth in homes for children, which we no longer operate. The report details the suffering and abuse endured by some children in our homes, for which we have apologised. The next phase of hearings the Sisters of Nazareth will be involved in is the migration case study, which is currently scheduled to commence in December 2019. In the meantime, we are co-operating with the Scottish Government in support of their Advance Payment Scheme, to support the survivors of abuse.

The English inquiry, the Independent Inquiry into Child Sexual Abuse, has published its report into child migration, which also featured the Congregation's involvement in the government's scheme of migration of children from the UK.

The services that are cited in the inquiries have not been operated by the Charity or the UK Region for a long time. We continue to co-operate with all three inquiries and to support the survivors.

FINANCIAL REPORT FOR THE PERIOD

Income and expenditure

The income and expenditure of the Charity is detailed in the Statement of Financial Activities, on page 21 of the accounts.

Total income for the year amounted to £1.601 million (2018 – £1.768 million). Income is from two sources:

Donations and legacies of £1.307 million (2018 – £1.375 million). Donations are mainly from the regions and increased this year due to donations commencing from the Irish Region.

Income from investments totalled £0.294 million (2018 – £0.393 million), which is almost entirely interest on loans to fund building projects in the regions. Loans include funding for works at Nazareth Houses in Christchurch, New Zealand; Glasgow, Scotland; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland and Birkenhead, England.

Expenditure decreased to £1.614 million (2018 – £3.144 million) due partly to a reduction in the foreign exchange loss from £0.433 million to £0.072 million. Grants of £0.516 million (2018 – £0.836 million) were paid in 2018/19 and are detailed in full in Note 4 of the accounts. Costs associated with the Charity's principal activities: co-ordinating, directing and advising the regions decreased from £1.864 million to £1.024 million and are detailed in Note 3 of the accounts. The biggest reduction was writing down a loan balance in the previous financial year.

Income less expenditure resulted in a loss for the year of £0.014 million (2018 – £1.376 million).

After investment gains of £0.596 million (2018 – £0.383 million) the net movement in funds for the year was an increase of £0.583 million (2018 – reduction of £0.993 million).

Loans

Two new loans were approved during the year. The first was a loan of £1.5m to the UK Region to fund the refurbishment and extension of Nazareth House Birkenhead. The first loan advance was made during the year.

The second loan was an extension of the existing loan to the Irish Region. During the year it was agreed to extend the loan by €3.7m (£3.31m) to €7.36m. No advances were made during the 2018/19 financial year. Advances have been made after the year end.

As limited advances were made during the year, the Charity's debtor balance reduced to £10,484m (2017/18: £11.683m) at 31 March 2019 including previously agreed loan amounts. The reduction is a result of repayments by the Australian Region for Christchurch and the UK Region for Blackburn. Notes 12 and 18 to the accounts provide further details of the outstanding balances and the funding arrangements.

FINANCIAL REPORT FOR THE PERIOD (continued)

Cash flow and investment performance

The value of listed investments at 31 March 2019 was £16.934 million (2018 – £16.338 million). The increase represents unrealised gains on revaluation.

A summary of movements on listed investments can be found in Note 11 to the accounts.

Investments with a market value at 31 March 2019 of £7.752 million (2018 – £7.233 million) were held within the Charifaith common investment fund, a specialist fund set up to provide charities with ethical investment in line with Catholic teachings. A further £9.182 million (2018 – £9.104 million) was held by Royal London Asset Management and invested in cash, deposits, money market instruments and short-dated government securities, aimed at delivering a positive return without additional risk. At 31 March 2019, £nil was held in illiquid hedge funds (2018 – £176).

Funds and reserves

The Charity's reserves of £29.621 million (2018 – £29.038 million) are divided between the General Fund, tangible fixed assets fund and two designated funds:

- ◆ The Sisters' Support Fund: £7 million (2018 – £7 million) is retained to provide Sisters who need nursing or residential care in a Nazareth House with the means to purchase it where public funds are not available and for other needs such as medical costs or emergencies.
- ◆ The Property Fund: £20.108 million (2018 – £20.101 million) is set aside to provide loans or grants to regions requiring support for building or other major works. This is expected to be the primary focus of the utilisation of the Charity's funds for some years as a number of properties require upgrading and remodelling to comply with current standards and expectations. Trustees have already used a proportion of the fund, demonstrated through the loan balances. They anticipate using more of the fund over the next five to ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies.

The tangible fixed assets fund represents the value of the tangible fixed assets owned by the Generalate. The fund has increased from £0.937 million to £1.513 million during the year as the Charity's offices in Hammersmith, London have been extended.

The General Fund of £1 million (2018 – £1 million) is retained to cover the running costs of the Generalate in the event of temporary loss of income, together with some capacity to support regions and houses experiencing unforeseen costs that cannot immediately be funded from other resources.

FUTURE PLANS

Following the General Chapter held in June 2018, the focus over the next year and beyond will be implementing the Mandate and Recommendations. The Mandate is to

“call on the Superior General and the General Council to lead the Sisters in developing more clearly and deeply our intercultural ‘Body of Christ’ by embracing and spreading the spirituality of communion in our personal lives, our communities, our ministries and the world.”

And the four recommendations are to:

1. *“call on the Superior General and the General Council to address ways to maintain the viability of our Congregation.*
2. *call on the Sisters through the Superior General and the General Council to embrace and study, promote and implement the principles of Catholic Social Teaching and respond to Pope Francis’ social encyclical Laudato si, appropriately adapted for our Congregation and Mission.*
3. *call on the Superior General and the General Council to safeguard the ongoing importance of our charism based partnership between the Congregation and Nazareth Care.*
4. *call on the Superior General and the General Council to provide a global focus on vocation promotion, initial formation and ongoing formation for our Sisters.”*

These have been developed into a new Congregational Plan setting out the actions to be taken and outcomes required in order to deliver the Mandate and Recommendations, through to the next General Chapter in 2024.

In addition, a Nazareth Care Plan has been produced to identify the actions that are required by the operating arm of the Congregation. The plans identify the many elements common to both plans, that require the same actions by Sisters and lay staff.

Delivery of the Mandate and Recommendations will take time. Progress will be reported in future reports.

The two plans form the top layer of a planning system that requires each region, service and community of Sisters to produce their own plans. The process of cascading the two global plans has recently commenced. The intention is to have a ‘golden thread’ from the General Chapter, running through all the plans.

Actions include establishing a Congregational Commission and interculturality programme, reviewing the formation programme to support and increase the number of vocations available for new and potential new sisters joining the Congregation, consider ways of ensuring the viability of the Congregation with regard to the changing availability of Sisters, reviewing the role of Sisters in the governance of the Congregation and reviewing the partnership between the Congregation and Nazareth Care.

The Charity will also continue to support the property developments that are planned or currently under way in all five regions.

GOVERNANCE

The members of the Congregation – 216 Sisters worldwide at 31 March 2019 (2018 – 216) – are led by the Superior General, supported by four General Councillors. These five Sisters are elected at sexennial meetings of representatives of the whole Congregation. This gathering is known as the General Chapter and is the highest decision-making body in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

The Superior General and General Councillors oversee the mission and ministries of the Congregation and are accountable to the General Chapter for their stewardship of the Congregation's mission, ministries and assets between each General Chapter.

Following the elections of the Superior General and General Councillors at the General Chapter, two General Councillors stood down after completing their second term in office, as required by the Congregation's constitutions. The representatives at the General Chapter elected a new Superior General, who had previously served as a General Councillor, re-elected a General Councillor to serve a second term and elected three new General Councillors to fill the vacancies that had been created. Each will serve a six-year term.

The trustees of the Charity comprise the Superior General and the four General Councillors *ex officio*. At the end of the year, the following trustees held office:

Sister Brenda McCall ('Sister Brenda')

Sister Brenda was elected Superior General in 2018, having been a General Councillor since 2012. Prior to joining the Council, Sister Brenda had been the U.K. Regional Superior since 2009, where she oversaw the combining of the North and South Regions and implemented new constitutional and staffing structures. Prior to this, she had ministered in various Houses within the U.K., Ireland and South Africa. She is trained in Residential Care of Children and Young People and is a Registered General Nurse.

Sister Valma Beatrice Cooper ('Sister Dominica')

Before her election to the General Council as Vicareess General in 2018, Sister Dominica worked in the Australasian Region. Being a Registered Nurse, Sister Dominica worked in aged care for many years before being appointed to leadership positions as a Superior and Regional Superior, a position she held for seven years. During this time, Sister was involved in the organisational restructure and setting up a new business entity as well as renovation and redevelopment programmes in the Region.

Sister Anne Bernadette Walsh ('Sister Teresa')

Sister Teresa served as Superior in the two Northern Ireland Houses for the nine years prior to her election as a General Councillor in 2012. Sister Teresa originally trained as a teacher and worked in education for thirty-five years. Her focus was in the primary school sector and she became principal of a nursery school. At the end of her teaching career Sister Teresa was awarded an MBE for her contribution to early years' education in Northern Ireland. She was elected for a second term as a General Councillor in 2018.

GOVERNANCE (continued)

Sister Mary Veronica Kealey ('Sister Veronica')

Sister Veronica trained as a teacher and worked in the primary school sector for fifteen years. She served as Superior in Dublin before going to Canada to study for a License in Canon Law. Sister Veronica worked with the Scottish Catholic Inter-Diocesan Tribunal for eight years working principally on marriage nullity cases before being elected to the General Council in 2018 and appointed as Secretary General.

Sister Hannah Maria Dwyer ('Sister Hannah')

Sister Hannah was elected to the General Council in June 2018 and serves as the Treasurer General. Following a long career in teaching, 23 years as Headteacher in a London Catholic Primary School, she received the Pearson Teaching Award in 2014 for Lifetime Achievement. In 2002, Sister Hannah raised £7m to fund the building of a new school, which she supervised. The school was visited by the then Prime Minister Tony Blair, accompanied by Arnold Schwarzenegger. The library was opened by the future Prime Minister Boris Johnson. In 2015, she took a leadership role in the UK Region, as the Superior of the Cheltenham Community.

The Superior General and General Councillors live and work on the Nazareth House site in Hammersmith, which was the first to be established by the Congregation's Foundress, Victoire Larmenier, in 1857 and which remains the Mother House.

The trustees form a Part VII incorporated trustee body – '*The Trustees of the Congregation of the Sisters of Nazareth Generalate*'. The Charity Commission granted a Certificate of Incorporation on 23 March 2011.

The Charity is governed by a Trust Deed dated 1 October 2010. Its objects are to apply the Charity's property and income '*...for such charitable purposes as shall advance the religious, educational, care and other charitable work of the Congregation, for the public benefit, as the Trustees with the approval of the Superior General shall from time to time think fit...*'.

Trustees' powers include but are not limited to:

- ◆ supporting and maintaining '*... all who are or have been engaged in the charitable works of the Congregation including ... Trustees of the Trust*'.
- ◆ making '*...grants and loans whether out of income or capital and upon such terms and conditions (if any) as to interest, repayment, security or otherwise and to guarantee money or to use the assets of the Trust as security for the performance of contracts entered into by any person, association, company, local authority, administrative or governmental agency or public body as may be thought fit or towards charitable purposes in any way connected with or calculated to further the objects of the Trust*'.
- ◆ establishing '*... such separate charity or charities as they think fit ... to carry on such charitable works as are within the ambit ... of this Deed*' and '*... trading companies to assist, or act as agents for, the Trust*'.

GOVERNANCE (continued)

The Superior General and the General Councillors meet as a General Council, which focuses on the religious aspects of the Congregation. As trustees of the Charity, they also meet separately to discuss the business aspects of the Congregation's activities. These meetings are also attended by the Congregational Chief Executive and are minuted separately. The trustees met during the year on seven occasions.

The principal work during the year consisted of:

- ◆ monitoring the financial and operational performance of the regions, on the basis of quarterly reports and commentaries received from them;
- ◆ reviewing the governance in regions;
- ◆ considering applications by regions for consents of various types, in particular relating to major building works and constitutional issues;
- ◆ developing a policy framework to support the work in the regions, incorporated into the Governance Handbook;
- ◆ allocating funds to consented projects by way of grants and loans;
- ◆ monitoring investment performance;
- ◆ updating the Congregational website – www.sistersofnazareth.com – and intranet for internal communications.

In addition, trustees spent time visiting the houses and regions. The focus of these visits by the Superior General and her General Councillors is their pastoral care of each Sister's welfare, as well as providing the trustees with opportunities to observe operations within houses, monitor the governance within regions and update their knowledge of issues in each region and house.

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 requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);

GOVERNANCE (continued)

- ◆ 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 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, the applicable Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charity Governance Code

The Charity has not formally assessed itself against the principles of the Charity Governance Code. It considers that it does meet the principles and will formally evaluate its adherence and identify areas for improvement.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis.

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

The performance and pay of the Congregational Chief Executive are reviewed annually. To deliver the charitable aims and to complement the skills of the Sisters, the Charity employs a small number of paid staff. The commitment to staff is to pay them a fair and appropriate salary that is affordable. This is to attract and retain people with the right skills and who, therefore, will have the greatest impact in delivering the Charity's objectives.

In accordance with the Statement of Recommended Practice we:

- ◆ disclose all payments to trustees (no trustees are paid) and expenses reimbursed (no trustees received expenses).
- ◆ disclose the number of staff in receipt of £60,000 and above (in bands of £10,000) (Note 7 to the accounts).
- ◆ disclose pensions and other benefits (Note 7 to the accounts).

GOVERNANCE (continued)

Staff remuneration does not include any share options or long-term incentive schemes.

The period of notice for termination of contracts of employment is three months for any staff earning over £60,000.

Grant-making policy

The Charity makes funds available as grants to individual houses and regions, which are accounted for as expenditure to separately registered charities to support its ministries.

During the year, a few small external grants were made by the trustees in response to identified needs. These were generally to support individuals or smaller not-for-profit organisations. Grants made by the Charity during the year are detailed in Note 4 to the accounts.

Investment policy

The Charity's constitution places no restriction on the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, significant investment in organisations that produce goods or services at odds with the teachings of Catholicism, particularly concerning the sanctity of human life.

The trustees take a total return approach to their investments, investing in funds that adhere to the ethical investment policy. The majority of investments are held in BlackRock Investment Management (UK) Limited's Charifaith fund and cash and cash equivalent funds with Royal London Asset Management Limited. Charifaith holds a diversified portfolio containing equities, gilts and other fixed-income securities, managed within an acceptable level of risk. The Treasurer General is a member of the Charifaith Advisory Committee.

The Charity's practice is to re-invest income arising from the investment portfolio. The trustees consider the level of liquidity that is required to support grant and operational commitments in the short and medium term.

The Charity is advised on the management of its funds by external investment specialists.

Public benefit

All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly, delivered through overseeing and supporting regions, providing financial contributions, advice and guidance within which regions operate. In these ways, the Charity is delivering a public benefit, as defined in England and Wales by the Charity Commission.

Risk management

The Charity reviewed its risk management and agreed that there are four primary categories of risk, pertaining to the Mission, Spirit and Values; Governance; Financial and Organisational risks. In each category it agreed how willing it was to take risks in order to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

GOVERNANCE (continued)

Within each category a number of specific risks and controls were identified that either were in place or could be put in place to reduce those risks. The major risks faced and how they are managed are considered to be:

- A loss of spirit or mission. The risk increases as the number of Sisters decrease and the role of paid staff in management positions increases. There are a number of programmes available in regions to ensure the mission is well understood and communicated, such as Mission Alive and the Core Values of the organisation. Sisters remain intrinsic to each house and are very visible as they go about their work. Mass is held each day in most houses. Visits occur from the Generalate to each region and each house. Experiments have been introduced in two regions to consider models that require less Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Generalate board of trustees is made up entirely of Sisters and is supported by lay staff and advisors as necessary. In the regions, all boards consist of a majority of Sisters with lay staff making up the other positions. The Constitutions, Directives, Governance Handbook and reporting mechanisms cover all aspects of governance to ensure that regions administer their operations in accordance with the standards expected by the Generalate.
- Financial failure by a region or the Generalate not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part struggles, others will step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where it is appropriate to do so. There is a process of continual oversight of the financial performance of each region and cashflow forecasting for the Generalate to ensure that there are sufficient, liquid funds to meet all reasonable eventualities.
- Organisational risks at the Generalate. These include over reliance on key individuals, the reputational damage associated with the failure of a service either now or in the past or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans are built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and use of professional advisors where appropriate to do so. All services are externally regulated to ensure standards are continually improved.

GOVERNANCE (continued)

Fundraising policy

The Charity does not proactively fundraise or solicit donations towards its work. When fundraising income is received, 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 or swaps data and ensures that communication preferences can be changed at any time. The Charity 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 2018/19, the Charity received no complaints about its fundraising activities.

Approved by the trustees and signed on their behalf by:

Sister Brenda McCall

Trustee

Date of approval: 19 September 2019

Independent auditor's report to the trustees of the Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the accounts of the Congregation of the Sisters of Nazareth Generalate (the 'Charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the Charity's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

11 October 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

Statement of financial activities Year to 31 March 2019

	Notes	2019 Total funds £	2018 Total funds £
Income:			
Donations and legacies	1	1,307,339	1,375,192
Investment income and interest receivable	2	293,597	393,099
Total income		1,600,936	1,768,291
Expenditure:			
Cost of raising funds			
. Investment managers' fees		2,617	11,118
Charitable activities			
. Coordination and direction of, and the provision of advice to, the regions of the Congregation	3	1,023,692	1,864,383
. Foreign exchange losses		71,760	432,930
. Grants and donations in support of the Congregation's work	4	516,455	835,675
Total expenditure		1,614,524	3,144,106
Net expenditure before net investment gains on listed investments		(13,588)	(1,375,815)
Net investment gains on listed investments	11	596,417	382,995
Net income (expenditure) and net movement in funds for the year	6	582,829	(992,820)
Reconciliation of funds:			
Fund balances brought forward at 1 April 2018		29,038,112	30,030,932
Fund balances carried forward at 31 March 2019		29,620,941	29,038,112

All income and expenditure during each of the financial years was in respect to unrestricted funds.

All of the Charity's operations derived from continuing activities during each of the two financial years.

Balance sheet 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets:					
Tangible assets	10		1,512,828		936,999
Listed investments	11		16,933,835		16,337,600
Total fixed assets			18,446,663		17,274,599
Current assets:					
Debtors					
. Amounts due within one year	12	1,220,245		2,478,925	
. Amounts due after one year	12	9,263,724		9,204,361	
Cash at bank and in hand		1,123,111		505,930	
Total current assets		11,607,080		12,189,216	
Liabilities:					
Creditors: amounts falling due within one year	13	(432,802)		(425,703)	
Net current assets			11,174,278		11,763,513
Total net assets			29,620,941		29,038,112
The funds of the charity					
Unrestricted funds					
. Designated funds	14	27,108,113			27,101,113
. Tangible fixed assets fund	15	1,512,828			936,999
. General fund		1,000,000			1,000,000
		29,620,941			29,038,112

Approved by the trustees on and signed on their behalf by:

Sister Brenda McCall

Trustee

Date of approval: 19 September 2019

Statement of cash flows Year to 31 March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	910,228	1,230,564
Cash flows from investing activities:			
Investment income and interest received		293,597	393,099
Purchase of tangible fixed assets		(586,826)	(916,254)
Proceeds from the disposal of investments		182	1,600,219
Purchase of investments		—	(2,500,225)
Net cash used in investing activities		(293,047)	(1,423,161)
Change in cash and cash equivalents in the year		617,181	(192,597)
Cash and cash equivalents at 1 April 2018	B	505,930	698,527
Cash and cash equivalents at 31 March 2019	B	1,123,111	505,930

Notes to the statement of cash flows for the year to 31 March 2019

A Reconciliation of net movement in funds to net cash provided by operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	582,829	(992,820)
Adjustments for:		
Investment income and interest receivable	(293,597)	(393,099)
Gains on investments	(596,417)	(382,995)
Depreciation of tangible fixed assets	93,342	4,875
Decrease in debtors	1,199,317	3,514,243
Decrease in creditors	(75,246)	(519,640)
Net cash provided by operating activities	910,228	1,230,564

B Analysis of cash and cash equivalents

	2019 £	2018 £
Total cash and cash equivalents: Cash at bank and in hand	1,123,111	505,930

The amount for the purchase of tangible fixed assets shown here includes only cash purchases, the amount shown in note 10 on tangible fixed assets includes a net accrual of £82,346 at the year end.

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 March 2019 with comparative information given in respect to the year to 31 March 2018.

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

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation charge;
- ◆ assessing the timing of the receipt of loan repayments for the purposes of classifying debtors as amounts due within one year and recoverable thereafter and assessing the recoverability of outstanding amounts;
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions made in determining the values of the Sisters' support fund and the property fund;
- ◆ assessing the probability of the receipt of legacy income, where a notification of entitlement has been received.

Assessment of going concern

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

Assessment of going concern (continued)

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. There are no significant areas of judgement that affect items in the accounts. With regard to the next accounting period, the year ending 31 March 2020, the most significant areas that may affect the carrying value of the assets held by the Charity are the level of investment return, the performance of the investment markets (see the investment policy section of the trustees' report for more information) and movements in the foreign exchange rate affecting the debtor balances on loans provided in foreign currencies.

Income recognition

Income is recognised in the period in which the Charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises donations, legacies, investment income and interest receivable.

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

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

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

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.

Income recognition (continued)

All of the Charity's listed investments comprise accumulation units and hence investment income from listed investments is not credited to the statement of financial activities as it is reflected in the market value of the relevant investment holding.

Interest on funds held on deposit and interest receivable on loans advanced to other entities is included when receivable and the amount can be measured reliably by the Charity. In the case of bank interest, this is normally upon notification of the interest paid or payable by the bank. In the case of interest on monies advanced, this will be when the Charity becomes entitled to the interest under the terms of the relevant loan agreement.

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. 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:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work both in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

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. All governance costs are allocated to expenditure on co-ordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

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

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.

Tangible fixed assets (continued)

The costs of refurbishment work at Hammersmith have been capitalised and, following the completion of the first phase in December 2017, it has been depreciated on a straight line basis over ten years commencing on 1 April 2018. The second phase was completed in December 2018 and will be depreciated on a straight line basis commencing 1 April 2019 over a period that is appropriate to its various components.

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.

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

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

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

Funds structure

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 14.

The tangible fixed assets fund represents the net book value of the tangible fixed assets used to further the Charity's objectives and work. Movements on the fund are shown in note 15.

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.

Services provided by members of the Congregation

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

Foreign currencies

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

Pension contributions

Contributions in respect of defined contribution pension schemes and personal pension schemes are charged to the statement of financial activities when they are payable to the scheme. The Charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

1 Donations and legacies

	2019 £	2018 £
Legacies	2,688	7,020
Pensions of individual Religious donated under deed of covenant	119,298	53,348
Donations		
. American Area	319,756	249,793
. U.K. Region	261,640	263,730
. Australasian Region	309,953	317,269
. Irish Region	153,134	—
. Other	1,898	3,753
Contribution from NCCT	50,000	350,000
Other voluntary income	88,972	130,279
	1,307,339	1,375,192

2 Investment income and interest receivable

	2019 £	2018 £
Interest receivable		
. Bank interest	1,152	105
. Interest on loans to connected entities (note 18)	292,445	392,994
	293,597	393,099

3 Coordination and direction of, and the provision of advice to, the regions of the Congregation

	2019 £	2018 £
Staff costs (note 7)	218,707	202,882
Maintenance of Sisters	164,418	144,904
Travel	223,409	128,093
IT and website development	54,915	48,033
Premises	20,195	27,370
Governance costs (note 5)	20,138	63,848
Professional fees	43,293	188,592
Chapter	63,969	—
Novitiate	34,187	75,188
Depreciation – Hammersmith development	88,467	—
Loan write-down	—	866,385
Other	91,993	119,088
	1,023,692	1,864,383

4 Grants and donations in support of the Congregation's work

	2019 £	2018 £
The Congregation of the Sisters of Nazareth, Irish Region		
General	14,636	18,640
Grants to the U.K. Region		
The Congregation of the Sisters of Nazareth Charitable Trust		
General	463,799	618,873
Glasgow flat	—	156,600
Other donations	38,020	41,562
	516,455	835,675

5 Governance

	2019 £	2018 £
Legal and professional fees	10,250	54,248
Audit and accountancy fees	9,888	9,600
	20,138	63,848

6 Net income (expenditure) and net movement in funds for the year

This is stated after charging:

	2018 £	2017 £
Auditor's remuneration including VAT		
Statutory audit (current year)	9,888	9,600

7 Staff costs and remuneration of key management personnel

	2019 £	2018 £
Wages and salaries	188,785	174,257
National Insurance costs	16,871	16,541
Other pension costs	13,051	12,084
	218,707	202,882

The number of employees earning £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2019 Number	2018 Number
£110,001 - £120,000	1	1

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

The Charity made contributions of £8,845 in 2019 (2018 – £8,400) to a defined contribution pension plan for the higher paid employee.

The average number of employees during the year was:

	2019	2018
Administration	4	4
Management	1	1

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 and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £134,083 (2018 – £131,104).

8 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 (2018 – 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 £67,986 (2018 – £40,724).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate 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.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2018	19,500	1	926,842	946,343
Additions	—	—	669,171	669,171
At 31 March 2019	<u>19,500</u>	<u>1</u>	<u>1,596,013</u>	<u>1,615,514</u>
Depreciation				
At 1 April 2018	9,344	—	—	9,344
Charge for the year	4,875	—	88,467	93,342
At 31 March 2019	<u>14,219</u>	<u>—</u>	<u>88,467</u>	<u>102,686</u>
Net book values				
At 31 March 2019	<u>5,281</u>	<u>1</u>	<u>1,507,546</u>	<u>1,512,828</u>
At 31 March 2018	<u>10,156</u>	<u>1</u>	<u>926,842</u>	<u>936,999</u>

In 2014, at the time of disposing of Nazareth House Isleworth, the Charity entered into a 999-year lease in respect to the cemetery on that site at a peppercorn rent. This is disclosed on the balance sheet as a tangible fixed asset at the value of £1.

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. During the year, the Charity has paid for the cost of extending the buildings used. The first phase of work was completed in December 2017 and is being depreciated over a ten-year period on a straight-line basis, commencing on 1 April 2018. The second phase of this work was completed in December 2018 and will be depreciated commencing 1 April 2019.

11 Listed investments

	2019 £	2018 £
Listed investments		
Market value at 1 April 2018	16,337,600	15,054,599
Additions at cost	—	2,500,225
Disposals at book value (proceeds: £182; realised gains: £5)	(177)	(1,599,948)
Net gains on revaluation	596,412	382,724
Market value at 31 March 2019	<u>16,933,835</u>	<u>16,337,600</u>
Cost of listed investments at 31 March 2019	<u>13,901,487</u>	<u>13,901,487</u>

Listed investments held at 31 March 2019 comprised the following:

	2019 £	2018 £
U.K. fixed interest	9,182,366	9,104,090
U.K. common investment funds	7,751,469	7,233,334
Hedge funds	—	176
	<u>16,933,835</u>	<u>16,337,600</u>

11 Listed investments (continued)

At 31 March 2019 listed investments included the following individual holdings which are deemed significant in the context of the portfolio as a whole:

	2019		2018	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
Charifaith accumulation units	7,751,469	45.78	7,233,334	44.27
Royal London Cash Plus Z Accumulation Fund	9,182,366	54.22	9,104,090	55.72
	16,933,835	100.00	16,337,424	99.99

12 Debtors

	2019 £	2018 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	2,855,974	2,874,240
Loan to NRV Development (Blackburn) Limited*	1,554,000	1,755,000
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to Nazareth House Dublin*	318,357	315,982
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	3,287,735	3,260,725
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	2,412,709	3,095,739
Contribution pledged from NCCT*	—	350,000
General debtors	55,194	31,600
	10,483,969	11,683,286

* Details in respect to each of these loans and the contribution due are given in note 18.

The above debtors are due for receipt as follows:

	2019 £	2018 £
Amounts falling due within one year	1,220,245	2,478,925
Amounts falling due after one year	9,263,724	9,204,361
	10,483,969	11,683,286

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	192,376	197,154
Expense creditors	25,659	28,772
Sundry creditors and accruals	70,220	100,569
Accrued expenditure on tangible fixed assets (property refurbishment)	92,934	10,588
Deferred income	2,993	40,000
Amounts owed to The Congregation of the Sisters of Nazareth Charitable Trust (note 18)	48,620	48,620
	432,802	425,703

14 Designated funds

The unrestricted funds of the Charity include the following designated funds, which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2018 £	Designated/ (utilised) in year £	At 31 March 2019 £	At 1 April 2017 £	Designated/ (utilised) in year £	At 31 March 2018 £
Sisters' Support Fund	7,000,000	—	7,000,000	7,000,000	—	7,000,000
Property Fund	20,101,113	7,000	20,108,113	22,015,900	(1,914,787)	20,101,113
	27,101,113	7,000	27,108,113	29,015,900	(1,914,787)	27,101,113

Sisters' Support Fund

The Sisters' Support Fund is retained to provide Sisters who need nursing and related care, with the means to purchase it should public funding not be available. It is intended that such care will usually be provided within one of the care homes operated by the Congregation.

Property Fund

The Property Fund is set aside to provide loans or grants to regions requiring support for substantial building works.

15 Tangible fixed assets fund

	At 1 April 2018 £	Movements in year £	At 31 March 2019 £	At 1 April 2017 £	Movements in year £	At 31 March 2018 £
Tangible fixed assets fund	936,999	575,829	1,512,828	15,032	921,967	936,999

The tangible fixed assets fund represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. 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.

16 Analysis of net assets between funds

	Designated funds £	Tangible fixed assets fund £	General fund £	Total 2019 £
Fund balances at 31 March 2019 are represented by:				
Tangible fixed assets	—	1,512,828	—	1,512,828
Listed investments	16,933,835	—	—	16,933,835
Net current assets	10,174,278	—	1,000,000	11,174,278
Total net assets	27,108,113	1,512,828	1,000,000	29,620,941

16 Analysis of net assets between funds (continued)

	Designated funds £	Tangible fixed assets fund £	General fund £	Total 2018 £
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	—	936,999	—	936,999
Listed investments	16,337,600	—	—	16,337,600
Net current assets	10,763,513	—	1,000,000	11,763,513
Total net assets	27,101,113	936,999	1,000,000	29,038,112

The total unrealised gains as at 31 March 2019 constitute movements on revaluation and are as follows:

	2019 £	2018 £
Unrealised gains included above:		
On investments	3,032,348	2,436,113
Total unrealised gains at 31 March 2019	3,032,348	2,436,113
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 April 2018	2,436,113	2,074,741
In respect to disposals in the year	(177)	(21,352)
Net gains arising on revaluation in the year	596,412	382,724
Total unrealised gains at 31 March 2019	3,032,348	2,436,113

17 Financial commitments not provided for

At 31 March 2019 the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the historical abuse of children. The inquiries are at various stages with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published an interim report and continues to hear evidence and the Scottish Child Abuse Inquiry publishing their report into the Sisters of Nazareth in May 2019. The Charity expects to incur further legal costs in relation to all three inquiries. It is not possible at the present time to provide any meaningful estimate of costs, some of which may be covered by insurance.

The Charity has provided two guarantees, to Allied Irish Bank and to Royal Bank of Scotland to support loans taken out by the Irish Region and the UK Region for building works.

The Charity has provided a letter of comfort to Barclays Bank plc in respect to banking facilities the Bank may make available to The Congregation of the Sisters of Nazareth Charitable Trust.

At 31 March 2019 the Charity had contracted to carry out building work at the Hammersmith site and the future capital expenditure commitment for this work is £725,000 (2018 - nil).

18 Connected entities

The Charity is connected to The Congregation of the Sisters of Nazareth (the Congregation), an unincorporated international religious organisation recognised by the Holy See.

The Charity is also connected to two other registered charities:

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	<ul style="list-style-type: none"> ♦ The support of the religious ministries and works by members of the Congregation (the Sisters) in the U.K. and the care of those Sisters. ♦ Ownership of 14 homes in England, Wales, Scotland and Northern Ireland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need.
Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	<ul style="list-style-type: none"> ♦ The provision of nursing, residential and care services to older people in need through the operation of 13 homes within England, Wales and Scotland. ♦ The provision of management and support services to older people at the retirement villages in Blackburn and Plymouth.

The Superior General of the Congregation, who is also a trustee of the Charity, appoints the trustees of CSNCT and is the sole member of NCCT. CSNCT and NCCT have three trustees in common.

At no point during the accounting period did any of the three charities control one or more of the others. As a consequence, consolidated accounts are not prepared.

NCCT has a number of subsidiary companies with which it forms the Nazareth Care Charitable Trust Group. Consolidated accounts of the Nazareth Care Charitable Trust Group are prepared and filed with the Charity Commission and Companies House.

The Charity has a financial relationship with the following NCCT subsidiaries:

Name	Registration numbers etc.	Principal activities
NRV Development (Blackburn) Limited	Company Registration No 05906057 (England and Wales)	The development of a retirement village in Blackburn.
NRV Development (Plymouth) Limited	Company Registration No 05940933 (England and Wales)	The development of a retirement village in Plymouth.

18 Connected entities (continued)

During the period there have been a number of transactions between the Charity and its connected entities. The detail of grants and donations provided to connected entities is shown in Note 4. Details of the indebtedness between the Charity and its connected entities and of commitments is given below.

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. The loan is repayable by 2040 with interest charged at a commercial rate. The balance at 31 March 2019 was £2.856 million (2018 – £2.874 million) (see note 12). During the year the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2019 was £74,060 (2018 – £nil).

At 31 March 2019, the Charity had committed £48,620 to CSNCT (2018 – £48,620) being grants authorised but not paid at that date (see note 13), relating to works at Nazareth House Hammersmith.

Nazareth Care Charitable Trust

There is an agreed contribution of £nil (2018 – £350,000) in relation to enlarging the care home in Plymouth.

NRV Development (Blackburn) Limited

In 2012 the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmenier Retirement Village, Preston New Road, Blackburn. At 31 March 2019 the loan balance was £1.554 million (2018 – £1.755 million).

Irish Region

A loan of €0.45 million to the Irish Region to finance refurbishment works at the Dublin House was approved by the trustees in 2013 and 2014. At 31 March 2019 the balance of this loan, when converted to Sterling, amounted to £0.319 million (2018 – £0.316 million) and is due to be repaid by 2025. Interest is charged at a commercial rate.

A loan of €3.66 million to fund the redevelopment of the nursing homes in Dublin, Mallow and Belfast was approved by the trustees during 2016/17. This was increased to €7.36 million in 2018/19. The amount of this loan advanced to the Region at 31 March 2019, in Sterling, was £3.288 million (2018 – £3.261 million). Repayment of the loan is expected to commence in 2020. Interest is charged at a commercial rate.

The remaining external funding for the redevelopments in Ireland comes from a commercial bank loan taken out by the Irish Region. The Charity has provided a guarantee in respect of this loan and funding for any cost overruns.

18 Connected entities (continued)

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced and the balance at 31 March 2019 was £2.413 million (2018 – £3.096 million).

19 Ultimate control

The Congregation of the Sisters of Nazareth Generalate is controlled by the Congregation by virtue of the fact that the Superior General of the Congregation appoints the trustees.

20 Custodian funds

As at 31 March 2019, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2019 was £14,138 (2018 – £20,102).