



## **Sisters of the Cross and Passion**

### **Annual Report and Accounts**

31 March 2023

Charity Registration Numbers  
1038483 (England and Wales)  
SC038416 (Scotland)

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

<b>Trustees</b>	Sister Claire Dawson C.P. (appointed 10 August 2022) Sister Margaret Gorman C.P. (Sister Carmel) Sister Anne Hammersley C.P. Sister Margaret O'Regan C.P. (Sister Therese) Sister Margaret Steed C.P. (Sister Savio) Sister Eileen Fucito C.P. (resigned 1 June 2022)
<b>Province Leader</b>	Sister Margaret Steed C.P.
<b>Province Bursar</b>	Mrs Sakina Lowe
<b>Principal address</b>	Cross & Passion Convent 299 Boarshaw Road Middleton Manchester M24 2PF
Telephone	0161 655 3184
Email	pltcpsisters@gmail.com
Website	www.crossandpassion.com
<b>Charity Registration Number - England and Wales</b>	1038483
<b>Charity Registration Number - Scotland</b>	SC038416
<b>Accountants</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Auditor</b>	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
<b>Investment managers</b>	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU  Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ

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

<b>Principal bankers</b>	<p>The Royal Bank of Scotland plc 1 Dale Street Liverpool L2 2PP</p> <p>M&amp;T Bank 1 Financial Plaza Hartford Connecticut CT 06103 United States</p>
<b>Solicitors England and Wales</b>	<p>Wrigleys Solicitors LLP 3rd Floor, 3 Wellington Place Leeds LS1 4AP</p>
<b>Solicitors Northern Ireland</b>	<p>Conway, Todd &amp; Co 22 Market Square Antrim BT41 4DT</p> <p>Edwards &amp; Co 28 Hill Street Belfast BT1 2LA</p>
<b>Finance and General Purposes Committee</b>	<p>Elizabeth Wilson, Wrigleys Solicitors LLP Amanda Francis, Buzzacott LLP Andrew Mather, CS2 Chartered Surveyors</p>
<b>Insurance Brokers</b>	<p>Steve Burns, Marsh Commercial, UK</p>
<b>Energy Broker</b>	<p>Charles Lowe, EnergyFlowe Limited, UK</p>

## Report of the Trustees Year to 31 March 2023

The Trustees present their statutory report, together with the accounts of the Sisters of the Cross and Passion (the 'Charity'), for the year ended 31 March 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 27 to 32 and comply with the Charity's Trust Deed, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The accounts also comply 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 the Republic of Ireland (FRS 102).

### **PART ONE**

#### **CHAPTER ONE – Who we are**

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##### **Introduction**

The Sisters of the Cross and Passion is an international Roman Catholic Religious Congregation founded in industrial England in 1852. It is divided into a number of individual areas and provinces under the authority of the Congregational Leadership Team (CLT). The Sisters reside in the UK, Republic of Ireland, Botswana, Chile, Argentina, Peru, Australia, Vietnam and the USA. The members of the CLT live in the UK, Chile, Australia and the USA; their offices are in Larne, Antrim, Northern Ireland. The Team comprises the Congregational Leader and a team of three Sisters.

The Sisters from St Paul's Province live in England and Wales. The accounts accompanying this report are those of the charitable trust on which the assets of St Paul's Province were held until 31 March 2021 and include the congregational assets (the Charity). The Charity is governed by a Trust Deed dated 25 March 1994 and is registered with the Charity Commission:

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Charity Registration Number	Scotland	SC038416
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The trustees have been working for some time on a project to de-merge the Province and the Congregation and simultaneously to incorporate the Province.

With effect from midnight on 31 March 2021, in accordance with a legal transfer of undertakings dated 31 March 2021 and a resolution of the trustees, certain activities, assets and liabilities of the Charity relating to the Province were transferred as a going concern into a newly formed Charitable Incorporated Organisation (CIO); Sisters of the Cross and Passion CIO, Charity Registration Number 1185348 (the 'successor Charity'). Other congregational (CLT) assets and liabilities remain in the Charity for the time being, together with some Province assets which the trustees have been advised to leave in the Charity. The Sisters of the Cross and Passion CIO will be the main vehicle for delivering the Province activities going forward. The Charity ceased to be CQC-registered on 1 April 2021 (as the CQC registration transferred to the CIO on that date), and therefore ceased CQC registered activities at midnight on 31 March 2021.

### **Mission and Objectives**

The corporate mission of the Sisters of the Cross and Passion is to witness to the reconciling, forgiving and compassionate love of God through openness to the needs of the world and especially those of the poor and marginalised.

The Sisters of the Cross and Passion identify with Christ in his Passion, Death and Resurrection. We aspire to a more just and compassionate world, where the rights and dignity of the whole of creation is upheld and respected.

What follows is an account of the work of the Charity from April 2022 to March 2023. Benefits are identifiable and touch the lives of the people whom the Sisters seek to serve in all their ministries.

The objectives of the Sisters of the Cross and Passion, as stated in the Trust Deed, are the relief of poverty, the provision of relief assistance and comfort to the sick, the provision of education and the advancement of the teachings of the Roman Catholic Church (or other such charitable purposes as are lawfully authorised from time to time by the constitutions of the Congregation) by such means as are suited to the time and place in which the provision is to be made.

To fulfil these objectives, the Sisters regularly evaluate their pastoral activities in the light of their Charism, present day needs and requests for help in new ministries and new localities. Policies and procedures are reviewed and updated regularly in accordance with statutory regulations and congregational objectives.

As Sisters of the Cross and Passion we hope that our lives witness to the reconciling, merciful and compassionate love of God. We are covenanted to be bearers of the mercy of God by responding to the needs of the world in our time, as Venerable Elizabeth Prout, our foundress, did in hers.



- 1 Pastoral and Spiritual Care
- 2 Education
- 3 Missions
- 4 Future Plans

## CHAPTER TWO - Activities, Achievements, Future Plans

### 1 Pastoral and Spiritual Care

The Congregational Leader, helped by her Councillors (CLT Team), has the overall pastoral responsibility for all the Sisters in the Congregation and must comply with statutes laid down in Canon Law and the Constitutions of the Sisters of the Cross and Passion (The Covenant of the Passion) as well as the civil/charity laws of the various countries in which the Sisters reside. The Sisters live in the UK, Republic of Ireland, USA, Argentina, Chile, Peru, Botswana, Vietnam and Australia.

One of their major pastoral duties is to communicate with and visit all the Sisters in the Congregation. While we are now able to engage in pastoral visits, we continue to hold meetings on Zoom in an effort to reduce our carbon footprint. Most of our meetings over the past two years involved preparation for our Congregational Assembly (General Chapter).



CONGREGATION INTERNATIONAL MEETING ON ZOOM

The Ordinary General Chapter meets every six years, at which the Congregational Leader and her Councillors are elected and policies which will foster the mission and administration of the Congregation are put in place. For the first time in our history this Chapter took place online, with preparation involving many online meetings in 2020, 2021 and 2022. The Chapter concluded in June 2022 when the Congregational Leader and her Councillors were elected. There followed a twelve day, live meeting for the newly elected Team, in Drumalis, Larne in September 2022 to plan the implementation of the Chapter recommendations for the next six years.

Norm 102 Covenant of the Passion:  
The General Chapter is the highest legislative body in the Congregation.



**A TREE WAS PLANTED AT THE CLT OFFICE ON THE  
OPENING DAY OF THE VIRTUAL ASSEMBLY.**

## 2 Education

Whilst the work of the Sisters in the Congregation in earlier years was in education, we now see this legacy carried forward in schools and colleges, which were set up by the Sisters in the various countries in which they are resident. One such institution in England, with which the CLT is still involved, is:

### Leeds Trinity University



Leeds Trinity University was co-founded by the Sisters of the Cross and Passion and the Catholic Education Service as a teacher training college in 1967. In the fifty-six years since its foundation, it has transformed itself into a university renowned for teaching excellence and has been ranked by the Times and Sunday Times as the sixth best university in the country for teaching quality. Leeds Trinity offers undergraduate, postgraduate, foundation and top-up courses, as well as apprenticeship and work-based learning.

In accordance with the Articles of Association, the trusteeship of the University remains with the Diocese of Leeds. While the Sisters are no longer actively involved in the day-to-day life of LTU, the Congregational Leader has a representative on the Board of Governors, who keeps her informed of developments. Her role is to promote the spiritual ethos, which is part of the heritage of the University. The CLT are consulted on the appointment of new trustees to the Board and have the right to nominate up to five people to be independent on the Board.

The updated mission statement of LTU reads:

*“Our mission is guided by our Catholic identity and faith foundation...We are committed to the promotion of dignity, respect, social justice and equality in order to deliver positive social and economic impacts.” (LTU Mission Statement.)*



**SISTERS ATTENDING LEEDS TRINITY DAY 1ST NOVEMBER 2022. THEY ARE WITH PROFESSOR EGBU, VICE CHANCELLOR AND SUE RIX OUR REPRESENTATIVE ON THE BOARD.**



## 2 Education (continued)

### Leeds Trinity University (continued)

It is encouraging to hear that the statement does not just remain on paper, but that LTU was the first university in Yorkshire to achieve the *Race Equality Charter (REC) Bronze Award* in November 2020. This was followed by the *Gold Whatsuni Student Choice Award* in 2022 for diversity and inclusion and was short listed for *Outstanding Contribution to Equality, Diversity and Inclusion* at the *Times Higher Education (THE) Awards* in 2022.

These are some of the values that we, as Sisters of the Cross and Passion, aspire to and are happy to see implemented.

### Formation/Education



FINAL PROFESSION OF THE FIRST FOUR SISTERS IN VIETNAM IN JANUARY 2023.

One of the pastoral responsibilities of the CLT is to coordinate an *international formation/education programme* for young Sisters, who are joining the Congregation. Most of the older, established areas in the Congregation have sufficient funding and personnel to run their own programmes, but newer areas require both financial support and support with personnel. The area where there has been most development in the past year is Vietnam. The numbers of young Sisters in Vietnam who require formation are increasing. Financial support has been given for formation during the year 2022/23. We envisage that this support will continue for the next five years until this area of the Congregation becomes self-sustaining. The Congregational Leader made a pastoral visit to Vietnam in January for the Final profession ceremony which took place in Ho Chi Minh City. She then visited the Sisters in Australia for the Final Profession of one of our Sisters there. This one journey was a saving on our carbon footprint.

## 2 Education (continued)

### Formation/Education (continued)

One of the Government requirements for the Sisters in Vietnam to be fully registered as a religious Congregation is that they own their own property. We have contributed to the building of a house in Dong Nai Province which hopefully will be completed by August 2023.



Other areas which require support are Botswana and Peru, where there are very few Sisters who, in spite of low numbers, are carrying on outreach work amongst the very poor.

### Justice/Education



#### *Passionists International*

Passionist International is one of a number of groups of Religious men and women who work as NGO representatives at the United Nations. We believe that the presence of Religious in such a complex diplomatic system can give an independent voice that promotes the development of the weakest and most disadvantaged peoples. From its beginning Passionist International has promoted the defence of vulnerable populations (particularly indigenous ones), the development of policies to protect those social groups more susceptible to poverty, as well as women's rights, especially girls. They have recently added the topics of emergency migration and care of the planet to their remit.

The CLT and the Passionist men's community agreed to provide financial and personnel support to Passionist International at the United Nations for the next two years. In 2022/23 we have contributed £17,253 to this project.

A part-time administrator has been appointed for Passionist International.

## 3 Missions

A mission outreach has always been a part of our Charism. Many of our Sisters in the Congregation have had experience of working and living on our Missions. The provision of financial support and personnel is the responsibility of the CLT. Any contributions, donations or legacies for the Missions are channelled through the CLT. In the past year, three Mission areas received financial support for projects.

### **Pachacutec, Lima, Peru**

After Cairo in Egypt, Lima, Peru is the second largest city in the world, located in a desert. 66% of Peru's population, some 20 million people, live in the coastal zone where there is a chronic water shortage. Pachacutec, located in the north-west of Lima, is one of the poorest areas of the city. It has a population of 180,000 people. Thousands of people were relocated to this area with little or no infrastructure in place. Three of our Sisters live there and the CLT has set aside funding for a project to build a centre for disabled children.

### 3 Missions (continued)

#### Pachacutec, Lima, Peru (continued)



PACHACUTEC, LIMA, PERU.

#### Botswana

Again a country located in a semi desert area where two Sisters work in outreach projects to help the poor. One such project was the acquisition of a piece of land on which to grow crops in a poor rural area; *Mmamhiko*. We funded the sinking of a bore hole to provide water two years ago and followed with funding for farm implements. The result of this is the successful production of crops as seen in the photos below



HARVESTING MAIZE, SHELLING MAIZE & SWEET REED AND CRUSHING BEANS



FEEDING OF CHILDREN DURING THE SCHOOL HOLIDAYS.



### **3 Missions** (continued)

#### **Argentina**

Three Sisters live in a community in Corrientes about 1000km from Buenos Aires. Corrientes is a region known as the Argentine Mesopotamia. It is a rural area with the main activities centred in cattle rearing, crop production and timber. It is one of the areas, in the world, which has been devastated by bush fires which raged for over a month in February 2022. The Sisters have a permanent mission in a village called San Miguel which was one of the villages destroyed in the fires. Families in that area lost everything; their cattle, crops and many of their homes. We sent them \$5,000 out of our Mission fund. The money has been used to buy food for farm animals, as pastureland has been destroyed by the fires, and crop seeds.



**BUSH FIRES IN CORRIENTES, FEBRUARY 2022.**

#### 4 Future Plans

- ◆ To encourage all Sisters in their ministries, encouraging them to live by the *Directives for Ministry* set out in our Congregational Chapter 2022
- ◆ To continue to live out of our *Organic Participative Model of Leadership* in the Congregation through consultation and discernment.
- ◆ To encourage as many Sisters as possible to use social media as a means of communication so that as a Congregation we may have a greater sense of unity.
- ◆ To be faithful stewards of the work entrusted to us by:
  - ◇ valuing the resources of the Charity;
  - ◇ maintaining, developing, donating or selling property in a responsible manner and in accordance with Charity Law guidelines;
  - ◇ using the financial resources of the Charity in a responsible manner. In these matters listening to our advisors;
  - ◇ completing the remaining work of removing the congregational assets from the Charitable Trust to a separate charity, either to a company limited by guarantee or a CIO;
  - ◇ being alert to any changes in Charity Law which will affect the Charity.

On 5 July 2023, the Charity completed the sale of the St Gabriel's Hall, a property that had been used as an all-female hall of residence for Manchester University and which was leased to the University on a peppercorn rent. The sale included the adjoining Imani Centre. The sale of this property realised proceeds of £11,007,775. £9,750,000 of the money received from the sale has been transferred to the successor charity, Sisters of the Cross and Passion CIO (Charity Registration Number 1185348) and has been invested to enable the Charity to continue its work into the future. The residual proceeds have been retained by the Charity to assist the work of the Congregational Leadership and provide working capital.

## **1 Income**

Income is generated through:

- ◆ Bank deposit interest;
- ◆ Investments; and
- ◆ Legacies and donations

## **2 Expenditure**

The main role of the Congregational Leadership Team (CLT) is the pastoral care of the Sisters and having an overview of the charitable activities of the Congregation. The Congregational Leader is the official representative of the Congregation in the Roman Catholic Church.

Before the advent of Covid this involved the team travelling to all areas of the Congregation. Travel expenses have therefore been greatly reduced during the past two years. However, other expenses have increased, such as investment in IT services, equipment and skills in order to facilitate digital communication throughout the Congregation. Now that travel is allowed it will be incumbent on the leadership Team to make pastoral visits to the Sisters in different parts of the world. However, we are conscious of the cost of air transport in terms of our carbon footprint and the damage to the planet so we will continue to hold many of our meetings on zoom. To facilitate better communication among all our Sisters we have upgraded our zoom package to include translation transcripts.

The expenses incurred in preparation for the General Chapter, which was held virtually and began on 30 March 2022 amounted to a large portion of the expenditure over the past two years.

This included payments for a facilitator (both before and during the Chapter), spiritual director, speakers, legal and financial advisors, translators and technical support services before and during the Chapter, and general administration.

Expenditure of the Charity comprises:

- ◆ administration expenditure, which includes renting office space, payment of staff and any travel expenses;
- ◆ extraordinary expenses involved in the preparation for, organising and running of a digital congregational Chapter, which took place between 30 March and 5 June 2022;
- ◆ Sisters' healthcare and living expenses in developing areas such as Peru, Botswana and Vietnam;
- ◆ donations and financial support to the Congregation's Mission projects;
- ◆ formation and education support for our young Sisters;
- ◆ those costs associated with the management of the Charity's investment portfolios and the compliance with regulatory and statutory requirements;

The CLT and the Passionist men's community agreed to provide financial and personnel support to Passionist International at the United Nations for the next two years.

### **3 Tangible Fixed Assets**

Tangible fixed assets consist mainly of buildings with their fittings and furniture and plants in our convents. The members of the CLT in the UK live in houses owned by the Province, which were transferred to the successor charity on 31 March 2021. The CLT owns office equipment in its office in Drumalis Retreat Centre.

### **4 Results for the year**

The statement of financial activities for the Charity shows net expenditure before listed investment losses and fair value gains on the assets held for sale of £639,907 (2022 – £1,071,874) with total income amounting to £409,681 (2022 – £1,052,773) and expenditure prior to transfers to the CIO amounting to £1,049,588 (2022 – £2,124,647).

Total income for 2023 includes £16,914 (2022 – £179,508) of donations, legacies and similar income. Other major categories of income include investment income and interest receivable, grants receivable from the province and, in the prior year, a surplus on disposal of tangible fixed assets.

There were no transfers to the CIO during the year (2022 – £8,622,195) giving total expenditure for the year of £1,049,588 and, after listed investment losses of £407,232 (2022 – gains of £279,738) and a fair value gain on properties held for sale which were disposed of following the balance sheet date of £9,097,829 (2022 – £nil), a net increase in funds of £8,050,690 (2022 – a net decrease in funds of £9,414,331).

### **5 Investment performance**

The purpose of holding listed investments is to earn income to be used to facilitate the work of the CLT and further the charitable work of the Congregation now and in the future.

The Congregation has discretionary investment agreements with Sarasin & Partners LLP and Rathbone Investment Management Limited. Representatives of the trustees meet with the fund managers and financial advisers during the year to ensure that the funds are managed in accordance with the investment policy and the religious and ethical principles of the Congregation. The objective of the fund managers is to achieve a reasonable return of both income and capital growth with no more than a conservative to moderate level of risk.

The performance and structure of the principal portfolios continues to be closely monitored.

An income yield of 2.3% was achieved, but the investments suffered a capital loss of 5.9%. At the end of the year the Charity's portfolio of listed investments comprised 52.91% unit funds, 17.39% UK equities, 18.5% UK fixed interest stocks, 4.20% fixed interest based funds, 1.53% overseas unit trusts and 5.12% alternative investments.

The value of the listed investments decreased by £445,970 from a market value of £6,964,488 at the end of March 2022 to a value of £6,518,518 at the end of March 2023, a fall of 6.4% after accounting for additions and disposals of listed investment holdings.

## **6 Reserves policy**

The trustees have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Charity is dependent in part on investment income generated by the listed investments held to enable it to meet its ongoing expenditure. The trustees estimate that this income needs to be approximately £160,000 per annum and hence based on an income yield of 2.5%, the value of the Charity's investment portfolio needs to be approximately £6.5 million. Consequently, the trustees believe the Charity's free reserves should equal this figure plus an amount equal to annual unrestricted expenditure. The trustees consider that, given the nature of the Charity's work and its commitments, it is prudent to retain this level of free reserves.

## **7 Financial position**

The balance sheet shows free reserves of £17,800,683 at 31 March 2023 (2022 – £9,813,657).

The tangible fixed assets fund totals £63,664 (2022 – £56,977) and represents tangible fixed assets.

Funds which are available to support the work of the Charity in the future are those shown on the balance sheet as general funds. These amount to £17,800,683 at 31 March 2023 (2022 – £9,756,680). This includes £11,007,775 representing the market value of current assets held for sale which were disposed of following the balance sheet date (please see Chapter four, below, for further details). Of this amount, £9,750,000 has subsequently been donated to the charity's successor charity, Sisters of the Cross and Passion CIO (Charity Registration Number 1185348) and has been invested to enable that Charity to continue its work into the future. The residual proceeds have been retained by the charity to assist the work of the Congregational Leadership and provide working capital.

Excluding the value of donations made to the successor charity following the year end, the Charity's free reserves amounted to £8,050,683. Whilst this level of free reserves is slightly above that demanded by the above policy, given the current macroeconomic and geopolitical climate in the UK and elsewhere in the world, the trustees deem the free reserves to be adequate but not excessive.



## **CHAPTER FOUR – Trustees' duties and Compliance with Charity Requirements**

### **1 Property – sales, donations, ongoing development, maintenance**

Province property not transferred to the CIO.

#### **St Gabriel's Hall**

St Gabriel's Hall was an all-female hall of residence for Manchester University which was leased to the University on a peppercorn rent for thirty-five years until the lease expired in 2018, which was also the centenary year of its foundation. An extension to the lease was agreed with the University until September 2019, when the premises were vacated. Following the year end, the trustees, with the help of their advisors, have successfully sold this property, and the adjoining Imani Centre for proceeds of £11,007,775. £9,750,000 of the money received from the sale has been transferred to the successor charity, Sisters of the Cross and Passion CIO (Charity Registration Number 1185348) and has been invested to enable the Successor Charity to continue its work into the future. The residual proceeds have been retained by the Charity to assist the work of the Congregational Leadership and provide working capital. Up to the point of sale, the cost of insurance and security was covered by Province money held in the Charity.



**St Gabriel's Hall**

### **2 Policies, Reports and Plans**

We reviewed our: Risk Management Policy

Disaster Plan

Safeguarding Policy

GDPR Policy

We compiled our: Charity Annual Report and Accounts (UK)

### **3 Safeguarding**

The CLT are responsible for ensuring that Safeguarding Policies are in place throughout the Congregation.

### **4 Archives**

One Sister is engaged full-time in preserving the archives of the congregation. She ensures that all collections are sorted, carefully stored and remain confidential. Finding a permanent home for the storage of our archives still remains one of our goals.

### **5 General Data Protection Regulation (GDPR)**

With the help of our solicitors we have drawn up an umbrella Data Protection Policy for the Charity, which covers the processing and control of data from four main areas: employment data; data relating to Sisters in care; data relating to the users of our retreat centres and data kept on individual Sisters in the Congregation's office. This policy is reviewed on an annual basis.

## **6 Investment Policy**

The Charity's investments are managed by Sarasin & Partners LLP, Rathbone Investment Management Ltd and Invesco USA.

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

The Investment Strategy is set by the trustees and takes into account income requirements, the risk profile and investment manager's views of the market prospects in the medium term.

The policy is to maximise total return through diversified portfolios whilst providing a level of income advised by the trustees from time to time.

There is also an Ethical Policy precluding any investment in any company which, after reasonable enquiry, clearly has significant profits from any activity whose objectives are contrary to ours and considered to be unjust or damaging to health and wellbeing. We updated our Investment Policy in 2022 to ensure that it is in line with our commitment to the Care of the Poor and the Earth.

The performance of the portfolios and the Charity's Investment Strategy are reviewed by the trustees, who meet with the investment managers twice yearly.

## **7 Insurance**

A review of the major risks to which the Charity is exposed and of systems established to mitigate those risks is undertaken annually by the trustees.

## **8 Continued Professional Development**

For our own professional development and to keep ourselves updated with changes we have attended numerous online courses and Zoom meetings.

During 2022/23 the Congregational Leader or her representative attended:

- ◆ The UK CIO and Charity Trust meetings
- ◆ Meetings with Investment Managers and Financial Advisors
- ◆ Misesan Cara (Irish Missionary) Development Organisation
- ◆ Religious Leaders meetings (AMRI, COREW, LCWR, UISG)
- ◆ CLT Team Meetings
- ◆ Meetings with the whole Congregation to implement the decisions of the General Chapter

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## CHAPTER FIVE: Governance, Trustees' Responsibilities, Risk Management

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### 1 Governance

#### Sisters of the Cross and Passion

In terms of Canon Law, at international level the Congregational Leadership Team (CLT) is the major spiritual and administrative body of the Congregation of the Sisters of the Cross and Passion. The administration of the CLT continues to be centred in the United Kingdom.

In keeping with the charitable work envisaged by the Trust Deed, the CLT often make donations to other charitable organisations. The finances of the CLT also incorporate the administrative and financial costs and the expenses incurred by the members of the team.

In terms of civil law, the Charity is governed by its own Trust Deed dated 25 March 1994 and is a registered Charity under the Charities Act 2011; Charity registration number 1038483 (England and Wales). It is also a registered Charity in Scotland, Charity registration number SC038416 (Scotland). The trustees have been working for some time on a project to de-merge the Province and the Generalate and simultaneously to incorporate the Province. This took a major step forward on 1 April 2021 when the Province's assets, activities, contracts, employees and liabilities were transferred to Sisters of the Cross and Passion CIO (registered Charity number 1185348). Generalate assets remain in the charitable trust for the time being, together with some Province assets, which the Sisters have been advised to leave in the charitable trust.

The trustees of the Charity are the congregational leader, the provincial leader and provincial councillors. As all trustees are members of the Congregation they have a detailed knowledge of the work of the Charity and of its structure. The trustees, one of whom is the canonical bursar, are members of the Congregation. They receive no remuneration or reimbursement of expenses in connection with their duties as trustees. On being appointed, new trustees spend time with those trustees leaving office. They also meet with the Congregation's legal, accounting, investment and property advisors in order to obtain a full briefing of their responsibilities and the Charity's position. They attend training courses and seminars where appropriate.

The names of the trustees who served during the year are set out as part of the reference and administration details on page 1 of this annual report and accounts.

### 2 Risk Management

The key risks for the Charity, as identified by the trustees, are described below, together with the principal ways they are mitigated.

- ♦ **The value of investments:** The Charity's main assets are in its investments. The value of listed investments is dependent on movements in UK and world stock markets. At the present time the markets are very volatile. The investments are managed by reputable investment managers, who adhere to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the Charity's needs, both now and into the future.

## 2 Risk Management (continued)

- ♦ **Reliance on key staff and the need for succession planning:** Advice is taken on investment management, accountancy, actuarial, legal and business matters from lay professionals. These advisors meet three times a year, with sub-committees meeting when necessary. They monitor risks and the Risk Management Policy and refer matters to the CLT for consideration.
- ♦ **The change of Trustees:** When a new leadership team is elected into office this involves a change of trustees. On being appointed, new trustees spend time with those trustees leaving office. They also meet with the congregation's legal, accounting, investment and property advisors in order to obtain a full briefing of their responsibilities and the Charity's position. They attend training courses and seminars where appropriate.

During their pastoral visits, the trustees continue to monitor the major risks to which the Charity may be exposed and systems are investigated and established to mitigate these risks.

A review of major risks to which the Charity is exposed and the systems established to mitigate those risks is undertaken annually by the trustees.

Since the lockdown in March 2020, meetings with Sisters and staff have been conducted by Zoom. The trustees attended various online courses during the year to keep abreast of any developments.

## 3 Trustees' Responsibility Statement

The Trustees are responsible for preparing the report of the Trustees and the Accounts in accordance with applied law and United Kingdom Accounting Standards including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, and in Scotland, requires the Trustees to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the charity for that period. In preparing these accounts, the Trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP;
- ♦ make judgments and accounting estimates that are reasonable and prudent;
- ♦ state whether applicable accounting standards have been followed, subject to any material 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 in operation.

### **3 Trustees' Responsibility Statement (continued)**

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable charity (Accounts and Reports) regulations 2008, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Irish Charities Act 2009 and the provisions of the Charity's Trust Deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit. Throughout this report, in particular in Chapter Two, the Trustees have demonstrated how the Charity has been faithful to this. The activities of the Charity can be divided into five main areas, namely: Education; Health; Pastoral and Spiritual Care; Social Care and Projects we support financially.

### **4 Summary and Acknowledgements**

This report is a summary of the work of the Congregation. The accounts accompanying this report show the movement of funds in the year ended 31 March 2023.

We, the Trustees, acknowledge with gratitude the professionalism and commitment of all our staff, volunteers and the individual members of the Congregation. Their dedication, support and positive approach are very encouraging for us.

We wish also to record our thanks to the professional bodies on whose advice and expertise we rely.

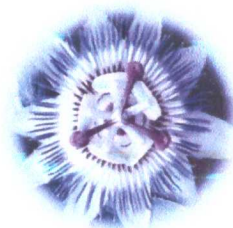
Approved by the trustees and signed on their behalf by:

*M. J. Steed*

Sister Margaret Steed C.P.

Trustee

Approved by the trustees on: 22 November 2023



**Independent auditor's report to the trustees of Sisters of the Cross and Passion**

**Opinion**

We have audited the financial statements of Sisters of the Cross and Passion (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2023 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 and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

**Basis for opinion**

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

**Conclusions relating to going concern** (continued)

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 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' annual report; or
- proper and sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on pages 18 and 19, the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Responsibilities of trustees** (continued)

In preparing the financial statements, 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 financial statements**

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.

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



**Auditor's responsibilities for the audit of the financial statements** (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are Charities SORP (FRS 102), Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and the charity's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP  
Statutory Auditor  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

Date: 29/11/23

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

## Statement of financial activities Year to 31 March 2023

	Notes	Un-restricted funds £	Restricted funds £	Total funds 2023 £	Un-restricted funds £	Restricted funds £	Total funds 2022 £
<b>Income from:</b>							
Donations and legacies	1	16,914	—	16,914	179,508	—	179,508
Investment income and interest receivable	2	175,593	—	175,593	159,872	—	159,872
Charitable activities							
. Grants receivable	19	100,000	—	100,000	—	—	—
Other sources							
. Surplus on disposal of tangible fixed assets		—	—	—	624,498	—	624,498
. Foreign exchange gains		6,793	—	6,793	58,848	—	58,848
. Refund in respect to security fees		77,060	—	77,060			
. Miscellaneous income		33,321	—	33,321	30,047	—	30,047
<b>Total income</b>		<b>409,681</b>	<b>—</b>	<b>409,681</b>	<b>1,052,773</b>	<b>—</b>	<b>1,052,773</b>
<b>Expenditure on:</b>							
Raising funds							
. Investment management costs		22,238	—	22,238	23,654	—	23,654
Charitable activities							
. Donations and support of overseas missions	3	496,732	—	496,732	81,347	—	81,347
. Support of members of the Congregation and their ministry	4	530,618	—	530,618	569,646	—	569,646
. Donations to Sisters of the Cross and Passion CIO	18	—	—	—	1,450,000	—	1,450,000
		1,049,588	—	1,049,588	2,124,647	—	2,124,647
Transfer to Sisters of the Cross and Passion CIO (Charity Registration Number 1185348) and its subsidiary	18	—	—	—	8,622,195	—	8,622,195
<b>Total expenditure</b>		<b>1,049,588</b>	<b>—</b>	<b>1,049,588</b>	<b>10,746,842</b>	<b>—</b>	<b>10,746,842</b>
<b>Net expenditure before net investment (losses) gains</b>		<b>(639,907)</b>	<b>—</b>	<b>(639,907)</b>	<b>(9,694,069)</b>	<b>—</b>	<b>(9,694,069)</b>
Net (losses) gains on listed investments		(407,232)	—	(407,232)	279,738	—	279,738
Net fair value gains on assets held for sale	11	9,097,829	—	9,097,829	—	—	—
<b>Net income (expenditure) and net movement in funds</b>	6	<b>8,050,690</b>	<b>—</b>	<b>8,050,690</b>	<b>(9,414,331)</b>	<b>—</b>	<b>(9,414,331)</b>
<b>Reconciliation of funds:</b>							
Fund balances at 1 April 2022		9,813,657	—	9,813,657	19,227,988	—	19,227,988
Fund balances at 31 March 2023		17,864,347	—	17,864,347	9,813,657	—	9,813,657

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

All the activities reflected in the above statement of financial activities related to continuing operations.

**Balance sheet** 31 March 2023

	Notes	2023 £	2022 £
<b>Fixed assets:</b>			
Tangible assets	10	63,664	56,977
Assets held for sale	11	—	1,909,946
Investments			
. Listed investments	11	6,662,915	7,037,205
<b>Total fixed assets</b>		<b>6,726,579</b>	<b>9,004,128</b>
<b>Current assets:</b>			
Assets held for sale	11	11,007,775	—
Debtors	12	—	1,962
Cash at bank and in hand		189,294	829,692
<b>Total current assets</b>		<b>11,197,069</b>	<b>831,654</b>
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	13	(59,301)	(22,125)
<b>Net current assets</b>		<b>11,137,768</b>	<b>809,529</b>
<b>Total net assets</b>		<b>17,864,347</b>	<b>9,813,657</b>
<b>The funds of the Charity:</b>			
Unrestricted funds			
. Tangible fixed assets fund	14	63,664	56,977
. General fund		17,800,683	9,756,680
		<b>17,864,347</b>	<b>9,813,657</b>

Approved by the trustees  
and signed on their behalf by:

M. J. Steed

Sister Margaret Steed C.P.  
Trustee

Approved on: 22 November 2023

## Statement of cash flows Year to 31 March 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(773,149)	(1,466,147)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		175,593	159,872
Proceeds from the disposal of tangible fixed assets		—	1,608,498
Purchase of tangible fixed assets		(9,900)	—
Proceeds from the disposal of investments		473,642	527,945
Purchase of investments		(428,564)	(569,260)
<b>Net cash provided by investing activities</b>		<b>210,771</b>	<b>1,727,055</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(562,378)</b>	<b>260,908</b>
<b>Cash and cash equivalents transferred to Sisters of the Cross and Passion CIO (Charity Registration 1185348)</b>		<b>—</b>	<b>(114,180)</b>
<b>Cash and cash equivalents at 1 April 2022</b>	B	<b>902,409</b>	<b>788,335</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>(6,340)</b>	<b>(32,654)</b>
<b>Cash and cash equivalents at 31 March 2023</b>	B	<b>333,691</b>	<b>902,409</b>

### Notes to the statement of cash flows for the year to 31 March 2023.

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

	2023 £	2022 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>8,050,690</b>	<b>(9,414,331)</b>
<b>Adjustments for:</b>		
Depreciation charge	3,213	44,341
Losses (gains) on investments	407,232	(279,738)
Fair value gain of assets held for sale	(9,097,829)	—
Investment income and interest receivable	(175,593)	(159,872)
Net surplus on disposal of tangible fixed assets	—	(624,498)
Decrease in debtors	1,962	337,975
Increase in creditors	37,176	7,781
Transfer to Sisters of the Cross and Passion CIO	—	8,622,195
<b>Net cash used in operating activities</b>	<b>(773,149)</b>	<b>(1,466,147)</b>

#### B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	189,294	829,692
Cash held by investment managers	144,397	72,717
<b>Total cash and cash equivalents</b>	<b>333,691</b>	<b>902,409</b>

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below. The principal accounting policies relate to both the current and comparative figures.

#### **Basis of preparation**

These accounts have been prepared for the year to 31 March 2023 with comparative information given in respect to the year to 31 March 2022.

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 the principles set out in 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

#### **Critical accounting estimates and areas of judgement**

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

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

- ◆ estimating the useful economic life of tangible fixed assets;
- ◆ the valuation of investment assets;
- ◆ estimating the fair value of assets held for resale and classified as current assets;
- ◆ allocation of support costs across charitable activities; and
- ◆ estimating the value of legacies to be recognised in accordance with FRS 102.

#### **Critical accounting estimates and areas of judgement**

As set out in these accounting policies under “assessment of going concern”, the trustees have considered the effect on the Charity of the aftermath of the Covid-19 pandemic and also the current macroeconomic and geopolitical climate. They have concluded that although there may be some negative consequences, it is appropriate for the Charity to continue to prepare its accounts on the going concern basis.

### **Assessment of going concern**

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

Certain of the previous activities of the Charity are now carried out by Sisters of the Cross and Passion CIO and the relevant assets and liabilities were transferred in 2021 and 2022 on a going concern basis. However, the Charity will continue to carry out the remaining activities and has retained certain assets and liabilities. Hence, the trustees of the Charity have concluded that it is appropriate for the accounts to be prepared on a going concern basis.

The trustees acknowledge and recognise the effect of the aftermath of the Covid-19 pandemic on the Charity and also the impact of the macroeconomic and geopolitical climate and have concluded that there may be some negative consequences such as greater volatility in the value of the Charity's listed investment portfolio and related income. However, 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 12 months, the most significant areas that affect the carrying value of the assets held by the Charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

### **Income recognition**

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

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

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

Gifts in kind and donated services are included at the lower of their value to the Charity and their estimated market value.

**Income recognition** (continued)

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

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

Dividends are 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.

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

**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. The classification between activities is as follows:

- a. Expenditure on raising funds comprises the salaries, direct costs and overheads incurred in soliciting donations, the costs associated with operating charity shops and the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. Expenditure on charitable activities comprises expenditure on the Charity's primary charitable purposes as described in the trustees' report and includes:

**Expenditure recognition** (continued)

- ◆ Charitable donations which relate, in the main, to the support of the Charity's missionary work overseas and the support of the Roman Catholic charitable organisations.
- ◆ Expenditure on the support of the work of the sisters. Such expenditure enables the members to carry out the work of the Charity in the areas of the advancement of the Roman Catholic faith and the relief of poverty.

All expenditure is stated inclusive of irrecoverable VAT.

**Allocation of indirect costs and governance costs**

Indirect 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.

Indirect costs and governance costs are able to be allocated to the specific charitable activities to which they relate.

**Tangible fixed assets**

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

- ◆ Freehold land and buildings  
Freehold land and buildings are held at cost. Depreciation is provided at 2% per annum on a straight line basis to write the building elements off over their estimated useful life to the Charity.
- ◆ Plant, furniture and equipment  
Expenditure on the purchase and replacement of items of plant, furniture and equipment, including computer equipment, is depreciated over a four to six year period on a reducing balance basis.
- ◆ Motor vehicles  
Motor vehicles are capitalised and depreciated over a four to five year period on a reducing balance basis, in order to write off each vehicle over its estimated useful life.

**Fixed asset investments**

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

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



**Fixed asset investments (continued)**

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.

**Non-current assets held for sale**

Non-current assets awaiting disposal comprise freehold properties that are in the process of being disposed of but where completion of the disposal is not expected within twelve months of the balance sheet date. The assets, classified as programme related investments prior to the decision to dispose of them, are included in the accounts at their net book value prior to reclassification. Non-current assets awaiting disposal are not depreciated.

**Current assets held for sale**

Current assets held for sale represent assets that had been marketed for sale prior to the year end but which were sold within twelve months of the year end. Such assets are included in the balance sheet at an estimate of their fair value at the balance sheet date, estimated on the basis of the anticipated sale proceeds.

**Debtors**

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

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Creditors**

Creditors 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 are recognised at the amount the Charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### **Fund structure**

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

The tangible fixed assets fund represents the net book value of the tangible fixed assets.

### **Foreign currencies**

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

### **Pension costs**

The Charity offers its employees membership of a defined contribution pension scheme administered by the National Employment Savings Trust (NEST). Contributions to the scheme are debited to the statement of financial activities in the year in which they are payable to the scheme. The assets of the scheme are held by an independent corporate trustee, whose activities are governed by the National Employment Savings Trust Order 2010, made by the Secretary of State in exercise of powers confirmed under the Pensions Act 2008.

### **Services provided by members of the Congregation**

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

## 1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Legacies	—	—	—	36,995	—	36,995
Donations	352	—	352	124,993	—	124,993
Other voluntary income	16,562	—	16,562	17,520	—	17,520
<b>Total funds</b>	<b>16,914</b>	<b>—</b>	<b>16,914</b>	<b>179,508</b>	<b>—</b>	<b>179,508</b>

## 2 Investment income and interest receivable

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Income from listed investments	164,686	—	164,686	159,859	—	159,859
Interest receivable						
. Interest on cash held by investment managers	10,907	—	10,907	13	—	13
<b>Total funds</b>	<b>175,593</b>	<b>—</b>	<b>175,593</b>	<b>159,872</b>	<b>—</b>	<b>159,872</b>

## 3 Donations and support of overseas missions Group

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Grants to the Congregation's Overseas Missions	496,732	—	496,732	81,347	—	81,347
<b>Total funds</b>	<b>496,732</b>	<b>—</b>	<b>496,732</b>	<b>81,347</b>	<b>—</b>	<b>81,347</b>

**4 Support of members of the Congregation and their ministry**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Sisters' living and personal expenses	45,566	—	45,566	68,470	—	68,470
Premises	222,052	—	222,052	169,502	—	169,502
Education, training and spiritual renewal	87,659	—	87,659	68,608	—	68,608
Administrative and similar costs	104,798	—	104,798	237,326	—	237,326
Other costs	26,931	—	26,931	2,568	—	2,568
Governance costs (note 5)	43,612	—	43,612	23,172	—	23,172
<b>Total funds</b>	<b>530,618</b>	<b>—</b>	<b>530,618</b>	<b>569,646</b>	<b>—</b>	<b>569,646</b>

**5 Governance costs**

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Accountancy	30,980	—	30,980	13,810	—	13,810
Auditor's remuneration						
• Statutory audit	11,200	—	11,200	8,000	—	8,000
Bank fees and charges	1,432	—	1,432	1,362	—	1,362
	<b>43,612</b>	<b>—</b>	<b>43,612</b>	<b>23,172</b>	<b>—</b>	<b>23,172</b>

The above governance costs have been allocated to the following activities:

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Support of members of the Congregation and their ministry	43,612	—	43,612	23,172	—	23,172
	<b>43,612</b>	<b>—</b>	<b>43,612</b>	<b>23,172</b>	<b>—</b>	<b>23,172</b>

**6 Net income (expenditure) and net movement in funds**

This is stated after charging:

	2023 £	2022 £
Staff costs (note 7)	16,716	75,999
Auditor's remuneration		
• Statutory	11,200	8,000
Depreciation	3,213	44,341

## 7 Staff costs and remuneration of key management personnel

	2023 £	2022 £
Staff costs during the year were as follows:		
Wages and salaries	16,716	74,042
Social security costs	—	738
Other pension costs	—	1,219
	<b>16,716</b>	<b>75,999</b>

No employees earned £60,000 per annum or more (excluding employer's pension contributions but including taxable benefits) during the year or the comparative period.

The average number of full time equivalent employees during the year was:

	2023 No.	2022 No.
Support of sisters and their ministry	1	5
	<b>1</b>	<b>5</b>

The Trustees consider that they comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis.

As explained in note 8 below, all Trustees are members of the Congregation and whilst their living and personal expenses are borne by the Charity they receive no remuneration or reimbursement of expenses in connection with their duties as Trustees.

The total remuneration (including taxable benefits, employer's pension contributions and employers' national insurance contributions) of the key management personnel for the Charity was £nil (2022 – £49,023).

## 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 Trustees received any remuneration or reimbursement of expenses in connection with their duties as Trustees (2022 – 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 successor charity, Sisters of the Cross and Passion CIO (charity registration number: 1185348 (England and Wales) and 20015893 (Republic of Ireland) under a Gift Aid compliant deed of covenant. During the year, the trustees made no donations to the charity (2022 – none).

## 9 Taxation

The Sisters of the Cross and Passion 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 land and buildings £	Plant, furniture and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2022	69,916	32,511	—	<b>102,427</b>
Additions	—	—	9,900	<b>9,900</b>
At 31 March 2023	69,916	32,511	9,900	<b>112,327</b>
<b>Depreciation</b>				
At 1 April 2022	18,176	27,274	—	<b>45,450</b>
Charge for year	1,398	330	1,485	<b>3,213</b>
At 31 March 2023	19,574	27,604	1,485	<b>48,663</b>
<b>Net book values</b>				
At 31 March 2023	50,342	4,907	8,415	<b>63,664</b>
At 31 March 2022	51,740	5,237	—	<b>56,977</b>

**11 Investments**

At 31 March 2023 fixed asset investments comprised:

	2023 £	2022 £
Programme related investments (see a below)	—	—
Non-current assets held for sale (see b below)	—	1,909,946
Current assets held for sale (see b below)	<b>11,007,775</b>	—
Listed investments and cash held for re-investment (see c below)	<b>6,662,915</b>	7,037,205
At 31 March 2023	<b>17,670,690</b>	8,947,151

**a. Programme related investments and assets held for sale**

In the comparative period, two of the properties were not used directly by the Charity but they were used by other charitable and not-for-profit organisations for purposes consistent with the Charity's objectives. In some cases, rents were received but in other cases no formal rental agreement was in place. Therefore, the Trustees were of the opinion that the relevant land and buildings should be classified as programme related investments.

During the comparative period, the properties were vacated by their tenants and were in the process of being sold by the Charity and as such the properties were reclassified in these accounts as non-current assets awaiting disposal.

	2023 £	2022 £
At 1 April 2022	—	1,909,946
Reclassification as non-current assets awaiting disposal	—	(1,909,946)
At 31 March 2023	—	—

As explained under principal accounting policies, the properties included above were included in the accounts at a value equal to their depreciated cost immediately prior to reclassification in 2022. Further details in respect to these reclassified assets is given below.

**11 Investments (continued)*****b. Assets held for sale***

As noted above, two properties were reclassified in these accounts as non-current assets awaiting disposal during the comparative period. Negotiations with identified purchasers were ongoing at 31 March 2022. However, the sale was subject to the granting of planning permission for development. The sale completed subsequent to 31 March 2023 (see below).

***St Gabriel's Hall***

St Gabriel's Hall was used during both 2020 and 2019 as a hall of residence by Manchester University. During both of these years it was a catered, all-girls hall comprising of about 100 residents, along with five tutors and the hall warden forming the pastoral team. The hall admitted undergraduate and postgraduate students. The lease on the property expired in 2018. On the advice of the Charity's property advisor and solicitors the Trustees engaged Cushman and Wakefield to negotiate with the University of Manchester and the lease was extended until September 2019, when the properties were vacated.

***The Imani Centre***

The Imani Centre was used during both 2020 and 2019 by the Imani Community Association, to promote the benefit of the inhabitants of Manchester and the neighbourhood together with local authorities, voluntary and other organisations and so advance education and provide facilities in the interests of social welfare. Specific activities include regular self protection sessions, fundraising functions, young people's groups and play schemes. The property used by the Centre adjoins St Gabriel's Hall and is now also vacant following the expiry of the lease.

Following the year end, on 5 July 2023, both properties were sold, realising proceeds of £11,007,775. As such, they have been revalued to their fair value, measured as their aggregate selling price, and reclassified as current assets at the balance sheet date:

	2023 £	2022 £
At 1 April 2022	1,909,946	—
Reclassification from programme-related investments	—	1,909,946
Fair value gain	9,097,829	—
At 31 March 2023	<b>11,007,775</b>	1,909,946

***c. Listed investments and cash held for re-investment***

	2023 £	2022 £
<b>Listed investments</b>		
Market value at 1 April 2022	6,964,488	6,637,659
Additions at cost	428,564	569,260
Disposals at book value (proceeds: £473,642; losses: £14,006)	(487,648)	(465,484)
Exchange movements	6,340	5,326
Net unrealised investment (losses)/ gains	(393,226)	217,727
Market value at 31 March 2023	<b>6,518,518</b>	6,964,488
<b>Cash held by investment managers for reinvestment</b>	<b>144,397</b>	72,717
	<b>6,662,915</b>	7,037,205
<b>Cost of listed investments at 31 March 2023</b>	<b>5,099,392</b>	4,943,719

# **11 Investments** (continued)

Listed investments for the charity for 2023, all of which were dealt in on a recognised stock exchange, comprised the following:

	2023 £	2022 £
Fixed interest based common investment funds	273,831	349,145
Equities	1,133,813	1,012,576
Unit trusts	3,448,688	3,645,166
Alternative investments	333,982	415,594
Property	1,228,229	—
Overseas funds	99,975	1,542,007
	<b>6,518,518</b>	<b>6,964,488</b>

## **c. Listed investments and cash held for re-investment** (continued)

Included in the investment portfolio was the following holding which, at 31 March 2023, had a market value which was deemed material in comparison with the market value of the total portfolio at that date:

	2023 Market value £	2023 Percentage of portfolio %	2022 Market value £	2022 Percentage of portfolio %
Sarasin Endowments Fund (Income Units)	3,448,688	52.91	3,645,166	52.34

# **12 Debtors**

	2023 £	2022 £
Prepayments and accrued income	—	1,962
	<b>—</b>	<b>1,962</b>

# **13 Creditors: amounts falling due within one year**

	2023 £	2022 £
Accrued expenditure	59,301	22,125

# **14 Tangible fixed assets fund**

	2023 Total £	2022 Total £
At 1 April 2022	56,977	9,566,453
Net movement in year	6,687	(1,001,461)
	<b>63,664</b>	<b>8,564,992</b>
Transfer to Sisters of the Cross and Passion CIO (see note 18)	—	(8,508,015)
At 31 March 2023	<b>63,664</b>	<b>56,977</b>



#### 14 Tangible fixed assets fund (continued)

The tangible fixed assets fund represents the net book value of the tangible fixed assets. A decision was made to separate this fund from the other 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.

#### 15 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund £	Total 2023 £
<b>Fund balances at 31 March 2023 are represented by:</b>			
Tangible fixed assets	—	63,664	63,664
Investments	6,662,915	—	6,662,915
Net current assets	11,137,768	—	11,137,768
<b>Total net assets</b>	<b>17,800,683</b>	<b>63,664</b>	<b>17,864,347</b>

	General fund £	Tangible fixed assets fund £	Total 2022 £
<b>Fund balances at 31 March 2022 are represented by:</b>			
Tangible fixed assets	—	56,977	56,977
Assets held for sale	1,909,946	—	1,909,946
Investments	7,037,205	—	7,037,205
Net current assets	809,529	—	809,529
<b>Total net assets</b>	<b>9,756,680</b>	<b>56,977</b>	<b>9,813,657</b>

The total unrealised gains as at 31 March 2023 and 31 March 2022 constitute movements on revaluation and are shown below.

	2023 £	2022 £
<b>Unrealised gains included above:</b>		
On investments	1,419,126	2,020,769
On assets held for sale	9,097,829	—
<b>Total unrealised gains at 31 March 2023</b>	<b>10,516,955</b>	<b>2,020,769</b>
<b>Reconciliation of movements in unrealised gains (losses)</b>		
Unrealised gains at 1 April 2022	2,020,769	1,890,558
Less: in respect to disposals in the year	(194,411)	(92,842)
Net (losses) gains arising on revaluation of listed investments in the year	(407,232)	223,053
Fair value gain of assets held for sale in the year	9,097,829	—
<b>Total unrealised gains at 31 March 2023</b>	<b>10,516,955</b>	<b>2,020,769</b>

#### **16 Pension commitments**

The Charity offers its employees membership of a defined contribution pension scheme administered by the National Employment Savings Trust (NEST). Contributions to the scheme are debited to the statement of financial activities in the year in which they are payable to the scheme. The assets of the scheme are held by an independent corporate trustee, whose activities are governed by the National Employment Savings Trust Order 2010, made by the Secretary of State in exercise of powers confirmed under the Pensions Act 2008.

#### **17 Ultimate control**

The Charity, which is constituted as a trust, was controlled throughout the period by St Paul's Province of the Sisters of the Cross and the Passion by virtue of the fact that the members of the Congregation appoint 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 are vested in the Trustees of the Charity, who undertake all transactions entered into in the course of the Province's charitable activities.

#### **18 Transfer to Sisters of the Cross and Passion CIO**

During the year ended 31 March 2022, assets of £8,622,195 were transferred to the Sisters of the Cross and Passion CIO, Charity Registration No. 1185348. These consisted of tangible fixed assets at a net book value of £8,508,015 (cost of £10,066,209, less depreciation of £1,558,194) and cash at bank of £114,180.

In addition, a donation of £1,450,000 was made to the Sisters of the Cross and Passion CIO in relation to the proceeds from the sale of a freehold property in London.

No transfers, nor donations to the Sisters of the Cross and Passion CIO were made during the year ended 31 March 2023.

#### **19 Related parties**

During the year ended 31 March 2023, the charity received donations amounting to £100,000 (2022 – £nil) from the Sisters of the Cross and Passion CIO to cover legal fees, utility bills and security costs relating to St Gabriel's Hall and the Imani Centre. This property was sold following the year end as disclosed in note 20.

Other than the transactions described above and detailed in notes 8 and 18, there were no related party transactions during the year that require disclosure (2022 – none).

#### **20 Post balance sheet events**

On 5 July 2023, the Charity completed the sale of St Gabriel's Hall, a property previously used as an all-female hall of residence for Manchester University and which was leased to the University on a peppercorn rent, and the adjoining Imani Centre. The sale of this property realised proceeds of £11,007,775. £9,750,000 of the money received from the sale has been transferred to the successor charity, Sisters of the Cross and Passion CIO (Charity Registration Number 1185348) and has been invested to enable that Charity to continue its work into the future. The residual proceeds have been retained by the charity to assist the work of the Congregational Leadership and provide working capital.