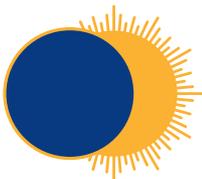




ANNUAL REPORT AND ACCOUNTS 2016/17

Financial year ended 30 September 2017



Royal Hospital for Neuro-disability



Our patron

Her Majesty Queen Elizabeth II

President

Leonora Countess of Lichfield

Vice Presidents

Peter Malpas
Ruth Maxwell
Shirley Palmer
Douglas Reed – deceased April 2017
Alan Sanders
The Mayor of Wandsworth (ex Officio)

Administrative details

Royal Hospital for Neuro-disability

Registered charity number – 205907

Royal Hospital for Neuro-disability (Services) Limited

Company registration number – 04570542

Principal address and registered office

Royal Hospital for Neuro-disability
West Hill, Putney, London, SW15 3SW

Our Trustees and Executives

Board of Trustees

Des Benjamin – Chairman
James Gemmell – Treasurer and Deputy Chairman
Jenny Sharp – Deputy Chairman
Les Broude
Prof Anne Chamberlain (until 6 April 2017)
Dr Dipak Datta
Dominic Fairclough (from 6 April 2017)
Terry Hanafin
The Right Reverend Dr Christopher Herbert
Michael Hornsby (until 6 April 2017)
Leslie Hurst
Dr David Mitchell
Laurence Oates
Peter Siddall (until January 2017)

Executive Directors

Paul Allen – Chief Executive
Frances Low – Director of Governance
Dr Diane Playford – Director of Research
Jane Beaven – Director of Fundraising and Communications
Lynn Cunningham – Chief Operating Officer
Emily McWhirter – Director of Nursing with effect from January 2017
Nanda Ratnavel – Director of Finance
Dr Michael Marrinan FRCS Ed – Interim Medical Director with effect from October 2016, Medical Director with effect from April 2017
Della Warren – Interim Director of Nursing from October 2016 until January 2017

Our Board committees

Audit and Risk Committee

Les Broude – Chairman
Terry Hanafin
Laurence Oates
Trevor Williams

Board Medical Committee

Dr David Mitchell – Chairman
Prof Anne Chamberlain (until 6 April 2017)
Dr Dipak Datta
Dominic Fairclough
The Executive and senior clinical staff are also members

Chairman's committee

Des Benjamin – Chairman
James Gemmell – Treasurer and Deputy Chairman
Jenny Sharp – Deputy Chairman

Ethics Committee

Laurence Oates – Chairman
Dominic Fairclough
Christopher Herbert
Geoff Coyne – Chaplain
Michael Marrinan – Medical Director
Emily McWhirter – Director of Nursing
Lynn Cunningham – Chief Operating Officer
Paul Allen – Chief Executive
One RHN consultant nominated by the Chief Executive
The Executive and senior clinical staff are also members

Finance Committee

James Gemmell – Chairman
Martin Gordon
Leslie Hurst
Anna Marks (from 7 July 2017)
Peter Siddall (until January 2017)

Nominations and Remuneration Committee

Des Benjamin – Chairman
James Gemmell
Jenny Sharp

Patient Safety and Quality Committee

Jenny Sharp – Chairman
Terry Hanafin
Christopher Herbert
Michael Hornsby (until 6 April 2017)
Trudi Kemp (from 27 July 2017)
David Mitchell
Laurence Oates
Mathew Ridsden (until March 2017)
Deborah Sanders (from 7 September 2017)

Our Advisors

Auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers

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PO Box 10230
250 Wimbledon Park Road
London
SW19 6ZA

Insurance Brokers

Jardine Lloyd Thompson Limited
PO Box 600
Threefield House
Threefield Lane
Southampton
SO14 3RP

Investment Custodians

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Central 2
8021 Zurich

Investment Manager

Schroder & Co Limited
100 Wood Street
London
EC2V 7ER

Solicitors

Farrer & Co
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Chairman's welcome

There can be no doubt that for many reasons 2017 has been an interesting year. It would be easy to say we have faced significant difficulties and challenges that relate to our normal organisational issues but that does not reflect accurately what I think 2017 has been about.

This year, the coincidental pressures of global politics, and terrorism have produced a sense of public insecurity which has affected the lives of many people. Our own team of staff here in Putney have of course been affected by these events.

In these circumstances it gives me great pleasure to be able to say that in spite of these difficulties we have had a very good year at the RHN, one in which we have learned a great deal, and one in which we have genuinely improved.

That is a particularly good reason to stop and reflect for a moment just how well everyone who helps keep the RHN flourishing has done. I would like to give my heartfelt thanks to all the RHN's staff for the generous spirit with which they do it.

What is greatly encouraging this year is that, in countless ways across the whole organisation, we have been learning and improving. From improvements in the application of our medical and therapy skills, to our working relationships with each other and our NHS partners. We have improved our organisational resilience and of course, our ability to serve our patients, residents and their families with more knowledge, skill and empathy.

However, a learning organisation does not happen by accident and the RHN has achieved this by recruiting high calibre people and strengthening our management at all levels. We have worked hard to embed our leadership and technical skills training and also our communication and coordination skills throughout the RHN.

At leadership level, we have successfully completed the recruitment of our Executive Team and they have made a tremendous difference to the way the hospital is led. I am encouraged by the RHN's well planned programme of investment in new infrastructure and the continued improvements being made in medical and therapy services including this year, employing a new structure for our GP services.

Our finances remain robust, our governance systems and controls continue to provide a well structured regime for decision making across all areas of the organisation, with further developments and improvements already in train. There really is much to commend the team for this year and in my opinion, this has led to one particular result of which we should be very proud.

This year we were inspected by the Care Quality Commission, the government's regulator tasked with ensuring that standards of care are up to scratch across all hospitals and care institutions. This inspection enabled us to measure ourselves against all other medical establishments that come under its jurisdiction and it is with great pleasure that I am able to report that our hospital has been rated as 'good' by the Commission.

Through the thorough preparations we made for the inspection, we have challenged ourselves and improved many of our working practices, policies and procedures; and I believe we are a much better organisation for it. I'm not sure how often a regulator is thanked for its help but in this case I do so unreservedly.



DES BENJAMIN CHAIRMAN

Perhaps this year is most remarkable because; at a time when so much seems unstable around us, this generosity of spirit from everyone associated with the hospital seems to me at least, undiminished.

I cannot help but mention how delighted I am that our Putney Nurse programme is now underway and that we are developing the core training module for our Putney Health Care Assistant programme too. Both these courses and many of the other training programs running across the organisation mean we are elevating our capabilities across the RHN. I consider this a core investment for our future.

Additionally this year we have had a solid programme of conferences and lectures in our upgraded conference facility, around themes such as end of life care and the ethics and morality of care, which have challenged and improved the thoughts of all of us adding significantly to our learning.

We delivered the first of our major infrastructure projects including our new restaurant; a kitchen facility for our patients to practice their cooking; and a host of other improvements to some of the basic facilities in the hospital. The teams doing this work are to be commended for the excellent results they are achieving.

There is also no doubt that the community of people at the RHN have contributed remarkably over the course of the year, not just by doing the jobs they do so well, but also by participating in fundraising activities and a number of really enjoyable events that are the lifeblood of the hospital such as Founder's Day, 'Strictly RHN' as part of the reinstated Christmas Show, concerts, dances and outings to name just a few.

Perhaps this year is most remarkable because; at a time when so much seems unstable around us, this generosity of spirit from everyone associated with the hospital seems to me at least, undiminished.

Next year we anticipate some new challenges, but we are well positioned to tackle them. We need to continue our programme of improvements to our buildings and we have some ambitious plans to deliver next year including significant improvements to ward and therapy environments. It is also important that we maintain the financial stability we have achieved and that we continue to raise the very precious charitable funds that allow us to do so much extra for our patients and residents.

The challenge to recruit nursing staff will continue next year as there is still a nationwide shortage, however we have plans in place to try and gain ground in this difficult area. To end, I would like to thank all my Board colleagues for their challenging but collegiate engagement. It makes steering our path into the future easier, more exciting and more pleasurable.

Des Benjamin
Chairman
Royal Hospital for Neuro-disability

Chief Executive's introduction

It has been another successful year for the RHN with encouraging progress on a number of fronts. The highlight of the year has been the result of the comprehensive CQC inspection undertaken in March 2017.

The CQC's final report published in September gave the hospital a "Good" rating overall, which is a great result, particularly since the inspectors reported that the RHN was:

“ now compliant with all the requirements identified in the 2015 inspection

consistently above the national average for neuro-rehab and neurology services for the delivery of harm free care ”

The RHN prides itself on the quality of care given to patients and constantly seeks to find ways to improve this. The CQC inspection during 2017 found RHN services to be effective, caring and responsive and amongst many observations, rated as good the degree of personalised care and range of leisure activities that patients receive.

In order to be able to consistently deliver high quality care, it is essential that the hospital remains on a sound financial footing. I am delighted to report that for the second year running we have delivered a hospital operating surplus and have exceeded the budgeted surplus, both at the hospital level and at the bottom line total.

Within that pleasing outcome, our finances have faced some significant challenges and we cannot afford to be complacent. The recruitment of permanent registered nurses is a challenge throughout healthcare nationally, and at the RHN that has resulted

in a significant nursing cost overspend; a consequence of the high utilisation of agency nurses. Having said that, safe staffing levels are of course the priority and it is pleasing that the CQC reported that, "there were enough staff to care for patients and residents".

The other financial challenge during the year was the level of voluntary income raised through fundraising. We have increased targets over the last few years and this year missed the target; a significant contributory factor was the low level of legacy income, although the fundraising environment is generally challenged with a tightening regulatory environment and the upcoming data protection requirements.

We do have an excellent fundraising team in place and their successes in this year included the splendid Gala Dinner, held at Goldsmiths Hall from which £80,000 was pledged towards our upcoming Therapy Hub project.

This was an important year for progress with our ambitious capital investment programme, all focused on providing high quality facilities for our patients, residents and their families.

As part of these plans, we progressed on phase one of our catering project; the new Reed's Restaurant, which combined and replaced the Morris Room café and the Eclipse Restaurant into a single restaurant and social space. The new restaurant was completed and brought into use in October 2017 and is proving to be a popular location for patients and residents, their families and our staff.



PAUL ALLEN
CHIEF EXECUTIVE

The success of the RHN is of course highly dependent on our excellent staff. We have invested in our people in a number of ways. Our organisational development programme in partnership with the Beech Centre has continued with leadership development, coaching and facilitation programmes.

We have been planning the next stage of our Capital investment programme which is outlined in the "looking forward" section of this report.

The success of the RHN is of course highly dependent on our excellent staff. We have invested in our people in a number of ways. Our organisational development programme in partnership with the Beech Centre has continued with leadership development, coaching and facilitation programmes.

Our humanisation programme, which focuses on our people, development and culture, has continued with ward workshops.

The first group of Putney Nurses started training in February and the second group in September. This programme has been accredited by the Royal College of Nursing and next year we will seek to attain masters level accreditation. We are now developing a similar programme for our Health Care Assistants (HCA).

2017 saw the retirement of our Principal Medical Officer and GP, Dr Tony Sayer, after 28 years of service. We thank him for all he did for our patients and residents.

We are working with the NHS on a permanent model for meeting the general medical needs of our patients and residents, and in the meantime are very pleased that GP services are being provided by the local Putney mead Group Medical Practice.

During the year, the executive team has been completed with the permanent appointments of Emily McWhirter as Director of Nursing and Michael Marrinan as Medical Director.

Within the sphere of Research and Education, congratulations are due to Dr Agnieszka Kempny and Dr Sonja Soeterik, who have been awarded their PhDs, and to our conference and events team who organised a successful conference, 'End of life in Disorders of Consciousness' at the RHN in June.

Paul Allen
Chief Executive
Royal Hospital for Neuro-disability

Report of the Trustees for the year ending 30 September 2017

The Trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiary for the year ended 30 September 2017.

The financial statements comply with the Charities Act 2011 and the Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, applicable in the UK and Republic of Ireland (effective 1 January 2015).

Our purpose

The Charity's objectives are:

"To give permanent relief to such persons as are hopelessly disqualified for the duties of life by disease, accident or deformity; and this shall be carried out on the broad principle of Christian kindness and liberality in the hopes of uniting all the good for the good of all who really need help".

Its activities are "to enable people with profound or complex disabilities resulting from damage to the brain or other areas of the nervous system, to enjoy an optimal quality of life through enhanced independence".

Public benefit

The RHN's trustees have duly considered the Charity Commission's published guidance on public benefit requirements under the Charities Act 2011. As such, the Trustees carry out those objects and activities by contracting with NHS England to provide rehabilitation following catastrophic brain events; contracting with clinical commissioning groups and others to provide care for those who, following brain injury, require continuing specialist and complex care; and by fundraising in order to improve the care and wellbeing of patients and residents by improving facilities available to them, developing and providing therapies such as art and music therapy, providing recreational and social events and providing pastoral care to those of all faiths and none, whatever their background.

Activity at the RHN during 2016/17

Statistics (based on average estimates):	2017	2016
Admissions to the hospital	160	151
Bed capacity:		
Brain Injury Service	52	52
Special Services	55	55
Specialist Nursing Home	122	123
Aggregate	229	230
Average annual Bed occupancies:		
Brain Injury Service	45	47
Special Services	51	50
Specialist Nursing Home	121	120
Aggregate Bed Occupancies	217	217
Patients treated within the Brain Injury Service (BIS)	134	146

The average BIS length of stay is 18.5 weeks (2016: 18.5 weeks). In the Brain Injury Service we achieved an occupancy of 87% (2016: 90%) due to lower volume of 'delayed transfer of care' patients than the previous year. Specialist services realised an occupancy rate of 93% (2016 restated: 91%). In the specialist nursing home we achieved a rate of 99% occupancy. (2016: 98%).

Leisure and Families Service (LaFS)

With the support of our team of volunteers, Leisure and Families Service (LaFS), continued to provide a range of activities and leisure opportunities for patients and residents across the hospital with services now available from 10am – 6pm every day.

During the financial year, the following new programmes were offered:

Meet and greet

This service provides family members the opportunity to meet senior RHN staff for the first time. The senior team includes the Chief Executive, directors and other key staff.

Ask the expert

These new sessions give families a forum to ask staff, general questions about services, care and receive any relevant advice they might need.

Our 'experts' include senior RHN clinicians, psychologists, the social work team leader and our therapy manager.

Both programmes are held every 12 weeks as a means of enhancing communication between patients' families, and the RHN.

Volunteer recruitment

The team also forged new partnerships in regards to volunteer recruitment with Imperial College and Roehampton University.

Legal and Welfare Service (LAWS)

In addition to our new services above, we continue to offer LAWS sessions with presentations during the year covering topics including:

- Power of Attorney
- Court of Protection
- Wills and Trusts in the context of disability
- Deprivation of Liberties

LaFS also continues to provide 1:1 support to patients. This support ranges from listening to music on the ward or playing draughts in the canteen, to spending time away from the wards and getting around the hospital to see other patients/residents and staff.

Research and innovation

Our research team works to advance the science of treatment and care for people living with neurological disabilities. This is carried out through targeted research, developing assistive technologies and sharing expertise.

During the year the RHN's research team undertook the following new projects:

End of life conference

On a continuing basis, the RHN demonstrated its influence through conferences, such as End of Life in Disorders of Consciousness (DoC), held at the hospital in March 2017 and led by Dr Andrew Hanrahan, Consultant in Neurorehabilitation. The event brought together professionals and carers from a range of specialities to discuss clinical, ethical and legal issues relating to end of life decision-making and care for people in DoC.

Rest and rehabilitation.

Led by Dr Nathan A Illman, Clinical Psychologist and Dr Sarah Crawford, Consultant Clinical Neuropsychologist, this project is looking at whether the use of therapeutic 'downtime' is clinically indicated for improved memory retention in individuals with severe acquired brain injury.

Preserving the incurables for the incurably curious.

This scoping project led by Senior Trust and Research Executive, Sinead Moriarty and Associate Director of Research, Dr Sophie Duport received funding from the Wellcome Trust to bring in two consultants (an archivist and a conservator) to the RHN to assess the historical value and current condition of our archives. Based on their findings, a case for support has been drawn up and further funding will be sought to start the conservation work.

The RHN is also involved in national studies on prolonged disorders of consciousness such as the Coma Recovery Scale-Revised (CRS-R), the Sensory Modality and Rehabilitation Tool (SMART) and the Wessex Head Injury Matrix (WHIM), as well as international studies on validation of the Music Therapy Assessment Tool for Awareness in Disorders of Consciousness

Our clinicians also submitted articles to medical journals on subjects including:

- the assessment of language and the emergence from disorders of consciousness,
- the use of social media by adults with acquired conditions who use Augmentative and Alternative Communication,
- understanding the decision-making environment for people in minimally conscious state, and
- the psychological impact of prolonged disorders of consciousness on caregivers.

Our charity

Our charitable status allows us to provide additional services and therapies for patients and residents, over and above their contracted care. This ensures they get the best possible holistic treatment and an enhanced quality of life.

As a charity, we take the acquiring and handling of personal data very seriously. We ensure that data is captured ethically and lawfully – and at the same time held securely and only used in line with the purpose for which it was gathered.

In order to show our commitment to best practices within Fundraising, we are registered with the Fundraising Regulator (FR) and adhere to its Code of fundraising practice for charitable fundraising within the UK.

Having voluntarily registered with FR, we are expected to record complaints, submit an Annual Complaints Returns Report and update our records. This is done as and when information is received or obtained from stakeholders and/or beneficiaries.

Our Annual Complaints Returns Report was submitted during the year so we remain compliant.

All this is done to assure the public, our supporters and those in our care of our open and transparent approach to Fundraising and in the services we provide. It is our hope that our culture of being respectful, responsible and accountable is shown, so potential and existing supporters have complete confidence in giving to our work.

In addition, we have produced a privacy notice (available on our website) which gives more information about the gathering, handling and use of personal data by the RHN.

Charitable funds were generated through:

- Corporate partners
- Individual and major donors
- Events
- Legacies
- Trusts and foundations

The donations we receive provide funding for:

- A varied programme of on/off site leisure activities
- A programme of research and technology
- Aquability, art, music therapy sessions
- Capital works
- Equipment
- Nurse escorts and transport for patient outings
- Specially adapted wheelchairs and mobility equipment
- Volunteer training

Our charity (continued)

Last year we were once again generously supported by a number of organisations and individuals. As ever we would like to thank them.

Major donors

Mr Daniel Hochberg and Ms Tamasin Little
Mr David Shaw
Miss Elizabeth Dendy
Mr and Mrs I Rickword
Mr M F B Buchanan
Mrs Marion Cohen
Mrs Mary Paleologo
Maureen Aitken
Mr Peter Norrie
Ted and Henri Kennedy
Mr William Dodwell
Roger and Rosemary Chadder

Trusts and foundations

Bruce Wake Charity
Donald Forrester Trust
Garfield Weston Foundation
Lord Barnby's Foundation
Mrs Maud Van Norden's Charitable Foundation
P F Charitable Trust
Peacock Charitable Trust
Schroder Charity Trust
The Burdett Trust for Nursing
The Cadogan Charity
The City of London Corporation Charity, City Bridge Trust
The D'Oyly Carte Charitable Trust
The Elizabeth and Prince Zaiger Trust
The Elizabeth Frankland Moore & Star Foundation
The G C Gibson Charitable Trust
The John Coates Charitable Trust
The Pixel Fund
The Sackler Trust
The Sir James Reckitt Charitable Trust
The Susanna Peake Charitable Trust
The Vernon N Ely Charitable Trust
The William Allen Young Charitable Trust
The William Frederick Haines Foundation
The Wimbledon Foundation
Victoria Convalescent Trust
Wellcome Trust
Wimbledon District Nursing and Midwifery Benevolent Society

Managing our risks

In order to minimise or eliminate risks to the charity during the 2016/17 financial year, potential risks were identified and regularly reviewed by the Executive team and Trustees.

The RHN identifies its principal risks as quality of care, recruitment and retention of staff and financial sustainability. The Audit and Risk Committee reviews all significant risks quarterly before consideration by the Board.

Quality of care

The RHN has numerous controls to ensure that it implements appropriate standards of safety and care, including policies and guidance which are regularly reviewed and updated, processes for disseminating national alerts and guidance, weekly ward quality audits, clinical audits which are reviewed by the Clinical Audit Committee, reporting of incidents on the Datix recording system which are reviewed at fortnightly meetings of clinicians, reviews of trends by the Clinical Risk and Incident Committee, learning from deaths by the Mortality Review Committee, and appropriate mandatory learning for all levels of staff including agency staff. The RHN encourages feedback and conducts and learns from the annual Patient and Relatives survey.

Risk registers (clinical and medicines) are updated monthly and incorporated in the corporate risk register, which is reviewed monthly by the Executive Management team.

The RHN's Board Committee with oversight of safety and quality of care and the review of the clinical risk register is the Patient Safety and Quality Committee. The Patient Representative Committee (chaired by a trustee and including representatives from patients and families of all wards) raises concerns which are then acted upon and reported back to the committee.

Recruitment and retention of staff

The RHN values its staff highly and invests resources in ensuring a happy and productive workforce. The success of these efforts is borne out in staff survey results which show staff morale increasing from 55.3% in 2012 to 81.5% in 2017.

This year has seen the embedding of the Putney Nurse qualification, with the future intention to develop a Putney Healthcare Assistant programme in 2018.

Staff engagement in RHN strategy development is encouraged, and building on work done in 2016, staff have been involved in developing a five year strategy that will be finalised next year.

Financial sustainability

The RHN recognises that in order to continue to improve and provide the highest quality of care to patients, it needs to be financially stable with an outlook of improving financial sustainability, thereby allowing investment in facilities and equipment for patient care.

The RHN recorded a financial surplus and a position of healthy reserves for the financial year ending 30 September 2017. Our plan for the financial year ending 30 September 2018 includes an aim to reduce dependency on temporary staffing and is intended to deliver a surplus and healthy reserves.

The RHN's primary sources of funding are the NHS and local authorities that themselves are under financial pressure. In order to mitigate the RHN experiencing funding shortfalls, we work in partnership with commissioners, entering into long term contractual agreements that provide financial security.

The RHN has sufficient reserves that guarantee operations for the foreseeable future and is engaged in a longer term financial plan as part of a corporate strategy. Further disclosures are available within the financial review and note 1.3 of our accounting policies.

The RHN's Board Committee with oversight of finances is the Finance Committee.

Financial review

The RHN reported an overall net surplus in funds for the year of £5.85 million (2016: £7.31 million) comprising the following:

Charitable activities	30 Sep 2017 £million	30 Sep 2016 £million as restated
Total incoming resources	39.33	38.20
Expenditure thereon	-37.26	-35.57
Net income on charitable activities	2.07	2.63

The RHN receives the majority of its income for patient care from NHS England (for Brain Injury Services) and from clinical commissioning groups and some local authorities (for Continuing Care). With high occupancy levels and the continued benefit from contractual income reviews, the RHN has maintained a steady increase in income for patient care. The Charity has also seen an increase in donations and legacies of 34%.

Within the income above, the charity received £2.56 million from donations and fundraising, and is analysed below.

Fundraising and donations received for charitable expenditure during the year ended 30 September 2017	£000's	£000's
Unrestricted		1,517
Restricted		
Additional therapies and services	339	
Purchase of specialist equipment	63	
Research and education	219	
Specific redevelopment and refurbishment of hospital buildings	418	
		1,039
		2,556

The split of restricted receipts is represented below:



Financial review (continued)

The RHN's fundraising activities continue to be overseen by the voluntary independent body – the Fundraising Regulator (FR) whose responsibilities include ensuring the charity records all complaints, completes an Annual Complaints Returns Report and displays its logo, which conveys our commitment to complying with legislation as well as building trust with supporters of the charity.

In its commitment to providing quality services and both attracting and retain the good staff, the RHN has seen increases in the costs of remuneration. Recognising the ethical need to ensure all staff benefit from pay, the charity remains a committed employer in ensuring no employee is paid below the London Living Wage, while reviewing pay scales so they remain competitive in order to attract and retain quality staff. The hospital acknowledges the challenges recruiting permanent front line staff and experienced some increases in its agency costs, whilst maintaining a high quality of care. The RHN is actively reviewing new strategies and recruitment campaigns; amongst them, an overseas nurse recruitment campaign, as ways to increase permanent staff and control overall spend.

Investments	30 Sep 2017 £million	30 Sep 2016 £million as restated
Net gains during the year	1.55	2.63

The RHN continues to invest funds surplus to working capital requirements in a portfolio managed by Schroder & Co Ltd's charity division. Schroder, places investments based on ranges previously agreed by the RHN's Finance Committee, who review the Charity's investments during the course of the financial year.

For the 12 months to 30 September 2017 the RHN saw a decline on the return of its main portfolio with an annual yield of (8.9%) compared to 2016: 14.4%. Dividend income from investments during the year was £0.55 million (2016: £0.6million). The overall performance reflects the general economic climate, and remains largely outside the control of the RHN.

Staff pension scheme	30 Sep 2017 £million	30 Sep 2016 £million as restated
Actuarial gains on defined benefit scheme	2.23	2.06

The results above pertain to the RHN's defined benefit pension scheme which was closed to new members in 2001 and existing members in 2006.

As at 30 September 2017, the defined benefit pension scheme liability was £0.3 million (30 September 2016 – £2.6 million).

The Defined Benefit pension scheme is managed by agents appointed by the RHN.

The agreed schedule of contributions is fully considered within all planning, budgeting and cash flow considerations. Further disclosures surrounding their consideration are disclosed within the going concern note.

The RHN continues to run a defined contribution scheme for its employees.

Financial review (continued)

Connected charities and companies

The RHN owns 100% of the share capital of the Royal Hospital of Neuro-disability Services Limited. The results for the subsidiary are included within the consolidated accounts of the RHN.

The principal activity of the Royal Hospital of Neuro-disability Services Limited was the provision of safety training and medical assessment for insurance claims.

Reserves

In accordance with the Charity Commission's guidance, the Board has carried out a detailed review of the group's activities, identified the major risks the group is exposed to, and produced a financial risk assessment. The desired level of free reserves remains expressed as a range between £8 million and £16.5 million within which free reserves may fluctuate.

At 30 September 2017 Free reserves, after adjustment for the defined benefit pension scheme liability as per FRS102 and designated funds, stood at £16.1 million (2016 - £13.4 million). Of the total £40.32 million reserves, £8.8 million has been designated to a fixed assets fund representing the net book value of the RHN's fixed assets together with £6 million for planned maintenance and £6.5 million for future capital expenditure on the hospital buildings and equipment. The RHN has similarly recognised a combined restricted reserve portfolio of £2.17 million, as well as endowment funds of £0.72 million. Further disclosures are available in note 16.

The Board has continued its risk based policy to mitigate the following threats:

- Adverse movements in cash flow
- A shortfall in income net of fees payable
- A shortfall in voluntary income
- Falls in the realisable value of investments
- A contingency against the need to increase funding of the pension scheme
- A contingency against business interruption

The level of reserves is regarded as being at an acceptable level by the Board of Trustees.

In addition to these free reserves, the group held investments and cash of £2.2 million as restricted reserves that are required to fund specific projects. Endowment Funds amounted to £0.7 million.

Further details of these reserves are disclosed within the consolidated statement of financial activities and balance sheet on pages 26 and 27.

Looking forward

Looking forward to 2017/18, the coming year will see further progress with the following.

The Capital investment programme including the following:

- The commencement of reconfiguration of Drapers ward and the Therapy Hub
- The installation of a 20 bedded modular ward which will free space to decant patients during the above refurbishment and increase our patient capacity by around 10%
- Continued investment in estate improvement and technology including an electronic patient records system

Building on “Our Plan for the Future”, the development of a five year strategy encompassing existing and new activity.

The embedding of the Putney Nurse and development of the Putney HCA programmes.

Reduced reliance on agency nurses by employing our own permanent and bank nurses.

Further improvements in the quality of care for patients, following and building upon recommendations in the CQC report.

Be fully compliant with the General Data Protection Rules by May 2018.

Have a plan for monitoring compliance with the revised Charity Governance Code.

Continue to achieve RHN's Counter Fraud compliance targets.

Structure, governance and management

The RHN's governing constitution is a Royal Charter and byelaws.

Members of the Board of Management (also known as the Board of Trustees) act as trustees of the charity. They are elected by the Governors at their Annual General Meeting (AGM) to act on behalf of the charity in the management of its business, property and affairs.

The Board is a non executive body which has four meetings a year and sets the strategic direction of the RHN.

The Board of Trustees

The Board must be made up of 12 members who hold office for four years. They may not hold office for longer than two consecutive terms of four years, unless the Board decides there are exceptional circumstances.

Members of the Board retire by rotation at each AGM, with each of them being eligible for re- election, subject to the maximum service rule.

A formal recruitment process has been adopted. This includes open advertisement and interview to ensure the appropriate skills and experience are identified.

An induction programme and continuing trustee training is also in place.

Responsibilities of the Executive and Committees

The RHN board delegates certain functions to the Executive and Committees. The day to day running of the hospital is the responsibility of the Chief Executive.

The Chief Executive carries out operations according to the strategy and the budget set by the Board; and is assisted by the executive team which meets every week.

Remuneration

Trustees are not remunerated but may claim reasonable expenses.

The charity continues to operate the 'Putney Scale', a harmonised pay method which helps the RHN remain competitive within the Healthcare industry. This is available to all nursing and therapy staff and in line with the NHS Agenda for Change classifications. The component parts are basic pay and a market supplement reflecting the higher cost of inner London living.

Appointed by the Board of Trustees, the Nominations and Remuneration Committee is responsible for the remuneration of senior staff. Chaired by the Chairman of the Board, the committee considers senior staff salaries and benefits.

The Chief Executive provides advice to the committee.

Going concern

The RHN is a public benefit entity, and its Board has set out a review of financial performance and the group's reserves position.

At 30 September 2017, the RHN reported general funds of £16.4 million, net current assets of £10.8 million, and a net cash inflow of £5.3 million for the year.

The actuarial deficit on the defined benefit pension plan (which was closed to new members on 1 November 2001 and closed to future accrual on 30 September 2006) has been reduced and a strategy to fund any residual obligation has been adopted. On its operational activities, the trustees believe that the implementation of a strategy of growth and an associated five year financial plan, have reasonably secured the hospital for the foreseeable future.

Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure.

Neither the Trustees, nor any key persons within the charity, were aware of either any specific, nor general events which would change the charity's status as a going concern.

Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group, and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and the group, and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Des Benjamin
Chairman
Royal Hospital for Neuro-disability

24 January 2018

Independent Auditor's Report

Opinion

We have audited the financial statements of Royal Hospital for Neuro-Disability for the year ended 30 September 2017 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 September 2017 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent 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, 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 group's and the parent 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 Act 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.

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

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
London

5 February 2018

Crowe Clark Whitehill 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.



Consolidated statement of financial activities (SOFA)

for the year ended 30 September 2017

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Unrestricted funds	Restricted funds	Endowment funds	Total 2016 £'000
Income and endowments from:									
Donations and legacies	2.1	1,392	933	-	2,325	1,221	511	-	1,732
Other trading activities									
- fundraising events		125	106	-	231	238	32	-	270
- Trading activities		27	-	-	27	53	-	-	53
Investments									
- Dividends and Interest	2.2	551	-	-	551	588	-	-	588
		2,095	1,039	-	3,134	2,100	543	-	2,643
Charitable activities	3	36,192	3	-	36,195	35,552	3	-	35,555
Total Income and endowments		38,287	1,042	-	39,329	37,652	546	-	38,198
Expenditure on:									
Raising funds	4.1	997	-	-	997	940	-	-	940
Charitable activities	4.2	35,707	555	-	36,262	34,172	457	-	34,629
Total expenditure	4.2	36,704	555	-	37,259	35,112	457	-	35,569
Net Income before gains and losses		1,583	487	-	2,070	2,540	89	-	2,629
Net gains on Investments		1,465	40	49	1,554	2,490	61	78	2,629
Net income		3,048	527	49	3,624	5,030	150	78	5,258
Transfers between funds	17	(4)	4	-	-	22	(22)	-	-
Other recognised gains		3,044	531	49	3,624	5,052	128	78	5,258
Net actuarial gains on defined benefit pension scheme	6.5	2,228	-	-	2,228	2,056	-	-	2,056
Net movement in funds for the year		5,272	531	49	5,852	7,108	128	78	7,314
Reconciliation of funds									
funds at 1 October		32,162	1,635	670	34,467	25,054	1,507	592	27,153
Total funds at 30 September		37,434	2,166	719	40,319	32,162	1,635	670	34,467

The RHN made no other unrealised gains or losses which do not appear on the SOFA. All the above are derived from continuing activities. The notes on pages 29 to 42 form a part of these accounts.

Consolidated balance sheet

as at 30 September 2017

	Notes	Group 2017 £'000	Group 2016 £'000	charity 2017 £'000	charity 2016 £'000
Fixed assets					
Tangible assets	8	8,784	8,190	8,784	8,190
Investments	9	21,053	23,524	21,053	23,524
		29,837	31,714	29,837	31,714
Current assets					
Stocks	10	44	41	44	41
Debtors	11	4,363	4,244	4,358	4,239
Short term deposits		4,431	463	4,431	463
Cash at bank and In hand		5,978	4,687	5,978	4,683
		14,816	9,435	14,811	9,426
Creditors - amounts falling due within one year	12	(4,010)	(4,049)	(4,005)	(4,040)
Net current assets		10,806	5,386	10,806	5,386
Net assets - excluding pension liability		40,643	37,100	40,643	37,100
Defined benefit pension scheme (liability)	6.5	(324)	(2,633)	(324)	(2,633)
Total net assets	16	40,319	34,467	40,319	34,467
The funds of the charity					
Capital funds					
Endowment funds	16 and 17	719	670	719	670
Restricted funds					
Income funds	16	1,609	1,118	1,609	1,118
Other Restricted funds	16	557	517	557	517
Unrestricted funds					
Designated funds					
- Fixed assets	16	8,784	8,190	8,784	8,190
- Planned capital expenditure	16	6,510	4,048	6,510	4,048
- Planned maintenance	16	6,025	6,484	6,025	6,484
Free reserves					
- General funds		16,439	16,073	16,439	16,073
- Pension reserve		(324)	(2,633)	(324)	(2,633)
Free reserves		16,115	13,440	16,115	13,440
Total charity funds		40,319	34,467	40,319	34,467

Approved by the Board of Management on 24 January 2018 and signed on its behalf by:



Des Benjamin
Chairman



James Gemmell
Treasurer

The notes on pages 29 to 42 form a part of these accounts.

Consolidated cash flow statement

for the year ended 30 September 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Net cash used in operating activities	2,255	2,429
Cash flows from Investing activities		
Dividends, interest and rents from investments	551	588
Purchase of property, plant and equipment	(1,572)	(763)
Proceeds from sale of investments	5,371	818
Purchase of investments	(1,346)	(418)
Net cash used in investing activities	3,004	225
Change in cash and cash equivalents in the reporting period	5,259	2,654
Cash and cash equivalents at the beginning of the reporting period	5,150	2,496
Cash and cash equivalents at the end of the reporting period	10,409	5,150
Reconciliation of cash flows from operating activities		
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	3,624	5,258
Adjustments for:		
Depreciation charges	978	884
Pension fund contributions and finance costs	(81)	(74)
(Gains) / losses on investments	(1,554)	(2,629)
Dividends, interest and rents from Investments	(551)	(588)
Decrease / (increase) in stocks	(3)	9
Decrease / (increase) in debtors	(119)	179
Increase / (decrease) in creditors	(39)	(610)
Net cash provided by (used in) operating activities	2,255	2,429
Analysis of cash and cash equivalents		
Cash in hand	5,978	4,687
Notice deposits (less than 3 months)	4,431	463
Total cash and cash equivalents	10,409	5,150

Notes to the accounts

for the year ended 30 September 2017

Royal Hospital for Neuro-disability (charity no. 205907)

1 Accounting Policies

- 1.1 The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.
- 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.
- 1.2 The accounts have been prepared in accordance with the Charities SORP (FRS102) and the RHN meets the definition of a public benefit entity under FRS 102.
- 1.3 Going Concern. The RHN is a public benefit entity, and its Board has set out a review of financial performance and the group's reserves position. At 30 September 2017, the RHN reported general funds of £16.4 million, net current assets of £10.8 million, and a net cash inflow of £5.3 million for the year. The actuarial deficit on the defined benefit pension plan (which was closed to new members on 1 November 2001 and closed to future accrual on 30 September 2006) has been reduced, and a strategy to fund any residual obligation has been adopted. On its operational activities, the trustees believe that the implementation of a strategy of growth, and an associated five year financial plan, have reasonably secured the hospital for the foreseeable future. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Neither the Trustees, nor any key persons within the charity, were aware of either any specific, nor general events which would change the charity's status as a going concern.
- 1.4 The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the RHN and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. A separate SOFA for the charity is not presented as permitted by the SORP.
- 1.5 Income and expenditure are accounted for on an accruals basis and expenditure includes Value Added Tax where this is not recoverable.
- 1.6 Grants Receivable are included in the SOFA in accordance with the terms of the grant agreement and the SORP criteria of entitlement, probability of receipt and reliability of measurement.
- 1.7 Donations of equipment and supplies are included within the appropriate expenditure at cost or estimated value to the donor and within gifts and donations.
- 1.8 Legacy income is recognised at the earlier of the charity being notified of an impending distribution or the legacy being received. Where the charity has been notified of material legacies which have not been included in the SOFA because the conditions for recognition have not been met, this fact and an estimate of the amounts receivable has been disclosed in the notes to the accounts.
- 1.9 Patient services comprise the costs of nursing, treatment, therapy, domestic and catering services and the costs of buildings and equipment maintenance, heating, depreciation and other support services attributable to Patient care.
- 1.10 Research expenditure comprises staff costs and direct costs of medical research projects instigated by the RHN and their associated support costs.
- 1.11 Grants are charged to the SOFA in the period in which beneficiaries are noted and so a constructive obligation is entered into by the RHN.
- 1.12 Costs of raising funds comprises staff and running costs of the fundraising department together with any other costs directly associated with raising funds for the RHN, including related publicity costs. This expenditure heading also includes other costs associated with generating funds such as investment management fees and expenditure directly related to trading income.
- 1.13 Support costs, comprising facility charges, governance, management and administrative costs, are allocated to activities based on employee headcount.
- 1.14 The RHN operates a pension scheme which includes a defined benefit section and a defined contribution section. The assets of the scheme are held by the scheme trustees separately from the assets of the RHN. Further information on the pension scheme can be found in note 6.4 and 6.5.
- 1.15 Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.
- 1.16 Depreciation is charged on all fixed assets except freehold land, on a straight line basis, at rates calculated to write off the assets over their estimated useful lives as follows:
- | | |
|--------------------------------|---------------|
| Buildings | 2%-20% |
| Plant and Machinery | 7%-25% |
| Furniture and Equipment | 7%-50% |
- Tangible fixed assets costing more than £2,500 are capitalised at cost and depreciated at the rates shown.
- 1.17 Fixed Asset Investments are included in the Balance Sheet at market value. Realised and unrealised gains and losses incurred during the year are included in the Statement of Financial Activities. Assets in the course of construction, reflect fixed asset projects undertaken by the RHN which have not been completed as at the reporting date. Such assets when completed are transferred to the appropriate asset class and depreciated according to existing accounting policy. Any assets under construction which during review are considered to decline in value are written off, to any extent identified to the Statement of Financial Activities.
- 1.18 Stocks are valued at the lower of cost and net realisable value.
- 1.19 Fees receivable and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.
- 1.20 Creditors and provisions are recognised where the RHN has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. The RHN recognises Creditors and provisions at their settlement amount after allowing for any trade discounts due.

1.21 Unrestricted funds are funds which are available for use at the discretion of the Board in furtherance of the general objectives of the RHN and which have not been designated for any other purpose. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 16 to the accounts.

Endowment funds comprise monies that must be held indefinitely as capital. Related income is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes, in which case it is credited to restricted funds.

Designated funds comprise unrestricted funds that have been set aside by the Board for particular purposes. The use of the designated funds is set out in note 16.

1.22 Taxation – the RHN is a registered charity and is therefore not liable to direct taxes on income derived from charitable activities, as they fall within the various exemptions available to registered charities.

1.23 Key estimates and judgements – estimates and judgements are continually evaluated and are based on historical evidence and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

With regard to FRS102 Section 28 (Retirement benefits) and the RHN's defined benefit pension scheme, the best estimates used are chosen from a range of possible actuarial assumptions. Further disclosures of the estimates governing these retirement benefits can be found within note 6.5 of this annual report.

1.24 Financial Instruments

The group has financial assets and financial liabilities that qualify as basic and financial instruments. These are recognised at transaction value and subsequently measured at either their settlement value, or market value. The group has taken reduced disclosure exemptions for sections 11 and 12 of FRS 102. At the balance sheet date the charity held financial assets at amortised cost of £14.6 million (2016 £9.1 million). Financial assets at fair value through income or expenditure of £21.06 million (2016 – £23.5 million), with corresponding financial liabilities amortised at cost of £3.2 million (2016 3.1 million). The RHN classified as cash at bank and in hand those deposits with no restrictions. Any items outside this scope are classified within investments.

2 Donations, Legacies and Investment Income

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 £'000	2016 £'000
2.1 Donations and Legacies					
Gifts and donations		455	920	1,375	1,038
Legacies		937	13	950	694
		1,392	933	2,325	1,732

At 30 September 2017, the RHN has noted £48,000 of bequeathed legacies, which were not included in the financial statements (2016: £800,000).

2.2 Investment Income

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 £'000	2016 £'000
Listed investments		245	-	245	250
Interest on deposits		306	-	306	338
		551	-	551	588

3 Income from Charitable Activities

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 £'000	2016 £'000
Patient services	3.1	35,363	3	35,366	34,709
Staff accommodation		236	-	236	244
Wheelchair and technology services		178	-	178	157
Other income from charitable activities		415	-	415	444
Grants receivable	3.2	-	-	-	1
		36,192	3	36,195	35,555

3.1 Patient services

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 £'000	2016 £'000
National Health Service		33,251	-	33,251	32,087
Local Authority		1,092	-	1,092	1,424
Prescription reimbursement		16	-	16	9
Non-NHS patients		518	-	518	594
Other sources		486	3	489	595
		35,363	3	35,366	34,709

3.2 Grants Receivable

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 £'000	2016 £'000
Funding research projects		-	-	-	1
		-	-	-	1

4 Total expenditure	Direct costs	Support costs	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
4.1 Expenditure on raising funds				
Voluntary income	712	85	797	740
Trading expenses	14	2	16	41
Fundraising events	48	5	53	37
Investment management	131	-	131	122
	905	92	997	940
4.2 Expenditure on charitable activities				
Patient Services	28,806	6,174	34,980	33,361
Staff accommodation	31	7	38	30
Wheelchair and technology services	393	84	477	441
Other charitable activities	384	82	466	402
Research	199	43	242	225
Other finance costs (see note 6.5)	59	-	59	170
	29,872	6,390	36,262	34,629
Total expenditure	30,777	6,482	37,259	35,569

Costs of generating funds comprises staff and running costs of the fundraising department together with any other costs directly associated with raising funds for the group, including related publicity costs. This expenditure heading also includes other costs associated with generating funds such as investment management fees and expenditure directly related to trading income.

Patient services comprise the costs of nursing, treatment, therapy, domestic and catering services and the costs of buildings and equipment maintenance, heating, depreciation and other support services attributable to patient care.

Support costs are apportioned as per note 5 below.

5 Support costs	Expenditure on raising funds	Expenditure on charitable activities	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
Administration and management	34	2,412	2,446	2,228
Building expenses	28	1,950	1,978	1,892
Finance	6	412	418	427
Human resources	10	676	686	620
Information technology	10	692	702	666
Governance	3	185	188	222
Statutory audit	1	32	33	33
Non-audit services	-	31	31	14
	92	6,390	6,482	6,102

Total expenditure includes the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs relate to information technology, property and facilities management, human resources and finance in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities consistently based on employee headcount.

6 Employee information

	2017	2016
	£'000	£'000
6.1 Staff costs during the year were as follows:		
Salaries and wages	25,513	24,453
Social security costs	1,897	1,741
Other pension costs and life assurance premiums	1,299	1,254
	28,709	27,448

Included within the wages and salaries figure above is the cost of employing agency staff.

During the year, a total of £58,000 has been recognised for redundancies of which £21,000 remained payable at the year end (2016: £30,000).

6.2 Employees whose emoluments exceeded £60,000 were as follows:	2017	2016
£60,000 to £69,999	5	3
£70,000 to £79,999	4	5
£80,000 to £89,999	3	2
£90,000 to £99,999	2	1
£100,000 to £109,999	2	2
£110,000 to £119,999	2	3
£120,000 to £129,999	1	-
£140,000 to £149,999	1	1
£180,000 to £189,999	1	1
	21	18

17 employees (2016: 16) earning more than £60,000 were members of the defined contribution section of the scheme. Employers' contributions payable during the year in respect of these employees amounted to £108,244 (2016 - £102,975).

Remuneration of Key Management Personnel payable during the year amounted to £830,665 for 7 staff (2016 - £741,697 for 7 staff). This group comprised the Executive team.

6.3 The average number of staff employed was as follows:	2017	2016
Patient services	566	552
Research	4	5
Other charitable activities	35	34
Generating funds	8	9
Governance	2	2
	615	602

6.4 The group operates a pension scheme for those members of staff who are eligible.

The scheme has two sections:

- A defined contribution section which, since 1 October 2006, includes all active members of the scheme. An eligible jobholder will be automatically enrolled as a member of the scheme on his automatic enrolment date. The contribution by the employer depends on whether a member is on the first or second tier. If a member has been automatically enrolled or has opted to join the scheme on the first tier contribution basis, the percentage required will be the minimum required under section 20(1)(b) (taking into account the transitional periods under section 29) of the Pension Act 2008. If a member is already in a scheme prior to 1 January 2014 or if the member has opted to be a member on the second tier contribution basis, the percentage will be determined by the member's age as per the table below. A member can elect to move from the first tier to the second tier contribution basis on becoming a member or on providing one month's written notice, with the exception of a member who does not work under a contract of employment.

- A defined benefit section, which was closed to new members on 1 November 2001 and closed to future accrual on 30 September 2006, when members were invited to join the defined contribution section.

The assets of the scheme are held by the scheme trustees separately from the assets of the group.

The rates of contribution on the second tier basis are:

	Defined contribution
Employer contributions:	
age 18 to 35	4.0%
age 36 to 50	7.0%
age 51 to 65	10.0%
Employee contributions	3.0%

In addition the group pays death in service insurance premiums in respect of members of the scheme in the second tier. Employers pension contributions payable to the defined contribution section of the scheme were as follows:

	2017	2016
	£'000	£'000
Defined Contribution	947	891

Pension contributions outstanding at the end of the year under the defined contribution scheme are as follows:

	2017	2016
	£'000	£'000
Pension contributions outstanding at year end	117	110

A stakeholder scheme is also available to employees of the group, but no employer contributions are made to this scheme.

Defined benefit scheme

The most recent actuarial valuation was at 1 October 2016 and it reported a deficit of £9.7m in the pension scheme. Since the triennial valuation in 2013, an annual contribution of £140,000 had been made towards the recovery plan and the RHN has negotiated a revision to this value in December 2017. Further disclosures are available in note 18.

6.5 Financial Reporting Standard 102

The group has adopted the full requirements of FRS102 Section 28 (Retirement Benefits) from the year ended 30 September 2006.

The assumptions used in calculating the liabilities were as follows:

	2017	2016	2015
Inflation	3.4%	3.3%	3.3%
Salary escalation	n/a	n/a	n/a
Pension increases, subject to LPI	3.3%	3.2%	3.2%
Statutory revaluation in deferment	2.4%	2.3%	2.4%
Discount rate (pre and post retirement)	2.6%	2.3%	3.7%
Life expectancy for 65 year old male	87	87	88
Life expectancy for 65 year old female	89	89	90

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the long time period covered, may not necessarily be borne out in practice. The fair value of the assets for each category of asset are as follows:

	2017	2016	2015
	£'000	£'000	£'000
Equities	1,236	4,530	5,725
Diversified growth fund	10,952	11,014	10,508
Other - Equity linked bond fund	49,283	45,121	33,914
UK index linked	4,858	5,152	3,913
Bonds	11,128	11,280	9,276
Gilts	10,598	11,458	9,131
Cash	265	266	-
Total fair value of assets	88,320	88,820	72,467
Present value of scheme liabilities	88,644	91,453	77,231
Net pension liability	(324)	(2,633)	(4,764)

The expected return on Assets is 2.60% per annum which is set to equal the discount rate (2016 - 2.3%). The scheme has a number of purchased annuities in respect of past retirements. These are understood to fully match the associated liabilities and so have been excluded from both the assets and the liabilities at each accounting date.

	2017	2016
	£'000	£'000
Amounts included in the statement of financial activities:		
Expected return on the pension scheme assets	2,013	2,597
Interest on pension scheme liabilities	(2,072)	(2,767)
Net Return (Other finance costs)	(59)	(170)

Assets	£'000	£'000
Assets in scheme at beginning of year	88,820	72,467
Movement in year:		
Expected return on assets	2,013	2,597
Employer contributions	140	245
Benefits paid	(2,722)	(2,897)
Actuarial (losses) / gains on assets	69	16,408
Assets in scheme at end of year	88,320	88,820
Liabilities	£'000	£'000
Liabilities in scheme at beginning of year	91,453	77,231
Movement in year:		
Interest cost	2,072	2,767
Benefits paid	(2,722)	(2,897)
Actuarial losses on liabilities	(2,159)	14,352
Liabilities in scheme at end of year	88,644	91,453

6.5 Financial Reporting Standard 102 (continued)

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Defined benefit obligation	(88,644)	(91,453)	(77,231)	(75,520)	(70,213)
Scheme assets	88,320	88,820	72,467	71,538	66,061
Deficits	(324)	(2,633)	(4,764)	(3,982)	(4,152)

The movement in deficit during the year is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the year):

	2017	2016
	£'000	£'000
Deficit in the scheme at beginning of year	(2,633)	(4,764)
Movement in year:	2,309	2,131
Contributions	140	245
Net return on pension scheme	(59)	(170)
Actuarial gains/(losses)	2,228	2,056
Deficit in the scheme at end of year	(324)	(2,633)

Details of any payments agreed post balance sheet are disclosed within note 18.

6.6 Assets in the scheme as a percentage of total scheme assets

	2017	2016
Equities	1.4%	5.1%
Diversified growth fund	12.4%	12.4%
Other – Equity linked bond fund	55.8%	50.8%
UK index linked	5.5%	5.8%
Bonds	12.6%	12.7%
Gilts	12.0%	12.9%
Cash	0.3%	0.3%

7 Related party transactions

7.1 Trustees remuneration and expenses

Members of the Board of management are not entitled to and did not receive any remuneration during the year. Additionally, four members of the Board of management received £2,503 (2016 - £1,651) for reimbursement of expenses. These expenses related to travel and accommodation costs for attending Board Meetings. Trustees' Indemnity Insurance of £4,455 was paid for the year 2017 (2016 - £4,293). During the reporting year donations were made by four Trustees to the combined value of £2,000.

8 Tangible fixed assets

	Assets in the course of construction	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Opening balance	-	18,877	1,212	4,048	24,137
Additions	1,076	190	-	306	1,572
Transfers	78	(78)	-	-	-
Disposals	-	(129)	(63)	(110)	(302)
	1,154	18,860	1,149	4,244	25,407
Depreciation					
Opening balance	-	12,013	1,054	2,880	15,947
Transfers	-	-	-	-	-
Disposals	-	(78)	(63)	(101)	(242)
Charge for the year	-	448	53	417	918
Impairment	-	-	-	-	-
	-	12,383	1,044	3,196	16,623
Net book value 2017	1,154	6,477	105	1,048	8,784
Net book value 2016	-	6,864	158	1,168	8,190

All fixed assets are held for charitable use.

9 Investments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Market value at beginning of year	23,524	21,296	23,524	21,296
Purchases at cost	1,317	385	1,317	385
Proceeds from disposals	(5,371)	(818)	(5,371)	(818)
Net (losses) / gains on investments	1,554	2,628	1,554	2,628
Decrease in short term deposits	29	33	29	33
Market value at end of year	21,053	23,524	21,053	23,524
Historical cost at end of year	20,218	18,970	20,218	18,970
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Analysed by type				
Investments - Listed direct	11,320	14,102	11,320	14,102
- Unlisted direct	83	83	83	83
- Listed unit trusts	9,583	9,300	9,583	9,300
Term Deposits	67	39	67	39
	21,053	23,524	21,053	23,524
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Geographical analysis				
United Kingdom Investments	19,133	16,180	19,133	16,180
Overseas Investments	1,920	7,344	1,920	7,344
	21,053	23,524	21,053	23,524

Individual investments which have a market value of 5% or greater of the overall portfolio are:

Artemis UK Special Situations Fund
 Schroder Charity Equity Fund
 Majedie UK Equity Fund
 Schroder Indirect Real Estate Fund

Short term deposits under the management of the charity's professional investment managers are included in fixed asset Investments as they form part of the overall investment portfolio. The investment management fee for the year was £130,830 (2016 - £121,809).

10 Stocks	Group and Charity	Group and Charity
	2017	2016
	£'000	£'000
Dispensing stocks	41	39
Other consumables	3	2
	44	41

11 Debtors	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Fees receivable	4,005	3,748	3,976	3,694
Other debtors	42	94	42	94
Prepayments	214	348	214	348
Amounts due from group undertakings	-	-	24	52
Accrued income	102	54	102	51
	4,363	4,244	4,358	4,239

12 Creditors - Amounts falling due within one year	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	460	365	460	365
Other creditors	401	365	401	365
Taxation and social security	516	478	513	471
Accruals	1,853	1,889	1,851	1,887
Deferred income (note 12a)	780	952	780	952
	4,010	4,049	4,005	4,040

12a Analysis of deferred income	Group and Charity
	£'000
Opening balance as at 30 September 2016	952
Changes during the year:	
amounts released to the statement of financial activities	(952)
new income deferrals	779
Closing balance as at 30 September 2017	779

Deferred income largely relates to the provision of patients service services, which will be recognised in the forthcoming year.

13 Operating Leases	2017	2016
	£'000	£'000
Rentals charged in the year:		
Land and Buildings	6	6
Plant and Machinery	18	10
Furniture and Equipment	144	83
	168	99

	Land and buildings	Plant and machinery	Furniture and equipment
	£'000	£'000	£'000
Payments due on operating lease obligations			
Within one year	6	15	141
Within two and five years	-	48	129
Over five years	-	29	-
	6	92	270

14 Capital Commitments	2017	2016
	£'000	£'000
Contracted for but not provided	439	64

15 Subsidiary and Connected Entities

The RHN owns the whole of the issued share capital of Royal Hospital for Neuro-disability Services Limited, a company registered in England with a paid-up share capital of £1. The subsidiary is used for non-primary purpose trading activities.

All activities have been consolidated in the Statement of Financial Activities. The total net profit is gifted to the Charity.

A summary of the results of the subsidiary is shown below:

	Total 2017	Total 2016
	£'000	£'000
Turnover	26	53
Cost of sales	(7)	(29)
Gross profit	19	24
Administrative expenses	(7)	(8)
Net profit before gift to charity	12	16
Gift (under Gift aid) to Royal Hospital for Neuro-disability	12	16
Net Profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	29	60
Liabilities	(29)	(60)
Funds (representing 1 ordinary share of £1)	-	-

During the year, the RHN made the following transaction with its subsidiary, RHN (Services) Limited:

	Total 2017	Total 2016
	£'000	£'000
Donations /Gift Aid to parent RHN	12	16
Administrative services	4	4
Interest Charged by parent RHN to RHN Services on amounts unpaid	1	2

At the year end the following balances were owed to parent RHN by Subsidiary RHN (Services) Limited:

	Total 2017	Total 2016
	£'000	£'000
	24	52

16 Statement of funds

As at 30 September 2016

	Fund balance brought forward	Incoming resources	Resources expended	Investment gains	Pension scheme actuarial gains	Transfers between funds	Fund balance carried forward
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds							
General funds	4,357	37,653	(34,724)	2,490	-	6,297	16,073
Realised and unrealised gains	4,247	-	-	-	-	(4,247)	-
Pension reserve	-	-	(170)	-	2,056	(4,519)	(2,633)
Total unrestricted funds	8,604	37,653	(34,894)	2,490	2,056	(2,469)	13,440
Designated funds							
Fixed asset fund	8,311	-	-	-	-	(121)	8,190
Planned capital expenditure	1,565	-	-	-	-	2,483	4,048
Planned maintenance	6,573	-	(218)	-	-	129	6,484
Total designated funds	16,449	-	(218)	-	-	2,491	18,722
Restricted funds							
Patients amenities fund	2	-	-	-	-	(2)	-
Other restricted donations	1,022	545	(452)	-	-	(20)	1,096
Research grants	19	-	-	-	-	-	19
Training grants	8	1	(5)	-	-	-	4
John Howard Convalescent Home	456	-	-	61	-	-	517
Total restricted funds	1,507	546	(457)	61	-	(22)	1,636
Endowment funds							
Lopes Chaplains Stipend fund	8	-	-	-	-	-	8
Other endowments	584	-	-	78	-	-	662
Total endowment funds	592	-	-	78	-	-	670
Totals	27,152	38,199	(35,569)	2,629	2,056	-	34,467

As at 30 September 2017

	Fund balance brought forward	Incoming resources	Resources expended	Investment gains	Pension scheme actuarial gains	Transfers between funds	Fund balance carried forward
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds							
General funds	16,073	38,287	(36,186)	1,465	-	(3,200)	16,439
Pension reserve	(2,633)	-	(59)	-	2,228	140	(324)
Total unrestricted funds	13,440	38,287	(36,245)	1,465	2,228	(3,060)	16,115
Designated funds							
Fixed asset fund	8,190	-	-	-	-	594	8,784
Planned capital expenditure	4,048	-	-	-	-	2,462	6,510
Planned maintenance	6,484	-	(459)	-	-	-	6,025
Total designated funds	18,722	-	(459)	-	-	3,056	21,319
Restricted funds							
Other restricted donations	1,095	1,042	(555)	-	-	4	1,586
Research grants	19	-	-	-	-	-	19
Training grants	4	-	-	-	-	-	4
John Howard Convalescent Home	517	-	-	40	-	-	557
Total restricted funds	1,635	1,042	(555)	40	-	4	2,166
Endowment funds							
Lopes Chaplains Stipend fund	8	-	-	-	-	-	8
Other endowments	662	-	-	49	-	-	711
Total endowment funds	670	-	-	49	-	-	719
Totals	34,467	39,329	(37,259)	1,554	2,228	-	40,319

16 (continued)

A summary of definition and descriptions

Name of fund	Description, nature and purpose of the fund
Unrestricted	These are the 'available' funds of the charity, after transfers to or from any other/designated funds and contributions to the pension reserve.
Designated	<p>These are amounts appropriated from the unrestricted category above for the continued development and maintenance of the charity's assets for:</p> <p>Fixed assets funds represent the net book value invested in fixed assets. During the year, the RHN transferred £594,000 back to its General Funds reserve.</p> <p>Identified planned capital expenditure is for works to be utilised within the next five years. During the year the RHN transferred £2,462,000 from its general fund to these designated funds.</p> <p>Identified planned maintenance expenditure the RHN has recognised as necessary for the servicing of its overall site, and expects to incur in the next five years.</p>
Restricted	<p>These are funds available only for the purpose under which they were received, unless permitted by the donor. Further described below:</p> <p>Other restricted donations, relate to funds provided for varied but specific purposes to include patient services and RHN assets. During the year £4,000 of unrestricted reserves were transferred to restricted funds to reflect reclassified prior year income.</p> <p>Restricted funds for the John Howard Convalescent Home relate to the proceeds received on the agreed sale of a convalescent home in prior years. The asset was originally provided to the charity as a restricted fund.</p>
Endowment	<p>These are:</p> <p>to generate specific income to contribute towards the cost of chaplaincy services available at the Royal Hospital for Neuro-disability; and</p> <p>bequests which are required to be held as permanent endowments of the group. income generated on the latter is available for the general purposes of the charity.</p> <p>Further details of these endowments can be found within note 17.</p>

*Transfers are explained above with exception of those in unrestricted funds which reflect the appropriation of pension reserves within unrestricted funds.

Included under endowment funds are the following:

	2017 £'000	2016 £'000
Permanent endowment:		
Lopes Chaplains Stipend fund	8	8
Other Endowment funds	711	662
	719	670

Lopes Chaplains Stipend fund

This is a trust fund set up by the Rt. Hon. Sir Massey Lopes Bt to generate income to contribute towards the cost of chaplaincy services available at the Royal Hospital for Neuro-disability.

Other endowment funds

Other endowment funds represent several bequests which are required to be held as permanent endowments of the group. The income generated by these funds is available for the general purposes of the Charity.

17 Analysis of fund balances between the net assets

Year ended 2016	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	8,190	-	-	8,190
Fixed asset investments	11,805	10,532	517	670	23,524
Net current liabilities	4,268	-	1,118	-	5,386
Pension liability	(2,633)	-	-	-	(2,633)
Total funds at 30 September 2016	13,440	18,722	1,635	670	34,467

Year ended 2017	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	8,784	-	-	8,784
Fixed asset investments	7,242	12,535	557	719	21,053
Net current liabilities	9,197	-	1,609	-	10,806
Pension liability	(324)	-	-	-	(324)
Total funds at 30 September 2017	16,115	21,319	2,166	719	40,319

18 Events After Balance Sheet Date

The following events occurred after the balance sheet date:

- £108,000 was received in respect of legacies which will be recognised in the following reporting year to 30 September 2018
- A triennial revaluation of the defined benefit pension scheme was concluded. A one off payment of £1.6 million agreed with pension trustees is to be made by 31 January 2018 with scheduled payments being made in future years subject to future triennial revaluations.



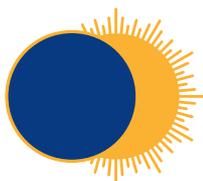
Registration

Under the registration system of the Care Quality Commission and the regulations laid down by the Health and Social Care Act 2008, the Royal Hospital for Neuro-disability achieved its registration in 2010 and is therefore licensed to provide services under the regulations.

The Royal Hospital for Neuro-disability West Hill, Putney, London, SW15 3SU

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Registered charity number 205907



Royal Hospital for Neuro-disability

