

Charity No. 237760

DAUGHTERS OF DIVINE CHARITY

**CONVENT OF THE SACRED HEART
SWAFFHAM**

**TRUSTEES' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
YEAR-ENDED
31ST DECEMBER 2018**

CHARITY COMMISSION
FIRST CONTACT

30 OCT 2019

ACCOUNTS
RECEIVED

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

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DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

Trustees	Maria Cirko (Sr M Jacinta) Annie Maguire (Sr M Catherine) Kathleen Muriel Prentice (Sr M Thomas More) Diana Judith Ridler (Sr M Francis)
Head Office	Convent of the Sacred Heart 17 Mangate Street Swaffham Norfolk PE37 7QN
Provincial Superior	Kathleen Muriel Prentice (Sr M Thomas More) (to 8 Sept 2019) Danuta Wloczka (from Sept 2019)
Governors of the School	Mr S Fowler (Chairman) Mr T Bedingfeld Mr E Doran Mr E Howard Mrs M Mansfield Mr R Payne Fr G Williams Mr M Wright
Bursar	Mr E J Howard
Head Teacher	Sr M Francis F.D.C.
Charity Registration Number	237760
Auditors	Price Bailey LLP Anglia House, 6 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich NR7 0HR
Solicitors	Ward Gethin 8-12 Tuesday Market Place King's Lynn Norfolk PE30 1JT
Principal Bankers	Barclays Bank PLC 69 Market Place Swaffham Norfolk PE37 7AH

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees present their annual report for the year ended 31 December 2018 under the Charities Act 2011 together with the audited consolidated financial statements of the Charity for the year and confirm that the latter comply with the requirements of the Act, the Trust Deed and the Statement of Recommended Practice - Accounting and Reporting by Charities 2015.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Daughters of Divine Charity is an international religious congregation divided into twelve separate Provinces. The English Province is administered by the Provincial Superior together with a Council consisting of three councillors. The Council is elected by the members of the Province for a term of four years.

Included within The Daughters of Divine Charity are two separate charities: Daughters of Divine Charity, Swaffham, at the Convent of Sacred Heart (referred to in this document as "the Charity"), and Daughters of Divine Charity, Chesterfield, at St Joseph's Convent. Together these charities constitute the English Province. Given the common control exercised by the trustees over both charities, these financial statements consolidate both entities, and together they are referred to as the "group".

The financial statements accompanying this report are the financial statements of the group on which the assets of the Daughters of Divine Charity Swaffham, and of Daughters of Divine Charity Chesterfield, being part of the English Province, are held. The Convent of the Sacred Heart, Swaffham is governed by a Trust Deed dated 20th August 1964 and is registered with the Charity Commission, Charity Registration No. 237760. St Joseph's Convent Chesterfield is governed by a Trust Deed dated 6th July 1965 and is registered with the Charity Commission, Charity Registration No. 527184.

Trustees	Maria Cirko (Sr M Jacinta)	
	Annie Maguire (Sr M Catherine)	
	Kathleen Muriel Prentice (Sr M Thomas More)	
	Diana Judith Ridler (Sr M Francis)	
Key Executives	The Provincial Superior	Sr M Thomas More F.D.C.
	Chair of Governors	Simon Fowler
	The Head Teacher	Sr M Francis F.D.C.
	The Bursar	Edwin J Howard

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing Body

The Charity has four Trustees. The Provincial Superior and three members constitute the Provincial Council. The power of appointing new Trustees rests with the Provincial Superior. As per the Trust Deeds, trustees must be Sisters of the Order. All new trustees must be Sisters before becoming trustees.

Organisational Management

The Provincial Council headed by the Provincial Superior determines the general policy of the group and reviews its overall management and control for which they are legally responsible. The Provincial Council have appointed a Board of Governors to assist them in the management of the school. The Chair of the Governors is Mr S Fowler, a retired solicitor and the Board consists of professionals and former parents.

The day to day management of the School is delegated to the Head Teacher.
The day to day management of the Nursery is delegated to the Nursery Manager.

Key management and remuneration policies

Key management consist of the Provincial Superior, the Chair of Governors, The Head Teacher, the Bursar and the nursery manager. The Head Teacher, being a sister, receives no remuneration. All other teachers are paid in accordance with the school salary scale. Other staff are paid based on market rate. The Sisters do not receive any remuneration for their work at the charity. The bursar's fees are agreed by the Sister Provincial.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

OBJECTIVES AND ACTIVITIES

Both charities' Trust Deeds state that the Trust's principal objectives are the advancement of and support for the charitable work being carried on by the Congregation (defined as the Sisters of the convent), the advancement of religious education or such charitable work as the Trustees think fit in support of the Roman Catholic Religion, with the approval of the Provincial Superior.

Policy

In fulfilment of the objectives of the Trust it is the policy of the group to undertake a range of charitable activities. There have been no material changes in policy during the last year. The principal areas in which the group is involved are set out below:

1. Education

The Convent of Sacred Heart Swaffham owns the Freehold Land and Buildings which comprise the Sacred Heart School which it operates as an independent fee paying school. The School seeks to attain a high level of academic achievement in addition to providing a broad programme of extra curricular activities.

St Joseph's Convent Chestfield owns the Freehold Land and Buildings which comprise the St Joseph's Little Scholars Nursery School which it operates as an independent fee paying nursery.

Members of the Congregation work in the School as unpaid teachers and welfare assistants. The English Province relies heavily on Members from Overseas Provinces (e.g. Poland) visiting to carry out these functions.

2. Social and Pastoral Care

The Convent of Sacred Heart Swaffham also owns the Freehold Land and Buildings which comprise St Teresa's Convent, Hunstanton.

Members of the Congregation undertake work within the community and local parish, providing family support and giving religious and material support to those in need.

3. Missions

The English Province supports the establishment and running of overseas missions by the Congregation.

The objective, the advancement of the Roman Catholic Religion, permeates all the work of the members of the Congregation.

Public Benefit Statement

The trustees have had due regard to the Charity Commission guidance on public benefit. They confirm that the activities of the group are in line with this guidance. The trustees feel that they have provided benefit to the public by the following activities:

- In order to attract pupils to the school, bursaries are given to help fund their schooling. Bursaries are paid for out of reserves.
- The school also allows other associations and societies to use the school premises for a nominal fee.

Fundraising

The charity understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate, but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns and received no fundraising complaints during the year.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENTS AND PERFORMANCE

The group measures success through the number of pupils attending the school and the nursery, and the pupils achievements at exams (where relevant). The school has no selection process when taking on new pupils, and aims to achieve good exam results despite this.

During the year the Congregation was active in the area detailed. A summary of major developments follows:

1. Education

The school enjoyed another successful year with excellent GCSE results. Success is measured by reference to exam results. Excellent results were received in 2018, and this is particularly relevant given that pupils are taken on a non-selective basis.

Average pupil numbers is also a key performance indicator, and the average number of pupils during the year was:

	2018	2017
Senior School	62	54
Junior School	74	82
Nursery	52	53
Total Pupils	<u>188</u>	<u>189</u>

2. Social and Pastoral Care

Support was provided to families, with religious and material support given to those in need.

3. Missions

A jumble sale took place once a month in the Church Hall, to raise funds for the Congregation and the overseas missions.

FINANCIAL REVIEW

Total consolidated income for the year was £1,254,899 (2017: £1,119,956), all of which was unrestricted. The consolidated results for the year show net expenditure of £259,947 compared to net expenditure of £302,194 in the previous year.

Daughters of Divine Swaffham, which is the main charity and runs the school, had income in the year of £1,217,823 (2017: £984,394), expenditure of £1,277,964 (2017: £1,216,139), and net expenditure of £60,141 (2017: £231,745) (see note 2).

Daughters of Divine Chesterfield, which runs the nursery, had income in the year of £224,076 (2017: £205,562), expenditure of £423,882 (2017: £276,011), and net expenditure of £199,806 (2017: £70,449) (see note 10).

The Congregation purchased fixed assets in the year totalling £3,400 (2017: £Nil).

Going Concern

The Trustees have considered the ability of Daughters of Divine Charity to continue as a going concern and it has healthy reserves as a group. The parent charity, Daughters of Divine Charity Swaffham, has relied on the support of St Joseph's Convent donations in order to be able to continue to keep the school at Swaffham open, and this support continued until 31 August 2019 when the school run by the charity closed. Despite the fact the charity has closed the Swaffham school, the trustees consider that the group can continue for the foreseeable future, albeit on a reduced scale. Income in 2019 will be sought from the sale of property no longer required, retirement home income at Hunstanton, and the Chesterfield Nursery. The trustees therefore consider the group to be a going concern, and the financial statements have been prepared on this basis.

Risk Assessment

The Trustees have reviewed the risks to which the charity is exposed. Following the closure of the school on 31st August 2019, the majority of the premises are being leased to the R.C Diocese of East Anglia, on a full repairing lease. Surplus property is to be sold to provide funds for the remaining sisters. There is not considered to be any further major risks to the charity.

Investment Performance

Investments continue to generate a much lower level of return because of the economic climate. The trustees continue to believe the investments held are appropriate for this Charity.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reserves

At the end of the year the total consolidated funds of the group were £3,468,599. Of this sum £2,906,558 represents fixed assets necessary for the charitable activities. The remaining balance of £562,041 is considered by the Trustees to reflect the true 'free reserves' position.

The reserves of Daughters of Divine Swaffham totalled £2,320,542 at 31 December 2018. Of this, £2,247,803 represents fixed assets, leaving free reserves of the school of £72,739.

The reserves of Daughters of Divine Chesterfield totalled £1,148,057 at 31 December 2018. Of this, £658,755 represents fixed assets, leaving free reserves of the school of £489,302.

Reserves are held for the following reasons:

1. To provide a sound financial base to support the future activities of the Charity. A target of three months running costs has been set, which equates to £378,711 for the year ended 31 December 2018.
2. To ensure that the School can maintain a responsible approach to bursaries, allowing children from families in need to attend. The cost of bursaries and other allowances in the year ended 31 December 2018 was £690,240.
3. To provide for the future care and support of the older members of the Congregation. The Province currently has twelve members but the average age of the Congregation remains high.

The trustees consider the current level of reserves to be adequate given the above policy. Going concern has been considered and is considered appropriate given the sum of free reserves.

Investment powers policy and performance

Under the Order's Trust Deed there are no limitations in the Trustees' powers of investment.

The Trustees have considered the most appropriate policy for investing funds and concluded that holding monies in bank deposit accounts meets the requirement to generate income whilst minimising risk and maintaining liquidity. Given the nature of this investment the Trustees consider the return to be satisfactory.

FUTURE PLANS

The trustees determined that it was no longer viable for the Charity to fund the Sacred Heart School. It was therefore agreed that the School would close on 31st August 2019.

Following the notification by DfE that we would be unable to apply for conversion to a Free School, the Roman Catholic Diocese of East Anglia submitted an application to the Norfolk County Council to open a V A School on the premises. This application was accepted by the authorities and a new School opened on 1st September, 2019.

It was agreed that any surplus property would be sold to provide funds for closure costs and the ongoing presence of the charity in Swaffham. The retirement home in Hunstanton will be developed as far as possible with long term residents.

The development of St Joseph's Chesterfield Little Scholars Nursery School will continue.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).


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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that charity will continue in operation.


The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees on *21st October* 2019 and signed as authorised on their behalf by:



Sr K M Prentice
Trustee



Sr D J Ridler
Trustee

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

Opinion

We have audited the consolidated financial statements of Daughters Of Divine Charity, Swaffham for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 financial statements:

- give a true and fair view of the state of the group and of the charity's affairs as at 31 December 2018, and of its incoming resources and application of resources, 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 financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or 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 financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 (set out on page 8), the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements 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 THIS REPORT

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

PRICE BAILEY LLP

Chartered Accountants and Statutory Auditors

Anglia House, 6 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
NR7 0HR

Date: 24 October 2019

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

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

INCOME		2018	2017
	Note	£	£
Donations and legacies	3	32,468	42,066
Income from charitable activities	4	1,192,927	1,074,679
Investment income	5	3,504	3,211
Other income: insurance claim		26,000	-
TOTAL INCOME		1,254,899	1,119,956
EXPENDITURE			
Expenditure on charitable activities	6	1,537,235	1,422,150
TOTAL EXPENDITURE		1,537,235	1,422,150
Net expenditure for the year, being movement in funds		(282,336)	(302,194)
Reconciliation of funds:			
Total funds brought forward		3,728,546	4,030,740
Total funds carried forward		3,446,210	3,728,546

All amounts relate to unrestricted funds and continuing activities of the group.

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 12 to 22 form part of these financial statements.

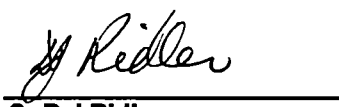
DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

CONSOLIDATED AND CHARITY ONLY BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
FIXED ASSETS					
Tangible Fixed Assets	9	2,901,356	2,965,426	2,242,601	2,293,504
Investments	10	<u>262,493</u>	<u>259,878</u>	<u>50,000</u>	<u>50,000</u>
		3,163,849	3,225,304	2,292,601	2,343,504
CURRENT ASSETS					
Debtors & Prepayments	11	48,484	52,698	42,882	48,608
Cash at Bank & in Hand		<u>362,921</u>	<u>581,091</u>	<u>81,548</u>	<u>113,628</u>
		411,405	633,789	124,430	162,236
LIABILITIES					
Creditors: falling due within 1 year	12	<u>(129,044)</u>	<u>(130,547)</u>	<u>(118,878)</u>	<u>(125,057)</u>
NET CURRENT ASSETS		282,361	503,242	5,552	37,179
NET ASSETS		3,446,210	3,728,546	2,298,153	2,380,683
TOTAL FUNDS (Unrestricted)		3,446,210	3,728,546	2,320,542	2,380,683

The financial statements on pages 9 to 22 were approved by the Trustees and authorised for issue on 2nd October 2019 and are signed on their behalf by:


Sr K M Prentice
Trustee


Sr D J Ridler
Trustee

The notes on pages 12 to 22 form part of these financial statements.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 £	Group 2017 £
Cash flows from operating activities:			
Net cash (used) / provided in operating activities	16	<u>(215,658)</u>	<u>(245,151)</u>
Cash flows from investing activities:			
Interest received		3,504	3,211
Amounts reinvested in investments		(2,616)	(2,743)
Purchase of fixed assets	9	(3,400)	-
Net cash (used in) / provided by investing activities		<u>(2,512)</u>	<u>468</u>
Change in cash and cash equivalents in the year		<u>(218,170)</u>	<u>(244,683)</u>
Cash and cash equivalents at the beginning of the year		581,091	825,774
Cash and cash equivalents at the end of the year		<u>362,921</u>	<u>581,091</u>

The notes on pages 12 to 22 form part of these financial statements.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give us a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from April 2005 which has since been withdrawn.

Daughters of Divine Charity, Swaffham meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The accounts are presented in Pounds Sterling and are rounded to the nearest Pound.

1.2 GOING CONCERN

The Trustees have considered the ability of Daughters of Divine Charity to continue as a going concern and it has healthy reserves as a group. The parent charity, Daughters of Divine Charity Swaffham, has relied on the support of St Joseph's Convent donations in order to be able to continue to keep the school at Swaffham open, and this support continued until 31 August 2019 when the school run by the charity closed. Despite the fact the charity has closed the Swaffham school, the trustees consider that the group can continue for the foreseeable future, albeit on a much reduced scale. Income in 2019 will be sought from the sale of property no longer required, retirement home income at Hunstanton and the Chesterfield Nursery. The trustees therefore consider the group to be a going concern, and the financial statements have been prepared on this basis.

1.3 FUND ACCOUNTING

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Unrestricted funds represent the accumulated surpluses and deficits in the general fund which are available for use at the discretion of the Trustees in furtherance of the charity's objectives.

1.4 GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the Daughters of Divine Charity Swaffham, and its controlled entity Daughters of Divine Chesterfield, on a line-by-line basis.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.5 INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Where income has related expenditure (as with fundraising or contract income), the income and related expenditure are reported gross in the Statement of Financial Activities.

Fees receivable are accounted for in the period in which the relevant services are provided. Bursaries or allowances are accounted for separately.

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income and accrued income in debtors.

Interest on deposit funds held is included when receivable and the amount can be measured reliably by the charity which is normally upon notification of the interest paid or payable by the bank. Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable

1.6 EXPENDITURE

Expenditure is recognised on an accruals basis as a liability is incurred. Direct charitable expenditure consists of all expenditure directly relating to the objects of the Charity. Support costs, i.e. certain central costs which cannot be directly apportioned are allocated between direct charitable expenditure and governance costs on the basis of the Trustees' estimate of the time spent on the relevant functions. Supplies of games equipment, books, stationery and sundry materials are written off to the Statement of Financial Activities as soon as the expenditure is incurred.

Grants are made at the discretion of the Trustees.

Governance costs comprise the costs of running the charity including audit, any legal or professional advice and all costs of complying with constitutional and statutory requirements such as the cost of preparing statutory accounts.

Irrecoverable VAT is included with the category of expense to which it relates.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible Fixed assets are stated at cost less depreciation.

Assets donated for use by the charity are recognised as income when receivable and capitalised at their open market value.

Items costing less than £250 are written off as an expense as acquired.

Depreciation is provided at rates calculated to write off the cost fixed assets, less their estimated residual value, over their expected economic useful lives on the following basis:

Land	Nil	
Freehold property	2%	straight line
Fixture & fittings	10%-15%	reducing balance
Motor vehicles	25%	reducing balance

1.8 INVESTMENTS

Investments include low risk interest bearing deposit accounts with a longer maturity date of more than three months from the date of acquisition or opening of the deposit of a similar account.

1.9 DEBTORS

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

1.10 CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 CREDITORS

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

1.12 PENSIONS

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. The charity contribution is restricted to the contributions disclosed in note 17. The costs of the defined contribution scheme are included with the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs and charged to the unrestricted funds of the charity.

The charity also contributes to the Teachers Pension Scheme (TPS).

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1.13 FINANCIAL INSTRUMENTS

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

No judgements have been made in the process of applying the above accounting policies. There are no key assumptions concerning the future, nor key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of Daughters of Divine, Swaffham which operates as the Convent of the Sacred Heart.

The summary financial performance of the Charity alone is:

		2018 £	2017 £
Income	Income from donations and legacies		
	Donations	190,089	82,838
	Sisters pensions donated	23,001	22,510
		<u>213,090</u>	<u>105,348</u>
	Income from charitable activities		
	School fees receivable	1,612,236	1,303,449
	Bursaries and other allowances	(690,240)	(469,594)
	Retirement home fees receivable	55,963	44,745
		<u>977,959</u>	<u>878,600</u>
	Investment income	774	446
	Insurance Claim Received	26,000	-
	Total income	<u>1,217,823</u>	<u>984,394</u>
	Expenditure on charitable activities	<u>(1,300,353)</u>	<u>(1,216,139)</u>
	Net expenditure	<u>(82,530)</u>	<u>(231,745)</u>
	Total funds brought forward	2,380,683	2,612,428
	Total funds carried forward (all unrestricted)	<u>2,298,153</u>	<u>2,380,683</u>

3 INCOME FROM DONATIONS AND LEGACIES

	2018 £	2017 £
Donations	3,767	13,624
Sisters pensions donated	28,701	28,442
	<u>32,468</u>	<u>42,066</u>

4 INCOME FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Fees receivable	1,827,204	1,499,528
Bursaries and other allowances	(690,240)	(469,594)
Retirement home fees receivable	55,963	44,745
	<u>1,192,927</u>	<u>1,074,679</u>

5 INVESTMENT INCOME

	2018 £	2017 £
Bank interest	<u>3,504</u>	<u>3,211</u>

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6 EXPENDITURE ON CHARITABLE ACTIVITIES

2018		Staff Costs £	Other £	Depreciation & impairment £	2018 Total £
Charitable Activities					
School	Direct Running Costs	953,569	180,784	-	1,134,353
	Premises and Equipment	51,638	49,838	58,919	160,395
	Support Costs	44,640	101,929	4,999	151,568
	Note 6A	<u>1,049,847</u>	<u>332,551</u>	<u>63,918</u>	<u>1,446,316</u>
Home	Direct Running Costs	-	17,738	-	17,738
	Premises and Equipment	-	26,369	3,552	29,921
	Support Costs	-	4,949	-	4,949
	Note 6A	<u>-</u>	<u>49,056</u>	<u>3,552</u>	<u>52,608</u>
Province and Communities		-	34,467	-	34,467
Missions and Charitable Grants		-	3,844	-	3,844
		<u>-</u>	<u>38,311</u>	<u>-</u>	<u>38,311</u>
		<u>1,049,847</u>	<u>419,918</u>	<u>67,470</u>	<u>1,537,235</u>
2017		Staff Costs £	Other £	Depreciation £	2017 Total £
Charitable Activities					
School	Direct Running Costs	856,343	184,483	-	1,040,826
	Premises and Equipment	50,333	47,937	53,804	152,074
	Support Costs	43,651	110,924	6,666	161,241
	Note 6A	<u>950,327</u>	<u>343,344</u>	<u>60,470</u>	<u>1,354,141</u>
Home	Direct Running Costs	-	16,024	-	16,024
	Premises and Equipment	-	5,585	3,557	9,142
	Support Costs	-	3,645	-	3,645
	Note 6A	<u>-</u>	<u>25,254</u>	<u>3,557</u>	<u>28,811</u>
Province and Communities		-	32,475	-	32,475
Missions and Charitable Grants		-	6,723	-	6,723
		<u>-</u>	<u>39,198</u>	<u>-</u>	<u>39,198</u>
		<u>950,327</u>	<u>407,796</u>	<u>64,027</u>	<u>1,422,150</u>

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6A SUPPORT COSTS

	2018	2017
Staff costs	44,640	43,651
Printing post and stationery	3,001	1,919
Advertising	1,852	1,953
Telephone	6,769	8,030
Motor and travel	30,051	32,123
Legal and professional	15,638	11,031
Governance costs - audit and independent examination fees	8,180	9,650
Depreciation	4,999	5,575
Bad debts	28,518	43,636
Other	12,869	7,318
	<u>156,517</u>	<u>164,886</u>

Support costs are allocated to the relevant activities based on actual time spent by staff.

7 STAFF COSTS AND KEY MANAGEMENT PERSONNEL

	2018 £	2017 £
Wages and salaries	917,960	830,805
Social security costs	51,997	50,397
Pension costs	79,890	69,125
	<u>1,049,847</u>	<u>950,327</u>

The average number of employees in the year was:

	No	No
School - teachers	31	31
- other	18	19
	<u>49</u>	<u>50</u>

No employees emoluments exceeded £60,000 during the year (2017: £Nil).

The charity considers that the key management personnel comprise the trustees and the senior management team. As the trustees as Sisters do not receive any remuneration, key management personnel remuneration only includes that of the bursar and the nursery manager. The total employee benefits of the key management personnel of the charity were £33,817 (2017: £32,780).

During the year, expenses totalling £11,788 were paid to the four trustees (2017: £11,593 to four trustees) for their living expenses. The trustees received no remuneration or other benefits in connections with their duties as trustees during the current or previous year.

8 NET INCOME

	2018 £	2017 £
Net income is stated after charging:		
Depreciation	62,268	64,027
Impairment of motor vehicles	5,202	-
Operating lease costs for equipment	510	-
Independent examination fee	1,734	1,680
Audit fee	<u>6,000</u>	<u>5,820</u>

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9 TANGIBLE FIXED ASSETS

Group	Group Freehold Land and Buildings £	Group Fixtures and fittings £	Group Motor Vehicles £	Group Total £
Cost				
At start of year	3,889,131	383,906	72,638	4,345,675
Additions	-	3,400	-	3,400
At end of year	<u>3,889,131</u>	<u>387,306</u>	<u>72,638</u>	<u>4,349,075</u>
Depreciation				
At start of year	982,372	345,236	52,641	1,380,249
Charge for the year	53,051	4,218	4,999	62,268
Impairment	-	-	5,202	5,202
At end of year	<u>1,035,423</u>	<u>349,454</u>	<u>62,842</u>	<u>1,447,719</u>
Net book value at the end of the year	<u>2,853,708</u>	<u>37,852</u>	<u>9,796</u>	<u>2,901,356</u>
Net book value at the start of the year	<u>2,906,759</u>	<u>38,670</u>	<u>19,997</u>	<u>2,965,426</u>

The cost of depreciable assets included in freehold land and buildings at 31 December 2017 is £2,664,131 (2017 - £2,664,131).

Charity only	Charity Freehold Land and Buildings £	Charity Fixtures and fittings £	Charity Motor Vehicles £	Charity Total £
Cost				
At start of year	2,987,546	329,121	58,850	3,375,517
Additions	-	3,400	-	3,400
At end of year	<u>2,987,546</u>	<u>332,521</u>	<u>58,850</u>	<u>3,378,917</u>
Depreciation				
At start of year	746,261	293,627	42,125	1,082,013
Charge for the year	41,019	3,901	4,181	49,101
Impairment	-	-	5,202	5,202
At end of year	<u>787,280</u>	<u>297,528</u>	<u>51,508</u>	<u>1,136,316</u>
Net book value at the end of the year	<u>2,200,266</u>	<u>34,993</u>	<u>7,342</u>	<u>2,242,601</u>
Net book value at the start of the year	<u>2,241,285</u>	<u>35,494</u>	<u>16,725</u>	<u>2,293,504</u>

The cost of depreciable assets included in freehold land and buildings at 31 December 2018 is £2,062,546 (2017 - £2,062,546).

10 INVESTMENTS

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Investments	<u>262,493</u>	<u>259,878</u>	<u>50,000</u>	<u>50,000</u>

Investments are held in low risk interest bearing deposit accounts with fixed terms over 3 months as well as in national savings income bonds.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10 INVESTMENTS (Continued)

Daughters of Divine Charity, St Joseph's Convent, Chesterfield ("Chesterfield")

Due to Chesterfield being under the common control of the trustees of Daughters of Divine Charity Swaffham, being the English province, the results of Chesterfield have been consolidated into these financial statements. Chesterfield is a registered charity (charity number 527184), registered at the following address: St Joseph's Convent, 42 Newbold Road, Chesterfield, Derbyshire S41 7PL. The principal activity of Chesterfield is that of an independent fee paying nursery. The results of Chesterfield are as follows:

Statement of financial activities	2018	2017
Donations and legacies	6,378	6,718
Income from charitable activities	214,968	196,079
Investment Income	2,730	2,765
TOTAL INCOME	224,076	205,562
Expenditure on charitable activities	423,882	278,011
TOTAL EXPENDITURE	423,882	276,011
Net expenditure for the year being net movement in funds	(199,806)	(70,449)
Total funds brought forward	1,347,863	1,418,312
Total funds carried forward	1,148,057	1,347,863
Balance sheet	2018	2017
Fixed assets	871,248	881,800
Current assets	276,809	466,063
Total funds (all unrestricted)	1,148,057	1,347,863

11 DEBTORS

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
School Fees	32,957	32,025	31,769	32,025
Prepayments	15,527	20,674	11,113	16,583
	48,484	52,699	42,882	48,608

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Accruals	44,735	39,362	36,043	34,342
Deferred income	49,183	53,859	49,183	53,859
Taxation and social security	14,770	17,179	13,645	16,709
Other creditors	20,356	20,147	20,007	20,147
	129,044	130,547	118,878	125,057

13 DEFERRED INCOME

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Deferred income relates to schools fees received in advance.				
Deferred income at start of year	53,859	55,212	53,859	55,212
Amounts deferred in year	49,183	53,859	49,183	53,859
Amounts released in year	(53,859)	(55,212)	(53,859)	(55,212)
Deferred income at end of year	49,183	53,859	49,183	53,859

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14 SACRED HEART CONVENT SCHOOL PTA

The Charity operates a parent teacher association (PTA). The purpose of the association is to raise income for the school and carry out the schools charitable objectives.

The following figures represent the results of the PTA for the period:

	2018 £	2017 £
Income (net of direct expenses)	7,909	8,009
Expenditure	(20)	(227)
Surplus for the period	<u>7,889</u>	<u>7,782</u>
Distribution of Surplus		
Equipment purchased for school	4,470	6,965
	<u>4,470</u>	<u>6,965</u>
Surplus/(Deficit)	<u>3,419</u>	<u>817</u>
PTA Balance Sheet		
Current Assets		
Cash at Bank and in Hand	13,061	9,643
	<u>13,061</u>	<u>9,643</u>
Funds		
Designated Funds	<u>13,061</u>	<u>9,643</u>

15 RELATED PARTY TRANSACTIONS

During the year, the trustees donated their pension income totalling £26,763 to the group (2017: £26,357).

Details of living expenses paid to trustees are detailed in the staff costs note.

There is one transaction between the two charities in the group, a donation of £187,000 (2017: £70,000) by Chesterfield to Swaffham.

There are no other related party transactions to note.

16 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2018 £	Group 2017 £
Net expenditure	(282,336)	(302,194)
Adjustments:		
Depreciation	62,268	64,027
Impairment	5,202	-
Investment income	(3,504)	(3,211)
(Increase) / Decrease in debtors	4,215	4,218
(Decrease) in creditors	(1,503)	(7,991)
Net cash provided used in operating activities	<u>(215,658)</u>	<u>(245,151)</u>

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17 PENSIONS

Non-teaching staff belong to a defined contribution pension scheme. Contributions to the scheme in the year totalled £2,568 (2017: £1,195). £260 (2017: £222) was due to the scheme at the year end.

Teachers' Pension Scheme

The charity's trust's employees belong to one principal pension scheme: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff. This scheme is a defined benefit scheme.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £77,322 (2017: £67,930).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

DAUGHTERS OF DIVINE CHARITY, SWAFFHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18 Operating Leases

At 31 December 2018, the group had future minimum lease payments under non-cancellable operating leases as follows:

Equipment	2018	2017
Expiry Date		
Within one year	622	-
Between 2 and 5 years	2,316	-
	<hr/>	<hr/>

19 POST BALANCE SHEET EVENTS

On 31 August 2019, The Sacred Heart School at Swaffham run by the charity was closed, and in its place a school run by Norfolk County Council was opened. This is therefore a discontinued operation for the group, which will be disclosed in the 2019 financial statements. The charity itself will continue in operation going forwards, albeit on a reduced scale.