

CONGREGATION OF THE SISTERS OF NAZARETH GENERALATE

England & Wales · Charity number 1138876

Details

Status Registered

Legal form Trust

Registered 2010-11-09

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: FOR SUCH CHARITABLE PURPOSES AS SHALL ADVANCE THE RELIGIOUS, EDUCATIONAL, CARE AND OTHER CHARITABLE WORK OF THE CONGREGATION, FOR THE PUBLIC BENEFIT, AS THE TRUSTEES WITH THE APPROVAL OF THE SUPERIOR GENERAL SHALL FROM TIME TO TIME THINK FIT (THE "OBJECTS") AND IF AT ANY TIME THE CONGREGATION SHALL CEASE TO EXIST OR SHALL CEASE TO CARRY ON RELIGIOUS, EDUCATIONAL, CARE OR OTHER CHARITABLE WORK THEN FOR SUCH OTHER LAWFUL CHARITABLE PURPOSES CONNECTED WITH THE ADVANCEMENT OF THE ROMAN CATHOLIC RELIGION AS THE TRUSTEES SHALL DETERMINE.

Activities: To share the love of God, through the ministries of care and education, through 35 Nazareth Houses caring mainly for frail older people, seven retirement villages and five education services in 38 different locations worldwide. The charity spiritually and financially supports these works, which are delivered in our regions via other Congregational and charitable bodies.

Classification

- **How:** Provides Other Finance, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, Education/training, Accommodation/housing, Religious Activities
- **Who:** Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL AND OVERSEAS
- Australia
- Ireland
- New Zealand
- Northern Ireland
- Scotland
- South Africa
- United States
- Zimbabwe
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£2,592,371	£8,024,226	£35,914,306	4
2024-03-31	£9,657,537	£7,145,989	£41,581,732	5
2023-03-31	£2,174,245	£3,790,364	£36,976,830	5
2022-03-31	£2,227,369	£6,719,282	£39,409,537	5
2021-03-31	£12,003,436	£1,626,570	£42,528,248	4

Trustees

Name	Role	Appointed
SISTER BRENDA MCCALL	Chair	2013-01-22
Sister Anne Margaret Craig		2024-10-17
Sister Mary Doolan		2024-10-17
Sister Mary Monaghan		2024-10-17
Sister Thi Xuan Linh Nguyen		2024-10-17

Accounts

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

Annual Report and Accounts

31 March 2025

Charity Registration Number 1138876

(England and Wales)

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	23

Accounts

Statement of financial activities	25
Balance sheet	26
Statement of cash flows	27
Principal accounting policies	28
Notes to the accounts	33

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

Trustees	Sister Brenda McCall (Chair), AKA Sister Mary Brenda McCall Sister Valma Beatrice Cooper, AKA Sister Dominica of the Cross Cooper, to 16 October 2024 Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey, to 16 October 2024 Sister Anne Bernadette Walsh, AKA Sister St Teresa Walsh, to 16 October 2024 Sister Mary Monaghan, AKA Sister Mary Anne Monaghan, from 17 October 2024 Sister Mary Doolan, AKA Sister Anna Maria Doolan, from 17 October 2024 Sister Thi Xuan Linh Nguyen, AKA Sister Teresa Clare Nguyen, from 17 October 2024 Sister Anne Margaret Craig, AKA Sister Margaret Craig, from 17 October 2024
Superior General	Sister Mary Brenda McCall
Treasurer General	Sister Anna Maria Doolan
Secretary General	Sister Teresa Clare Nguyen
Chief Executive	Kevin Barnes
Principal office	St Michael's Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Investment manager	CCLA One Angel Late, London EC4R 3AB
Principal banker	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
Principal solicitor	Stone King LLP Upper Borough Court, Upper Borough Walls, Bath BA1 1RG

OVERVIEW

During the financial year the Charity has continued to work towards delivering the Mission, Vision and Aim of the Congregation, and living by its values. These are set out in full on page 5 and are similar for the Charity and the Congregation.

The main achievements of the Charity during the 2024/25 year include:

1. Holding the General Chapter of the Congregation in June 2024, and agreeing five new mandates for the Congregation.
2. Supporting the five regions, including providing them with financial support where needed.
3. Funding and managing the refurbishment of Nazareth House Hammersmith, the original house established by Victoire Larmenier, and home of the Charity.
4. Continuing to develop and support the Heritage Centre, which includes an exhibition of the life and times of the Congregation's Foundress, Victoire Larmenier, and her legacy of the Congregation of the Sisters of Nazareth, along with the Congregation's archive. The collection continued to be added to during the year.

Proceedings into the historic abuse of children formally in the Congregation's care continue. In May 2019, a report was issued by the Scottish Child Abuse Inquiry following the testimony in 2018 of the survivors of abuse in four residential children's homes in Scotland operated by the Congregation. The Congregation formally apologised for any mistreatment of those in its care and deeply regrets any harm or shortcomings in the care provided. A formal apology has also been issued in Northern Ireland for the mistreatment of those in its care in its children's homes.

The Congregation has and continues to cooperate with the Scottish Inquiry, Northern Ireland Inquiry and the Inquiries held in England and Wales, Australia and New Zealand, each at different stages, and with those governments as they set up their redress schemes. All residential children's homes in each of these countries have been closed for many years.

STRUCTURE

The Congregation of the Sisters of Nazareth Generalate ('the Charity') supports the members of the Congregation of the Sisters of Nazareth ('the Congregation') and its educational, care of the elderly and other charitable works across the world. The Charity is the facilitating entity for carrying out the civil law actions on behalf of the Congregation. The Charity is based in the United Kingdom and holds the central reserves of the Congregation. The trustees of the Charity are also the elected leaders of the Congregation, that is, the Superior General and her General Councillors.

This report uses 'the Charity' to refer to the work of the Congregation of the Sisters of Nazareth Generalate to whom this report relates, and 'the Congregation' to refer to the work of the Congregation of the Sisters of Nazareth, the religious body that the Charity is a part of.

The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – founded by Victoire Larmenier and recognised by the Holy See in 1864. As of 31 March 2025, there were 172 Sisters (2024: 184) and three novices (2024: three).

The Congregational Structure

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. As of 31 March 2025, the Congregation operated 34 Nazareth Houses, 9 retirement villages, 2 education services and 1 children's services in 35 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and the United Kingdom. For this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the Congregation and an operating entity, which are charitable or not-for-profit organisations. In most cases, the regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the Congregation and the welfare of the Sisters in the region. The operating entities function under the name Nazareth Care (Nazareth House in America) and the services are delivered on behalf of the Congregation. They manage the care homes and other services, receive the income and employ the staff. This structure ensures that the Sisters retain control over the assets and mission of the Congregation while lay staff manage the services and provide the care.

Each Nazareth Care is a separate legal entity with its own governing document and board of trustees, consisting of Sisters and lay trustees. Each board is chaired by the Regional Superior, who is a Sister and a member of the Congregation. Each region has a similar legal structure, although each is necessarily tailored to the legal jurisdiction in which it operates.

The Congregation, through the Superior General and the General Councillors, retains the principal decision-making powers over each of the regions.

Connected entities of the Charity

The Charity has no related parties or subsidiaries. There are several entities connected to the Charity, being other components of the Congregation. Those components in the United Kingdom are detailed in Note 19 to the accounts and consist of The Congregation of the Sisters of Nazareth Charitable Trust (charity registration number 228906 (England and Wales) and SC040507 (Scotland)) and Nazareth Care Charitable Trust (charity registration number 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales)) and its subsidiaries.

THE CONGREGATION'S AIM, MISSION, VISION, AND VALUES

The Charity supports the work of the Congregation throughout the world. Its Aim, Mission, Vision and Core Values are those of the Congregation.

Aim

The Constitutions of the Congregation of the Sisters of Nazareth set out its aim:

“To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God’s kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place.” (Constitution 1.3)

Mission

The mission of the Congregation of the Sisters of Nazareth is:

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

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

Vision

The Congregation of the Sisters of Nazareth is a Catholic Congregation devoted to the care, dignity and protection of human life; it strives to maintain and improve the quality of life of those entrusted to its care.

Core values

The Aim, Mission and Vision are supported by six Gospel-based Core Values. All who are associated with the work of the Congregation are expected to demonstrate a commitment to the Core Values:

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

The Charity created and supports the programme, *Victoire's Legacy*, which has been delivered to the regions and continues to be rolled out throughout the Congregation. It covers the legacy of the Foundress, the Mission of the Congregation, Core Values, safeguarding, interculturality and the principles of Servant Leadership. The programme provides training to staff and volunteers in the meaning and application of the Core Values and how to put them into practice in the workplace, ensuring the Core Values and Mission make each Nazareth House and service a distinctive place of care. The continuing and visible presence of Sisters in the majority of services is a reminder to residents, relatives, staff and volunteers of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from these services.

REVIEW OF THE YEAR

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate for the year ended 31 March 2025.

During the year the Charity has supported the mission and services of the Congregation provided in the regions. These include providing guidance, advice, financing and ongoing monitoring and support to building works, changes to governing documents and any other significant developments.

The Congregation holds a General Chapter every six years at which the Congregational Plan for the next six-year period is agreed. The 27th General Chapter was held in June 2024 in Hammersmith, London and developed five Congregational mandates. Subsequently, the Charity developed a Congregational Plan through to the next Chapter in 2030, which provides more detail on the actions, responsibilities and planned outcomes. The mandates are:

1. **Vowed life:** Deepen our enthusiasm for our vowed life, renewing our commitment to community and mission;
2. **Vocation promotion and formation:** Renew and update the current Formation booklet;
3. **Embedding the mission:** Sustain Victoire's vision and mission into the future;
4. **Safeguarding:** Embrace safeguarding as a priority for the Congregation;
5. **Aggregation:** Congregation of Sisters of Nazareth to aggregate with the Augustinian family.

The delivery of the Mandates is a process that will take time. Actions towards their delivery by the Congregation, and where necessary supported by the Charity, include:

- Employ a Mission Director in each Region to promote the mission of the Congregation and Victoire's Legacy, along with the core values.
- Applying the formation programme to support the training and ongoing formation of Sisters;
- Organising a meeting of the Chief Executives from each region to consider the future needs of Nazareth Care, how they support the objectives of the Congregation and work in partnership with the Congregation.
- Considering ways to ensure the viability of the Congregation with regard to the changing availability of Sisters;
- Ensuring the appropriate role of Sisters and others in the governance of the Congregation;
- Promote and develop safeguarding policies and practices in each region;
- Strengthening the partnership between the Congregation and Nazareth Care;

- Continue the implementation of ecological and social justice policies, furthering a growing consciousness and practice in these areas;

These and other actions are contained in the Global Congregational Plan and are the main themes in the Nazareth Care Global Plan and each regional Nazareth Care plan.

Planning

The Global Congregational Plan and the Nazareth Care Global Plan form the top layer of a planning system that enables each region, service and community of Sisters to produce their own plans. The intention is for a 'golden thread' to flow from the General Chapter through all the plans, ensuring that all activities are aligned with the Mandates. The plans identify the many elements common to both plans that require the same actions by Sisters and lay staff.

Property

Building work continues in all regions. The Charity is funding the majority of the refurbishment works of Nazareth House Hammersmith, including the construction costs and professional fees to refurbish the home completely. Work continues on site on the back-of-house areas and the first 14 resident rooms. Work will continue for at least four years while parts of the home are refurbished and the rest of the home is kept operational.

In February 2025, a rural service in the Northern Cape, South Africa, known as Fourteen Streams was transferred to the Diocese of Kimberley and the Sisters who lived and worked there were transferred to other services in South Africa. It is pleasing to know that the services, including a nursery, will continue to benefit the local community.

Works previously approved have continued, including completing the remodel of part of Nazareth House Los Angeles in America, upgrading facilities and converting space to more resident accommodation in Cape Town in South Africa, and installing new kitchens in Geraldton and Camberwell in Australia and San Diego in America. More minor works are occurring elsewhere, and plans are also being developed for upgrades and improvements to several other Nazareth Houses across all regions.

Inquiries

We continue our practice of cooperating with all Inquiries and providing ongoing support. An agreement by the Charity, acting on behalf of the Congregation, has been reached with the Scottish Government to contribute to the payments made by Redress Scotland to former children in our care regarding claims of abuse. The Charity is also in discussions with The Executive Office in Northern Ireland about contributions to their redress scheme. No agreement has been reached at this time. We are also working with other Inquiries, as necessary.

We continue to cooperate with governments, redress boards and survivor organisations to support claimants and potential claimants with access to their records and to provide individual apologies when requested.

Consent

No new consents were granted in the year.

Finance

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

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that the total turnover for 2024/25 was £139 million (2024: £133m). The increase in total income mainly reflects inflationary increases to cover cost increases.

The most significant pressure in most regions is expenditure increases due mainly to a lack of available trained staff, wage inflation and the increase in the cost of energy and food at a faster rate than income. Collectively, the five regions still managed to generate a surplus, to be used for reinvestment in capital projects but not every region was able to do so individually.

The recovery of Nazareth Care Charitable Trust, the operating entity in the UK Region, reported in the previous Annual Report continued. Occupancy, fee rates and recovery of debts all improved, along with using fewer agency staff and more permanent employees. The Region continued to operate at a deficit, but smaller than in the previous year.

Other activities

Other activities by the Charity during the year on behalf of the Congregation included:

- monitoring the financial and operational performance of the regions;
- monitoring the Sisters' funds and Nazareth Care funds in the regions;
- reviewing the governance in regions;
- considering applications by regions for consents of various types, in particular relating to major building works and constitutional requirements;
- inducting the new Charity trustees;
- allocating funds to consented projects by way of grants and loans;
- monitoring investment performance and the investment managers used;
- keeping in touch with the regions and houses. The focus of the communications and visits by the Superior General and her General Councillors is their pastoral care of each Sister's welfare and providing opportunities to observe the operations within houses, monitor the governance within regions and houses, encourage a strong partnership between the Congregation and Nazareth Care and update their knowledge of issues in each region and house.

FINANCIAL REPORT FOR THE PERIOD

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 32 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and expenditure

The income and expenditure of the Charity are detailed in the Statement of Financial Activities, on page 25 of the accounts.

Unrestricted income for the Charity was £2,592k in 2024/25. This is a reduction from £9,658k in 2023/24 and reflects a more typical level of income. 2023/24 included a donation from the UK Region of over £7m, following the sale of a property in Southend.

Expenditure of £4,001k (2024: £5,122k) exceeded income, leading to a deficit of £1,409k (2024: surplus £4,535k).

During 2024/25, financial support to the UK Region was not required. However, support was paid to the Australasian Region to assist with legal and related costs.

There was a loss in the value of investments in the year of £235k (2024: gain £2,093k), mostly in the final quarter of the year, which has since recovered.

Foreign exchange losses, resulting from loans denominated in a foreign currency, of £299k (2024: £311k) were incurred. Sterling strengthened during the year against the Euro and the New Zealand Dollar, the two main currencies where there is exposure. The loans are financing works completed at Nazareth Houses in Christchurch, New Zealand; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland, along with Sterling loans for works in the UK, in Glasgow and Birkenhead.

There was no restricted income in 2024 (2023: none). Restricted expenditure of £4,023k (2024: £2,024k) was incurred on the refurbishment of Nazareth House Hammersmith, which the Charity is largely funding.

Funds

The results of the above income and expenditure are a reduction in restricted and unrestricted funds. Unrestricted funds reduced by £1,644k (2024: gain £6,629k) to £32,796k (2024: £34,440k) and restricted funds reduced by £4,023k (2024: £2,023k) to £3,118k (2024: £7,141k).

Loans

No new loans were approved during the year and no further advances are anticipated for any loans that have already been approved. The Charity's debtor balance as at 31 March 2025 is £16,509k (2024: £16,967k), predominantly by the repayment of part of the Irish loan. Notes 12 and 19 to the accounts provide further details of the outstanding balances and the funding arrangements.

Cash flow and investment performance

The value of investments as at 31 March 2025 was £15,576k (2024: £17,812k) which includes investment properties. £2m had been withdrawn during the year to fund cashflow requirements. The balance includes unrealised losses in the value of the investments of £236k (2024: gain £2,093k). The investment properties are valued at £275k (2024: £204k). One was in the process of being sold at the year end and has subsequently been sold. A summary of movements on investments can be found in Note 11 to the accounts.

Funds and reserves policy

The Charity's reserves of £35,914 (2024: £41,582k) are divided between four unrestricted funds and a restricted fund:

A. Unrestricted funds:

Designated funds:

- ◆ The Sisters' Support Fund: £7,000k (2023: £7,000k) is retained to provide Sisters in the Congregation who need support, including nursing or residential care in a Nazareth House, with the means to purchase it where public funds are not available and for other needs such as medical costs, training or emergencies. The amount is calculated based on the estimated future costs of providing care for Sisters, the number of Sisters, their ages, life expectancy, anticipated length of care and the cost of providing care. The level of the fund was reviewed in 2021 when the Charity confirmed that £7 million remained the appropriate level of the fund.
- ◆ The Property Fund: £23,500k (2024: £24,500k) was reduced by £1,000k during the year following cash flow needs and expenditure on Nazareth House Hammersmith. The fund will be used to provide loans or grants to regions requiring support for building, restructuring, developments, or other similar projects. Building projects and regional support are expected to be the primary focus of the utilisation of the Charity's funds for some years as many properties require upgrading and remodelling to comply with current standards and expectations. The Charity has already invested a proportion of the fund, demonstrated through the existing loan balances. Further loans can be made as the existing loans are repaid. They anticipate using more of the fund over the next ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies. This is expected to include additional costs to refurbish Nazareth House Hammersmith, as well as other sites in the UK and overseas.

Other funds:

- ◆ The Tangible Fixed Assets Fund represents the net book value of the tangible fixed assets owned by the Charity. The fund has decreased from £1,659k to £1,442k during the year as existing assets have been depreciated.
- ◆ The General Fund of £854k (2024: £1,281k) is retained to cover the running costs of the Charity in the event of a temporary loss of income, and provides some capacity to support regions and houses experiencing unforeseen costs that cannot immediately be funded from other sources. The General Fund represents the only unrestricted and non-designated funds of the Charity, that can be spent as the trustees decide.

The General Fund is in line with the Charity trustees' expectations and represents around 9 (2024: 10) months of budgeted unrestricted expenditure, excluding depreciation. The trustees wish to retain between 6 and 12 months of budgeted operating expenditure in the General Fund to avoid any interruption to its activities in the case of a loss of income or the need for increased support to a region.

B. Restricted Fund:

- ♦ The Restricted Fund of £3,118k (2024: £7,141k) is accounted for separately. It is held in CCLA's Catholic Investment Fund. During the year, £4,023k (2024: £2,024k) had been spent from the fund on construction costs and professional fees.

Going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts to 31 March 2026 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2030 and a consideration of key risks, including economic uncertainty and income streams that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk in each of the regions that reductions in income caused by fewer residents, shortage of staff and rising cost inflation will reduce the amount that is paid to the Charity. Occupancy is steady, admission embargos are less common and are often much shorter and more targeted than previously. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully. All regions have made a contribution to the Charity in the last year.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE PLANS

The focus over the next year will be to continue implementing the five mandates from the General Chapter in 2024 and the actions in the Congregational Plan. These will be in the next year and also for the following six-year period.

In addition, the Charity will continue to support the regions, particularly with their property developments and upgrades to ensure the best environment for delivering high-quality care to residents.

GOVERNANCE

The members of the Congregation are led by the Superior General, who is supported by her General Councillors. These Sisters are elected every six years at the General Chapter, which is attended by representatives of the whole Congregation. The General Chapter, while in session, is the highest authority in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. The June 2024 General Chapter was attended by 29 *ex-officio* and elected Sisters from the Congregation. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

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

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

Sister Brenda McCall ('Sister Mary Brenda')

Sister Brenda was elected Superior General in 2018, having been a General Councillor since 2012. She was re-elected in 2024. Before joining the Council, Sister Brenda had been the UK Regional Superior since 2009, where she oversaw the combining of the North and South Regions and implemented new constitutional and staffing structures. Prior to this, she had ministered in various Houses within the UK, Ireland and South Africa. She is trained in the Residential Care of Children and Young People, is a Registered General Nurse, and has a Postgraduate Diploma in Leadership and Management from Loughborough University.

Sister Mary Monaghan ('Sister Mary')

Sister Mary trained as a teacher and worked for over 20 years in Catholic education, mainly in Western Australia, including as the Principal of St Lawrence's Primary School in Geraldton. She served as a member of the School Resources Committee (a committee of the Catholic Education Commission of Western Australia), which examined all proposed capital works applications of Catholic Primary and Secondary schools in the State and recommended to the Commonwealth Government those applications that should be funded. Sister Mary oversaw the complete refurbishment of one house and the new build of another. She served as Superior General for 12 years, during which time she introduced Nazareth Care. She has also been a Regional Superior in Australasia and was elected as a General Councillor in 2024.

Sister Mary Doolan ('Sister Anna Maria')

Sister Anna Maria trained as a registered nurse and worked in a number of houses in the UK and Ireland. Before she was elected a General Councillor in 2024, Sister Anna served as the Superior in Lancaster, Glasgow, and Cardiff. Additionally, she held the position of UK Regional Superior for seven years, during which time she attended Loughborough University and obtained a Postgraduate Diploma in Leadership and Management. Upon joining the General Council, she has taken on the positions of Treasurer General and Safeguarding Lead.

Sister Thi Xuan Linh Nguyen ('Sister Teresa Clare')

Sr Teresa entered the Congregation of the Sisters of Nazareth in 1993. She has worked in the Australasian region, holding various roles, including Vocation Director, Mission Leadership program, and Lifestyle and Volunteer coordinator. She also served on the Nazareth Care board and the Regional Council, and was a Superior in Tamworth and Camberwell. Sr Teresa's training background was in Theology with a particular focus on Pastoral Studies and Discernment. At the General Chapter in 2024, Sr Teresa was elected to the General Council where she is the Congregation's Secretary General.

Sister Anne Margaret Craig ('Sister Margaret')

Sister Margaret has been a Sister of Nazareth for over fifty years, spending most of her time in South Africa as a social worker and manager for residential children's services. She has a degree in social work and qualifications in child and adolescent psychology and development, safeguarding and sexual abuse. Before being elected as a General Councillor in 2024, she had been a house Superior in Johannesburg and Port Elizabeth, and Regional Superior for Africa. She now leads the formation programme for all Sisters in the Congregation.

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

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

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

Trustees' powers include but are not limited to:

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

Trustees' report 31 March 2025

The Superior General and General Councillors of the Congregation are the trustees of the Charity. Together with the Congregational Chief Executive, they meet formally four times during the year to discuss the business aspects of the Congregation's activities. Following the trustees' meetings, the Superior General and General Councillors meet as a General Council to approve, give consent or further deliberate on the matters arising from these meetings. These meetings are minuted separately.

Elections of the Superior General and General Councillors take place at the General Chapter. The General Chapter held in June 2024 re-elected the Superior General and elected four new General Councillors who took up their positions in October 2024.

New trustees are inducted by the existing trustees and staff and training is provided.

Charity Governance Code

The Charity has assessed its compliance with the principles of the Charity Governance Code, undertaking a detailed review in June 2020. It considers that it fully meets 54 of the 76 items of recommended practice in the Code and is working towards another nine items. Two items are not met and 11 that it considers are not relevant to the charity.

The two unmet areas are benchmarking with similar organisations and considering information from other similar organisations and reporting on how the charity evaluates the board effectiveness in this report. Formally assessing board effectiveness is one of the areas that it is working towards.

The non-relevant areas mostly concern the recruitment of trustees, as the Constitutions require trustee appointments to be made from within the Congregation, which limits the advertising, diversity and breadth of board skills. This is compensated for by having trustees with wide-ranging experiences in care and education and who are wholly committed to the Congregation and the Charity without outside distractions; the use of external advisors and outside expertise on committees provide greater diversity and breadth of skills.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. Decisions are made by the trustees unless they have been delegated to the Congregational Chief Executive as part of the approved general delegation or as agreed when making a specific decision.

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

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

In accordance with the Statement of Recommended Practice we:

Trustees' report 31 March 2025

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

Staff remuneration does not include any share options or long-term incentive schemes as there are none.

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

Grant-making policy

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

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

Investment policy

The Charity's constitution does not restrict the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, any significant investment in organisations that produce goods or services at odds with the teachings of the Catholic Church, particularly regarding the sanctity of human life.

The trustees take a total return approach to their investments, investing in funds that adhere to the ethical investment policy. The main investment portfolio is within CCLA's Catholic Investment Fund which holds a diversified portfolio containing equities, alternative assets and cash and near cash, managed within an acceptable level of risk.

The fund's investment objective is to achieve a gross total return before fees of 5% per annum above the Consumer Price Index, over a five year period, whilst adhering to its ethical investment policy. It has not been achieving this recently due to the high level of the Consumer Price Index.

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

The Charity uses the expertise of its investment managers to help with the management of its investment funds and will purchase additional advice where necessary as well as draw upon the knowledge of the Advisory Finance Committee members and the key management personnel.

Public benefit

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011 when considering the Charity's objectives and activities. All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly and children, delivered through overseeing and supporting the regions, providing financial contributions, advice and guidance within which the regions operate. In these ways, the Charity is delivering a public benefit.

Risk management

The Charity reviews its risk management framework and agreed that there are five primary categories of risk facing the Charity and the Congregation: Mission, Spirit and Values; Governance; Safeguarding; Financial; Organisational and External Environment risks. In each category, it has agreed how willing it is to take risks to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

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

- A loss of spirit or mission. The risk increases as the number of Sisters in the Congregation decreases and the role of paid staff in management positions increases. There are several programmes available in regions to ensure the mission is well understood and communicated, such as Victoire's Legacy, and the Core Values of the organisation. Sisters remain intrinsic to each house and are visible throughout the majority of houses. Mass is held each day in most houses. Visits occur from the Superior General, General Councillors and the Congregational Chief Executive to each region and the houses. Alternative arrangements have been introduced in two regions to explore models that can operate with fewer Sisters including some sites operating as satellites with visiting Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Charity's Board of Trustees is made up entirely of Sisters who are supported by lay staff and advisors as necessary. In the regions, all boards consist of up to nine trustees, including Sisters. There is a strong set of Constitutions, Directives, Governance Handbook and reporting mechanisms covering all aspects of governance to ensure that the regions administer their operations according to the standards expected by the Congregation.
- Safeguarding incidents either now or in the past. Current safeguarding risks are well managed through comprehensive training and procedures and are more likely to occur in one of the regions, where they directly interact with vulnerable individuals. The impact on the Charity is by association and the consequential impact on its reputation. Historical incidents within the Congregation's past are predominantly addressed nowadays by the Charity including reviewing practices and continuing to cooperate fully with all public Inquiries and with individuals making their own enquiries or civil proceedings. Many safeguarding risks may be covered by insurance.

Trustees' report 31 March 2025

- Financial failure through a region or the Charity not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part of the Congregation struggles, others may step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where appropriate. There is a process of continual oversight of the financial performance of each region and cash flow forecasting for the Charity to ensure there are sufficient, liquid funds to meet all reasonable eventualities.
- Organisational risks at the Charity include the reputational damage associated with the failure of a service either now or in the past, an over-reliance on key individuals, or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and the use of professional advisors where appropriate to do so. All services in the regions are externally regulated to ensure standards are continually met and/or improved.
- External environment changes have the potential to materially impact the work of the Charity and the Congregation in the UK or overseas through, for example, major changes to funding or legislation concerning the care of the elderly at the end of their lives, the public perception of the Catholic Church, recession or a global health crisis, such as the Covid-19 pandemic.

Fundraising policy

Traditionally the Charity has not proactively fundraised or solicited donations towards its work. It has therefore not signed up to the Fundraising Regulator.

When fundraising income is received, the Charity aims to achieve best practice in the way it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or swaps data and ensures that communication preferences can be changed at any time. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2024/25 the Charity received no complaints about its fundraising activities (2023/24: none).

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming/outgoing resources for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;

Trustees' report 31 March 2025

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

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

Approved by the trustees and signed on their behalf by:



Superior General and Trustee

Date of approval: 17/09/2025

Independent Auditor's Report to the Trustees of The Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the financial statements of The Congregation of the Sisters of Nazareth Generalate ('the charity') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 March 2025 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Independent auditor's report 31 March 2025

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 21-22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation.

Independent auditor's report 31 March 2025

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Advisory Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**

Statutory Auditor

London

Date: 22 October 2025

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities Year to 31 March 2025

	Notes	2025 Unrestricted funds £	2025 Restricted funds £	2025 Total funds £	2024 Unrestricted funds £	2024 Restricted funds £	2024 Total funds £
Income:							
Donations and legacies	1	1,720,092	-	1,720,092	8,927,186	-	8,927,186
Investment income and interest receivable	2	872,279	-	872,279	730,351	-	730,351
Total income		2,592,371	-	2,592,371	9,657,537	-	9,657,537
Expenditure:							
Cost of raising funds							
- Investment managers' fees		250	-	250	4,241	-	4,241
Charitable activities							
- Supporting the regions of the Congregation	3	2,035,779	-	2,035,779	1,553,186	-	1,553,186
- Grants and donations in support of the Congregation's work	4	1,964,868	4,023,329	5,988,197	3,564,877	2,023,685	5,588,562
Total expenditure		4,000,897	4,023,329	8,024,226	5,122,304	2,023,685	7,145,989
Net income/(expenditure) before investment gains/(losses)		(1,408,526)	(4,023,329)	(5,431,855)	4,535,233	(2,023,685)	2,511,548
Net investment gains/(losses)	11	(235,571)	-	(235,571)	2,093,354	-	2,093,354
Net (expenditure) and net movement in funds for the year	6	(1,644,097)	(4,023,329)	(5,667,426)	6,628,587	(2,023,685)	4,604,902
Reconciliation of funds:							
Fund balances brought forward at 1 April 2024		34,440,442	7,141,290	41,581,732	27,811,855	9,164,975	36,976,830
Fund balances carried forward at 31 March 2025		32,796,345	3,117,961	35,914,306	34,440,442	7,141,290	41,581,732

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

Balance sheet 31 March 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets:					
Tangible assets	10		1,442,135		1,659,107
Listed investments	11		15,301,406		17,607,977
Investment properties	11		275,000		204,000
Total fixed assets			17,018,541		19,471,084
Current assets:					
Debtors					
- Amounts due within one year	12	5,447,194		3,134,380	
- Amounts due after one year	12	11,062,210		13,832,533	
Cash at bank and in hand		9,417,321		10,960,915	
Total current assets		25,926,725		27,927,828	
Liabilities:					
Creditors: amounts falling due within one year	13	(1,261,236)		(1,268,031)	
Provisions	13	(3,120,588)		(1,682,559)	
Net current assets			21,544,901		24,977,238
Total assets less current liabilities			38,563,442		44,448,322
Non Current Liabilities					
Creditor – amounts falling due after more than one year	13		(2,649,136)		(2,866,590)
Total net assets			35,914,306		41,581,732
The funds of the charity					
Unrestricted funds:					
- Designated funds	15		30,500,000		31,500,000
- Tangible Fixed Assets Fund	15		1,442,135		1,659,107
- General Fund	15		854,210		1,281,335
Total unrestricted funds			32,796,345		34,440,442
Restricted funds:					
- Development Fund	15		3,117,961		7,141,290
Total charity funds			35,914,306		41,581,732

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

Sister M Brunda M.C. Ball

Superior General and Trustee

Date of approval: 17/04/2025

Statement of cash flows Year to 31 March 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(4,385,573)	2,193,804
Cash flows from investing activities:			
Investment income and interest received		872,279	730,351
Purchase of tangible fixed assets		(30,300)	-
Proceeds from the disposal of investments		2,000,000	1,750,000
Net cash used in investing activities		2,841,979	2,480,351
Change in cash and cash equivalents in the year		(1,543,594)	4,674,155
Cash and cash equivalents at 1 April 2024	B	10,960,915	6,286,760
Cash and cash equivalents at 31 March 2025	B	9,417,321	10,960,915

Notes to the statement of cash flows for the year to 31 March 2025

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

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	(5,667,426)	4,604,902
Adjustments for:		
Investment income and interest receivable	(872,279)	(730,351)
Investment losses / (gains)	235,571	(2,093,354)
Depreciation of tangible fixed assets	247,272	247,472
Decrease / (Increase) in debtors	457,509	715,084
Increase / (decrease) in creditors	1,213,780	(549,949)
Net cash used in operating activities	(4,385,573)	2,193,804

B Analysis of cash and cash equivalents

	2025 £	2024 £
Total cash and cash equivalents: Cash at bank and in hand	9,417,321	10,960,915

Principal accounting policies 31 March 2025

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

Charity information

The Congregation of the Sisters of Nazareth Generalate ('the Charity') is registered with the Charity Commission for England and Wales, registration number 1138876. It is incorporated in the United Kingdom and has its registered address at 169-175 Hammersmith Road, London W6 8DB.

Basis of preparation

These accounts have been prepared for the year to 31 March 2025 with comparative information given in respect to the year to 31 March 2024.

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

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

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

Critical accounting estimates and areas of judgement

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

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

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

- ♦ assessing the probability of the payment of a legal claim against the Charity and the probability of the payment being covered by insurance, where a claim has been notified.

Assessment of going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of update forecasts to 31 March 2026 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2030 and a consideration of key risks, including Covid-19 and economic uncertainty, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk in each of the regions that reductions in income caused by fewer residents, the effects of the pandemic, shortage of staff and rising cost inflation will reduce the amount that is paid to the Charity. Admissions have increased in all locations, occupancy is increasing, and any new admission embargo is much shorter and more targeted than previously. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully. The UK Region has struggled with multiple challenges in the last year, detailed in their accounts. Consequently, the Charity has not received donations from the UK in the last year and the Charity has also provided financial support to the region, as detailed in this report.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

Income recognition

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

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

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

Principal accounting policies 31 March 2025

A small number of volunteers assist the work of the Charity, for example, serving on a committee or providing Mass. Their contribution is greatly appreciated. In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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

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

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

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

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign

Principal accounting policies 31 March 2025

exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice. All governance costs are allocated to expenditure on coordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are valued at historic cost.

Assets are depreciated at a rate calculated to write the value down to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Freehold land	not depreciated
Freehold buildings	50 years on a straight-line basis (2% per annum)
Leaseholder improvements	10 years on a straight-line basis (10% per annum) for refurbishments or component-based for new assets, varying from 10 to 50 years (2% to 10% per annum)
Motor vehicles	4 years on a straight-line basis (25% per annum)

Fixed asset investments

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

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

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

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investment properties

Investment properties are stated at their fair value at the balance sheet date.

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds structure

Restricted funds are monies given by a donor for specific purposes that can only be spent on the purpose for which they are given. Details of these funds are given in note 16.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 16.

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

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

Services provided by members of the Congregation

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

Foreign currencies

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

Pension contributions

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

1 Donations and legacies

	2025 £	2024 £
Legacies	110,545	470,906
Pensions of individual Religious donated under a deed of covenant	119,738	221,714
Donations		
- American Area	386,085	428,969
- U.K. Region	221,352	7,091,261
- Australasian Region	506,339	371,790
- Irish Region	341,733	291,089
- African Region	24,523	10,000
- Other	6,579	7,759
Other voluntary income	3,198	33,698
	1,720,092	8,927,186

Donations from the UK Region (CSNCT) include the proceeds of the sale of Nazareth House, Southend.

2 Investment income and interest receivable

	2025 £	2024 £
Interest receivable		
- Bank interest	15,750	67,502
- CCLA Charities Deposit Fund interest	428,902	201,797
- Rental income – investment properties	2,281	2,988
- Interest on loans to connected entities (note 21)	425,346	458,064
	872,279	730,351

3 Supporting the regions of the Congregation

	2025 £	2024 £
Staff costs (note 7)	346,668	320,844
Maintenance of Sisters	81,014	125,242
Travel	160,847	86,118
IT and website development	64,301	49,109
Professional fees: finance and legal	33,503	138,270
Novitiate	58,575	36,728
Premises	81,437	129,518
Governance costs (note 5)	23,806	25,928
Foreign exchange losses	299,200	310,915
Depreciation – Hammersmith development	247,272	247,472
Loan write down	523,266	-
Other	115,890	83,042
	2,035,779	1,553,186

Notes to the accounts 31 March 2025

Support costs incurred by the Charity are detailed in the table in Note 3. They comprise the governance costs and the support functions of IT expenditure and Professional fees: finance and legal.

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

	2025 £	2024 £
The Congregation of the Sisters of Nazareth, Irish Region	26,689	19,815
The Congregation of the Sisters of Nazareth, Australasian Region	1,540,088	514,403
Grants to the U.K. Region:		
- General	67,628	111,709
- Nazareth House Southend	1,637	137,286
- Nazareth House Hammersmith	4,023,329	2,023,685
- Congregation of the Sisters of Nazareth Charitable Trust, UK Region	-	2,750,000
- Scottish redress provision	307,546	18,793
- Other donations	21,280	12,871
	5,988,197	5,588,562

Claims for alleged historic abuse in the UK have been paid on behalf of the Congregation by our insurers and totalled £4,052,367 in 2025 (2024: £3,569,576). The expenditure has been netted off in the Statement of Financial Activities against the income from insurers of £4,052,367 in 2025 (2024: £3,569,576).

5 Governance

	2025 £	2024 £
Legal and professional fees	4,300	7,400
Audit and accountancy fees	19,506	18,528
	23,806	25,928

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

This is stated after charging:

	2025 £	2024 £
Auditor's remuneration including VAT		
Statutory audit (current year)	19,506	18,528

7 Staff costs and remuneration of key management personnel

	2025 £	2024 £
Wages and salaries	301,133	276,374
National Insurance costs	27,773	25,907
Other pension costs	17,761	18,563
	346,667	320,844

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

Notes to the accounts 31 March 2025

	2025 Number	2024 Number
£90,001 - £100,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

The average number of employees during the year was:

	2025	2024
Administration	3	4
Management	1	1

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis comprise the trustees and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £179,977 (2024: £170,419).

8 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the Charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2023 – none).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the Charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the Charity was £69,719 (2024: £195,386).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2024	19,500	1	2,813,417	2,832,918
Additions	-	-	30,300	30,300
At 31 March 2025	19,500	1	2,843,717	2,863,218
Depreciation				
At 1 April 2024	19,500	-	1,154,311	1,173,811
Charge for the year	-	-	247,272	247,272
At 31 March 2025	19,500	-	1,401,583	1,421,083
Net book values				
At 31 March 2025	-	1	1,442,134	1,442,135
At 31 March 2024	-	1	1,659,106	1,659,107

Notes to the accounts 31 March 2025

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

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. The Charity has paid for the cost of refurbishing one of the buildings used. This has been funded from a restricted donation and the cost of refurbishment has been shown as a tangible asset and as a restricted fund. The remainder of the restricted donation is shown as a restricted fund until it is spent.

In previous years, other buildings have been refurbished or extended. These are being treated as leaseholder improvements and are being depreciated according to the depreciation policy.

11 Investments

	2025 £	2024 £
Investments		
Market value at 1 April 2023	17,811,977	17,468,623
Additions at cost	-	-
Disposals at book value	(2,000,000)	(1,750,000)
Net gains / (losses) on revaluation	(235,571)	2,093,354
Market value at 31 March 2024	15,576,406	17,811,977

Investments held at 31 March 2025 comprised the following:

	2025 £	2024 £
Property	275,000	204,000
U.K. common investment funds	15,301,406	17,607,977
	15,576,406	17,811,977

Cost of listed investments at 31 March 2025	15,732,562	17,427,238
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The Charity owns two residential investment properties in Wellingborough, Northamptonshire that were gifted many years ago to the Charity and another local charity. In 2019 the Charity purchased the local charity's share of the properties and now owns both properties outright.

In preparation for the purchase, an independent valuation was carried out. Both properties are held in our accounts at the market value, taking into account the incumbent tenants and the fair rent clauses in their tenancies. The intent is to revalue the properties periodically or if there is a material change in the condition or circumstances of the properties.

The income due from the properties is treated as income from operating leases. The leases are registered with fair rent clauses, preventing a market rate of rent from being charged. They do not have expiry dates and the arrangement will continue for as long as the tenants wish to remain in the properties. The income received in 2024/25 was £2,281. It is expected that a similar amount will be received in each future year.

Notes to the accounts 31 March 2025

12 Debtors

	2025 £	2024 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	5,218,568	5,567,440
Loan to NRV Development (Blackburn) Limited*	-	523,266
Loan to NRV Development (Plymouth) Limited*	240,106	240,106
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	6,399,004	7,378,157
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	1,434,906	1,554,054
Legal claims reimbursed by insurance	3,120,588	1,682,559
Other debtors and prepayments	96,232	21,331
	16,509,404	16,966,913

* Details in respect to each of these loans and the contribution due are given in note 19.

During the year the two Irish Region loans were consolidated and a new loan agreement signed, covering Dublin, Mallow and Belfast.

The legal claims debtor represents the expected amount to be reimbursed by our insurers in relation to the settlement of legal claims against the Congregation, which are shown as a provision in Note 13. The above debtors are due for receipt as follows:

	2025 £	2024 £
Amounts falling due within one year	5,447,194	3,134,380
Amounts falling due after one year	11,062,210	13,832,533
	16,509,404	16,966,913

13 Creditors and provisions:

	2025 £	2024 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	149,548	150,173
Congregation of the Sisters of Nazareth Charitable Trust	240,106	240,106
Trade Creditors	14,594	3,190
Sundry Creditors	47,326	17,866
Accruals and Deferred income	276,627	347,475
Social Security Creditor	8,035	9,221
Scottish Redress Scheme	3,174,136	3,366,590
	3,910,372	4,134,621

	2025 £	2024 £
Amounts falling due within one year	1,261,236	1,268,031
Amounts falling due after one year	2,649,136	2,866,590
	3,910,372	4,134,621

Provisions

	2025 £	2024 £
Legal claims	3,120,588	1,682,559
	3,120,588	1,682,559

The Congregation ran children's homes across England & Wales, Scotland and Northern Ireland until they closed in the 1980s. The legal claims provision represents ongoing claims at the year end for compensation in respect of alleged historic abuse of children in the Congregation's care. These amounts are expected to be paid within the next financial year. The vast majority is expected to be covered by insurance, shown as a debtor in Note 12. Further detail is provided in the contingent liabilities note.

14 Financial Instruments

At the balance sheet date, the Charity held financial assets at an amortised cost of £25,926,725 (2024: £27,927,828) and Financial liabilities at an amortised cost of £1,261,235 (2024: £1,268,031). The total income received in respect of financial assets held at amortised cost totalled £444,652 (2024: £269,299). The Charity held assets at fair value through income and expenditure of £15,301,406 (2024: £17,607,977). Movements in the year through the statement of financial activities comprised losses of £235,571 (2024: gain £2,093,354).

15 Movement in funds

	At 1 April 2024	Net movement in funds	At 31 March 2025	At 1 April 2023	Net movement in funds	At 31 March 2024
<u>Restricted funds</u>						
Development Fund – Hammersmith	7,141,290	(4,023,329)	3,117,961	9,164,975	(2,023,685)	7,141,290
<u>Unrestricted funds</u>						
Property Fund – Designated	24,500,000	(1,000,000)	23,500,000	17,500,000	7,000,000	24,500,000
Sisters Support Fund – Designated	7,000,000	-	7,000,000	7,000,000	-	7,000,000
Tangible Fixed Assets Fund	1,659,107	(216,972)	1,442,135	1,906,579	(247,472)	1,659,107
General Fund	1,281,335	(427,125)	854,210	1,405,276	(123,941)	1,281,335
	41,581,732	(5,667,426)	35,914,306	36,976,830	4,604,902	41,581,732

The net movement in the Property Fund and the General Fund includes a transfer of £1,000,000 from the Property Fund to the General Fund to ensure the General Fund is kept within its target range of 6-12 months expenditure.

The restricted funds of the Charity represent a restricted donation that is being used to refurbish an asset.

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

Property Fund

The Property Fund of £23.5m is set aside to provide loans or grants to regions requiring support for substantial building works.

Notes to the accounts 31 March 2025

Sisters' Support Fund

The Sisters' Support Fund of £7m is retained to provide Sisters who need nursing, care or other support, with the means to purchase it should public funding not be available. It is intended that care will usually be provided within one of the care homes operated by the Congregation.

Tangible Fixed Asset Fund

The unrestricted funds also include the Tangible Fixed Assets Fund which represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. A decision was made to separate this fund from the General Fund in recognition of the fact that the assets are used in the day to day work of the Charity, and the fund value would not be realisable easily if needed to meet future contingencies.

16 Analysis of net assets between funds

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2025 £
Fund balances at 31 March 2025 are represented by:					
Tangible fixed assets	-	1,442,135	-	-	1,442,135
Listed investments	12,183,445	-	-	3,117,961	15,301,406
Investment property	275,000	-	-	-	275,000
Net current assets	18,041,555	-	854,210	-	18,895,765
Total net assets	30,500,000	1,442,135	854,210	3,117,961	35,914,306

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2024 £
Fund balances at 31 March 2024 are represented by:					
Tangible fixed assets	-	1,659,107	-	-	1,659,107
Listed investments	10,607,977	-	-	7,000,000	17,607,977
Investment property	204,000	-	-	-	204,000
Net current assets	20,688,023	-	1,281,335	141,290	22,110,648
Total net assets	31,500,000	1,659,107	1,281,335	7,141,290	41,581,732

The total unrealised gains as at 31 March 2024 constitute movements on revaluation and are as follows:

	2025 £	2024 £
Unrealised gains / (losses) included above:		
On investments	1,505,844	1,919,779
Total unrealised gains / (loss) at 31 March 2025	1,505,844	1,919,779

Reconciliation of movements in unrealised gains

Unrealised gains at 1 April 2024	1,919,779	(97,377)
In respect to disposals in the year	(89,182)	(38,099)
Net gains / (losses) arising on revaluation in the year	(324,753)	2,055,255
Total unrealised gain / (loss) at 31 March 2025	1,505,844	1,919,779

17 Contingent liabilities and contingent assets

At 31 March 2025, the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the alleged historical abuse of children. The inquiries are at various stages, with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published its final report in October 2022, and the Scottish Child Abuse Inquiry published its report into the Sisters of Nazareth in May 2019.

The Charity does not expect to incur any further legal costs in relation to the three inquiries. It does incur legal costs relating to claims brought against the Congregation in all three jurisdictions. It is not possible at the present time to provide any meaningful estimate of future costs or the probability of a claim being paid, some of which may be covered by insurance.

Redress schemes have been established, in March 2020 for Northern Ireland, and in December 2021 for Scotland. England and Wales have not yet announced their intentions. An agreement has been reached to contribute to the cost of redress payments in Scotland and the cost of the agreed contributions has been included in previous accounts as expenditure. The actual payments are being paid according to an agreed schedule of contributions. No agreement has been reached for Northern Ireland and it is not possible at the present time to provide any meaningful estimate of future contributions, if any.

18 Other commitments

The Charity has provided a guarantee to Allied Irish Bank to support a loan taken out by the Irish Region for building works.

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

At 31 March 2025, the Charity did not have any future capital commitments (2024: nil).

19 Related parties: connected entities

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

The Charity is also connected to two other UK registered charities:

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	♦ The support of the religious ministries and works by members of the Congregation (the Sisters) in the United Kingdom and the care of those Sisters. ♦ Ownership of 13 homes in England, Wales, and Scotland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need, and a nursery.

Notes to the accounts 31 March 2025

Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	♦ The provision of nursing, residential and care services to older people in need through the operation of 12 homes within England, Wales and Scotland, and a nursery. ♦ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.
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The Superior General of the Congregation is also a trustee of the Charity. She appoints the trustees of CSNCT and is the sole member of NCCT and appoints their trustees. CSNCT and NCCT have three trustees in common.

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

The Charity owes CSNCT £240,106 in respect of a grant that remains owing. This sum is included in creditors (note 13).

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

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

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

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

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. The loan is repayable by 2035 with interest charged at a commercial rate. The balance at 31 March 2025 was £3.62 million (2024: £3.89 million). In 2018/19 the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2025 was £1.60 million (2024: £1.68 million). The Charity owes CSNCT £0.24m (2024: £0.24m) in respect of a grant to fund a retirement village in Plymouth that remains owing.

NRV Development (Blackburn) Limited

In 2012, the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmenier Retirement Village, Preston New Road, Blackburn. At 31 March 2025, the loan balance was £0.523m (2024: £0.523m). A provision for the full loan amount (£0.523m) has been included in 2024/25.

Notes to the accounts 31 March 2025

NRV Development (Plymouth) Limited

The Charity loaned NRV Development (Plymouth) Limited £6.1m to build a retirement village in Plymouth. The majority of the loan has been repaid and £0.24m (2024: £0.24m) is due from NRV Development (Plymouth) to repay the remainder.

The Charity has a financial relationship with two overseas connected charities:

Irish Region

Several loans have been provided to the Irish Region to finance refurbishment works at the Dublin, Mallow and Belfast Nazareth Houses. The previous loans were consolidated into a new loan agreement that was signed on 4 April 2022. At 31 March 2025, the balance of the loans, when converted to Sterling, amounted to £6.399 million (2024: £7.378 million) and is due to be repaid by 2034. Repayment of the loan commenced in 2023. Interest is charged at a commercial rate.

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

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced; however, only the amount to cover the interest were received in this financial year and the balance at 31 March 2025 was £1.43 million (2024: £1.55 million). The reduction in the value of the loan was caused by foreign exchange variations.

20 Ultimate control

The trustees of the Charity are the Superior General and General Councillors of the Congregation *ex officio*.

21 Custodian funds

As at 31 March 2025, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2025 was £14,579 (2024: £11,116).

Accounts

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

Annual Report and Accounts

31 March 2024

Charity Registration Number 1138876
(England and Wales)

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	23

Accounts

Statement of financial activities	26
Balance sheet	27
Statement of cash flows	28
Principal accounting policies	29
Notes to the accounts	34

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

Trustees	Sister Brenda McCall (Chair), AKA Sister Mary Brenda McCall Sister Valma Beatrice Cooper, AKA Sister Dominica of the Cross Cooper Sister Hannah Marie Dwyer (resigned (24/01/2024), AKA Sister Hannah Maria Dwyer Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey Sister Anne Bernadette Walsh, AKA Sister St Teresa Walsh
Superior General	Sister Mary Brenda McCall
Treasurer General	Sister St Teresa Walsh
Secretary General	Sister Veronica Anne Kealey
Chief Executive	Kevin Barnes
Principal office	St Michael's Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Investment manager	CCLA One Angel Late, London EC4R 3AB
Principal banker	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
Principal solicitor	Stone King LLP Upper Borough Court, Upper Borough Walls, Bath BA1 1RG

OVERVIEW

During the financial year, the fifth full year for the current trustees, the Charity has continued to work towards delivering the Mission, Vision and Aim of the Congregation, and living by its values. These are set out in full on page 5 and are similar for the Charity and the Congregation.

The main achievements of the Charity during the 2023/24 year include:

1. Supporting the five regions, especially the United Kingdom, including providing them with financial support where needed.
2. Completing the sale of Nazareth House Southend and supporting the purchaser with a planning approval, on behalf of the UK Region.
3. Commencing the refurbishment of Nazareth House Hammersmith, the original house established by Victoire Larmenier, and home of the Charity.
4. Preparing for the General Chapter of the Congregation in June 2024.
5. Continuing to develop the Heritage Centre, which includes an exhibition of the life and times of the Congregation's Foundress, Victoire Larmenier, and her legacy of the Congregation of the Sisters of Nazareth, along with the Congregation's archive. The collection continued to be added to during the year.

Proceedings into the historic abuse of children formally in the Congregation's care continue. In May 2019, a report was issued by the Scottish Child Abuse Inquiry following the testimony in 2018 of the survivors of abuse in four residential children's homes in Scotland operated by the Congregation. The Congregation formally apologised for any mistreatment of those in its care and deeply regrets any harm or shortcomings in the care provided. A formal apology has also been issued in Northern Ireland for the mistreatment of those in its care in its children's homes.

The Congregation has and continues to cooperate with the Scottish Inquiry, Northern Ireland Inquiry and the Inquiries held in England and Wales, Australia and New Zealand, each at different stages, and with those governments as they set up their redress schemes. All residential children's homes in each of these countries have been closed for many years.

STRUCTURE

The Congregation of the Sisters of Nazareth Generalate ('the Charity') supports the members of the Congregation of the Sisters of Nazareth ('the Congregation') and its educational, care of the elderly and other charitable works across the world. The Charity is the facilitating entity for carrying out the civil law actions on behalf of the Congregation. The Charity is based in the United Kingdom and holds the central reserves of the Congregation. The trustees of the Charity are also the elected leaders of the Congregation, that is, the Superior General and her General Councillors.

This report uses 'the Charity' to refer to the work of the Congregation of the Sisters of Nazareth Generalate to whom this report relates, and 'the Congregation' to refer to the work of the Congregation of the Sisters of Nazareth, the religious body that the Charity is a part of.

The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – founded by Victoire Larmenier and recognised by the Holy See in 1864. As of 31 March 2024, there were 184 Sisters (2023: 188) and three novices (2023: five).

The Congregational Structure

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. As of 31 March 2024, the Congregation operated 34 Nazareth Houses, 9 retirement villages, 2 education services and 2 children's services in 37 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and the United Kingdom. For this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the Congregation and an operating entity, which are charitable or not-for-profit organisations. In most cases, the regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the Congregation and the welfare of the Sisters in the region. The operating entities function under the name Nazareth Care (Nazareth House in America) and the services are delivered on behalf of the Congregation. They manage the care homes and other services, receive the income and employ the staff. This structure ensures that the Sisters retain control over the assets and mission of the Congregation while lay staff manage the services and provide the care.

Each Nazareth Care is a separate legal entity with its own governing document and board of trustees, consisting of a majority of Sisters and supplemented with lay trustees. Each board is chaired by the Regional Superior, who is a Sister and a member of the Congregation. Each region has a similar legal structure, although each is necessarily tailored to the legal jurisdiction in which it operates.

The Congregation, through the Superior General and the General Councillors, retains the principal decision making powers over each of the regions.

Trustees' report 31 March 2024

Connected entities of the Charity

The Charity has no related parties or subsidiaries. There are several entities connected to the Charity, being other components of the Congregation. Those components in the United Kingdom are detailed in Note 19 to the accounts and consist of The Congregation of the Sisters of Nazareth Charitable Trust (charity registration number 228906 (England and Wales) and SC040507 (Scotland)) and Nazareth Care Charitable Trust (charity registration number 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales)) and its subsidiaries.

THE CONGREGATION'S AIM MISSION, VISION, AND VALUES

The Charity supports the work of the Congregation throughout the world. Its Aim, Mission, Vision and Core Values are those of the Congregation.

Aim

The Constitutions of the Congregation of the Sisters of Nazareth set out its aim:

"To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God's kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place." (Constitution 1.3)

Mission

The mission of the Congregation of the Sisters of Nazareth is:

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

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

Vision

The Congregation of the Sisters of Nazareth is a Catholic Congregation devoted to the care, dignity and protection of human life; it strives to maintain and improve the quality of life of those entrusted to its care.

Core values

The Aim, Mission and Vision are supported by six Gospel-based Core Values. All who are associated with the work of the Congregation are expected to demonstrate a commitment to the Core Values:

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

Trustees' report 31 March 2024

The Charity created and supports the programme, *Victoire's Legacy*, which has been delivered to the regions and continues to be rolled out throughout the Congregation. It covers the legacy of the Foundress, the Mission of the Congregation, Core Values, safeguarding, interculturality and the principles of Servant Leadership. The programme provides training to staff and volunteers in the meaning and application of the Core Values and how to put them into practice in the workplace, ensuring the Core Values and Mission make each Nazareth House and service a distinctive place of care. The continuing and visible presence of Sisters in the majority of services is a reminder to residents, relatives, staff and volunteers of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from these services.

REVIEW OF THE YEAR

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate for the year ended 31 March 2024.

During the year the Charity has supported the mission and services of the Congregation provided in the regions. These include providing guidance, advice, financing and ongoing monitoring and support to building works, changes to governing documents and any other significant developments.

The Congregation holds a General Chapter every six years at which the Congregational Plan for the next six-year period is agreed. The General Chapter that covers the 2023-24 financial year was held in June 2018 in Hammersmith, London and developed the 2018-2024 Congregational Plan. The Plan includes one Mandate and four Recommendations and the key elements are to:

1. Acknowledge the gift of interculturality in all aspects of the Congregation.
2. Review the impact of the changing strengths and availability of Sisters, to maintain the viability of the Congregation.
3. Embrace, study, promote and implement the principles of Catholic Social Teaching and Pope Francis' social encyclical on the environment, *Laudato Si'*, concerning ecological and social issues affecting the life and mission of the Congregation.
4. Safeguard the partnership between the Congregation and Nazareth Care.
5. Promote vocations and the initial and ongoing formation of the Sisters.

The full delivery of the Mandate and Recommendations takes time. Actions towards their delivery by the Congregation, and where necessary supported by the Charity, include:

- Developing and delivering a new programme of induction and training for all Sisters and staff, imparting Victoire's legacy, mission, partnership, safeguarding, core values and interculturality;
- Applying the formation programme to support the training and ongoing formation of Sisters;
- Encouraging the implementation of ecological and social justice policies furthering a growing consciousness and practice in these areas;
- The ongoing consideration of ways to ensure the viability of the Congregation with regard to the changing availability of Sisters;
- Ensuring the role of Sisters in the governance of the Congregation;
- Strengthening the partnership between the Congregation and Nazareth Care;
- Organising a meeting of the Chief Executives in each region to consider the future needs of Nazareth Care and how they support the work of the Congregation.

Trustees' report 31 March 2024

These and other actions are contained in the Global Congregational Plan and the Nazareth Care Global Plan, which are then cascaded down to the region, house and community plans.

Planning

The Global Congregational Plan and the Nazareth Care Global Plan form the top layer of a planning system that requires each region, service and community of Sisters to produce their own plans. The intention is for a 'golden thread' to flow from the General Chapter through all the plans, ensuring that all activities are focused on the Mandate and Recommendations. The plans identify the many elements common to both plans that require the same actions by Sisters and lay staff.

Property

Building work continues in all regions. The Charity is funding the majority of the refurbishment works of Nazareth House Hammersmith, including the construction costs and professional fees to completely refurbish the home. The year started with the Superior General providing consent to proceed with the refurbishment and appointing a main contractor, having already completed a competitive tender process. Work has commenced on site and will continue for at least four years while part of the home is kept operational.

The Charity has continued to work with the regions to progress the sale of sites in Southend in the UK and San Rafael in America, which have both been sold subject to achieving planning consent. The sale of Southend was completed during the year and the proceeds were received by the Congregation of the Sisters of Nazareth Charitable Trust who donated the proceeds to the Charity in line with Congregational requirements. San Rafael continues to work on the planning requirements with the purchaser.

Following the closure of a site in Elsies River, a suburb of Cape Town in South Africa, the land was gifted to the local Diocese to continue to benefit the local community. The final Deed of Donation was signed during the year.

Works previously approved have continued, including remodelling part of Nazareth House Los Angeles in America, converting space to more resident accommodation in Cape Town in South Africa, and installing new kitchens in Geraldton and Camberwell in Australia and San Diego in America. More minor works are occurring elsewhere and plans are also being developed for upgrades and improvements to several other Nazareth Houses across all regions.

Inquiries

We continue our practice of cooperating with all Inquiries and providing ongoing support. An agreement by the Charity, acting on behalf of the Congregation, has been reached with the Scottish Government to contribute to the payments made by Redress Scotland to former children in our care regarding claims of abuse. The Charity is also in discussions with The Executive Office in Northern Ireland about contributions to their redress scheme. No agreement has been reached at this time. We are also working with other Inquiries, as necessary.

We continue to cooperate with governments, redress boards and survivor organisations to support claimants and potential claimants with access to their records and to provide individual apologies when requested.

Trustees' report 31 March 2024

Consent

Consent was given in the year to close the children's home in Johannesburg, South Africa due to funding from the government being stopped. The region worked with local agencies and families to safely rehome all the children, which was completed at the end of 2023. Staff were offered redeployment to other services on site. Options for alternative services to operate from the buildings are being considered.

Finance

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

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that the total turnover for 2023/24 was £133 million (2023: £110m). The change in the total income reflects an increase in occupancy in the regions, higher inflation and exchange rate increases when local currencies are converted to Sterling.

The greatest pressure in most regions is expenditure increases due mainly to a lack of available trained staff, wage inflation and the increase in the cost of energy and food at a faster rate than income. Collectively, the five regions still managed to generate a surplus, to be used for reinvestment in capital projects but not every region was able to do so individually.

Nazareth Care Charitable Trust, the operating entity in the UK Region started its recovery from a very difficult previous financial year. Occupancy, fee rates and recovery of debts all improved, along with using fewer agency staff and more permanent employees. To support the region, the Charity extended its grant and more funds were provided in 2023/24. Improvements are continuing in many areas.

A strategic review of two houses in the United Kingdom was commissioned and funded by the Charity. The reports have been received and the region is considering their implementation.

The Charity has received the first repayment of the loan provided to the Irish Region.

Trustees' report 31 March 2024

Other activities

Other activities by the Charity during the year on behalf of the Congregation included:

- monitoring the financial and operational performance of the regions;
- assisting the UK Region with the recruitment of a Chief Executive Officer;
- monitoring the Sisters' funds and Nazareth Care funds in the regions;
- reviewing the governance in regions;
- considering applications by regions for consents of various types, in particular relating to major building works and constitutional requirements;
- allocating funds to consented projects by way of grants and loans;
- monitoring investment performance and the investment managers used;
- keeping in touch with the regions and houses. The focus of the communications and visits by the Superior General and her General Councillors is their pastoral care of each Sister's welfare and providing opportunities to observe the operations within houses, monitor the governance within regions and houses, encourage a strong partnership between the Congregation and Nazareth Care and update their knowledge of issues in each region and house.

FINANCIAL REPORT FOR THE PERIOD

The accounts have been prepared in accordance with the accounting policies set out on pages 29 to 33 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and expenditure

The income and expenditure of the Charity are detailed in the Statement of Financial Activities, on page 26 of the accounts.

Unrestricted income for the Charity increased by £7,483k in the year, to £9,658k. The majority of the increase is due to receiving a donation from the UK Region of £7,091k following the sale of a property in Southend. The receipt by the Charity is in line with the Congregational requirements. Donations and legacies from other sources also increased due to an increase in legacy receipts (+£297k), pensions of individual Sisters (+£60k) and a higher donation from the American Area (+£70k). The increases in these other areas reverse a reduction in income in the previous financial year.

A new income source, interest from the Charities Deposit Fund (£202k), was received this year for the first time following a move of cash from short-term cash deposits to a cash fund.

There was no gain on foreign exchange rates during the year (2023: £241k) and instead, a loss of £311k was incurred. The foreign exchange rate movement relates to the loans provided for works at Nazareth Houses in Christchurch, New Zealand; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland, along with Sterling loans for works in the UK, in Glasgow and Birkenhead.

There was no restricted income in 2024 (2023: none).

Total expenditure increased by £3,356k to £7,146k (2023: £3,790k). The increase is mostly for grants and donations in support of the Congregation's work which totalled £5,589k (2023: £2,723k). A grant of £2,750k (2023: £2,000k) was paid to The Congregation of the Sisters of Nazareth Charitable Trust (registered Charity number 228906) to support the work of Nazareth Care Charitable Trust (registered Charity number 1113666) to continue to support them in their turnaround plan.

£2,024k (2023: £348k) was spent from restricted funds for the refurbishment of Nazareth House Hammersmith and is expected to continue over the next four years. £514k (2023: nil) was paid from unrestricted funds to the Australasian Region to support them with increased expenditure.

Other grants by the Charity to the regions to fund activities in Ireland and Southend in preparation for the sale. Full details are provided in Note 4 of the accounts.

Income minus expenditure resulted in net income for the year of £2,512k (2023: loss of £1,616k).

Funds

After investment gains of £2,093k (2023: loss of £817k) the net movement in unrestricted funds for the year was an increase of £6,629k (2023: decrease of £2,085k). Including expenditure from restricted funds, the increase in funds was £4,605k (2023: £2,433k).

Trustees' report 31 March 2024

The closing fund balances were £34,440k (2023: £27,812k) in unrestricted funds and £7,141k (2023: £9,165k) in restricted funds.

Loans

No new loans were approved during the year and no further advances are anticipated for any loans that have already been approved. The Charity's debtor balance as at 31 March 2024 is £16,967k (2023: £17,682k). Notes 12 and 19 to the accounts provide further details of the outstanding balances and the funding arrangements.

Cash flow and investment performance

The value of investments as at 31 March 2024 was £17,812k (2023: £17,469k) which includes investment properties. The balance includes unrealised gains in the value of the investments of £2,093k less withdrawals of £1,750k to fund grant expenditure in the year. The investment properties are valued at £204k (2023: £204k). A summary of movements on investments can be found in Note 11 to the accounts.

Funds and reserves policy

The Charity's reserves of £41,582k (2023: £36,977k) are divided between four unrestricted funds and a restricted fund:

A. Unrestricted funds:

Designated funds:

- ♦ The Sisters' Support Fund: £7,000k (2023: £7,000k) is retained to provide Sisters in the Congregation who need support, including nursing or residential care in a Nazareth House, with the means to purchase it where public funds are not available and for other needs such as medical costs, training or emergencies. The amount is calculated based on the estimated future costs of providing care for Sisters, the number of Sisters, their ages, life expectancy, anticipated length of care and the cost of providing care. The level of the fund was reviewed in 2021 when the Charity confirmed that £7 million remained the appropriate level of the fund.
- ♦ The Property Fund: £24,500k (2023: £17,500k) was increased by £7,000k during the year following the sale of Nazareth House Southend. The fund will be used to provide loans or grants to regions requiring support for building, restructuring, developments, or other similar projects. Building projects and regional support are expected to be the primary focus of the utilisation of the Charity's funds for some years as many properties require upgrading and remodelling to comply with current standards and expectations. The Charity has already invested a proportion of the fund, demonstrated through the existing loan balances. Further loans can be made as the existing loans are repaid. They anticipate using more of the fund over the next ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies. This is expected to include additional costs to refurbish Nazareth House Hammersmith, as well as other sites in the UK and overseas.

Trustees' report 31 March 2024

Other funds:

- ♦ The Tangible Fixed Assets Fund represents the net book value of the tangible fixed assets owned by the Charity. The fund has decreased from £1,907k to £1,659k during the year as existing assets have been depreciated.
- ♦ The General Fund of £1,281k (2023: £1,405k) is retained to cover the running costs of the Charity in the event of a temporary loss of income, together with some capacity to support the regions and houses experiencing unforeseen costs that cannot immediately be funded from other sources. The General Fund represents the only unrestricted and non-designated funds of the Charity, that can be spent as the trustees decide.

The General Fund is in line with the Charity trustees' expectations and represents around 10 (2023: 12) months of budgeted unrestricted expenditure, excluding depreciation. The trustees wish to retain between 6 and 12 months of operating expenditure in the General Fund to avoid any interruption to its activities in the case of a loss of income or the need for increased support to a region.

B. Restricted Fund:

- ♦ The Restricted Fund of £7,141k (2023: £9,165k) is accounted for separately. £7,000k (2023: £7,000k) is held in CCLA's Catholic Investment Fund and the remainder is held in cash deposits to fund shorter-term cashflows. During the year, £2,024k (2023: £348k) had been spent from the fund on professional fees and starting the construction work.

Going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts to 31 March 2025 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2029 and a consideration of key risks, including economic uncertainty and income streams that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk in each of the regions that reductions in income caused by fewer residents, the effects of the pandemic, shortage of staff and rising cost inflation will reduce the amount that is paid to the Charity. Admissions have increased in all locations, occupancy is increasing and any new admission embargo is much shorter and more targeted than previously. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully. The UK Region has struggled with multiple challenges in the last year, detailed in their accounts. Consequently, the Charity has not received donations from the UK in the last year and the Charity has also provided financial support to the region, as detailed in this report.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

Trustees' report 31 March 2024

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE PLANS

The focus over the next year will be to continue implementing the Mandate and Recommendations from the General Chapter in 2018.

The next General Chapter was held in June 2024 and the Mandate and Recommendations from that General Chapter will also be developed into a new Congregational Plan for the following six-year period.

In addition, the Charity will continue to support the regions, particularly with their property developments and upgrades to ensure the best environment for delivering high quality care to residents.

GOVERNANCE

The members of the Congregation are led by the Superior General, who is supported by her General Councillors. These Sisters are elected every six years at the General Chapter, which is attended by representatives of the whole Congregation. The General Chapter, while in session, is the highest authority in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. The June 2018 General Chapter was attended by 32 *ex-officio* and elected Sisters from the Congregation. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

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

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

Sister Brenda McCall ('Sister Mary Brenda')

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

Sister Valma Beatrice Cooper ('Sister Dominica of the Cross')

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

Sister Anne Bernadette Walsh ('Sister St Teresa')

Sister Teresa served as Superior in the two Northern Ireland Houses for the nine years before her election as a General Councillor in 2012. Sister Teresa originally trained as a teacher and worked in education for thirty-five years. Her focus was on the primary school sector and she became principal of a nursery school. At the end of her teaching career, Sister Teresa was awarded an MBE for her contribution to early years education in Northern Ireland. She was elected for a second term as a General Councillor in 2018. In 2022 Sister Teresa took on the position of Treasurer General.

Sister Mary Veronica Kealey ('Sister Veronica Anne')

Sister Veronica trained as a teacher and worked in the primary school sector for fifteen years. She served as Superior in Dublin before going to Canada to study for a License in Canon Law. Sister Veronica worked with the Scottish Catholic Inter-Diocesan Tribunal for eight years working

Trustees' report 31 March 2024

principally on marriage nullity cases before being elected to the General Council in 2018 and appointed as Secretary General.

During the year, Sister Hannah Dwyer resigned due to ill health. Her responsibilities have since been covered by the remaining Councillors.

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

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

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

Trustees' powers include but are not limited to:

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

The Superior General and General Councillors of the Congregation are the trustees of the Charity. Together with the Congregational Chief Executive, they meet formally four times during the year to discuss the business aspects of the Congregation's activities. Following the trustees' meetings, the Superior General and General Councillors meet as a General Council to approve, give consent or further deliberate on the matters arising from these meetings. These meetings are minuted separately.

Elections of the Superior General and General Councillors take place at the General Chapter. The General Chapter held in June 2024 re-elected the Superior General and elected four new General Councillors who will take up their positions in October 2024.

New trustees are inducted by the existing trustees and staff and training is provided.

Charity Governance Code

The Charity has assessed its compliance with the principles of the Charity Governance Code, undertaking a detailed review in June 2020. It considers that it fully meets 54 of the 76 items of recommended practice in the Code and is working towards another nine items. Two items are not met and 11 that it considers are not relevant to the charity.

The two unmet areas are benchmarking with similar organisations and considering information from other similar organisations and reporting on how the charity evaluates the board effectiveness in this report. Formally assessing board effectiveness is one of the areas that it is working towards.

The non-relevant areas mostly concern the recruitment of trustees, as the Constitutions require trustee appointments to be made from within the Congregation, which limits the advertising, diversity and breadth of board skills. This is compensated for by having trustees with wide-ranging experiences in care and education and who are wholly committed to the Congregation and the Charity without outside distractions; the use of external advisors and outside expertise on committees provide greater diversity and breadth of skills.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. Decisions are made by the trustees unless they have been delegated to the Congregational Chief Executive as part of the approved general delegation or as agreed when making a specific decision.

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

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

In accordance with the Statement of Recommended Practice we:

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

Staff remuneration does not include any share options or long-term incentive schemes as there are none.

Trustees' report 31 March 2024

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

Grant-making policy

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

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

Investment policy

The Charity's constitution does not restrict the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, any significant investment in organisations that produce goods or services at odds with the teachings of the Catholic Church, particularly regarding the sanctity of human life.

The trustees take a total return approach to their investments, investing in funds that adhere to the ethical investment policy. The main investment portfolio is within CCLA's Catholic Investment Fund which holds a diversified portfolio containing equities, alternative assets and cash and near cash, managed within an acceptable level of risk.

The fund's investment objective is to achieve a gross total return before fees of 5% per annum above the Consumer Price Index, over a five year period, whilst adhering to its ethical investment policy. It has not been achieving this recently due to the high level of the Consumer Price Index.

Cash and cash equivalent funds were transferred during the year to cash deposits, from Royal London's Cash Deposit Fund.

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

The Charity uses the expertise of its investment managers to help with the management of its investment funds and will purchase additional advice where necessary as well as draw upon the knowledge of the Advisory Finance Committee members and the key management personnel.

Public benefit

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011 when considering the Charity's objectives and activities. All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly and children, delivered through overseeing and supporting the regions, providing financial contributions, advice and guidance within which the regions operate. In these ways, the Charity is delivering a public benefit.

Risk management

The Charity reviews its risk management framework and agreed that there are five primary categories of risk facing the Charity and the Congregation: Mission, Spirit and Values; Governance; Safeguarding; Financial; Organisational and External Environment risks. In each category, it has agreed how willing it is to take risks to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

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

- A loss of spirit or mission. The risk increases as the number of Sisters in the Congregation decreases and the role of paid staff in management positions increases. There are several programmes available in regions to ensure the mission is well understood and communicated, such as Victoire's Legacy, and the Core Values of the organisation. Sisters remain intrinsic to each house and are visible throughout the majority of houses. Mass is held each day in most houses. Visits occur from the Superior General, General Councillors and the Congregational Chief Executive to each region and the houses. Alternative arrangements have been introduced in two regions to explore models that can operate with fewer Sisters including some sites operating as satellites with visiting Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Charity's Board of Trustees is made up entirely of Sisters who are supported by lay staff and advisors as necessary. In the regions, all boards consist of up to nine trustees, a majority of whom are Sisters. There is a strong set of Constitutions, Directives, Governance Handbook and reporting mechanisms covering all aspects of governance to ensure that the regions administer their operations according to the standards expected by the Congregation.
- Safeguarding incidents either now or in the past. Current safeguarding risks are well managed through comprehensive training and procedures and are more likely to occur in one of the regions, where they directly interact with vulnerable individuals. The impact on the Charity is by association and the consequential impact on its reputation. Historical incidents within the Congregation's past are predominantly addressed nowadays by the Charity including reviewing practices and continuing to cooperate fully with all public Inquiries and with individuals making their own enquiries or civil proceedings. Many safeguarding risks may be covered by insurance.
- Financial failure through a region or the Charity not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part of the Congregation struggles, others may step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where it is appropriate to do so. There is a process of continual oversight of the financial performance of each region and cashflow forecasting for the Charity to ensure there are sufficient, liquid funds to meet all reasonable eventualities.

Trustees' report 31 March 2024

- Organisational risks at the Charity include the reputational damage associated with the failure of a service either now or in the past, an over-reliance on key individuals, or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and the use of professional advisors where appropriate to do so. All services in the regions are externally regulated to ensure standards are continually met and/or improved.
- External environment changes have the potential to materially impact the work of the Charity and the Congregation in the UK or overseas through, for example, major changes to funding or legislation concerning the care of the elderly at the end of their lives, the public perception of the Catholic Church, recession or a global health crisis, such as the Covid-19 pandemic.

Fundraising policy

Traditionally the Charity has not proactively fundraised or solicited donations towards its work. It has therefore not signed up to the Fundraising Regulator. During the financial year several approaches were made to grant makers to seek funding towards the refurbishment of Nazareth House Hammersmith. The Charity engaged a freelance fundraiser to assist with making grant applications on its behalf.

When fundraising income is received, the Charity aims to achieve best practice in the way it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or swaps data and ensures that communication preferences can be changed at any time. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2023/24 the Charity received no complaints about its fundraising activities (2022/23: none).

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming/outgoing resources for that period. In preparing these accounts, the trustees are required to:

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

Trustees' report 31 March 2024

- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

Approved by the trustees and signed on their behalf by:

Sister H Brenda M. Ball

Superior General and Trustee

Date of approval: 19 SEPTEMBER 2024

Independent Auditor's Report to the Trustees of The Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the financial statements of The Congregation of the Sisters of Nazareth Generalate ('the charity') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 March 2024 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Independent auditor's report 31 March 2024

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 21-22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the

Independent auditor's report 31 March 2024

charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Advisory Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 10 October 2024

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities Year to 31 March 2024

	Notes	2024 Unrestricted funds £	2024 Restricted funds £	2024 Total funds £	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £
Income:							
Donations and legacies	1	8,927,186	-	8,927,186	1,332,822	-	1,332,822
Investment income and interest receivable	2	730,351	-	730,351	561,731	-	561,731
Foreign exchange gains		-	-	-	241,402	-	241,402
Other Income		-	-	-	38,290	-	38,290
Total income		9,657,537	-	9,657,537	2,174,245	-	2,174,245
Expenditure:							
Cost of raising funds							
- Investment managers' fees		4,241	-	4,241	10,791	-	10,791
Charitable activities							
- Supporting the regions of the Congregation	3	1,553,186	-	1,553,186	1,056,051	-	1,056,051
- Grants and donations in support of the Congregation's work	4	3,564,877	2,023,685	5,588,562	2,375,662	347,860	2,723,522
Total expenditure		5,122,304	2,023,685	7,145,989	3,442,504	347,860	3,790,364
Net income/(expenditure) before investment gains/(losses)		4,535,233	(2,023,685)	2,511,548	(1,268,259)	(347,860)	(1,616,119)
Net investment gains/(losses)	11	2,093,354	-	2,093,354	(816,588)	-	(816,588)
Net (expenditure) and net movement in funds for the year	6	6,628,587	(2,023,685)	4,604,902	(2,084,847)	(347,860)	(2,432,707)
Reconciliation of funds:							
Fund balances brought forward at 1 April 2023		27,811,855	9,164,975	36,976,830	29,896,702	9,512,835	39,409,537
Fund balances carried forward at 31 March 2024		34,440,442	7,141,290	41,581,732	27,811,855	9,164,975	36,976,830

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

Balance sheet 31 March 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets:					
Tangible assets	10		1,659,107		1,906,579
Listed investments	11		17,607,977		17,264,621
Investment properties	11		204,000		204,000
Total fixed assets			19,471,084		19,375,200
Current assets:					
Debtors					
- Amounts due within one year	12	3,134,380		3,402,262	
- Amounts due after one year	12	13,832,533		14,279,736	
Cash at bank and in hand		10,960,915		6,286,760	
Total current assets		27,927,828		23,968,758	
Liabilities:					
Creditors: amounts falling due within one year	13	(1,268,031)		(1,180,964)	
Provisions	13	(1,682,559)		(1,838,367)	
Net current assets			24,977,238		20,949,427
Total assets less current liabilities			44,448,322		40,324,627
Non Current Liabilities					
Creditor – amounts falling due after more than one year	13		(2,866,590)		(3,347,797)
Total net assets			41,581,732		36,976,830
The funds of the charity					
Unrestricted funds:					
- Designated funds	15		31,500,000		24,500,000
- Tangible Fixed Assets Fund	15		1,659,107		1,906,579
- General Fund	15		1,281,335		1,405,276
Total unrestricted funds			34,440,442		27,811,855
Restricted funds:					
- Development Fund	15		7,141,290		9,164,975
Total charity funds			41,581,732		36,976,830

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

Sister M. Brenda Mc Ball.

Superior General and Trustee

Date of approval: 19 SEPTEMBER 2024,

Statement of cash flows Year to 31 March 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash used in operating activities	A	2,193,804	(3,313,652)
Cash flows from investing activities:			
Investment income and interest received		730,351	561,731
Proceeds from the disposal of investments		1,750,000	3,536,917
Net cash used in investing activities		2,480,351	4,098,648
Change in cash and cash equivalents in the year		4,674,155	784,996
Cash and cash equivalents at 1 April 2023	B	6,286,760	5,501,764
Cash and cash equivalents at 31 March 2024	B	10,960,915	6,286,760

Notes to the statement of cash flows for the year to 31 March 2024

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

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	4,604,902	(2,432,707)
Adjustments for:		
Investment income and interest receivable	(730,351)	(561,731)
Investment losses / (gains)	(2,093,354)	816,588
Depreciation of tangible fixed assets	247,472	247,072
Decrease / (Increase) in debtors	715,084	(939,261)
(Decrease) / increase in creditors	(549,949)	(443,613)
Net cash used in operating activities	2,193,804	(3,313,652)

B Analysis of cash and cash equivalents

	2024 £	2023 £
Total cash and cash equivalents: Cash at bank and in hand	10,960,915	6,286,760

Principal accounting policies 31 March 2024

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

Charity information

The Congregation of the Sisters of Nazareth Generalate ('the Charity') is registered with the Charity Commission for England and Wales, registration number 1138876. It is incorporated in the United Kingdom and has its registered address at 169-175 Hammersmith Road, London W6 8DB.

Basis of preparation

These accounts have been prepared for the year to 31 March 2024 with comparative information given in respect to the year to 31 March 2023.

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Principal accounting policies 31 March 2024

- ♦ assessing the probability of the payment of a legal claim against the Charity and the probability of the payment being covered by insurance, where a claim has been notified.

Assessment of going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of update forecasts to 31 March 2025 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2029 and a consideration of key risks, including Covid-19 and economic uncertainty, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk in each of the regions that reductions in income caused by fewer residents, the effects of the pandemic, shortage of staff and rising cost inflation will reduce the amount that is paid to the Charity. Admissions have increased in all locations, occupancy is increasing and any new admission embargo is much shorter and more targeted than previously. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully. The UK Region has struggled with multiple challenges in the last year, detailed in their accounts. Consequently, the Charity has not received donations from the UK in the last year and the Charity has also provided financial support to the region, as detailed in this report.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

Income recognition

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

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

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

Principal accounting policies 31 March 2024

A small number of volunteers assist the work of the Charity, for example, serving on a committee or providing Mass. Their contribution is greatly appreciated. In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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

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

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

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

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign

Principal accounting policies 31 March 2024

exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice. All governance costs are allocated to expenditure on coordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are valued at historic cost.

Assets are depreciated at a rate calculated to write the value down to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Freehold land	not depreciated
Freehold buildings	50 years on a straight-line basis (2% per annum)
Leaseholder improvements	10 years on a straight-line basis (10% per annum) for refurbishments or component-based for new assets, varying from 10 to 50 years (2% to 10% per annum)
Motor vehicles	4 years on a straight-line basis (25% per annum)

Fixed asset investments

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

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

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

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investment properties

Investment properties are stated at their fair value at the balance sheet date.

Principal accounting policies 31 March 2024

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds structure

Restricted funds are monies given by a donor for specific purposes that can only be spent on the purpose for which they are given. Details of these funds are given in note 16.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 16.

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

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

Services provided by members of the Congregation

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

Foreign currencies

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

Pension contributions

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

Notes to the accounts 31 March 2024

1 Donations and legacies

	2024 £	2023 £
Legacies	470,906	173,424
Pensions of individual Religious donated under a deed of covenant	221,714	161,448
Donations		
- American Area	428,969	358,530
- U.K. Region	7,091,261	23,000
- Australasian Region	371,790	281,604
- Irish Region	291,089	281,573
- African Region	10,000	13,000
- Other	7,759	259
Other voluntary income	33,698	39,984
	8,927,186	1,332,822

Donations from the UK Region (CSNCT) include the proceeds of the sale of Nazareth House, Southend.

2 Investment income and interest receivable

	2024 £	2023 £
Interest receivable		
- Bank interest	67,502	91,800
- CCLA Charities Deposit Fund interest	201,797	-
- Rental income – investment properties	2,988	2,860
- Interest on loans to connected entities (note 21)	458,064	467,071
	730,351	561,731

3 Supporting the regions of the Congregation

	2024 £	2023 £
Staff costs (note 7)	320,844	294,840
Maintenance of Sisters	125,242	125,144
Travel	86,118	65,219
IT and website development	49,109	46,396
Professional fees: finance and legal	138,270	49,149
Novitiate	36,728	31,964
Premises	129,518	49,823
Governance costs (note 5)	25,928	26,028
Foreign exchange losses	310,915	-
Depreciation – Hammersmith development	247,472	247,073
Other	83,042	120,415
	1,553,186	1,056,051

Support costs incurred by the Charity are detailed in the table in Note 3. They comprise the governance costs and the support functions of IT expenditure and Professional fees: finance and legal.

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

	2024 £	2023 £
The Congregation of the Sisters of Nazareth, Irish Region	19,815	416,436
The Congregation of the Sisters of Nazareth, Australasian Region	514,403	-
Grants to the U.K. Region:		
- General	111,709	8,850
- Nazareth House Southend	137,286	42,794
- Nazareth House Hammersmith	2,023,685	347,860
- Congregation of the Sisters of Nazareth Charitable Trust, UK Region	2,750,000	2,000,000
- Scottish redress provision (write back)	18,793	(118,418)
- Other donations	12,871	26,000
	5,588,562	2,723,522

Claims for alleged historic abuse in the UK have been paid on behalf of the Congregation by our insurers and totalled £3,569,576 in 2024 (2023: £2,510,590). The expenditure has been netted off in the Statement of Financial Activities against the income from insurers of £3,569,576 in 2024 (2023: £2,510,590).

5 Governance

	2024 £	2023 £
Legal and professional fees	7,400	7,500
Audit and accountancy fees	18,528	18,528
	25,928	26,028

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

This is stated after charging:

	2024 £	2023 £
Auditor's remuneration including VAT		
Statutory audit (current year)	18,528	18,528

7 Staff costs and remuneration of key management personnel

	2024 £	2023 £
Wages and salaries	276,374	252,704
National Insurance costs	25,907	24,920
Other pension costs	18,563	17,216
	320,844	294,840

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

Notes to the accounts 31 March 2024

	2024 Number	2023 Number
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

The average number of employees during the year was:

	2023	2022
Administration	4	4
Management	1	1

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis comprise the trustees and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £170,419 (2023: £158,422).

8 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the Charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2023 – none).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the Charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the Charity was £195,386 (2023: £131,610).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2023	19,500	1	2,813,417	2,832,918
Additions	-	-	-	-
At 31 March 2024	19,500	1	2,813,417	2,832,918
Depreciation				
At 1 April 2023	19,500	-	906,839	926,339
Charge for the year	-	-	247,472	247,472
At 31 March 2024	19,500	-	1,154,311	1,173,811
Net book values				
At 31 March 2024	-	1	1,659,106	1,659,107
At 31 March 2023	-	1	1,906,578	1,906,579

Notes to the accounts 31 March 2024

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

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. The Charity has paid for the cost of refurbishing one of the buildings used. This has been funded from a restricted donation and the cost of refurbishment has been shown as a tangible asset and as a restricted fund. The remainder of the restricted donation is shown as a restricted fund until it is spent.

In previous years, other buildings have been refurbished or extended. These are being treated as leaseholder improvements and are being depreciated according to the depreciation policy.

11 Investments

	2024 £	2023 £
Investments		
Market value at 1 April 2023	17,468,623	21,822,128
Additions at cost	-	-
Disposals at book value	(1,750,000)	(3,536,917)
Net gains / (losses) on revaluation	2,093,354	(816,587)
Market value at 31 March 2024	17,811,977	17,468,623

Investments held at 31 March 2023 comprised the following:

	2024 £	2023 £
Property	204,000	204,000
U.K. common investment funds	17,607,977	17,264,623
	17,811,977	17,468,623

Cost of listed investments at 31 March 2024	15,732,562	17,427,238
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The Charity owns two residential investment properties in Wellingborough, Northamptonshire that were gifted many years ago to the Charity and another local charity. In 2019 the Charity purchased the local charity's share of the properties and now owns both properties outright.

In preparation for the purchase, an independent valuation was carried out. Both properties are held in our accounts at the market value, taking into account the incumbent tenants and the fair rent clauses in their tenancies. The intent is to revalue the properties periodically or if there is a material change in the condition or circumstances of the properties.

The income due from the properties is treated as income from operating leases. The leases are registered with fair rent clauses, preventing a market rate of rent from being charged. They do not have expiry dates and the arrangement will continue for as long as the tenants wish to remain in the properties. The income received in 2023/24 was £2,988. It is expected that a similar amount will be received in each future year.

Notes to the accounts 31 March 2024

12 Debtors

	2024 £	2023 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	5,567,440	5,651,259
Loan to NRV Development (Blackburn) Limited*	523,266	523,266
Loan to NRV Development (Plymouth) Limited*	240,106	240,106
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	7,378,157	7,831,495
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	1,554,054	1,598,071
Legal claims reimbursed by insurance	1,682,559	1,779,387
Other debtors and prepayments	21,331	58,414
	16,966,913	17,681,998

* Details in respect to each of these loans and the contribution due are given in note 19.

During the year the two Irish Region loans were consolidated and a new loan agreement signed, covering Dublin, Mallow and Belfast.

The legal claims debtor represents the expected amount to be reimbursed by our insurers in relation to the settlement of legal claims against the Congregation, which are shown as a provision in Note 13. The above debtors are due for receipt as follows:

	2024 £	2023 £
Amounts falling due within one year	3,134,380	3,402,262
Amounts falling due after one year	13,832,533	14,279,736
	16,966,913	17,681,998

13 Creditors and provisions:

	2024 £	2023 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	150,173	165,879
Congregation of the Sisters of Nazareth Charitable Trust	240,106	240,106
Trade Creditors	3,190	2,727
Sundry Creditors	17,866	25,845
Accruals and Deferred income	347,475	323,106
Social Security Creditor	9,221	8,301
Scottish Redress Scheme	3,366,590	3,762,797
	4,134,621	4,528,761

	2024 £	2023 £
Amounts falling due within one year	1,268,031	1,180,964
Amounts falling due after one year	2,866,590	3,347,797
	4,134,621	4,528,761

Notes to the accounts 31 March 2024

Provisions

	2024 £	2023 £
Legal claims	1,682,559	1,838,367
	1,682,559	1,838,367

The Congregation ran children's homes across England & Wales, Scotland and Northern Ireland until they closed in the 1980s. The legal claims provision represents ongoing claims at the year end for compensation in respect of alleged historic abuse of children in the Congregation's care. These amounts are expected to be paid within the next financial year. The vast majority is expected to be covered by insurance, shown as a debtor in Note 12. Further detail is provided in the contingent liabilities note.

14 Financial Instruments

At the balance sheet date, the Charity held financial assets at an amortised cost of £27,927,828 (2023: £23,968,758) and Financial liabilities at an amortised cost of £1,268,031 (2023: £1,180,964). The total income received in respect of financial assets held at amortised cost totalled £269,299 (2023: £91,800). The Charity held assets at fair value through income and expenditure of £17,607,977 (2023: £17,264,621). Movements in the year through the statement of financial activities comprised gains of £2,093,354 (2023: loss £816,588).

15 Movement in funds

	At 1 April 2023	Net movement in funds	At 31 March 2024	At 1 April 2023	Net movement in funds	At 31 March 2023
<u>Restricted funds</u>						
Development Fund – Hammersmith	9,164,975	(2,023,685)	7,141,290	9,512,835	(347,860)	9,164,975
<u>Unrestricted funds</u>						
Property Fund – Designated	17,500,000	7,000,000	24,500,000	19,000,000	(1,500,000)	17,500,000
Sisters Support Fund – Designated	7,000,000	-	7,000,000	7,000,000	-	7,000,000
Tangible Fixed Assets Fund	1,906,579	(247,472)	1,659,107	2,153,651	(247,072)	1,906,579
General Fund	1,405,276	(123,941)	1,281,335	1,743,051	(337,775)	1,405,276
	36,976,830	4,604,902	41,581,732	39,409,537	(2,432,707)	36,976,830

The net movement in the Property Fund and the General Fund includes a transfer of £7,000,000 from the General Fund to the Property Fund to ensure the General Fund is kept within its target range of 6-12 months expenditure.

The restricted funds of the Charity represent a restricted donation that is being used to refurbish an asset.

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

Property Fund

The Property Fund of £24.5m is set aside to provide loans or grants to regions requiring support for substantial building works.

Notes to the accounts 31 March 2024

Sisters' Support Fund

The Sisters' Support Fund of £7m is retained to provide Sisters who need nursing, care or other support, with the means to purchase it should public funding not be available. It is intended that care will usually be provided within one of the care homes operated by the Congregation.

Tangible Fixed Asset Fund

The unrestricted funds also include the Tangible Fixed Assets Fund which represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. A decision was made to separate this fund from the General Fund in recognition of the fact that the assets are used in the day to day work of the Charity, and the fund value would not be realisable easily if needed to meet future contingencies.

16 Analysis of net assets between funds

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2023 £
Fund balances at 31 March 2024 are represented by:					
Tangible fixed assets	-	1,659,107	-	-	1,659,107
Listed investments	10,607,977	-	-	7,000,000	17,607,977
Investment property	204,000	-	-	-	204,000
Net current assets	20,688,023	-	1,281,335	141,290	22,110,648
Total net assets	31,500,000	1,659,107	1,281,335	7,141,290	41,581,732

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2022 £
Fund balances at 31 March 2023 are represented by:					
Tangible fixed assets	-	1,906,579	-	-	1,906,579
Listed investments	10,264,621	-	-	7,000,000	17,264,621
Investment property	204,000	-	-	-	204,000
Net current assets	14,031,379	-	1,405,276	2,164,975	17,601,630
Total net assets	24,500,000	1,906,579	1,405,276	9,164,975	36,976,830

The total unrealised gains as at 31 March 2024 constitute movements on revaluation and are as follows:

	2023 £	2023 £
Unrealised gains / (losses) included above:		
On investments	1,919,779	(97,377)
Total unrealised gains / (loss) at 31 March 2024	1,919,779	(97,377)

Reconciliation of movements in unrealised gains

Unrealised gains at 1 April 2023	(97,377)	1,018,998
In respect to disposals in the year	(38,099)	(299,788)
Net gains / (losses) arising on revaluation in the year	2,055,255	(816,587)
Total unrealised gain / (loss) at 31 March 2024	1,919,779	(97,377)

Notes to the accounts 31 March 2024

17 Contingent liabilities and contingent assets

At 31 March 2024, the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the alleged historical abuse of children. The inquiries are at various stages, with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published its final report in October 2022, and the Scottish Child Abuse Inquiry publishing its report into the Sisters of Nazareth in May 2019.

The Charity expects to incur further legal costs in relation to all three inquiries. It is not possible at the present time to provide any meaningful estimate of future costs, some of which may be covered by insurance. It is also not possible to provide any meaningful estimate of the future costs of ongoing claims being brought against the Congregation for which there is no reliable estimate of the value or probability of a claim being paid, some of which may be covered by insurance.

Redress schemes have been established, in March 2020 for Northern Ireland, and in December 2021 for Scotland. England and Wales have not yet announced their intentions. An agreement has been reached to contribute to the cost of redress payments in Scotland and the cost of the agreed contributions has been included in previous accounts as expenditure. The actual payments will be paid according to an agreed schedule of contributions. No agreement has been reached for Northern Ireland and it is not possible at the present time to provide any meaningful estimate of future contributions, if any.

18 Other commitments

The Charity has provided a guarantee to Allied Irish Bank to support a loan taken out by the Irish Region for building works.

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

At 31 March 2024, the Charity did not have any future capital commitments (2023: nil).

19 Related parties: connected entities

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

The Charity is also connected to two other UK registered charities:

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	♦ The support of the religious ministries and works by members of the Congregation (the Sisters) in the United Kingdom and the care of those Sisters. ♦ Ownership of 14 homes in England, Wales, Scotland and Northern Ireland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need, and a nursery.

Notes to the accounts 31 March 2024

Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	♦ The provision of nursing, residential and care services to older people in need through the operation of 12 homes within England, Wales and Scotland, and a nursery. ♦ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.
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The Superior General of the Congregation is also a trustee of the Charity. She appoints the trustees of CSNCT and is the sole member of NCCT and appoints their trustees. CSNCT and NCCT have three trustees in common.

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

The Charity owes CSNCT £240,106 in respect of a grant that remains owing. This sum is included in creditors (note 13).

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

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

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

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

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. The loan is repayable by 2035 with interest charged at a commercial rate. The balance at 31 March 2024 was £3.89 million (2023: £4.02 million). In 2018/19 the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2024 was £1.68 million (2023: £1.63 million). The Charity owes CSNCT £0.24m (2023: £0.24m) in respect of a grant to fund a retirement village in Plymouth that remains owing.

NRV Development (Blackburn) Limited

In 2012 the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmenier Retirement Village, Preston New Road, Blackburn. At 31 March 2024, the loan balance was £0.523m (2023: £0.523m).

Notes to the accounts 31 March 2024

NRV Development (Plymouth) Limited

The Charity loaned NRV Development (Plymouth) Limited £6.1m to build a retirement village in Plymouth. The majority of the loan has been repaid and £0.24m (2022: £0.24m) is due from NRV Development (Plymouth) to repay the remainder.

The Charity has a financial relationship with two overseas connected charities:

Irish Region

Several loans have been provided to the Irish Region to finance refurbishment works at the Dublin, Mallow and Belfast Nazareth Houses. The previous loans were consolidated into a new loan agreement that was signed on 4 April 2022. At 31 March 2024, the balance of the loans, when converted to Sterling, amounted to £7.378 million (2023: £7.831 million) and is due to be repaid by 2034. Repayment of the loan commenced in 2023. Interest is charged at a commercial rate.

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

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced; however, none were received in this financial year and the balance at 31 March 2024 was £1.55 million (2023: £1.6 million). The reduction in the value of the loan was caused by foreign exchange variations.

20 Ultimate control

The trustees of the Charity are the Superior General and General Councillors of the Congregation *ex officio*.

21 Custodian funds

As at 31 March 2024, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2024 was £11,116 (2023: £7,501).

Accounts

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

Annual Report and Accounts

31 March 2023

Charity Registration Number 1138876
(England and Wales)

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	23

Accounts

Statement of financial activities	26
Balance sheet	27
Statement of cash flows	28
Principal accounting policies	29
Notes to the accounts	34

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

Trustees	Sister Brenda McCall (Chair), AKA Sister Mary Brenda McCall Sister Valma Beatrice Cooper, AKA Sister Dominica of the Cross Cooper Sister Hannah Marie Dwyer, AKA Sister Hannah Maria Dwyer Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey Sister Anne Bernadette Walsh, AKA Sister St Teresa Walsh
Superior General	Sister Mary Brenda McCall
Treasurer General	Sister St Teresa Walsh
General Secretary	Sister Veronica Anne Kealey
Chief Executive	Kevin Barnes
Principal office	St Michaels Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Investment managers	CCLA One Angel Lane, London EC4R 3AB Royal London Asset Management 55 Gracechurch Street, London EC3V 0UF
Principal banker	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
Principal solicitor	Stone King LLP Upper Borough Court, Upper Borough Walls, Bath BA1 1RG

OVERVIEW

During the financial year, the fourth full year for the current trustees, the Charity has continued to work towards delivering the Mission, Vision and Aim of the Congregation, and living by its values. These are set out in full on page 5 and are similar for the Charity and the Congregation.

The main achievements of the Charity during the 2022/23 year include:

1. Developing the Heritage Centre, which was officially opened in September 2020. The Heritage Centre includes an exhibition of the life and times of the Congregation's Foundress, Victoire Larmenier, and her legacy of the Congregation of the Sisters of Nazareth, along with the Congregation's archive. The Centre has been visited by members of the Congregation and their guests and the collection continues to be added to.
2. Supporting the five regions as they transition out of the Covid-19 pandemic, hosting a global conference and providing them with financial support where needed.
3. Preparing for the refurbishment of Nazareth House Hammersmith, the original house established by Victoire Larmenier, and home of the Charity.
4. Preparing for the sale of Nazareth House Southend and supporting the purchaser with a planning approval, on behalf of the UK Region.

Proceedings into the historic abuse of children formally in the Congregation's care continue. In May 2019, a report was issued by the Scottish Child Abuse Inquiry following the testimony in 2018 of the survivors of abuse in four residential children's homes in Scotland operated by the Congregation. The Congregation formally apologised for any mistreatment of those in its care and deeply regrets any harm or shortcomings in the care provided. The Congregation has and continues to cooperate with the Scottish Inquiry and the Inquiries held in England and Wales, Northern Ireland, Australia and New Zealand, each at different stages, and with those governments as they set up their redress schemes. All residential children's homes in each of these countries have been closed for many years.

The Covid-19 pandemic continued to affect the work of the Charity, curtailing travel and activities at the start of the year, and more directly, the provision of care to the elderly and children who are looked after in the care homes and other services in the regions of the Congregation.

STRUCTURE

The Congregation of the Sisters of Nazareth Generalate ('the Charity') supports the religious, educational, care and other charitable work of the Congregation of the Sisters of Nazareth ('the Congregation') across the world. The Charity is the facilitating entity for carrying out the civil law actions on behalf of the Congregation. The Charity is based in the United Kingdom and holds the central reserves of the Congregation. The five trustees of the Charity are also the five elected leaders of the Congregation, the Superior General and her four General Councillors.

This report uses 'the Charity' to refer to the work of the Congregation of the Sisters of Nazareth Generalate for whom this report relates to and 'the Congregation' to refer to the work of the Congregation of the Sisters of Nazareth, the religious body that the Charity is a part of.

The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – founded by Victoire Larmenier and recognised by the Holy See in 1864. As of 31 March 2023, there were 188 Sisters (2022: 191) and five novices (2022: five).

The Congregational Structure

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. As of 31 March 2023, the Congregation operated 34 Nazareth Houses, 9 retirement villages, 3 education services and 2 children's services in 37 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and the United Kingdom. For this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the Congregation and an operating entity, which are charitable or not-for-profit organisations. In most cases, the regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the Congregation and the welfare of the Sisters in the region. The operating entities function under the name Nazareth Care (Nazareth House in America) and the services are delivered on behalf of the Congregation. They manage the care homes and other services, receive the income and employ the staff. This structure ensures that the Sisters retain control over the assets and mission of the Congregation while lay staff manage the services and provide the care.

Each Nazareth Care is a separate legal entity with its own governing document and board of trustees, consisting of a majority of Sisters and supplemented with lay trustees. Each board is chaired by the Regional Superior, who is a Sister and a member of the Congregation. Each region has a similar legal structure, although each is necessarily tailored to the legal jurisdiction in which it operates.

The Congregation, through the Superior General and the General Councillors, retains some decision making powers over each of the regions.

Trustees' report 31 March 2023

Connected entities of the Charity

The Charity has no related parties or subsidiaries. There are several entities connected to the Charity, being other components of the Congregation. Those components in the United Kingdom are detailed in Note 19 to the accounts and consist of The Congregation of the Sisters of Nazareth Charitable Trust (charity registration number 228906 (England and Wales) and SC040507 (Scotland)) and Nazareth Care Charitable Trust (charity registration number 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales)) and its subsidiaries.

THE CONGREGATION'S AIM MISSION, VISION, AND VALUES

The Charity supports the work of the Congregation throughout the world. Its Aim, Mission, Vision and Core Values are those of the Congregation.

Aim

The Constitutions of the Congregation of the Sisters of Nazareth set out its aim:

"To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God's kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place." (Constitution 1.3)

Mission

The mission of the Congregation of the Sisters of Nazareth is:

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

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

Vision

The Congregation of the Sisters of Nazareth is a Catholic Congregation devoted to the care, dignity and protection of human life, it strives to maintain and improve the quality of life of those entrusted to its care.

Core values

The Aim, Mission and Vision are supported by six Gospel-based Core Values. All who are associated with the work of the Congregation are expected to demonstrate a commitment to the Core Values:

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

Trustees' report 31 March 2023

The Charity supports the programme, *Victoire's Legacy*, which has been delivered to the regions and is being rolled out throughout the Congregation's services. It covers the legacy of the Foundress, the Core Values, safeguarding and interculturality. Meanwhile, the Congregation's *Mission Alive* programme continues to be used and reinforces the impact of its Mission and Core Values on its ministries. The programme provides training to staff and volunteers in the meaning and application of the Core Values and how to put them into practice in the workplace, ensuring the Core Values and Mission make each Nazareth House and service a distinctive place of care. The continuing and visible presence of Sisters in the majority of services is a reminder to residents, relatives, staff and volunteers of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from these services.

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

Trustees' report 31 March 2023

REVIEW OF THE YEAR

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate for the year ended 31 March 2023.

During the year the Charity has supported the mission and services of the Congregation provided in the regions. These include providing guidance, advice, financing and ongoing monitoring and support to building works, changes to governing documents and any other significant developments.

At the Congregation's most recent General Chapter, held in June 2018 in Hammersmith, London, the future direction of the Congregation was agreed upon through one Mandate and four Recommendations, which form the basis of the Congregational Plan for the years 2018-2024. The key elements of the plan are to:

1. Acknowledge the gift of interculturality in all aspects of the Congregation.
2. Review the impact of the changing strengths and availability of Sisters, to maintain the viability of the Congregation.
3. Embrace, study, promote and implement the principles of Catholic Social Teaching and Pope Francis' social encyclical on the environment, *Laudato Si'*, concerning ecological and social issues affecting the life and mission of the Congregation.
4. Safeguard the partnership between the Congregation and Nazareth Care.
5. Promote vocations and the initial and ongoing formation of the Sisters.

The full delivery of the Mandate and Recommendations takes time. Actions towards their delivery by the Congregation, and where necessary supported by the Charity, have commenced and include:

- Continuing a new programme of induction and training for all Sisters and staff, imparting Victoire's legacy, mission, partnership, safeguarding, core values and interculturality;
- Applying the formation programme to support the training and ongoing formation of Sisters;
- Encouraging the implementation of the ecological and social justice policies furthering a growing consciousness and practice in these areas;
- The ongoing consideration of ways to ensure the viability of the Congregation with regard to the changing availability of Sisters;
- Ensuring the role of Sisters in the governance of the Congregation;
- Strengthening the partnership between the Congregation and Nazareth Care.

These and other actions are contained in the Global Congregational Plan and the Nazareth Care Global Plan, which are then cascaded down to the region, house and community plans.

Trustees' report 31 March 2023

Planning

The Global Congregational Plan and the Nazareth Care Global Plan form the top layer of a planning system that requires each region, service and community of Sisters to produce their own plans. The intention is for a 'golden thread' to flow from the General Chapter through all the plans, ensuring that all activities are focused on the Mandate and Recommendations. The plans identify the many elements common to both plans that require the same actions by Sisters and lay staff.

Property

Building work continues in all regions. The Charity has funded the pre-refurbishment works of Nazareth House Hammersmith, including the planning application and professional fees that will enable the home to be completely refurbished. During the year, the layout and design has been finalised, the full team of professionals established, an additional planning application submitted, the project tendered and shortlisted contractors evaluated. Consent by the Superior General was provided between the end of the financial year and the signing of this report. Consent includes proceeding with the refurbishment and the appointment of a main contractor.

The Charity has continued to work with the regions to progress the sale of sites in Southend in the UK and San Rafael in America, which have both been sold subject to achieving planning consent. In both cases, a planning application has been submitted with a purchaser and the planning issues are being worked through. Neither sale has been completed at the time this report is signed.

Following the closure of a site in Elsies River, a suburb of Cape Town in South Africa, the land has been successfully transferred to the local Diocese to continue to benefit the local community.

Consent was given in the previous financial year for the transfer of a 48 bedded nursing home and convent from the Sisters of St Joseph of Annecy in Killorglin, County Kerry in Ireland to the Congregation. The transfer was successfully concluded in 2022/23.

Works previously approved have continued, including upgrades to Nazareth House Cardiff in the UK and the remodelling of part of Nazareth House Los Angeles in America. More minor works are occurring elsewhere and plans are also being developed for upgrades and improvements to several other Nazareth Houses across all regions.

Inquiries

We continue our practice of cooperating with all Inquiries and providing ongoing support. An agreement has been reached by the Charity, acting on behalf of the Congregation, with the Scottish Government to contribute to the payments made by Redress Scotland to former children in our care regarding claims of abuse. The Charity is also in discussions with The Executive Office in Northern Ireland about contributions to their redress scheme. No agreement has been reached at this time.

We continue to cooperate with governments, redress boards and survivor organisations to support claimants and potential claimants with access to their records and to provide individual apologies when requested, and with other Inquiries, as necessary.

Trustees' report 31 March 2023

Finance

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

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that the total turnover for 2022/23 was £110 million (2022: £109m). The change in the total income reflects a slight increase in occupancy in the regions, similar fees per bed per night and a mixture of exchange rate movements when local currencies are converted to Sterling.

The greatest pressure in most regions is expenditure increases due mainly to a lack of available trained staff, increased use of agency staff and the increased cost of operating care homes, which has become more pronounced as the year has progressed and inflation has risen in each region. Collectively, the five regions still managed to generate a surplus, to be used for reinvestment in capital projects but not every region was able to do so individually.

Nazareth Care Charitable Trust, the operating entity in the UK Region has had a very difficult time with reduced admissions and occupancy in its homes, a lack of staff on their payroll and therefore an over-reliance on agency staff, poorly implemented IT systems and changes in leadership. Collectively these led to a poor financial performance and a shortfall in their cashflow requirement. Consequently, the Charity agreed to make a grant available, part of which was paid during the year and part remains available for drawdown in 2023/24. It is pleasing to note that recent improvements have been made in many areas.

The Charity has been working with the Irish Region to facilitate the first repayment of the loan provided, now that the bank covenants have been sufficiently satisfied. This was received between the end of the financial year and the signing of this report.

Nazareth House Southend

This site which closed in 2020 continues to be managed by the Charity on behalf of the UK Region. A property management guardianship company provides much needed temporary accommodation for local people while guarding the property. Part of the site was also made available to the NHS as a Covid-19 test centre which closed in June 2022.

We continue to work with the prospective purchaser to secure planning approval and therefore be able to complete the sale of the site.

Other activities

Other activities by the Charity during the year on behalf of the Congregation included:

- monitoring the financial and operational performance of the regions;
- assisting two regions with the recruitment of Chief Executive Officers;
- organising and delivering a global conference for the Regional Superiors and Chief Executive Officers, held in March 2023 in San Diego, America;
- monitoring the Sisters' funds and Nazareth Care funds in the regions;

Trustees' report 31 March 2023

- reviewing the governance in regions;
- considering applications by regions for consents of various types, in particular relating to major building works and constitutional requirements;
- allocating funds to consented projects by way of grants and loans;
- monitoring investment performance and reviewing the investment managers used;
- keeping in touch with the regions and houses. This has moved from video and telephone at the start of the year to more in person visits. The focus of these communications and visits by the Superior General and her General Councillors is their pastoral care of each Sister's welfare; they also provide opportunities to observe the operations within houses, monitor the governance within regions and houses, encourage a strong partnership between the Congregation and Nazareth Care and update their knowledge of issues in each region and house.

FINANCIAL REPORT FOR THE PERIOD

The accounts have been prepared in accordance with the accounting policies set out on pages 29 to 33 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and expenditure

The income and expenditure of the Charity are detailed in the Statement of Financial Activities, on page 26 of the accounts.

Unrestricted income for the Charity decreased by £53k or 2.4% in the year, to £2,174k. There was a reduction in donation receipts of £414k in the year, partly offset by an increase in foreign exchange gains of £241k and an increase in investment income and interest receivable of £81k, which includes interest on loans by the Charity to fund building projects in the regions (£467k). Loans have been provided for works at Nazareth Houses in Christchurch, New Zealand; Glasgow, Scotland; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland and Birkenhead, England.

There was no restricted income in 2023 (2022: none).

Total expenditure decreased by almost £3m to £3,790k (2022: £6,719k), almost all of it due to a reduction in expenditure on grants and donations in support of the Congregation's work. In 2022, a provision of £5.16m was accounted for as current and future contributions to the Scottish Government for redress payments that was not repeated in 2023. In 2023, a grant of £2m was paid to The Congregation of the Sisters of Nazareth Charitable Trust (registered Charity number 228906) to support the work of Nazareth Care Charitable Trust (registered Charity number 1113666).

Other grants by the Charity to the regions to fund activities in Ireland and Southend and Hammersmith in the UK are detailed in Note 4 of the accounts.

Restricted expenditure on the refurbishment of Nazareth House Hammersmith, the home of the Charity and the first house established by the foundress, Victoire Larmenier, totalled £348k (2022: £198k). Until 31 March 2023 all expenditure has been on professional fees, surveys and enabling works. The main contract work commenced in 2023/24 and expenditure is expected to be incurred over the next four years.

Income minus expenditure resulted in an unrestricted loss for the year of £1,268k (2022: £4,294k).

Funds

After investment losses of £817k (2022: gain of £1,373k) the net movement in unrestricted funds for the year was a decrease of £2,085k (2022: £2,921k). Including expenditure from restricted funds, the reduction in funds was £2,433k (2022: £3,119k).

The closing fund balances were £27,812k (2022: £29,897k) in unrestricted funds and £9,165k (2022: £9,513k) in restricted funds.

Trustees' report 31 March 2023

Loans

No new loans were approved during the year and no further advances are anticipated for any loans that have already been approved. The Charity's debtor balance at 31 March 2023 is £17,682k (2022: £16,743k). Notes 12 and 19 to the accounts provide further details of the outstanding balances and the funding arrangements.

Cash flow and investment performance

The value of investments at 31 March 2023 was £17,469k (2022: £21,822k) which includes investment property valued at £204k (2022: £165k). The decrease represents £3,531k of fixed interest investments moved from Royal London Cash Plus Fund to cash deposits and an unrealised loss in the value of the investments of £856k (2022: gain of £1,373k). The investment properties increased in value by £39k during the year. A summary of movements on investments can be found in Note 11 to the accounts.

Funds and reserves policy

The Charity's reserves of £36,977k (2022: £39,410k) are divided between four unrestricted funds and a restricted fund:

A. Unrestricted funds:

Designated funds:

- ♦ The Sisters' Support Fund: £7,000k (2022: £7,000k) is retained to provide any Sisters in the Congregation who need any support, including nursing or residential care in a Nazareth House, with the means to purchase it where public funds are not available and for other needs such as medical costs, training or emergencies. The amount is calculated based on the estimated future costs of providing care for Sisters, the number of Sisters, their ages, life expectancy, anticipated length of care and the cost of providing care. The level of the fund was reviewed in 2021 when the Charity confirmed that £7 million remained the appropriate level of the fund.
- ♦ The Property Fund: £17,500k (2022: £19,000k) was reduced by £1,500k (2022: £3,500k) to provide a grant to support the UK Region through its current challenges. The fund will be used to provide loans or grants to regions requiring support for building, restructuring, developments, or other similar projects. Building projects and regional support are expected to be the primary focus of the utilisation of the Charity's funds for some years as many properties require upgrading and remodelling to comply with current standards and expectations. The Charity has already invested a proportion of the fund, demonstrated through the existing loan balances and this year's support to the UK. Further loans can be made as the existing loans are repaid. They anticipate using more of the fund over the next five to ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies. This is expected to include additional costs to refurbish Nazareth House Hammersmith, as well as other sites in the UK and overseas.

Trustees' report 31 March 2023

Other funds:

- ♦ The Tangible Fixed Assets Fund represents the value of the tangible fixed assets owned by the Charity. The fund has decreased from £2,154k to £1,907k during the year as existing assets have been depreciated.
- ♦ The General Fund of £1,405k (2022: £1,743k) is retained to cover the running costs of the Charity in the event of a temporary loss of income, together with some capacity to support the regions and houses experiencing unforeseen costs that cannot immediately be funded from other sources. The General Fund represents the only unrestricted and non-designated funds of the Charity, that can be spent as the trustees decide.

The General Fund is in line with the Charity trustees' expectations and represents around 12 (2022: 16) months of budgeted operating expenditure, excluding foreign exchange losses and depreciation. The trustees wish to retain between 6 and 12 months of operating expenditure in the General Fund to avoid any interruption to its activities in the case of a loss of income or the need for increased support to a region.

B. Restricted Fund:

- ♦ The Restricted Fund of £9,165k (2022: £9,513k) is accounted for separately. £7,000k (2022: £7,000k) is held in CCLA's Catholic Investment Fund and the remainder is held in cash deposits to fund shorter-term cashflows. During the year, £348k (2022: £198k) had been spent from the fund on the planning application, professional fees and other enabling works.

Going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts to 31 March 2024 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2027 and a consideration of key risks, including economic uncertainty and income streams that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk in each of the regions that the effects of the pandemic, shortage of staff and rising inflation will reduce income and consequently this may reduce the amount that is paid to the Charity. Admissions have restarted in all locations and any new admission embargo is much shorter and more targeted than previously and occupancy is increasing. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully, with appropriate changes to their operating practices. The UK Region has struggled with multiple challenges in the last year, detailed in their accounts. Consequently, the Charity has not received donations from the UK in the last year and has also provided financial support to the region, detailed in this report.

Trustees' report 31 March 2023

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE PLANS

The focus over the next year and beyond will be to continue implementing the Mandate and Recommendations from the General Chapter in 2018.

In addition, the Charity will continue to support the regions, particularly with their property developments and upgrades to ensure the best environment for delivering high quality care to residents.

GOVERNANCE

The members of the Congregation are led by the Superior General, who is supported by her four General Councillors. These five Sisters are elected every six years at the General Chapter, which is attended by representatives of the whole Congregation. The General Chapter, while in session, is the highest authority in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. The June 2018 General Chapter was attended by 32 *ex-officio* and elected Sisters from the Congregation. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

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

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

Sister Brenda McCall ('Sister Mary Brenda')

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

Sister Valma Beatrice Cooper ('Sister Dominica of the Cross')

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

Sister Anne Bernadette Walsh ('Sister St Teresa')

Sister Teresa served as Superior in the two Northern Ireland Houses for the nine years before her election as a General Councillor in 2012. Sister Teresa originally trained as a teacher and worked in education for thirty-five years. Her focus was on the primary school sector and she became principal of a nursery school. At the end of her teaching career, Sister Teresa was awarded an MBE for her contribution to early years education in Northern Ireland. She was elected for a second term as a General Councillor in 2018. In 2022 Sister Teresa took on the position of Treasurer General.

Sister Mary Veronica Kealey ('Sister Veronica Anne')

Sister Veronica trained as a teacher and worked in the primary school sector for fifteen years. She served as Superior in Dublin before going to Canada to study for a License in Canon Law. Sister Veronica worked with the Scottish Catholic Inter-Diocesan Tribunal for eight years working

Trustees' report 31 March 2023

principally on marriage nullity cases before being elected to the General Council in 2018 and appointed as Secretary General.

Sister Hannah Maria Dwyer ('Sister Hannah Maria')

Sister Hannah was elected to the General Council in 2018 and served as the Treasurer General until 2022. Following a long career in teaching, 23 years as Headteacher in a London Catholic Primary School, she received the Pearson Teaching Award in 2014 for Lifetime Achievement. In 2002, Sister Hannah raised £7m to fund the building of a new school, which she supervised. The school was visited by the then Prime Minister Tony Blair, accompanied by Arnold Schwarzenegger. The library was opened by the future Prime Minister Boris Johnson. In 2015, she took a leadership role in the UK Region, as the Superior of the Cheltenham Community.

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

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

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

Trustees' powers include but are not limited to:

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

The Superior General and General Councillors are the trustees of the Charity. Together with the Congregational Chief Executive, they meet formally four times during the year to discuss the business aspects of the Congregation's activities. Following the trustees' meetings, the Superior General and General Councillors meet as a General Council to approve, give consent or further deliberate on the matters arising from these meetings. These meetings are minuted separately.

New trustees are inducted by the existing trustees and staff and training is provided.

Charity Governance Code

The Charity has assessed its compliance with the principles of the Charity Governance Code, undertaking a detailed review in June 2020. It considers that it fully meets 54 of the 76 items of recommended practice in the Code and is working towards another nine items. Two items are not met and 11 that it considers are not relevant to the charity.

The two unmet areas are benchmarking with similar organisations and considering information from other similar organisations and reporting on how the charity evaluates the board effectiveness in this report. Formally assessing board effectiveness is one of the areas that it is working towards.

The non-relevant areas are mostly concerning the recruitment of trustees, as the Constitutions require trustee appointments to be made from within the Congregation, which limits the advertising, diversity and breadth of board skills. This is compensated for by having trustees who are wholly committed to the Congregation and the Charity without outside distractions, and the use of external advisors and outside expertise on committees to provide greater diversity and breadth of skills.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. Decisions are made by the trustees unless they have been delegated to the Congregational Chief Executive as part of the approved general delegation or as agreed when making a specific decision.

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

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

In accordance with the Statement of Recommended Practice we:

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

Staff remuneration does not include any share options or long-term incentive schemes as there are none.

Trustees' report 31 March 2023

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

Grant-making policy

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

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

Investment policy

The Charity's constitution does not restrict the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, any significant investment in organisations that produce goods or services at odds with the teachings of the Catholic Church, particularly regarding the sanctity of human life.

The trustees take a total return approach to their investments, investing in funds that adhere to the ethical investment policy. The main investment portfolio is within CCLAs Catholic Investment Fund which holds a diversified portfolio containing equities, alternative assets and cash and near cash, managed within an acceptable level of risk.

The fund's investment objective is to achieve a gross total return before fees of 5% per annum above the Consumer Price Index, over a period of five years, whilst adhering to its ethical investment policy. It is currently not achieving this due to the high level of the Consumer Price Index.

Cash and cash equivalent funds were transferred during the year to cash deposits, from Royal London's Cash Deposit Fund.

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

The Charity uses the expertise of its investment managers to help with the management of its investment funds and will purchase additional advice where necessary as well as draw upon the knowledge of the Advisory Finance Committee members and the key management personnel.

Public benefit

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011 when considering the Charity's objectives and activities. All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly and children, delivered through overseeing and supporting the regions, providing financial contributions, advice and guidance within which the regions operate. In these ways, the Charity is delivering a public benefit.

Risk management

The Charity reviews its risk management framework and agreed that there are five primary categories of risk facing the Charity and the Congregation: Mission, Spirit and Values; Governance; Safeguarding; Financial; Organisational and External Environment risks. In each category, it has agreed how willing it is to take risks to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

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

- A loss of spirit or mission. The risk increases as the number of Sisters in the Congregation decreases and the role of paid staff in management positions increases. There are several programmes available in regions to ensure the mission is well understood and communicated, such as Victoire's Legacy, Mission Alive and the Core Values of the organisation. Sisters remain intrinsic to each house and are visible throughout the majority of houses. Mass is held each day in most houses. Visits occur from the Superior General, General Councillors and the Congregational Chief Executive to each region and the houses. Alternative arrangements have been introduced in two regions to explore models that can operate with fewer Sisters including some sites operating as satellites with visiting Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Charity's Board of Trustees is made up entirely of Sisters who are supported by lay staff and advisors as necessary. In the regions, all boards consist of up to nine trustees, a majority of whom are Sisters. There is a strong set of Constitutions, Directives, Governance Handbook and reporting mechanisms covering all aspects of governance to ensure that the regions administer their operations according to the standards expected by the Congregation.
- Safeguarding incidents either now or in the past. Current safeguarding risks are well managed through comprehensive training and procedures and are more likely to occur in one of the regions, where they directly interact with vulnerable individuals. The impact on the Charity is by association and the consequential impact on its reputation. Historical incidents within the Congregation's past are predominantly addressed nowadays by the Charity including reviewing practices and continuing to cooperate fully with all public Inquiries and with individuals making their own enquiries or civil proceedings. Many safeguarding risks are covered by insurance.
- Financial failure through a region or the Charity not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part of the Congregation struggles, others may step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where it is appropriate to do so. There is a process of continual oversight of the financial performance of each region and cashflow forecasting for the Charity to ensure that there are sufficient, liquid funds to meet all reasonable eventualities.

Trustees' report 31 March 2023

- Organisational risks at the Charity include an over-reliance on key individuals, the reputational damage associated with the failure of a service either now or in the past or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and the use of professional advisors where appropriate to do so. All services in the regions are externally regulated to ensure standards are continually met and/or improved.
- External environment changes have a material impact on the work of the Charity and the Congregation through, for example, major changes to the funding or legislation concerning the care of the elderly at the end of their lives or changed, public perceptions of the Catholic Church or recession or a global health crisis, such as the Covid-19 pandemic.

Fundraising policy

The Charity does not proactively fundraise or solicit donations towards its work. It has therefore not signed up to the Fundraising Regulator.

When fundraising income is received, the Charity aims to achieve best practice in the way it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or swaps data and ensures that communication preferences can be changed at any time. The Charity does not employ the services of professional fundraisers. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2022/23 the Charity received no complaints about its fundraising activities (2021/22: none).

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming/outgoing resources for that period. In preparing these accounts, the trustees are required to:

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

Trustees' report 31 March 2023

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

Approved by the trustees and signed on their behalf by:

Sister M. Brenda McCall

Superior General and Trustee

Date of approval: *23 November 2023*

Independent Auditor's Report to the Trustees of The Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the financial statements of The Congregation of the Sisters of Nazareth Generalate ('the charity') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 March 2023 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 21-22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities

Independent auditor's report 31 March 2023

and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Advisory Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

London

Date: 12 December 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities Year to 31 March 2023

	Notes	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £
Income:							
Donations and legacies	1	1,332,822	-	1,332,822	1,746,830	-	1,746,830
Investment income and interest receivable	2	561,731	-	561,731	480,539	-	480,539
Foreign exchange gains		241,402	-	241,402	0	-	-
Other Income		38,290	-	38,290	0	-	-
Total income		2,174,245	-	2,174,245	2,227,369	-	2,227,369
Expenditure:							
Cost of raising funds							
- Investment managers' fees		10,791	-	10,791	12,051	-	12,051
Charitable activities							
- Supporting the regions of the Congregation	3	1,056,051	-	1,056,051	1,002,076	-	1,002,076
- Grants and donations in support of the Congregation's work	4	2,375,662	347,860	2,723,522	5,507,176	197,979	5,705,155
Total expenditure		3,442,504	347,860	3,790,364	6,521,303	197,979	6,719,282
Net (expenditure) before investment gains/(losses)		(1,268,259)	(347,860)	(1,616,119)	(4,293,934)	(197,979)	(4,491,913)
Net investment gains/(losses)	11	(816,588)	-	(816,588)	1,373,202	-	1,373,202
Net (expenditure) and net movement in funds for the year	6	(2,084,847)	(347,860)	(2,432,707)	(2,920,732)	(197,979)	(3,118,711)
Reconciliation of funds:							
Fund balances brought forward at 1 April 2022		29,896,702	9,512,835	39,409,537	32,817,434	9,710,814	42,528,248
Fund balances carried forward at 31 March 2023		27,811,855	9,164,975	36,976,830	29,896,702	9,512,835	39,409,537

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

Balance sheet 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets:					
Tangible assets	10		1,906,579		2,153,651
Listed investments	11		17,264,621		21,657,125
Investment properties	11		204,000		165,000
Total fixed assets			19,375,200		23,975,776
Current assets:					
Debtors					
- Amounts due within one year	12	3,402,262		2,680,634	
- Amounts due after one year	12	14,279,736		14,062,104	
Cash at bank and in hand		6,286,760		5,501,764	
Total current assets		23,968,758		22,244,502	
Liabilities:					
Creditors: amounts falling due within one year	13	(1,180,964)		(1,511,026)	
Provisions	13	(1,838,367)		(1,418,500)	
Net current assets			20,949,427		19,314,976
Total assets less current liabilities			40,324,627		43,290,752
Non Current Liabilities					
Creditor – amounts falling due after more than one year	13		(3,347,797)		(3,881,215)
Total net assets			36,976,830		39,409,537
The funds of the charity					
Unrestricted funds:					
- Designated funds	15		24,500,000		26,000,000
- Tangible Fixed Assets Fund	15		1,906,579		2,153,651
- General Fund	15		1,405,276		1,743,051
Total unrestricted funds			27,811,855		29,896,702
Restricted funds:					
- Development Fund	15		9,164,975		9,512,835
Total charity funds			36,976,830		39,409,537

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

Sister M. Brunda M^c Ball

Superior General and Trustee

Date of approval:

23 November 2023

Statement of cash flows Year to 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(3,313,652)	89,857
Cash flows from investing activities:			
Investment income and interest received		561,731	480,539
Purchase of tangible fixed assets		-	(3,450)
Proceeds from the disposal of investments		3,536,917	17,331,708
Purchase of listed investment		-	(17,401,000)
Net cash used in investing activities		4,098,648	407,797
Change in cash and cash equivalents in the year		784,996	497,654
Cash and cash equivalents at 1 April 2022	B	5,501,764	5,004,110
Cash and cash equivalents at 31 March 2023	B	6,286,760	5,501,764

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

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

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(2,432,707)	(3,118,711)
Adjustments for:		
Investment income and interest receivable	(561,731)	(480,539)
Investment losses / (gains)	816,588	(1,373,202)
Depreciation of tangible fixed assets	247,072	247,271
(Increase) / decrease in debtors	(939,261)	318,923
(Decrease) / increase in creditors	(443,613)	4,496,115
Net cash used in operating activities	(3,313,652)	89,857

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	6,286,760	5,501,764

Principal accounting policies 31 March 2023

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

Charity information

The Congregation of the Sisters of Nazareth Generalate ('the Charity') is registered with the Charity Commission for England and Wales, registration number 1138876. It is incorporated in the United Kingdom and has its registered address at 169-175 Hammersmith Road, London W6 8DB.

Basis of preparation

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

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Principal accounting policies 31 March 2023

- ♦ assessing the probability of the payment of a legal claim against the Charity and the probability of the payment being covered by insurance, where a claim has been notified.

Assessment of going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of update forecasts to 31 March 2024 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2027 and a consideration of key risks, including Covid-19 and economic uncertainty, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk that the effects of the pandemic, shortage of staff and rising inflation will reduce income in each of the regions and consequently this may reduce the amount that is paid to the Charity. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully, with appropriate changes to their operating practices. Admissions have restarted in most locations and occupancy in the homes is slowly increasing again. Admission embargoes are now much shorter and more targeted than was the case in the early days of the pandemic. The Charity has not accessed any of the government grants or loans provided in response to the Covid-19 pandemic and does not anticipate doing so.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

Income recognition

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

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

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

Principal accounting policies 31 March 2023

A small number of volunteers assist the work of the Charity, for example, serving on a committee or providing Mass. Their contribution is greatly appreciated. In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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

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

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

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

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign

Principal accounting policies 31 March 2023

exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice. All governance costs are allocated to expenditure on coordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are valued at historic cost.

Assets are depreciated at a rate calculated to write the value down to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Freehold land	not depreciated
Freehold buildings	50 years on a straight-line basis (2% per annum)
Leaseholder improvements	10 years on a straight-line basis (10% per annum) for refurbishments or component-based for new assets, varying from 10 to 50 years (2% to 10% per annum)
Motor vehicles	4 years on a straight-line basis (25% per annum)

Fixed asset investments

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

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

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

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investment properties

Investment properties are stated at their fair value at the balance sheet date.

Principal accounting policies 31 March 2023

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds structure

Restricted funds are monies given by a donor for specific purposes that can only be spent on the purpose for which they are given. Details of these funds are given in note 16.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 16.

The Tangible Fixed Assets Fund represents the net book value of the tangible fixed assets used to further the Charity's objectives and work. Movements on the fund are shown in note 16.

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

Services provided by members of the Congregation

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

Foreign currencies

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

Pension contributions

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

Notes to the accounts 31 March 2023

1 Donations and legacies

	2023 £	2022 £
Legacies	173,424	102,547
Pensions of individual Religious donated under a deed of covenant	161,448	162,234
Donations		
- American Area	358,530	397,019
- U.K. Region	23,000	293,700
- Australasian Region	281,604	322,219
- Irish Region	281,573	268,644
- African Region	13,000	10,000
- Other	259	4,186
Contribution from NCCT	-	100,000
Other voluntary income	39,984	86,281
	1,332,822	1,746,830

Legacies notified but not accrued at 31 March 2023, due to probability or measurable criteria not being met, were £312,500 (2022: nil).

2 Investment income and interest receivable

	2023 £	2022 £
Interest receivable		
- Bank interest	91,800	21,166
- Rental income – investment properties	2,860	4,405
- Interest on loans to connected entities (note 21)	467,071	454,968
	561,731	480,539

Income from investment properties has been moved from donations to investment income from this year.

3 Supporting the regions of the Congregation

	2023 £	2022 £
Staff costs (note 7)	294,840	272,023
Maintenance of Sisters	125,145	136,419
Travel	65,219	61,676
IT and website development	46,396	44,855
Professional fees: finance and legal	49,149	50,195
Novitiate	31,964	46,856
Premises	49,823	35,006
Governance costs (note 5)	26,028	23,738
Foreign exchange losses	-	527
Depreciation – Hammersmith development	247,072	247,273
Other	120,415	83,508
	1,056,051	1,002,076

Support costs incurred by the Charity are detailed in the table in Note 3. They comprise the governance costs and the support functions of IT expenditure and Professional fees: finance and legal.

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

	2023 £	2022 £
The Congregation of the Sisters of Nazareth, Irish Region	416,436	44,180
Grants to the U.K. Region:		
- General	8,850	35,190
- Nazareth House Southend	42,794	236,591
- Nazareth House Hammersmith	347,860	197,979
- Congregation of the Sisters of Nazareth Charitable Trust, UK Region	2,000,000	-
- Scottish redress provision (write back)	(118,418)	5,161,215
- Other donations	26,000	30,000
	2,723,522	5,705,155

Claims for alleged historic abuse in the UK have been paid on behalf of the Congregation by our insurers and totalled £2,510,590 in 2023 (2022: £2,543,256). The expenditure has been netted off in the Statement of Financial Activities against the income from insurers of £2,510,590 in 2023 (2022: £2,543,256).

5 Governance

	2023 £	2022 £
Legal and professional fees	7,500	11,498
Audit and accountancy fees	18,528	12,240
	26,028	23,738

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

This is stated after charging:

	2023 £	2022 £
Auditor's remuneration including VAT		
Statutory audit (current year)	18,528	12,240

7 Staff costs and remuneration of key management personnel

	2023 £	2022 £
Wages and salaries	252,704	233,300
National Insurance costs	24,920	22,763
Other pension costs	17,216	15,960
	294,840	272,023

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

Notes to the accounts 31 March 2023

	2023 Number	2022 Number
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

The average number of employees during the year was:

	2023	2022
Administration	4	4
Management	1	1

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis comprise the trustees and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £158,422 (2022: £151,029).

8 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the Charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2022 – none).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the Charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the Charity was £131,610 (2022: £125,889).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2022	19,500	1	2,813,417	2,832,918
Additions	-	-	-	-
At 31 March 2023	19,500	1	2,813,417	2,832,918
Depreciation				
At 1 April 2022	19,500	-	659,767	679,267
Charge for the year	-	-	247,072	247,072
At 31 March 2023	19,500	-	906,839	926,339
Net book values				
At 31 March 2023	-	1	1,906,578	1,906,579
At 31 March 2022	-	1	2,153,650	2,153,651

Notes to the accounts 31 March 2023

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

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. The Charity has paid for the cost of refurbishing one of the buildings used. This has been funded from a restricted donation and the cost of refurbishment has been shown as a tangible asset and as a restricted fund. The remainder of the restricted donation is shown as a restricted fund until it is spent.

In previous years, other buildings have been refurbished or extended. These are being treated as leaseholder improvements and are being depreciated according to the depreciation policy.

11 Investments

	2023 £	2022 £
Investments		
Market value at 1 April 2022	21,822,125	20,379,630
Additions at cost	-	17,401,000
Disposals at book value	(3,536,917)	(17,331,707)
Net (losses) / gains on revaluation	(816,587)	1,373,202
Market value at 31 March 2023	17,468,621	21,822,125

Investments held at 31 March 2023 comprised the following:

	2023 £	2022 £
Property	204,000	165,000
U.K. fixed interest	-	3,531,443
U.K. common investment funds	17,264,621	18,125,682
	17,468,621	21,822,125

Cost of listed investments at 31 March 2023	17,427,238	20,628,756
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The Charity owns two residential investment properties in Wellingborough, Northamptonshire that were gifted many years ago to the Charity and another local charity. In 2019 the Charity purchased the local charity's share of the properties and now owns both properties outright.

In preparation for the purchase, an independent valuation was carried out. Both properties are held in our accounts at the market value, taking into account the incumbent tenants and the fair rent clauses in their tenancies. The intent is to revalue the properties periodically or if there is a material change in the condition or circumstances of the properties.

The income due from the properties is treated as income from operating leases. The leases are registered with fair rent clauses, preventing a market rate of rent from being charged. They do not have expiry dates and the arrangement will continue for as long as the tenants wish to remain in the properties. The income received in 2022/23 was £2,861. It is expected that a similar amount will be received in each future year.

Notes to the accounts 31 March 2023

12 Debtors

	2023 £	2022 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	5,651,259	5,732,333
Loan to NRV Development (Blackburn) Limited*	523,266	523,266
Loan to NRV Development (Plymouth) Limited*	240,106	240,106
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to Nazareth House Dublin*	-	341,671
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	7,831,495	6,951,914
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	1,598,071	1,599,514
Legal claims reimbursed by insurance	1,779,387	1,343,500
Other debtors and prepayments	58,414	10,434
	17,681,998	16,742,738

* Details in respect to each of these loans and the contribution due are given in note 19.

During the year the two Irish Region loans were consolidated and a new loan agreement signed, covering Dublin, Mallow and Belfast.

The legal claims debtor represents the expected amount to be reimbursed by our insurers in relation to the settlement of legal claims against the Congregation, which are shown as a provision in Note 13. The above debtors are due for receipt as follows:

	2023 £	2022 £
Amounts falling due within one year	3,402,262	2,680,634
Amounts falling due after one year	14,279,736	14,062,104
	17,681,998	16,742,738

13 Creditors and provisions:

	2023 £	2022 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	165,879	166,832
Congregation of the Sisters of Nazareth Charitable Trust	240,106	240,106
Trade Creditors	2,727	15,118
Sundry Creditors	25,845	14,467
Accruals and Deferred income	323,106	67,084
Social Security Creditor	8,301	7,419
Scottish Redress Scheme	3,762,797	4,881,215
	4,528,761	5,392,241

	2023 £	2022 £
Amounts falling due within one year	1,180,964	1,511,026
Amounts falling due after one year	3,347,797	3,881,215
	4,528,761	5,392,241

Notes to the accounts 31 March 2023

Provisions

	2023 £	2022 £
Legal claims	1,838,367	1,418,500
	1,838,367	1,418,500

The Congregation ran children's homes across England & Wales, Scotland and Northern Ireland until they closed in the 1980s. The legal claims provision represents ongoing claims at the year end for compensation in respect of alleged historic abuse of children in the Congregation's care. These amounts are expected to be paid within the next financial year. The vast majority is expected to be covered by insurance, shown as a debtor in Note 13. Further detail is provided in the contingent liabilities note.

14 Financial Instruments

At the balance sheet date, the Charity held financial assets at an amortised cost of £23,968,758 (2022: £22,244,502) and Financial liabilities at an amortised cost of £1,180,964 (2022: £1,511,026). The total income received in respect of financial assets held at amortised cost totalled £91,800 (2022: £21,166). The Charity held assets at fair value through income and expenditure of £17,264,621 (2022: £21,657,125). Movements in the year through the statement of financial activities comprised losses of £816,588 (2022: gain £1,373,202).

15 Movement in funds

	At 1 April 2022	Net movement in funds	At 31 March 2023	At 1 April 2021	Net movement in funds	At 31 March 2022
Restricted funds						
Development Fund – Hammersmith	9,512,835	(347,860)	9,164,975	9,710,814	(197,979)	9,512,835
Unrestricted funds						
Property Fund – Designated	19,000,000	(1,500,000)	17,500,000	22,500,000	(3,500,000)	19,000,000
Sisters Support Fund – Designated	7,000,000	-	7,000,000	7,000,000	-	7,000,000
Tangible Fixed Assets Fund	2,153,651	(247,072)	1,906,579	2,397,473	(243,822)	2,153,651
General Fund	1,743,051	(337,775)	1,405,276	919,961	823,090	1,743,051
	39,409,537	(2,432,707)	36,976,830	42,528,248	(3,118,711)	39,409,537

The net movement in the Property Fund and the General Fund includes a transfer of £1,500,000 from the Property Fund to the General Fund to ensure the General Fund is kept within its target range of 6-12 months expenditure.

The restricted funds of the Charity represent a restricted donation that is being used to refurbish an asset.

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

Property Fund

The Property Fund of £17.5m is set aside to provide loans or grants to regions requiring support for substantial building works.

Notes to the accounts 31 March 2023

Sisters' Support Fund

The Sisters' Support Fund of £7m is retained to provide Sisters who need nursing, care or other support, with the means to purchase it should public funding not be available. It is intended that care will usually be provided within one of the care homes operated by the Congregation.

Tangible Fixed Asset Fund

The unrestricted funds also include the Tangible Fixed Assets Fund which represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. A decision was made to separate this fund from the General Fund in recognition of the fact that the assets are used in the day to day work of the Charity, and the fund value would not be realisable easily if needed to meet future contingencies.

16 Analysis of net assets between funds

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2023 £
Fund balances at 31 March 2023 are represented by:					
Tangible fixed assets	-	1,906,579	-	-	1,906,579
Listed investments	10,264,621	-	-	7,000,000	17,264,621
Investment property	204,000	-	-	-	204,000
Net current assets	14,031,379	-	1,405,276	2,164,975	17,601,630
Total net assets	24,500,000	1,906,579	1,405,276	9,164,975	36,976,830

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2022 £
Fund balances at 31 March 2022 are represented by:					
Tangible fixed assets	-	2,153,651	-	-	2,153,651
Listed investments	14,657,125	-	-	7,000,000	21,657,125
Investment property	165,000	-	-	-	165,000
Net current assets	11,177,875	-	1,743,051	2,512,835	15,433,761
Total net assets	26,000,000	2,153,651	1,743,051	9,512,835	39,409,537

The total unrealised gains as at 31 March 2022 constitute movements on revaluation and are as follows:

	2023 £	2022 £
Unrealised (losses) / gains included above:		
On investments	(97,377)	1,018,998
Total unrealised (loss) / gain at 31 March 2023	(97,377)	5,055,974

Reconciliation of movements in unrealised gains

Unrealised gains at 1 April 2022	1,018,998	5,055,974
In respect to disposals in the year	(299,788)	(5,410,178)
Net (losses) / gains arising on revaluation in the year	(816,587)	1,373,202
Total unrealised (loss) / gain at 31 March 2023	(97,377)	1,018,998

Notes to the accounts 31 March 2023

17 Contingent liabilities and contingent assets

At 31 March 2023, the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the alleged historical abuse of children. The inquiries are at various stages, with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published its final report in October 2022, and the Scottish Child Abuse Inquiry publishing its report into the Sisters of Nazareth in May 2019.

The Charity expects to incur further legal costs in relation to all three inquiries. It is not possible at the present time to provide any meaningful estimate of future costs, some of which may be covered by insurance. It is also not possible to provide any meaningful estimate of the future costs of ongoing claims being brought against the Congregation for which there is no reliable estimate of the value or probability of a claim being paid, some of which may be covered by insurance.

Redress schemes have been established, in March 2020 for Northern Ireland, and in December 2021 for Scotland. England and Wales have not yet announced their intentions. An agreement has been reached to contribute to the cost of redress payments in Scotland and the cost of the agreed contributions has been included in previous accounts as expenditure. The actual payments will be paid according to an agreed schedule of contributions. No agreement has been reached for Northern Ireland and it is not possible at the present time to provide any meaningful estimate of future contributions, if any.

18 Other commitments

The Charity has provided a guarantee to Allied Irish Bank to support a loan taken out by the Irish Region for building works.

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

At 31 March 2023, the Charity did not have any future capital commitments (2022: nil).

19 Related parties: connected entities

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

The Charity is also connected to two other UK registered charities:

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	♦ The support of the religious ministries and works by members of the Congregation (the Sisters) in the United Kingdom and the care of those Sisters. ♦ Ownership of 14 homes in England, Wales, Scotland and Northern Ireland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need, and a nursery.

Notes to the accounts 31 March 2023

Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	♦ The provision of nursing, residential and care services to older people in need through the operation of 12 homes within England, Wales and Scotland, and a nursery. ♦ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.
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The Superior General of the Congregation is also a trustee of the Charity. She appoints the trustees of CSNCT and is the sole member of NCCT and appoints their trustees. CSNCT and NCCT have three trustees in common.

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

The Charity owes CSNCT £240,106 in respect of a grant that remains owing. This sum is included in creditors (note 13).

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

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

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

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

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. The loan is repayable by 2035 with interest charged at a commercial rate. The balance at 31 March 2023 was £4.02 million (2022: £4.15 million). In 2018/19 the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2023 was £1.63 million (2022: £1.58 million). The Charity owes CSNCT £0.24m (2022: £0.24m) in respect of a grant to fund a retirement village in Plymouth that remains owing.

NRV Development (Blackburn) Limited

In 2012 the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmenier Retirement Village, Preston New Road, Blackburn. At 31 March 2023, the loan balance was £0.523m (2022: £0.523m).

Notes to the accounts 31 March 2023

NRV Development (Plymouth) Limited

The Charity loaned NRV Development (Plymouth) Limited £6.1m to build a retirement village in Plymouth. The majority of the loan has been repaid and £0.24m (2022: £0.24m) is due from NRV Development (Plymouth) to repay the remainder.

The Charity has a financial relationship with two overseas connected charities:

Irish Region

Several loans have been provided to the Irish Region to finance refurbishment works at the Dublin, Mallow and Belfast Nazareth Houses. The previous loans were consolidated into a new loan agreement that was signed on 4 April 2022. At 31 March 2023, the balance of the loans, when converted to Sterling, amounted to £7.831 million (2022: £7.294 million) and is due to be repaid by 2034. Repayment of the loan is expected to commence in 2023. Interest is charged at a commercial rate.

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

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced; however, none were received in this financial year and the balance at 31 March 2023 was £1.6 million (2022: £1.6 million).

20 Ultimate control

The trustees of the Charity are the Superior General and four General Councillors of the Congregation *ex officio*.

21 Custodian funds

As at 31 March 2023, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2023 was £7,501 (2022: £3,626).

Accounts

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

Annual Report and Accounts

31 March 2022

Charity Registration Number 1138876

(England and Wales)

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	23

Accounts

Statement of financial activities	26
Balance sheet	27
Statement of cash flows	28
Principal accounting policies	29
Notes to the accounts	34

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

Trustees	Sister Brenda McCall (Chair), AKA Sister Mary Brenda McCall Sister Valma Beatrice Cooper, AKA Sister Dominica of the Cross Cooper Sister Hannah Marie Dwyer, AKA Sister Hannah Maria Dwyer Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey Sister Anne Bernadette Walsh, AKA Sister St Teresa Walsh
Superior General	Sister Mary Brenda McCall
Treasurer General	Sister Hannah Maria Dwyer
General Secretary	Sister Veronica Anne Kealey
Chief Executive	Kevin Barnes
Principal office	St Michaels Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Investment managers	CCLA One Angel Late, London EC4R 3AB Royal London Asset Management 55 Gracechurch Street, London EC3V 0UF
Principal banker	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
Principal solicitor	Stone King LLP Upper Borough Court, Upper Borough Walls, Bath BA1 1RG

OVERVIEW

During the financial year, the third full year for the current trustees, the Charity has continued to work towards delivering the Mission, Vision and Aim of the Congregation, and living by its values. These are set out in full on page 5 and are similar for the Charity and the Congregation.

The main achievements of the Charity during the 2021/22 year include:

1. Supporting the regions including how they respond to the Covid-19 pandemic as well as financially.
2. Undertaking a review of safeguarding practices in all regions.
3. Developing the Heritage Centre, which was officially opened the previous year; it has been visited by members of the Congregation and their guests. The Heritage Centre includes an exhibition of the life and times of the Congregation's Foundress, Victoire Larmenier, and her legacy of the Congregation of the Sisters of Nazareth, along with a new, permanent home for the archive. The collection has been added to during the year and a new book has been published to provide more information.
4. Three novices making their first profession in September 2021 and shortly after returning to the African Region to continue their religious journey as Sisters of Nazareth.
5. Entering into a sales agreement for Nazareth House Southend, subject to a satisfactory planning approval, on behalf of the UK Region.

The year has also had its challenges, including the Congregation deciding to close Nazareth House Elsie's River in Cape Town and transferring the residents and staff to the nearby Nazareth House in Cape Town, providing them with an improved environment.

Proceedings into the historic abuse of children formally in the Congregation's care continue. In May 2019, a report was issued by the Scottish Child Abuse Inquiry following the testimony in 2018 of the survivors of abuse in four residential children's homes in Scotland operated by the Congregation. The Congregation formally apologised for any mistreatment of those in its care and deeply regrets any harm or shortcomings in the care provided. The Congregation has and continues to cooperate with the Scottish Inquiry and the inquiries held in England and Wales, Northern Ireland, Australia and New Zealand, each at different stages, and with those governments as they set up their redress schemes. All residential children's homes in each of these countries have been closed for many years.

The Covid-19 pandemic continued to affect the work of the Charity, curtailing travel and activities, and more directly, the provision of care to the elderly and children who are looked after in the care homes and other services in the regions of the Congregation. The Charity trustees pay tribute to the exceptional hard work of all the Sisters, staff, volunteers and others in Nazareth Care who have worked tirelessly to keep the residents safe, often putting the care of others ahead of their own safety and wellbeing. There can be no greater example of their commitment and living by the Core Values. The families and friends of all those who have died are remembered in our prayers.

STRUCTURE

The Congregation of the Sisters of Nazareth Generalate ('the Charity') supports the religious, educational, care and other charitable work of the Congregation of the Sisters of Nazareth ('the Congregation') across the world. The Charity is the facilitating entity for carrying out the civil law actions on behalf of the Congregation. The Charity is based in the United Kingdom and holds the central reserves of the Congregation. The five trustees of the Charity are also the five elected leaders of the Congregation, the Superior General and her four General Councillors.

This report uses 'the Charity' to refer to the work of the Congregation of the Sisters of Nazareth Generalate for whom this report relates to and 'the Congregation' to refer to the work of the Congregation of the Sisters of Nazareth, the religious body that the Charity is a part of.

The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – founded by Victoire Larmenier and recognised by the Holy See in 1864. As of 31 March 2022, there were 191 Sisters (2021: 203) and five novices (2021: eight).

The Congregational Structure

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. As of 31 March 2022, the Congregation operated 33 Nazareth Houses, 8 retirement villages, 3 education services and 2 children's services in 36 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and United Kingdom. For this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the Congregation and an operating entity, which are charitable or not-for-profit organisations. Each regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the Congregation and the welfare of the Sisters in the region. The operating entities function under the name Nazareth Care (Nazareth House in America) and are delivered on behalf of the Congregation. They manage the care homes and other services, receive the income and employ the staff. This structure ensures that the Sisters retain control over the assets and mission of the Congregation while lay staff manage the services and provide the care.

Each Nazareth Care is a separate legal entity with its own governing document and board of trustees, consisting of a majority of Sisters and supplemented with lay trustees. Each board is chaired by the Regional Superior, who is a Sister and a member of the Congregation. Each region has a similar legal structure, although each is necessarily tailored to the legal jurisdiction in which it operates.

The Congregation, through the Superior General and the General Councillors, retains some decision making powers over the regions.

Trustees' report 31 March 2022

Connected entities of the Charity

The Charity has no related parties or subsidiaries. There are several entities connected to the Charity, being other components of the Congregation. Those components in the United Kingdom are detailed in Note 20 to the accounts and consist of The Congregation of the Sisters of Nazareth Charitable Trust (charity registration number 228906 (England and Wales) and SC040507 (Scotland)) and Nazareth Care Charitable Trust (charity registration number 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales)) and its subsidiaries.

THE CONGREGATION'S AIM MISSION, VISION, AND VALUES

The Charity supports the work of the Congregation throughout the world. Its Aim, Mission, Vision and Core Values are those of the Congregation.

Aim

The Constitutions of the Congregation of the Sisters of Nazareth set out its aim:

"To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God's kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place." (Constitution 1.3)

Mission

The mission of the Congregation of the Sisters of Nazareth is:

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

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

Vision

The Congregation of the Sisters of Nazareth is a Catholic Congregation devoted to care, dignity and protection of human life, it strives to maintain and improve the quality of life of those entrusted to its care.

Core values

The Aim, Mission and Vision are supported by six Gospel based 'core values'.

All who are associated with the work of the Congregation are expected to demonstrate a commitment to the Core Values:

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

Trustees' report 31 March 2022

The Charity supports a new programme, *Victoire's Legacy*, which is being delivered to the regions and is ready to be rolled out throughout the Congregation's services. It covers the legacy of the Foundress, the Core Values, safeguarding and interculturality. Meanwhile, the Congregation's *Mission Alive* programme continues to be used and reinforces the impact of its Mission and Core Values on its ministries. The programme provides training to staff and volunteers in the meaning and application of the Core Values and how to put them into practice in the workplace, ensuring the Core Values and Mission make each Nazareth House and service a distinctive place of care. The continuing and visible presence of Sisters in the services is a reminder to residents, relatives, staff and volunteers of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from these services.

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

Trustees' report 31 March 2022

REVIEW OF THE YEAR

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate for the year ended 31 March 2022.

During the year the Charity has supported the mission and services of the Congregation provided in the regions. These include providing guidance, advice, financing and ongoing monitoring and support to building works, changes to governing documents and any other significant developments.

At the Congregation's most recent General Chapter, held in June 2018 in Hammersmith, London, the future direction of the Congregation was agreed upon through one Mandate and four Recommendations, which form the basis of the Congregational Plan for the years 2018-2024. The key elements of the plan are to:

1. Acknowledge the gift of interculturality in all aspects of the Congregation.
2. Review the impact of the changing strengths and availability of Sisters, to maintain the viability of the Congregation.
3. Embrace, study, promote and implement the principles of Catholic Social Teaching and Pope Francis' social encyclical on the environment, *Laudato Si'*, concerning ecological and social issues affecting the life and mission of the Congregation.
4. Safeguard the partnership between the Congregation and Nazareth Care.
5. Promote vocations and the initial and ongoing formation of the Sisters.

The full delivery of the Mandate and Recommendations takes time. Actions towards their delivery by the Congregation, and where necessary supported by the Charity, have commenced and include:

- Continuing a new programme of induction and training for all Sisters and staff, imparting Victoire's legacy, mission, partnership, safeguarding, core values and interculturality;
- Applying the formation programme to support the training and ongoing formation of Sisters;
- Encouraging the implementation of the ecological and social justice policies furthering a growing consciousness and practice in these areas;
- The ongoing consideration of ways to ensure the viability of the Congregation with regard to the changing availability of Sisters;
- Ensuring the role of Sisters in the governance of the Congregation;
- Strengthening the partnership between the Congregation and Nazareth Care.

These and other actions are contained in the Global Congregational Plan and the Nazareth Care Global Plan, which are then cascaded down to the region, house and community plans.

Trustees' report 31 March 2022

Planning

The Global Congregational Plan and the Nazareth Care Global Plan form the top layer of a planning system that requires each region, service and community of Sisters to produce their own plans. The intention is for a 'golden thread' to flow from the General Chapter through all the plans, ensuring that all activities are focused on the Recommendations. The plans identify the many elements common to both plans that require the same actions by Sisters and lay staff.

Property

The Charity has funded the pre-refurbishment works of Nazareth House Hammersmith, including the planning application and professional fees that will enable the home to be completely refurbished.

Building work continues in all regions. Consent was granted by the Superior General and the General Council to enter into separate contracts for the sale of two sites that had previously been closed, one in Southend in the UK and the other in San Rafael in America. Both sales are subject to achieving planning consent so neither sale has been completed at the time this report is signed.

Consent was also granted for the closure of a site in Elsies River, a suburb of Cape Town in South Africa, which was successfully completed. The surrounding area had become too violent to ensure the safety of the residents and staff. The residents and staff were offered alternative care and employment, which many accepted, in our larger site, also in Cape Town. The premises may be transferred to the local Diocese to continue to benefit the local community.

Consent was requested, and given, for the potential transfer of a new 48 bedded nursing home and convent from the Sisters of St Joseph of Annecy in Killorglin, County Kerry in Ireland to the Congregation following due diligence processes and subject to necessary regulatory and legal approvals.

Works previously approved have continued, including the refurbishment and extension of Nazareth House Birkenhead in the UK and the remodelling of part of Nazareth House Los Angeles in America. Plans are also being developed for upgrades and improvements to several other Nazareth Houses across the regions.

Inquiries

We continue our practice of co-operating with all Inquiries and providing ongoing support. Following the passing of the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021, the Charity, on behalf of the Congregation, entered into a new agreement with the Scottish Government to contribute to the payments made by Redress Scotland to former children in our care regarding claims of abuse. This was accompanied by a further apology by the Congregation, as published on the gov.scot website. We continue to cooperate with the Scottish Government, Redress Scotland and survivor organisations to support claimants and potential claimants with access to their records and to provide individual apologies when requested, and with other Inquiries, as necessary.

Finance

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

Trustees' report 31 March 2022

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that the total turnover for 2021/22 was £109 million (2021: £109m). No change in the total income reflects a slight increase in fees and occupancy in each region, but a worsening of several exchange rates when local currencies are converted to Sterling.

The greatest pressure in most regions is expenditure increases due particularly to the lack of available trained staff, increased use of agency staff and the increased cost of operating care homes. Four of the five regions still managed to generate a surplus, to be used for reinvestment in capital projects.

The Charity entered into a new loan agreement with the Irish Region, consolidating several smaller loans simplifying amounts due and repayments.

The maximum potential contribution to the Scottish Government has been accounted for in the 2022 accounts and the first two payments made.

Nazareth House Southend

This site which closed in 2020 continues to be managed by the Charity on behalf of the UK Region. A property management guardianship company provides much needed temporary accommodation for local people while guarding the property. Part of the site was also made available to the NHS as a Covid-19 test centre.

Following a marketing process and multiple offers, an offer for the sale of the site has been accepted. The offer is subject to successful planning approval, and a planning application has been submitted by the prospective purchaser. No decision has been made at the time this report is signed.

Covid-19

The year continued to be impacted by the Covid-19 pandemic. This affected the work of the Congregation, curtailing travel and activities, and more directly the provision of care to the elderly and children. The response of the Sisters, management and staff has been phenomenal, often prioritising the care of others before themselves.

The Charity's actions continued, with greater use of virtual platforms to deliver training, communications, education and connectedness. All staff of the Charity have continued in their roles, working remotely where that has been feasible.

Other activities

Other activities by the Charity during the year on behalf of the Congregation included:

- monitoring the financial and operational performance of the regions;
- monitoring the Sisters' funds and Nazareth Care funds in the regions;
- reviewing the governance in regions;
- considering applications by regions for consents of various types, in particular relating to major building works and constitutional requirements;

Trustees' report 31 March 2022

- allocating funds to consented projects by way of grants and loans;
- monitoring investment performance and reviewing the investment managers used;
- keeping in touch with the regions and houses, mainly by video and telephone this year. The focus of these communications by the Superior General and her General Councillors is their pastoral care of each Sister's welfare; they also provide opportunities to observe the operations within houses, monitor the governance within regions and houses, encourage a strong partnership between the Congregation and Nazareth Care and update their knowledge of issues in each region and house.

FINANCIAL REPORT FOR THE PERIOD

The accounts have been prepared in accordance with the accounting policies set out on pages 29 to 33 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and expenditure

The income and expenditure of the Charity are detailed in the Statement of Financial Activities, on page 26 of the accounts.

Unrestricted income for the Charity increased by £224k or 11% in the year, to £2,227k. The majority of the increase is from a legacy receipt of £100k, and increased contributions from the regions, totalling £40k, which reversed a reduction in the previous year when occupancy was reduced in many houses due to Covid-19.

The other source of income is from investment income and interest receivable, which totalled £481k (2021: £468k). The income is almost entirely interest on loans by the Charity to fund building projects in the regions. Loans include funding for works at Nazareth Houses in Christchurch, New Zealand; Glasgow, Scotland; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland and Birkenhead, England.

Unrestricted expenditure increased substantially to £6,521k (2021: £1,626k) due to accounting for a £5,161k (2021: £0) maximum potential contribution to the Scottish Government for the Charity's contribution to redress payments. The first £280k has been paid, with the remainder due over the next nine years. The total has been discounted in these accounts, reflecting the period that payments will be made over. Other unrestricted expenditure totalled £1,360k (2021: £1,626k). The most significant change is a reduction in foreign exchange losses of £210k.

Grants by the Charity to the regions increased to £544k (2021: £421k) to fund activities in Ireland and Southend and Hammersmith in the UK. Expenditure is detailed in Note 4 of the accounts.

£198k of restricted expenditure was incurred during the year to fund the refurbishment of Nazareth House Hammersmith, the home of the Charity and the first house established by the foundress, Victoire Larmenier. The majority of the expenditure is expected to be spent from 2023/24 onwards when construction commences.

Income less expenditure resulted in a loss for the year of £4,492k (2021: gain £10,377k).

Funds

After investment gains of £1,373k (2021: £2,463k) the net movement in funds for the year was a decrease of £3,119k (2021: increase of £12,840k), of which £2,921k was from unrestricted funds.

The closing fund balances were £29,897k (2021: £32,817k) in unrestricted funds and £9,513k (2021: £9,710k) in restricted funds.

Trustees' report 31 March 2022

Loans

No new loans were approved during the year and no further advances are anticipated for any loans that have already been approved. The Charity's debtor balance at 31 March 2022 is £16,743k (2021: £17,062k). Notes 13 and 20 to the accounts provide further details of the outstanding balances and the funding arrangements.

Cash flow and investment performance

The value of listed investments at 31 March 2022 was £21,657k (2021: £20,215k). The increase includes £653k of realised gains and £720k of unrealised gains in the value of the investments. A summary of movements on listed investments can be found in Note 11 to the accounts.

Investments with a market value at 31 March 2021 of £16,679k were held within the BlackRock Catholic Charities Growth and Income Fund. During the year the entire fund was disposed of, and the funds were transferred to CCLA's Catholic Investment Fund. The value at the end of the year is £18,126k. They are both common investment funds set up to provide charities with ethical investment in line with Catholic teaching. A further £3,531k (2021: £3,536k) was held with Royal London Asset Management and invested in cash, deposits, money market instruments and short-dated government securities, aimed at delivering a positive return without additional risk.

Funds and reserves policy

The Charity's reserves of £39,410k (2021: £42,528k) are divided between two Designated funds, the Tangible fixed assets fund, General fund, and a Restricted fund:

Designated funds:

- ♦ The Sisters' Support fund: £7,000k (2021: £7,000k) is retained to provide any Sisters in the Congregation who need any support, including nursing or residential care in a Nazareth House, with the means to purchase it where public funds are not available and for other needs such as medical costs, training or emergencies. The amount is calculated based on the estimated future costs of providing care for Sisters, the number of Sisters, their ages, life expectancy, anticipated length of care and the cost of providing care. The level of the fund was reviewed during 2021 when the Charity confirmed that £7 million remained the appropriate level of the Fund.
- ♦ The Property fund: £19,000k (2021: £22,500k) was reduced by £3,500k (2021: increased by £3,130k) to provide sufficient funds for the Scottish Government maximum potential contribution. The fund will be used to provide loans or grants to regions requiring support for building, restructuring, developments, or other similar projects. Building projects and regional support are expected to be the primary focus of the utilisation of the Charity's funds for some years as many properties require upgrading and remodelling to comply with current standards and expectations. The Charity has already invested a proportion of the fund, demonstrated through the existing loan balances. Further loans can be made as the existing loans are repaid. They anticipate using more of the fund over the next five to ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies. This is expected to include additional costs to refurbish Nazareth House Hammersmith, as well as other sites in the UK and overseas.

Trustees' report 31 March 2022

Other funds:

- ♦ The Tangible Fixed Assets fund represents the value of the tangible fixed assets owned by the Charity. The fund has decreased from £2,397k to £2,154k during the year as existing assets have been depreciated.
- ♦ The General fund of £1,743k (2021: £920k) is retained to cover the running costs of the Charity in the event of a temporary loss of income, together with some capacity to support the regions and houses experiencing unforeseen costs that cannot immediately be funded from other sources. The General Fund represents the only unrestricted and non-designated funds of the Charity, that can be spent as the trustees decide.
- ♦ The General fund is in line with the Charity trustees' expectations and represents around 16 (2021: nine) months of operating expenditure, excluding foreign exchange losses and depreciation. The trustees wish to retain between 6 and 12 months of operating expenditure in the General Fund to avoid any interruption to its activities in the case of a loss of income or the need for increased support to a region.
- ♦ The Restricted fund of £9,512k (2021: £9,710k) is accounted for separately. £7,000k (2021: £7,000k) is held in CCLA's Catholic Investment Fund and the remainder is held in cash deposits to fund shorter-term cashflows. During the year, £198k (2021: £289k) had been spent from the fund on the planning application and professional fees.

Going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts to 31 March 2024 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2027 and a consideration of key risks, including Covid-19 and economic uncertainty, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk that the effects of the pandemic, shortage of staff and rising inflation will reduce income in each of the regions and consequently this may reduce the amount that is paid to the Charity. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully, with appropriate changes to their operating practices. Admissions have restarted in most locations and occupancy in the homes is slowly increasing again. Admission embargoes are now much shorter and more targeted than was the case in the early days of the pandemic. The Charity has not accessed any of the government grants or loans provided in response to the Covid-19 pandemic and does not anticipate doing so.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

Trustees' report 31 March 2022

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE PLANS

The focus over the next year and beyond will be to continue implementing the Mandate and Recommendations from the General Chapter in 2018.

In addition, the Charity will continue to support the regions, particularly with their property developments and upgrades to ensure the best environment for delivering high quality care to residents.

GOVERNANCE

The members of the Congregation are led by the Superior General, who is supported by her four General Councillors. These five Sisters are elected every six years at the General Chapter, which is attended by representatives of the whole Congregation. The General Chapter, while in session, is the highest authority in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. The June 2018 General Chapter was attended by 32 *ex-officio* and elected Sisters from the Congregation. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

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

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

Sister Brenda McCall ('Sister Mary Brenda')

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

Sister Valma Beatrice Cooper ('Sister Dominica of the Cross')

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

Sister Anne Bernadette Walsh ('Sister St Teresa')

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

Sister Mary Veronica Kealey ('Sister Veronica Anne')

Sister Veronica trained as a teacher and worked in the primary school sector for fifteen years. She served as Superior in Dublin before going to Canada to study for a License in Canon Law. Sister Veronica worked with the Scottish Catholic Inter-Diocesan Tribunal for eight years working

Trustees' report 31 March 2022

principally on marriage nullity cases before being elected to the General Council in 2018 and appointed as Secretary General.

Sister Hannah Maria Dwyer ('Sister Hannah Maria')

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

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

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

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

Trustees' powers include but are not limited to:

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

The Superior General and General Councillors are the trustees of the Charity. Together with the Congregational Chief Executive, they meet formally four times during the year to discuss the business aspects of the Congregation's activities. Following the trustees' meetings, the Superior General and General Councillors meet as a General Council to approve, give consent or further deliberate on the matters arising from these meetings. These meetings are minuted separately.

New trustees are inducted by the existing trustees and staff and training is provided.

Charity Governance Code

The Charity has assessed its compliance with the principles of the Charity Governance Code, undertaking a detailed review in June 2020. It considers that it fully meets 54 of the 76 items of recommended practice in the Code and is working towards another nine items. Two items are not met and 11 that it considers are not relevant to the charity.

The two unmet areas are benchmarking with similar organisations and considering information from other similar organisations and reporting on how the charity evaluates the board effectiveness in this report. Formally assessing board effectiveness is one of the areas that it is working towards.

The non-relevant areas are mostly concerning the recruitment of trustees, as the Constitutions require some appointments to be made from within the Congregation, which limits the advertising, diversity and breadth of board skills. This is compensated for by having trustees who are wholly committed to the Congregation and the Charity without outside distractions, and the use of external advisors and outside expertise on committees to provide greater diversity and breadth of skills.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. Decisions are made by the trustees unless they have been delegated to the Congregational Chief Executive as part of the approved general delegation or as agreed when making a specific decision.

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

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

In accordance with the Statement of Recommended Practice we:

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

Staff remuneration does not include any share options or long-term incentive schemes as there are none.

Trustees' report 31 March 2022

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

Grant-making policy

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

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

Investment policy

The Charity's constitution does not restrict the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, any significant investment in organisations that produce goods or services at odds with the teachings of the Catholic Church, particularly regarding the sanctity of human life.

The trustees take a total return approach to their investments, investing in funds that adhere to the ethical investment policy. The majority of investments were transferred during the year to CCLAs Catholic Investment Fund and cash and cash equivalent funds were held with Royal London Asset Management Limited at the year end. The Catholic Investment Fund holds a diversified portfolio containing equities, alternative assets and cash and near cash, managed within an acceptable level of risk.

The fund's investment objective is to achieve a gross total return before fees of 5% per annum above the Consumer Price Index, over a period of five years, whilst adhering to its ethical investment policy. It is currently not achieving this due to the high level of the Consumer Price Index.

The Royal London fund aims to deliver a positive return in a range of market conditions without taking additional risk, by investing in cash, deposits, money market instruments and short-dated government securities.

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

The Charity uses the expertise from its investment managers to help with the management of its investment funds and will purchase additional advice where necessary as well as draw upon the knowledge of the Advisory Finance Committee members and the key management personnel.

Public benefit

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011 when considering the Charity's objectives and activities. All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly and children, delivered through overseeing and supporting regions, providing financial contributions, advice and guidance within which regions operate. In these ways, the Charity is delivering a public benefit.

Risk management

The Charity reviews its risk management framework and agreed that there are five primary categories of risk facing the Charity and the Congregation: Mission, Spirit and Values; Governance; Safeguarding; Financial; Organisational and External Environment risks. In each category, it has agreed how willing it is to take risks to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

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

- A loss of spirit or mission. The risk increases as the number of Sisters in the Congregation decrease and the role of paid staff in management positions increases. There are several programmes available in regions to ensure the mission is well understood and communicated, such as Victoire's Legacy, Mission Alive and the Core Values of the organisation. Sisters remain intrinsic to each house and are visible throughout the majority of houses. Mass is held each day in most houses. Visits occur from the Superior General, General Councillors and the Congregational Chief Executive to each region and the houses. Alternative arrangements have been introduced in three regions to explore models that can operate with fewer Sisters including some sites operating as satellites with visiting Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Charity board of trustees is made up entirely of Sisters who are supported by lay staff and advisors as necessary. In the regions, all boards consist of up to nine trustees, a majority of whom are Sisters. There is a strong set of Constitutions, Directives, Governance Handbook and reporting mechanisms covering all aspects of governance to ensure that regions administer their operations in accordance with the standards expected by the Congregation.
- Safeguarding incidents either now or in the past. Current safeguarding risks are well managed through comprehensive training and procedures and are more likely to occur in one of the regions, where they directly interact with vulnerable individuals. The impact on the Charity is by association and the consequential impact on its reputation. Historical incidents within the Congregation's past are predominantly addressed nowadays by the Charity including reviewing practices and continuing to cooperate fully with all public inquiries and with individuals making their own enquiries or civil proceedings. Many safeguarding risks are covered by insurance.

Trustees' report 31 March 2022

- Financial failure through a region or the Charity not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part of the Congregation struggles, others may step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where it is appropriate to do so. There is a process of continual oversight of the financial performance of each region and cashflow forecasting for the Charity to ensure that there are sufficient, liquid funds to meet all reasonable eventualities.
- Organisational risks at the Charity include an over-reliance on key individuals, the reputational damage associated with the failure of a service either now or in the past or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and the use of professional advisors where appropriate to do so. All services in the regions are externally regulated to ensure standards are continually met and/or improved.
- External environment changes have a material impact on the work of the Charity and the Congregation through, for example, major changes to the funding or legislation concerning the care of the elderly at the end of their lives or changed, public perceptions of the Catholic Church or recession or a global health crisis, such as the Covid-19 pandemic.

Fundraising policy

The Charity does not proactively fundraise or solicit donations towards its work. It has therefore not signed up to the Fundraising Regulator.

When fundraising income is received, the Charity aims to achieve best practice in the way it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or swaps data and ensures that communication preferences can be changed at any time. The Charity does not employ the services of professional fundraisers. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2021/22 the Charity received no complaints about its fundraising activities (2020/21: none).

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming / outgoing resources for that period. In preparing these accounts, the trustees are required to:

Trustees' report 31 March 2022

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

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

Approved by the trustees and signed on their behalf by:

Sister M. Brenda McBall

Superior General and Trustee

Date of approval:

28 November 2022.

Independent Auditor's Report to the Trustees of The Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the financial statements of The Congregation of the Sisters of Nazareth Generalate ('the charity') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 March 2022 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Independent auditor's report 31 March 2022

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 21-22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities

Independent auditor's report 31 March 2022

and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Advisory Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

London

13th December 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities Year to 31 March 2022

	Notes	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
Income:							
Donations and legacies	1	1,746,830	0	1,746,830	1,535,827	10,000,000	11,535,827
Investment income and interest receivable	2	480,539	0	480,539	467,609	0	467,609
Total income		2,227,369	0	2,227,369	2,003,436	10,000,000	12,003,436
Expenditure:							
Cost of raising funds							
- Investment managers' fees		12,051	0	12,051	9,117	0	9,117
Charitable activities							
- Supporting the regions of the Congregation	3	1,002,076	0	1,002,076	1,196,177	0	1,196,177
- Grants and donations in support of the Congregation's work	4	5,507,176	197,979	5,705,155	421,276	0	421,276
Total expenditure		6,521,303	197,979	6,719,282	1,626,570	0	1,626,570
Net income/(expenditure) before net investment gains on listed investments		(4,293,934)	(197,979)	(4,491,913)	376,866	10,000,000	10,376,866
Net investment gains on listed investments	11	1,373,202	0	1,373,202	2,462,827	0	2,462,827
Net income/(expenditure) and net movement in funds for the year	6	(2,920,732)	(197,979)	(3,118,711)	2,839,693	10,000,000	12,839,693
Transfer between funds		0	0	0	289,186	(289,186)	0
Reconciliation of funds:							
Fund balances brought forward at 1 April 2021		32,817,434	9,710,814	42,528,248	29,688,555	0	29,688,555
Fund balances carried forward at 31 March 2022		29,896,702	9,512,835	39,409,537	32,817,434	9,710,814	42,528,248

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

Balance sheet 31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets:					
Tangible assets	10		2,153,651		2,397,473
Listed investments	11		21,657,125		20,214,630
Investment properties	12		165,000		165,000
Total fixed assets			23,975,776		22,777,103
Current assets:					
Debtors					
- Amounts due within one year	13	2,680,634		2,552,635	
- Amounts due after one year	13	14,062,104		14,509,026	
Cash at bank and in hand		5,501,764		5,004,110	
Total current assets		22,244,502		22,065,771	
Liabilities:					
Creditors: amounts falling due within one year	14	(1,511,026)		(665,781)	
Provisions	14	(1,418,500)		(1,648,845)	
Net current assets			19,314,976		19,751,145
Total assets less current liabilities			43,290,752		42,528,248
Non Current Liabilities					
Creditor – amounts falling due after more than one year	14		(3,881,215)		0
Total net assets			39,409,537		42,528,248
The funds of the charity					
Unrestricted funds:					
- Designated funds	16		26,000,000		29,500,000
- Tangible fixed assets fund	16		2,153,651		2,397,473
- General fund	16		1,743,051		919,961
Total unrestricted funds			29,896,702		32,817,434
Restricted funds:					
- Development fund	16		9,512,835		9,710,814
Total charity funds			39,409,537		42,528,248

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

Sister H. Brenda McCall

Superior General and Trustee

Date of approval:

28 November 2022

Statement of cash flows Year to 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	89,857	8,029,915
Cash flows from investing activities:			
Investment income and interest received		480,539	463,809
Purchase of tangible fixed assets		(3,450)	(297,735)
Proceeds from the disposal of investments		17,331,708	2,400,000
Purchase of listed investment		(17,401,000)	(7,000,000)
Net cash used in investing activities		407,797	(4,433,926)
Change in cash and cash equivalents in the year		497,654	3,595,989
Cash and cash equivalents at 1 April 2021	B	5,004,110	1,408,121
Cash and cash equivalents at 31 March 2022	B	5,501,764	5,004,110

Notes to the statement of cash flows for the year to 31 March 2022

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(3,118,711)	12,839,693
Adjustments for:		
Investment income and interest receivable	(480,539)	(463,809)
Gains on investments	(1,373,202)	(2,462,827)
Depreciation of tangible fixed assets	247,271	218,414
Decrease / (increase) in debtors	318,923	(3,502,991)
Increase in creditors	4,496,115	1,401,435
Net cash used in operating activities	89,857	8,029,915

B Analysis of cash and cash equivalents

	2022 £	2021 £
Total cash and cash equivalents: Cash at bank and in hand	5,501,764	5,004,110

Principal accounting policies 31 March 2022

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

Charity information

The Congregation of the Sisters of Nazareth Generalate ('the Charity') is registered with the Charity Commission for England and Wales, registration number 1138876. It is incorporated in the United Kingdom and has its registered address at 169-175 Hammersmith Road, London W6 8DB.

Basis of preparation

These accounts have been prepared for the year to 31 March 2022 with comparative information given in respect to the year to 31 March 2021.

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Principal accounting policies 31 March 2022

- ♦ assessing the probability of the payment of a legal claim against the Charity and the probability of the payment being covered by insurance, where a claim has been notified.

Assessment of going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of update forecasts to 31 March 2024 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2027 and a consideration of key risks, including Covid-19 and economic uncertainty, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations including legacies. There is a risk that the effects of the pandemic, shortage of staff and rising inflation will reduce income in each of the regions and consequently this may reduce the amount that is paid to the Charity. During the last year, most houses and regions have remained resilient to the challenges and have continued to operate successfully, with appropriate changes to their operating practices. Admissions have restarted in most locations and occupancy in the homes is slowly increasing again. Admission embargoes are now much shorter and more targeted than was the case in the early days of the pandemic. The Charity has not accessed any of the government grants or loans provided in response to the Covid-19 pandemic and does not anticipate doing so.

Debtor balances have been reviewed and assessed and, as all loans are within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

Income recognition

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

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

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

Principal accounting policies 31 March 2022

A small number of volunteers assist the work of the Charity, for example, providing Mass or assisting with the work of the Heritage Centre. Their contribution is greatly appreciated. In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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

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

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

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

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.
- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign

Principal accounting policies 31 March 2022

exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice. All governance costs are allocated to expenditure on coordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are valued at historic cost.

Assets are depreciated at a rate calculated to write the value down to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Freehold land	not depreciated
Freehold buildings	50 years on a straight-line basis (2% per annum)
Leaseholder improvements	10 years on a straight-line basis (10% per annum) for refurbishments or component-based for new assets, varying from 10 to 50 years (2% to 10% per annum)
Motor vehicles	4 years on a straight-line basis (25% per annum)

Fixed asset investments

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

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

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

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investment properties

Investment properties are stated at their fair value at the balance sheet date.

Principal accounting policies 31 March 2022

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds structure

Restricted funds are monies given by a donor for specific purposes that can only be spent on the purpose for which they are given. Details of these funds are given in note 16.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 16.

The tangible fixed assets fund represents the net book value of the tangible fixed assets used to further the Charity's objectives and work. Movements on the fund are shown in note 16.

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

Services provided by members of the Congregation

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

Foreign currencies

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

Pension contributions

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

Notes to the accounts 31 March 2022

1 Donations and legacies

	2022 £	2021 £
Legacies	102,547	2,135
Pensions of individual Religious donated under a deed of covenant	162,234	130,843
Donations		
- American Area	397,019	370,780
- U.K. Region	293,700	284,180
- Australasian Region	322,219	318,046
- Irish Region	268,644	268,417
- African Region	10,000	10,000
- Other	4,186	5,285
- Restricted donation for Hammersmith redevelopment	0	10,000,000
Contribution from NCCT	100,000	100,000
Other voluntary income	86,281	46,141
	1,746,830	11,535,827

2 Investment income and interest receivable

	2022 £	2021 £
Interest receivable		
- Bank interest	21,166	17,374
- Rental income – investment properties	4,405	3,800
- Interest on loans to connected entities (note 21)	454,968	446,435
	480,539	467,609

Income from investment properties has been moved from donations to investment income from this year.

3 Supporting the regions of the Congregation

	2022 £	2021 £
Staff costs (note 7)	272,023	258,604
Maintenance of Sisters	136,419	136,709
Travel	61,676	1,033
IT and website development	44,855	119,893
Professional fees: finance and legal	50,195	58,296
Novitiate	46,856	46,946
Premises	35,006	29,121
Governance costs (note 5)	23,738	22,490
Foreign exchange losses	527	211,202
Depreciation – Hammersmith development	247,273	218,008
Other	83,508	93,875
	1,002,076	1,196,177

Support costs incurred by the Charity are detailed in the table in Note 3. They comprise the governance costs and the support functions of IT expenditure and Professional fees: finance and legal.

Notes to the accounts 31 March 2022

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

	2022 £	2021 £
The Congregation of the Sisters of Nazareth, Irish Region	44,180	158,493
Grants to the U.K. Region:		
- General	35,190	88,923
- Nazareth House Southend	236,591	115,825
- Nazareth House Hammersmith	197,979	38,203
- Scottish redress provision	5,161,215	0
- Other donations	30,000	19,832
	5,705,155	421,276

Claims for alleged historic abuse in the UK have been paid on behalf of the Congregation by our insurers and totalled £2,543,256 in 2022 (2021: £2,360,906). The expenditure has been netted off in the Statement of Financial Activities against the income from insurers of £2,543,256 in 2022 (2021: £2,360,906).

5 Governance

	2022 £	2021 £
Legal and professional fees	11,498	8,450
Audit and accountancy fees	12,240	14,040
	23,738	22,490

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

This is stated after charging:

	2022 £	2021 £
Auditor's remuneration including VAT		
Statutory audit (current year)	12,240	14,040

7 Staff costs and remuneration of key management personnel

	2022 £	2021 £
Wages and salaries	233,300	222,504
National Insurance costs	22,763	21,121
Other pension costs	15,960	14,979
	272,023	258,604

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

	2022 Number	2021 Number
£120,001 - £130,000	1	1

Notes to the accounts 31 March 2022

The average number of employees during the year was:

	2022	2021
Administration	4	3
Management	1	1

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis comprise the trustees and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £151,029 (2021: £145,098).

8 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the Charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2021 – none).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the Charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the Charity was £125,889 (2021: £117,893).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2021	19,500	1	2,809,967	2,829,468
Additions	0	0	3,450	3,450
At 31 March 2022	19,500	1	2,813,417	2,832,918
Depreciation				
At 1 April 2021	19,500	0	412,495	431,995
Charge for the year	0	0	247,272	247,272
At 31 March 2022	19,500	0	659,767	679,267
Net book values				
At 31 March 2022	0	1	2,153,650	2,153,651
At 31 March 2021	0	1	2,397,472	2,397,473

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

Notes to the accounts 31 March 2022

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. The Charity has paid for the cost of refurbishing one of the buildings used. This has been funded from a restricted donation and the cost of refurbishment has been shown as a tangible asset and as a restricted fund. The remainder of the restricted donation is shown as a restricted fund until it is spent.

In previous years, other buildings have been refurbished or extended. These are being treated as leaseholder improvements and are being depreciated according to the depreciation policy.

11 Listed investments

	2022 £	2021 £
Listed investments		
Market value at 1 April 2021	20,214,630	13,151,803
Additions at cost	17,401,000	7,000,000
Disposals at book value	(17,331,707)	(2,400,000)
Net gains on revaluation	1,373,202	2,462,827
Market value at 31 March 2022	21,657,125	20,214,630
Cost of listed investments at 31 March 2022	20,628,756	15,172,536

Listed investments held at 31 March 2022 comprised the following:

	2022 £	2021 £
U.K. fixed interest	3,531,443	3,535,824
U.K. common investment funds	18,125,682	16,678,806
	21,657,125	20,214,630

At 31 March 2022, listed investments included the following individual holdings which are deemed significant in the context of the portfolio as a whole:

	2022		2021	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
CCLA Catholic Investment Fund	18,125,684	83.69	0	0
BlackRock Catholic Charities Growth & Income Fund	0	0	16,678,806	82.51
Royal London Cash Plus Z Accumulation Fund	3,531,441	16.31	3,535,824	17.49
	21,657,125	100.00	20,214,630	100.00

Notes to the accounts 31 March 2022

12 Investment properties

	2022 £	2021 £
Investment properties	165,000	165,000
	165,000	165,000

The Charity owns two residential investment properties in Wellingborough, Northamptonshire that were gifted many years ago to the Charity and another local charity. In 2019 the Charity purchased the local charity's share of the properties and now owns both properties outright.

In preparation for the purchase, an independent valuation was carried out. Both properties are held in our accounts at the market value, taking into account the incumbent tenants and the fair rent clauses in their tenancies. The intent is to revalue the properties periodically or if there is a material change in the condition or circumstances of the properties.

The income due from the properties is treated as income from operating leases. The leases are registered with fair rent clauses, preventing a market rate of rent from being charged. They do not have expiry dates and the arrangement will continue for as long as the tenants wish to remain in the properties. The income received in 2021/22 was £4,405. It is expected that a similar amount will be received in each future year.

13 Debtors

	2022 £	2021 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	5,732,333	5,926,785
Loan to NRV Development (Blackburn) Limited*	523,266	683,766
Loan to NRV Development (Plymouth) Limited*	240,106	240,106
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to Nazareth House Dublin*	341,671	334,520
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	6,951,914	6,806,176
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	1,599,514	1,474,631
Legal claims reimbursed by insurance	1,343,500	1,573,844
Other debtors and prepayments	10,434	21,833
	16,742,738	17,061,661

* Details in respect to each of these loans and the contribution due are given in note 20.

The loan to NRV Development (Plymouth) Limited was not included in the 2021 accounts. The prior year comparison in these accounts has been restated to include it.

The legal claims debtor represents the expected amount to be reimbursed by our insurers in relation to the settlement of legal claims against the Congregation, which are shown as a provision in Note 15. The above debtors are due for receipt as follows:

	2022 £	2021 £
Amounts falling due within one year	2,680,634	2,552,635
Amounts falling due after one year	14,062,104	14,509,026
	16,742,738	17,061,661

Notes to the accounts 31 March 2022

14 Creditors and provisions:

	2022 £	2021 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	166,832	168,061
Congregation of the Sisters of Nazareth Charitable Trust	240,106	240,106
Trade Creditors	15,118	77,837
Sundry Creditors	14,467	15,151
Accruals and Deferred income	67,084	157,288
Social Security Creditor	7,419	7,338
Scottish Redress Scheme	4,881,215	0
	5,392,241	665,781
	2022 £	2021 £
Amounts falling due within one year	1,511,026	665,781
Amounts falling due after one year	3,881,215	0
	5,392,241	665,781

Provisions

	2022 £	2021 £
Legal claims	1,418,500	1,648,845
	1,418,500	1,648,845

The creditor owing to Congregation of the Sisters of Nazareth Charitable Trust was not included in the 2021 accounts. The prior year comparison in these accounts has been restated to include it.

The Congregation ran children's homes across England & Wales, Scotland and Northern Ireland until they closed in the 1980s. The legal claims provision represents ongoing claims at the year end for compensation in respect of alleged historic abuse of children in the Congregation's care. These amounts are expected to be paid within the next financial year. The vast majority is expected to be covered by insurance, shown as a debtor in Note 13. Further detail is provided in the contingent liabilities note.

15 Financial Instruments

At the balance sheet date, the Charity held financial assets at amortised cost of £22,244,502 (2021: £22,065,771) and Financial liabilities at amortised cost of £1,511,026 (2021: £665,781). The total income received in respect of financial assets held at amortised cost totalled £21,166 (2021: £17,374). The Charity held assets at fair value through income and expenditure of £21,657,125 (2021: £20,214,630). Movements in the year through the statement of financial activities comprised gains of £1,373,202 (2021: £2,462,827).

Notes to the accounts 31 March 2022

16 Movement in funds

	At 1 April 2021	Net movement in funds	At 31 March 2022	At 1 April 2020	Net movement in funds	At 31 March 2021
Restricted funds						
Development fund – Hammersmith	9,710,814	(197,979)	9,512,835	0	9,710,814	9,710,814
Unrestricted funds						
Property fund – Designated	22,500,000	(3,500,000)	19,000,000	19,370,404	3,129,596	22,500,000
Sisters support fund – Designated	7,000,000	0	7,000,000	7,000,000	0	7,000,000
Tangible fixed assets fund	2,397,473	(243,822)	2,153,651	2,318,151	79,322	2,397,473
General fund	919,961	823,090	1,743,051	1,000,000	(80,039)	919,961
	42,528,248	(3,118,711)	39,409,537	29,688,555	12,839,693	42,528,248

The net movement in the Property Fund and the General Fund includes a transfer of £3,500,000 from the Property fund to the General Fund to ensure the General fund is kept within its target range of 6-12 months expenditure.

The restricted funds of the Charity represent a restricted donation that is being used to refurbish an asset.

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

Property Fund

The Property Fund of £19m is set aside to provide loans or grants to regions requiring support for substantial building works.

Sisters' Support Fund

The Sisters' Support Fund of £7m is retained to provide Sisters who need nursing, care or other support, with the means to purchase it should public funding not be available. It is intended that care will usually be provided within one of the care homes operated by the Congregation.

Tangible Fixed Asset Fund

The unrestricted funds also include the tangible fixed assets fund which represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. A decision was made to separate this fund from the general fund in recognition of the fact that the assets are used in the day to day work of the Charity, and the fund value would not be realisable easily if needed to meet future contingencies.

17 Analysis of net assets between funds

	Designated funds £	Tangible fixed assets fund £	General fund £	Restricted fund £	Total 2022 £
Fund balances at 31 March 2022 are represented by:					
Tangible fixed assets	0	2,153,651	0	0	2,153,651
Listed investments	14,657,125	0	0	7,000,000	21,657,125
Investment property	165,000	0	0	0	165,000
Net current assets	11,177,875	0	1,743,051	2,512,835	15,433,761
Total net assets	26,000,000	2,153,651	1,743,051	9,512,835	39,409,537

Notes to the accounts 31 March 2022

	Designated funds £	Tangible fixed assets fund £	General fund £	Restricted fund £	Total 2021 £
Fund balances at 31 March 2021 are represented by:					
Tangible fixed assets	0	2,397,473	0	0	2,397,473
Listed investments	13,214,630	0	0	7,000,000	20,214,630
Investment property	165,000	0	0	0	165,000
Net current assets	16,120,370	0	919,961	2,710,814	19,751,145
Total net assets	29,500,000	2,397,473	919,961	9,710,814	42,528,248

The total unrealised gains as at 31 March 2022 constitute movements on revaluation and are as follows:

	2022 £	2021 £
Unrealised gains included above:		
On investments	1,018,998	5,055,974
Total unrealised gains at 31 March 2022	1,018,998	5,055,974
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 April 2021	5,055,974	2,600,316
In respect to disposals in the year	(5,410,178)	(7,169)
Net gains/(losses) arising on revaluation in the year	1,373,202	2,462,827
Total unrealised gains at 31 March 2022	1,018,998	5,055,974

18 Contingent liabilities and contingent assets

At 31 March 2022, the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the alleged historical abuse of children. The inquiries are at various stages, with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published its final report in October 2022, and the Scottish Child Abuse Inquiry publishing their report into the Sisters of Nazareth in May 2019.

The Charity expects to incur further legal costs in relation to all three inquiries. It is not possible at the present time to provide any meaningful estimate of future costs, some of which may be covered by insurance. It is also not possible to provide any meaningful estimate of the future costs of ongoing claims being brought against the Congregation for which there is no reliable estimate of the value or probability of a claim being paid, some of which may be covered by insurance.

Redress schemes have been established, in March 2020 for Northern Ireland, and in December 2021 for Scotland. England and Wales have not yet announced their intentions. An agreement has been reached to contribute to the cost of redress payments in Scotland and the cost of contributions has been included in these accounts as expenditure. The actual payments will be paid according to an agreed schedule of contributions. No agreement has been reached for Northern Ireland and it is not possible at the present time to provide any meaningful estimate of future contributions, if any.

Notes to the accounts 31 March 2022

19 Other commitments

The Charity has provided a guarantee to Allied Irish Bank to support a loan taken out by the Irish Region for building works.

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

At 31 March 2022, the Charity did not have any future capital commitments (2021: nil).

20 Related parties: connected entities

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

The Charity is also connected to two other UK registered charities:

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	◆ The support of the religious ministries and works by members of the Congregation (the Sisters) in the United Kingdom and the care of those Sisters. ◆ Ownership of 14 homes in England, Wales, Scotland and Northern Ireland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need, and a nursery.
Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	◆ The provision of nursing, residential and care services to older people in need through the operation of 12 homes within England, Wales and Scotland, and a nursery. ◆ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.

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

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

The Charity owes CSNCT £240,106 in respect of a grant that remains owing. This sum is included in creditors (note 14).

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

Notes to the accounts 31 March 2022

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

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

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

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. The loan is repayable by 2035 with interest charged at a commercial rate. The balance at 31 March 2022 was £4.15 million (2021: £4.4 million). In 2018/19 the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2022 was £1.58 million (2021: £1.53 million). The Charity owes CSNCT £0.24m (2021: £0.24m) in respect of a grant to fund a retirement village in Plymouth that remains owing.

NRV Development (Blackburn) Limited

In 2012 the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmerier Retirement Village, Preston New Road, Blackburn. At 31 March 2022, the loan balance was £0.523m (2021: £0.683m).

NRV Development (Plymouth) Limited

The Charity loaned NRV Development (Plymouth) Limited £6.1m to build a retirement village in Plymouth. The majority of the loan has been repaid and £0.24m (2021: £0.24m) is due from NRV Development (Plymouth) to repay the remainder.

The Charity has a financial relationship with two overseas connected charities:

Irish Region

Several loans have been provided to the Irish Region to finance refurbishment works at the Dublin, Mallow and Belfast Nazareth Houses. The previous loans were consolidated into a new loan agreement that was signed on 4 April 2022. At 31 March 2022, the balance of the loans, when converted to Sterling, amounted to £7.294 million (2021: £7.141 million) and is due to be repaid by 2034. Repayment of the loan is expected to commence in 2023. Interest is charged at a commercial rate.

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

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced; however, none were received in this financial year and the balance at 31 March 2022 was £1.6 million (2021: £1.475 million).

Notes to the accounts 31 March 2022

21 Ultimate control

The trustees of the Charity are the Superior General and four General Councillors of the Congregation *ex officio*.

22 Custodian funds

As at 31 March 2022, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2022 was £3,626 (2021: £9,397).

Accounts

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

Annual Report and Accounts

31 March 2021

Charity Registration Number 1138876
(England and Wales)

Contents

Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	20

Accounts

Statement of financial activities	23
Balance sheet	24
Statement of cash flows	25
Principal accounting policies	26
Notes to the accounts	32

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

Trustees	Sister Brenda McCall (Chair), AKA Sister Mary Brenda McCall Sister Valma Beatrice Cooper, AKA Sister Dominica of the Cross Cooper Sister Hannah Marie Dwyer, AKA Sister Hannah Maria Dwyer Sister Mary Veronica Kealey, AKA Sister Veronica Anne Kealey Sister Anne Bernadette Walsh, AKA Sister St Teresa Walsh
Superior General	Sister Mary Brenda McCall
Treasurer General	Sister Hannah Maria Dwyer
General Secretary	Sister Veronica Anne Kealey
Congregational Chief Executive	Kevin Barnes
Principal office	St Michaels Nazareth House 169-175 Hammersmith Road London W6 8DB
Email	generalate@sistersofnazareth.com
Website	www.sistersofnazareth.com
Charity registration number	1138876 (England and Wales)
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Investment managers	BlackRock Investment Management Limited 12 Throgmorton Avenue, London EC2N 2DL Royal London Asset Management 55 Gracechurch Street, London EC3V 0UF
Principal banker	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
Principal solicitor	Stone King LLP 13 Queen Square, Bath BA1 2HJ

OVERVIEW

During the financial year, the second full year for the current trustees, the Congregation has continued to work towards delivering its Mission, Vision and Aim, and living by its values. These are set out in full on the next page.

The main achievements during the 2020/21 year include:

1. The official opening of the Heritage Centre by Bishop Michael Campbell OSA, in September 2020. The Heritage Centre includes an exhibition of the Congregation's Foundress, Victoire Larmenier, and her legacy of the Congregation of the Sisters of Nazareth, along with a new, permanent home for the archive, which ensures the Congregation's precious paper records can be stored in environmentally controlled conditions.
2. Supporting the regions to manage their response to the Covid-19 pandemic and to keep the vulnerable residents and children in the Congregation's care as safe as possible.
3. Five novices made their first profession in September 2020 and shortly after returned to the African and Australasian Regions to continue their religious journey as Sisters of Nazareth.
4. Providing finances to the UK Region to enable them to repay a loan for the construction of the Glasgow care home and retirement apartments.
5. Prepare Nazareth House Southend for marketing, ready for a future sale of the site.

The year has also had its challenges, including deciding to close Nazareth House San Rafael in America after more than 60 years. This is due to a reduced number of residents and the difficulty of recruiting suitably qualified staff, both of which were exacerbated by the pandemic.

The issue of historic abuse of children in the Congregation's care continues to impact on our activities today. In May 2019, a report was issued by the Scottish Child Abuse Inquiry following the testimony in 2018 of the survivors of abuse in four residential children's homes in Scotland operated by the Congregation. The Congregation formally apologised for any mistreatment of those in our care and deeply regrets any harm or shortcomings in the care that was provided. The Congregation has and continues to co-operate with the Scottish Inquiry and the Inquiries held in Northern Ireland, Australia and New Zealand, each at different stages, and with those governments as they set up their redress schemes. All residential children's homes in each of these countries have now been closed for many years.

The year was dominated by the Covid-19 pandemic. This affected the work of the Congregation, curtailing travel and activities, and more directly the provision of care to the elderly and children who are looked after in the care homes and other services in each region. The Trustees pay tribute to the exceptional hard work of all the Sisters, staff, volunteers and others in Nazareth Care who have worked tirelessly to keep the residents safe, often putting the care of others ahead of their own safety and wellbeing. There can be no greater example of their commitment and living by the Core Values. Sadly, we have lost one Sister and have seen some residents lose their lives to the disease, along with two members of staff. Their families and friends are remembered in our prayers.

THE CONGREGATION'S AIM MISSION, VISION, AND VALUES

Aim

The Constitutions of the Congregation of the Sisters of Nazareth set out its aim:

"To glorify Almighty God by following Christ as our supreme rule of life. We do this by personal sanctification, by dedicating ourselves to the building up of God's kingdom, and by engaging in the particular ministries entrusted to us by the Church: care of the elderly, work with children, educational, pastoral and social works, and other ministries in accordance with the needs of time and place." (Constitution 1.3)

Mission

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

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

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

Vision

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

Core values

The Aim, Mission and Vision are supported by six Gospel based 'core values', derived from Scripture.

All who are associated with the work of the Congregation are expected to demonstrate a commitment to the Core Values:

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

Trustees' report 31 March 2021

A new programme, *Victoire's Legacy*, has been prepared and is ready to be delivered, which covers the legacy of the Foundress, the Core Values, safeguarding and interculturality. Meanwhile, the Congregation's *Mission Alive* programme continues to be used and reinforces the impact of its Mission and Core Values on its ministries. The programme provides training to staff and volunteers in the meaning and application of the Core Values and how to put them into practice in the workplace, ensuring the Core Values and Mission make each Nazareth House and service a distinctive place of care. The continuing and visible presence of Sisters in the services is a reminder to residents, relatives, staff and volunteers of the Congregation's origin and its ongoing commitment to providing spiritual and compassionate care to the elderly and others who benefit from these services.

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

STRUCTURE

The Congregation of the Sisters of Nazareth Generalate ('the Charity') supports the religious, educational, care and other charitable work of the Congregation of the Sisters of Nazareth ('the Congregation') across the world. The Congregation is an unincorporated international body of religious women – the Sisters of Nazareth ('the Sisters') – who were founded by Victoire Larmenier and recognised by the Holy See in 1864. The five trustees of the Charity are also the five elected leaders of the Congregation, the Superior General and four General Councillors. The Charity is based in the United Kingdom.

As of 31 March 2021, there were 203 Sisters (2020: 206) and 8 novices (2020: 9).

Most of the Congregation's ministries, or services, are provided within Nazareth Houses, which are mainly care homes for older people. As of 31 March 2021, the Congregation operated 34 Nazareth Houses, 8 retirement villages, 3 education services and 2 children's services in 37 different locations. They are organised into four regions and one area: Africa, America, Australasia, Ireland and United Kingdom. For this report only, the four regions and one area are all referred to as regions.

Each region consists of both a regional branch of the Congregation and an operating entity, which are charitable or not-for-profit organisations. Each regional branch of the Congregation owns the properties – the Nazareth Houses – and looks after the mission of the Congregation and the welfare of the Sisters in the region. The operating entities function under the name Nazareth Care (Nazareth House in America) and are delivered on behalf of the Congregation. They manage the care homes and other services, receive the income and employ the staff. This structure ensures that the Sisters retain control over the assets and mission of the Congregation while lay staff can manage the services and provide the care.

Each Nazareth Care is a separate legal entity with its own governing document and board of trustees, consisting of a majority of Sisters and supplemented with lay trustees. Each board is chaired by the Regional Superior, who is a member of the Congregation. Each region has a similar legal structure, although each is necessarily tailored to the legal jurisdiction in which it operates.

Trustees' report 31 March 2021

The Congregation, through the Superior General and the General Councillors, retains some decision making powers over the regions and the Charity holds the central reserves of the Congregation.

The Charity has no related parties or subsidiaries. There are several connected entities to the Charity, being other components of the Congregation. Those components in the United Kingdom are detailed in Note 21 to the accounts and consist of The Congregation of the Sisters of Nazareth Charitable Trust (charity registration number 228906 (England and Wales) and SC040507 (Scotland)) and Nazareth Care Charitable Trust (charity registration number 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales)) and its subsidiaries.

REVIEW OF THE YEAR

The trustees present the report and accounts of the Congregation of the Sisters of Nazareth Generalate for the year ended 31 March 2021.

During the year the Charity has supported the mission and care provided in the regions in many ways. These include providing guidance, formal approval, financing and ongoing monitoring and support to building works, changes to governing documents and any other significant developments.

At the most recent General Chapter, held in June 2018 in Hammersmith, London, the future direction of the Congregation was agreed upon, which forms the basis of the Congregational Plan for the next six years. The key elements of the plan are to:

1. Acknowledge the gift of interculturality in all aspects of the Congregation.
2. Review the impact of the changing strengths and availability of Sisters, to maintain the viability of the Congregation.
3. Embrace, study, promote and implement the principles of Catholic Social Teaching and Pope Francis' social encyclical on the environment, *Laudato Si'*, concerning ecological and social issues affecting the life and mission of the Congregation.
4. Safeguard the partnership between the Congregation and Nazareth Care.
5. Promote vocations and the initial and ongoing formation of the Sisters.

Delivery of these Recommendations will take time. Actions towards their delivery have commenced and include:

- An interculturality course in Rome was attended by four Sisters from the Congregation who then cascaded the course through each of the regions;
- Developing a new programme of induction and training for all Sisters and staff, exploring Victoire's legacy, our mission, the partnership, core values and interculturality;

Trustees' report 31 March 2021

- Reviewing the formation programme to support the training and ongoing formation of Sisters;
- Preparing and distributing a new Common Policy document for the Congregation including Nazareth Care to have a growing consciousness and practice around ecological and social issues.
- Considering ways of ensuring the viability of the Congregation with regard to the changing availability of Sisters;
- Strengthening the role of Sisters in the governance of the Congregation;
- Reviewing the partnership between the Congregation and Nazareth Care.

These and other actions are contained in the Global Congregational Plan and the Nazareth Care Global Plan, which are then cascaded down to the region, house and community plans.

Planning

The Global Congregational Plan and the Nazareth Care Global Plan form the top layer of a planning system that requires each region, service and community of Sisters to produce their own plans. The intention is for a 'golden thread' to flow from the General Chapter through all the plans, ensuring that all activities are focused on the Recommendations. The plans identify the many elements common to both plans that require the same actions by Sisters and lay staff.

Property

The Nazareth Heritage Centre in Hammersmith was officially opened in September 2020. The Centre contains a new exhibition commemorating and celebrating the life and legacy of the Congregation's Foundress, Victoire Larmenier, and provides a permanent home for the Congregation's archive. The collection has been added to during the year as the Centre becomes better known around the Congregation and more artefacts are gifted to the display.

The Novitiate was relocated during the year to a refurbished building on the Hammersmith site.

The volume of building work taking place in all regions has reduced during the pandemic, with just existing projects being continued and historic issues addressed. Consent was granted to permit the African Region to deal with a longstanding and complex land split in Port Elizabeth, South Africa and to the Australasian Region for a similar land transfer in Geraldton. Consent was also given for a new lease to be entered into for the care home in Ballymote, County Sligo in Ireland and to replace the roof of Nazareth House Northampton, which was urgently required.

Works previously approved have continued, including completing the refurbishment of part of Nazareth House Geraldton in Australia and the refurbishment and extension of Nazareth House Birkenhead in the UK. Plans are also being developed for upgrades and improvements to several other Nazareth Houses across all of the regions.

Finance

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

Each region provides a quarterly report on its operational financial performance, covering the activities of Nazareth Care including each Nazareth House. Unaudited accounts for each region show that total turnover for 2020/21 was £109 million, a decrease from £111 million in 2019/20. The decrease is mainly attributed to the reduction in the number of residents and then the closure of San Rafael midway through 2020/21, along with a weakening of the Dollar to Sterling exchange rate.

Four of the five regions improved their financial performance, generating a larger surplus or smaller deficit than the previous year, which will be used for reinvestment in capital projects.

The Charity provided a new loan to the UK Region to refinance the building of the Nazareth House Glasgow care home, reducing the interest rate payable. The Charity also provided further advances of the previously agreed funding to the UK Region for the extension and refurbishment of Nazareth House Birkenhead.

Nazareth House Southend

Nazareth House Southend was closed and the closing Mass was held on 28 February 2020. Since then, the site has been made available to the NHS as a Covid-19 test centre and to provide much needed temporary accommodation, pending a decision on the long-term future of the site. The site has subsequently been marketed for sale.

Inquiries

The Scottish Child Abuse Inquiry published its report in May 2019 into the work of the Sisters of Nazareth in four homes for children, which were all closed in the early 1980s. The report details the suffering and abuse reported by some children in our homes, for which we apologise profoundly. Evidence has been given to the Inquiry, most recently in October 2020 relating to child migration. In addition, we continue to co-operate with the Scottish Government with their Advance Payment Scheme and the development of Redress Scotland, following the passing of the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021, to support the survivors of abuse.

The Northern Ireland Historical Institutional Abuse Inquiry, the English inquiry, the Independent Inquiry into Child Sexual Abuse and in Australia, the Royal Commission into Institutional Responses to Child Sexual Abuse, have all previously published reports. The services that are cited in the reports have not been operated by any part of Congregation including the Charity, the UK Region or the Australasian Region for a long time. We continue our practice of co-operating with all of the Inquiries and providing ongoing support to the survivors.

Trustees' report 31 March 2021

Covid-19

The year was dominated by the Covid-19 pandemic. This affected the work of the Congregation, curtailing travel and activities, and more directly the provision of care to the elderly and children who are cared for in the care homes and other services in each region. The Sisters, management and staff response has been phenomenal, prioritising the care of others and we thank them for their efforts.

The Charity's activities have continued, with more activities delivered remotely, and the timing of others adjusted to reflect the ability to travel and making extensive use of video conferencing. All staff of the Charity have continued in their roles, many working remotely for at least part of the time.

Income and expenditure have only marginally been affected during the 2020/21 financial year. The largest source of income, donations from the regions, are based on an agreed methodology linked to the income in each region. Total donations have fallen by 4.6%, resulting from reductions in regional income referred to earlier in this report. This reduction has been compensated for by increases in interest charged on the loans provided, where a further £2.7m of loans have been advanced during the year.

Investment funds have performed strongly, increasing in value by £2.5m during the year, less the withdrawals to extend the loans. This follows a loss of £0.432m in the previous financial year.

Other activities

Other activities during the year included:

- monitoring the financial and operational performance of the regions, based on quarterly reports and commentaries received from them;
- reviewing the governance in regions;
- considering applications by regions for consents of various types, in particular relating to major building works and constitutional requirements;
- allocating funds to consented projects by way of grants and loans;
- monitoring investment performance and reviewing the investment managers used;
- keeping in touch with the houses and regions, mainly by video and telephone this year. The focus of these visits by the Superior General and her General Councillors is their pastoral care of each Sister's welfare, as well as providing opportunities to observe the operations within houses, monitor the governance within regions, encourage a strong partnership between the Congregation and Nazareth Care and update their knowledge of issues in each region and house.

FINANCIAL REPORT FOR THE PERIOD

The accounts have been prepared in accordance with the accounting policies set out on pages 26 to 31 of the attached accounts and comply with the Charity's trust deed, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and expenditure

The income and expenditure of the Charity are detailed in the Statement of Financial Activities, on page 23 of the accounts.

Unrestricted income for the year amounted to £2.003 million (2020 – £1.977 million). In addition, a restricted donation of £10 million was received in 2021 (2020 – nil). Unrestricted income is from two primary sources:

Donations and legacies of £1.540 million (2020 – £1.615 million). Donations are mainly from the regions and decreased this year, due to the closure of Nazareth House San Rafael and Nazareth House Southend, together with a weakening of the Dollar to Sterling exchange rate. In some other houses there has been an increase in occupancy and fees, which has resulted in increased donations to the Charity.

Income from investments totalled £0.464 million (2020 – £0.362 million), which is almost entirely interest on loans to fund building projects in the regions. Loans include funding for works at Nazareth Houses in Christchurch, New Zealand; Glasgow, Scotland; Dublin, Ireland; Mallow, Ireland; Belfast, Northern Ireland and Birkenhead, England. The loans for Glasgow and Birkenhead have been increased this year, which has resulted in more interest due.

An extremely generous, restricted donation was received during the year to fund the refurbishment of Nazareth House Hammersmith, the home of the Charity and the first house established by the foundress, Victoire Larmenier. The Charity and the Trustees are extremely grateful to the donor for their generosity, for which they have been thanked privately.

Expenditure increased to £1.627 million (2020 – £1.557 million) due to an increase in grants paid less a reduction in travel and not writing down a loan balance this year (2020 - £0.374 million). There were increases in depreciation following capital expenditure in the last few years in Hammersmith and an increase in foreign exchange losses reflecting a worsening of exchange rates used to calculate the Sterling equivalent of the loan balances.

Grants to the regions increased to £0.421 million (2020 - £0.195 million) to fund activities in Ireland and Southend and Hammersmith in the UK. Expenditure is detailed in Note 4 of the accounts.

Income less expenditure resulted in a gain for the year of £10.377 million (2020 – £0.421 million).

After investment gains of £2.463 million (2020 – loss of £0.432 million) the net movement in funds for the year was an increase of £12.840 million (2020 – decrease of £0.011 million), of which £9.710 million was held as a restricted fund at the end of the year.

Loans

No new loans were approved during the year. A new loan was approved in March 2020 and paid in April 2020, to the UK Region to refinance a commercial loan for the care home and retirement apartments in Glasgow. The new loan is consolidated with an existing debt from the Charity, also relating to Glasgow, and improves the overall repayment terms for the Charity.

Additional advances were made during the year for a previously agreed loan to the UK Region to extend and refurbish Nazareth House Birkenhead. This loan has now been paid in full.

The new loan advances, less repayments during the year, increased the Charity's debtor balance to £16.822 million (2020: £13.319 million) at 31 March 2021. Notes 13 and 21 to the accounts provide further details of the outstanding balances and the funding arrangements.

Cash flow and investment performance

The value of listed investments at 31 March 2021 was £20.215 million (2020 – £13.152 million). The increase represents investing £7 million of the £10 million restricted donation, the drawdown of funds from Royal London to fund the loan advances during the year and unrealised gains on revaluation.

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

Investments with a market value at 31 March 2021 of £16.679 million (2019 – £7.270 million) were held within the BlackRock Catholic Charities Growth and Income Fund. This is a common investment fund set up to provide charities with ethical investment in line with Catholic teaching. A further £3.536 million (2020 – £5.881 million) was held with Royal London Asset Management and invested in cash, deposits, money market instruments and short-dated government securities, aimed at delivering a positive return without additional risk.

Funds and reserves policy

The Charity's reserves of £42.528 million (2020 – £29.689 million) are divided between two designated funds, the tangible fixed assets fund, General Fund, and a restricted fund:

Designated funds:

- ♦ The Sisters' Support Fund: £7 million (2020 – £7 million) is retained to provide Sisters who need any support, including nursing or residential care in a Nazareth House, with the means to purchase it where public funds are not available and for other needs such as medical costs, training or emergencies. The amount is calculated based on the estimated future costs of providing care for Sisters, the number of Sisters, their ages, life expectancy, anticipated length of care and the cost of providing care. The level of the fund was reviewed during the year and the Charity confirmed that £7 million remained the appropriate level of the Fund.

Trustees' report 31 March 2021

- ♦ The Property Fund: £22.500 million (2020 – £19.370 million) was increased by £3.130 million (2020 reduced by £0.817 million) as a result of the increase in the value of investments and surplus generated during the year. The fund will be used to provide loans or grants to regions requiring support for building or other major works. This is expected to be the primary focus of the utilisation of the Charity's funds for some years as many properties require upgrading and remodelling to comply with current standards and expectations. Trustees have already used a proportion of the fund, demonstrated through the loan balances. They anticipate using more of the fund over the next five to ten years to continue the process of upgrading properties, subject to retaining sufficient funds to respond to emergencies. This may include additional costs to refurbish Nazareth House Hammersmith, as well as other sites in the UK and overseas.

Other funds:

The tangible fixed assets fund represents the value of the tangible fixed assets owned by the Generalate. The fund has increased from £2.318 million to £2.397 million during the year as new assets have been added and the existing assets have been depreciated.

The General Fund of £0.920 million (2020 – £1 million) is retained to cover the running costs of the Generalate in the event of a temporary loss of income, together with some capacity to support regions and houses experiencing unforeseen costs that cannot immediately be funded from other sources. The General Fund represents the only unrestricted and non-designated funds of the Charity, that can be spent as the trustees decide.

The General Fund is in line with the trustees' expectations and represents around nine months of operating expenditure, excluding foreign exchange losses. The trustees wish to retain between 6 and 12 months of operating expenditure in the General Fund to avoid any interruption to its activities in the case of a loss of income or the need for increased support to a region.

The restricted fund of £9.710 million (2020 - £0) is accounted for separately. £7 million (2020 - £0) is held in the BlackRock Catholic Charities Growth and Income Fund and the remainder is held in cash deposits to fund shorter-term cashflows.

During the year, £0.289 million (2020 - £0) had been spent from the fund on refurbishing and relocating the Novitiate. This has been capitalised and added to Fixed Assets.

Going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts to 31 March 2023 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2026 and a consideration of key risks, including Covid-19, that could negatively affect the Charity.

Trustees' report 31 March 2021

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations from the Sisters and legacies. There is a risk that the pandemic will reduce income in each of the regions during the year and consequently this will reduce the income that is paid to the Charity. During the last year, most houses and most regions have remained resilient to the challenges and have continued to operate successful houses, with appropriate changes to their operating practices. Admissions have restarted in most locations and occupancy in the homes is beginning to increase. Admission embargoes are now much shorter than was the case in the early days of the pandemic and the number of residents dying has reduced considerably. The impact is reflected in the reports and forecasts reviewed by the Trustees. Debtor balances have been reviewed and assessed and, as all loans are to within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Charity has not accessed any of the government grants or loans provided in response to the Covid-19 pandemic and does not anticipate doing so.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE PLANS

The focus over the next year and beyond will be implementing the Mandate and Recommendations from the General Chapter in 2018.

In addition, the Charity will continue to support the regions, particularly with their property developments and upgrades to ensure the best environment for delivering high quality care to residents. This has been especially difficult as they manage and come through the Covid-19 pandemic. The Charity continues to keep in regular contact with the regions to ensure they are coping, to understand the challenges they are facing and to see how they can be supported.

The Charity is also working closely with the UK Region to plan for the redevelopment of Nazareth House Hammersmith.

GOVERNANCE

The members of the Congregation are led by the Superior General, supported by four General Councillors. These five Sisters are elected every six years at the General Chapter, which is attended by representatives of the whole Congregation. The General Chapter, while in session, is the highest authority in the Congregation. Before each Chapter there is considerable consultation with all Sisters through a series of Regional Chapters, other region-based meetings and papers distributed for discussion. The Regional Chapters elect Sisters to attend the General Chapter on behalf of all Sisters. The June 2018 General Chapter was attended by 32 *ex-officio* and elected Sisters from the Congregation. This consultative approach provides the elected representatives with information and views from all Sisters across the Congregation on the issues to be discussed.

Trustees' report 31 March 2021

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

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

Sister Brenda McCall ('Sister Mary Brenda')

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

Sister Valma Beatrice Cooper ('Sister Dominica of the Cross')

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

Sister Anne Bernadette Walsh ('Sister St Teresa')

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

Sister Mary Veronica Kealey ('Sister Veronica Anne')

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

Sister Hannah Maria Dwyer ('Sister Hannah Maria')

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

Trustees' report 31 March 2021

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

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

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

Trustees' powers include but are not limited to:

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

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

New trustees are inducted by the existing trustees and staff and training is provided.

Charity Governance Code

The Charity has assessed its compliance with the principles of the Charity Governance Code, undertaking a detailed review in June 2020. It considers that it fully meets 54 of the 76 items of recommended practice in the Code and is working towards another nine items. Two items are not met and 11 that it considers are not relevant to the charity.

The two unmet areas are benchmarking with similar organisations and considering information from other similar organisations and reporting on how the charity evaluates the board effectiveness in this report. Formally assessing board effectiveness is one of the areas that it is working towards.

Trustees' report 31 March 2021

The non-relevant areas are mostly concerning the recruitment of trustees, as the Constitutions require some appointments to be made from within the Congregation, which limits the advertising, diversity and breadth of board skills. This is compensated for by having trustees who are wholly committed to the Congregation and the Charity without outside distractions, and the use of external advisors and outside expertise on committees to provide greater diversity and breadth of skills.

Key management personnel

The trustees consider that they, with the assistance of the Congregational Chief Executive, comprise the key management of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. Decisions are made by the trustees unless they have been delegated to the Congregational Chief Executive as part of the approved general delegation or as agreed when making a specific decision.

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

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

In accordance with the Statement of Recommended Practice we:

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

Staff remuneration does not include any share options or long-term incentive schemes as there are none.

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

Grant-making policy

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

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

Investment policy

The Charity's constitution does not restrict the trustees' powers of investment. The choice of investments is heavily influenced by the ethical investment policy, which is designed to avoid, as far as is reasonably possible, any significant investment in organisations that produce goods or services at odds with the teachings of Catholicism, particularly regarding the sanctity of human life.

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

The BlackRock fund's investment objective is to achieve a return net of fees in excess of its benchmark, over a period of five or more years, whilst adhering to its ethical investment policy.

The Royal London fund aims to deliver a positive return in a range of market conditions without taking additional risk, by investing in cash, deposits, money market instruments and short-dated government securities.

A review of the investment managers was undertaken during the year and some changes were agreed towards the end of the financial year, which will be implemented during 2021/22.

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

The Charity uses the expertise from its investment managers to help with the management of its investment funds and will purchase additional advice where necessary as well as draw upon the knowledge of the Advisory Finance Committee members and the key management personnel.

Public benefit

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011 when considering the Charity's objectives and activities. All activities relate to the general objectives of the Charity through supporting Sisters and delivering care to the elderly and children, delivered through overseeing and supporting regions, providing financial contributions, advice and guidance within which regions operate. In these ways, the Charity is delivering a public benefit.

Risk management

The Charity reviewed its risk management framework during the year and agreed that there are five primary categories of risk: Mission, Spirit and Values; Governance; Safeguarding; Financial; Organisational and External Environment risks. In each category, it has agreed how willing it is to take risks to achieve its objectives and how it would endeavour to reduce risks where they are unacceptable to the organisation, its purpose or values.

Trustees' report 31 March 2021

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

- A loss of spirit or mission. The risk increases as the number of Sisters decrease and the role of paid staff in management positions increases. There are several programmes available in regions to ensure the mission is well understood and communicated, such as Victoire's Legacy, Mission Alive and the Core Values of the organisation. Sisters remain intrinsic to each house and are visible throughout each house. Mass is held each day in most houses. Visits occur from the Generalate to each region and each house (not in 2020/21). Alternative arrangements have been introduced in three regions to explore models that can operate with fewer Sisters including some sites operating as satellites with visiting Sisters. These are evaluated on an ongoing basis.
- Governance shortcomings. Governance arrangements ensure that the Charity board of trustees is made up entirely of Sisters who are supported by lay staff and advisors as necessary. In the regions, all boards consist of up to nine trustees, a majority of whom are Sisters. There is a strong set of Constitutions, Directives, Governance Handbook and reporting mechanisms covering all aspects of governance to ensure that regions administer their operations in accordance with the standards expected by the Charity.
- Safeguarding incidents either now or in the past. Current safeguarding risks are well managed through comprehensive training and procedures and are more likely to occur in one of the regions, where they directly interact with vulnerable individuals. The impact on the Charity is by association and the consequential impact on the Charity's reputation. The historical risk remains and is largely managed by the Charity. We have reviewed many practices and have and continue to cooperate fully with all public Inquiries and with individuals making their own enquiries or civil proceedings. Many safeguarding risks are covered by insurance.
- Financial failure through a region or the Charity not being able to meet its commitments, such as the repayment of a loan or a building project not being delivered to budget. The shared brand and support mechanisms ensure that if one part of the Congregation struggles, others will step in to support it. Due diligence is undertaken before commitments are made and insurance is taken out where it is appropriate to do so. There is a process of continual oversight of the financial performance of each region and cashflow forecasting for the Charity to ensure that there are sufficient, liquid funds to meet all reasonable eventualities.
- Organisational risks at the Charity include an over-reliance on key individuals, the reputational damage associated with the failure of a service either now or in the past or the impact of investment or foreign exchange fluctuations. There is an awareness of these risks and contingency plans built in wherever possible to minimise their impact, for example, through the recruitment of skilled individuals, the sharing of information and the use of professional advisors where appropriate to do so. All services are externally regulated to ensure standards are continually met and/or improved.

Trustees' report 31 March 2021

- External environment changes have a material impact on the work of the Charity through, for example, major changes to the funding or legislation concerning the care of the elderly at the end of their lives or changed, public perceptions of the Catholic Church or a global health crisis or recession, such as the Covid-19 pandemic currently being faced.

Fundraising policy

The Charity does not proactively fundraise or solicit donations towards its work. It has therefore not signed up to the Fundraising Regulator.

When fundraising income is received, the Charity aims to achieve best practice in the way it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or swaps data and ensures that communication preferences can be changed at any time. The Charity does not employ the services of professional fundraisers. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2020/21 the Charity received no complaints about its fundraising activities (2019/20: none).

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming / outgoing resources for that period. In preparing these accounts, the trustees are required to:

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

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial

Trustees' report 31 March 2021

position of the Charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees and signed on their behalf by:

Sx M. Brenda McBall.

Superior General and Trustee

Date of approval: 10 SEPTEMBER 2021

Independent Auditor's Report to the Trustees of The Congregation of the Sisters of Nazareth Generalate

Opinion

We have audited the financial statements of The Congregation of the Sisters of Nazareth Generalate ('the charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity'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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 18-19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities

Independent auditor's report 31 March 2021

and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Advisory Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

London

Date: 20th September 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities Year to 31 March 2021

	Notes	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total funds £
Income:							
Donations and legacies	1	1,539,627	10,000,000	11,539,627	1,614,711	0	1,614,711
Investment income and interest receivable	2	463,809	0	463,809	362,455	0	362,455
Total income		2,003,436	10,000,000	12,003,436	1,977,166	0	1,977,166
Expenditure:							
Cost of raising funds							
- Investment managers' fees		9,117	0	9,117	7,797	0	7,797
Charitable activities							
- Coordination and direction of, and the provision of advice to, the regions of the Congregation	3	1,196,177	0	1,196,177	1,354,167	0	1,354,167
- Grants and donations in support of the Congregation's work	4	421,276	0	421,276	194,627	0	194,627
Total expenditure		1,626,570	0	1,626,570	1,556,591	0	1,556,591
Net income/(expenditure) before net investment gains on listed investments		376,866	10,000,000	10,376,866	420,575	0	420,575
Net investment gains / (losses) on listed investments	11	2,462,827	0	2,462,827	(432,032)	0	(432,032)
Net income/(expenditure) and net movement in funds for the year	6	2,839,693	10,000,000	12,839,693	(11,457)	0	(11,457)
Transfer between funds		289,186	(289,186)	0	0	0	0
Reconciliation of funds:							
Fund balances brought forward at 1 April 2020		29,688,555	0	29,688,555	29,700,012	0	29,700,012
Fund balances carried forward at 31 March 2021		32,817,434	9,710,814	42,528,248	29,688,555	0	29,688,555

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

Balance sheet 31 March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets:					
Tangible assets	10		2,397,473		2,318,151
Listed investments	11		20,214,630		13,151,803
Investment properties	12		165,000		165,000
Total fixed assets			22,777,103		15,634,954
Current assets:					
Debtors					
- Amounts due within one year	13	2,312,529		899,094	
- Amounts due after one year	13	14,509,026		12,419,470	
Cash at bank and in hand		5,004,110		1,408,121	
Total current assets		21,825,665		14,726,685	
Liabilities:					
Creditors: amounts falling due within one year	14	(425,675)		(385,971)	
Provisions	15	(1,648,845)		(287,113)	
Net current assets			19,751,145		14,053,601
Total net assets			42,528,248		29,688,555
The funds of the charity	17,18				
Unrestricted funds:					
- Designated funds			29,500,000		26,370,404
- Tangible fixed assets fund			2,397,473		2,318,151
- General fund			919,961		1,000,000
Total unrestricted funds			32,817,434		29,688,555
Restricted funds:					
- Development fund			9,710,814		0
Total charity funds			42,528,248		29,688,555

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

Fr H Brinde M^c Ball

Superior General and Trustee

Date of approval: 10 SEPTEMBER 2021

Statement of cash flows Year to 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	<u>8,029,915</u>	<u>(2,425,298)</u>
Cash flows from investing activities:			
Investment income and interest received		463,809	362,455
Purchase of tangible fixed assets		(297,735)	(916,218)
Proceeds from the disposal of investments		2,400,000	3,350,000
Purchase of listed investment		(7,000,000)	0
Purchase of investment property		0	(85,929)
Net cash used in investing activities		<u>(4,433,926)</u>	<u>2,710,308</u>
Change in cash and cash equivalents in the year		3,595,989	285,010
Cash and cash equivalents at 1 April 2020	B	1,408,121	1,123,111
Cash and cash equivalents at 31 March 2021	B	<u>5,004,110</u>	<u>1,408,121</u>

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

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	12,839,693	(11,457)
Adjustments for:		
Investment income and interest receivable	(463,809)	(362,455)
Losses/(gains) on investments	(2,462,827)	432,032
Depreciation of tangible fixed assets	218,414	110,895
Increase in debtors	(3,502,991)	(2,453,391)
Increase/(decrease) in creditors	1,401,435	(140,922)
Net cash used in operating activities	<u>8,029,915</u>	<u>(2,425,298)</u>

B Analysis of cash and cash equivalents

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	<u>5,004,110</u>	<u>1,408,121</u>

Principal accounting policies 31 March 2021

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

Charity information

The Congregation of the Sisters of Nazareth Generalate ('the Charity') is registered with the Charity Commission for England and Wales, registration number 1138876. It is incorporated in the United Kingdom and has its registered address at 169-175 Hammersmith Road, London W6 8DB.

Basis of preparation

These accounts have been prepared for the year to 31 March 2021 with comparative information given in respect to the year to 31 March 2020.

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Principal accounting policies 31 March 2021

- ♦ assessing the probability of the payment of a legal claim against the Charity and the probability of the payment being covered by insurance, where a claim has been notified.

Assessment of going concern

The trustees have assessed the Charity's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of update forecasts to 31 March 2023 covering income, expenditure, cash and reserves, the long-term cashflow forecast to 31 March 2026 and a consideration of key risks, including Covid-19, that could negatively affect the Charity.

The Charity is funded primarily by donations from the Regions within the Congregation together with other donations from the Sisters and legacies. There is a risk that the pandemic will reduce income in each of the regions during the year and consequently this will reduce the income that is paid to the Charity. During the last year, most houses and most regions have remained resilient to the challenges and have continued to operate successful houses, with appropriate changes to their operating practices. Admissions have restarted in most locations and occupancy in the homes is beginning to increase. Admission embargoes are now much shorter than was the case in the early days of the pandemic and the number of residents dying has reduced considerably. The impact is reflected in the reports and forecasts reviewed by the Trustees. Debtor balances have been reviewed and assessed and, as all loans are to within the Congregation, they are considered to be repayable in full. The budget and forecasts for the forthcoming year are considered to be deliverable and the cashflow forecast shows that there are sufficient cash and liquid resources and forecast inflows for the period of review, with the support of the unrestricted reserves if required.

The Charity has not accessed any of the government grants or loans provided in response to the Covid-19 pandemic and does not anticipate doing so.

The Trustees therefore have a reasonable expectation that the Charity has sufficient resources to continue in operational existence for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and financial statements.

Income recognition

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

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

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

Principal accounting policies 31 March 2021

within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

A small number of volunteers assist the work of the Charity, for example, providing Mass or assisting with the work of the Heritage Centre. Their contribution is greatly appreciated. In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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

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

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

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

Expenditure recognition and the basis of allocating governance costs

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. The costs of raising funds comprise the fees paid to investment managers in connection with the management of the Charity's listed investments, net of rebates received. Rebates arise when the fees deducted automatically through charges for common investment funds and related transactions exceed the fees agreed between the Charity and its investment managers.

Principal accounting policies 31 March 2021

- b. The costs of charitable activities comprise expenditure on the Charity's primary purposes as described in the trustees' report and include the support of the Congregation's work in the United Kingdom and overseas. In the main such expenditure comprises the coordination and direction of, and the provision of advice to, the regions of the Congregation, losses on foreign exchange and the provision of grants and donations to projects of the Congregation. Grants payable are included in the statement of financial activities when approved by the trustees and all conditions have been fulfilled by the intended recipient. Provision is made for grants and donations approved but unpaid at the period end.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice. All governance costs are allocated to expenditure on coordination and direction of, and the provision of advice to, the regions of the Congregation.

Tangible fixed assets

All assets costing more than £2,500 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are valued at historic cost.

Assets are depreciated at a rate calculated to write the value down to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Freehold land	not depreciated
Freehold buildings	50 years on a straight-line basis (2% per annum)
Leaseholder improvements	10 years on a straight-line basis (10% per annum) for refurbishments or component-based for new assets, varying from 10 to 50 years (2% to 10% per annum)
Motor vehicles	4 years on a straight-line basis (25% per annum)

Fixed asset investments

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

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

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

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments are

Principal accounting policies 31 March 2021

held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investment properties

Investment properties are stated at their fair value at the balance sheet date.

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds structure

Restricted funds are monies given by a donor for specific purposes that can only be spent on the purpose for which they are given. Details of these funds are given in note 17.

The designated funds are monies set aside out of general funds and designated for specific purposes by the trustees. Details of these funds are given in note 17.

The tangible fixed assets fund represents the net book value of the tangible fixed assets used to further the Charity's objectives and work. Movements on the fund are shown in note 18.

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

Services provided by members of the Congregation

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

Foreign currencies

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

Principal accounting policies 31 March 2021

Pension contributions

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

Notes to the accounts 31 March 2021

1 Donations and legacies

	2021 £	2020 £
Legacies	2,135	22,910
Pensions of individual Religious donated under a deed of covenant	130,843	125,773
Donations		
- American Area	370,780	416,724
- U.K. Region	284,180	361,490
- Australasian Region	318,046	310,888
- Irish Region	268,417	246,896
- African Region	10,000	13,000
- Other	5,287	1,000
- Restricted donation for Hammersmith redevelopment	10,000,000	0
Contribution from NCCT	100,000	100,000
Other voluntary income	49,941	16,030
	11,539,627	1,614,711

2 Investment income and interest receivable

	2021 £	2020 £
Interest receivable		
- Bank interest	17,374	1,897
- Interest on loans to connected entities (note 21)	446,435	360,558
	463,809	362,455

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

	2021 £	2020 £
Staff costs (note 7)	258,604	243,051
Maintenance of Sisters	136,709	109,834
Travel	1,033	94,413
IT and website development	119,893	48,898
Professional fees: finance and legal	58,296	48,106
Novitiate	46,946	29,916
Premises	29,121	21,809
Governance costs (note 5)	22,490	17,244
Foreign exchange losses	211,201	84,838
Depreciation – Hammersmith development	218,009	106,020
Loan write-down	0	374,234
Other	93,875	175,804
	1,196,177	1,354,167

Support costs incurred by the Charity are detailed in the table in Note 3. They comprise the governance costs and the support functions of IT expenditure and Professional fees: finance and legal.

Notes to the accounts 31 March 2021

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

	2021 £	2020 £
The Congregation of the Sisters of Nazareth, Irish Region	158,493	160
Grants to the U.K. Region:		
- General	88,923	72,224
- Nazareth House Southend	115,825	76,781
- Nazareth House Hammersmith	38,203	0
- Other donations	19,832	45,462
	421,276	194,627

Claims for alleged historic abuse in the UK have been paid on behalf of the Congregation by our insurers and totalled £2,360,906 in 2021 (2020 - £949,529). The expenditure and income from the insurers of £2,360,906 in 2021 (2020 - £949,529) have been netted off in the Statement of Financial Activities.

5 Governance

	2021 £	2020 £
Legal and professional fees	8,450	7,140
Audit and accountancy fees	14,040	10,104
	22,490	17,244

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

This is stated after charging:

	2021 £	2020 £
Auditor's remuneration including VAT		
Statutory audit (current year)	14,040	10,104

7 Staff costs and remuneration of key management personnel

	2021 £	2020 £
Wages and salaries	222,504	208,676
National Insurance costs	21,121	19,752
Other pension costs	14,979	14,624
	258,604	243,052

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

	2021 Number	2020 Number
£120,001 - £130,000	1	1

Notes to the accounts 31 March 2021

The average number of employees during the year was:

	2021	2020
Administration	3	4
Management	1	1

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis comprise the trustees and the Congregational Chief Executive. The total remuneration (including taxable benefits, employer's national insurance and employer's pension contributions) of the key management personnel for the year was £145,098 (2020 – £140,858).

8 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Congregation and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Congregation, are borne by the Charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2020 – none).

As members of the Congregation, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the Charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the Charity was £117,893 (2020 – £113,181).

9 Taxation

The Congregation of the Sisters of Nazareth Generalate is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

10 Tangible fixed assets

	Motor vehicles £	Cemetery £	Property refurbishment £	Total £
Cost				
At 1 April 2020	19,500	1	2,512,231	2,531,732
Additions	0	0	297,736	297,736
At 31 March 2021	19,500	1	2,809,967	2,829,468
Depreciation				
At 1 April 2020	19,094	0	194,487	213,581
Charge for the year	406	0	218,009	218,415
At 31 March 2021	19,500	0	412,496	431,995
Net book values				
At 31 March 2021	0	1	2,397,471	2,397,472
At 31 March 2020	406	1	2,317,744	2,318,151

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

Notes to the accounts 31 March 2021

There is an informal arrangement between The Congregation of the Sisters of Nazareth Charitable Trust, which owns the property at Nazareth House, Hammersmith, and the Charity, that the Charity may use space on the site of Nazareth House Hammersmith. During the financial year, the Charity has paid for the cost of refurbishing one of the buildings used. This has been funded from a restricted donation and the cost of refurbishment has been shown as a tangible asset and as a restricted fund. The remainder of the restricted donation is shown as a restricted fund until it is spent.

In previous years, other buildings have been refurbished or extended. These are being treated as leaseholder improvements and are being depreciated according to the depreciation policy.

11 Listed investments

	2021 £	2020 £
Listed investments		
Market value at 1 April 2020	13,151,803	16,933,835
Additions at cost	7,000,000	0
Disposals at book value	(2,400,000)	(3,350,000)
Net (losses)/gains on revaluation	2,462,827	(432,032)
Market value at 31 March 2021	20,214,630	13,151,803
Cost of listed investments at 31 March 2021	15,172,536	10,565,367

Listed investments held at 31 March 2021 comprised the following:

	2021 £	2020 £
U.K. fixed interest	3,535,824	5,881,460
U.K. common investment funds	16,678,806	7,270,343
	20,214,630	13,151,803

At 31 March 2021, listed investments included the following individual holdings which are deemed significant in the context of the portfolio as a whole:

	2021		2020	
	Market value of holding £	Percentage of portfolio %	Market value of holding £	Percentage of portfolio %
BlackRock Catholic Charities Growth & Income Fund	16,678,806	82.51	7,270,343	55.28
Royal London Cash Plus Z Accumulation Fund	3,535,824	17.49	5,881,460	44.72
	20,214,630	100.00	13,151,803	100.00

12 Investment properties

	2021 £	2020 £
Investment properties	165,000	165,000
	165,000	165,000

Notes to the accounts 31 March 2021

The Charity owns two residential investment properties in Wellingborough, Northamptonshire that were gifted many years ago to the Charity and another local charity. In 2019 the Charity purchased the local charity's share of the properties and now owns both properties outright.

In preparation for the purchase, an independent valuation was carried out. Both properties are held in our accounts at the market value, taking into account the incumbent tenants and the fair rent clauses in their tenancies. The intent is to revalue the properties periodically or if there is a material change in the condition or circumstances of the properties.

The income due from the properties is treated as income from operating leases. The leases are registered with fair rent clauses, preventing a market rate of rent from being charged. They do not have expiry dates and the arrangement will continue for as long as the tenants wish to remain in the properties. The income received in 2020/21 was £3,800. It is expected that a similar amount will be received in each future year.

13 Debtors

	2021 £	2020 £
Loan to The Congregation of the Sisters of Nazareth Charitable Trust*	5,926,785	3,259,576
Loan to NRV Development (Blackburn) Limited*	683,766	1,179,766
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to Nazareth House Dublin*	334,520	337,634
Loan to Irish Region of The Congregation of the Sisters of Nazareth in respect to the Dublin, Mallow and Belfast developments*	6,806,176	6,869,279
Loan to Australasian Region of The Congregation of the Sisters of Nazareth in respect to development at Christchurch New Zealand*	1,474,631	1,338,927
Legal claims reimbursed by insurance	1,573,844	287,113
Other debtors and prepayments	21,833	46,269
	16,821,555	13,318,564

* Details in respect to each of these loans and the contribution due are given in note 21.

The legal claims debtor represents the expected amount to be reimbursed by our insurers in relation to the settlement of legal claims against the Congregation, which are shown as a provision in Note 15. The above debtors are due for receipt as follows:

	2021 £	2020 £
Amounts falling due within one year	2,312,529	899,094
Amounts falling due after one year	14,509,026	12,419,470
	16,821,555	13,318,564

Notes to the accounts 31 March 2021

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts held on behalf of individual members of The Congregation of the Sisters of Nazareth	168,061	191,655
Trade Creditors	77,837	75,346
Sundry Creditors	15,151	14,205
Accruals and Deferred income	157,288	97,657
Social Security Creditor	7,338	7,108
	425,675	385,971

15 Provisions

	2021 £	2020 £
Legal claims	1,648,845	287,113
	1,648,845	287,113

The Congregation ran children's homes across England & Wales, Scotland and Northern Ireland until they closed in the 1980s. The legal claims provision represents ongoing claims at the year end for compensation in respect of alleged historic abuse of children in the Congregation's care. These amounts are expected to be paid within the next financial year. The vast majority is expected to be covered by insurance, shown as a debtor in Note 13. Further detail is provided in the contingent liabilities note.

16 Financial Instruments

At the balance sheet date, the Charity held financial assets at amortised cost of £21,825,665 (2020 £14,414,150) and Financial liabilities at amortised cost of £425,675 (2020 £385,971). The total income received in respect of financial assets held at amortised cost totalled £17,374 (2020: £1,897). The Charity held assets at fair value through income and expenditure of £20,214,630 (2020: £13,151,803). Movements in the year through the statement of financial activities comprised gains of £2,462,827 (2020: Loss £432,032)

17 Movement in funds

	At 1 April 2020	Net movement in funds	At 31 March 2021	At 1 April 2019	Net movement in funds	At 31 March 2020
Restricted funds						
Development fund – Hammersmith	0	9,710,814	9,710,814	0	0	0
Unrestricted funds						
Property fund – Designated	19,370,404	3,129,596	22,500,000	20,187,184	(816,780)	19,370,404
Sisters support fund – Designated	7,000,000	0	7,000,000	7,000,000	0	7,000,000
Tangible fixed assets fund	2,318,151	79,322	2,397,473	1,512,828	805,323	2,318,151
General fund	1,000,000	(80,039)	919,961	1,000,000	0	1,000,000
	29,688,555	12,839,693	42,528,248	29,700,012	(11,457)	29,688,555

Notes to the accounts 31 March 2021

The net movement in the Development Fund and the General Fund includes a transfer of £289,186 from the Development Fund to the General Fund in respect of capital expenditure incurred during the year from the Development Fund.

The restricted funds of the Charity represent a restricted donation that is being used to refurbish an asset.

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

Property Fund

The Property Fund of £22.5m is set aside to provide loans or grants to regions requiring support for substantial building works.

Sisters' Support Fund

The Sisters' Support Fund of £7m is retained to provide Sisters who need nursing, care or other support, with the means to purchase it should public funding not be available. It is intended that care will usually be provided within one of the care homes operated by the Congregation.

The unrestricted funds also include the tangible fixed assets fund which represents the net book value of the Charity's tangible fixed assets used to further the Charity's objectives and work. A decision was made to separate this fund from the general fund in recognition of the fact that the assets are used in the day to day work of the Charity, and the fund value would not be realisable easily if needed to meet future contingencies.

18 Analysis of net assets between funds

	Designated funds £	Tangible fixed assets fund £	General fund £	Restricted fund £	Total 2021 £
Fund balances at 31 March 2021 are represented by:					
Tangible fixed assets	0	2,397,473	0	0	2,397,473
Listed investments	13,214,630	0	0	7,000,000	20,214,630
Investment property	165,000	0	0	0	165,000
Net current assets	16,120,370	0	919,961	2,710,814	19,751,145
Total net assets	29,500,000	2,397,473	919,961	9,710,814	42,528,248

	Designated funds £	Tangible fixed assets fund £	General fund £	Restricted fund £	Total 2020 £
Fund balances at 31 March 2020 are represented by:					
Tangible fixed assets	0	2,318,151	0	0	2,318,151
Listed investments	13,151,803	0	0	0	13,151,803
Investment property	165,000	0	0	0	165,000
Net current assets	13,053,601	0	1,000,000	0	14,053,601
Total net assets	26,370,404	2,318,151	1,000,000	0	29,688,555

The total unrealised gains as at 31 March 2021 constitute movements on revaluation and are as follows:

Notes to the accounts 31 March 2021

	2021 £	2020 £
Unrealised gains included above:		
On investments	5,055,974	2,600,316
Total unrealised gains at 31 March 2021	5,055,974	2,600,316
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 April 2020	2,600,316	3,032,348
In respect to disposals in the year	(7,169)	13,880
Net (losses)/gains arising on revaluation in the year	2,462,827	(445,912)
Total unrealised gains at 31 March 2021	5,055,974	2,600,316

19 Contingent liabilities and contingent assets

At 31 March 2021, the Charity was funding legal and other costs incurred relating to statutory inquiries that have been established in Northern Ireland, Scotland and England and Wales, into the alleged historical abuse of children. The inquiries are at various stages, with the Historical Institutional Abuse Inquiry in Northern Ireland having reported in January 2017, the England and Wales Independent Inquiry into Child Sexual Abuse has published an interim report and continues to hear evidence, and the Scottish Child Abuse Inquiry publishing their report into the Sisters of Nazareth in May 2019.

The Charity expects to incur further legal costs in relation to all three inquiries. It is not possible at the present time to provide any meaningful estimate of future costs, some of which may be covered by insurance. It is also not possible to provide any meaningful estimate of the future costs of ongoing claims being brought against the Congregation for which there is no reliable estimate of the value or probability of a claim being paid, some of which may be covered by insurance.

Redress schemes are being established, in March 2020 for Northern Ireland, and currently being set up in Scotland. England and Wales have not yet announced their intentions. Contributions to the redress schemes, if any, have not yet been agreed upon. It is not possible at the present time to provide any meaningful estimate of future contributions.

20 Other commitments

The Charity has provided a guarantee to Allied Irish Bank to support a loan taken out by the Irish Region for building works.

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

At 31 March 2021, the Charity did not have any future capital commitments. In March 2020 there were no commitments.

21 Related parties: connected entities

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

The Charity is also connected to two other UK registered charities:

Notes to the accounts 31 March 2021

Name	Registration numbers etc.	Principal activities
The Congregation of the Sisters of Nazareth Charitable Trust (CSNCT)	A registered charity (Charity Registration Nos 228906 (England and Wales) and SC040507 (Scotland))	♦ The support of the religious ministries and works by members of the Congregation (the Sisters) in the United Kingdom and the care of those Sisters. ♦ Ownership of 14 homes in England, Wales, Scotland and Northern Ireland known as Nazareth Houses and which are used to provide nursing, residential and care services to older people in need, and a nursery.
Nazareth Care Charitable Trust (NCCT)	A registered charity (Charity Registration Nos 1113666 (England and Wales) and SC042374 (Scotland)) and a company limited by guarantee (Company Registration No 5518564 (England and Wales))	♦ The provision of nursing, residential and care services to older people in need through the operation of 12 homes within England, Wales and Scotland, and a nursery. ♦ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.

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

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

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

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

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

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

Notes to the accounts 31 March 2021

The Congregation of the Sisters of Nazareth Charitable Trust

The Charity made a loan to CSNCT towards the cost of development and construction of a new Nazareth House care home on the existing site in Glasgow. This was increased by £1.88 million in the financial year. The loan is repayable by 2035 with interest charged at a commercial rate. The balance at 31 March 2021 was £4.4 million (2020 – £2.735 million). In 2018/19 the Charity agreed a loan of up to £1.5 million towards the refurbishment of the Nazareth House care home in Birkenhead with interest charged at a commercial rate. The balance at 31 March 2021 was £1.527 million (2020 – £0.524 million).

NRV Development (Blackburn) Limited

In 2012 the Charity agreed a loan to NRV Development (Blackburn) Limited for up to £4.2 million to be used to part-finance the construction of apartments and bungalows at the Larmenier Retirement Village, Preston New Road, Blackburn. At 31 March 2021, the loan balance was £683,766 (2020 – £1.18 million).

The Charity has a financial relationship with two overseas connected charities:

Irish Region

A loan of €0.45 million to the Irish Region to finance refurbishment works at the Dublin House was approved by the trustees in 2013 and 2014. At 31 March 2021, the balance of this loan, when converted to Sterling, amounted to £0.335 million (2020 – £0.338 million) and is due to be repaid by 2025. Interest is charged at a commercial rate.

A loan of €3.66 million to fund the redevelopment of the nursing homes in Dublin, Mallow and Belfast was approved by the trustees during 2016/17. This was increased to €7.36 million in 2018/19. The balance at 31 March 2021, in Sterling, was £6.806 million (2020 – 6.689 million). Repayment of the loan is expected to commence in 2023. Interest is charged at a commercial rate.

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

Australasian Region

A loan of £5 million, converted into New Zealand dollars, was approved by the trustees in December 2014 to assist in financing the rebuilding of Nazareth House Christchurch. The loan will be repaid between 2018 and 2028, with interest charged at a commercial rate. Repayments have commenced; however, none were received in this financial year and the balance at 31 March 2021 was £1.475 million (2020 – £1.339 million).

22 Ultimate control

The trustees of the Charity are the Superior General and four General Councillors of the Congregation *ex officio*.

23 Custodian funds

As at 31 March 2021, the Congregation of the Sisters of Nazareth Generalate held funds on behalf of Nazareth House Aids Fund in Standard Bank of South Africa. This bank account acts as a holding account for money coming in and out of the Charity. These assets are not included in these financial statements. The value of the funds held in the bank account at 31 March 2021 was £9,397 (2020 – £22,830).