

**The Congregation
of the Daughters
of the Cross
of Liege**

**Annual Report and Financial
Statements**

31 March 2021

Company Registration Number: 03492921

Charity Registration Number: 1068661

Contents

Trustees' Report

1 Summary of activities	1
2 Trustees	2

Strategic Report

3 Introduction	3
4 Charity's aim and objects	3
5 Activities	4
6 Objectives of the charity	4
7 Strategic plans	5
8 Achievements and performance of overall charity and criteria for success	5
9 Reports on each part of the charity	
9.1 Sisters' activities	7
9.2 Holy Cross Hospital	8
9.3 St Raphael's Hospice	10
10 Volunteers	12
11 Financial Review (including reserves)	13
12 Investments	17
13 Fundraising	19
14 Risk management	20
15 Events since the year-end and future plans	22

Other matters

16 Public benefit	22
17 The environment	23
18 Streamlined Energy and Carbon Reporting	23
19 Structure and governance	25
20 Management	27
21 Related parties	28
22 Stakeholder engagement	29
23 Statement of trustees' responsibilities	30

Registration details and principal advisers

32

Independent auditor's report

33

Financial Statements

Statement of financial activities	37
Comparative statement of financial activities	39
Balance sheet	40
Statement of cash flows	41
Notes to the financial statements	43
Principal accounting policies	62

1 Summary of activities

The activities of the charity during the year under review can be considered under two headings.

- ◆ The ministry of the Sisters
- ◆ Healthcare provided at;
 - ◆ Holy Cross Hospital, Haslemere, Surrey

Hospital for the treatment of neurological disability and similar long-term conditions

Senior Officer: Ross White

Website: holycross.org.uk.

The Hospital has 40 beds, over 50 in-patient beneficiaries, 144 employees and 25 volunteers.

- ◆ St Raphael's Hospice, Cheam, Surrey

Care of the dying and their families both in the Hospice itself and in the local community

Senior Officers: Gail Linehan and Nick Stevens

Website: straphaels.org.uk

The Hospice has an extensive outreach service, as well as its 14 beds, 140 employees and 247 volunteers.

St Raphael's Hospice was transferred into an independent charitable company on 31 October 2020. Please see Section 9.3 of this report.

These activities are supported by a small central staff who deal with statutory and charity-wide matters, including monitoring the investments and funding Sisters' Communities. The central administration also encompasses the lay staff caring and providing house-keeping for elderly Sisters in Haslemere, Chelsea, Cheam, and Stillorgan, Ireland.

1 Summary of activities (continued)

Our finances

	2021	2020
Total expenditure	£17.0m	£17.1m
Total income	£13.8m	£16.7m
Net expenditure	£(3.2m)	£(0.5m)

These amounts are achieved before investment and other gains and losses and, for 2021, before the transfer of the St Raphael's Hospice.

Our people

	2021	2020
Total staff costs	£8.6m	£10.1m
Employees	278	310
Volunteers	272	861
Sisters (also volunteers)	41	44

2 Trustees

The trustees who served during the year are:

Sister Veronica Hagen

Chair and Chief Executive of the Charity
Provincial Superior and Chair of the Provincial Council

Sister Mary McGinn (aka Sister Mary Geraldine)

Provincial Bursar

Sister Annette Clemence*

Sister Anne Kelly*

Sister Maureen O'Brien* (resigned 11 September 2021)

Sister Kathleen O'Reilly*

* Members of the Provincial Council

Trustees' thanks

None of the charity's work could be achieved without the dedicated loyalty of all the staff employed by the charity, the efforts of all the full-time and part-time volunteers (nearly 300), the commitment and effort of the 41 Sisters (2020 – 44 Sisters) or without the continuing generosity of its donors and supporters and input of its advisers.

The trustees are also extremely appreciative of all the members of the Advisory Committees who contribute to the charity's work by devoting their time and expertise.

To all these groups, the trustees offer their grateful thanks and their prayers.

Strategic Report

3 Introduction

The trustees are pleased to present their report, together with the financial statements of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2021. The trustees' report, including the strategic report, has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report for the purposes of the Companies Act 2006.

The financial statements are presented in accordance with the accounting policies on pages 61 to 66 and comply with the requirements of the Charities Act 2011, the Companies Act 2006, the charity's Memorandum and Articles of Association, applicable laws, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

4 Charity's aim and objects

The aim of the charity is to provide a legal framework in the UK for the Sisters to follow their calling and to meet the obligations set out in their own Constitution.

Sisters have been working in the UK since 1863 when the English Province was established. In 1910 the Sisters' work was given a more formal framework under a trust deed and in 1998 the activities were transferred to a charitable company limited by guarantee, the objects being based on their Constitution. The charity is established to:

- ◆ advance religion, by establishing and maintaining residencies for the Sisters of the Congregation.
- ◆ advance religion, advance education and relieve poverty and suffering, by direct activity in the community and by all other charitable means, including giving alms to the needy.
- ◆ relieve poverty and suffering, by establishing and maintaining hospitals, hospices, nursing homes and residential homes for the sick, elderly and needy.
- ◆ advance education, by establishing and maintaining educational institutions in accordance with Canon 803 of the Code of Canon Law.
- ◆ carry out any other charitable purpose for the benefit of the community as the trustees shall from time to time determine.

4 Charity's aim and objects (continued)

For the Sisters, Religion is the commitment to love and serve God as expressed in their vows, and is and always has been the centre of their lives and everything they do. Thus, to them, Religion is not just about worship and prayer but encompasses, among other things, teaching and caring for others. To quote from the Sisters' Religious Constitution "They serve Christ in the works of general and special education, the care of the sick and the aged, abandoned children, the physically, psychologically and mentally challenged, the socially deprived, local pastoral work and the various needs of the Church". The Sisters do not see the above objects as separate activities but as all part of the one Religious life they have chosen.

The Religious commitment of the Sisters permeates all of the charitable activity done in the name of the Province and the charity.

5 Activities

The trustees are pleased that during the year the charity has continued to provide a range of excellent services, which are all underpinned by the ethos and charism of the Sisters. The charity's services continue to be much needed in their locality and wider afield.

Over 1,000 people have been helped with their care, health, or medical needs in a very challenging financial and social environment, which has been exacerbated this year with the pressures of operating through the Covid-19 pandemic and national lockdowns. Management, staff, and volunteers across the charity do a wonderful job in providing excellent services to beneficiaries with good or outstanding results from the various inspections that take place over the course of a year.

The Sisters, in Communities in England and Ireland continue to bring assistance, enthusiasm, support, and compassion to all those with whom they interact, whilst at the same time offering a spiritual dimension to their lives.

During the 158-year existence in England of the Daughters of the Cross, they have established many different activities around the country to meet the needs of the locality and the community at the time. As people's needs and the social and economic environment have changed, activities have been adapted, closed, sold or given to others to manage.

The individual activities, strategies and operations of the "Works" (as the Sisters refer to them) are different from each other and for this reason a separate section has been included in this report for each of them.

6 Objectives of the charity

The trustees are continuing to work on their long-term objective of finding appropriate futures for the Works of the charity, with the desire to achieve long-term and financially viable benefits to society, outside of the direct responsibility of the Province. This objective continues to be necessary, as eventually there will be an insufficient number of Sisters with the appropriate skills to continue to be responsible for what are very complex and heavily regulated healthcare operations. Indeed, that St Raphael's Hospice was separated into its own charitable company during the year is an example of the continuing nature of this strategy.

6 Objectives of the charity (continued)

The Sisters will continue to carry out their work in accordance with their Constitution, for as long as each of them is able to do so. Where necessary, trustees take advice from independent professional advisers.

These two objectives of running the Works and working to secure their long-term futures are both short and long-term because, from trustees' past experience, it is impossible to control how quickly separate futures can be organised.

7 Strategic plans

- ◆ Ensure that the Sisters have the means to enable them to live their lives as spiritually and actively as possible.
- ◆ Ensure that the senior management of the charity have the required capacity and capability to run the day-to-day operations of the charity in line with their set objectives, including meeting or exceeding all regulatory standards.
- ◆ Provide healthy and safe environments for Sisters, beneficiaries, staff, volunteers, and visitors.
- ◆ Secure the necessary funding to pay for the services being provided.
- ◆ Explore all options and take all necessary advice to find the most appropriate future for Holy Cross Hospital.

8 Achievements and performance of overall charity and criteria for success

By the nature of the charity and the work of the Sisters, its success is in continuing to provide the highly-specialised staff, appropriate facilities, and the infrastructure to look after people who are all in need of considerable care and attention every day. For some of the beneficiaries at Holy Cross Hospital, the charity's facilities will be their homes for the rest of their lives, whereas at St Raphael's Hospice, their care may last a short amount of time, and may be in their own home, or within the Hospice building itself. This care has been provided to the required standard or higher and has made a real difference to beneficiaries' lives.

The most significant achievement during 2020/21 was completing the separation of St Raphael's Hospice from this charity and moving the assets and operations across into the new St Raphael's Hospice charitable company. This was achieved on 31 October 2020, thanks to many years of work from the trustees, the Hospice management (both previous and current) and the advisory committee of the Hospice, many of whom have gone on to become trustees of the new charity. This event is the latest in a series of successful transferring of the Works of this charity, into new independent futures.

Holy Cross Hospital cares for people with complex neurological disabilities or illnesses caused by accidents or from degenerative illnesses. This year the Hospital has had an average of over 90% in-patient occupancy, during what has been a very difficult time to run a Hospital such as this, with patients who are extremely vulnerable to a virus such as Covid-19.

8 Achievements and performance of overall charity and criteria for success (continued)

During the seven months from April 2020 to October 2020, St Raphael's Hospice has provided terminal care and support for over 1,000 people both within the Hospice and at their own homes, and in many cases has supported their families and friends. In all cases the beneficiaries are given the best quality of life that they are able to experience.

The Sisters have continued ministering amongst the staff and beneficiaries within both of the Works, in their local parishes, and in other places in which they volunteer.

There are many other achievements described in the rest of this report.

In what continues to be a very challenging financial and social environment, continuing this much-needed work is in itself a success. Other criteria that the trustees use to measure success and receive assurance from are:

- ◆ Reports and feedback from external regulators, particularly the Care Quality Commission (CQC) and from the various local authorities which commission the services.
- ◆ Internal inspections and organised visits that the Works are meeting or exceeding the required standards.
- ◆ Advisory Committee reports and the discussions at Advisory Committee meetings.
- ◆ Feedback from beneficiary surveys, both formal and informal.
- ◆ What they see and hear when talking to staff, beneficiaries and others connected with the services.
- ◆ Standing agenda item at each regular trustee meeting to have an update from each of the Works regarding any significant matters that are currently being managed, e.g. that complaints are fully dealt with and revised procedures put in place where necessary.
- ◆ Generating financial surpluses which can be reinvested in facilities and services.

The trustees are satisfied that the charity had another successful year, albeit that Covid-19 continued to put a great strain on the day-to-day operations at each of our locations, particularly in the early stages of the virus hitting the UK as access to PPE was difficult and some staff were placed on furlough as charity shops were closed and fundraising events were postponed or cancelled. The financial effects of the pandemic will be felt for some time across the charity in areas such as increased costs of PPE and beneficiary safety, and reduced income from investments and public fundraising, where events were cancelled and the ability to fundraise effectively was severely curtailed by staff working from home and the public cutting back on charity donations in a time of financial worry for many households. The charity recorded a deficit before investment gains are accounted for. The financial performance is explained in more detail in the financial review section.

9 Reports on each part of the charity

9.1 Sisters' activities

The involvement of the Sisters makes this charity different from many other charities; they are trustees, part of management, donors, and beneficiaries. The trustees, like all our Sisters, covenant their pensions and salaries to the charity. Having taken a vow of poverty they have no financial resources of their own and they are provided for by the charity as beneficiaries. The Sisters have spent their entire working lives in one or other of the past or present Works and when they reach their later years the charity continues to care for them. As Sisters age, the care and support they require in their Communities is gradually increasing.

The Sisters continue to fulfil the objects set out in both their Religious Constitutions and in the charitable company's Memorandum and Articles of Association (amended in 2019), despite the advancing age and frailty of some of the members. The Sisters provide in-house facilities in England and Ireland to meet the need of their growing number of very frail and sick members, who need full time care. The Provincial Superior and Provincial Bursar are members of Conference of Religious in England and Wales and the Association of Provincial Bursars respectively and participated in the Annual Conferences.

Whether the Sisters reside on site at one of the Works or in one of the smaller convents, they continue to minister as volunteers both within our own major Works, as well as in previously Daughter-owned Works, which are now standalone charities. With the onset of lockdown and the required access restrictions, an increased use of digital platforms allowed the Sisters to continue to offer these supports.

Sisters also minister in their localities. Where there is a need to be met, the Sisters endeavour to meet it or offer support. Their individual ministries include being members of the various Management Teams and Advisory Committees. At any one time, up to six Sisters undertake trustee duties of the charity and four of our Sisters are serving as trustees for the recently established standalone charities. This support has continued throughout the year by using digital access. There were periods due to Covid-19 when CQC provider and Trustee on-site visits could not take place. Regular checking in with local leadership teams reassured the trustees that we are meeting both the regulatory requirements and our own Christian company's values and objectives.

Sisters are also working or volunteering as Hospital/Hospice Chaplains or as Pastoral Assistants supporting the spiritual needs of pupils, patients, staff and relatives. Others are appointed to guide and support groups of the laity who are known as Associates of the Daughters of the Cross, while Sisters also volunteer in various organisations including RESULTS and JPIC, as well as offering practical support in local care homes, hospices and day facilities. Sisters are involved in school and college governance, in bereavement counselling, and counselling those with learning disabilities. Our charity has supported local ecumenical projects that offer practical help to the homeless and people on low incomes and have continued to support a national charity for trafficked people.

9 Reports on each part of the charity (continued)

9.1 Sisters' activities (continued)

The Sisters normally spend time on retreat each year in silent contemplation and prayer, the purpose being to deepen their own spiritual life and to reflect on and evaluate how they are fulfilling their commitment to helping those most in need.

The Province's frail and elderly Sisters are cared for in appropriately adapted accommodation in Haslemere, Surrey and in Stillorgan, Ireland within a Community setting and with the help of lay staff. The costs are significant, but it avoids the need for Sisters to go into the full-time and even more expensive care of others.

Sister Communities are also supporting adult groups known as Associates of the Daughters of the Cross. These are people who wish to embrace the Charism and Ethos of the Congregation and who in turn support the Congregation's ministries with their prayers. The English Province Sisters support Associates in Carshalton, Cheam, Jarrow and Much Hadham in England, Stillorgan in Ireland and Tracy in the USA, and there are other groups of Associates in many of the countries in which the Congregation works.

9.2 Holy Cross Hospital

Activities

Working in close co-operation with the NHS (from which most patients are referred), Holy Cross Hospital provides high quality inpatient services to adults with severe and complex neurological disabilities or illnesses that may arise from acquired brain injury, spinal cord injury or advanced stage of degenerative illness. It also has a physiotherapy centre which houses the hydrotherapy pool, enhancing the treatment of some inpatients and providing excellent facilities for outpatient treatment. The Hospital makes the benefits of physiotherapy and hydrotherapy available to as many local people as possible. The Hospital is also able to provide short-term rehabilitation and respite care.

Most of the inpatients referred to the Hospital have been in contact with statutory services and most of the Hospital's income is derived from NHS Clinical Commissioning Groups (CCGs) and Local Authorities, who are responsible for funding such healthcare services.

The Hospital aims to achieve the best possible quality of life for all those using its services, with a high priority being given to engaging the support and participation of family members. Some patients require access to the Hospital's services over prolonged periods, therefore great effort is devoted to making the environment as home-like as possible, to which donations and the work of volunteers make a major contribution.

Strategies

- ◆ Provide services that are complimentary to those available locally through the NHS and to do so in co-operation with statutory authorities and other healthcare professionals.

9 Reports on each part of the charity (continued)

9.2 Holy Cross Hospital (continued)

Strategies (continued)

- ◆ Continue to develop services in neuro-disability and associated rehabilitation of physically disabled adults by increasing the knowledge and expertise of staff, collaborating with the NHS and other professionals and by improving facilities.
- ◆ Operate the physiotherapy centre as a service to local people, offering high quality and accessible physiotherapy services and classes.
- ◆ Provide comprehensive training programmes for staff and make these available as appropriate to other local care providers and agency staff.
- ◆ Maintain the ethos of the Hospital and the Congregation.

Objectives and achievements

The Hospital's plans for 2020-21 included the following objectives:

Objective	Achievement
Design and implement a new electronic patient records system	Not yet achieved. During the year the decision was taken to move away from implementing an off-the-shelf product, and a smaller, bespoke system is now being trialled, with more development work taking place throughout 2021/22
Complete the construction of the Treehouse platform	The Treehouse was completed in August 2021
Commence the work to St Joseph's building to extend and convert it into a 10-bed in-patient ward	Due to the effects of the pandemic on current patient numbers, this project remains under review to ensure the most appropriate facilities are developed for the long term
Evaluation of extending the existing offering of out-patient services	This work remains ongoing

The Hospital (40 beds) started the year fully occupied and ended the year with four empty beds. During the year 14 patients died and three patients were discharged. There were 13 new admissions.

The coronavirus pandemic inevitably affected our work during the year. At times the Hospital suspended all visiting, patient activities and outings, and our outpatient services when concerned about high prevalence of the virus in the local community. We stepped up our communication with patients' relatives, including regular email updates and by enabling virtual visits. In addition, virtual outpatient physiotherapy classes were enabled and introduced; e-induction and e-learning was developed to enable staff to continue training safely, and home working was enabled for some of our staff.

9 Reports on each part of the charity (continued)

9.2 Holy Cross Hospital (continued)

Objectives and achievements (continued)

We experienced two virus outbreaks during the year, in April 2020 and January 2021. The first was very limited in scale, but the latter outbreak had much greater impact, tragically leading to the deaths of five patients and one member of staff. This was in spite of our well-practiced infection prevention protocols and having all the necessary personal protective equipment. Vaccination clinics took place in January, February and March 2021, ensuring greater protection for all of our patients and staff, and for the Sisters who live on the site.

The CQC introduced transitional monitoring arrangements, and we were able to satisfy inspectors of our high clinical standards and good governance. We also provided information to the CQC about our extensive preparations and response to the pandemic.

9.3 St Raphael's Hospice

Activities

St Raphael's Hospice provides services and support to the communities of the London Boroughs of Sutton and Merton (a population of approximately 420,000). This is done by providing excellent person-centred palliative and end-of-life care to people at the Hospice, in their own homes or nursing/residential homes. Working collaboratively with colleagues in primary care we support patients receiving the right care in the right place at the right time whilst also being able to offer in-patient care if necessary.

The Wellbeing Centre provides activities and support for both patients and carers. Sometimes activities are integrated, such as yoga; others, for example the monthly lunch clubs, are facilitated separately to enable peer support.

The Hospice welcomes, respects, and supports patients, their families, and its staff and aims to give patients the best quality of life to the very end. It aims to meet the physical, emotional, spiritual and social needs of patients, their families, friends and carers during the final stages of life with attention being paid particularly to patients' ethnic and religious backgrounds.

The Hospice accepts referrals from hospital clinical nurse specialists, district nurses and GPs of patients in the community who are in need of specialist palliative care. It has highly trained specialist doctors and nurses who work both in the inpatient unit and patients own homes. The community palliative care consultant assesses patients and adjusts their medication to provide relief from pain and other symptoms whilst retaining maximum awareness and wellbeing for the patient.

The Hospice at Home service provides professional nursing care and support to patients in their own homes whose preference is to die at home rather than in any other setting.

The psycho-social and pastoral care team, which includes counsellors, a social worker and a pastoral care sister assist the patient and their family and other loved ones during the course of the terminal illness and offer a bereavement service after the death of the patient where appropriate.

9 Reports on each part of the charity (continued)

9.3 St Raphael's Hospice (continued)

Activities (continued)

The Hospice provides extensive education and training on palliative and end-of-life care knowledge and skills for its own staff and for other healthcare professionals including GPs, and nursing home staff. The programme is designed to improve awareness of and support best practice in the delivery of palliative and end-of-life care in all settings. The Hospice continues to take the lead locally in the implementation of the government's end-of-life care objectives and works collaboratively across sectors to improve education and training in palliative and end-of-life care.

Strategies

- ◆ Ensure patient-centred care is central to everything we do; this care extends to their family and friends.
- ◆ Build on the existing high-quality team of volunteers in order to maximise the benefits to patients and the volunteers' satisfaction in working with them.
- ◆ To focus on excellent services, raising the visibility of the Hospice within local communities, and engaging better with these local communities in order to serve them better.
- ◆ Maintain the ethos of the Hospice and the Congregation.

Objectives and achievements

The Hospice had the following objectives for 2020-21:

Objective	Achievement
Set a date for independence and complete the transfer of activities into the new charity	Having been delayed from 31 March 2020, the new separation date of 31 October 2020 was set, in collaboration with the trustees of the new St Raphael's charity. Separation was achieved on this date, with all staff successfully TUPE'd across, CQC registration transferred and operations continuing smoothly throughout the period. A grant of £3.6m was made by this charity to St Raphael's Hospice to assist them in the early phases of the 5-year plan
Deliver on the first phase of the 5-year strategy	The Hospice continues to work through the first phase of the business plan; to reach financial sustainability without reliance on the financial assistance of the Sisters, or on exceptional legacies. This work was started during the pandemic and is ongoing
Manage the Covid-19 situation	Steps taken included restricting footfall on site, arranging sufficient and appropriate PPE and staff protocols (particularly for front-line staff), cancelling fundraising events and closing shops, furloughing staff, and working from home where possible.

9 Reports on each part of the charity (continued)

9.3 St Raphael's Hospice (continued)

Objectives and achievements (continued)

This year the Covid-19 pandemic has affected all operations at the Hospice. It agreed to provide additional capacity to the NHS, found new ways of working to ensure services could keep running throughout lockdowns and other restrictions. The Hospice benefitted from grants made available to the hospice sector by HM Treasury, as well as using the Coronavirus Job Retention Scheme and receiving business grants from local authorities where shops are located.

The separation of the Hospice involved the Province gifting the new charity the operational net assets, and leasing the land and buildings to the Hospice at a peppercorn rent, on a 20-year lease.

St Raphael's financial performance is heavily reliant on donations from the general public. Net expenditure (excluding contributions from the Congregation) at the Hospice for 7 months in 2020-21 was £347k, compared to last year's deficit of £77k. There was a 63% decrease in donations and legacies compared to 2019/20 (£1.1m down from £3m), with total income down by 46% to £3.3m. The cost of charitable activities decreased by 40% from £4.2m to £2.5m and the cost of fundraising went down by 43% to £1.21m from £2.1m.

10 Volunteers

The Sisters are Apostolic Religious volunteers and the whole of their lives is given to helping those in need.

The trustees and the management teams at each of the Works are very grateful to the hundreds of volunteers around the charity who give freely and generously of their time and who bring enthusiasm and dedication and make an enormous contribution to the lives of the beneficiaries. During the pandemic, and the risks associated with it, many volunteer roles were temporarily stood down. However, there was still a tremendous contribution made to the core services of the Works by the volunteers over the past year.

At Holy Cross Hospital volunteers make a significant contribution to the activities of the Hospital. They contribute to patients' quality of life by supporting social activities in the "Living Room" and outside in the wider community by helping with transport, outings, and fundraising through the Friends of Holy Cross Hospital.

At St Raphael's Hospice there were approximately 200 volunteer roles undertaken during the period.

11 Financial Review (including reserves)

Results

A high-level analysis of the operating deficit and the overall results is as follows:

	Works £'000	Sisters* £'000	Total 2021 £'000	Total 2020 £'000
2021				
Cost of providing services	(9,902)	(2,461)	(12,363)	(14,165)
Grant to St Raphael's Hospice	—	(3,600)	(3,600)	—
Charitable activities' income	8,430	—	8,430	8,387
St Raphael's non-grant income (net)	282	—	282	2,299
Operating deficit	(1,190)	(6,061)	(7,251)	(3,479)
Other charity net income	3,975	—	3,975	2,999
Operating surplus/ (deficit) after other income	2,785	(6,061)	(3,276)	(480)
Transfer of St Raphael's Hospice			(3,699)	—
Investment gains (losses)			17,521	(8,415)
Net expenditure			10,546	(8,895)

	Works £'000	Sisters* £'000	Total 2020 £'000	Total 2019 £'000
2020				
Cost of providing services	(11,376)	(2,789)	(14,165)	(26,473)
Charitable activities' income	8,387	—	8,387	18,677
St Raphael's non-grant income (net)	2,299	—	2,299	1,944
Operating deficit	(690)	(2,789)	(3,479)	(5,852)
Other charity net income	2,999	—	2,999	4,034
Operating surplus/ (deficit) after other income	2,309	(2,789)	(480)	(1,818)
Transfer of St Elizabeth's Centre			—	(28,366)
Investment (losses) gains			(8,415)	3,022
Net expenditure			(8,895)	(27,162)

*Members of the Congregation

Amounts quoted for the Works in their own sections may not agree in total to these charity-wide figures, as their results are spread across several headings in the Statement of Financial Activities and in practice they do not suffer the central support costs of the charity which, under Charity SORP FRS 102, have to be spread across all activities. Each part of the charity is affected by both common and individual issues, and explanations are given in their own sections of this report of their financial effects, and what trustees and management are doing to improve their financial situations.

11 Financial Review (including reserves) (continued)

Results *(continued)*

The operating deficit of £7.2m is a £3.7m worsening on last year's result (mainly due to the £3.6m grant given to St Raphael's Hospice), however the other net charity income (predominantly investment income and Sisters' salaries and pensions) increased to £3.98m (2020 - £3m). These outcomes combined resulted in an operating deficit after other income of £3.3m, compared to the £0.5m deficit last year, although the separation of St Raphael's part way through 2020/21 makes direct comparisons difficult.

The Works' management teams do an excellent job in maintaining or exceeding the necessary standards whilst coping with the many challenges facing them. These include the pressure on income from the public and local authorities with which the charity works, the difficulty of recruiting sufficient and appropriate staff, and the increasing complexity of the needs of beneficiaries. These challenges appear to be a constant for the foreseeable future.

Holy Cross Hospital has worked hard over recent years to agree a level of fees with CCGs and Local Authorities that cover the full cost of providing the appropriate level of care for its patients. This work has meant that even though bed occupancy levels have been lower this year than in recent years, the Hospital recorded only a small deficit (before charity-wide support costs are allocated), whereas with a lower fee level, losses could have been much greater. Staff costs of £5.4m are 75% of its running costs, which is not unusual in healthcare settings. The Hospital had income from CCGs and Local Authorities of £6.3m, £226k of income from private patients, and £273k of other income. The total cost of running the Hospital before charity-wide support costs was £7.1m.

The Hospice's costs of its charitable activities for the seven months to October 2020 is £2.4m but it only received £1.1m charitable activities income, creating a £1.3m shortfall that is normally bridged through fundraising and trading activities, however, this year UK Government support grants of £718,000 was an enormous help to the Hospice in this period. Net income from fundraising, lotteries and shops amounted to £1.0m, creating a £300k operating deficit this year. Staff costs of £2.6m are 70% of total costs.

The trustees' and managements' focus at both the Hospital and the Hospice is to ensure stable and improving financial operating models, so that they can continue to run successfully into the future.

Investment gains and losses

There were investment gains of £17,521,000 for the year (2020 – losses of £8,415,000). These are explained in the section on Investment management, review and performance.

Reserves policy and funds

The trustees are conscious of the requirement to balance the needs of present and future beneficiaries, especially the Sisters and their needs now and in the long-term. This means that each year they consider whether to increase the proportion of resources allocated to general and designated funds reserves or whether to invest more in fixed assets, staffing, etc. to maintain, improve or develop services to beneficiaries.

11 Financial Review (including reserves) (continued)

Reserves policy and funds (continued)

It is a characteristic of the health sector that staff costs constitute a large proportion of total costs. Free reserves need to be held to meet these costs in the event of a downturn in occupancy or income or any other unforeseen eventuality, and to allow the charity to continue with the provision of services whilst specific action plans are developed and implemented. As such downturns tend to happen quickly and because the continuing costs would still need to be met, these reserves are held in cash.

The trustees consider that, given the level of annual expenditure and the nature of the income and risks of the charity's Works, the level of free reserves required should represent between 3 and 6 months' normal operating unrestricted expenditure. During this period of internal organisational change, as well as managing the significant external risks and a volatile economic environment for at least another 12 months, the trustees consider it necessary that the free reserves of the charity should be towards the upper limit of the reserves policy. This enables trustees to react to adverse events and buys time for when changes are required to be made.

The free reserves, which are funds that are neither restricted nor designated for a defined purpose, are represented on the balance sheet as the General Fund. Once its level is decided, trustees can consider the charity's other needs and what funds are available to be designated.

The General Fund (free reserves) at 31 March 2021 stands at £6.4m (2020 – £5.0m) which represents around 7.4 months (2020 – 5.7 months) of the recurring annual unrestricted expenditure. However, this includes the reduction in the provision, which is one-off in nature. If this is excluded from the calculation, free reserves are at 6 months of expenditure, in line with trustee expectations.

Restricted funds

Restricted funds of the charity relate to the surplus monies which have either been raised or given for, or their use restricted to, specific purposes or which comprise donations subject to donor-imposed conditions. At 31 March 2021 they amounted to £1.5m (2020 – £4.6m), of which £1.4m (2020 – £1.1m) is in respect of a legacy given for the benefit of Holy Cross Hospital. The legacy was partly used to build a Physiotherapy Centre, with the remainder (the restricted fund) being invested so the income generated can fund the maintenance costs and keep the facility running.

Designated Funds

The fixed asset fund amounts to £33.0m (2020 – £34.2m) and relates to those funds invested in tangible fixed assets. Other designated funds are established out of general funds where there is a need to provide funding for a specific purpose. The funds include:

11 Financial Review (including reserves) (continued)

Designated Funds (continued)

- ◆ Daughters of the Cross fund of £47m (2020 – £38m). This fund is established to ensure that the work of the Sisters is continued in the UK and around the world for as long as possible. It is invested for the long-term so that only the income is spent. The income helps to meet the shortfall of the Sisters' covenanted income over the costs of their welfare and apostolic activities, together with meeting the care costs of the frail and elderly members. The amount designated has increased from last year, reflecting the lower yield generated by the listed investments in which these funds are held, as well as recognising that Sisters pensions, the other income stream for the Sisters of the Province, reduces as the number of Sisters declines.
- ◆ Provincialate fund of £31m (2020 – £25m). This fund has been established so that the income from it will meet the running costs of the charity's central core functions. This facility will be required for the foreseeable future as the Provincialate office has no source of income other than investment income.
- ◆ Charitable activities fund of £18.2m (2020 – £21.1m). This fund is invested to underpin the needs of the Works and other charitable activities. These needs are connected with the objective of finding long-term secure futures for the Works and the long-term accommodation and other needs of the Sister beneficiaries. It is difficult at this time of great change, both internally and externally, to calculate the funds which may be required to secure those futures, but this is the maximum amount currently available.
- ◆ St Raphael's Hospice fund of £2.7m (2020 - £6.3m). This fund was established following discussions between trustees and the senior management team at the Hospice regarding possible ongoing support once the separation has been concluded. The amount is made up of two distinct amounts. £3.6m was paid across to the Hospice upon separation, meaning the fund balance now stands at £2.7m, which is being held by the Province as a contingency against the risks of delay, variances against inflation assumptions built into the new business model, and possible volatility in legacy income.
- ◆ Worldwide fund of £7.8m (2020 – £6.1m). This fund is invested to produce annual income to meet charitable needs across the Congregation worldwide.
- ◆ The Adversity Reserve fund of £2m (2020 - £nil) has been established to provide availability of liquid funds in case of an adverse events or set of circumstances that create a significant and urgent financial need. This may include events or circumstances such as providing an indemnity to the final salary pension scheme once it has been wound up, or an event not covered by the charity's insurance policies.
- ◆ The Income Risk Reserve fund of £1m (2020 - £nil) is set up to provide a liquid reserve for the charity in case of an exception dip in net income in the year, caused by exceptional circumstances such as seen during the Covid-19 pandemic. This will provide immediate cash funds to both The Province and Holy Cross Hospital so that normal operations and cashflow are not negatively impacted. A short-term dip in income may arise from either a drop in investment income at The Province, or from a sudden loss of fee income at Holy Cross Hospital, where its own reserves may be protected for future use, by the availability of cash from this designated fund.

Other than the tangible fixed assets fund, £105.8m (96%) of the £109.7m of designated funds are represented by fixed asset investments.

11 Financial Review (including reserves) (continued)

Overall

The overall position is that total funds have increased over the year by £10.5m (2020 – a reduction of £8.9m). This is due to the £17.5m increase in the value of the investment portfolio, less the £3.6m grant to St Raphael's Hospice and the transfer out of the Hospice's net assets, valued at £3.7m. At 31 March 2021 the charity has total funds of £149.8m (2020 – £150.7m).

12 Investments

Investment policy

The charity's investment objective is to preserve capital value in real terms and to achieve a growing level of income over time. The day-to-day operation of the portfolio is entrusted to three investment management firms, who must each operate in line with our policy. Their approach and strategies are very different, which gives additional comfort to trustees and contributed to the management of the various risks involved in holding investment assets.

The charity has had an ethical investment policy for many years as they believe that the practice of holding investments must be done in line with the Sisters' ethos, values and spirituality. Inevitably this means that some investments cannot be held as they will be incompatible with the values of the Congregation and the teachings of the Catholic Church. Trustees believe that the overall long-term return on the investments need not be materially affected by the ethical restrictions that form part of the overall policy. The investment policy is reviewed every year by the trustees.

The policy states that no charity funds are to be directly invested in companies which generate significant income from armaments, adult entertainment services, or companies which are involved in areas of activity contrary to the sanctity of life. In addition, all investments are screened to check the companies' compliance with the International Labour Organisation standards. For other areas of investment stewardship (for example the environment or corporate governance), the policy is to adopt an "engagement" approach, which means using the charity's position as a shareholder, through its investment managers, to encourage companies to adopt more ethical and socially responsible policies and procedures. The investment managers either internally, or using external agencies, monitor the activities of those companies in which the charity is invested, and the results of that monitoring are considered at all investment meetings. Our managers are asked to either follow-up on issues that they are currently engaging on, or we ask them to start to engage with companies on other topics (usually concerning environmental, governance or societal issues).

The charity's investment policy underwent a thorough review during the year, to ensure it is fit for purpose and relevant to the present and future issues surrounding charity investments, particularly faith charities.

12 Investments (continued)

Investment management, review and performance

The portfolios are invested for the long-term and comprise listed UK and overseas equities and fixed interest stocks, with an exposure to commercial property and other 'alternative' investments. The investments comprise direct company holdings in both equities and bonds, together with pooled funds which are used by each of the managers to gain specific exposure and to manage risk. Income is withdrawn to meet central costs and the needs of the Sisters, and to fund the Worldwide Fund grants.

The portfolios have a significant exposure to UK and overseas equities and the trustees therefore accept that there will be considerable volatility in values. The asset allocation is continually monitored by trustees, in consultation with the investment managers, and the Finance Advisory Committee (which includes all trustees and volunteer independent investment advisors) has formed the view that all the movements in investment values were within acceptable parameters.

The investments performed well over the course of the year. Following the market falls in February and March 2020, equity values rose considerably over the remaining nine months of 2020, with solid performance in January to March 2021. As a result, our investment portfolio saw large gains in this financial year, rising from £89m in April 2020 to £107m in March 2021.

The investments will continue to be carefully monitored as markets and economic conditions remain volatile and investment income levels remain below pre-pandemic levels, and may take several years to fully recover.

Each investment manager's results are reviewed formally at meetings twice a year, where up to date reports are reviewed, performance against benchmarks is considered, and any issues concerning ethical investment or corporate governance are discussed. Composite benchmarks are arranged by each manager reflecting the agreed asset class allocations and using appropriate indices for each asset class. Where action is necessary, this is agreed and the actions are monitored to ensure it was taken. The variations in performance fluctuate from manager to manager and from quarter to quarter. Actual performance against the benchmarks for the 12 months to 31 March 2021 was as follows:

(Shown on a total return basis)	2021		2020	
	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock	19.75	22.35	-8.97	-10.53
Sarasin	25.10	25.50	-1.70	-6.60
Smith & Williamson	21.80	21.30	-7.80	-7.80

The trustees continue to be satisfied with their investment managers' actions and performance over the past 12 months. All three recorded gains for the year, this was expected given market conditions, and the above table shows all three delivered gains broadly in line with their respective benchmarks.

12 Investments (continued)

Investment management, review and performance (continued)

With this background to investments and investment markets, it is important that the trustees continue to take a long-term view and that they seek a reasonable level of diversification. They achieve this by using three investment managers (each having different approaches and strategies), by investing across different asset types, by investing in the UK and overseas, and by holding specialist pooled funds in addition to direct holdings in stocks and shares.

13 Fundraising

The charity is registered with the Fundraising Regulator and is committed to adhering to the Fundraising Code of Practice. There have been no adjudications and no significant failures to comply with those standards. The charity has detailed policies and procedures in place to ensure high standards are complied with and those procedures ensure that all fundraisers and those who work on the charity's behalf are aware of them.

During the year, there were no reported failures in compliance with the Fundraising Regulator or other regulatory bodies, including the Gambling Commission (2020: none) and no fundraising complaints received (2020: none).

St Raphael's Hospice was the principal fundraising area of the charity. Holy Cross Hospital does not undertake fundraising activity itself, but it does benefit from the fundraising efforts of another charity, the League of Friends of Holy Cross Hospital. In the seven months to October 2020, the Hospice raised £1.5m (2019/20: £4.4m in a full year) to set against its operating costs. The Hospice has an in-house fundraising team which maintains high standards of ethical fundraising and whose procedures and activities are kept under regular review. For example, the Hospice supports its staff in attending dementia awareness training and is signed up to the fundraising preference service.

St Raphael's Hospice has two commercial contracts with third party fundraisers. Salvia Fundraising acts on its behalf to fundraise from trusts, foundations and The Big Lottery Fund. Sterling Lotteries runs its weekly draw and two raffle draws each year. The Hospice also benefits from the support of individual volunteer fundraisers, although much of this activity is paused during the pandemic. They receive a fundraising pack and are supported by regular communication and by the provision of relevant information e.g. legal advice, contact details and how to bank funds. Each group member receives a photo ID badge to allow them to fundraise and collect legally, on behalf of the Hospice.

The Hospice has procedures in place to ensure that undue pressure is not put on anyone, particularly vulnerable people, to donate or support its charitable work. For example; by never phoning people unless they have expressed an interest in the work and respecting people's wishes if they wish to hear from the Hospice less often or not at all. The Hospice always checks first that people it phones are happy to speak to it. This has been implemented as a 'fundraising promise' across all teams.

The Hospice does not sell or exchange information in its databases with any other charities or companies, nor does it make them available to third-party organisations.

14 Risk management

The charity works with people who have complex needs and caring for them involves carrying out activities which entail inherent risk. Whilst actions can be taken to monitor, manage and mitigate risks, only a certain level of assurance can ever be obtained, and the trustees accept that there are some risks which are outside of the charity's direct control, and which cannot be mitigated. Trustees are nevertheless committed to maintaining highly-developed risk management processes across the charity.

The process entails management teams identifying the major risk events and assessing them for potential impact and the likelihood of occurrence. They review what steps are being taken to mitigate them and take additional actions as necessary to reduce the exposure to them. This applies not only at the overall level but also to particular events and activities, and to specific beneficiaries. As far as possible each risk or area of risk is the responsibility of an individual or individuals and the mitigating actions are embedded into staff routines and responsibilities, so that they become an integral part of their daily work.

There are risk registers at each of the Works and for the Provincialate office, which take different forms depending on their beneficiaries, the services being provided, and their management structure. For each Work, the register is kept under constant review by senior management and is discussed at the regular meetings of its advisory committee. Through their regular involvement with the Works, trustees are aware of and review the risk management processes to satisfy themselves that they are robust and appropriate.

The charity is exposed to regulatory and compliance risks (particularly safeguarding), physical and cyber risks, prices for goods and services, credit and liquidity risk, as well as the external risks of funding bodies and the wider domestic economy. There are also the risks associated with the volatility of investments, including the effects of investing overseas and in foreign currencies.

The level of the charity's reserves deals with the implications of some of the risks. The most significant risks which the charity faces and how it mitigates them are set out below.

<p>Safeguarding beneficiaries – where an incident could result in harm coming to the person in our care.</p>

<p><i>Rigorous staffing structures, recruitment practices and training and development programmes are embedded across the Works, with regular monitoring visits and inspections to ensure compliance and best practice</i></p>
--

14 Risk management (continued)

Clinical quality and management – Holy Cross Hospital patients are often extremely vulnerable; care and treatment require careful management. At St Raphael's Hospice, specialist palliative and end-of-life care may operate at the boundaries of medical knowledge and can involve innovative use of drugs or treatments, which could result in patient harm if managed poorly.

Attention is given to clinical education and training of all clinical staff members on the front line of service delivery. At the Hospice, staff work within the guidelines of NICE and the British National Formulary, and incident reporting software enable good management of incident data, in order to drive improvement. The Quality Improvement Committee and Drugs and Therapeutics Committee provide a good governance structure for the Hospice. Holy Cross Hospital maintain high standards within the clinical properties and facilities that patients rely on. This includes rigorous virus prevention processes and sufficient PPE for all front-line staff.

Income generation – not generating enough income to cover the cost of providing for the charity's beneficiaries may mean cuts to vital services.

Within the Province, Sisters rely on generating sufficient income from investment assets to provide for all their day-to-day living costs and maintaining the Convents they live and work in. The investment returns also cover the costs of running the Provincialate office. When this income source falls away, reserves may need to be used to pay for ongoing operational costs. At the Works, Holy Cross Hospital relies on negotiating a sufficient level of fee income with CCGs so that the full cost of care can be covered by those authorities with the statutory responsibility for providing care to the patients. Where fee levels fall below the cost of care, the charity is forced to use its own resources to make up the shortfall, to maintain the high level of care. At the Hospice, approximately 75% of the income required each year must be raised by the Hospice, either through fundraising, legacies, operating charity shops or via other income sources.

Workforce – not able to recruit and retain staff in sufficient numbers to be able to deliver quality services to beneficiaries.

The Executive teams at the Works monitor staff morale, engagement, and remuneration and benefits, as well as the external market conditions in order to remain a good employer and retain high performing employees. Challenges in this area are Brexit, an aging workforce, NHS pay and National Living Wage increases, and small teams' reliance on key staff members, where unexpected departures are difficult to recruit to quickly enough.

Data governance and cyber risks – sensitive patient and medical records and data are kept at the Works. Any loss of data would cause significant reputational damage to the charity.

The different parts of the charity operate on separate IT systems, so are unlikely to all be affected by one cyber attack. However, the charity is reliant on its IT infrastructure, web connectivity, back-ups and cyber security software and policies to continue to operate effectively. Staff are educated to avoid user error (eg phishing attacks), to be aware of increased cyber risks when working from home, and to look for potential fraud or virus attack. Data protection policies and procedures are in place and regularly reviewed to ensure security of patient data.

15 Events since the year-end and future plans

During the period from 31 March 2021 to the date that the financial statements were approved, the coronavirus (Covid-19) pandemic has continued to cause disruption to the operations of the charity. We have considered the effects of Covid-19 on the charity's operations and have concluded that the financial impact on it is likely to be limited, even though in the short-term, many areas of operation across the charity have been heavily disrupted over the past 20 months.

Trustees, along with the staff and volunteers, have worked tirelessly over the past year to ensure the charity has continued to work and provide for its beneficiaries in the best way it can. The lasting effects on the future of the charity cannot yet be fully known, but the strong financial resilience of the Province means that many of the longer term aims will still be pursued. Work continues at Holy Cross Hospital to design and build an expanded service for its patients and to develop the estate's buildings and facilities to ensure long term viability. Building projects to ensure the medium and long-term support and community-living arrangements for the Sisters of the Province, as well as work at other sites belonging to the Province continue, or are still at planning stages. This work will ensure the Province has suitable properties for its members, while protecting the value of the assets it owns and runs. A part of this work will involve resolving the future of the 29 Tite Street property, which currently houses the Provincialate Office and the Chelsea Community of Sisters.

Other matters

16 Public benefit

In many different locations both in the UK and overseas, Sisters have lived and worked to help the public - not only to advance Religion but to bring relief and improvement through education, healthcare, and social work and in whatever other ways were open to them. The charity continues in this spirit.

Holy Cross Hospital provides services which are not widely available within the NHS or elsewhere. In an age of increased longevity, St Raphael's Hospice provides palliative care, increasingly in the Community rather than at the Hospice. Through the Worldwide Grants, the Sisters help to fund projects such as new schools and educational resources in developing nations including Nepal, India and Cameroon.

As required by the Charities Act 2011, the Charity Commission has issued guidance on the "public benefit requirement". The trustees have considered the guidance and have had regard to it when exercising any powers or duties to which the guidance is relevant. The trustees consider that many aspects of this report demonstrate the public benefit which the charity provides.

17 The environment

The trustees are aware of the charity's social responsibility to protect the environment. The Works have conservation and waste programmes in place to reduce the consumption of energy and water, to reduce waste so that as little as possible goes to landfill and to recycle metals, chemicals, etc. wherever possible. Our St Mary's Convent uses solar panels to generate a lot of its electricity, as does the Hydrotherapy Centre in Holy Cross Hospital. Whenever significant work is carried out on any of the charity's properties, opportunities are taken to reduce energy consumption. The Congregation has for many years held investments in solar and wind power and other 'green' energy funds and regularly engages with our investment managers on climate change matters.

18 Streamlined Energy and Carbon Reporting

Under the new Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the charity is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The charity is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the charity employs more than 250 employees and has a balance sheet total of greater than £18million. This information is summarised below.

This is the second year of reporting these metrics so we are now able to include the prior year comparative figures. The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2020/21 UK consumption (kWh)	2019/20 UK consumption (kWh)
Natural gas (Scope 1)	3,280,748	3,059,706
Transportation (Scope 1)	67,136	81,266
Grid-supplied electricity (Scope 2)	6,436,659	5,686,668
Transportation (Scope 3)	30,832	100,108
Total	9,815,375	8,927,748

18 Streamlined Energy and Carbon Reporting (continued)

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2020/21 UK emission (tCO ₂ e)	2019/20 UK emission (tCO ₂ e)
Natural gas (Scope 1)	603	563
Transportation (Scope 1)	20	20
Grid-supplied electricity (Scope 2)	1,501	1,454
Transportation (Scope 3)	23	23
Total	2,147	2,060

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2020/21	2019/20
Total tCO ₂ e emissions	2,147	2,060
Average headcount employees for the year (Note 5)	278	310
Intensity metric	7.7	6.6

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and CO₂e emissions data has been calculated in line with the UK Government environmental reporting guidance. The GHG Conversion Factors for Company Reporting (standard set 2020), published by the Department for Business, Energy & Industrial Strategy has been used. Estimations to cover missing billing periods were calculated on a kWh/month pro-rata basis at a metered site level. Where data was not available for the entirety of the reporting period, a kWh value was based on similar properties with similar operations. Scope 3 reporting includes energy used and emissions relating to employee-owned vehicles only. Other, voluntary, Scope 3 emissions have not been reported as it is not practical to be able to measure these.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole charity, totalling 278 employees (2020: 310), and has been applied to all the carbon emissions reported.

There have been several energy efficiency improvements made during the year. The plan that arose from the 2019 Energy Saving Opportunity Scheme (ESOS) Phase II report continues to inform our decisions. The report listed various opportunities to reduce our energy usage. Some of these recommendations have been implemented already, others are still goals that are being worked towards.

18 Streamlined Energy and Carbon Reporting (continued)

St Mary's Convent continues to use solar panels. The Provincialate transferred all gas and electricity contracts the were renewed in September 2020 to 'green energy' tariffs. Energy efficiency measures prioritised for 2021 are energy efficient lighting and equipment installed during any refurbishments of properties and the move to green energy tariffs when existing contracts come to an end. Trustees also examine the investment policy and the portfolio's carbon intensity metrics to ensure climate change issues are raised with the investment managers.

19 Structure and governance

19.1 Legal structure

The charity is a charitable company limited by guarantee and its governing documents are its Memorandum and Articles of Association which set out the objects of the charity, the powers of its trustees and details of its general administration and governance.

In terms of Canon Law (which is the law of the worldwide Roman Catholic Church) the Congregation of the Daughters of the Cross of Liege is governed at an international level by the Superior General and her General Council (the Generalate). They are elected every six years at a meeting of elected representatives from around the world called a General Chapter. At the 2018 General Chapter a Superior General and four General Councillors were appointed for a six-year term. Two of the Councillors are Sister Mary MacLaughlin and Sister Maureen O'Brien, both of whom are Sisters of the English Province.

The English Province, which covers Communities in England and Ireland, is governed by the Provincial Superior (Sister Veronica Hagen) and her Provincial Council (Sister Annette Clemence, Sister Kathleen O'Reilly, Sister Anne Kelly, and Sister Maureen O'Brien (resigned 11 September 2021)). The Provincial Bursar, Sister Mary Geraldine, is appointed by the Provincial Superior and this appointment continues until such time as a change is made. By reason of holding these offices, these six Sisters are the trustees.

The Worldwide Congregation has Constitutions, approved in Rome, which governs how the Sisters should organise their affairs and live their lives. As well as the English Province, the Congregation has a presence in Belgium, Brazil, Cameroon, Germany, India, Italy, Nepal, and Pakistan.

The Superior General of the Worldwide Congregation and the Provincial Superior of the English Province of the Congregation are the only two members of the company.

19.2 Governance and trustees

The Articles of Association provide that there shall be between three and ten trustees. The number will always include Sisters who are trustees by reason of their respective offices within the English Province of the Congregation. The trustees at 31 March 2021 are shown on page 2. They have all lived and worked for many years within one or other of the charity's Works and all have personal experience of the services which the charity offers or has offered to the public.

19 Structure and governance (continued)

19.2 Governance and trustees (continued)

The charity is unlike most charities in that the trustees devote, along with all the Sisters, their whole lives to the service of the charity and the people it serves. In normal circumstances, in living on the same sites as the Works, by meeting regularly and by visiting the Works and the Communities, the trustees oversee the smooth running of the charity. During the pandemic and subsequent constraints such as reduced access to buildings and beneficiaries, Sisters have had to adapt their oversight activities and stay connected in different ways. New ways of communicating with the lay associates, the employees, the beneficiaries, the volunteers, and all those connected in any way with the charity have also been crucial since March 2020.

The trustees meet six times during the year on pre-arranged dates. Additional meetings are held as circumstances dictate to deal with time-sensitive issues such as changes to bank mandates, leases, etc. as well as projects relating to the future of any of the Works.

During this year, trustee meetings were held in a hybrid fashion – with some trustees attending in person (where they live at the same site as the charity's main office) and some attending online.

Opportunities are taken to develop and enhance trustees' knowledge and expertise, and during the year they have attended various online conferences, seminars and training sessions on safeguarding, investments, risk, and criminal action in the workplace. Trustees reviewed the investment policy, governance arrangements, and refreshed their Essential Trustee knowledge. In particular, several of the trustees have started an in-depth seminar series held by the Catholic Safeguarding Standards Agency (CSSA) looking at safeguarding issues in the Catholic Church.

The Provincial Superior is the voting member of the Conference of Religious in England and Wales to which all Sisters belong, and the Provincial Bursar is a member of the Association of Provincial Bursars. Through these and other such memberships, through attending seminars and conferences, and through newsletters from their advisers and others, trustees keep themselves up to date with changes within Religious Communities and with relevant changing legislation and regulation.

The trustees are aware that regardless of their experience in running the Works of the charity, the environment in which the charity operates continues to evolve and develop, and they do not necessarily possess the full range of business skills required to govern effectively a substantial modern and up to date charity. For this reason, professional advice is extensively sought and relied upon, particularly in the areas of law, finance, accounting, property and investment. The trustees also benefit from the advice of the English Province Finance Advisory Committee, particularly on investments.

The trustees have adopted the Charity Governance Code and they are considering each recommendation as they work their way through the Code. The charity is also registered as a charity in Ireland and is now reporting against the Charities Regulator's governance code, with progress reported at least annually at trustees meetings.

19 Structure and governance (continued)

19.2 Governance and trustees (continued)

The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees and officers and to indemnify them against the consequences of any neglect or default on their part. The policy provides cover for up to a maximum of £5,000,000. The charity has also purchased a terrorism and sabotage insurance policy to cover property damage and business interruption at its Central London site.

20 Management

20.1 The Provincial Superior

The day-to-day activities of the charitable company are the responsibility of the Provincial Superior, who delegates the management to the local teams. She speaks to and visits Sisters in their Communities regularly to assist with the many issues arising, e.g. the apostolic work, the Sisters' welfare, property issues and relations/negotiations with others in the local community. She is in contact with members of the management teams and attends meetings regularly, discussing current issues of the day and identifying those decisions which need trustee approval.

20.2 The Communities

There were six Communities, five in the UK and one in Ireland.

Each Community has a Sister Superior who is appointed by the Provincial Superior and to whom is delegated authority and responsibility for it.

20.3 The Works

At both of the Works reported on in this set of accounts, the Provincial Superior appoints a management team and, where appropriate, the Sister Superior or other nominated Sister is a member. The Sister Superior or nominated Sister has a frequent dialogue with trustees and acts as a conduit for trustees' decisions and management's feedback. This only applied at St Raphael's Hospice up until the date of separation in October 2020.

Each of the Works is supported by an Advisory Committee. The members of the Advisory Committees are appointed by the Provincial Superior in consultation with the relevant Sister Superior and the trustees. The Provincial Superior and the Sister Superior are ex-officio members of these Committees/Boards. The membership therefore comprises trustees, Sisters, and lay people with an expertise in the work or with a relevant specialism. The Advisory Committees' purpose is to advise the Provincial Superior, the Sister Superior and the management teams.

The management structure described above allows the management teams to run each of the Works on a daily basis within the ethos, framework and strategy set by the trustees. It also allows important issues to be brought to the attention of trustees, enabling them to make the key decisions affecting strategy, policies, the facilities and services provided, and the service quality and delivery. This structure also enables the trustees to inform management of their current thinking and the reasoning for decisions.

20 Management (continued)

20.4 Employees

The charity has always been and remains committed to opposing discrimination in its many forms. To further this commitment, the management teams throughout the charity ensure that recruitment and selection policies avoid direct or indirect discrimination and comply with all relevant legislation. The aim is to ensure that all employees are aware of and understand the charity's equal opportunities policies and are familiar with the legal framework. The only exception to this policy is that for certain designated posts within the organisation, the post-holder has to be a Catholic.

Whenever an employee becomes disabled, wherever possible arrangements are made to accommodate them by re-organising tasks, sharing roles and duties, and changing amenities. Their training, career development and potential promotion would be considered in the normal way within the non-discrimination policy.

The trustees, through the management teams, aim to keep employees informed and involved through staff briefing and training, staff groups, regular meetings, newsletters, notice boards and websites.

20.5 Key management personnel

The trustees are key management personnel although they are not remunerated. Other key management personnel are the senior officer at each of the Works (who has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross) and the finance manager in the Provincialate Office.

Their pay and remuneration are set by the Provincial Superior with regard to the pay structure in the relevant part of the organisation, in consultation with trustees and appropriate members of the Works' Advisory Committees and with regard to the external market.

21 Related parties

21.1 The Sisters

The Sisters of the Congregation covenant their salary and pension income to the charity. They are also beneficiaries of the charity in that the costs of their welfare and activities are met by it. The trustees, including the Provincial Superior and the Provincial Bursar, are all Sisters and no trustee is remunerated for their services. No trustee had any beneficial interest in any contract with the charity.

21.2 Generalate of the Congregation

By means of a lease, the charity provided accommodation for the central government of the Congregation. The International Generalate is the base for the Superior General and her Council who, under the structure of a separate registered English charity (Charity no. 1142490), guide, support and monitor the worldwide services of the Congregation. This lease ended in September 2021, when the Generalate relocated to its new base in Rome, Italy.

21 Related parties (continued)

21.3 Worldwide Congregation

The charity and the Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege. Grants, mainly from income from the designated Worldwide Fund, are made to other parts of the Congregation around the world so that the charitable objects can be fulfilled outside the UK.

21.4 St Elizabeth's Centre

Two trustees of this charity are also trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. Another of our Sisters, Sr Patricia Ainsworth, is also a trustee at St Elizabeth's. Currently three Sisters reside in the Much Hadham Convent, which is situated on the site owned by St Elizabeth's Centre.

21.5 St Raphael's Hospice

St Raphael's Hospice (registered company number 11732567 and registered charity number 1182636) was registered at Companies House on 18 December 2018 and with the Charity Commission on 26 March 2019. On 31 October 2020 certain assets and liabilities were transferred from the Daughters of the Cross of Liege to the independent St Raphael's Hospice charitable company. During 2020/21 a grant of £3.6m (2019/20 - £200,000) was given by the Daughters of the Cross of Liege, to the new St Raphael's charity. Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of the new Hospice charity in order to aid the transition to operating independently of the Daughters of the Cross.

22 Stakeholder engagement

The trustees are very aware of the enormous contribution the staff and volunteers of the charity make. When finding futures for the charity's Works, trustees have ensured that staff have been treated very well during uncertain times, have enabled regular two-way dialogue between trustees and staff and have supported employees both spiritually and financially. Trustees ensure staff teams are aware of changes well ahead of time e.g., when staff will be required to work from a different location in the future.

Trustees ensure there is a culture of being a good customer to the charity's suppliers. This includes prompt payment for supplies of goods and services. The charity publishes six-monthly figures on the gov.uk website as part of the Payment Practices Reporting requirements. These results show the charity consistently pays its suppliers in a timely manner.

At the charity's Holy Cross Hospital site, the normal annual Patients Survey was not able to be carried out this year due to Covid-19 restrictions, but instead the Hospital communicated regularly with relatives of patients via email so that the feedback mechanism wasn't lost, despite the pandemic. The clinical team at the Hospital also receives feedback from NHS Commissioners to ensure expectations are being met.

The Sisters, who are beneficiaries of the charity, hold several Province Days each year, where as many Sisters from across the Congregation as possible can come together and discuss issues and share thoughts as a whole group.

22 Stakeholder engagement (continued)

The trustees discuss both the UK and Irish Charity Governance Codes at trustee meetings and are aware of the importance of having high standards of governance and the right culture and ethos with the charity.

The two Works of the charity, Holy Cross Hospital and St Raphael's Hospice, both have their own dedicated websites, which are kept updated with the latest news and events that are taking place at those sites. Social media sites are also used to promote charitable events and activities. St Raphael's has its own Twitter, Instagram and Facebook accounts, which all share the successes, upcoming events, and news from the Hospice. Holy Cross Hospital also has its own Facebook page and Twitter account.

23 Statement of trustees' responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the income and expenditure of the charitable company 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as she is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and

23 Statement of trustees' responsibilities (continued)

- ♦ she has taken all the steps that she ought to have taken as a trustee in order to make herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This Trustees' Report, including the Strategic Report contained therein, has been approved by the trustees at a meeting on 23 December 2021 and it is signed on their behalf by:

Sister Veronica Hagen
Trustee and Provincial Superior

Registration details and principal advisers

Registration details

The Congregation of the Daughters of the Cross of Liege is a charitable company limited by guarantee and that is its registered name. Registration details are:

- ♦ Charity Registration Number: 1068661
- ♦ Company Registration Number: 3492921
- ♦ Registered Office and Principal Office address: 29 Tite St, London, SW3 4JX.

Principal advisers

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment managers	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU Smith & Williamson Holdings Limited 25 Moorgate London EC2R 6AY
Bankers	The Royal Bank of Scotland plc 127-128 High Holborn London WC1V 6PQ
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

Independent auditor's report to the members of The Congregation of the Daughters of the Cross of Liege

Opinion

We have audited the financial statements of Congregation of the Daughters of the Cross of Liege (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 charitable company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company 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 charitable company'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.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- ◆ making enquiries of management and representatives of those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any or unusual or unexpected relationships:
- ◆ performed substantive testing of expenditure including authorization thereof; and
- ◆ tested journal entries to identify unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

29 December 2021

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2021

		Unrestricted funds		Restricted funds	Total funds 2021	Total funds 2020
	Notes	General fund £'000	Designated funds £'000	£'000	£'000	£'000
Income and expenditure account						
Income from:						
Charitable activities		6,571	—	1,859	8,430	8,387
Donations and legacies		937	—	1,197	2,134	3,772
Other trading activities		—	—	369	369	1,404
Investments		2,613	—	3	2,616	2,949
Other income		209	—	5	214	149
Total income	1	10,330	—	3,433	13,763	16,661
Expenditure on:						
Raising funds	2	800	—	1,212	2,012	2,976
Charitable activities	3					
Support of members of the Congregation and their ministry		2,254	—	—	2,254	2,607
Running:						
A Hospital - Holy Cross		7,216	—	23	7,239	6,895
A Hospice - St Raphael's		—	—	2,663	2,663	4,481
Grants and donations		3,807	—	—	3,807	182
Provision reversal	11	(936)	—	—	(936)	—
		12,341	—	2,686	15,027	14,165
Total expenditure		13,141	—	3,898	17,039	17,141
Net expenditure before investment gains and losses, and transfers		(2,811)	—	(465)	(3,276)	(480)
Transfer to St Raphael's Hospice						
Charitable company	19	(2,741)	(634)	(324)	(3,699)	—
Gains (losses) on investments	8	17,205	—	316	17,521	(8,415)
Net income (expenditure)		11,653	(634)	(473)	10,546	(8,895)
Transfers between funds	12, 13	(10,181)	12,787	(2,606)	—	—
Net movement in funds		1,472	12,153	(3,079)	10,546	(8,895)
Reconciliation of funds:						
Total funds brought forward at 1 April 2020		4,972	130,562	4,612	140,146	149,041
Total funds carried forward at 31 March 2021		6,444	142,715	1,533	150,692	140,146

Statement of financial activities Year to 31 March 2021

With effect from 31 October 2020, the net assets and the operations at St Raphael's Hospice were transferred to the new St Raphael's Hospice charitable company. The income and expenditure relating to St Raphael's Hospice are defined as discontinued activities within the Congregation of the Daughters of the Cross of Liege.

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

SOFA	Continuing £'000	Dis- continued £'000	2021 Total £'000	Continuing £'000	Dis- continued £'000	2020 Total £'000
Income	10,407	3,356	13,763	10,390	6,271	16,661
Expenditure	<u>(13,336)</u>	<u>(3,703)</u>	<u>(17,039)</u>	<u>(10,793)</u>	<u>(6,348)</u>	<u>(17,141)</u>
Net expenditure before investment gains, other gains and losses and transfers	(2,929)	(347)	(3,276)	(403)	(77)	(480)
Transfer to new St Raphael's Hospice charity	(3,699)	—	(3,699)	—	—	—
Gains (losses) on investments	17,521	—	17,521	(8,415)	—	(8,415)
Net movement in funds	<u>10,893</u>	<u>(347)</u>	<u>10,546</u>	<u>(8,818)</u>	<u>(77)</u>	<u>(8,895)</u>

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

Comparative statement of financial activities Year to 31 March 2020

		Unrestricted funds		Restricted funds	Total funds
	Notes	General fund £'000	Designated funds £'000	£'000	2020 £'000
Income and expenditure account					
Income from:					
Charitable activities		6,575	—	1,812	8,387
Donations and legacies		680	—	3,092	3,772
Other trading activities		—	—	1,404	1,404
Investments		2,930	—	19	2,949
Other income		149	—	—	149
Total income	1	10,334	—	6,327	16,661
Expenditure on:					
Raising funds	2	835	—	2,141	2,976
Charitable activities	3				
Support of members of the Congregation and their ministry		2,607	—	—	2,607
Running:					
A Hospital - Holy Cross		6,828	—	67	6,895
A Hospice - St Raphael's		—	—	4,481	4,481
Grants and donations		182	—	—	182
		9,617	—	4,548	14,165
Total expenditure		10,452	—	6,689	17,141
Net expenditure before investment losses and transfers		(118)	—	(362)	(480)
(Losses) on investments	8	(8,291)	—	(124)	(8,415)
Net expenditure		(8,409)	—	(486)	(8,895)
Transfers between funds	12, 13	8,685	(8,747)	62	—
Net movement in funds		276	(8,747)	(424)	(8,895)
Reconciliation of funds:					
Total funds brought forward at 1 April 2019		4,696	139,309	5,036	149,041
Total funds carried forward at 31 March 2020		4,972	130,562	4,612	140,146

Balance sheet 31 March 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	7		32,995		34,164
Investments	8		107,316		89,481
			140,311		123,645
Current assets					
Debtors	9	637		2,183	
Cash		10,955		16,832	
		11,592		19,015	
Creditors: amounts falling due within one year	10	(1,041)		(1,356)	
Net current assets			10,551		17,659
Total assets less current liabilities			150,862		141,304
Provisions for liabilities	11		(170)		(1,158)
Total net assets			150,692		140,146
The funds of the charity:					
Restricted funds	12		1,533		4,612
Unrestricted funds					
Designated funds					
. Fixed assets fund		32,980		34,164	
. Other		109,735		96,398	
	13	142,715		130,562	
. General fund		6,444		4,972	
Total unrestricted funds			149,159		135,534
Total charity funds			150,692		140,146

Approved by the trustees of The Congregation of the Daughters of the Cross of Liege, Company Registration Number 03492921 (England and Wales), and signed on their behalf by:

Sister Veronica Hagen

Sister Mary McGinn

Trustee and Provincial Superior

Trustee and Provincial Bursar

Date of approval: 23 December 2021

Statement of cash flows 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities	A	(3,971)	(3,767)
Cash flows from investing activities	B	1,860	539
Cash flows from financing activities	C	(988)	1,288
Change in cash and cash equivalents		(3,099)	(1,940)
Cash transferred to St Raphael's Hospice (Company Number 11732567; Charity Registration Number 1182636)		(2,778)	—
Cash and cash equivalents at 1 April 2020		16,832	18,772
Cash and cash equivalents at 31 March 2021	D	10,955	16,832

Notes to the statement of cash flows for the year to 31 March 2021.

A Reconciliation of net expenditure to net cash flow used in operating activities

	2021 £'000	2020 £'000
Net income (expenditure) (as per statement of financial activities)	10,546	(8,895)
Depreciation charge	1,032	1,061
(Profit) on disposal of tangible fixed assets	(3)	(39)
Gains on investment property	(30)	(5)
(Gains) losses on investments	(17,491)	8,420
Transfer to St Raphael's Hospice (Company Number 11732567; Charity Registration Number 1182636)	3,699	—
Investment income	(2,668)	(2,949)
Decrease (increase) in debtors	519	(1,128)
Increase (decrease) in creditors	425	(232)
Net cash used in operating activities	(3,971)	(3,767)

B Investing activities

	2021 £'000	2020 £'000
Payments to acquire tangible fixed assets	(500)	(635)
Net proceeds from sale of tangible fixed assets	6	40
Net proceeds from sale of investment property	—	16
Payments to acquire investments	(40,625)	(24,101)
Proceeds from sales of investments	34,845	26,717
Increase (decrease) in cash held by investment managers	4,686	(4,088)
Investment income	2,668	2,949
Other movements	780	(359)
Net cash provided by investing activities	1,860	539

C Financing activities

	2021 £'000	2020 £'000
(Decrease) increase in other long-term liabilities	(988)	38
Decrease in term deposits	—	1,250
Net cash (used in) provided by financing activities	(988)	1,288

Statement of cash flows 31 March 2021

D Analysis of cash and cash equivalents

	2021	2020
	£'000	£'000
Total cash and cash equivalents – cash	10,955	16,832

1 Income

Income from	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000
Charitable activities			
. Fees and charges – Privately-funded	226	—	226
. Fees and charges – Publicly-funded	6,345	—	6,345
. Grants – Public*	—	1,856	1,856
. Other	—	3	3
	6,571	1859	8,430
Donations and legacies			
. Donations	2	759	761
. Legacies	310	438	748
. Covenanted income from Sisters of the Congregation – salaries and pensions	625	—	625
	937	1,197	2,134
Other trading activities			
. Charity shops	—	120	120
. Lottery and events	—	249	249
	—	369	369
Investments			
. UK investments	2,183	—	2,183
. Overseas investments	408	—	408
. Interest receivable	22	3	25
	2,613	3	2,616
Other income			
. Property	52	—	52
. Other income	157	5	162
	209	5	214
Total income	10,330	3,433	13,763

1 Income (continued)

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000
<i>Income from</i>			
<i>Charitable activities</i>			
. Fees and charges – Privately-funded	389	—	389
. Fees and charges – Publicly-funded	6,186	—	6,186
. Grants – Public*	—	1,701	1,701
. Other	—	111	111
	<u>6,575</u>	<u>1,812</u>	<u>8,387</u>
<i>Donations and legacies</i>			
. Donations	12	1,286	1,298
. Legacies	37	1,806	1,843
. Covenanted income from Sisters of the Congregation – salaries and pensions	631	—	631
	<u>680</u>	<u>3,092</u>	<u>3,772</u>
<i>Other trading activities</i>			
. Charity shops	—	948	948
. Lottery and events	—	456	456
	<u>—</u>	<u>1,404</u>	<u>1,404</u>
<i>Investments</i>			
. UK investments	2,307	—	2,307
. Overseas investments	520	—	520
. Interest receivable	103	19	122
	<u>2,930</u>	<u>19</u>	<u>2,949</u>
<i>Other income</i>			
. Property	64	—	64
. Other income	85	—	85
	<u>149</u>	<u>—</u>	<u>149</u>
<i>Total income</i>	<u>10,334</u>	<u>6,327</u>	<u>16,661</u>

*Grants amounting to £1,138,000 (2020 – £1,546,000) were received from Clinical Commissioning Groups and were a contribution to the cost of running St Raphael's Hospice. A grant of £nil (2020 – £222,000) was received by St Raphael's Hospice from the UK Government fund for Hospices to enable St Raphael's to continue to operate during the Covid-19 outbreaks of 2020. The Hospice received £718,000 of other Covid-related support (furlough and small business grants) from government in 2020/21 (2020 - £170,000).

1 Income (continued)

Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000
Holy Cross Hospital	6,571	—	6,571
St Raphael's Hospice	—	1,859	1,859
	6,571	1,859	8,430

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000
<i>Holy Cross Hospital</i>	6,575	—	6,575
<i>St Raphael's Hospice</i>	—	1,812	1,812
	6,575	1,812	8,387

2 Expenditure on raising funds

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2021 £'000
Cost of generating voluntary income	302	—	263	565
Fundraising trading: cost of running charity shops	296	—	351	647
Investment management costs	—	—	471	471
Support costs (note 4)	—	—	329	329
	598	—	1,414	2,012

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total funds 2020 £'000
<i>Cost of generating voluntary income</i>	505	—	482	987
<i>Fundraising trading: cost of running charity shops</i>	603	37	514	1,154
<i>Investment management costs</i>	—	—	468	468
<i>Support costs (note 4)</i>	—	—	367	367
	1,108	37	1,831	2,976

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Split between funds			
2021	800	1,212	2,012
2020	835	2,141	2,976

3 Charitable activities

An analysis of the charitable activity expenditure is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2021 £'000
Support of Members	818	354	650	432	2,254
Holy Cross Hospital	5,109	361	1,661	108	7,239
St Raphael's Hospice	1,961	151	369	182	2,663
Grants and donations	—	—	3,807	—	3,807
Provision reversal	—	—	(936)	—	(936)
	7,888	866	5,551	722	15,027

An analysis of the charitable activity expenditure for 2020 is as follows:

	Staff costs £'000	Depreciation £'000	Other costs £'000	Support costs (note 4) £'000	Total 2020 £'000
Support of Members	789	300	1,043	475	2,607
Holy Cross Hospital	4,745	363	1,661	126	6,895
St Raphael's Hospice	3,292	196	702	291	4,481
Grants and donations	—	—	182	—	182
	8,826	859	3,588	892	14,165

An analysis of the expenditure between Restricted and Unrestricted funds is as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Support of Members	2,254	—	2,254	2,607	—	2,607
Holy Cross Hospital	7,216	23	7,239	6,828	67	6,895
St Raphael's Hospice	—	2,663	2,663	—	4,481	4,481
Grants and donations	3,807	—	3,807	182	—	182
Provision reversal	(936)	—	(936)	—	—	—
	12,341	2,686	15,027	9,617	4,548	14,165

Net income (expenditure) for the year is stated after charging (crediting):

	2021 £'000	2020 £'000
Depreciation	1,032	1,061
Loss (profit) on disposal of tangible fixed assets	631	(39)
Gain on investment property	(30)	(16)
Auditors' total remuneration	104	127
Operating lease rentals	173	297
Grants and donations	3,807	182

Of the grants and donations £3.6m was to St Raphael's Hospice upon separation (2020 – £nil) and £162,000 (2020 – £152,000) was to the worldwide Congregation.

4 Support costs

	Governance £'000	Other £'000	2021 £'000
Staff costs	37	124	161
Professional fees	218	228	446
Other costs	21	423	444
Total support costs	276	775	1,051

	<i>Governance £'000</i>	<i>Other £'000</i>	<i>2020 £'000</i>
<i>Staff costs</i>	38	109	147
<i>Professional fees</i>	519	165	684
<i>Other costs</i>	19	409	428
<i>Total support costs</i>	576	683	1,259

	2021 £'000	2020 £'000
Attributed to the following activities:		
. Raising funds (note 2)	329	367
. Charitable activities (note 3)	722	892
	1,051	1,259

All costs relating to a particular activity are treated as costs of that activity. Support costs, which include governance costs, are the central costs incurred predominantly within the Province which support the charity's activities and deal with its governance arrangements. Where costs specifically relate to an activity, they are allocated to that activity. General support costs are allocated to the activities on the basis of the cost and time spent on each of them.

The trustees are Sisters of the Congregation and they are not remunerated for their work as trustees. The governance of the charity is dealt with by the trustees acting, where appropriate, after considering the advice of their professional advisers and with the assistance of the Company Secretary and various members of the Works' Senior Management Teams.

They are, as are all Sisters, beneficiaries of and donors to, the charity and the charity meets the costs of their ministry and welfare. In the case of trustees, their costs include expenses incurred when they are fulfilling their trustee duties which, because of their nature, are impossible to identify.

Professional fees include payments to the charity's auditors for audit fees of £50,000 (2020 – £53,000), which are included in Governance. Fees paid to the charity's auditor for other services, which all relate to general financial advice and assistance and are included in support costs, amount to £54,000 (2020 – £74,000). The total amount paid to the auditors was £104,000 (2020 – £127,000).

5 Staff costs

	2021 £'000	2020 £'000
Wages and salaries	7,419	8,567
Social security costs	741	821
Other pension costs (note 16)	223	296
	8,383	9,684
Payments for agency staff	229	360
Other staff related costs	35	37
	8,647	10,081

Other staff related costs include the costs of training courses, medical insurance and recruitment costs.

	2021 £'000	2020 £'000
Staff costs have been charged as follows:		
. Raising funds (note 2)	598	1,108
. Charitable activities (note 3)	7,888	8,826
. Support costs (note 4)	161	147
	8,647	10,081

The analysis of average staff numbers between full-time and part-time staff are as follows:

Actual numbers	2021			2020		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Charitable activity						
. Holy Cross Hospital	90	58	148	78	57	135
. St Raphael's Hospice	39	53	92	43	101	144
. Province	26	12	38	25	6	31
	155	123	278	146	164	310
Volunteers			272			861
			550			1,171

The full-time equivalent numbers of staff is 245 (2020 – 259).

In addition, the number of agency staff, on a full-time equivalent basis, was 20 (2020 – 28).

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

	2021	2020
£60,001 - £70,000	6	6
£70,001 - £80,000	2	4
£80,001 - £90,000	1	3
£90,001 - £100,000	—	1
	9	14

5 Staff costs (continued)

Details of the pension contributions for those earning £60,000 per annum or more are shown below:

	2021		2020	
	Number	£'000	Number	£'000
Those in defined benefit schemes	—	—	1	9
Those in defined contribution schemes	9	23	13	40
Total	9	23	14	49

The trustees are key management personnel of the charity; they are not remunerated as trustees but they are beneficiaries of the charity in that their welfare and work is funded by it. The cost of the support of all Sisters is disclosed elsewhere.

The Senior Officer at each of the Works has delegated authority to run that Work in line with the agreed strategy and within the ethos of The Daughters of the Cross. They are therefore also regarded as key management personnel, along with the Provincialate Finance Manager. The total employee benefits of this group, including pension contributions amounted to £288,858 (2020 – £283,335), which together with National Insurance Contributions of £33,555 (2020 – £32,847) brings the total cost of employment of key management personnel to £322,414 (2020 – £316,182).

6 Taxation

The charity is not liable to corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to charities.

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £0.4m (2020 – £0.6m).

7 Tangible fixed assets

	Freehold & leasehold land and buildings £'000	Assets in course of construction £'000	Medical, computer and office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	36,432	160	5,712	302	42,606
Additions	96	244	117	43	500
Disposals	(234)	(201)	(1,462)	(144)	(2,041)
At 31 March 2021	<u>36,294</u>	<u>203</u>	<u>4,367</u>	<u>201</u>	41,065
At cost	8,529	203	4,367	201	13,300
At deemed cost (2014 valuation)	<u>27,765</u>	<u>—</u>	<u>—</u>	<u>—</u>	27,765
	<u>36,294</u>	<u>203</u>	<u>4,367</u>	<u>201</u>	41,065
Depreciation					
At 1 April 2020	4,286	—	3,965	191	8,442
Charge for year	761	—	247	24	1,032
Disposals	(33)	—	(1,268)	(103)	(1,404)
At 31 March 2021	<u>5,014</u>	<u>—</u>	<u>2,944</u>	<u>112</u>	8,070
Net book value					
At 31 March 2021	<u>31,280</u>	<u>203</u>	<u>1,423</u>	<u>89</u>	32,995
At 31 March 2020	<u>32,146</u>	<u>160</u>	<u>1,747</u>	<u>111</u>	34,164

Included in freehold land and buildings are amounts for land at deemed cost of £10.0m (2020 – £10.0m) which has not been depreciated.

Under the transitional arrangements set out in FRS 102, the charity elected to treat property valuations prior to 1 April 2014 as their deemed cost at that date. Subsequent additions are stated at cost.

8 Fixed asset investments

Losses and gains on investments recognised in the statement of financial activities are made up as follows:

	2021 £'000	2020 £'000
Gains (losses) on investments	16,425	(7,932)
Investment gains (losses) allocated to others	316	(124)
Other movements	780	(359)
Gains (losses) on investments per SOFA	17,521	(8,415)

The realised gain relating to disposals based upon historic cost was £3,323,000 (2020 – £293,000).

	2021 £'000	2020 £'000
Investments (note a)	104,345	81,854
Cash (note a)	2,501	7,187
Investment properties (note b)	470	440
Total fixed asset investments	107,316	89,481

(a) Investments

	2021 £'000	2020 £'000
Market value at 1 April 2020	81,854	92,532
Additions at cost	40,625	24,101
Sale proceeds	(34,845)	(26,717)
Investment gains (losses)	16,711	(8,062)
Market value at 31 March 2021	104,345	81,854
Investment cash	2,501	7,187
Total investments at 31 March 2021	106,846	89,041
Historical cost of investments at 31 March 2021	86,457	77,797

	UK £'000	Overseas £'000	Total 2021 £'000
Analysis of investments at market value at 31 March 2021:			
Listed investments			
. Pooled funds	32,506	7,613	40,119
. Other	35,378	28,322	63,700
Unlisted shares			
. Pooled funds	19	—	19
. Other	418	89	507
. Investment cash	2,501	—	2,501
	70,822	36,024	106,846

8 Fixed asset investments (continued)

(a) Investments (continued)

	UK £'000	Overseas £'000	Total 2020 £'000
<i>Analysis of investments at market value at 31 March 2020:</i>			
<i>Listed investments</i>			
. Pooled funds	25,688	4,483	30,171
. Other	30,237	21,203	51,440
<i>Unlisted shares</i>			
. Pooled funds	24	—	24
. Other	124	95	219
. Investment cash	7,187	—	7,187
	63,260	25,781	89,041

The historical cost of investments at 31 March 2021 was £86.4m (2020 – £77.8m). Shares or investment schemes (including unit trusts) relating to companies listed on a UK stock exchange or incorporated in the UK are treated as investments in the UK. All other investments are treated as being overseas.

Whilst there are significant investments in common investment funds and other collective investment vehicles, there are no individual investments in entities which the trustees would regard as material.

(b) Investment properties

	Freehold land and buildings 2021 £'000	Freehold land and buildings 2020 £'000
At 1 April 2020	440	450
Realised loss due to re-assessment in the year	—	(5)
Revaluation gain in the year	30	—
Loss on disposal	—	(5)
At 31 March 2021	470	440

The values of investment properties are wholly based on valuations by independent valuers. A full valuation report was carried out by chartered surveyors, Weldon Beesly LLP, to determine the market value of the freehold agricultural grazing land in Much Hadham, Hertfordshire.

9 Debtors

	2021 £'000	2020 £'000
Operational debtors	482	490
Other debtors	57	1,355
Prepayments	98	338
	637	2,183

10 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Operational creditors	101	246
Social security and other taxes	119	196
Amounts due to Sisters of the Congregation	224	228
Income received in advance	78	91
Accruals	270	394
Grants payable	189	150
Other creditors	60	51
	1,041	1,356

11 Provisions for liabilities

	2021 £'000	2020 £'000
Obligation at 1 April	1,158	1,120
Change in the year	(936)	—
Exchange movement in the year	(52)	38
Obligation at 31 March	170	1,158

The provision for compensation is an amount set aside to meet both High Court claims and the charity's proposed contribution to a Redress Scheme Fund established in Ireland by the Irish Government to meet compensation claims. The movement in the year represents the result of a review carried out in 2021 in conjunction with our legal advisors in Ireland, on the current situation of the Scheme and outstanding claims. There are also exchange movements between sterling and the euro. The provision is now set at €200,000, reduced from €1.3m last year. In the 2020 accounts, this amount was recognised as a creditor greater than one year on the balance sheet. The reduced figure is now recognised as a provision and the prior year figure has been restated to show this change.

12 Restricted funds

The funds of the charity include restricted funds comprising the following balances held on trust to be applied for specific purposes:

	At 1 April 2020 £'000	Net expenditure £'000	Gain on investments £'000	Transfers £'000	At 31 March 2021 £'000
Hospice funds	3,432	(3,432)	—	—	—
Holy Cross Hospital	1,134	—	316	(1)	1,449
Sundry funds	46	(118)	—	156	84
	4,612	(3,550)	316	155	1,533

12 Restricted funds (continued)

	At 1 April 2019 £'000	Net expenditure £'000	Loss on investments £'000	Transfers £'000	At 31 March 2020 £'000
Hospice funds	3,721	(351)	—	62	3,432
Holy Cross Hospital	1,258	—	(124)	—	1,134
Sundry funds	57	(11)	—	—	46
	<u>5,036</u>	<u>(362)</u>	<u>(124)</u>	<u>62</u>	<u>4,612</u>

♦ **Hospice funds**

The general funds of St Raphael's Hospice can only be applied for the benefit of the Hospice and have, therefore, been treated as restricted. The net expenditure total of £3,432,000 includes the transfer of £2,761,000 of restricted Hospice funds to the separate St Raphael's Hospice charitable company on the separation date of 31 October 2020.

♦ **Holy Cross Hospital**

This represents part of a legacy which had to be used at Holy Cross Hospital and is therefore restricted. The legacy was partly used to build a hydrotherapy facility and these were released to unrestricted funds. The remainder (being the restricted fund) was invested to generate an income to help meet the running costs of the facility.

♦ **Sundry funds**

These funds relate to a number of small funds across the charity's Works.

13 Designated funds

	At 1 April 2020 £'000	Transfer (to) from general funds £'000	At 31 March 2021 £'000
Fixed asset fund	<u>34,164</u>	<u>(1,184)</u>	<u>32,980</u>
Other funds			
. Daughters of the Cross fund	38,000	9,000	47,000
. Charitable activities fund	21,036	(2,836)	18,200
. Provincialate fund	25,000	6,000	31,000
. St Raphael's Hospice fund	6,300	(3,600)	2,700
. Worldwide fund	6,062	1,773	7,835
. Adversity reserve fund	—	2,000	2,000
. Income risk reserve fund	—	1,000	1,000
	<u>96,398</u>	<u>13,337</u>	<u>109,735</u>
	<u>130,562</u>	<u>12,153</u>	<u>142,715</u>

13 Designated funds (continued)

	At 1 April 2019 £'000	Transfer (to) from general funds £'000	At 31 March 2020 £'000
<i>Fixed asset fund</i>	34,591	(427)	34,164
<i>Other funds</i>			
. <i>Daughters of the Cross fund</i>	38,000	—	38,000
. <i>Charitable activities fund</i>	28,900	(7,864)	21,036
. <i>Provincialate fund</i>	25,000	—	25,000
. <i>St Raphael's Hospice fund</i>	6,300	—	6,300
. <i>Worldwide fund</i>	6,518	(456)	6,062
	104,718	(8,320)	96,398
	139,309	(8,747)	130,562

The designated funds have been set aside for specific purposes by the trustees out of unrestricted funds, although they may ultimately use such funds for other purposes. It is a policy that income and expenditure either relates to restricted or unrestricted general funds, thus there is no income or expenditure on designated funds. Designated funds are determined by trustees at the end of the year and the increases or decreases are reflected as transfers from unrestricted general funds.

◆ **Fixed asset fund**

The tangible fixed assets, of which property forms the major part, are of fundamental importance to the charity and without them the charity would be unable to fulfil any of its charitable objectives. The value of the assets is therefore not readily realisable and, to reflect that, their net book value has been established as a designated fund.

◆ **Daughters of the Cross fund**

All Sisters are part of the worldwide Congregation of the Daughters of the Cross of Liege and this fund is established to ensure that the work of the Sisters is continued across the Province for as long as possible. The fund is invested for the long-term with the current intention that only the income is spent. This income meets the shortfall of the Sisters' covenanted income over the costs of their welfare, their apostolic activities and the costs of the care of the frail and elderly members. As the amount of covenanted income falls due to reducing number of Sisters, the level of income generated by this fund must grow, given that costs do not fall in line with income.

◆ **Charitable activities fund**

The Charitable activities fund was established to help secure the future needs of the Works and the long-term accommodation and other needs of the Sisters. It is represented by a combination of investments and cash. Those needs that are likely to arise in the short to medium term are able to be funded from cash reserves, as the capital value of these amounts are less volatile than the fixed asset investments.

13 Designated funds (continued)

♦ ***Provincialate fund***

The Provincialate office of the charity incurs the costs of the central core functions and these are met from investment income. For the foreseeable future, this office function will be required, and this fund has been established to provide the necessary income for this cost centre.

♦ ***St Raphael's Hospice fund***

The St Raphael's Hospice fund was first set up in 2019/20 with a total of £6,300,000, which included the £3,600,000 that was paid to the Hospice upon separation during this year. The remaining £2,700,000 balance at 31 March 2021 is intended to be utilised by the Hospice in the medium term to develop the buildings and infrastructure, and is held as a contingency against medium-term performance against thirteen strands of the 5-year business plan.

♦ ***Worldwide fund***

This fund is put in place to generate an annual income in order to provide grants that fund enhancement or development of the work of the worldwide Congregation, as requested by the Daughters of the Cross of Liege International Generalate.

♦ ***Adversity reserve fund***

This fund has been established to provide availability of liquid funds in case of an adverse event or set of circumstances that create a significant and urgent financial need. This may include events or circumstances such as providing an indemnity to the pension scheme once it has been wound up, or an event not covered by the charity's insurance policies.

♦ ***Income risk reserve fund***

The income risk reserve fund is set up to provide a liquid reserve for the charity in case of an exceptional dip in net income in the year, caused by exceptional circumstances such as seen during the Covid-19 pandemic. This will provide immediate cash funds to both The Province and Holy Cross Hospital so that normal operations and cashflow are not negatively impacted. A short-term dip in income may arise from either a drop in investment income at The Province, or from a sudden loss of fee income at Holy Cross Hospital, where its own reserves may be protected for future use, by the availability of cash from this designated fund.

14 Analysis of total net assets between funds

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2021 are represented by:					
Tangible fixed assets	—	32,995	—	—	32,995
Fixed asset investments	—	—	105,867	1,449	107,316
Net current assets	6,614	(15)	3,868	84	10,551
Other liabilities	(1,70)	—	—	—	(1,70)
Total net assets	6,444	32,980	109,735	1,533	150,692
	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2020 are represented by:					
Tangible fixed assets	—	34,164	—	—	34,164
Fixed asset investments	—	—	88,347	1,134	89,481
Net current assets	6,130	—	8,051	3,478	17,659
Other liabilities	(1,158)	—	—	—	(1,158)
Total net assets	4,972	34,164	96,398	4,612	140,146
				2021 £'000	2020 £'000
Unrealised gains included above:					
On tangible fixed assets				2,695	3,907
On investments				18,909	4,710
Total unrealised gains at 31 March 2021				21,604	8,617
Reconciliation of movements in unrealised gains and losses					
Unrealised gains at 1 April 2020				8,617	17,871
Less: amount in respect of disposals in the year				—	(10)
Less: net gains (losses) arising on investment revaluations				13,017	(9,155)
Less: depreciation on revalued fixed assets				(30)	(89)
Total unrealised gains at 31 March 2021				21,604	8,617

The revaluation reserve, as required by the Companies Act 2006, is equivalent to the total unrealised gains, shown above.

15 Related party disclosures**Sisters**

The Sisters of the Congregation are beneficiaries of the charity, in that the costs of their ministry and welfare are met by the charity. The trustees are all Sisters and they are not remunerated for their services. No trustee had any beneficial interest in any contract with the charity.

15 Related party disclosures (continued)

Sisters (continued)

The trustees, as Sisters of the Congregation, covenant their salaries and pensions to the charity. During the year the six trustees covenanted an aggregate of £116,967 to the charity (2020 - £115,455).

International Generalate

By means of a lease, the charity provided accommodation for the central government of the Congregation. The International Generalate is the base for the Superior General and her Council who, under the structure of a separate registered English charity (Charity no. 1142490), guide, support and monitor the worldwide services of the Congregation. This lease ended in September 2021, when the Generalate relocated to its new base in Rome, Italy.

Worldwide Congregation

The Sisters are members of the worldwide Congregation of the Daughters of the Cross of Liege and the charity has objects which are not restricted to the UK. Total grants of £162,000 (2020 – £152,000) were made during the year to the worldwide Congregation or for Sisters within it. Grants were made to Provinces and Sisters in Rourkela, Nepal and Cameroon.

St Raphael's Hospice

St Raphael's Hospice (registered company number 11732567 and registered charity number 1182636) was registered at Companies House on 18 December 2018 and with the Charity Commission on 26 March 2019. On 31 October 2020 certain assets and liabilities were transferred from the Daughters of the Cross of Liege to the new St Raphael's Hospice charitable company. During 2020/21 a grant of £3.6m (2020 - £200,000) was given by the Daughters of the Cross of Liege, to the new St Raphael's Hospice charity. Two trustees of this charity; Sister Veronica Hagen and Sister Kathleen O'Reilly are trustees of the new St Raphael's Hospice charity in order to aid the transition to operating independently of the Daughters of the Cross.

St Elizabeth's Centre

Two trustees of the Daughters of the Cross are trustees of St Elizabeth's Centre; Sister Veronica Hagen and Sister Josephine Clemence. Currently three Sisters reside in the Much Hadham Convent, which is situated on the site owned by St Elizabeth's Centre, in line with the transfer agreement document signed upon separation of St Elizabeth's on 30 September 2018 from this charity. During the year St Elizabeth's paid the Daughters of the Cross of Liege £1,000 (2020 - £7,000) in rent for the use of St Anne's Cottage.

16 Pension commitments

The Works contribute to pension schemes, providing pensions under both defined benefit and defined contribution arrangements.

The assets of the funded schemes are held independently of the charity's finances.

16 Pension commitments (continued)

Details of the contributions are as follows:

Name	Type of Scheme	Administrator	Contributions in year	
			2021 £'000	2020 £'000
Holy Cross Hospital	Defined benefit	NHS Pension	13	13
Holy Cross Hospital	Defined contribution	The People's Pension	90	81
St Raphael's Hospice	Defined contribution	Aegon Pension	73	115
St Raphael's Hospice	Defined benefit	NHS Pension	25	65
Province	Defined contribution	The People's Pension	4	4
Non-scheme contributions			18	18
			223	296
			223	296

National Health Service (NHS) Pension Scheme

The NHS pension scheme is a defined benefit scheme operated by the National Health Service Superannuation Scheme. The administration of the scheme is dealt with by the National Health Service Pension agencies. The charity is unable to identify its share of the underlying assets of the scheme. Accordingly it has accounted for its contributions as if it were a defined contribution scheme. Contributions to this scheme are paid in respect of current service. There is no liability to the charity in respect of past service.

17 Leasing commitments**Operating leases**

At 31 March 2021, the charity had total commitments under non-cancellable operating leases for land and buildings as follows:

	Land and buildings	
	2021 £'000	2020 £'000
Within one year	—	286
Between one and five years	—	728
More than five years	—	303
	—	1,317

18 Contingent asset

Several years ago, the charity paid a proportion of the estimated buy-out total requirement into the St Elizabeth's Final Salary Scheme, in order to facilitate the buy-out of the Scheme by an insurance provider. Subsequently, the charity was informed by the Scheme Trustee that the amount paid was greater than the total sum required by the insurer for Scheme to be bought out. The charity's position is the surplus amount should be returned to the charity. It is not possible to reliably estimate the amount due to the charity, or when it will be received, as negotiations with the Scheme are not yet complete and the amount is subject to the finalisation of the costs of the negotiations and the winding-up process, which must be met from the Scheme.

19 St Raphael's Hospice

With effect from 31 October 2020, the activities and net assets of St Raphael's Hospice were transferred to an independent charitable company, St Raphael's Hospice Ltd. The value of the net assets at 31 October 2020 are detailed below:

	£'000
Fixed assets	634
Debtors	1,027
Cash	2,778
Current liabilities	(740)
Net assets	3,699

The net assets transferred represented:

	£'000
Fixed assets fund	634
General fund	2,741
Restricted funds	324
	3,699

The net assets shown above, split by fund are how the funds are represented within the Hospice's own accounts. In the charity's aggregated accounts, the Hospice funds are shown as all being restricted. The income and expenditure relating to St Raphael's Hospice for the period until the transfer are defined as relating to discontinued activities within the prior year comparatives of these financial statements.

20 Post balance sheet events

There are no post balance sheet events that require disclosure.

◆ **Scope**

The financial statements disclose the financial position and results of the charitable company, which incorporate and aggregate the results of the Province with its Works which were:

- ◆ Holy Cross Hospital, Haslemere, Surrey
- ◆ St Raphael's Hospice, Cheam, Surrey (from 1 April 2020 – 31 October 2020)

As at 31 March 2021, the six existing Communities were: Cheam St Joseph's, Surrey; Cheam St Mary's, Surrey; Chelsea, London; Haslemere, Surrey; Much Hadham, Hertfordshire; Stillorgan (Dublin), Ireland.

◆ **Assets and liabilities**

Cash

Cash is held in hand, in bank accounts available on demand, or on term deposits with an expiry date within three months of the balance sheet date at the date of acquisition.

Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Debtors

Debtors are recognised at their settlement amounts, less any provision for non-recoverability. Prepayments are valued at the amount paid in advance.

Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable the charity will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as at the balance sheet date.

Investments

Investments are held mainly in companies quoted on world stock exchanges (or in funds which invest in the same way), partly for the purpose of generating income and partly to maintain the value of the charity's funds. They are initially recorded at cost, and at the balance sheet date are valued at fair value (the value for which they could be sold).

Gains or losses are included in the statement of financial activities as part of net income or expenditure.

Investment property is included at open market value.

◆ **Assets and liabilities** (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation and, where appropriate, impairment provisions. All assets costing £5,000 or more, and with an expected useful life exceeding one year, are capitalised. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

The majority of freehold land and buildings under the total control of the trustees and in use within the charity were valued at 31 March 2014 on a depreciated replacement cost or an existing use basis. Under the transitional arrangements set out in FRS 102, the valuations are deemed to be equal to cost at the date of transition. Subsequent additions are stated at cost.

Depreciation is calculated at the following annual rates in order to write down each asset to its estimated residual value over its estimated useful life:

Freehold buildings	2 - 5% on cost or revalued amounts
Leasehold property	over the period of the lease
Medical, computer and office equipment	4 - 33% on cost
Motor vehicles	10 - 25% on cost

No depreciation is provided on freehold land or assets in the course of construction.

Term deposits

Term deposits comprise monies held with deposit-taking institutions with terms longer than three months.

Financial instruments

The charity only holds basic financial instruments and accounts for these in accordance with FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial instruments

Financial assets – Other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – Classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments and are measured at amortised cost.

◆ **Basis of accounting**

Accounting convention

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note.

◆ **Basis of accounting** (continued)

Accounting convention (continued)

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 (Charities SORP FRS 102);
- ◆ the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ the Charities Act 2011; and
- ◆ the Companies Act 2006.

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

Critical accounting estimates and areas of judgement

The trustees consider that the judgements they have made in the process of applying the charity's accounting policies which give rise to significant effects on the amounts recognised in the financial statements are:

- ◆ The value of the provision for compensation;
- ◆ The estimated useful lives of fixed assets and therefore the rates of depreciation
- ◆ The future commitments and other obligations that are used to establish the value of designated funds; and
- ◆ The assessment of the St Elizabeth's Centre Final Salary Scheme surplus as a contingent asset.

In addition to the above, the lasting impact of the global coronavirus pandemic still has some unknowns. For example, valuations used in the financial statements, particularly with respect to the investment properties and listed investments are subject to a degree of uncertainty and volatility.

The trustees do not consider that there are any key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Going concern status

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

◆ **Basis of accounting** (continued)

Going concern status (continued)

The trustees are acutely aware of the effect that Covid-19 has had on the charity's finances and operations. The ability to generate income, be that through fundraising channels, care fees from admitting new patients, or investment income has been very difficult and government assistance has been crucial in keeping certain parts of the charity running without large deficits. However, the trustees are confident that the charity has, and will continue to have, sufficient resources to meet its liabilities as they become due.

The trustees have concluded that there are no material uncertainties related to events or conditions that would cast significant doubt on the ability of the charity to continue as a going concern. This is because they believe they have sufficient unrestricted reserves to withstand any temporary drop in income or any additional unexpected liability.

◆ **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation 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 and is inclusive of irrecoverable VAT.

Expenditure on raising funds

This represents the costs of fundraising and of generating voluntary income. It includes the running costs of the charity shops, as well as the salaries of fundraising staff. It also includes the fees charged by investment managers for managing the charity's investments.

Pension costs

- ***Defined benefit schemes***

The charity contributed to one defined benefit pension scheme, the NHS Pension Scheme, providing benefits based on either final or career-average pensionable salary, depending on the scheme. The National Health Service Superannuation Scheme is a multi-employer defined benefit scheme and is an unfunded scheme. As it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers, the contributions to the scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

- ***Defined contribution schemes***

The charity operates a number of defined contribution pension schemes. The amounts charged to the statement of financial activities represents the employers' contributions payable to the schemes in the year.

Support costs, including Governance

All direct costs associated with the Works are accounted for by them and reflected in their expenditure, including their own support costs.

◆ **Expenditure** (continued)

Support costs, including Governance (continued)

The central costs of the charity are the support costs and these support the Works and the welfare and work of the Sisters. Where costs relate specifically to an activity, they are allocated to that activity. The other general support costs are allocated on the basis of the cost and time the central Province team spend on each activity.

Included within support costs are those which relate to the governance arrangements of the charity. These are principally audit fees, the cost of legal and other professional advice to the trustees and staff costs associated with meeting constitutional and statutory requirements. Nothing is included for trustees, as there is very little extra trustee-cost over and above their welfare and ministry costs as Sisters of the Congregation.

◆ **Fund accounting**

Restricted funds

The restricted funds are funds which have been raised for a specific purpose or which are subject to restrictions on their use and include those funds which have to be spent at a particular Work. Restricted funds raised for capital expenditure are released to unrestricted funds once they have been spent. Any income, gains or losses arising from the assets underlying the restricted funds form part of restricted funds.

The restricted funds include all the general funds of the charity's hospice, up to 31 October 2020, at which point they were transferred to the new St Raphael's Hospice charitable company.

Designated funds

Designated funds are those funds earmarked by the trustees for a specific purpose. They are unrestricted, and the trustees may ultimately use such funds for other purposes. Any income, gains or losses on the assets underlying the designated funds form part of general unrestricted funds.

The funds represented by the net book value of fixed assets are treated as designated funds.

General fund

The general fund represents unrestricted and undesignated monies used to fund working capital and which the trustees may use at their discretion in furtherance of the charity's objects.

Revaluation

Investments are stated at valuation and most tangible fixed assets were stated at valuation until 31 March 2014, when under the transitional arrangements set out in FRS102, the charity elected to treat property valuations prior to 1 April 2014 as their deemed cost at that date. All the fund balances, including restricted and designated funds, include a revaluation element. The notes give details of the amounts included at the balance sheet date.

◆ **Income**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably, and it is probable that the funds will be received.

At the end of any financial year, the charity will have issued invoices to local authorities, health authorities, and individuals which cover a period beyond the balance sheet date. This income is carried forward and disclosed as "Income received in advance".

In accordance with the Charities SORP FRS 102, no financial valuation of volunteer time is recognised in these financial statements.

Donations and legacies

- ◆ Donations represent income given by individuals, corporations and trusts including recoverable taxation.
- ◆ Legacies are included in the statement of financial activities when there has been a grant of probate, 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.
- ◆ Covenanted income from the Sisters of the Congregation arises from the donation of their salaries and pensions.

Grants receivable

Grants receivable are accounted for in the period in which they fall due. Grants from the Government and other agencies are included as income from charitable activities where they amount to a contract for services, and as donations where the money is given in response to a fundraising appeal or with greater freedom of use.

Income from charitable activities

- ◆ Fees and charges are derived from individuals and Public Authorities and are stated exclusive of VAT.
- ◆ Other income represents proceeds from the sale of food and sundry other income.

Income from other trading activities

- ◆ Income from trading activities comprises that from running charity shops and a lottery, and from holding fundraising events.
- ◆ Income from the sale of donated goods within the charity shops is accounted for when the goods are sold. The resources that would be required to value and record the goods as they are donated are too great to make this a practical method of accounting. Donated goods therefore have no value in these financial statements.

Investment income

Investment income, representing dividends, interest, and income from property, includes any associated tax recoverable. Dividends are recognised once the dividend has been declared and when the right to receive the dividend payment is irrevocable.