REGISTRAR OF COMPANIES

The Congregation of the Daughters of the Cross of Liege

Report and Accounts

31 March 2002



Buzzacott

Company Registration Number
3492921

Charity Registration Number
1068661

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Legal and administrative information

Name	The Congregation of the Daughters of the Cross of Liege
Trustees	Sister Mary Kelly (Chairperson)* Sister Veronica Hagen* Sister Anne Kelly* Sister Shirley Lowe (aka Sister Mary Agnes)* Sister Elena Pettenuzzo OBE (Company Secretary) Sister Nilda Pettenuzzo * * Members of the Provincial Council
Provincial Superior	Sister Mary Kelly
Provincial Bursar	Sister Elena Pettenuzzo OBE
Company registration number	3492921
Charity registration number	1068661
Charity's registered address	29 Tite Street London SW3 4JX
Auditors	Buzzacott 12 New Fetter Lane London EC4A 1AG
Investment managers	Merrill Lynch Investment Managers Limited 33 King William Street London EC4R 9AS Govett Investment Management Limited Shackleton House 4 Battle Bridge Lane London SE1 2HR

Legal and administrative information

Investment managers	Bank of Ireland Asset Management Ltd 26 Fitzwilliam Place Dublin 2
	Davy Stockbrokers 49 Dawson Street Dublin 2
Principal bankers	Royal Bank of Scotland 127-128 High Holborn London WC1V 6PQ
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH
	Gladstones 6 Gray's Inn Square London WC1R 5AZ

The trustees are pleased to present their report, together with the accounts of The Congregation of the Daughters of the Cross of Liege, for the year ended 31 March 2002. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The accounts are presented in accordance with the accounting policies on pages 20 to 24 of the attached accounts and comply with the Congregation of the Daughters of the Cross of Liege's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

Constitution

The Congregation of the Daughters of the Cross of Liege, "the charity", is a charitable company limited by guarantee under Company Number 3492921 and registered under Charity Number 1068661. The company was incorporated on 15 January 1998 and commenced its charitable activities on 1 April 1998.

Prior to this date, it carried out its activities through a charitable trust, The Congregation of the Daughters of the Cross of Liege - English Province, operating under a trust deed dated 15 April 1910 and registered under the Charity Number 222289.

Principal aims and activities

The charity is established for charitable and religious purposes.

In particular the charity seeks to:

- advance religion, by establishing and maintaining residences for the members of the Congregation
- advance education, by establishing and maintaining educational institutions in accordance with Canon 803 of the Code of Canon Law
- relieve poverty and suffering, by establishing and maintaining hospitals, hospices, nursing homes and residential homes for the sick, elderly and needy
- advance religion, advance education and relieve poverty and suffering, by direct activity in the community and by all other charitable means, including giving alms to the needy.

Services policy

The charity seeks to meet the needs of local communities within its objects by undertaking to provide, with the help of benefactors, the land and the majority of the capital plus the management infrastructure that is required to deliver the service. Thereafter, it is for the users of the facilities, government departments, local government and private funders to meet the costs of providing the services.

However, in view of the size and cost of necessary capital developments and the fact that charity funds are not always available to fund them, capital appeals may be required from time to time to ensure the necessary funds are available.

Organisation and structure

The Superior General of the Worldwide Congregation and the Provincial Superior of the English Province of the Congregation are the only two members of the company. The Provincial Superior, together with her Provincial Council and Provincial Bursar, are the directors for the purposes of company legislation but they are referred to throughout as trustees.

The day to day activities of the charity are under the control of the Provincial Superior. Authority is delegated to the Sister Superior of each house who appoints a management team responsible for running the activities of each daughter house.

In addition, each active house has an advisory committee to advise the Provincial Superior and management team.

There are between three and ten trustees who are trustees by reason of their respective offices within the English Province of the Congregation to which they belong. The offices referred to are the Provincial Superior, the Provincial Bursar and the members of the Provincial Council.

Activities and achievements

Overall summary

The well established works of the charity were carried on during the year with continued success.

There have been an ever increasing number of people being helped, even though it is in general becoming ever more difficult to obtain the necessary income to meet the costs. The overall cost of running the works was almost £38m (excluding the result of an impairment review) whereas the operational income was only £34m. In addition nearly £4m was spent on new buildings and equipment to improve the facilities.

The works have also all been carried out against a background of serious difficulty in recruiting the staff needed to deliver the services. The national shortages of certain professional staff is made worse in the South East by the lack of affordable housing and the availability of more highly paid careers in sectors, other than healthcare.

Despite all the issues which have had to be faced, it is a tribute to the 1,500 Sisters, members of staff and volunteers who, with time, effort and commitment, have managed to maintain and develop the provision of care to the charity's beneficiaries.

A summary of the numbers of people who have been helped and the numbers of people helping them is as follows:

	Facility/ Beds	Out-patients	In-patients /Pupils /Residents	Full-time employees	Part-time employees
Hospitals	132	34,765	7,353	274	329
Hospice	14	1,871	370	30	54
Schools and Care Homes	228	—	234	265	157
Totals	**374**	**36,636**	**7,957**	**569**	**540**
2001	374	33,529	7,704	573	489

Activities and achievements (continued)

Overall summary (continued)

The above numbers exclude those helped as a result of Sisters working in parishes, other schools and other hospices and hospitals for which figures are impossible to obtain or estimate.

Hospitals

St Anthony's Hospital, Cheam

St Anthony's Hospital is an acute surgical hospital which specialises in cardiology and orthopaedic surgery. The Hospital has 92 beds and has cared for 7,091 in-patients during the year. The Hospital also saw 34,180 out-patients. The number of employees is 501 of whom 226 are full-time and 275 part-time.

During the year, several projects were initiated to improve the infra-structure of the Hospital, of which the largest was the Communications Centre which was refurbished at a cost of £225,000. New projects put in hand for the coming year total around £1.4m, of which the major part is a total overhaul and renewal of the Hospital kitchens at a cost of some £677,000.

St Anthony's Hospital has continued to give support to St Raphael's Hospice, which is situated on the same site.

The Hospital is fully accredited by Investors in People and the Health Quality Service.

Holy Cross, Haslemere

Holy Cross is a hospital of 40 beds for the severely physically disabled and neurologically impaired – 46 long term and 124 short term patients have been cared for by 44 full time and 42 part time staff and helped by a group of 22 volunteers.

The work for severely physically disabled adults has continued to develop in challenging ways, with newly admitted patients being more seriously disabled, a greater number being dependent on a ventilator. At the same time, the work horizons have been expanding in terms of identifying new ways to improve their quality of life. Every gain is eagerly taken up by family members who are naturally impatient to see improvements in communication, mobility and general ability for their loved ones.

St Joseph's Centre, Haslemere

St Joseph's is a centre offering therapeutic programmes to adults with drug and alcohol problems. In the year, 92 people, supported by 4 full time and 12 part time staff, have been cared for in this unit. 585 out-patients have been helped through counselling sessions.

The Centre has developed its work with homeless alcoholic-dependent people through Project Hope, a collaborative venture with English Churches Housing Group. The Centre has also found more people willing to pay to receive the professional assistance available through the Programme. With levels of funding from Health and Social Services continuing to fall so far short of meeting demand, such private funds are a vital resource for the Centre.

Activities and achievements (continued)

Hospice

St Raphael's Hospice, Cheam

The Hospice, which has a capacity of 14 beds, has cared for 370 in-patients this year and the Day Centre saw 1,871 attendances. The number of visits to patients in their own homes, carried out by the Home Care Team, was 3,260. The Hospice employed 84 staff, of whom 30 were full time and 54 part time and approximately 250 volunteers have also helped in a variety of ways.

The need for palliative care is growing but the contribution to the cost by the Government is falling. This is putting more and more pressure on the team of fundraisers to meet the shortfall. Whilst they are to be congratulated on their efforts, there remains a longer term challenge to secure a satisfactory income stream for the future.

Schools and care homes

St Elizabeth's Centre, Much Hadham

St Elizabeth's is a non-maintained special school with boarding facilities for 80 pupils and a residential home for 104 adults, both catering for those suffering from severe epilepsy and associated handicaps. 103 adult residents and 68 children (including 9 day pupils) have been cared for during the year by 246 full time and 138 part time employees, assisted by 38 Community Service Volunteers and approximately 40 other volunteers.

Kelly House and Kearney House, two new 5 bedded units were completed in December 2001 at a total cost of £759,000, partly funded by social housing grants of £257,000 provided by a number of local authorities.

Other improvements during the year include the relocation and re-equipping of the laundry at a cost of £125,000. A new Centre-wide terminal server network was also completed and implemented during the year at a total cost of £85,000.

Work, estimated to cost £345,000, started in April 2002 on the school's multi-therapy unit in the old vacated kitchen area. This work was completed in July 2002 ready for use at the beginning of the school's Autumn term.

St Wilfrid's Residential Home for the Elderly

St Wilfrid's is a 44 bedded residential home for elderly people, and during the year it has cared for 63 residents with the dedicated support of 19 full time and 19 part time staff. Approximately 10 volunteers assist with leisure activities. In this year, St Wilfrid's celebrated its silver jubilee at Tite Street, having been relocated from Cale Street in 1976 after a compulsory purchase order was placed on that property. To mark the Jubilee Year, a water fountain was erected in the garden, financed out of a donation from Lord Cadogan, and which was inaugurated by him at a celebratory function held in the garden lounge.

Activities and achievements (continued)

Province

The English Province of the Congregation consisted of 99 Sisters at 31 March 2002 and, besides the Houses mentioned above, Sisters reside in small houses situated in Blackley, Broadstairs, Bury, Carshalton, Hayle, Jarrow, Donaghmore (County Tyrone), Blanchardstown (Dublin), Stillorgan (Dublin) and Tracy and Stockton in California, USA. In these situations, the Sisters work in parishes, local schools, hospitals and carry out other charitable works.

St Michael's Hospital and Marie Therese House, Hayle

For some time, the trustees have been in negotiation with the Royal Cornwall Hospitals National Health Service Trust regarding the lease of St Michael's Hospital Hayle. As part of these negotiations, the trustees have been advised that the book value is excessive and could not be realised. An impairment review has therefore been carried out and the value of the hospital has been written down by £4.3m.

The remainder of the site has been put up for sale.

Beech Park, Stillorgan, Dublin

There is no longer any need for the charity's work at Stillorgan and the whole of the site there is surplus to the charity's requirements. Arrangements have been made to sell the bulk of the land and, as it is in an attractive area close to Dublin and is likely to be used for social and residential housing, it has been found to have a value significantly more than the value at which it is stated in the accounts.

Contracts were put in place in July 2002, and the sale proceeds, after costs, are likely to be of the order of £17m. Plans are in hand to use the net proceeds in the following ways:

- Around £2m to be placed with a charity in Ireland as a legacy to the works which the Sisters carried out there for many years. The Sisters are likely to work with the selected charity.

- Around £5m to be invested in the Sisters' retirement fund to ensure that sufficient income is available for the Sisters' welfare.

- For the time being, the balance will be invested to generate additional income to ensure that all the charitable works run by the Congregation can continue and develop to match the needs of the beneficiaries.

Some of the buildings on site have been leased on a temporary basis to two other special schools, caring for children and young people suffering from autism. There are negotiations taking place with the Department of Education regarding the creation of a Centre for Autism on the site and, it is hoped, that once the main sale is completed, these negotiations will be followed through to a successful conclusion.

Activities and achievements (continued)

Non aggregated activities

As explained in the "Basis of Accounting" policy on page 21, neither the financial results nor the assets and liabilities of the following two activities, operating from property owned by the charity, are included in these accounts.

Holy Cross College, Bury, Lancashire

Holy Cross College is a Catholic Sixth Form College which welcomes students and staff of all faiths. The College currently has 1,220 full time 16-19 year old students, 98% of whom follow level three courses, i.e. AS, A2 and AVCE. In addition, the College has about 300 part time adult students, of whom 170 follow degree courses validated by the University of Liverpool, through Liverpool Hope University College. The College is currently mid-way through a major project to re-furbish Laboratory and Administration buildings which, when finished, will provide excellent facilities. In addition, the College wishes to improve its sporting and recreational facilities by building a new Music and Sports Centre and intends to re-open discussions with Bury Metropolitan Borough to negotiate, at an appropriate cost, to use close by sports playing fields. The College has also upgraded many facilities and now has 95% accessibility for wheelchair users.

This is all being done with funds arranged by the College and, with the exception of the guarantee given by the Congregation, no other financial support is envisaged.

The College was recently inspected by OFSTED and placed in the top 20 colleges in the country for achievement.

St Philomena's School, Carshalton

St Philomena's is a voluntary aided comprehensive school serving the Catholic children of Sutton and its environs. There are 1,250 girls on the roll, including 240 in the 6th Form, supported by a staff of 100. The School, one of only a small minority of schools to receive such an award, received its second Award for Excellence from the Secretary of State for Education for its examination results in the summer 2001.

Mrs Moira Kilkenny, who has been Head for the last ten years, took a well deserved retirement at the end of the academic year and she was replaced by Mrs Jackie Johnson, BA (Hons) M.Ed., a very worthy successor and only the second lay Headmistress.

Financial comment

The statement of financial activities (page 15) shows that the total resources expended during the year were around £41m, including an impairment review of £4.3m. Within the total, the cost of providing services was £38m and the related operational income only reached £34m. The resultant shortfall has been funded by a combination of voluntary income, investment income and the earnings and pensions of the Sisters covenanted to the charity.

Financial comment (continued)

The impairment review relates to the value of St Michael's Hospital, Hayle and the result has been to write it down by £4.3m. As explained in the notes to the accounts, the 1999 valuation was carried out as part of the arrangements for the transfer of the hospital to the Royal Cornwall Hospitals National Health Service Trust, which leases the buildings. As part of the negotiations with the Trust, the trustees have been advised that the book value will not be realised.

The overall effect of the operational shortfall, the impairment review and the other income and expenditure, results in net outgoing resources of £2,780,000 (2001- net incoming resources £1,225,000). Due to the collapse in the Stock Market, the charity's investments have fallen in value by £448,000 (2001 - £1,210,000), and one property at St Anthony's Hospital was revalued giving rise to an unrealised gain of £500,000.

All these events give rise to a total net decrease in funds of £2,728,000 (2001 net increase - £15,000) and leave the charity's total funds at £73,650,000 (2001 - £76,378,000).

There is a continuing need in all the charity's activities to improve further the facilities to meet up-to-date standards, the requirements and expectations of clients and to raise the quality of services provided. As well as any work done within the operating costs of each house, £3,940,000 (2001 - £4,835,000) was invested in tangible fixed assets during the year. The majority of this was spent on medical and computer equipment at St Anthony's Hospital and the construction of Kelly and Kearney House, and the equipping of the new laundry at St Elizabeth's Centre. At 31 March 2002, a further £1.8m (2001 - £1.3m) is committed to be spent at St Anthony's Hospital and St Elizabeth's Centre.

The trustees consider this state of affairs to be satisfactory and consider that the charity's reserves are adequate to fulfil its current obligations.

Value Added Tax

In common with other charities, the charity is unable to recover all the VAT incurred. The total burden of unrecovered VAT during the year amounted to approximately £1m (2001 - £1.1m).

Investment policy

Responsibility for the management of the portfolio is delegated to the investment managers who operate within the guidelines set down by the trustees. The guidelines are to maximise the long-term total return of the fund, with certain restrictions on investment e.g. no armaments' companies; the investment managers and the trustees acknowledge the risks normally associated with a balanced approach to portfolio management. The investment managers are listed on page 1. The guidelines and the portfolio performance are reviewed twice a year at formal meetings between the trustees and the investment managers.

The market value of the investment portfolio at 31 March 2002 was £14.8m (2001 - £15.8m), a drop of £1m of which £448,000 was the result of stockmarket conditions. Although this was not as bad as the previous year, the value of investments has continued to fall since the year end.

Investment policy (continued)

The Provincial Bursar is a member of the Catholic Working Party affiliated to the Christian Ethical Investment Group. Through this medium, the trustees can bring to the directors of companies included in the investment portfolio, the views of charities regarding ethical issues.

Reserves policy and financial position

The trustees are conscious of the requirement to balance the needs of present beneficiaries of the charity against those in the future. This means that they have to consider and decide the level of net incoming resources needed to be retained each year to invest in future development. The trustees consider that, given the nature of the charity's work, the level of free reserves should be between 2 and 3 months' annual expenditure at any one time. The trustees are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources, adequate working capital, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

Restricted funds

Restricted funds totalling £3.5m (2001 - £4.1m) have been established where monies have either been raised for, or their use is restricted to, specific purposes, or they comprise donations subject to donor imposed conditions. The principal restricted funds are in respect of the charity's hospice, St Raphael's Hospice.

Designated funds

The majority of the designated funds relate to those tied up in tangible fixed assets, which total £51m. The amounts designated exclude those fixed assets represented by restricted funds and by amounts due to contractors.

Other designated funds are established out of general funds for specific purposes where there is a need to provide funding for a specific purpose. These purposes include the Sisters' retirement fund of £5.2m, a maintenance and repairs fund of £5.6m and a capital commitments fund of £2.7m.

General funds

The resultant balance on the general fund of £7.2m (2001 - £5.8m) represents the "free reserves" available to the charity for day to day working capital requirements. This represents around 2 months (2001 – 2 months) of the charity's total annual expenditure, and the trustees consider this level is sufficient to enable the charity to fulfil its obligations.

Future developments and events since 31 March 2002

As explained on page 7 under the heading "Beech Park Stillorgan, Dublin", the trustees have contracted to sell a site which is no longer required. Full details appear under that heading.

Apart from that, the completion of the major upgrading at St Anthony's Hospital and the completion of the Multi therapy unit at St Elizabeth's Centre, there have been no other major developments since 31 March 2002.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular to those relating to the specific operational areas of the charity. They have worked with the Management Teams and Advisory Committees at each active house, to ensure that there are effective systems in place to mitigate those risks. The trustees are satisfied that for these active houses and, for all the other charity activities, effective systems are in place.

Trustees' responsibilities statement

Company law requires the trustees (who are directors of the company for the purposes of the Companies Act), to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources for the year. In preparing such accounts the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees believe they have fulfilled these requirements.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees

The trustees, all of whom served throughout the year, are listed under the legal and administrative information on page 1. No trustee had any beneficial interest in any contract with the charity nor did any trustee receive remuneration for their services although, as explained in note 4 on page 28, the trustees, as Sisters of the Congregation, are provided for by the charity.

Employees

The Congregation is committed to oppose discrimination on the grounds of ethnicity, religion, disability, gender, age, sexual identity or family circumstances. If an employee becomes disabled, the charity will make every effort to ensure their continued employment.

To further this commitment, management in every house ensure that the recruitment and selection policies avoid direct or indirect discrimination and comply with the Sex Discrimination, the Race Relations and the Disability Discrimination Acts. The aim is to ensure that all employees are aware of and understand the charity's equal opportunities policies and are familiar with the legal framework.

The trustees, together with the management teams, aim to keep employees informed and involved through regular meetings and newsletters.

Auditors

The auditors, Buzzacott, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Thanks

Finally, the trustees wish to record that none of the charity's work could be achieved without the dedicated loyalty of the members of staff employed by the houses, the efforts of all the full-time and part-time volunteers, the commitment and effort of the Sisters or without the continuing generosity of their benefactors. To them all, they offer their thanks and their prayers.

Signed on behalf of the trustees

M. B. Kelly

Provincial Superior

Approved by the trustees on: 18-11-02

Report of the independent auditors to the members of The Congregation of the Daughters of the Cross of Liege

We have audited the accounts on pages 15 to 41 which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and investments and the accounting policies set out on pages 20 to 24.

Respective responsibilities of trustees and auditors

As described on page 11 the trustees, who are also directors of the Congregation of the Daughters of the Cross of Liege for the purposes of Company Law, are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We are not required to consider whether the statement in the trustees' report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information in the trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

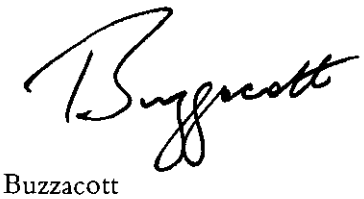
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Independent auditors' report 31 March 2002

Opinion

In our opinion the accounts give a true and fair view of the charity's state of affairs as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

18 November 2002

Statement of financial activities Year to 31 March 2002

	Notes	Unrestricted funds: General fund £'000	Unrestricted funds: Designated funds £'000	Restricted funds £'000	**Total funds 2002 £'000**	Total funds 2001 £'000
Income and expenditure						
Incoming resources	1					
Incoming resources from activities in furtherance of the charity's objectives						
. Operational income		33,502	—	723	**34,225**	30,671
. Activities for generating funds		—	—	675	**675**	469
Donations, legacies and similar incoming resources		116	—	1,405	**1,521**	1,403
Investment income and interest receivable		503	—	53	**556**	708
Other income		1,407	—	22	**1,429**	1,364
Total incoming resources		35,528	—	2,878	**38,406**	34,615
Resources expended						
Cost of generating funds	2	53	—	689	**742**	775
Charitable expenditure	3					
Hospitals		23,363	—	54	**23,417**	20,872
Hospital impairment provision		4,356	—	—	**4,356**	—
Homes		5,348	—	25	**5,373**	4,920
Hospices		—	—	1,897	**1,897**	1,616
Schools		3,523	—	—	**3,523**	3,342
Support of members of the Congregation		1,283	—	—	**1,283**	1,241
Grants and donations		79	—	3	**82**	202
Management and administration		359	—	15	**374**	350
Stillorgan Project		139	—	—	**139**	72
Total charitable expenditure		38,450	—	1,994	**40,444**	32,615
Total resources expended		38,503	—	2,683	**41,186**	33,390
Net (outgoing) incoming resources before transfers		(2,975)	—	195	**(2,780)**	1,225
Transfers between funds	13,14,15	4,728	(3,999)	(729)	—	—
Net (outgoing) incoming resources for the year before revaluations and investment asset disposals		1,753	(3,999)	(534)	**(2,780)**	1,225
Statement of total recognised gains and losses						
Losses on investments	7	(426)	—	(22)	**(448)**	(1,210)
Unrealised gain on revaluation of land and buildings		—	500	—	**500**	—
Net movement in funds		1,327	(3,499)	(556)	**(2,728)**	15
Fund balances brought forward at 1 April 2001		5,853	66,399	4,126	**76,378**	76,363
Fund balances carried forward at 31 March 2002		7,180	62,900	3,570	**73,650**	76,378

Statement of financial activities Year to 31 March 2002

Historical cost net movement in funds	2002 £'000	2001 £'000
Net movement in funds (page 15)	**(2,728)**	15
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	**(113)**	(145)
Losses on fixed asset investments	**448**	1,210
Unrealised gain on freehold land and buildings	**(500)**	—
Realised investment gains based on historic cost	**8**	322
Historical cost net movement in funds	**(2,885)**	1,402

Continuing operations

All of the charity's activities during the above two financial years represented continuing operations.

Balance sheet 31 March 2002

	Notes	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible fixed assets	6		**51,470**		53,938
Investments	7		**14,789**		15,787
			66,259		69,725
Current assets					
Stocks		**690**		631	
Loan to St Philomena's Carshalton Charitable Trust	8	**450**		500	
Debtors	9	**4,406**		4,625	
Cash at bank and in hand		**5,387**		3,728	
		10,933		9,484	
Creditors: amounts falling due within one year	10	**3,328**		2,554	
Net current assets			**7,605**		6,930
Total assets less current liabilities			**73,864**		76,655
Creditors: amounts falling due after one year	11		**214**		277
Total net assets			**73,650**		76,378
Represented by:					
Funds and reserves					
Restricted funds	13				
. Fixed asset fund		**2,273**		2,272	
. Other		**1,297**		1,854	
			3,570		4,126
Unrestricted funds					
. Designated funds	14				
.. Fixed asset fund		**48,455**		51,136	
.. Other		**14,445**		15,263	
			62,900		66,399
. General fund	15		**7,180**		5,853
Total funds			**73,650**		76,378

Signed on behalf of the trustees:

M. B. Kelly

Sister Mary Kelly
Trustee and Provincial Superior

E. Pettenuzzo

Sister Elena Pettenuzzo
Trustee and Provincial Bursar

Date of approval: 18-11-02

Cash flow statement Year to 31 March 2002

	Notes	2002 £'000	2001 £'000
Cash inflow from operating activities	A	**4,502**	1,303
Return on investments and servicing of finance			
Investment income		**556**	708
Exchange movement on deposits		**(15)**	65
Capital expenditure and financial investment	B	**(3,690)**	(5,290)
		1,353	(3,214)
Financing			
(Decrease) increase in bank loans		**(63)**	126
Increase (decrease) in cash	C	**1,290**	(3,088)

Notes to the cash flow statement for the year to 31 March 2002.

A Reconciliation of net (outgoing) incoming resources before transfers to net cash inflow from activities

	2002 £'000	2001 £'000
Net (outgoing) incoming resources before transfers	**(2,780)**	1,225
Depreciation charge	**2,496**	2,159
Net losses (gains) on disposal of tangible fixed assets	**18**	(7)
Impairment provision	**4,356**	—
Investment income	**(556)**	(708)
Increase in stocks	**(59)**	(14)
Decrease (increase) in debtors	**219**	(758)
Increase (decrease) in creditors	**808**	(594)
Net cash inflow from operating activities	**4,502**	1,303

Cash flow statement Year to 31 March 2002

B Gross cash flows

	2002 £'000	2001 £'000
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(3,940)**	(4,835)
Receipts from sales of tangible fixed assets	**38**	283
Payments to acquire investments	**(3,119)**	(3,696)
Receipts from the disposal of investments	**3,281**	3,458
St Philomena's Carshalton Charitable Trust		
. Loan	**—**	(500)
. Loan repayment	**50**	—
	(3,690)	(5,290)

C Analysis of changes in net funds

	At 1 April 2001 £'000	Cash flows £'000	At 31 March 2002 £'000
Cash at bank and in hand	3,728	1,659	**5,387**
Cash held by investment managers	2,493	(403)	**2,090**
Loans and overdrafts	(92)	34	**(58)**
	6,129	1,290	**7,419**
Debt due after one year	(277)	63	**(214)**
Total	5,852	1,353	**7,205**

Principal accounting policies 31 March 2002

Scope

The accounts incorporate and aggregate the results of the Provincial House together with the other houses and activities ('daughter houses'), which are:

Activity	Name
Hospitals	
Cheam, Surrey	St Anthony's
Haslemere, Surrey	Holy Cross
	St Joseph's (treatment for alcohol and other drugs dependency)
Hospice	
Cheam, Surrey	St Raphael's
School	
Much Hadham, Hertfordshire	St Elizabeth's Centre (School for those affected by epilepsy)
Care Homes	
Much Hadham, Hertfordshire	St Elizabeth's Centre (Home for those affected by epilepsy)
Chelsea, London	St Wilfrid's (Residential home for the elderly)
Other convents	
Beech Park, Stillorgan, Eire	
Blackley, Manchester	
Blanchardstown (Dublin), Eire	
Broadstairs, Kent	
Bury, Lancashire	
Carshalton, Surrey	
Hayle, Cornwall	
Donaghmore, Northern Ireland	
Jarrow, Tyne and Wear	
Stockton, California, USA	
Tracy, California, USA	

The accounts do not include the results and net assets of St Philomena's School, Carshalton or Holy Cross College , Bury (see page 21).

Basis of accounting

Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and by the inclusion of investments at market value and in accordance with the requirements of the Companies Act 1985. Applicable Accounting Standards and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2000), have been followed in the preparation of these accounts.

The adoption of SORP 2000 has resulted in a number of changes in the presentation of the statement of financial activities and the reclassification of certain comparative figures contained therein, but with no change to net assets nor to net movements in funds for either year.

St Philomena's School, Carshalton

The Provincial Superior appoints the Foundation Governors of the school and the charity owns the school premises. The income, expenditure, non property assets and liabilities of the school have not been incorporated as, being a Voluntary Aided School (and previously a grant maintained school), it is an exempt charity under the Schools Standards and Framework Act 1998 and therefore a separate legal entity; the income, expenditure and management of the school is under the control and responsibility of the school's Board of Governors.

Holy Cross College, Bury

The charity owns the property at Holy Cross College, Bury, Lancashire, which is a Sixth Form College funded by the Learning and Skills Council (LSC); with effect from 1 April 2001, under legislation passed in 2000, the College became a separate legal entity and an exempt charity in its own right. The Provincial Superior has the power to appoint a majority of the Governors, but the charity does not exercise management control over the college and derives no financial benefit from its activities. Its income, expenditure, non-property assets and liabilities are not, therefore, incorporated in these accounts.

Incoming resources

With the exception of any voluntary income arising from legacies, donations and gifts, all income is credited to the statement of financial activities on an accruals basis, and excludes VAT.

- Operational income is derived from fees issued to individuals, health insurance companies, Social Services and Health and Education authorities.
- Donations, legacies and similar incoming resources represents those given by individuals, corporations and trusts by way of legacies, donations, deeds of covenant and gift aid. With the exception of legacies, it is credited to the statement of financial activities in the year in which it is received, together with any tax recoverable.

Incoming resources (continued)

- Legacies are credited to the statement of financial activities once the charity has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.
- Investment income, representing dividends and interest, is credited to the statement of financial activities when receivable together with any associated tax recoverable.
- Other income is the income donated by the Sisters of the charity which arises from their salaries, earned working at daughter houses and in other organisations, and their pensions. It is credited to the statement of financial activities as it is earned by the Sisters.

Resources expended and the basis of apportioning costs

Expenditure is charged to the statement of financial activities when incurred and includes attributable irrecoverable VAT.

Resources expended comprise the following:

a. The costs of generating funds include the costs of advertising and marketing and the running costs of the charity shops, as well as the salaries of fundraising staff. It also includes the fees paid to investment managers in connection with the management of the charity's investments.

b. Charitable expenditure is disclosed by activity and includes all the costs – staff, premises, equipment, supplies and services, etc - of providing the charitable work within each activity.

c. Support of members of the Congregation expenditure is that related to the subsistence and welfare of the Sisters living in the UK, Ireland and the USA and the related premises costs, which enable them to carry out their charitable works.

d. Management and administration costs are those directly attributable to the running of the charity as a legal entity, including compliance with its constitutional and statutory requirements.

Tangible fixed assets

Tangible fixed assets are shown on the balance sheet at valuation on a depreciated replacement cost basis, or an existing use value basis, or at cost, less accumulated depreciation and impairment provisions where appropriate.

All assets costing more than £5,000, and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings at which the charitable activities are carried out were revalued at 31 March 1999. Subsequent additions are included at cost. As the costs of having professional valuations are considerable, the trustees have, as permitted by FRS 15, 'Tangible Fixed Assets', adopted a policy of not revaluing its tangible fixed assets.

Tangible fixed assets (continued)
Depreciation is calculated at the following annual rates in order to write down each asset to its estimated residual value over its estimated useful life:

Leasehold property	over the period of the lease
Freehold buildings	2-4% on cost or revaluation
Computer equipment, fixtures and fittings	10-33.3% on cost
Motor vehicles	20% on cost

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

College and School
The trustees are the legal owners of land and buildings used exclusively by Holy Cross College, Bury, a Sixth Form College funded by the Learning and Skills Council, and St Philomena's, Carshalton, a Voluntary Aided School (see page 21 for more details). The College and School were founded by the Congregation, but are now under separate control and mainly publicly funded. The College and School land and buildings are regarded by the trustees as having no value for the purposes of the accounts, since they cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

Investments
Investments are included at their market value at the balance sheet date. Investment valuations are constantly updated so that all gains or losses are unrealised and when investments are sold there are no gains or losses arising. As a result the statement of financial activities includes only unrealised gains. The realised gains relating to disposals during the year based upon the historic cost are disclosed in the investments note.

Stocks
Stocks, representing mainly medical supplies, are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

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 an average rate. Exchange differences are taken into account in arriving at the net movement in funds, in the statement of financial activities.

Fund accounting

Restricted funds
The restricted funds are funds which have been raised for a specific purpose or which are subject to restrictions on their use. Once the purposes have been fulfilled, or the funds used in accordance with the conditions, they are released to unrestricted general funds.

Any income, gains or losses on the assets underlying the restricted funds form part of restricted funds.

The restricted funds include all the funds of the charity's hospice (see note 13).

Fund accounting (continued)

Designated funds

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

General fund

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

Pension costs

Contributions in respect of defined contribution schemes are charged to the statement of financial activities in the year in which they are payable to the schemes.

Contributions in respect of defined benefit schemes are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the charity.

1 Incoming resources

	Unrestricted funds £'000	Restricted funds £'000	**Total funds 2002 £'000**	Total funds 2001 £'000
Incoming resources from activities in furtherance of the charity's objectives				
Fees and charges				
. Private	23,603	—	**23,603**	20,476
. Health, Education and Local Authorities	9,899	723	**10,622**	10,195
	33,502	723	**34,225**	30,671
Incoming resources from activities for generating funds - Lottery	—	126	**126**	78
- Charity shops	—	532	**532**	391
- Events	—	17	**17**	—
	—	675	**675**	469
Donations, legacies and similar incoming resources				
. Legacies	—	619	**619**	356
. Appeals and donations	116	786	**902**	1,047
	116	1,405	**1,521**	1,403
Investment income				
. UK				
.. Equities	160	7	**167**	191
.. Fixed interest	67	9	**76**	99
.. Unit trusts	22	1	**23**	21
	249	17	**266**	311
. Overseas				
.. Equities	20	—	**20**	15
.. Unit trusts	37	—	**37**	18
	57	—	**57**	33
. Bank interest	197	36	**233**	364
	503	53	**556**	708
Other income				
. Community income - salaries and pensions donated by Sisters	1,051	—	**1,051**	988
. Rents receivable and other income	376	20	**396**	369
. Gains (losses) on sale of fixed assets	(20)	2	**(18)**	7
	1,407	22	**1,429**	1,364
Total incoming resources	35,528	2,878	**38,406**	34,615

Included in Sisters' salaries and pensions is £375,000 (2001 - £358,000) which was earned by them from working in the activities run by the charity.

2 Cost of generating funds

	Staff costs £'000	Depreciation £'000	Other costs £'000	**Total funds 2002 £'000**	Total funds 2001 £'000
Fundraising events					
. Cost of events	—	—	8	**8**	8
. Lottery cash	—	—	128	**128**	105
. General appeal costs	—	—	59	**59**	173
	—	—	195	**195**	286
Fundraising costs					
. Staff costs	197	—	—	**197**	114
. Other	—	—	30	**30**	42
	197	—	30	**227**	156
Investment managers' fees	—	—	51	**51**	55
Cost of selling donated goods					
. Cost of charity shops	—	—	30	**30**	30
. Staff costs	131	—	—	**131**	131
. Accommodation and other costs	—	10	98	**108**	117
	131	10	128	**269**	278
Total	328	10	404	**742**	775
2001	245	—	530	**775**	

3 Analysis of charitable expenditure

Expenditure	Staff costs £'000	Depreciation £'000	Premises £'000	Supplies & services £'000	Other costs £'000	**Total 2002 £'000**	Total 2001 £'000
Functional costs							
. Hospitals	12,732	1,844	373	8,446	22	**23,417**	20,872
. Hospital impairment provision	—	—	—	—	4,356	**4,356**	—
. Homes	4,010	279	444	604	36	**5,373**	4,920
. Hospices	1,441	96	13	347	—	**1,897**	1,616
. Schools	2,702	175	224	422	—	**3,523**	3,342
	20,885	2,394	1,054	9,819	4,414	**38,566**	30,750
. Support of members of The Congregation							
.. UK	178	92	255	491	250	**1,266**	1,215
.. Worldwide	—	—	—	17	—	**17**	26
Grants and donations	—	—	—	—	82	**82**	202
Management and admin	—	—	—	374	—	**374**	350
Stillorgan project	—	—	—	—	139	**139**	72
Total charitable expenditure	21,063	2,486	1,309	10,701	4,885	**40,444**	32,615
2001	19,555	2,149	1,333	9,178	400	**32,615**	

3 Analysis of charitable expenditure (continued)

Hospital impairment provision

The impairment provision is explained in note 6.

Grants and donations

Grants and donations comprise the following amounts:

	2002 £'000	2001 £'000
Grant to the Carshalton Water Tower and Historic Garden Trust	—	120
Donations	**82**	82
	82	202

The grant to the Carshalton Water Tower and Historic Garden Trust in 2001 relates to the transfer at net book value of Carshalton Lodge to the Carshalton Water Tower and Historic Garden Trust, a charity established to promote the education of the public in relation to the history and architecture of the Lodge and other heritage property within its vicinity.

Management and administration

The organisation and control of the charity is carried out by the trustees who are not remunerated for their work. Included in management and administration are payments to the auditors for audit fees of £103,000 (2001 - £91,000) and fees for other financial services of £147,000 (2001 - £114,000).

Stillorgan project

The Stillorgan project is explained in note 23, post balance sheet events.

Other costs

Included in other costs are:

	Unrestricted Funds £'000	Restricted Funds £'000	**Total 2002 £'000**	Total 2001 £'000
Interest payable	48	—	**48**	52
Operating lease rentals				
. land and buildings	57	—	**57**	50
. plant and equipment	29	—	**29**	30

4 Staff costs and trustees' remuneration

	2002 £'000	2001 £'000
Wages and salaries	**16,865**	15,832
Social security costs	**1,307**	1,315
Pension costs	**438**	414
	18,610	17,561
Payments to agency staff	**1,834**	1,398
Other staff related costs	**947**	841
	21,391	19,800

	2002 £'000	2001 £'000
Staff costs are charged as follows:		
Cost of generating funds	**328**	245
Charitable expenditure	**21,063**	19,555
	21,391	19,800

Payments to agency staff during the year reflect the national shortage of nursing staff seeking permanent employment.

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

The trustees are Sisters of the Congregation and therefore the costs of their welfare and well-being are met by the charity; this includes travelling and subsistence expenses in the course of carrying out their duties within the charity. The trustees are not remunerated for their work as trustees. Certain of the trustees received remuneration for work carried out as members of the Congregation and, as stated in note 21, such salaries are donated under Gift Aid to the charity.

The average number of employees, calculated on a full time equivalent basis, analysed by function was:

	2002	2001
Direct charitable activity		
. Hospitals	**434**	423
. Homes	**199**	203
. Hospices	**52**	49
. Schools	**134**	134
	819	809
Fundraising and publicity	**29**	28
	848	837

4 Staff costs and trustees' remuneration (continued)

The management and administration of the charity is dealt with by the Sisters themselves, with the assistance of their professional advisors.

The number of employees who earned £50,000 per annum or more (including benefits) during the year was as follows:

	2002	2001
£50,001 - £60,000	**5**	3
£60,001 - £70,000	**1**	—
£80,001 - £90,000	**1**	1
£100,001 - £110,000	**1**	1

At 31 March 2002, the charity had 99 Sisters (2001 - 100) and their charitable activities were supported by approximately 340 full time and part-time volunteers.

5 Taxation

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

It does, however, suffer VAT which is included with the expenditure to which it relates. Irrecoverable VAT suffered on expenditure, including VAT on capital projects, during the year amounted to approximately £1m (2001 - £1.1m).

6 Tangible fixed assets

	Leasehold property £'000	Freehold land and buildings £'000	Computer equipment, fixtures and fittings £'000	Motor vehicles £'000	**Total £'000**
Cost or valuation					
At 1 April 2001	55	52,321	13,331	561	**66,268**
Additions	—	1,958	1,832	150	**3,940**
Disposals	—	—	(1,870)	(78)	**(1,948)**
Revaluation	—	500	—	—	**500**
Recategorisation	(40)	—	40	—	—
At 31 March 2002	15	54,779	13,333	633	**68,760**
At cost	15	7,071	13,333	633	**21,052**
At valuation – 1999	—	47,208	—	—	**47,208**
– 2002	—	500	—	—	**500**
	15	54,779	13,333	633	**68,760**
Depreciation					
At 1 April 2001	32	2,238	9,719	341	**12,330**
Charge for year	2	1,221	1,171	102	**2,496**
Recategorisation	(23)	—	23	—	—
Disposals	—	—	(1,832)	(60)	**(1,892)**
Impairment provision	—	4,356	—	—	**4,356**
At 31 March 2002	11	7,815	9,081	383	**17,290**
Net book value					
At 31 March 2002	**4**	**46,964**	**4,252**	**250**	**51,470**
At 31 March 2001	23	50,083	3,612	220	53,938

Freehold land and buildings at St Michael's Hospital were revalued on 31 March 1999 based on a valuation performed as part of the arrangement for the transfer of the hospital to the Royal Cornwall Hospitals National Health Service Trust, which now lease the buildings. For some time, the trustees have been in negotiation with the Trust regarding this lease. As part of the negotiations for the Trust to buy the hospital, the trustees have been advised that it is unlikely that the book value will be realised. An impairment review has therefore been carried out and the value of the hospital has been written down by £4.3m.

6 Tangible fixed assets (continued)

The transitional rules set out in Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15) have been applied on implementing FRS 15. Accordingly, the 1999 revaluations at implementation have been retained. The revaluation in 2002 is in respect of a property on the St Anthony's Hospital site, which only recently became available for hospital use. The revaluation was prepared in accordance with the requirements and procedures specified by the Royal Institution of Chartered Surveyors as contained in the Appraisal and Valuation Manual on a Depreciated Cost basis by Stanley Hicks, Chartered Surveyors.

The valuation of the land and buildings included in these accounts, with the exception of St Michael's Hospital, have been prepared in accordance with the requirements and procedures specified by the Royal Institution of Chartered Surveyors as contained in their Appraisal and Valuation Manual, and by qualified external valuers as defined by the Manual. The bases of revaluation in all cases were depreciated replacement cost for specialist buildings and existing use value for non specialist buildings. The date of the valuations, excluding the property brought in this year, was 31 March 1999.

Included in the valuation of freehold land and buildings is an amount for land at a valuation of £8,810,000, which is not depreciated.

7 Fixed asset investments

	2002 £'000	**2002 £'000**	2001 £'000	2001 £'000
Market value of listed investments at 1 April 2001		**13,294**		14,331
Additions at cost		**3,119**		3,696
Proceeds		**(3,281)**		(3,458)
Net unrealised investment losses		**(433)**		(1,275)
Market value of listed investments at 31 March 2002		**12,699**		13,294
Historical cost of listed investments as at 31 March 2002	**10,905**		11,215	
Investment cash				
Short term deposits held in Ireland	**793**		914	
Cash held for re-investment by investment managers				
. In UK	**1,098**		1,171	
. In Ireland	**199**		408	
		2,090		2,493
Total investment at 31 March 2002		**14,789**		15,787

7 Fixed asset investments (continued)

Net unrealised losses are made up as follows:

	2002 £'000	2001 £'000
Net unrealised investments losses	**(433)**	(1,275)
Exchange (loss)/gain on cash held by investment managers	**(15)**	65
	(448)	(1,210)

The realised gain relating to disposals based upon historic cost was £8,000 (2001 - £322,000).

The exchange losses arise from investments and deposits held in Euros (2001 – Punts).

	2002 £'000	2001 £'000
Analysis of listed investments at market value at 31 March 2002:		
UK equities	**6,906**	6,475
UK fixed interest	**1,342**	1,786
UK unit trusts	**33**	1,138
Overseas equities	**3,521**	1,426
Overseas fixed interest	**686**	670
Unit trusts overseas	**211**	1,799
	12,699	13,294
Held by investment managers		
. In UK	**11,205**	11,553
. In Ireland	**1,494**	1,741
	12,699	13,294

All dealings in listed investments were on a recognised stock exchange.

Included in the investment portfolio are the following investments, which are in excess of 5% of the value of the portfolio:

	% of portfolio valuation	2002 £,000
33 KWS Overseas Fund International Unit Trust	15.4	**1,960**
Charinco Distribution Units	8.9	**1,132**
AIB Govett Unit Trust UK Blue Chip Fund	8.8	**1,118**

8 Loan to St Philomena's Carshalton Charitable Trust

From January 2002, annual repayments of £50,000 are receivable over a period of 10 years. The loan is interest free. For more details of the Trust see note 21.

9 Debtors

	2002 £'000	2001 £'000
Amounts recoverable within one year		
. Operational debtors	**3,604**	3,638
. Grants receivable	**105**	327
. Other debtors	**378**	368
. Prepayments	**319**	292
	4,406	4,625

10 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Operational creditors	**1,418**	1,212
Social security and other taxes	**404**	391
Suppliers of fixed assets	**461**	153
Sundry creditors and accruals	**813**	671
Bank loans (see note 12)	**58**	65
Bank overdrafts	**—**	27
	3,154	2,519
Amount due to non-aggregated activities		
. Holy Cross College (see note 21)	**174**	35
	3,328	2,554

11 Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Bank loans (see note 12)	**214**	277

12 Bank loans

	2002 £'000	2001 £'000
Bank loans repayable:		
Between one and two years	**39**	45
Between two and five years	**77**	67
After more than five years	**98**	165
	214	277
Within one year	**58**	65
	272	342

The bank loans have been provided to St Elizabeth's Centre to finance the building of staff and classroom accommodation and are at interest rates of between 7.95% p.a. and 11% p.a. The loans will be fully repaid between the years 2002 and 2017 at the current rate of monthly instalments.

13 Restricted funds

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

		Other				
	Hospice fixed asset fund £'000	Hospice General Funds £'000	General funds £'000	Sundry funds £'000	Total £'000	**Total £'000**
At 1 April 2001	2,272	794	714	346	1,854	**4,126**
Net (outgoing) incoming resources before transfers	—	(49)	265	(21)	195	**195**
Transfers						
. Between restricted funds	(63)	63	—	—	63	—
. To general fund	64	—	(793)	—	(793)	**(729)**
Losses on investments	—	(23)	—	1	(22)	**(22)**
At 31 March 2002	2,273	785	186	326	1,297	**3,570**

Upon completion of fixed asset projects funded by restricted monies, as the specific purpose of the fund has been fulfilled, a transfer is made from restricted funds to general funds.

- Hospice fixed asset fund
  This fund reflects the net book value of tangible fixed assets at the charity's hospice.

- Hospice general funds
  The general fund of the hospice, St Raphael's, can only be applied to the benefit of the hospice and is, therefore, restricted.

13 Restricted funds (continued)

- Development funds
  Development funds are those unspent at the year end, which were donated to two houses for the redevelopment of buildings and equipment.

- Sundry funds
  These funds relate to many small funds held by the individual houses and include Sisters' patrimony, restricted legacies and a bursary fund.

14 Designated funds

		Other					
	Fixed asset fund £'000	Sisters' retirement fund £'000	Maintenance and repairs fund £'000	Capital commitments fund £'000	Sundry funds £'000	Total £'000	**Total £'000**
At 1 April 2001	51,136	6,465	6,486	1,425	887	15,263	**66,399**
Transfers							
. Unrealised gain on revaluation of land and buildings	500	—	—	—	—	—	**500**
. General/designated	(3,181)	(1,252)	(886)	1,283	37	(818)	**(3,999)**
At 31 March 2002	48,455	5,213	5,600	2,708	924	14,445	**62,900**

The designated funds have been set aside out of unrestricted funds by the trustees for specific purposes:

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

- Sisters' retirement fund
  Monies earmarked to fund the cost of future maintenance of ageing Sisters who no longer work. The value therefore changes with the movement in the value of the underlying investments.

- Maintenance and repairs fund
  The estimated cost of future long-term maintenance of the charity's buildings in accordance with the plans for them.

- Capital commitments fund
  Amounts committed as authorised fixed asset expenditure and projects which have been planned and agreed, at 31 March 2002 out of funds already generated and available.

14 Designated funds (continued)

- Sundry funds
  These relate to other designated funds established by the individual houses and which are approved by the trustees.

15 General fund

	£'000	£'000
At 1 April 2001		**5,853**
Net outgoing resources before transfers		**(2,975)**
Transfer from restricted funds	**729**	
Transfer from designated funds	**3,999**	
		4,728
Losses on investments		**(426)**
At 31 March 2002		**7,180**

16 Analysis of total net assets between funds

	General fund £'000	Tangible fixed asset fund £'000	Other designated funds £'000	Restricted funds £'000	**Total funds £'000**
(a) Fund balances at 31 March 2002 are represented by:					
Tangible fixed assets	—	49,197	—	2,273	**51,470**
Fixed asset investments	5,734	—	7,987	1,068	**14,789**
Net current assets	1,446	(528)	6,458	229	**7,605**
Creditors: amounts falling due after one year	—	(214)	—	—	**(214)**
Total net assets	7,180	48,455	14,445	3,570	**73,650**

(b) Unrealised gains included above:	
On tangible fixed assets	**12,454**
On investment assets	**1,794**
Total unrealised gains at 31 March 2002	**14,248**

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

17 Pension commitments

A number of the daughter houses operate separate pension schemes, providing pensions under both defined benefits and defined contribution schemes.

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

Details of the contributions are as follows:

House	Type of Scheme	Administrator	Contributions in year	
			2002	2001
			£'000	£'000
St Elizabeth's Centre	Defined benefits	Teachers' Pension Agency	**39**	35
St Elizabeth's Centre	Defined benefits	The Pensions Trust	**171**	164
St Anthony's Hospital	Defined Contributions	Jardine Lloyd Thomson Benefit Solutions Limited	**185**	179
			395	378
Smaller schemes/contributions to smaller pension plans			**43**	35
			438	413

Teachers' Pension Scheme (TPS)

Retirement benefits for teachers are provided by a defined benefit scheme, the Teachers' Pension Scheme (TPS). The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. St Elizabeth's Centre is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the Centre has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Centre has set out below the information available on the deficit in the scheme and the implications for the Centre in terms of the anticipated contribution rates. The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 1996
Actuarial method	prospective benefits
Investment returns per annum	8.5% per annum
Salary scale increases per annum	6.5% per annum
Value of notional assets at date of last valuation (estimated future contributions together with notional investments held at 31 March 1996)	£61,710 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	94%

17 Pension commitments (continued)

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2000 to 31 March 2002 the employer contributions were 7.4% in respect of benefit improvements to the scheme. From 1 April 2002 there has been an increase of 0.95%.

The Pensions Trust

The Pensions Trust administers pension schemes for charities and voluntary organisations and St Elizabeth's Centre operates a funded defined benefit pension scheme through The Pensions Trust. The Scheme is contracted-in to the State Second Pension scheme (S2P). Contributions payable by the Centre are determined on the basis of triennial valuations carried out by a qualified actuary, and are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives.

The last formal valuation of the scheme was performed as at 30 September 1999 by a professional qualified actuary, using the projected unit method. A valuation is due to be carried out as at 30 September 2002. Employer contributions are at a rate of 10.7% of pensionable salaries for joiners before 1 October 2000 and 8.8% for those who joined after 1 October 2000. Members have paid contributions in line with the rates outlined in Scheme documentation. The following financial assumptions are used to calculate Scheme liabilities under FRS17 and are provided for disclosure purposes only:

Financial Assumptions		
Inflation	2.5% per annum	
Discount rate	5.9% per annum	
Rate of increase in salaries	4.5% per annum	
Rate of increase for pensions in payment	2.5% per annum	
Scheme Assets and expected rate of return	Long-term rate of return expected at 31 March 2002	Value at 31 March 2002 £'000
Equities	7.9% per annum	2,106
Government bonds	5.3% per annum	553
Cash	4.0% per annum	134
Total market value of assets	7.2% per annum	2,793
Present value of Scheme liabilities		3,098
Deficit in the Scheme		(305)

17 Pension commitments (continued)

The Pensions Trust (continued)

Under the transitional rules of FRS 17 the measurement principles of SSAP 24 may continue to be used when calculating the impact on the balance sheet and statement of financial activities. However, under SSAP 24 both assets and liabilities are measured at an actuarial rate (see accounting policy) whereas under FRS 17 the liabilities are measured on an actuarial basis and the assets at a fair value.

18 Capital commitments

	2002 **£'000**	2001 £'000
The capital commitments at 31 March 2002 were:		
Contracted but not provided for in the accounts	**1,245**	—
Authorised but not contracted for	**1,463**	1,425
	2,708	1,425

These commitments are in respect of the following developments:

	2002 **£'000**	2001 £'000
St Anthony's Hospital		
. Kitchen (including ventilation system)	**677**	—
. Computer system	**250**	—
. Radiology Information System and Cardiac Archive System	**230**	200
. Other	**256**	—
St Elizabeth's Centre		
. Multi therapy unit	**345**	—
. Bungalow and multi therapy unit	—	1,050
	1,758	1,250
Provincial House		
. Stillorgan project	**950**	50
. 2 Convent Houses, Hayle	—	125
	2,708	1,425

19 Leasing commitments

Operating leases

At 31 March 2002 the charity had annual commitments under non-cancellable operating leases for equipment as follows:

	2002		2001	
	Land and Buildings £'000	**Other £'000**	Land and Buildings £'000	Other £'000
Operating leases which expire:				
. Within one year	—	**16**	—	—
. Within two to five years	**8**	**14**	8	30
. Thereafter	**56**	—	38	—
	64	**30**	46	30

20 Contingent liabilities

There are potential liabilities to repay various capital grants received, in the event of a sale of the buildings which were built partly with the grant proceeds or, in some cases, in the event of a breach of the grant agreement.

At 31 March 2002 there is no intention to sell any of the buildings and, in the view of the trustees, any breach of any agreement is unlikely.

21 Related party disclosures

Sisters

The costs of the welfare and well-being of the Sisters of the Congregation are met by the charity. The trustees, including the Provincial Superior and the Provincial Bursar, are not remunerated for their work as trustees for the charity. Those Sisters, including three of the trustees, who work in the various houses carrying on charitable activities are paid a salary in accordance with the relevant pay scales. These salaries, together with the pensions of those Sisters who have retired, are covenanted to the charity and included as income.

Worldwide Congregation

The charity is a member of the worldwide Congregation of the Daughters of the Cross of Liege. Included under Support of Members in the statement of financial activities is a contribution of £17,000 (2001 - £26,000) for the benefit of Sisters living and working outside the UK and who are not members of the UK Congregation.

21 Related party disclosures (continued)

Holy Cross College, Bury

The charity owns the land and buildings occupied by Holy Cross College, Bury, and it does not charge rent to the college for occupying the buildings. As disclosed in note 10, at 31 March 2002 the charity was holding £155,000 (2001 - £16,000) on behalf of the college and owed the balance of £19,000 (2001 - £19,000) of the £1 million grant made to the college in 1998. The College Governors are responsible for all income, expenditure, non property assets and liabilities.

More details are given under "Accounting Convention" on page 21.

St Philomena's School and St Philomena's Carshalton Charitable Trust Limited

The charity owns the land and buildings occupied by St Philomena's School, Carshalton, and does not charge rent to the school for occupying the buildings. The School Governors, who are appointed by the Provincial Superior, are responsible for all income, expenditure, non property assets and liabilities. St Philomena's Carshalton Charitable Trust Limited exists to enhance the educational facilities at St Philomena's School.

More details are given under "Accounting Convention" on page 21.

22 Guarantee

On 17 April 2001, the charity gave a guarantee in respect of a loan facility of £900,000 granted to Holy Cross College, Bury to enable the College to construct a new teaching block. The charity will provide the College with financial support should the College be in a position where it is unable to fulfil the terms of the loan. At 31 March 2002, the College project was not sufficiently advanced to require any draw-down of the loan.

23 Post balance sheet event

Since 31 March 2002, contracts have been put in place to sell a large plot of land in Ireland which is no longer required by the Congregation. The estimated sale proceeds, after costs, are likely to be of the order of £17m.