The Religious Sisters of Charity Charitable Trust

Annual Report and Accounts

31 December 2018

Charity Registration Numbers
231323 (England and Wales) and
SC039185 (Scotland)

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

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

Trustees	Sister Mary Byrne Sister Mary Christian Sister Rita Dawson MBE Sister Frances Rankin Sister Pauline Smith
Provincial Superior	Sister Rita Dawson MBE
Provincial Bursar	Sister Geraldine O'Connor
Administrative address	St Joseph's Convent 36 Mare Street Hackney London E8 4AD
Telephone	020 8510 3675
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Charity registration number (England and Wales)	231323
Charity registration number (Scotland)	SC039185
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	HSBC Bank plc Fenton House 85-89 New London Road Chelmsford Essex CM2 0PP
Investment managers	BlackRock Investment Management Limited 33 King William Street London EC4R 9AS
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

Trustees' report Year to 31 December 2018

The trustees present their report together with the accounts of The Religious Sisters of Charity Charitable Trust (the "charity") for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 33 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulations applicable to those two Acts 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 Religious Sisters of Charity (the "Congregation") is a Roman Catholic religious congregation, founded by Venerable Mary Aikenhead in Ireland in 1815 where its Generalate is still located. With her Sisters she visited and ministered to the poor in their homes, she visited prisons, started schools and eventually realised her dream: a hospital for the poor where they could be treated with dignity and compassion. Today we carry on this work where possible. The Congregation is governed by its own constitution.



The accounts accompanying this report deal only with the affairs of the charitable trust on which the Congregation has invested all Provincial and Community property used for its purpose in England and Scotland. The charity is governed by a Trust Deed dated 17 December 1962 and is registered with the Charity Commission in England and Wales (Charity Registration Number 231323) and with the Office of the Scottish Charities Regulator in Scotland (Charity Registration Number SC039185).

Mission

The English/Scottish Province of the Congregation of the Religious Sisters of Charity aims to support the religious and other charitable works in the service of the poor, carried out by the members of the Congregation, and to care for those members throughout their lives with the Congregation.

Careful consideration is given to the Charity Commission's guidance on public benefit, particularly to its supplementary guidance on the advancement of religion and education.

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

These ministries of the sisters of the Congregation, all of which benefit numerous members of the general public, can be defined under the following areas:

Mission (continued)

Worship and prayer

Our prayer life is a very important aspect of our daily living. Our sisters devote time each day to both private and community prayer and with the wider community in the parishes where they live in celebration of the Eucharist. A period of six to eight days is set aside each year for individual retreat. Sisters also celebrate and pray with the wider community in gatherings of people of all faiths and none. This is done through spiritual direction, retreat work and prayer groups, or just being available to listen and guide people with their daily problems and concerns.

Health care

Our mission is to bring the healing ministry of Christ to all who seek our care.

Our concern for others, especially those in need, permeates every aspect of our health service. We are dedicated to providing the best possible health care by drawing on the talents and creativity of our people and by forming relationships with others who share our Vision and Core values.

Our Vision is to strengthen and promote the healing mission of Christ through the provision of Catholic health care within our society. Drawing on the commitment and talents of our people, we will continue to form relevant and strategic relationships so that our health service continues to grow and provide quality care always with a special focus on caring for the poor, the disadvantaged and the marginalised.

Our core values urge us to strive to respect the uniqueness of each person created in the image and likeness of God; to accept people as they are, act with integrity, respecting the rights of all; to excel in all aspects of our healing ministry and create community characterised by harmony and collaboration.

Social and pastoral care

Many of our sisters work in various forms of social and pastoral work in both England and Scotland, including care of the housebound and people with special needs, family support, chaplaincy in hospitals, prisons and educational establishments. Our aim is to reach out to the poor and marginalised in the areas where we live, regardless of their beliefs, gender or personal circumstances.

Education

Our involvement in formal teaching in schools is minimal, but some of our sisters are involved in supporting formal education by voluntary teaching in poor areas and as learning support assistants. In our Hospices staff development is of paramount importance, and our sisters are involved with education in team building, leadership/management training, communication skills, presentation skills and time management. Training is centred on our Mission Statement and Core Values.

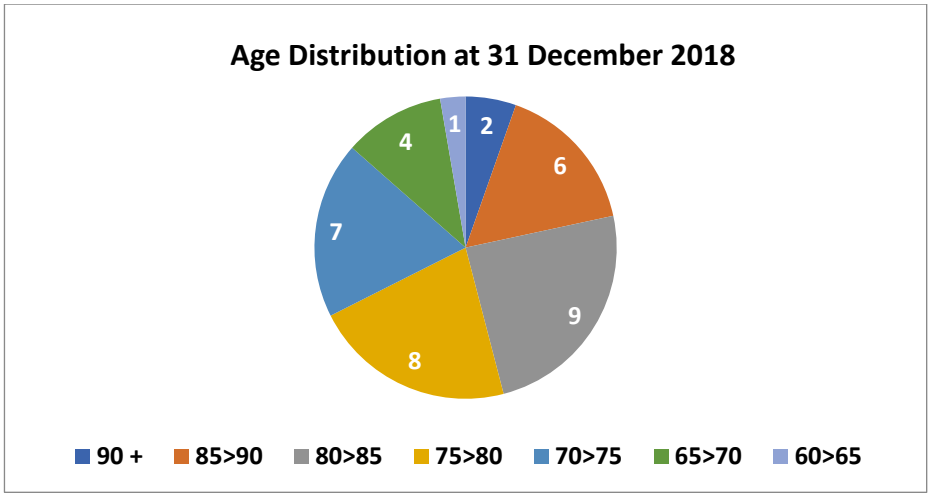
Activities, specific objectives and relevant policies

Activities and specific objectives

As stated above under "Mission", the activities of the charity are to care for members of the Congregation and to enable them to carry out their ministries which fall within five principal areas: caring for members of the Congregation, worship and prayer, health care, social and pastoral care, and education. Each of these is considered in turn below.

Caring for members of the Congregation

As is the case with many religious congregations in England today, the age profile of the members of our Congregation in this Province is increasing as existing members grow older and the number of new vocations becomes minimal. We now have 36 sisters in the Province. The average age of the sisters in this Province at present is 79 years.



The Congregation has an obligation, both moral and legal, to provide for its members, none of whom have resources of their own and all of whom have devoted a significant part of their lives to working either on a voluntary basis or in a paid capacity, for the poor and marginalised in society. As the age profile increases so too does the need to provide increasing and increasingly expensive care to the sisters. We have ten members receiving care in our communities in London and Scotland. The trustees expect this number to increase over the next decade. In line with this, the trustees are giving careful consideration to the impact of this on individual members of the Province, the property requirements and the financial implications for the Congregation.

Therefore, the aims of the trustees for the forthcoming year include:

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives *(continued)*

Caring for members of the Congregation (continued)

- To ensure all members of the Province receive the high level of care they require to provide them with the quality of life they should rightly expect. Ensure that all sisters needing care or help with daily tasks receive the help they need, thus avoiding any accidents caused by people risking activities which they are no longer capable of doing.
- To keep the elderly members active and stimulated and encourage them to do some form of activity where appropriate.
- To review the charity's properties used as community houses and continue to review on a regular basis the needs of our frail elderly sisters. Taking care to provide adequate lighting throughout the buildings where there are elderly people residing, and making sure that they are aware of the fire safety and fire drill should there be a fire in the building.
- To enable all members of the Province to continue with their individual ministries for as long as possible. Ensure that sisters who use cars for their ministry are safe to do so, as they get older.

Worship and prayer



We, as a Congregation, are committed to spreading the gospel through our shared worship with the local communities wherever we live, assisting them through prayer, study of the scriptures, public worship, music and the sacraments. The Sisters are involved in a number of activities including:

Providing religious instruction and spiritual direction on a one-to-one basis;

Praying with the housebound, patients in nursing homes and the dying; and

Organising and hosting prayer groups, giving members of the public from all walks of life the opportunity to take time to reflect and contemplate, and to avail of time to study and share in the Gospel stories.

Health care

Our healthcare facilities in England and Scotland have been set up as separate charitable companies, but we have three to four members serving as trustees on each of the three hospice Boards.

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives *(continued)*

Social and pastoral work
The following are examples of the social and pastoral work undertaken by individual sisters:

- Working in parishes, visiting, helping in catechetical programmes and helping parishioners develop their spiritual lives;
- Administrative and secretarial support to Church organisations;
- Community social work with the homeless;
- Pastoral care/chaplaincy in hospitals, hospices, nursing homes and prisons;
- Advocacy and support for asylum seekers and refugees;
- Various justice and peace initiatives;
- Spiritual direction, retreat work and leading prayer groups; and
- Bereavement counselling/bereavement support groups.

The aims of the trustees in this area include:

- Having assessed the needs of the community in the local areas, to enable all members of the Province to carry out meaningful social and pastoral work;
- To encourage and motivate members to work with and assist the poor and marginalised; and
- Wherever possible, to ensure sisters are remunerated for such work by way of salary or stipend. Such income is donated to the charity and enables the sisters to continue to contribute and develop for the future.

Education
The following are some of the areas where our sisters work in the field of education:

- Providing courses on communication skills, team building, management skills, presentation skills and time management;
- Organising and running the Mission Effectiveness Programme in healthcare establishments and giving input on the Mission and Core Values;
- Providing catechesis in the parishes, where children attend non-catholic schools.

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives *(continued)*

Education (continued)
The aims of the trustees in this area include:

- As we work with vulnerable adults and children the trustees recognise the absolute necessity of ensuring the protection and safety of all those that the charity serves. This means that any sister engaged in a ministry as a volunteer or working for the charity with children or vulnerable adults must have clearance from the Disclosure and Barring Service;

- Enabling members to be involved in formal education by voluntary teaching in poor areas where there is a shortage of teachers and lack of funds; and

- Enabling members to continue to be involved, where possible, in the religious education of the children who do not attend Catholic schools, in the parishes where we live and work.

Volunteers
Throughout the year 30 sisters worked in a voluntary capacity, assisting the poor and marginalised and those in need. The majority of sisters receive no financial contribution for this work which contributes to the overall achievement of the charity's objectives. In addition, the sisters are involved in the administration work of the Province and charity, without which the charity would not be able to function as effectively or fully as it does. It is impossible to measure the amount of time sisters actually spend in voluntary work in these areas. A few Sisters work in more than one area, giving their services where necessary.

Area of work	Number of volunteers	Hours volunteered
Parish visiting	6	7,500
Visiting hospitals and nursing homes	6	1,500
Support work for safeguarding structure in the Church	1	80
Spiritual/retreat direction and prayer groups	4	700
Education	5	350
Bereavement counselling	3	260
Administration	5	5,400
Hospitality – relatives, friends and associates	4	600
Total	34	16,390

Activities, specific objectives and relevant policies (continued)

Review of activities

Worship and prayer

Our sisters are involved in various areas of catechesis in parishes, through Sacramental programmes such as RCIA, prayer groups and one-to-one meetings with people in the local parishes. Sisters are also asked to lead Eucharistic Services in their local parish church in the absence of clergy.

Our inclusion in parish liturgies, whether involvement in preparation or participation and our roles as Eucharistic Ministers give witness to our commitment to spreading the gospel.

Sisters involved in parish work give a large part of their time to visiting the frail elderly in their homes and bringing them Communion. This can prove to be the only human contact in the week for some individuals.

Bereavement counselling is another area close to the hearts of our parish sisters, and many need this over an extended period of time.

Those sisters involved in prison ministry offer spiritual direction/counselling to prisoners and give them the opportunity to share their faith values in the context of prayer and discussion.

Our sisters are also committed to working with Youth, especially in the more deprived areas. They offer these young people a more relevant view of the church to their age, with emphasis on justice and peace and the dignity of each one.

Care of members of the Congregation



A number of our elderly sisters who have devoted their lives to caring for others, working either in the education, health care or pastoral/social work field, are now restricted to carrying on our most important ministry, which is that of prayer.

However, they themselves now need quite an amount of care and assistance. Seven sisters now need nursing care, and some others need help with daily chores.

Activities, specific objectives and relevant policies (continued)

Review of activities *(continued)*

Care of members of the Congregation (continued)
With a small team of Care Assistants, Sister Helena provides admirably for the daily physical, spiritual and social needs, keeping the more fit sisters as active as possible. They have various therapies and activities, such as aromatherapy, reflexology, music and movement, painting, bingo and other board games. Weather permitting, they avail of the lovely grounds surrounding the convent where they can relax and enjoy the sunshine. We also have a few members being cared for in our convents at Clydebank and Airdrie (Scotland).

Hospital chaplaincy
This ministry involves the provision of spiritual, pastoral and religious care to patients, relatives and staff across the hospice and hospitals where our sisters visit. The chaplain is available to see people of any denomination of faith and those with none. Many people, including staff, believe that a patient will only want to see a chaplain if they are very religious or are dying, whereas the truth is that anyone in hospital is vulnerable and afraid, and may benefit from some spiritual support. Five sisters are involved in this ministry, and while one sister receives a salary, the other sisters work as volunteers.

Prison chaplaincy
Sister Patricia works as a Chaplain at HMP Leeds. She writes 'My duties as a member of the team include visiting and meeting each of the prisoners in the Healthcare Unit, Segregation unit and at Reception where men are received into the prison daily. I run Bible study/meditation groups, prepare for services and attend reviews, respond to requests by the prisoners to see a Chaplain.'

Social and pastoral work
Throughout the year 30 of our sisters carried out various forms of social and pastoral work, many of them in a voluntary capacity. Parish work in most areas involves networking with community groups, working with families, participating in prayer groups, working for justice and peace with organisations such as CAFOD, working with people who wish to be baptised, acting as ministers of the Eucharist, visiting the housebound, helping with preparation for the sacraments and assisting in the general work of the parish.

Sister Jackie works with our elderly Sisters who need an extra bit of care. She comes from West London, Acton, two or three days each week. She writes 'I take them to the seaside, weather permitting, visit other houses of the Congregation, take them to historical places and gardens such as Kew Gardens. On occasions I take individual Sisters shopping and for a meal. We have barbeques, games such as bingo and other board games.'



Activities, specific objectives and relevant policies (continued)

Review of activities *(continued)*

Education
We are no longer involved in formal education, however a few of our members do some voluntary work in the local schools.

Some sisters are involved in providing the following-

- instructing new members on the RCIA team
- Taking an active part in the catechesis programme in the parish.
- Leading scripture groups
- Organising and leading prayer groups during Lent and Advent.

Investment policy
The charity's investments are managed by BlackRock Investment Management Limited. There are no restrictions on the charity's power to invest.

The investment strategy is set out by the trustees and takes into account income requirements, the risk profile and the investment managers' view of the market prospects in the medium term. The overall investment policy is to maximise total returns 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 capital appreciation of the fund exceeds inflation over any five year period.

The charity's policy carries the following ethical restrictions:

1. Investment in any activity which is in conflict with the 'sanctity of life', as identified through the use of the Ethical Investment Research Services;
2. Any tobacco companies;
3. Any company with over 10% of turnover from military sales;
4. Any company producing pornography.

Investment performance
At 31 December 2018, the charity had listed investments with a market value of £12,871,903 (2017 - £13,655,504). There are no restrictions on the charity's power to invest.

The investment strategy is approved by the trustees and takes into account income requirements, the risk profile and the investment managers' view 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 capital appreciation of the fund exceeds inflation over any five year period.

Representatives of the trustees meet with the investment managers regularly to review the performance of the portfolio and the investment strategy.

Financial report for the year

A summary of the year's results can be found on page 25 of this annual report and accounts.

In the year to 31 December 2018, total income amounted to £945,197 (2017 - £1,331,726) with expenditure being £2,048,848 (2017 - £1,082,018).

The charity's income for the year ended 31 December 2018 comprises investment income, donations including sisters' salaries and pensions, and income from the sale of tangible fixed assets and from retained rights. Expenditure comprises donations and the costs of supporting members of the Congregation and their ministry.

Net expenditure before investment gains and losses for the year amounted to £1,103,651 (2017 – net income of £249,708). Investment losses were £783,601 (2017 – gains of £1,077,890) and the net expenditure and decrease in funds for the year, therefore, amounted to £1,887,252 (2017 – net income and increase in funds of £1,327,598).

The beneficiaries of our charitable works can be assured that all the income of the charity must be applied for charitable purposes in furtherance of the charity's object of furthering the Roman Catholic faith. The charity benefits from tax exemption on income from its activities and on its investment income and gains provided these are applied for its charitable aims. As a charity, it is also entitled to a reduction of 80% on business rates on the property it occupies for its charitable purposes.

The financial benefits we receive resulting from these exemptions are used for the purpose of furthering the Roman Catholic faith by enabling the sisters to live out our faith and to put that faith into practice through a wide variety of religious and other charitable works, including the management of the Congregation's hospices.

Because of the nature of the charity's activities we are unable to reclaim much of the VAT input tax on our costs as income is exempt for VAT purposes. The charity also pays tax as an employer through the national insurance contributions it makes.

The charity brings very substantial benefits to local communities and society in general through the social and pastoral work provided by the sisters mainly on a voluntary basis.

The charity also creates social assets without cost to the Exchequer through the Sisters' links with older people within the community and through the significant amount of voluntary work carried out by the sisters.

Reserves policy and financial position

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.

Reserves policy and financial position (continued)

Reserves policy *(continued)*

The trustees consider that, given the nature of the charity's work and its future commitments, the level of free reserves should remain relatively high at between 12 and 24 months' recurring expenditure on general funds. The trustees reached this conclusion after assessing their recurring commitment to: the care of members of the Congregation - many of whom as they grow older will require increased and increasingly expensive healthcare; the need to maintain the charity's freehold properties - many of which are relatively old - in a high level of maintenance and order; and to healthcare services generally. In addition, the trustees feel it prudent to have sufficient reserves at any point in time to be able to respond to unforeseen emergencies.

The trustees are of the opinion that this level of reserves provides sufficient flexibility to cover shortfalls in incoming resources, adequate working capital to cover core costs, and will allow the charity to meets its commitments to its work in healthcare 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 £22 million (2017 - £24 million).

£8 million (2017 - £9 million) is represented by tangible fixed assets used by the sisters. A decision was made to separate this fund from the general funds in recognition of the fact that the tangible fixed assets are used in the day to day work of the charity and the fund cannot therefore be easily realised if needed to meet future contingencies.

Actuarial calculations performed during the period indicate that £10.2 million (2017 - £10.4 million) is required to fund the long term care of the members of the Congregation living in England and Wales. Given the increasing age profile of the sisters and the lack of new vocations, this sum will provide modest resources to look after the sisters, many of whom will need increasing support and increasingly expensive residential and nursing care. In 2005, the Congregation's Generalate donated £3.7 million specifically for this purpose. This money has been utilised in part but the balance is held within a restricted "long term care fund" which had a market value of £3.4million (2017 - £3.6 million) at the year end.

£0.25 million (2017 - £0.25m) has been set aside for the refurbishment and furnishing of accommodation for elderly members of the Congregation.

Funds which are available to support the work of the sisters in the future are those shown on the balance sheet as general funds or 'free reserves' of £3,218,403 (2017 - £3,863,975). At 31 December 2018, the charity's free reserves exceeded those needed to conform to the above policy. The trustees are content with this position at the present time. It has arisen principally as a result of the considerable investment gains that have been generated in the past few years. The trustees are conscious of the general economic and political uncertainties that exist globally (and specifically in the UK as it moves towards Brexit) and of the impact these uncertainties may have on world stock markets and the economy more generally.

Future plans

The trustees are not anticipating any significant change to the charity or its activities over the next two to five years. Their aim is to continue to meet the following objectives:

- To continue to care for the sisters, enable them to carry out their pastoral work and ministry. The emphasis will continue to be on the poor and marginalised, with particular care for the elderly, and aim to reach out to as many people as possible.
- To continue our focus on prayer and worship as the centre of the lives of our sisters, and to the overall mission of the charity.
- To monitor the needs of the more senior members as their needs increase and they become more dependant on others for their basic care, adapt the charity's plans in respect of property needs and provide the necessary care.
- In accordance with our 4th vow (Service of the Poor) to continue to care for the poor and marginalised, with particular care of the elderly and housebound. To reach out to those people who we consider to be most in need.
- Continue to work with other charities and organisations who have a similar mission which is to serve the needy.

Governance, structure and management

Governance

In terms of Canon law, the Congregation is governed at an international level by the Superior General and her General Leadership Team at our Generalate in Dublin, Ireland. They are elected every six years at a General Chapter, by delegates from each of the Provinces and Regions. The English/Scottish Province is governed by the Provincial and her Council. The Provincial and her Council are appointed by the General Leadership Team, after consultation with the members of the English/Scottish Province. Members of the Provincial Council are chosen for their personal qualities, their understanding and experience of the ministries of the sisters throughout the Province, and to secure a good skills mix among them. Each community in the Province has a local leader, who is appointed by the Provincial. The Provincial is required to visit each community at least once a year. The Superior General or one of her team will visit the communities at least once every six years.

Governance, structure and management (continued)

Governance *(continued)*

In terms of Civil law the charity is governed by a trust deed dated 17 December 1962 and is a registered charity – Charity Registration No 231323 (England and Wales) and Charity Registration No SC039185 (Scotland). The trustees of the Province are the Provincial and four members of the Provincial Council. Being members of the Congregation, the trustees' living and personal expenses are paid by the charity, but they do not receive any remuneration for their services as trustees. As all trustees are members of the Congregation they have a detailed knowledge of the works of the charity and its structure. On being appointed, the new trustees spend one full day with the Superior General. They also meet with the Congregation's legal, accounting, investment and property advisers during the course of a day to obtain a full briefing of their responsibilities and the charity's position.

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

Sister Rita Dawson MBE - Provincial



Sister Rita, RSC DL PGD/Palliative Care BSc (Hons) MSc RGN RSCN, was appointed as Provincial Leader for the English/Scottish Province of the Congregation in September 2014. She is the Chief Executive of St Margaret of Scotland Hospice, Clydebank, with responsibility for the day-to-day administration, organisation and management of the Hospice. Sister Rita has been in charge of the Hospice for a number of years and during this time much building and refurbishing has taken place so that the Congregation now has a very up to date facility available to those in need.

Sister Mary Byrne



Sister Mary joined the Sisters of Charity in 1971. In the course of the years that she has been in the Congregation she has had many different jobs. She came to England and studied at Digby Stuart College and on leaving there taught for several years in Witney and Carterton in Oxfordshire and Bristol Primary schools. Later she received an MA in Peace Studies from Bradford University. For more than a decade she has worked with women in prostitution and in prison ministry. She worked at the RC chaplain at HMP Hewell until September 2013, and then moved to Airdrie, Lanarkshire where she was leader of the local community. Sister Mary moved to Leeds in 2016 to work as a prison Chaplain in the local prison for two years.

Governance, structure and management (continued)

Governance *(continued)*

Sister Mary Christian



Sister Mary entered the Religious Sisters of Charity in July 1964. She graduated from University College Dublin (U.C.D.) in 1975 and completed her teacher training in 1976, also at U.C.D. Sister Mary was then missioned to the California/Venezuela Region where she taught for four years before being transferred to a new mission in Venezuela. She returned to California in 1988 and worked in pastoral ministry until she was elected to the General Leadership Team in 1995. On completion of her six year term of office Sister Mary was appointed as the Regional Leader to California/Venezuela on 2002, a post which she held until her election as Superior General on 29 July 2007, a post which she still holds.

Sister Frances Rankin



Born in Dublin, Sister Frances entered the Religious Sisters of Charity in 1958. Following her profession she worked in housekeeping and parish ministry. In 1970 she trained as a Residential Child Care Worker and spent many years in this role. Frances then spent eleven years in St Joseph's Hospice Hackney, as assistant local leader. She now lives in Clydebank and assists in the general management of the Hospice.

Sister Pauline Smith



Sister Pauline joined the Religious Sisters of Charity in February 1961. Having come from Cheshire to Dublin, this was a cross cultural experience and has continued during the past 50 years. Her journey has taken her to Bristol, Birmingham, Liverpool Rock Ferry, Clydebank in Scotland, Macclesfield and Birkenhead where she lives in a community of three sisters and is working in Pastoral Ministry. In Birkenhead, as a Pastoral Assistant, she is part of a parish team in a very vulnerable area of profound need, welcoming all people into the faith community. This involves work with young families, helping individuals with severe illness and disabilities, assisting in Sacramental preparation of children and parents in the primary school, counselling of the bereaved and vulnerable, helping with parish groups and cooperating with other organisations in the wider community.

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 picture of the state of affairs of the charity at the end of the year, and of the income and expenditure for that period. In preparing the accounts giving a true and fair view, the trustees are required to:

Governance, structure and management (continued)

Statement of trustees' responsibilities *(continued)*

- select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations in England and Wales, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2005 and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet monthly to review developments with regard to the charity, its members and its activities and make any important decisions. When necessary, the trustees seek advice and support from our professional advisors including property consultants, investment managers, accountants and solicitors. The day to day management of the charity's activities, and the implementation of policies, is delegated to the appropriate members of the Congregation.

We have 36 Sisters at present in the English/Scottish Province living in eight different areas. Three of these community houses are in London, one in Birmingham and two in Birkenhead. We have communities attached to two Hospices in Scotland, at St Margaret of Scotland Hospice, Clydebank, Dunbartonshire, and St Andrew's Hospice, Airdrie, Lanarkshire. During the year we also had one Sister living in rented accommodation in Leeds while working as prison Chaplain. The communities are located in the poorer areas of the cities and towns, in order to enable the sisters to provide help for the poor and marginalised. In general these areas are socially deprived with people needing pastoral care and support, which is given voluntarily by the sisters. The local leader in each Community is responsible for both the needs and the care of the sisters in her community and she liaises regularly with the Provincial. All local leaders meet together twice a year with the trustees to discuss developments and future plans.

Governance, structure and management (continued)

Key management personnel

The trustees consider that they together with the Provincial Bursar comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees and the Provincial Bursar 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 work as key management.

Working with other organisations

The charity works closely with a number of other charities and public bodies in the field of providing physical, psychological, social, and pastoral care to a variety of people including children, the elderly and the vulnerable. A few of our sisters are employed by these organisations, but in most instances the work is carried out on a voluntary basis. In all cases, working together with other charities and public bodies enhances communication and understanding thus enabling services to these people to be provided more efficiently and avoiding duplication of effort.

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

- Roman Catholic Diocese of Westminster, Shrewsbury, Brentwood, Birmingham, Liverpool, Leeds, Motherwell and Glasgow.
- Monklands Hospital, Airdrie
- HMP Leeds
- Emmaus Centre, Acton
- Wirral Irish Club, Birkenhead
- Family Circle Luncheon Club, Birkenhead
- Jesuit Refugee Services, Wapping, London- St Vincent de Paul, Birkenhead
- UNANIMA International
- Medaille Trust, TRAC, Restore

Governance, structure and management (continued)

Risk management

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

The trustees have identified five main areas where risks may occur: governance and management; operational; financial; reputational; and regulatory.

Governance and management looks at the risk of the Congregation, and hence the charity, suffering from a lack of direction, at the skills and training of its members and staff, and the good use of its resources.

Operational looks at the risks inherent in the charity's activities including the care of the older and frail sisters, the members of the congregation engaging in inappropriate activities, the unsuitability of buildings, poor maintenance, shortcomings in the services provided, difficulties with staff, poor health and safety, lack of a disaster recovery plan, etc.

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

Reputational looks at possible damage to the Congregation's, and hence the charity's, reputation.

Regulatory looks at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Governance, structure and management (continued)

Risk management *(continued)*

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- An analysis of the age profile of the members of the Congregation shows that the average age in the Province at 31 December 2018 was 79 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

- Operationally the charity works with children and vulnerable adults including older people. The trustees recognise the absolute necessity of ensuring the protection and safety of all those that the charity serves. This means that sisters engaged in any ministry in Great Britain and all those who work or volunteer for the charity and work with children or vulnerable adults must obtain clearance from the Disclosure and Barring Service (DBS). The trustees are committed fully to implementing the policies of the Catholic Safeguarding Advisory Service (CSAS). One of the sisters is responsible for ensuring this policy is adhered to in respect to all sisters, employees and volunteers. In addition, the trustees have established a Safeguarding Team of four sisters which meets several times a year to take part in on-going safeguarding training; to update internal policies; and to ensure that sisters, staff and volunteers are kept informed about good practice in work and ministry.

- The charity donates significant sums in support of the wider Congregation and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

- The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet twice a year with the investment managers and the managers' performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs – both now and in the future.

Governance, structure and management (continued)

Raising funds

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 does not actively engage in 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 the year, the charity received no complaints about its fundraising activities.

To members of the Province, staff and volunteers

The trustees wish to record their thanks for the professionalism and commitment of all their staff, volunteers and the individual sisters in this Province. Their dedication and continued service are very much appreciated.

Signed on behalf of the trustees:

Sister Rita Dawson MBE

Trustee

Approved by the trustees on **2 September 2019**

Independent auditor's report to the trustees of The Religious Sisters of Charity Charitable Trust

Opinion

We have audited the accounts of The Religious Sisters of Charity Charitable Trust (the 'charity') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the 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 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 and in accordance with section 44 (I)(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.

12 September 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 December 2018

	Notes	**Un-restricted funds £**	**Restricted funds £**	**2018 Total funds £**	Un-restricted funds £	Restricted funds £	2017 Total funds £
Income from:							
Donations and legacies	1	**531,715**	**—**	**531,715**	414,917	—	414,917
Investment income and interest receivable	2	**302,797**	**109,540**	**412,337**	294,777	114,387	409,164
Other sources							
. Surplus on disposal of tangible fixed assets		**100**	**—**	**100**	2,000	—	2,000
. Proceeds from the sale of land and buildings subject to a retained rights clause in favour of the charity		**—**	**—**	**—**	500,000	—	500,000
. Exchange rate gain		**105**	**—**	**105**	—	—	—
. Miscellaneous income		**940**	**—**	**940**	5,645	—	5,645
Total income		**835,657**	**109,540**	**945,197**	1,217,339	114,387	1,331,726
Expenditure on:							
Charitable activities							
. Charitable grants and donations	3	**32,500**	**—**	**32,500**	35,553	—	35,553
. Support of members of the Congregation and their ministry	4	**1,906,808**	**109,540**	**2,016,348**	932,078	114,387	1,046,465
Total expenditure		**1,939,308**	**109,540**	**2,048,848**	967,631	114,387	1,082,018
Net (expenditure) income before gains on investments	6	**(1,103,651)**	**—**	**(1,103,651)**	249,708	—	249,708
Net (losses) gains on investments	12	**(574,954)**	**(208,647)**	**(783,601)**	775,678	302,212	1,077,890
Net (expenditure) income		**(1,678,605)**	**(208,647)**	**(1,887,252)**	1,025,386	302,212	1,327,598
Transfers between funds	15	**—**	**—**	**—**	606,860	(606,860)	—
Net movement in funds		**(1,678,605)**	**(208,647)**	**(1,887,252)**	1,632,246	(304,648)	1,327,598
Reconciliation of funds:							
Total funds brought forward at 1 January 2018		**20,349,406**	**3,635,682**	**23,985,088**	18,717,160	3,940,330	22,657,490
Total funds carried forward at 31 December 2018		**18,670,801**	**3,427,035**	**22,097,836**	20,349,406	3,635,682	23,985,088

All activities of the charity derived from continuing operations during the above two financial years.

All recognised gains and losses are included in the statement of financial activities.

Balance sheet 31 December 2018

	Notes	**2018** **£**	**2018** **£**	2017 £	2017 £
Fixed assets					
Tangible assets	10		**8,012,636**		9,045,669
Programme related investments	11		**389,762**		389,762
Investments	12		**12,871,903**		13,655,504
			21,274,301		23,090,935
Current assets					
Debtors	13	**8,166**		4,037	
Cash at bank and in hand		**906,229**		986,059	
		914,395		990,096	
Liabilities					
Creditors: amounts falling due within one year	14	**(90,860)**		(95,943)	
Net current assets			**823,535**		894,153
Total net assets			**22,097,836**		23,985,088
Represented by:					
The funds of the charity					
Restricted funds	15		**3,427,035**		3,635,682
Unrestricted funds					
. General funds			**3,218,403**		3,863,975
. Tangible fixed assets fund	16		**8,012,636**		9,045,669
. Programme related investment fund	17		**389,762**		389,762
. Designated funds	18		**7,050,000**		7,050,000
Total funds			**22,097,836**		23,985,088

Approved by the trustees and signed on their behalf by:

Sister Rita Dawson MBE

Trustee

Approved by the trustees on **2 September 2019**

Statement of cash flows Year to 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	**(492,267)**	(145,049)
Cash flows from investing activities:			
Investment income and interest received		**412,337**	409,164
Proceeds from the disposal of tangible fixed assets		**100**	2,000
Purchase of tangible fixed assets		**—**	(13,250)
Proceeds from the disposal of investments		**—**	400,000
Net cash provided by investing activities		**412,437**	797,914
Change in cash and cash equivalents in the year		**(79,830)**	652,865
Cash and cash equivalents at 1 January 2018	B	**986,059**	333,194
Cash and cash equivalents at 31 December 2018	B	**906,229**	986,059

Notes to the cash flow statement for the year to 31 December 2018

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

	2018 £	2017 £
Net movement in funds (as per the statement of financial activities)	**(997,572)**	1,327,598
Adjustments for:		
Depreciation charge	**143,353**	81,984
Losses (gains) on investments	**783,601**	(1,077,890)
Investment income and interest receivable	**(412,337)**	(409,164)
Surplus on disposal of tangible fixed assets	**(100)**	(2,000)
Increase in debtors	**(4,129)**	(2,751)
Decrease in creditors	**(5,083)**	(62,826)
Net cash provided by (used in) operating activities	**(492,267)**	(145,049)

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	**906,229**	986,059

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

Basis of preparation

These accounts have been prepared for the year to 31 December 2018 with comparative information provided for 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 and the Charities and Trustee Investment (Scotland) Act 2005 and applicable Charities Accounts (Scotland) Regulations.

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

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

Critical accounting estimates and areas of judgement

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

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

- estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- estimating the probability of the receipt of legacies; and
- determining amounts to be designated and, in particular, estimating the size of the Sisters' retirement fund, created in order to provide for the continuing care of the members of the Congregation.

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.

The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2018, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management section of the trustees' report for more information).

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, legacies, investment income, interest receivable, the surplus on disposal of tangible fixed assets and miscellaneous income.

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

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

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

Income recognition (continued)
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.

A surplus on the disposal of tangible fixed assets is defined as the difference between the sale proceeds and the net book value of the asset at the time of disposal and after deducting any costs associated with the disposal. The surplus is recognised at the time when legal completion of the sale takes place.

Income arising from the disposal of interests in land and buildings, including the sale of land subject to a retained rights clause in favour of the charity, are accounted for in accordance with the legal agreements relating to such disposals. The amounts receivable are measured at fair value and accounted for when the amounts due are capable of such measurement and when receipt is probable. In reality, this is on the legal completion of the sale of the relevant land and buildings.

Miscellaneous 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.

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 charitable grants and donations, costs in respect to the support of members of the Congregation and enabling their ministry including governance costs.

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 and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

Expenditure recognition (continued)
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.

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.

All expenditure on support and governance is attributed directly to the charitable activities of supporting members of the Congregation and enabling their ministry and hence there has been no apportionment between headings.

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

- Freehold land and buildings
  Land and buildings are included on the balance sheet at 1999 valuations (which were determined by the trustees with professional assistance on the basis of replacement cost for existing use) with additions since those dates included at cost. As permitted under the transitional arrangements for FRS 102, the charity has elected to treat the 1999 valuations as deemed cost.

  Land and buildings comprise:

  - Non-specialised land and buildings are those designed as, and used wholly or mainly for, private residential accommodation. Such land and buildings 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 comprise the Congregation's large residential convents and the care home for the elderly sisters. Depreciation is provided at 2% 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)

- Furniture and equipment
  Expenditure on the purchase and replacement of furniture and equipment is capitalised and depreciated on a straight line basis over the following periods on order to write off each asset over its estimated useful economic life.

◊ Computer equipment	4 years
◊ Furniture	5 years
◊ Plant and similar assets	15 years

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

Programme related investments
Programme related investments relate to a freehold property used by another charitable organisation for purposes consistent with the charity's objectives. The property is included at deemed cost.

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.

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

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

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

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

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

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.

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

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

Services provided by members of the Congregation

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

Pension contributions

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 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 Income from: donations and legacies

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	392,275	—	**392,275**
Donations	7,665	—	**7,665**
Legacies	131,775	—	**131,775**
2018 Total funds	531,715	—	**531,715**

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	*409,162*	*—*	*409,162*
Donations	*5,564*	*—*	*5,564*
Legacies	*191*	*—*	*191*
2017 Total funds	*414,917*	*—*	*414,917*

2 Income from: investment income and interest receivable

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
Income from listed investments			
. UK common investments funds	302,797	109,540	**412,337**
2018 Total funds	302,797	109,540	**412,337**

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
Income from listed investments			
. UK common investments funds	*294,777*	*114,387*	*409,164*
2017 Total funds	*294,777*	*114,387*	*409,164*

3 Expenditure on: Charitable activities – Charitable grants and donations

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
General donations	7,500	—	**7,500**
Contributions to the Congregation's Generalate	25,000	—	**25,000**
2018 Total funds	32,500	—	**32,500**

3 Expenditure on: Charitable activities – Charitable grants and donations (continued)

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
General donations	*10,553*	*—*	*10,553*
Contributions to the Congregation's Generalate	*25,000*	*—*	*25,000*
2017 Total funds	*35,553*	*—*	*35,553*

4 Expenditure on: Charitable activities – Support of members of the Congregation and their ministry

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
Premises	269,982	—	**269,982**
Property impairment	889,680	—	**889,680**
Staff costs	370,087	109,540	**479,627**
Sisters' personal expenses	294,850	—	**294,850**
Education, training and spiritual renewal	6,456	—	**6,456**
Miscellaneous expenses	9,260	—	**9,260**
Governance (note 5)	66,493	—	**66,493**
2018 Total funds	1,906,808	109,540	**2,016,348**

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
Premises	*263,477*	*—*	*263,477*
Staff costs	*376,557*	*114,387*	*490,944*
Sisters' personal expenses	*236,421*	*—*	*236,421*
Education, training and spiritual renewal	*5,456*	*—*	*5,456*
Miscellaneous expenses	*14,936*	*—*	*14,936*
Governance (note 5)	*35,231*	*—*	*35,231*
2017 Total funds	*932,078*	*114,387*	*1,046,465*

5 Governance costs

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
Audit fees	30,660	—	**30,660**
Legal fees	22,574	—	**22,574**
Other governance expenses	13,259	—	**13,259**
	66,493	—	**66,493**

5 Governance costs (continued)

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
Audit fees	*17,160*	*—*	*17,160*
Legal fees	*12,323*	*—*	*12,323*
Other governance expenses	*5,748*	*—*	*5,748*
	35,231	*—*	*35,231*

6 Net income (expenditure) before gains on investments

This is stated after charging:

	Unrestricted funds £	Restricted funds £	**2018 Total funds £**
Staff costs (note 7)	370,087	109,540	**479,627**
Auditor's remuneration			
. Statutory audit services			
.. Current year	16,200	—	**16,200**
. Other services: Advisory	1,470	—	**1,470**
Depreciation	143,353	—	**143,353**

	Unrestricted funds £	*Restricted funds £*	*2017 Total funds £*
Staff costs (note 7)	*376,557*	*114,387*	*490,944*
Auditor's remuneration			
. Statutory audit services			
.. Current year	*15,600*	*—*	*15,600*
. Other services: Advisory	*1,560*	*—*	*1,560*
Depreciation	*81,984*	*—*	*81,984*

7 Staff costs and remuneration of key management personnel

	2018 Total funds £	2017 Total funds £
Staff costs during the year were as follows:		
Wages and salaries	**443,500**	449,430
Social security costs	**34,665**	35,768
Other pension costs	**10,462**	5,746
	479,627	490,944
Staff costs per function were as follows:		
Support of members of the Congregation and their ministry	**479,627**	490,944

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

No employee earned £60,000 per annum or more (including taxable benefits) during the year ended 31 December 2018 (2017 - none).

The average number of employees, analysed by function, was as follows:

	2018 No.	2017 No.
Support of members of the Congregation and their ministry	**20**	20

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 Provincial Bursar. The total remuneration (including taxable benefit but excluding employer's pension contributions) of the key management personnel for the year was £nil (2017 - £nil).

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 (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 £117,667 (2017 - £137,094).

9 Taxation

The Religious Sisters of Charity 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.

10 Tangible fixed assets

	Freehold Non specialised £	Long leasehold Specialised £	Computers, furniture and equipment £	Motor vehicles £	**Total £**
Cost or valuation					
At 1 January 2018	3,884,188	5,757,757	740,623	151,178	**10,533,746**
Additions	—	—	—	—	**—**
Disposals	—	—	—	(20,635)	**(20,635)**
At 31 December 2018	3,884,188	5,757,757	740,623	130,543	**10,513,111**
At cost	2,498,851	5,757,757	740,623	130,543	**9,127,774**
Deemed cost (1999 valuation)	1,385,337	—	—	—	**1,385,337**
	3,884,188	5,757,757	740,623	130,543	**10,513,111**
Depreciation					
At 1 January 2018	—	777,054	577,826	133,197	**1,488,077**
Charge for the year	—	115,155	20,386	7,812	**143,353**
On disposals	—	—	—	(20,635)	**(20,635)**
Impairment charge	889,680	—	—	—	**889,680**
At 31 December 2018	889,680	892,209	598,212	120,374	**2,500,475**
Net book values					
At 31 December 2018	2,994,508	4,865,548	142,411	10,169	**8,012,636**
At 31 December 2017	3,884,188	4,980,703	162,797	17,981	**9,045,669**

As permitted under Financial Reporting Standard 102 (FRS 102) the charity has continued to adopt a policy of not revaluing its tangible fixed assets. The book value of freehold land and buildings is based on a 1999 valuation net of depreciation, where appropriate, with additions since that date at cost and after adjusting for any impairment losses. As permitted under the transitional arrangements for FRS 102, the charity has elected to treat this valuation as deemed cost. Other tangible fixed assets are stated at cost.

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

The historical cost of the freehold land and buildings included above at valuation cannot be ascertained with accuracy without incurring significant research time and costs which in the opinion of the trustees are not justified.

11 Programme related investments

	2018 £	2017 £
Programme related investment properties		
At 1 January 2018	**389,762**	—
Movements in year	**—**	389,762
At 31 December 2018	**389,762**	389,762

The charity owns a freehold property at 42 Church Hill Road, Walthamstow, London, E17 9RX. On 30 October 2017 the property was made available to The Medaille Trust Limited (Charity Registration Number 1117830), a charity established to help the victims of human trafficking in the UK, for a ten year lease period at a peppercorn rent.

12 Investments

	Total 2018 £	Total 2017 £
Listed investments		
Market value at 1 January 2018	**13,655,504**	12,977,614
Disposals at book value*	**—**	(379,462)
Net unrealised investment gains	**(783,601)**	1,057,352
Market value at 31 December 2018	**12,871,903**	13,655,504
Cost of listed investments at 31 December 2018	**8,583,110**	8,583,110

*Disposals at book value for 2017 include proceeds of £400,000 and gains of £20,538.

Net investment losses of £574,954 (2017 – gains of £775,678) are attributable to unrestricted funds and net investment losses of £208,647 (2017 – gains of £302,212) are attributable to restricted funds.

Listed investments held at 31 December 2018 comprised the following:

	2018 £	2017 £
UK common investment funds	**12,871,903**	13,655,504

At 31 December 2018, the charity owned the following investments which represented a material holding relative to the market value of the total listed investments portfolio held at that date:

	2018		2017	
Holding	**Market value of holding £**	**Percentage of portfolio %**	Market value of holding £	Percentage of portfolio %
Charifaith Distribution Units	**12,865,563**	**99.95%**	13,648,854	99.95%

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

13 Debtors

	2018 £	2017 £
Prepayments	**2,433**	4,037
Accrued income	**5,733**	—
Total	**8,166**	4,037

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Investment management fees payable (see below)	**—**	7,467
Amounts due to the Generalate of the Religious Sisters of Charity	**25,000**	25,000
Accruals	**65,860**	63,476
	90,860	95,943

The charity pays fees to its investment manager through the common investment funds it invests in. At the end of each year, the charity receives a rebate on these fees being the difference between the fees charged through the common investment fund and the rate contractually agreed.

During the year ended 31 December 2014 it came to light that the fees payable to the charity's investment manager had been calculated incorrectly since August 2013 and that the fees rebated had been excessive. Consequently, the charity has agreed to pay the amount that should have been invoiced to it but to do so over each of the years 2015 to 2018 inclusive. As at 31 December 2018, the fees have been repaid in full.

15 Restricted funds

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

	At 1 January 2018 £	Income £	Expenditure £	Losses £	Transfers £	**At 31 December 2018 £**
Long term care fund	3,635,682	109,540	(109,540)	(208,647)	—	**3,427,035**

	At 1 January 2017 £	*Income £*	*Expenditure £*	*Gains £*	*Transfers £*	*At 31 December 2017 £*
Long term care fund	*3,940,330*	*114,387*	*(114,387)*	*302,212*	*(606,860)*	*3,635,682*

The long term care fund is to be used for the sisters' long term care. This sum will provide modest resources to look after the sisters, many of whom will need increasing support and increasingly expensive residential and nursing care.

16 Tangible fixed assets fund

	2018 £	2017 £
At 1 January 2018	**9,045,669**	9,504,165
Net movement in year	**(143,353)**	(458,496)
Impairment of property	**(889,680)**	—
At 31 December 2018	**8,012,636**	9,045,669

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. A decision was made to separate this fund from the general fund and other designated funds of the charity in recognition of the fact that the tangible fixed assets are essential to the day-to-day work of the charity and as such their value should not be regarded as funds that would be realisable with ease, in order to meet future contingencies.

17 Programme related investment fund

	2018 £	2017 £
At 1 January 2018	**389,762**	—
Net movement in year	**—**	389,762
At 31 December 2018	**389,762**	389,762

The programme related investments fund represents the book value of the property assets classified as programme related investments i.e. the property owned by the charity but occupied by the Medaille Trust at a peppercorn rent for purposes consistent with the charitable objectives of the charity.

18 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:

	At 1 January 2018 £	New designation £	**At 31 December 2018 £**
Sisters' retirement fund	6,800,000	—	**6,800,000**
Repairs and maintenance fund	250,000	—	**250,000**
	7,050,000	—	**7,050,000**

	At 1 January 2017 £	*New designation £*	*At 31 December 2017 £*
Sisters' retirement fund	*6,600,000*	*200,000*	*6,800,000*
Repairs and maintenance fund	*250,000*	*—*	*250,000*
	6,850,000	*200,000*	*7,050,000*

18 Designated funds (continued)

- Sisters' retirement fund
  Actuarial calculations performed during the year indicate that £10.2 million (2017 - £10.4 million) is required to fund the long term care of the members of the Congregation living in England and Wales.

  Part of the fund is represented by an investment portfolio which had a value of £3.4 million at 31 December 2018 (2017 - £3.6 million) and is part of the charity's restricted funds (note 14).

  The designated fund comprises the balance of £6.8 million (2017 - £6.8 million) set aside by the trustees in order to provide fully for the Sisters in their retirement. The fund will be utilised over the expected lives of the Sisters.

- Repairs and maintenance fund
  £250,000 has been set aside for the refurbishment and furnishing of accommodation for elderly members of the Congregation. It is anticipated that this fund will be utilised over the next four years.

19 Analysis of net assets between funds

	General funds £	Tangible fixed asset funds £	Programme related investment fund £	Designated funds £	Restricted funds £	**Total 2018 £**
Fund balances at 31 December 2018 are represented by:						
Tangible fixed assets	—	8,012,636	—	—	—	**8,012,636**
Programme related investments	—	—	389,762	—	—	**389,762**
Investments	2,394,868	—	—	7,050,000	3,427,035	**12,871,903**
Net current assets	823,539	—	—	—	—	**823,539**
Total net assets	3,218,403	8,012,636	389,762	7,050,000	3,427,035	**22,097,836**

	General funds £	*Tangible fixed asset funds £*	*Programme related investment fund £*	*Designated funds £*	*Restricted funds £*	*Total 2017 £*
Fund balances at 31 December 2017 are represented by:						
Tangible fixed assets	—	*9,045,669*	—	—	—	*9,045,669*
Programme related investments	—	—	*389,762*	—	—	*389,762*
Investments	*2,969,822*	—	—	*7,050,000*	*3,635,682*	*13,655,504*
Net current assets	*894,153*	—	—	—	—	*894,153*
Total net assets	*3,863,975*	*9,046,669*	*389,762*	*7,050,000*	*3,635,682*	*23,985,088*

19 Analysis of net assets between funds (continued)

The total unrealised gains (losses) as at 31 December 2018 constitutes movements on revaluation and are as follows:

	2018 **£**	2017 £
Unrealised gains included above:		
On investments	**4,288,793**	5,072,394
Total unrealised gains at 31 December 2018	**4,288,793**	5,072,394
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2018	**5,072,394**	4,143,537
Add: net gains arising on revaluation in the year	**—**	1,057,352
Less: losses on revaluation in the year	**(783,601)**	(128,495)
Total unrealised gains at 31 December 2018	**4,288,793**	5,072,394

20 Post balance sheet events

Since the year end the charity has sold a freehold property in Birmingham included in these accounts at £414,548. The completion date for the property was 17 January 2019 and the sale proceeds before expenses were £325,000.

21 Connected charities

The Religious Sisters of Charity Charitable Trust (the charity) is connected to two charities in Scotland by virtue of the fact that the trustees of the charity are also trustees of the Scottish charities. Details of the Scottish charities are as follows:

- St Margaret of Scotland Hospice, Clydebank - Scottish Charity No. SC005623
- St Andrew's Hospice Appeal - Scottish Charity No. SC010159

Sister Rita Dawson is the Chief Executive of St Margaret of Scotland Hospice, Clydebank and a trustee of The Religious Sisters of Charity Charitable Trust. During the year, St Margaret of Scotland Hospice, Clydebank made a payment of £79,200 (2017 - £83,730) to The Religious Sisters of Charity Charitable Trust in respect to the services of Sister Rita.

The charity is also connected to St Joseph's Hospice, Hackney (Charity Registration Number 1113125 and Company Registration Number 05513914 (England and Wales) by virtue of the fact that certain of the trustees of the charity are also members of the trustee board of St Joseph's Hospice, Hackney. At 31 December 2018, the charity owed St Joseph's Hospice, Hackney £35,170 (2017 - £37,916). £450,751 (2017 - £471,369) was payable by the charity to St Joseph's Hospice during the year to 31 December 2018 in respect to staff and utility costs.

There were no other transactions between the charity and its connected charities during the year (2017 – none).

22 Ultimate control

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