

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

**Annual Report and Accounts**

**31 March 2023**

Charity Registration Number 1138876  
(England and Wales)

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

<b>Trustees</b>	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
<b>Superior General</b>	Sister Mary Brenda McCall
<b>Treasurer General</b>	Sister St Teresa Walsh
<b>General Secretary</b>	Sister Veronica Anne Kealey
<b>Chief Executive</b>	Kevin Barnes
<b>Principal office</b>	St Michaels Nazareth House 169-175 Hammersmith Road London W6 8DB
<b>Email</b>	generalate@sistersofnazareth.com
<b>Website</b>	<a href="http://www.sistersofnazareth.com">www.sistersofnazareth.com</a>
<b>Charity registration number</b>	1138876 (England and Wales)
<b>Auditor</b>	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
<b>Investment managers</b>	CCLA One Angel Lane, London EC4R 3AB  Royal London Asset Management 55 Gracechurch Street, London EC3V 0UF
<b>Principal banker</b>	Barclays Bank 22-24 Upper Marlborough Road, St Albans, Hertfordshire AL1 3AL
<b>Principal solicitor</b>	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.

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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.

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### 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.

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### 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;

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- 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.

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### 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.

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### 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 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

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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](http://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 £
<b>Income:</b>							
Donations and legacies	1	1,332,822	-	<b>1,332,822</b>	1,746,830	-	1,746,830
Investment income and interest receivable	2	561,731	-	<b>561,731</b>	480,539	-	480,539
Foreign exchange gains		241,402	-	<b>241,402</b>	0	-	-
Other Income		38,290	-	<b>38,290</b>	0	-	-
<b>Total income</b>		<b>2,174,245</b>	-	<b>2,174,245</b>	2,227,369	-	2,227,369
<b>Expenditure:</b>							
Cost of raising funds							
- Investment managers' fees		10,791	-	<b>10,791</b>	12,051	-	12,051
Charitable activities							
- Supporting the regions of the Congregation	3	1,056,051	-	<b>1,056,051</b>	1,002,076	-	1,002,076
- Grants and donations in support of the Congregation's work	4	2,375,662	347,860	<b>2,723,522</b>	5,507,176	197,979	5,705,155
<b>Total expenditure</b>		<b>3,442,504</b>	<b>347,860</b>	<b>3,790,364</b>	6,521,303	197,979	6,719,282
<b>Net (expenditure) before investment gains/(losses)</b>		<b>(1,268,259)</b>	<b>(347,860)</b>	<b>(1,616,119)</b>	<b>(4,293,934)</b>	<b>(197,979)</b>	<b>(4,491,913)</b>
Net investment gains/(losses)	11	(816,588)	-	<b>(816,588)</b>	1,373,202	-	1,373,202
<b>Net (expenditure) and net movement in funds for the year</b>	6	<b>(2,084,847)</b>	<b>(347,860)</b>	<b>(2,432,707)</b>	<b>(2,920,732)</b>	<b>(197,979)</b>	<b>(3,118,711)</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April 2022		29,896,702	9,512,835	<b>39,409,537</b>	32,817,434	9,710,814	42,528,248
Fund balances carried forward at 31 March 2023		<b>27,811,855</b>	<b>9,164,975</b>	<b>36,976,830</b>	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 £
<b>Fixed assets:</b>					
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
<b>Total fixed assets</b>			<b>19,375,200</b>		<b>23,975,776</b>
<b>Current assets:</b>					
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	
<b>Total current assets</b>		<b>23,968,758</b>		<b>22,244,502</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	(1,180,964)		(1,511,026)	
Provisions	13	(1,838,367)		(1,418,500)	
<b>Net current assets</b>			<b>20,949,427</b>		<b>19,314,976</b>
<b>Total assets less current liabilities</b>			<b>40,324,627</b>		<b>43,290,752</b>
<b>Non Current Liabilities</b>					
<b>Creditor – amounts falling due after more than one year</b>	13		<b>(3,347,797)</b>		<b>(3,881,215)</b>
<b>Total net assets</b>			<b>36,976,830</b>		<b>39,409,537</b>
<b>The funds of the charity</b>					
<b>Unrestricted funds:</b>					
- 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
<b>Total unrestricted funds</b>			<b>27,811,855</b>		<b>29,896,702</b>
<b>Restricted funds:</b>					
- Development Fund	15		9,164,975		9,512,835
<b>Total charity funds</b>			<b>36,976,830</b>		<b>39,409,537</b>

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

*Sister M. Brunda M<sup>c</sup> Ball*

Superior General and Trustee

Date of approval:

*23 November 2023*

## Statement of cash flows Year to 31 March 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(3,313,652)	89,857
<b>Cash flows from investing activities:</b>			
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)
<b>Net cash used in investing activities</b>		<b>4,098,648</b>	<b>407,797</b>
<b>Change in cash and cash equivalents in the year</b>		<b>784,996</b>	<b>497,654</b>
<b>Cash and cash equivalents at 1 April 2022</b>	B	<b>5,501,764</b>	<b>5,004,110</b>
<b>Cash and cash equivalents at 31 March 2023</b>	B	<b>6,286,760</b>	<b>5,501,764</b>

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

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

	2023 £	2022 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(2,432,707)</b>	<b>(3,118,711)</b>
<b>Adjustments for:</b>		
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
<b>Net cash used in operating activities</b>	<b>(3,313,652)</b>	<b>89,857</b>

#### B Analysis of cash and cash equivalents

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

## **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
	<b>1,332,822</b>	<b>1,746,830</b>

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
	<b>561,731</b>	<b>480,539</b>

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
	<b>1,056,051</b>	<b>1,002,076</b>

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
	<b>2,723,522</b>	<b>5,705,155</b>

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
	<b>26,028</b>	<b>23,738</b>

#### 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
	<b>294,840</b>	<b>272,023</b>

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

## 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 £
<b>Investments</b>		
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
	<b>17,681,998</b>	<b>16,742,738</b>

\* 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
	<b>17,681,998</b>	<b>16,742,738</b>

### 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
	<b>4,528,761</b>	<b>5,392,241</b>

	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
	<b>4,528,761</b>	<b>5,392,241</b>



## Notes to the accounts 31 March 2023

### Provisions

	2023 £	2022 £
Legal claims	1,838,367	1,418,500
	<b>1,838,367</b>	<b>1,418,500</b>

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

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

	Designated funds £	Tangible Fixed Assets Fund £	General Fund £	Restricted Fund £	Total 2022 £
<b>Fund balances at 31 March 2022 are represented by:</b>					
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
<b>Total net assets</b>	<b>26,000,000</b>	<b>2,153,651</b>	<b>1,743,051</b>	<b>9,512,835</b>	<b>39,409,537</b>

The total unrealised gains as at 31 March 2022 constitute movements on revaluation and are as follows:

	2023 £	2022 £
<b>Unrealised (losses) / gains included above:</b>		
On investments	(97,377)	1,018,998
<b>Total unrealised (loss) / gain at 31 March 2023</b>	<b>(97,377)</b>	<b>5,055,974</b>

### 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
<b>Total unrealised (loss) / gain at 31 March 2023</b>	<b>(97,377)</b>	<b>1,018,998</b>

## 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))	<ul style="list-style-type: none"><li>♦ 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.</li><li>♦ 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.</li></ul>

## 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))	<ul style="list-style-type: none"> <li>♦ 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.</li> <li>♦ The provision of management and support services to older people at the retirement villages in Blackburn, Glasgow and Plymouth.</li> </ul>
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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).