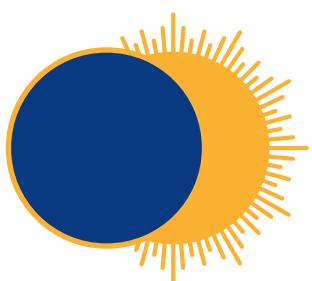


ANNUAL REPORT AND ACCOUNTS

2017/18

**Financial year ended
30 September 2018**



**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
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 (Non Trading)

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

Group Chief Executive at SimplyHealth for 13 years, Chairman of Avanti Group Solutions until 2017 and President of the Institute of Customer Service.

James Gemmell – Treasurer and Deputy Chairman

Former partner and Chairman of the firm now known as Crowe UK, an Honorary Fellow of UCL School of Pharmacy and currently a consultant advising corporate firms and entrepreneurs.

Dr David Mitchell (member, then Deputy Chairman from 12 April 2018)

Medical Director and the Responsible Officer for the Hospital of St John and St Elizabeth, David was previously Medical Director at Imperial College Healthcare NHS Trust and Consultant in General and Chest Medicine at St Mary's Hospital, London.

Les Broude

Worked at Mars Snackfoods Europe, Barclays Bank and Premier Foods PLC, then became a Non Executive Director and Audit Committee Chair at Buckinghamshire Healthcare NHS Trust. He is an honorary independent member of the Trust's Charitable Funds Committee.

Dr Dipak Datta

Previously Clinical Director and Consultant Physician in Rehabilitation Medicine at Sheffield Teaching Hospitals NHS Foundation Trust and served as Honorary Secretary of the British Society of Rehabilitation Medicine for three years.

Dominic Fairclough

A partner in the personal injury and clinical negligence team at Russell-Cooke solicitors, whose expertise includes advising on clinical negligence and personal injury claims.

Terry Hanafin CBE

Former Chief Executive of Essex Strategic Health Authority, Croydon Health Authority and the London Borough of Lewisham. He has also served as Director of Public Services Research for the Audit Commission.

Julie Harding (from 12 April 2018)

Worked for HSBC (Australia, Brazil, UK) for over 30 years, then was appointed HR Director at the Co-operative Bank as part of the turnaround team, a role she held for three years.

The Rt Revd Christopher Herbert

Retired as Bishop of St Albans in 2009; now a respected lecturer in the ethics of end-of-life care, he was a member of the House of Lords Select Committee on Assisted Dying for the Terminally Ill. He is Visiting Professor of Christian Ethics at the University of Surrey.

Anna Marks (from 12 April 2018)

A senior audit partner at Deloitte primarily working with global, FTSE 350 corporates. She specialises in auditing, accounting and due diligence.

Deborah Sanders (from 12 April 2018)

Group Chief Nurse at the Royal Free London NHS Foundation Trust and board member of the Royal Free Hospital Nurses' Home of Rest Trust.

In addition, the following served this year:

Jenny Sharp – Deputy Chairman (until 12 April 2018)
Peter Carter (from 12 April – 30 September 2018)
Leslie Hurst (until 12 April 2018)
Laurence Oates CB (until 12 April 2018)

Executive Directors

Paul Allen – Chief Executive
Jane Beaven – Director of Fundraising and Communications
Frances Low – Director of Governance
Dr Michael Marrinan – Medical Director
Dr Emily McWhirter – Director of Nursing
Dr Diane Playford – Director of Research
Nanda Rathnavel – Director of Finance

In addition, the following served this year:

Lynn Cunningham – Chief Operating Officer (Until 11 April 2018)

Our Board committees

Audit and Risk Committee

Les Broude – Chairman
Terry Hanafin CBE
In addition, the following served this year:
Laurence Oates CB (until 12 April 2018)
Trevor Williams (co-optee until 12 April 2018)

Board Medical Committee

Dr Dipak Datta – Member, then Chairman (from 12 April 2018)
Dr David Mitchell – Chairman (until 12 April 2018, thereafter member)
Dominic Fairclough
Deborah Sanders (from 12 April 2018)

The Executive and senior clinical staff are also members

Chairman's Committee

Des Benjamin – Chairman
James Gemmell – Treasurer and Deputy Chairman
David Mitchell (from 12 April 2018)
In addition, the following served this year:
Jenny Sharp – Deputy Chairman (until 12 April 2018)

Ethics Committee

Christopher Herbert – (Member, then Chairman from 12 April 2018)
Laurence Oates CB – Chairman (until 12 April 2018, thereafter member)
Des Benjamin
Dominic Fairclough
Geoff Coyne – Hospital Chaplain
Michael Marrinan – Medical Director
Dr Emily McWhirter – Director of Nursing
Paul Allen – Chief Executive
Dr Andrew Hanrahan – RHN consultant nominated by the Chief Executive
The Executive and senior clinical staff are also members
In addition, the following served this year:
Lynn Cunningham – Chief Operating Officer (until 11 April 2018)

Finance Committee

James Gemmell – Chairman
Stephen Ford (co-optee)
Anna Marks
In addition, the following served this year:
Martin Gordon (co-optee until 21 December 2017)
Leslie Hurst (until 12 April 2018)

Nominations and Remuneration Committee

Des Benjamin – Chairman
James Gemmell
Julie Harding (from 26 July 2018)
David Mitchell (from 12 April 2018)
In addition, the following served this year:
Jenny Sharp (until 12 April 2018)

Patient Safety and Quality Committee

David Mitchell – Member, (Chairman from 12 April 2018)
Terry Hanafin CBE
Julie Harding (from 12 April 2018)
Christopher Herbert
Trudi Kemp (co-optee)
Deborah Sanders (from 12 April 2018)
In addition, the following served this year:
Jenny Sharp – Chairman (until 12 April 2018)
Laurence Oates CB (until 12 April 2018)

Our advisors

Auditors

BDO LLP
150 Aldersgate Street
London
EC1A 4AB

Bankers

National Westminster Bank plc
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

Schroder & Co Bank AG
Central 2
8021 Zurich

Investment Manager

Cazenove Capital Management
100 Wood Street
London EC2V 7ER

Solicitors

Farrer and Co
66 Lincolns Inn Fields
London WC2A 3LH

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Chairman's welcome

I think it is appropriate to open my annual report with an overview of the environment in which we operate as this gives a context to what we have achieved at the RHN over the last year.

Reflecting on the backdrop to this year's report, it struck me just how 2018 could appear to be a year in which difficult domestic and global politics, stagnant living standards and escalating environmental problems still beset us as they did in 2017.

In short, the sense of uncertainty in peoples' lives continues unabated. Across the globe we face significant challenges to the gains over many decades to fundamental human rights and democracy. A feeling of being leaderless and rudderless pervades the public discourse. It is perhaps best described as a time of unease.

In this environment, we are clear at the RHN that we should deal with the issues we currently have and not waste energy and resources on those that might befall us if certain external circumstances change.

This year, it means we have worked hard to deliver our investment programmes in buildings, technology and most importantly of all, training. It means we have striven to improve our care standards to patients, paying great attention to the small details that make life better for patients, residents and their families.

It means we have looked carefully at our costs and worked to become more efficient in the way we use our resources, always with a mind to ensure we don't compromise service to our patients.

It means we have secured a sensible path forward for our historic defined benefit pension fund which, over the next few years will need further funding from the RHN but which nevertheless remains strongly funded.

It means that our governance systems and controls, which fundamentally underpin our ability to achieve all of these things, are as robust as they have ever been.

As a direct consequence of this focus, we have made some tremendous progress this year.

After having had another (smaller) inspection, our CQC rating remains 'Good', with observations about how all previous key areas of concern have improved since the last inspection.

Our first 'Putney Nurses' and 'Putney HCAs' have graduated from their training courses and been presented with their new qualification certificate and badge of distinction. We have had many more subscriptions to these courses, so in 2019 the nursing course will be opened up to nurses from other organisations.

Indeed, our learning never stops at Putney. With formal conferences, lunchtime takeaways and Schwartz rounds, ongoing specialist research, focus groups and much else besides, it is easy to see how we try to fulfil our commitment to being a learning organisation.

One example of this continuous 'learning' that I am particularly proud of this year, is the RHN's response to a change in the law regarding the possible withdrawal of nutrition and hydration from patients. I would like to commend my colleagues for the diligent, selfless and deeply compassionate way in which they have acted to adapt to this change.



Meanwhile we have been refurbishing our staff accommodation, main hospital reception, kitchen facilities and restaurant; and numerous other meaningful improvements have been made to our Putney site. One of the benefits of the improved kitchen is that from August this year, all our food for patients, families and staff is prepared on the premises from fresh ingredients. We are well under way with the refurbishment of Drapers ward and the new Therapy Hub, which will finish in early 2019. The newly formed RHN project board has given us better oversight of our projects with better management of their timing, quality and cost control.

We have of course had a full social calendar at Putney with our Summer Festival (something that has become a core Putney event) having its most successful programme of events yet. With Christmas, Eid and many other cultural celebrations dotted in our calendar of events, as well as staff awards and graduations, the year has been busy and I think a lot of fun too.

To help us with all of these things and more, we have even beaten our fundraising target this year. That's quite something in such a challenging environment.

A difficult but important part of every year at Putney is to accept that we lose some of our patients, residents and staff. I know they are gone from our presence but they are not gone from our hearts.

So what about that uncertain world out there? Well, as we enter 2019, we still have to find out what Brexit will mean to us. It is due to take place in March 2019 but as I write this in January 2019, we have no idea what will occur. Our RHN answer will be to focus, plan and prepare.

Financially we face some important negotiations with the NHS and need to make further significant investment in our infrastructure next year.

Our nursing recruitment remains a challenge and priority but we are seeing good gains and continue to focus outside the EU for high quality staff.

I am particularly pleased that 2019 will see us move our research programme forward into some exciting new territory, something that will add yet another dimension to the RHN and I am sure bring important benefits to many people requiring neuro-rehabilitation.

My thanks as always go to the many people who come together to make the RHN the very special place that it is. To our residents, patients, families, volunteers, staff, suppliers, regulators, community groups and fundraisers, my Board colleagues and I thank you and wish you a happy and healthy year ahead.

A handwritten signature in black ink, appearing to read "Des Benjamin".

Des Benjamin
Chairman
Royal Hospital for Neuro-disability

Chief Executive's introduction

It has been another year of great progress at the RHN. It has been very pleasing to see delivery of some of the important measures outlined in the strategy published in 2016 under the headline 'fix it, then grow it'.

I was delighted that in June 2018 we were able to present certificates to the first group of nurses who have successfully completed the Putney Nurse programme. It is especially pleasing that this programme has been extended to Healthcare Assistants, 44 of whom have now become 'Putney HCAs'.

Alongside this, we are making real progress in the challenge to recruit nurses, including an overseas recruitment programme which has so far resulted in eight new nurses receiving their NMC accreditation.

Significant investment in our infrastructure is now progressing well. The new Reed's restaurant was opened in October 2017, completion of new kitchens enabled fresh food preparation for patients to commence in August 2018, the refurbished reception to the main hospital has been opened (by one of our long-standing residents) and the staff accommodation (nurses home) has been refurbished.

Work on our largest capital project in recent times – Drapers Ward and the Therapy Hub – is well underway, with completion expected in January 2019.

Voluntary income makes a vital contribution to these capital projects and I am thrilled that the fundraising team exceeded their challenging target for the year. With the hospital operating position, though we have had a challenging year with both income and costs, I am pleased we have delivered an operating surplus for the third year running.

There have been two important changes to the executive team with both Lynn Cunningham (Chief Operating Officer) and Diane Playford (Director of Research) leaving the RHN during the year. Both Lynn and Diane should be thanked for the substantial contribution they have each made to the RHN during a period of great change.

There have been a number of initiatives during the year to bring staff together, sometimes to engage in work activities such as CQC inspection preparation, sometimes to enjoy time together socially.

Replacement of the intranet with the Workplace system – essentially social media for business – has helped disseminate serious messages but also formation of a very successful staff social club. This has resulted in a wide range of social activities being organised in addition to RHN Festival week which ran for the second time in June 2018.



Having had the comprehensive Care Quality Commission (CQC) inspection in 2017, which culminated in a report and overall rating of 'Good' in October 2017, we received an unannounced inspection in 2018.

Although this gave rise to some further actions to follow up on, the resulting report was full of positive comment, signing off the 'must do' actions from 2017 and generally corroborating the 'Good' rating from last year. Staff are to be congratulated on how well they responded to the unannounced nature of the inspection.

We have recently written a clinical strategy, an important element of which will be a reduction in the number of patients that have to be transferred to acute hospitals, by introducing the capability of providing intravenous antibiotics within the RHN. This initiative will start in the autumn of 2018.

Among our doctors, changes have occurred which strengthen our medical capability. After a temporary arrangement following the retirement of our GP Dr Tony Sayer, GP services are now provided by the Wandsworth Medical Centre, a change which has been successful.

We head into the New Year with optimism. Completion of the Drapers/Therapy Hub project will be followed by major refurbishments of Evitt and Cathcart Wards (subject to Board approval). We will take the first step in our growth strategy by recommissioning the eleven beds in Haberdashers House, which has been unoccupied since 2014.

The Putney Nurse and HCA programmes will continue to grow and be opened up to external delegates. We will create a strategy for research which should set the direction for the next five to ten years.

In thanking all staff for their continual efforts in looking after the patients and residents of the RHN, I would like to reserve special thanks for my colleagues in the executive team, who have been great support during the year and should be proud of the many things that they have achieved, individually and collectively.

A handwritten signature in black ink that reads "Paul Allen".

Paul Allen
Chief Executive
Royal Hospital for Neuro-disability

Report of the trustees

for the year ending 30 September 2018

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 2018.

The financial statements comply with the Charities Act 2011 and the 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 objects as contained in the Royal Charter 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 benefits 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 2017/18

Statistics (based on average estimates):	2018	2017
Admissions to the hospital	153	160
Bed capacity:		
Brain Injury Service	50	52
Continuing Care	177	177
Aggregate bed capacity	227	229
Annual bed occupancies:		
Brain Injury Service	48	45
Continuing Care	168	172
Aggregate bed occupancies	216	217
Patients treated in the Brain Injury Service	120	134
Continuing Care had an occupancy rate of	95%	93%

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.

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

- Gardening group
- Art group
- Sports group
- Making music
- Film and comedy groups
- A new documentary group

We also hold live performances on Saturday afternoons.

Volunteer recruitment:

We continue to be very dependent on volunteers to support our activities and are continuing to forge links with the local community and education institutions to get volunteers of all ages.

Legal and Welfare Service (LAWS):

We continue to have access to free legal and financial advice for all residents and patients

LaFS 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 our clinicians have completed the following research projects:

- Dr Agnieszka Kempny completed her PhD entitled: "Near Infrared Spectroscopy and Electroencephalography for an Assessment of Brain Function in patients with Disorders of Consciousness".
- Mona Liza Marinas, Clinical nurse specialist in Infection Prevention and Control completed a MSc dissertation entitled: "The most common risk factors for pneumonia in adults with neuro-disability".

Other notable achievements have been:

- The development of a bedside tool for brain function assessment in patients in prolonged disorders of consciousness.
- A study from our Dental department being selected to feature as one of the 70 research stories in the South London Clinical Research Network brochure to mark the NHS 70.
- The Putney Nurse qualification has been ratified by the Royal College of Nursing.

During the year we also hosted two conferences, gave seven open lectures and ran ten training courses. Our conferences attracted delegates from across the UK and we have piloted a new format of open lecture around a facilitated conversation amongst healthcare professionals that will be integrated into our regular program in future.

This year, the RHN appointed an archivist who has been working to develop the archive service at the RHN with the long term goal of making our archive records publicly available. This has involved evaluating what the archives currently hold and creating a database of items so they can be professionally managed. The service will also ensure that the archives are stored in a suitably safe and environmentally stable location to ensure long term preservation and prevent further deterioration of vulnerable items like old film stock.

Our charity

Our charitable status means we raise funds which allow us to give our patients and residents services and therapies, over and above their contracted care.

As we believe in a holistic approach to treatment, these additional therapies and services help us to provide the best care possible.

As a show of commitment to fundraising best practices, we are registered with the Fundraising Regulator (FR) and adhere to its code of fundraising practice for charitable fundraising within the UK.

We are also expected to record and respond promptly to all complaints received, submit an Annual Complaints Returns Report and update our records to reflect the preferences of our stakeholders and/or beneficiaries. This is done to assure the public, our supporters and those we care for, of our respectful, accountable, open and transparent approach to fundraising.

Charitable funds are generated through events and contributions from corporate partners, individual and other donors and legacies.

The donations we receive provide funding for services not funded by the NHS such as:

- Aquability, occupational art and music therapy sessions
- A variety of on and off site leisure activities
- Capital works
- Heritage and research projects
- Nurse escorts and transport for patient outings
- Specially adapted wheelchairs and mobility equipment
- Volunteer training

As a responsible charity, we take the management of personal data of our donors and supporters very seriously. We ensure that data is obtained ethically, lawfully, held securely and only used in line with the purpose for which it was gathered.

In line with new GDPR guidelines, we have updated our online privacy notice (www.rhn.org.uk/help/privacy) which gives detailed information about the gathering, handling and use of personal data by the RHN.

We would like to thank all the trusts and foundations, companies and individuals who have so generously supported the RHN in the past year.

As a charity, we rely on the generosity of our supporters in order to continue to provide life-changing therapies, services and equipment for patients and residents who are living with brain injury and illness. In addition, many of our important capital projects rely on voluntary support. Charitable trusts and foundations have helped to fund vital projects in the past year – including the creation of a new Therapy Hub for people undergoing intensive rehabilitation following brain injury.

Trust and foundation support has also enabled us to provide essential therapy equipment for the Therapy Hub, which will help people regain strength, mobility and independence. In addition to supporting important capital projects, trusts and foundations have ensured that we can continue to offer much-loved therapies such as music therapy, therapeutic art, our Leisure and Family Service and the multi-faith chaplaincy service – all of which make a huge difference to our patients and residents' quality of life, and for which we are sincerely grateful.

Managing our risks

In order to minimise or eliminate risks to the charity during the 2017/2018 financial year, potential risks are and continue to be identified and regularly reviewed by both 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. These include 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 recording system which are reviewed at fortnightly meetings of clinicians, reviews of trends by the Clinical Risk and Incident Committee, reviews by the Mortality Review Committee, and appropriate mandatory learning for all levels of staff including agency staff.

In addition to the above, 'Awareness days', run by staff for staff, are held regularly and well attended. The RHN encourages feedback and conducts and learns from the annual Patient and Relative 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 has introduced a further level of scrutiny with a six monthly presentation to a wider management team on specific areas of risk.

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.

The RHN received a comprehensive inspection by the regulator of health and social care in England, the CQC in 2017; that gave us an overall rating of 'Good'. This was followed up in 2018 by an unannounced inspection that corroborated the 'Good' rating from the previous year.

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 that both staff morale and job satisfaction have increased over the past five years.

The Putney Nurse qualification course continues and the Putney Healthcare Assistant Programme has resulted in the first HCAs completing the course in 2018.

The RHN has been successful in its overseas nurse recruitment programme, and in recruiting newly qualified nurses who have had student placements at RHN. The introduction of weekly pay for bank staff has contributed to a decrease in the RHN's dependence on agency staff.

Staff engagement in RHN strategy development is encouraged, and building on work done in previous years, staff have been involved in developing a five-year strategy that has been finalised this 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 for the financial year ending 30 September 2018 and year end reserves were satisfactory. Our plan for the financial year ending 30 September 2019 aims to reduce further the dependency on temporary staffing and is intended to deliver a surplus and satisfactory reserve levels.

The RHN's primary sources of funding are NHS England, NHS Clinical Commissioning Groups and Local Authorities. The NHS bodies are to receive substantial increases in funds but fees payable to the RHN will be insufficient to meet all the hospital's cost pressures. In order to mitigate such funding shortfalls, we are working in partnership with commissioners to negotiate adequate contractual agreements that should help provide financial stability whilst the RHN reduces costs and at the same time, delivers greater efficiency.

The RHN has sufficient reserves 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 1.2 of our accounting policies.

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

Financial review

The RHN reported an overall net surplus in funds for the year of £4.15 million (2017 – £5.85 million) comprising the following:

	2018 £m	2017 £m
Hospital		
Patient Income	37.35	36.22
Patient Expenditure	(37.00)	(35.40)
Surplus / (Deficit) from Hospital Activities	0.35	0.82
Voluntary and Other Activities		
Income		
Donations and Other Fundraising	5.58	2.56
Other Income	0.65	0.55
Income from Voluntary and Other Activities	6.23	3.11
Expenditure		
Fundraising Expenditure	(0.87)	(0.77)
Voluntary and Other Expenditure	(0.99)	(1.03)
Expenditure of Voluntary and Other Activities	(1.86)	(1.80)
Surplus from Voluntary and Other Activities	4.37	1.31
Net Income / (Expenditure) on Pension Scheme	(1.31)	2.17
Net Gains / (Losses) on Investments and Fixed Assets	0.74	1.55
Net Surplus / (Deficit)	4.15	5.85

Included in the above are the the Hospital and Charitable activities represented below:

	30 September 2018 £ million	30 September 2017 £ million
Total incoming resources	43.58	39.33
Expenditure thereon	(38.86)	(37.26)
Net income from charitable activities	4.72	2.07

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). High occupancy levels and continued contractual income reviews have seen the RHN maintain a steady increase in income for patient care. The Charity has also seen an increase in donations and legacies of 118%. Included within the income above is £5.6 million from donations, legacies and fundraising events analysed below.

Donations received for charitable expenditure during the year ended 30 September 2018	30 September 2018		30 September 2017	
	Restricted	Unrestricted	Restricted	Unrestricted
	£'000	£'000	£'000	£'000
Unrestricted		3,201		1,517
Restricted				
(1) Additional therapies and services	259		339	
(2) Purchase of specialist equipment	118		63	
(3) Research and education	132		219	
(4) Specific redevelopment and refurbishment of hospital buildings	1,877		418	
		2,386		1,039
		5,587		2,556

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

Demonstrating its commitment to rewarding staff well and in order to attract and retain the best staff, the RHN has seen an increase in the costs of remuneration. The charity continues to ensure that no member of staff is paid below the London Living Wage. Like with many hospitals, the recruitment of permanent staff has remained a challenge and agency costs have remained high; newly launched weekly bank pay system and the arrival of nurses resulting from an overseas recruitment campaign should see agency costs contained in the future.

Investments	30 September 2018 £ million	30 September 2017 £ million
Net gains/(losses) during the year	0.74	1.55

The RHN invests funds surplus to working capital requirements in a portfolio managed by Cazenove Capital Management, Schroder & Co Ltd's charity division. They place investments based on asset allocation ranges previously agreed by the RHN's Finance Committee, who review the Charity's investments during the course of the financial year.

Investment income during the year was £0.65 million (2017: £0.55million). The overall performance reflects the general economic climate and remains largely outside the control of the RHN.

Staff pension scheme	30 September 2018 £ million	30 September 2017 £ million
Net actuarial gains/(losses) on the defined benefit scheme	(1.31)	2.23

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 2018, the defined benefit pension scheme liability was reported as in balance (30 September 2017: - £0.3 million).

Annual payments are made in accordance with the schedule of contributions as agreed with the pension trustees.

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

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

Connected 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 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

Reserves are held to help the charity operate effectively 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. Free reserves are intended to cover the following:

- 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

After carrying out a review of the risk areas stated above, the RHN Board of Trustees has determined a range of £12 million to £14 million as being at an acceptable level.

At 30 September 2018, total reserves stood at £44.5 million comprising:

- Free reserves of £15.6 million (2017 - £16.1 million) after adjusting for the defined benefit pension scheme liability as per FRS102.
- Designated funds of £24.1 million representing the net book value of the RHN's fixed assets of £11.5 million together with £3.7 million for planned maintenance and £8.9 million for future capital expenditure on the hospital buildings and equipment.
- A combined restricted reserve portfolio of £4.04 million of which £3.46 million is held as investments and cash required to fund specific projects.
- Endowment funds of £0.75 million.
- Further disclosures are available in note 17.
- Further details of these reserves are disclosed within the consolidated statement of financial activities and balance sheet on pages 22 and 23.

Structure, governance and management

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

Members of the Board of Management (the Board) 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 each year and sets the strategic direction of the RHN.

The Board of Trustees

The Board must be made up of twelve 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 are appointed and retire by rotation at the Annual General Meeting.

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 operates 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 is in line with the NHS Agenda for Change classifications. The components parts of, basic pay and a market supplement reflecting the higher cost of inner London living.

Appointed by the Board of Management, the Nominations and Remuneration Committee of Board Members is responsible for deciding the remuneration of directors. Chaired by the Chairman of the Board, the committee considers directors' 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 2018, the RHN reported free reserves of £15.6 million, net current assets of £8.5 million, and a net cash inflow of £0.1 million for the year.

The actuarial deficit on the defined benefit pension plan has been reduced and a strategy which included closure of the defined benefit scheme and funding of any residual obligation has been adopted to further eliminate any future deficit. On its operational activities, the trustees believe that the implementation of a strategy of growth and an associated rolling five year financial plan including obtaining higher funding for the provision of services together with controlled spending and cost savings has reasonably secured the future of the hospital to sufficiently meet the requirements of a going concern.

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.

Looking forward

Looking forward to 2018/19, the coming year will see further progress with the following.

- All areas of recent CQC inspection reports where potential improvements have been highlighted so as to enhance patient and resident experience.
- The completion of the refurbishment of Drapers ward and the Therapy Hub
- The design and commencement of the refurbishment of Cathcart and Evitt wards in order to improve care for residents
- The recommissioning of Haberdashers House
- The introduction of an electronic patient records system to enhance record keeping and improve the safety of patients and residents
- A significant increase in employed RHN nurses through an overseas recruitment campaign, the enrolment of newly qualified UK nurses and through an increasing volume of weekly paid bank nurses
- The rollout of the Putney Nurse and HCA programs to nurses and HCAs from other organisations

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 Royal Charter.

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.



Des Benjamin
Chairman
Royal Hospital for Neuro-disability

23 January 2019

Independent Auditor's Report

Opinion

We have audited the financial statements of Royal Hospital for Neuro-Disability (the "parent charity") and its subsidiary ("the Group") for the year ended 30 September 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent charity's affairs as at 30 September 2018 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 and Parent Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 or 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Group or the Parent 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 144 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 Councils website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. 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.

BDO LLP

For and on behalf of BDO LLP, Statutory Auditor on 7 March 2019

150 Aldersgate Street
London
EC1A 4AB

BDO 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.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of financial activities (SOFA)

for the year ended 30 September 2018

	Notes		Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000			Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000
Income and endowments from:												
Donations and legacies	2.1	3,049	2,311	-	5,360		1,392	933	-	2,325		
Other trading activities												
- Fundraising events		152	75	-	227		125	106	-	231		
- Trading activities		-	-	-	-		27	-	-	27		
Investments												
- Dividends and Interest	2.2	639	7	-	646		551	-	-	551		
Other												
- Gains on disposal of fixed assets		-	-	-	-		-	-	-	-		
		3,840	2,393	-	6,233		2,095	1,039	-	3,134		
Charitable activities	3	37,301	49	-	37,350		36,192	3	-	36,195		
Total Income and endowments		41,141	2,442	-	43,583		38,287	1,042	-	39,329		
Expenditure on:												
Raising funds	4.1	1,066	-	-	1,066		997	-	-	997		
Charitable activities	4.2	37,256	539	-	37,795		35,707	555	-	36,262		
		38,322	539	-	38,861		36,704	555	-	37,259		
Net Income before gains and losses		2,819	1,903	-	4,722		1,583	487	-	2,070		
Net gains on Investments		687	22	28	737		1,465	40	49	1,554		
Net income		3,506	1,925	28	5,459		3,048	527	49	3,624		
Transfers between funds	17	52	(52)	-	-		(4)	4	-	-		
		3,558	1,873	28	5,459		3,044	531	49	3,624		
Other recognised gains												
Net actuarial gains / (losses) on defined benefit pension scheme	6.5	(1,311)	-	-	(1,311)		2,228	-	-	2,228		
Net movement in funds for the year		2,247	1,873	28	4,148		5,272	531	49	5,852		
Reconciliation of funds												
Funds at 1 October		37,434	2,166	719	40,319		32,162	1,635	670	34,467		
Total funds at 30 September		39,681	4,039	747	44,467		37,434	2,166	719	40,319		

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 25 to 39 form a part of these accounts.

Consolidated balance sheet

as at 30 September 2018

	Notes	Group Total 2018 £'000	Group Total 2017 £'000	Charity Total 2018 £'000	Charity Total 2017 £'000
Fixed assets					
Tangible assets	8	11,451	8,784	11,451	8,784
Investments	9	24,555	25,484	24,555	25,484
		36,006	34,268	36,006	34,268
Current assets					
Stocks	10	52	44	52	44
Debtors	11	6,651	4,363	6,651	4,358
Short term deposits		0	0	0	0
Cash at bank and In hand		6,087	5,978	6,087	5,978
		12,790	10,385	12,790	10,380
Creditors – Amounts falling due within one year					
	12	(4,329)	(4,010)	(4,329)	(4,005)
Net Current assets		8,461	6,375	8,461	6,375
Net assets – Excluding pension liability		44,467	40,643	44,467	40,643
Defined benefit pension scheme asset / (liability)	6.5	0	(324)	0	(324)
Total Net assets	17	44,467	40,319	44,467	40,319
The funds of the charity					
Capital funds					
Endowment funds	17 & 18	747	719	747	719
Restricted funds					
Income funds	17	3,460	1,609	3,460	1,609
Other Restricted funds	17	579	557	579	557
Unrestricted funds					
Designated funds					
Fixed assets	17	11,451	8,784	11,451	8,784
Planned capital expenditure	17	8,948	6,510	8,948	6,510
Anticipated maintenance	17	3,667	6,025	3,667	6,025
Free reserves					
General funds		15,615	16,439	15,615	16,439
Pension reserve		0	(324)	0	(324)
Free reserves		15,615	16,115	15,615	16,115
Total charity funds		44,467	40,319	44,467	40,319

Approved by the Board of Management on 23 January 2019 and signed on its behalf by:

Des Benjamin
Chairman

James Gemmell
Treasurer

The notes on pages 25 to 39 form a part of these accounts.

Consolidated cash flow statement

for the year ended 30 September 2018

	2018 £'000	2017 £'000
Cash flows from Operating activities		
Net Cash Provided by (used in) Operating activities	1,456	2,258
Cash flows from Investing activities		
Dividends, interest and rents from investments	646	551
Purchase of property, plant and equipment	(3,659)	(1,572)
Proceeds from sale of investments	4,436	5,371
Purchase of investments	(2,770)	(5,314)
Net Cash provided by (used in) investing activities	(1,347)	(964)
Change in cash and cash equivalents in the reporting period	109	1,294
Cash and cash equivalents at the beginning of the reporting period	5,981	4,687
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	6,090	5,981
Reconciliation of cash flows from operating activities	2018 £'000	2017 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	5,459	3,624
Adjustments for:		
Depreciation charges	992	978
Pension fund contributions and finance costs	(1,635)	(81)
(Gains) / losses on investments	(737)	(1,554)
Dividends, interest and rents from Investments	(646)	(551)
Decrease / (increase) in stocks	(8)	0
Decrease / (increase) in debtors	(2,288)	(119)
Increase / (decrease) in creditors	319	(39)
Net cash provided by (used in) operating activities	1,456	2,258
Analysis of cash and cash equivalents	2018 £'000	2017 £'000
Cash in hand	6,087	5,978
Notice deposits (less than 3 months)	0	0
Total cash and cash equivalents	6,087	5,978

Notes to the accounts

for the year ended 30 September 2018

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

At the 30 September 2018, the RHN reported general funds of £15.6 million, net current assets of £8.5 million, and a net cash inflow of £0.1 million for the year.

The actuarial deficit on the pension plan has been reduced and a strategy which included closure of the defined benefit scheme and funding of any residual obligation has been adopted to further eliminate any deficit. On its operational activities, the trustees believe that the implementation of a strategy of growth and an associated five year financial plan including obtaining higher funding for the provision of services together with controlled spending has reasonably secured the future of the hospital to sufficiently meet the requirements of a going concern.

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.

- 1.3 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.
- 1.4 Income and expenditure are accounted for on an accruals basis and expenditure includes Value Added Tax where this is not recoverable.
- 1.5 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.
- 1.6 Donations of equipment and supplies are included within the appropriate expenditure at cost or estimated value to the donor and within gifts and donations.
- 1.7 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.
- 1.8 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.
- 1.9 Research expenditure comprises staff costs and direct costs of medical research projects instigated by the RHN and their associated support costs.
- 1.10 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.

- 1.11 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 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.
- 1.12 Support costs, comprising facility charges, governance, management and administrative costs, are allocated to activities based on employee headcount.
- 1.13 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.
- 1.14 Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.
- 1.15 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.

Impairment losses are included in the Statement of Financial Activities.

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 have declined in value are written off; to any extent identified to the Statement of Financial Activities.

- 1.16 Stocks are valued at the lower of cost and net realisable value.
 - 1.17 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.
 - 1.18 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.
 - 1.19 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 17 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 17.
- 1.20 Taxation - The charity is exempt from tax on its charitable activities.

- 1.21 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.

- 1.22 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 £10.4 million (2017 £10.2 million). Financial assets at fair value through income or expenditure of £24.6 million (2017 £25.4 million), with corresponding financial liabilities amortised at cost of £3.5 million (2017 3.2 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

	Note	Unrestricted funds £'000	Restricted funds £'000	Total £'000	2017
2.1 Donations and Legacies					
Gifts & donations		339	2,311	2,650	1,375
Legacies		2,710	-	2,710	950
		3,049	2,311	5,360	2,325

At 30 September 2018, the RHN has noted £0 of bequeathed legacies, which were not included in the financial statements (2017: £48,000).

2.2 Investment Income

		269	6	275	245
Listed investments		370	1	371	306
Interest on deposits					
		639	7	646	551

3 Income from Charitable Activities

	Note	Unrestricted funds £'000	Restricted funds £'000	Total £'000	2017
Patient services					
Patient services	3.1	36,357	-	36,357	35,366
Staff accommodation		241	-	241	236
Wheelchair & technology services		133	-	133	178
Other income from charitable activities		570	-	570	415
Grants receivable	3.2	-	49	49	-
		37,301	49	37,350	36,195

3.1 Patient services

National Health Service		33,920	-	33,920	33,251
Local Authority		1,522	-	1,522	1,092
Prescription reimbursement		14	-	14	16
Non-NHS patients		399	-	399	518
Other sources		502	-	502	489
		36,357	-	36,357	35,366

3.2 Grants Receivable

Funding research projects		-	49	49	-
		-	49	49	-

4 Total Expenditure

	Direct costs £'000	Support costs £'000	Total 2018 £'000	Total 2017 £'000
4.1 Expenditure on raising funds				
Voluntary expenditure	795	69	864	797
Trading expenses	-	-	-	16
Fundraising events	74	6	80	53
Investment management	122	-	122	131
	991	75	1,066	997
4.2 Expenditure on charitable activities				
Patient services	29,982	6,587	36,569	34,980
Staff accommodation	49	11	60	40
Wheelchair & technology services	355	78	433	475
Other charitable activities	439	96	535	466
Research	162	36	198	242
Other Finance Costs (see note 6.5)	-	-	-	59
	30,987	6,808	37,795	36,262
Total expenditure	31,978	6,883	38,861	37,259

Expenditure on raising 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.

5 Support costs

	Expenditure on raising funds £'000	Expenditure on charitable activities £'000	Total 2018 £'000	Total 2017 £'000
Administration and management				
Administration and management	25	2,214	2,239	2,446
Building expenses	28	2,499	2,527	1,978
Finance	5	493	498	418
Human resources	8	691	699	686
Information technology	8	732	740	702
Governance	1	119	120	188
Statutory audit	-	43	43	36
Non-audit services	-	17	17	28
	75	6,808	6,883	6,482

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 allocated directly. Support costs have been allocated to activities consistently based on employee headcount.

6 Employee Information

6.1 Staff costs during the year were as follows:

	Total 2018 £'000	Total 2017 £'000
Salaries and wages	26,013	25,498
Social security costs	1,956	1,897
Other pension costs and life assurance premiums	1,386	1,299
	29,355	28,694

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

During the year, a total of £102,000 has been recognised for termination payments, of which £50,000 remained payable at the year end (2017: £21,000)

6.2 Employees whose emoluments exceeded £60,000 were as follows:

	Total 2018	Total 2017
£60,000 to £69,999	4	5
£70,000 to £79,999	4	4
£80,000 to £89,999	1	3
£90,000 to £99,999	4	2
£100,000 to £109,999	1	2
£110,000 to £119,999	2	2
£120,000 to £129,999	4	1
£140,000 to £149,999	-	1
£180,000 to £189,999	1	1
	21	21

17 employees (2017 - 17) 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 £102,481 (2017 - £108,244).

Remuneration of Key Management Personnel payable during the year amounted to £1,038,052 for 6.4 FTE staff (2017 - £1,043,084 for 6.5 FTE staff). This group comprises the Executive team.

6.3 The average number of staff employed was as follows:

	Total 2018	Total 2017
Patient services	581	566
Research	5	4
Other charitable activities	39	35
Generating funds	7	8
Governance	2	2
	634	615

6 Employee Information (continued)

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:

	Total 2018 £'000	Total 2017 £'000
Defined Contribution	1,000	947

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

	Total 2018 £'000	Total 2017 £'000
Pension contributions outstanding at year end	141	117

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

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 2016.

The assumptions used in calculating the liabilities were as follows:

	2018	2017	2016
Inflation	3.5%	3.4%	3.3%
Salary escalation	n/a	n/a	n/a
Pension increases, subject to LPI	3.3%	3.3%	3.2%
Statutory revaluation in deferment	2.5%	2.4%	2.3%
Discount rate (pre and post retirement)	2.9%	2.6%	2.3%
Life expectancy for 65 year old male	87	87	87
Life expectancy for 65 year old female	89	89	89

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:

	2018 £'000	2017 £'000	2016 £'000
Equities	1,296	1,246	4,530
Diversified growth fund	10,922	10,949	11,014
Other - Equity linked bond fund	32,025	49,317	45,121
UK index linked	25,638	4,807	5,152
Bonds	10,737	11,127	11,280
Gilts	10,829	10,593	11,458
Cash	463	267	265
Insured annuities	648	713	-
Total fair value of assets	92,558	89,019	88,820
Present value of scheme liabilities	85,535	89,343	91,453
	7,023	(324)	(2,633)
Restriction to the amount that can be recognised	(7,023)		
Net pension asset/(liability)	-	(324)	(2,633)

The actual return on Assets is 2.90% per annum which is set to equal the discount rate (2017 - 2.6%)

Assets in the scheme as a percentage of total scheme assets

	2018	2017
Equities	1.4%	1.4%
Diversified growth fund	11.8%	12.3%
Other - Equity linked bond fund	34.6%	55.4%
UK index linked	27.7%	5.4%
Bonds	11.6%	12.5%
Gilts	11.7%	11.9%
Cash	0.5%	0.3%
Insured annuities	0.7%	0.8%

Amounts included in the statement of financial activities:

	2018 £'000	2017 £'000
Interest income (excluding interest income on assets that are not recoverable)	2,283	2,013
Interest cost	(2,283)	(2,072)
Interest on the net defined benefit liability	-	(59)

	2018	2017			
	£'000	£'000			
Assets in scheme at beginning of year	89,019	88,820			
Movement in year:					
Interest income	2,283	2,013			
Employer contributions	1,635	140			
Benefits paid	(3,098)	(2,722)			
Actuarial (losses) / gains on assets	2,719	768			
Assets in scheme at end of year	92,558	89,019			
Liabilities	2018	2017			
	£'000	£'000			
Liabilities in scheme at beginning of year	89,343	91,453			
Movement in year:					
Interest cost	2,283	2,072			
Benefits paid	(3,098)	(2,722)			
Actuarial losses on liabilities	(2,993)	(1,460)			
Liabilities in scheme at end of year	85,535	89,343			
History of experience gains and losses	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Defined benefit obligation	(85,535)	(89,343)	(91,453)	(77,231)	(75,520)
Scheme assets	92,558	89,019	88,820	72,467	71,538
Surplus / (Deficits)	7,023	(324)	(2,633)	(4,764)	(3,982)

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):

	2018	2017
	£'000	£'000
Deficit in the scheme at beginning of year	(324)	(2,633)
Movement in year:		
Contributions	1,635	140
Net return on pension scheme	-	(59)
Actuarial gains/(losses)	(1,311)	2,228
Deficit in the scheme at end of year	-	(324)

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, three members of the Board of management received £1,077 (2017 - £2,503) for reimbursement of expenses. These expenses related to travel and accommodation costs for attending Board Meetings. Trustees' Indemnity Insurance of £4,872 was paid for the year 2018 (2017 - £4,455).

8 Tangible Fixed Assets

	Assets in the course of construction £'000	Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000	Total £'000
Cost					
Opening balance	1,154	18,782	1,227	4,244	25,407
Additions	965	2,071	77	546	3,659
Transfers	(997)	946	4	47	-
Disposals	-		(176)	(136)	(312)
	1,122	21,799	1,132	4,701	28,754
Depreciation					
Opening balance	-	12,366	1,061	3,196	16,623
Transfers		-			-
Disposals			(176)	(136)	(312)
Charge for the year		531	34	427	992
Impairment			-	-	-
	-	12,897	919	3,487	17,303
Net book value 2018	1,122	8,902	213	1,214	11,451
Net book value 2017	1,154	6,416	166	1,048	8,784

All fixed assets are held for charitable use.

9 Investments

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Market value at beginning of year	25,484	23,987	25,484	23,987
Purchases at cost	2,567	1,317	2,567	1,317
Proceeds from disposals	(4,436)	(5,371)	(4,436)	(5,371)
Net (losses) / gains on investments	736	1,554	736	1,554
Increase in short term deposits	204	3,997	204	3,997
Market value at end of year	24,555	25,484	24,555	25,484
Historical cost at end of year	19,495	20,218	19,495	20,218
Analysed by type	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Investments				
- Listed direct	10,513	11,320	10,513	11,320
- Unlisted direct	95	83	95	83
- Listed unit trusts	9,245	9,583	9,245	9,583
Term Deposits	4,702	4,498	4,702	4,498
	24,555	25,484	24,555	25,484
Geographical analysis	2018 £'000	2017 £'000	2018 £'000	2017 £'000
United Kingdom Investments	17,915	19,133	17,915	19,133
Overseas Investments	6,640	6,351	6,640	6,351
	24,555	25,484	24,555	25,484

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

Schroder Charity Equity Fund
Majedie UK Equity Fund
iShares PLC - S&P 500 Index
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 £121,932 (2017 - £130,830).

10 Stocks

	Group and Charity 2018 £'000	Group and Charity 2017 £'000
Dispensing stocks	50	41
Other consumables	2	3
	52	44

11 Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fees receivable	3,946	4,005	3,946	3,976
Other debtors	65	42	65	42
Prepayments	300	214	299	214
Amounts due from group undertakings			1	24
Accrued income	2,340	102	2,340	102
	6,651	4,363	6,651	4,358

12 Creditors - Amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade creditors	956	460	956	460
Other creditors	270	401	270	401
Taxation and social security	535	516	535	513
Accruals	1,710	1,853	1,710	1,851
Deferred income (note 12a)	858	780	858	780
	4,329	4,010	4,329	4,005

12.1 Analysis of deferred income

Opening balance as at 30 September 2017	780
Changes during the year:	
amounts released to the statement of financial activities	(780)
new income deferrals	858
Closing balance as at 30 September 2018	858

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

13 Funds held as agent

The charity holds funds as an agent on behalf of its patients. During the year £132,398 (2017: £188,787) was received and £290,760 (2017: £367,124) was paid out of this account. At the year end the balance held in this account was £408,674 (£567,035)

14 Operating Leases

	2018 £'000	2017 £'000
Rentals charged in the year:		
Land and Buildings	6	6
Plant and Machinery	20	18
Equipment	146	144
	172	168

	Land and Buildings £'000	Plant & Machinery £'000	Furniture & Equipment £'000
Payments due on operating lease obligations			
Within one year	6	20	142
Within two and five years		76	33
Over five years		24	-
	6	120	175

15 Capital Commitments

	2018 £'000	2017 £'000
Contracted for but not provided	2,504	439

16 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. 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 2018 £'000	Total 2017 £'000
Turnover	-	26
Cost of sales	-	(7)
Gross profit	-	19
Administrative expenses	-	(7)
Net profit before gift to charity	-	12
Gift (under Gift aid) to Royal Hospital for Neuron-disability		12
Net Profit	-	-

The aggregate of the assets, liabilities and funds was:

	Total 2018 £'000	Total 2017 £'000
Assets	-	29
Liabilities	-	(29)
Funds (representing 1 ordinary share of £1)	-	-

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

	Total 2018 £'000	Total 2017 £'000
Donations / Gift Aid to parent RHN	-	12
Administrative services	-	4
Interest Charged by parent RHN to RHN Services on amounts unpaid	-	1

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

	Total 2018 £'000	Total 2017 £'000
	1	24

17 Statement of funds

As at 30 September 2018	Fund balance brought forward £'000	Incoming resources £'000	Resources expended £'000	Investment gains £'000	Pension scheme actuarial gains £'000	Transfers between funds £'000	Fund balance carried forward £'000
Unrestricted funds							
General funds	16,439	41,141	(38,322)	687		(4,330)	15,615
Pension reserve	(324)				(1,311)	1,635	-
Designated funds	21,319					2,747	24,066
Total unrestricted funds	37,434	41,141	(38,322)	687	(1,311)	52	39,681
Restricted funds							
Other restricted donations	1,605	2,386	(539)			(49)	3,403
Research grants	-						-
Training grants	4	49				(3)	50
John Howard Convalescent Home	557	7		22			586
Total restricted funds	2,166	2,442	(539)	22	-	(52)	4,039
Endowment funds							
Lopes Chaplains Stipend fund	8						8
Other endowments	711			28			739
Total endowment funds	719	-	-	28	-	-	747
Totals	40,319	43,583	(38,861)	737	(1,311)	-	44,467
As at 30 September 2017							
	Fund balance brought forward £'000	Incoming resources £'000	Resources expended £'000	Investment gains £'000	Pension scheme actuarial gains £'000	Transfers between funds £'000	Fund balance carried forward £'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)
Designated funds	18,722		(459)			3,056	21,319
Total unrestricted funds	32,162	38,287	(36,704)	1,465	2,228	(4)	37,434
Restricted funds							
Other restricted donations	1,095	1,042	(540)			8	1,605
Research grants	19		(15)			(4)	-
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

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>Reviewed on a rolling year basis, these are amounts appropriated within the unrestricted category 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 £2,667,000 from its general fund to these designated funds.</p> <p>Identified planned capital expenditure is for works to be utilised within the next five years. During the year the RHN transferred £2,438,000 from its general fund to these designated funds.</p> <p>During the year the RHN transferred £2,358,000 back to its general fund from these designated funds in anticipation of maintenance expenditure in the coming year.</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 £52,000 of restricted reserves were transferred to unrestricted funds to cover these costs.</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 to generate specific income to contribute towards the cost of chaplaincy services available at the Royal Hospital for Neuron-disability; and 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>

Included under endowment funds are the following:

	2018	2017
	£'000	£'000
Permanent endowment:		
Lopes Chaplains Stipend fund	8	8
Other Endowment funds	739	711
	747	719

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 Neuron-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.

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

18 Analysis of fund balances

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	-	11,451	-	-	11,451
Fixed asset investments	10,607	12,615	586	747	24,555
Net current assets	5,008	-	3,453	-	8,461
Pension liability	-	-	-	-	-
Total funds at 30 September 2018	15,615	24,066	4,039	747	44,467



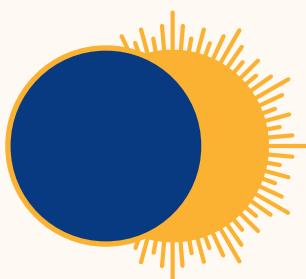
Registration

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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email info@rhn.org.uk
website www.rhn.org.uk

Registered charity number 205907



**Royal Hospital for
Neuro-disability**