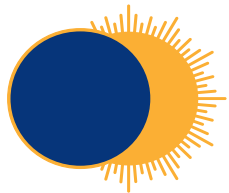


# Annual Report and Accounts

2012/13



Royal Hospital for Neuro-disability

A national medical charity

Registered Charity No. 205907

# CONTENTS

	Page
Chairman's Statement	3
About the RHN - Vision, Mission and Values	4
Meet the Board, Executive Team and Supporting Committees	5
Governance, Management, Structure and Public Benefit	6
Report of 2012/13 - Our Achievements	7-11
Beyond 2014	12
Financial Overview	13-14
Responsibilities of Members of the Board of Management	14
Independent Auditor's Report	15
Simplified Operating Statement	16
Consolidated Statement of Financial Activities (SOFA)	17
Consolidated Balance Sheet	18
Consolidated Cash Flow Statement	19
Notes to the Accounts	20-35
Advisors and Other Organisations	36

## CHAIRMAN'S STATEMENT

In the July edition of our magazine RHN News, one of our patients, Richard Bennett, tells us what the eye-gaze technology that enables him to communicate means to him. "Freedom" and "liberation" are the two words he chooses. A stroke had left Richard with locked-in syndrome and when he came to us, he was feeling very low. Our therapists, and eye-gaze technology, enabled him to communicate with his friends for the first time through email. He says he is now much happier.

It is stories like this one that reflect another successful year delivering the very specialist care that complex neuro-disability requires.

A more visible highlight has been the opening of the Jack Emerson Centre, a specialist centre for people who need continual ventilator support. Planned and built with the full involvement of the patients and their families and our staff, its design includes features that assist our patients in understanding their environment, and enable them to enjoy social activities such as gardening. We plan to open another refurbished facility in early 2014 for our Huntington's disease patients with a similar emphasis on meeting their specific needs.

April 2013 saw a sea change in the NHS environment with the introduction of England-wide commissioning for neuro-rehabilitation, and clinical commissioning groups for continuing care thereafter. In an environment of continuous pressure on the income we receive for our services, we are working very closely with these authorities to ensure we offer the care they mandate, and increase mutual knowledge about the service needs for these vulnerable patient groups. Indeed, it is only through constructive partnership with the NHS, as our principal customer, that we can play an essential role in meeting the challenges posed by the resource pressures we all face, and help to identify sustainable solutions for future healthcare provision. While the associated financial and operational implications are significant, we remain determined to deliver the highest quality, cost-efficient care in this specialist field.

That focus on quality has led us to introduce a new clinical structure and new systems to enable our staff to deliver care more effectively, while ensuring we continue to put the patient at the centre of everything we do. This major change programme was started in 2012/13 and will be implemented fully in 2014. In doing so, we will continue to respond to the requirements of our commissioners, and the guidance and recommendations of the Care Quality Commission.

The pervasive pressures on resources make our voluntary income even more vital in enhancing the quality of life for our patients and their families. The wonderful generosity of our supporters means we can provide specialist assistive technology and bespoke wheelchair services that liberate those who cannot otherwise interact with the world around them. We can also offer the stimulation of activities such as art and music to those who cannot access them on their own, and organise trips to enjoy what many of us take for granted. It would not be possible to provide these very important services without our charitable support.

This year saw us absorb the activities of the Neuro-disability Research Trust (NRT). I would like to thank the trustees of the NRT for their long-standing work and for the Trust's contribution to our research over many years. The Board is fully committed to continuing our strong research tradition and will formally approve major research project expenditure.

All of our work can only happen because of the dedication of our staff and volunteers. This year has seen the introduction of some new initiatives to improve engagement and training for staff, including new staff awards and interactive sessions with the Executive Team. We are also improving the way we work with volunteers – by refining our processes and responding better to the individual talents that they so generously offer.

I am intensely proud of what our patients, staff, families and team of volunteers achieve at the Hospital. 2014 marks 160 years since we were founded, during which time we have dealt with the most complex of needs, yet seen incredible examples of progress on a daily basis. I am confident that with a dedicated focus on quality and efficiency whilst working in our new operational structure, we will continue to do so in the future.

**Alan Sanders**  
RHN Chairman

The RHN was founded by Andrew Reed in 1854 in the belief that everyone had the right to a fulfilling life, whatever their level of ability. This ethos won the support of some of Britain's greatest figures, including Florence Nightingale and Charles Dickens; and over the years that followed, it became clear that there was something very different about the RHN.

In 1985 we opened the UK's first dedicated brain injury unit. Today's RHN provides a range of services responding to the needs of people with neuro-disability. We do this through rehabilitation, long-term care, research and education, providing specialist therapies alongside clinical and recreational services all delivered under one roof. This means greater continuity of care and more immediate action with minimal disruption to our patients.

Our work is recognised internationally, as we seek to advance the science of care for people living with neurological disability, researching clinical developments and sharing knowledge to help more people achieve the highest possible quality of life.

We work closely with the NHS, but are not a part of it. Because of our charitable status, we can raise funds to pay for services and technologies over and above those offered at traditional hospitals, such as the life-changing assistive technology which gives a voice to people who cannot speak, or that provides freedom to those who are unable to move.

### Our Vision

That people with severe disability due to neurological impairment achieve their full life potential and enjoy the highest possible quality of life.

### Mission

The RHN is a charity which believes passionately that all people have the right to achieve their full human potential and enjoy the optimum possible quality of life, whatever their level of ability. Our mission is to help people with severe disability due to neurological impairment achieve this goal, wherever they are in the UK.

As a charity, we will direct every effort to bring maximum benefit to those who have complex disability due to acquired brain injury, neurodegenerative disease, or other major central nervous system impairment – in particular those with severe cognitive impairment and high physical dependency.

### Our Values

- Finding ability in disability
  - Delivering excellence through personal responsibility
    - Pioneering and sharing knowledge to improve treatment and care
      - Ensuring clarity about what we can do and delivering on our promises
        - Compassion, respect and constancy at the heart of what we do

## MEET THE BOARD, EXECUTIVE TEAM AND SUPPORTING COMMITTEES

### Patron

Her Majesty The Queen

### President

Leonora, Countess of Lichfield

### Vice Presidents

Roly Franks OBE

Peter Malpas MA

Shirley Palmer

The Mayor of Wandsworth (ex officio)

### The Board of Management (The Board)

Alan Sanders BPharm DMS - Chairman

Ruth Maxwell - Vice Chairman

James Gemmell CA FSP FRSA - Treasurer

Prof Anne Chamberlain OBE FRCP FRCPCH

Dr Dipak Datta MBBS FRCP FRCS

Lydia Gomersall BA

Terry Hanafin CBE

Michael Hornsby

Simon Leathes FCA

Terry Lee

Laurence Oates LLB CB

Douglas Reed

Dr John Scadding BSc MBBS MD FRCP (appointed 14 March 2013)

Jenny Sharp BA

Christine Swabey

Oliver Tant BSc (Econ) CA

(The Board are the Trustees of the Charity)

### Executive Team

Angus Somerville LLB - Chief Executive

Ian Burroughs - Director of Business Development (until June 2013)

Sharon Burton RN PGD (NP) DMS MBA - Director of Nursing and Clinical Governance

Bill Chidgey BA FCMA - Director of Finance

Lynn Cunningham MSc - Director of Corporate Services

Dr Sophie Duport PhD - Head of Research

Prof Rajiv Hanspal FRCP FRCS - Medical Director (Rehabilitation)

Philippa Jayanathan BPharm, MRPharmS - Director of Operations

Sarah Myers Cornaby - Director of Fundraising

Dr Diane Playford MD MBBS FRCP - Director of the Institute of Neuropalliative Rehabilitation

Sarah Rollinson BSc (Hons) MA RGN - Director of Marketing and Business Development (from March 2013)

### Chairman's Advisory Group

Alan Sanders BPharm, DMS - Chairman

James Gemmell CA FSP FRSA

Ruth Maxwell

### Finance Committee

James Gemmell CA FSP FRSA - Chairman

Mark Cannon Brookes

Simon Culliford

Simon Leathes FCA

Jenny Sharp BA

Christine Swabey

Oliver Tant BSc (Econ) CA

### Audit Committee

Oliver Tant BSc (Econ) CA - Chairman

Michael Hornsby

Simon Leathes FCA

Laurence Oates LLB CB

### Remuneration Committee

Alan Sanders BPharm, DMS - Chairman

James Gemmell CA FSP FRSA

Ruth Maxwell

### Nominations Committee

Alan Sanders BPharm, DMS - Chairman

James Gemmell CA FSP FRSA

Ruth Maxwell

### Integrated Governance and Quality Assurance Committee

Angus Somerville LLB - Chairman

Sharon Burton RN PGD (NP) DMS MBA

Lydia Gomersall BA

Michael Hornsby

Laurence Oates LLB CB

Jenny Sharp BA

### Research Advisory Committee

Prof Christine Collin MBBS FRCP - Chairman

Lynn Ashby MSc

Terry Lee

Dr Emer McGilloway MB BCh BAO MRCP

Prof Di Newham PhD FCSP

Mandy Ledbury

### Estates Committee

Angus Somerville LLB - Chairman

James Gemmell CA FSP FRSA

Terry Hanafin CBE

Sharon Burton RN PGD (NP) DMS MBA

Martin Gordon

Lynn Cunningham MSc

Bill Chidgey BA FCMA

## GOVERNANCE, MANAGEMENT, STRUCTURE AND PUBLIC BENEFIT

### Legal Status and Organisation

The RHN is a registered charity (number 205907) founded in 1854 and incorporated by Royal Charter in 1919.

Members of the Board are trustees of the charity. They are elected to act on behalf of the charity in the management of its undertakings, property and affairs. Elected members may serve for a maximum of two four-year terms. A formal process of nomination, induction and continuing trustee training is in place.

The Board meets five times a year (plus an additional strategy day) and consists of not less than 12 members.

The Board is assisted by seven main subcommittees: the Audit Committee; the Finance Committee; the Integrated Governance and Quality Assurance Committee; the Research Advisory Committee; the Estates Committee; the Remuneration Committee and the Nominations Committee. Day-to-day management is vested in a Chief Executive and Executive Directors, who report to the Board on a regular basis.

### Risk Management and Assessment

The Board, through the Integrated Governance and Quality Assurance Committee, conducts an on-going assessment of the major clinical and non-clinical risks to which the organisation is exposed. Those risks have been reviewed and systems have been established to mitigate those identified.

Financial risks have been factored into the charity's reserves policy and are regularly reviewed by the Audit Committee, Finance Committee and the Board.

### Connected Charities and Company

The RHN was linked with a charity, the Neuro-disability Research Trust (NRT). This closed in March 2013 and the net assets were donated to the RHN. The RHN also owns 100 per cent of the share capital of the Royal Hospital for Neuro-disability Services Limited.

Further details of the RHN's relationship with the connected charities and company, as well as the relevant financial information, are contained in Notes 9 and 17 to the accounts.

The results of Royal Hospital for Neuro-disability Services Limited are included within the group accounts of the RHN.

### Public Benefit

In reviewing annually the RHN's purpose and objectives, the Board has considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary guidance on fee-charging, and is satisfied that it meets the criteria in full. Further details are provided on page 4.

## Our Patients and Families

### Aim

To provide clinical excellence, leading the way in neurological rehabilitation and long term care.

### Achievements

- During the year we opened the Jack Emerson Centre, the RHN's dedicated ventilator unit. It was designed and built with considerable input from patients, family members and our therapy teams so that it addresses the specific needs of this patient group. Innovations include décor and signage that make it easier for people to understand their environment – where things are and where their room is. We have also built in the capability for patients to have much more control over their environment such as opening and closing windows.
- The centre was opened by local paralympian Ade Adepitan, who many people recognised from his TV appearances commentating on the London 2012 Olympics. He chatted with patients and gave an inspirational talk on the potential that sport has to unlock opportunity for people with disabilities.
- We completed the first stage of our “SMART” project on Devonshire ward which involved a multi-disciplinary team approach to create an environment of optimal conditions for patients with disorders of consciousness. The initial focus was to create “quiet time” on the ward. At set times during daylight hours, sound and activity was reduced to a minimum to allow patients a period of subdued stimulation to help improve their responsiveness to their therapy programme. An audit of the outcomes is currently under analysis prior to our taking the project forward.
- We have worked with The King's Fund on their *Enhancing the Healing Environment* project. We held workshops and lunchtime seminars to try and make sure that more of our spaces are clear, tidy and spacious. We also updated some of the décor, lighting, ceilings and flooring on some wards to improve the overall feel. Other work on environments included:
  - Updating Chatsworth ward with better colour, more space, a livelier feel and a new reception area which provides a hub for activities.
  - Refurbishment of our hydrotherapy facility including a new sound system and a more spacious environment to enhance the overall quality of the experience for patients. In addition to therapy sessions here, we also run “Aquability” leisure sessions each month for patients.
  - An attractive new outside space for patients on the Jack Emerson Centre, featuring a level decking area and raised planting.

- We are refining the way we undertake patient satisfaction surveys, ensuring that patients with profound communication difficulties are more able to take part by using innovative communication methods.

### Aim

To provide specialised neuro-rehabilitation and long term care services to people throughout the UK, and beyond, working with referrers and commissioners to meet high quality standards.

### Achievements

Over the year we were the largest provider in England of specialised neuro-rehabilitation services for patients with highly complex needs. We also passed a qualification process to be designated as an approved provider of NHS continuing healthcare for participating London CCGs (clinical commissioning groups). We continue to work with the Ministry of Defence to provide rehabilitation for members of the armed forces who have sustained severe brain injuries. We treated patients and residents from 14 of the 27 NHS England areas across all services within our portfolio.

Since April 2013 we have worked closely with the new NHS commissioning bodies (NHS England for specialised neuro-rehabilitation services and clinical commissioning groups for all other services commissioned by the NHS), to meet the new service specifications and contractual frameworks.

We have continued our work on the tools to measure the changes and improvements that patients make over the course of their rehabilitation. Within the rehabilitation service we now report the full dataset of measures for each care episode through our registration with the UK Rehabilitation Outcomes Collaboration (UK-ROC), which is used by NHS England commissioners.

We continue to develop the use of measures that will allow us to demonstrate the benefit that our challenging behaviour rehabilitation service provides, and have joined a collaborative study with other independent providers.

Additionally, we have completed a complexity analysis of patients being cared for in our long-term care service as part of a project with UK-ROC, using a measure being developed – the Rehabilitation Complexity Scale: Specialist Nursing Homes (RCS-SNH).

### Our year in numbers:

- 145: the number of people treated in our brain injury service
- 147: the average number of beds occupied across long term care
- 28: the average number of beds occupied across rehabilitation (excluding brain injury service)
- 340: the number of people who received treatment and care from the RHN spanning the whole service portfolio (339 in 2011/12)
- 22: the average number of weeks' stay for brain injury rehabilitation. This was reduced from 27 in the previous year and fell by a further week in the second half of the year.

### Our Patients and Families (continued)

#### Aim

To maximise recreational experiences and quality of life for patients and their families.

#### Achievements

Recreational opportunities and quality of life go hand in hand, irrespective of disability. This is central to our charitable ethos and we constantly strive to improve the leisure activities available and how patients are able to access them.

- The donation of a powerful projector and screen allowed us to start a film club. The club screens a range of film genres for different tastes and is well attended every week.
- The Hospital has two boccia teams. Boccia is a paralympic sport for people in wheelchairs, similar to petanque or bowls. Our teams play in a local league as well as against each other. This year the teams benefited from a visit by seven-time national champion Nigel Murray MBE. He brought his paralympic medals, spent time giving tips and training to our athletes and gave a talk about his experiences.
- The Hospital also hosted a very successful visit from the Chelsea Football Club Charitable Foundation and many patients were inspired by the workshops and subsequent football games.
- We have enhanced our live music offering during the year. Performers have included jazz ensemble Kai's Kats, musicians from the London Sinfonia, and performers from Music in Hospitals covering all genres from Elvis to opera.
- We have opened a new hairdressing salon where patients can get their hair cut, coloured and styled.
- Volunteers make many of our additional activities possible and we are very grateful for what they do. This year we introduced a new volunteer programme that is more customised to the skills of each volunteer and the times they are available. We have also introduced an enhanced training programme for volunteers, and increased the number of patients who benefit from the help of a volunteer by, for example, introducing more day-to-day activities such as helping a patient read the paper.
- Our new volunteer programme included a refresh of the training our volunteers receive alongside a review of our database to ensure we fully understand the significant resource at our fingertips. Our current number of active volunteers is 111.

### Our People

#### Aim

To support our staff to deliver excellence in care and support.

#### Achievements

- In November we launched a consultation exercise with staff right across the hospital to inform our organisational change strategy. This led to 29 recommendations in five major categories: strategy, structure, process, people and culture. The actions responded to what our staff told us and to the changing external healthcare context.
- We introduced several new initiatives to improve staff engagement including: a new quarterly pulse survey of staff attitudes to supplement the annual staff survey; a new "questions and ideas" project called Qi; executive question and answer sessions; new staff awards; special health events for staff on topics such as smoking, back care and general wellbeing.
- We have focussed particularly on the skills and development of our managers, looking beyond their clinical expertise. To ensure our managers have the latest management theory as well as the practical skills and confidence to manage proactively, we have delivered a set of six workshops offering a range of management development topics to 57 managers. The results were encouraging. On average, each manager attended four of the six workshops and their reported confidence in managing their teams improved from 54 per cent before a workshop to 91 per cent after.
- An expansion in our partnership with universities meant we increased the number of nurses who completed the Mentorship for Practice course which is vital to ensure our nursing students are rigorously assessed and that the quality of practice-based assessment is high. Twenty completed it this year and 20 more junior staff nurses will complete the mentorship course next year.



## Our Research

### Aim

Our aim is to advance the science of care and treatment for people living with neurological disabilities through the conducting of targeted research and by ensuring our expertise is shared throughout the field.

### Achievements

- We participated in a successful awareness raising campaign with the Neurological Alliance for Brain Awareness Week 2013. We led on an event at the Dana Centre in London on the vegetative state called “Dead or Alive” which was very popular.
- In June, we ran a two-day international conference on music therapy. It gave 65 delegates an opportunity to share knowledge and information on the therapeutic applications of music in our field. Professionals from the fields of music therapy, music in health and music neuroscience all presented at the conference.
- On-going cutting edge research projects including:
  - A review of patients with disorders of consciousness in continuing care. Our work so far shows significant incidence of improvement of awareness over the years in some patients. Research is continuing using a range of neurophysiological methods to further explore brain function.
  - Research on how families are affected when a relative has a disorder of consciousness. There is very little research on the unique needs of those families so this three-year study will explore potential interventions to support them.
- This year saw the beginning of generous support from the Sackler Trust for our research and education activities. We are very grateful to Dame Theresa Sackler for her interest in our work.

## Our Charity

### Aim

To raise £2.1 million in voluntary income to fund additional services, therapies and equipment for patients, residents and their families.

### Achievements

- Our charitable status allows us to provide additional therapies and services for patients and residents, over and above their contracted care, ensuring they get the best possible treatment and enhanced quality of life. With generous support from individuals, companies and trusts over £2million was raised. Without this support we could not provide the staff or equipment for these essential services we provide.
- Donations to the charity provided funding for:
  - specially-adapted computer therapy
  - specialist technology and communication aids
  - music therapy
  - ‘Aquability’ pool sessions
  - our programme of research
  - art sessions
  - specially-adapted wheelchairs and mobility equipment
  - nurse escorts and transport for patient outings
  - an extensive programme of on and off-site leisure activities
  - volunteer training
  - in-house multi-faith chapel service
  - gardening therapy
  - equipment including new beds and hoists
  - capital works including improvements to Chatsworth ward and an extensive refurbishment of Wolfson ward
- A series of vibrant arts events were held for Arts on the Hill, including a West End show, an exhibition of patient and professional art, a literary lunch and finally an evening of opera.
- The Haberdashers’ Livery Company generously hosted our Brain Quiz for lawyers and city supporters at Haberdashers’ Hall, raising £17,000.
- Over 200 people took part in our first ever RHN Fun Run on Wimbledon Common, raising £25,000.

## Thank You For Your Support

### Legacies

Donations left to the RHN in people’s Wills are extremely important to us, but we received less legacy income this year than in the two previous financial years. We have launched Fund for the Future, a dedicated legacy fund, to make it even easier to donate in this way.

This year we received over £600,000 in legacy donations. The following people recognised us in their Will, for which we are extremely grateful:

Mary Barnes	John Barrett	John Brown
Joyce Charlton	Elizabeth Deeves	Muriel Deuchar
William Garwood	Harry Heath	Mary Hey
L J Jerram	Barbara Johnson	Margaret Mangham
Mary Masters	Philippa Meeres	Joan Owen
Wendy Parker	Mary Riddle	Alison Robins
Ronald Sansom	Brenda Sidebottom	Joan Smith
Fitzgerald Straker	Rosemary Syfret	Margaret Thomson

### Lavender Fund

RHN Lavender Funds are set up in remembrance of people who had a special place in their hearts for the RHN. Funds are raised in memory of loved ones to improve the lives of patients at the RHN. We are extremely grateful to Lavender Fund holders and supporters who gave to the following funds.

Adeh Murray Sellar	Antony Olley	Avis June Smith
Barbara Kelly	Catherine Ann Fitzgerald	Christopher Bedford
David John Fincham	Diana Merrick	Eileen Dorothy Barrett
Eileen McKay	France-Raoul Chateau	Ghulam Sarwar
Graham Boiling	Henry John Old	Hugh Munro
James Pirie	Lesley Jean Hyams	Lucy Jane Denniston
Margaret Deller	Maud Riley	Maureen Lesley O’Brien
Megan Paton	Michael Lindsay	Patricia Burston
Paul Loft	Peggy Stannard	Peter John Davies
Roger Smith	Rosemary Ann Shurrock	Sean Hamilton
Shirley Gill	Ted and Gladys Black	Trevor George Kingham
Ved and Helena Aggarwal	Winifred Warwick-Mayo	

## REPORT OF 2012/13 - OUR ACHIEVEMENTS

### Trusts, foundations and major individual supporters

Last year we received generous support from trusts and foundations including:

Alan Greenaway Foundation	Albert van den Bergh Charitable Trust
Alchemy Foundation	Anson Charitable Trust
Awareness Fund	Benjamin Weir Charitable Trust
Bernard Sunley Charitable Trust	Bernard Coleman Charitable Trust
Cadogan Charity	Elizabeth Frankland Moore and the Star Foundation
Elizabeth and Prince Zaiger Trust	Feltmakers Lodge
F&M Hope Morrison Trust	G C Gibson Charitable Trust
G D Herbert Charitable Trust	Guiting Trust
Hobson Charity	John Coates Charitable Trust
Joseph Strong Frazer Charitable Trust	Kenrob Charitable Trust
Lodge of Peace and Harmony	Million Dollar Round Table Foundation
Mrs Maud van Norden Charitable Trust	P Leigh-Bramwell Trust E
P F Charitable Trust	Peacock Charitable Trust
Peter Stormonth Charitable Trust	REC Retail Parks (Reserveco) Charitable Trust
Red Rose Charitable Trust	Royal Hospital Chelsea
Schroders Charity Trust	Sir Cliff Richard Charitable Trust
Sir James Reckitt Charity	Starkie Bence Charitable Trust
Swire Charitable Trust	Tennants Consolidated Ltd
The Albert Hunt Trust	The Hamamelis Trust
The Sackler Trust	Vernon N Ely Charitable Trust
William Allen Young Charitable Trust	William Arthur Rudd Memorial Trust
Worshipful Company of Tallow Chandlers	

We would like to thank all trusts and foundations who continue to support our work, those who donate anonymously and our generous individual supporters, whose contributions to the work of the RHN make a vital difference to the lives of our patients and residents every day.

### Special thanks to:

- our President, Leonora, Countess of Lichfield, for hosting a reception for supporters at her home, which included an appeal to refurbish Wolfson, our ward for patients with Huntington's disease
- author Jojo Moyes for speaking at our Arts on the Hill literary event, and Lyndel Harrison for presenting
- *Row Hard* event participants who raised £27,000 and to Clare Balding for presenting the event
- Merlin School for raising £4,500 at their summer fair
- Virgin London Marathon runners who raised over £43,000
- members of the Fundraising Focus Group, London Committee and Arts on the Hill event organisers
- Capsticks for their on-going support of RHN and our computer room
- all our donors, supporters and volunteers.

### Beyond 2014

Our achievements this year have seen us continue to strengthen our position as a pre-eminent provider of specialised rehabilitation and long-term care with a focus on maximising quality of life for people with complex and high dependency neuro-disability.

Moving forward, we will continue to build on our strengths by refreshing our strategy so that our services are fit for the future. Through an in-depth analysis of relevant evidence we will evaluate a range of options and agree our strategic priorities.

In addition, our goals for the year cover the following areas:

- **Quality.** We will build a culture that places quality at the heart of everything we do. Our strategy will ensure that systems, structures and processes will enable staff to deliver safe, effective, compassionate and high quality care and achieve full compliance with national standards measured by the Care Quality Commission.
- **A stronger clinical structure.** Our new service unit structure came into operation in January 2014 and from April 2014 each service unit team will be supported and empowered to deliver high quality services that are efficient and make the best use of resources as measured by a set of key performance indicators. They will also be exploring opportunities for development.
- **Patient care at the heart of decision making.** We are strengthening the contribution of clinical professionals through the introduction of new leadership roles and investing in their development. Through empowering effective team working and ensuring all clinical disciplines have a voice, patient care will be prioritised in all decision-making.
- **Research strategy.** By September 2014 we will have an exemplar ward as the focus for research-based culture and practice as a means for strengthening this throughout the organisation.
- **Leadership and people development.** Our leaders will inspire and develop their teams as our leadership behaviours are embedded throughout the organisation. Everyone will have a clear understanding of their contribution to developing our services through greater ownership and accountability.
- **Improving family support.** Improving our understanding of what families want and need, we will develop services to support families through working with our volunteers, staff and other organisations using funds raised through voluntary donations.
- **Financial sustainability.** We will review our financial strategy to improve our financial position and secure our future sustainability. We will work with commissioners to secure appropriate income in line with contracted activity levels and horizon scan to capitalise on opportunities at the same time as containing our costs. Our fundraising team will continue to work hard to raise funds through voluntary donations to pay for key members of staff, equipment and services, such as music therapy, that are not supported by public funding.
- **Information and patient records.** We will roll out an electronic patient record system by the end of 2014. We are also embedding an integrated information system to support the clinical and non-clinical needs of the hospital. The impact of this will be enhanced patient care and greater efficiency in reporting the impact of our work to commissioners.
- **Engaging our stakeholders.** This year we will implement a marketing and communications strategy to enhance the focus on the needs of our stakeholders.

## FINANCIAL OVERVIEW

### Review of the Year

The Consolidated Statement of Financial Activities set out on page 17 shows that incoming resources increased from £30m in 2012 to £30.7m this year. We experienced an increase of £1m in our expenditure to £30.3m. This resulted in a surplus of £0.4m (2012 - £0.8m) before 'Other Recognised Gains and Losses'. However, included in income is £0.9m received on the closure of our associated charity, NRT, all of which is committed for future research activity. By its nature this income is exceptional and non-recurring. Without it, the surplus referred to above would have been a deficit of £0.5m (2012 - Surplus of £0.8m).

The RHN is not immune to the effects of the present challenging financial climate in Healthcare services. Our expenditure has increased, as noted above, by £1m whilst our fee rates have remained static and so reduced in real terms. The decline has been mitigated in part by an increase in occupied bed days compared to last year. We are now even more dependent on the generous financial support of our donors.

Income from donations and events was £2.9m (2012 - £2.9m). This significant and generous support allows us to invest further in therapies, research, services and amenities as well as to maintain and modernise facilities for patients. Excluding the NRT funds transferred on closure, the real level of donated income declined by £0.9m compared to last year.

We continue to operate in a difficult financial environment but recognise the continuing need to invest for the future. It has been a challenging year.

### Looking Forward

We opened the Jack Emerson Centre in December 2012 which increased the capacity of the Hospital by 16. We are in the process of refurbishing a number of wards in succession. Until that process is complete, we will not have the benefit of the additional capacity that the Jack Emerson Centre gives us.

Capital expenditure planned for the forthcoming year, including further works on improving patient environments and facilities, is scheduled to cost £2.6m in 2014/15.

Our 2013/14 budget shows a reduction of £1.3m in income when compared to 2012/13. This is due to the continuing limit on NHS fees and the suspension of our Transitional Rehabilitation Service (TRS) through lack of patients. We have embarked on a major programme to transform

our operating process to improve patient experience whilst simultaneously delivering greater accountability throughout the nursing and therapy staff teams. It is intended that the reorganisation will deliver better financial outcomes and begin the process of balancing the Hospital's budget.

### Investments

The RHN's investments continue to be managed by a team from the charity division of Schroder & Co Ltd within asset allocation ranges agreed with the Finance Committee, following their review of these during the course of the financial year.

The asset allocation on our main portfolio is as follows:

	2013	2012
Equities	59.0%	30.2%
Bonds	16.0%	32.8%
Alternatives	19.9%	24.4%
Cash	5.1%	12.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

For the 12 months to September 2013, our main portfolio performance was +10.9% against the benchmark of +10.1%. Without the significantly improved contributions from investments through investment income and gains of £2.3m (2012-£1.3m), the financial outcome for the year past would have been even more troublesome.

### Staff Pension Scheme

The deficit in the defined benefit pension scheme, closed to new members in 2001 and to existing members in 2006, under FRS17 at 30 September 2013 was £4.2m (2012 - £5m). The RHN continues to run a defined contribution scheme for its employees.

### Tangible Fixed Assets

Tangible fixed assets consist of freehold land and buildings, plant, furniture and equipment, details of which are under note 10 of the accounts. The buildings are shown at original cost less depreciation. This does not represent the market value of the property.

### Reserves

In accordance with the guidance issued by the Charity Commission, the Board has carried out a detailed review of the group's activities, identified the major risks to which the group is exposed and produced a financial risk assessment.

The desired level of free reserves is expressed as a range between which actual free reserves may fluctuate. Free reserves at 30 September 2013, after adjustment for the defined benefit pension scheme liability as per FRS17 and designated funds, stood at £9.4m (£9.6m in 2012). Of the total £28.2m reserves at 30 September 2013, £7.6m has been designated to cover un-depreciated fixed assets together with £6m for planned maintenance and £2.6m for future capital expenditure on the hospital buildings.

The Board has agreed a 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 Management. In addition to these free reserves, the group holds investments and cash of £1.6m as restricted reserves that are required to fund specific projects. Endowment Funds amounted to £1m.

### Going Concern

The Board has set out above a review of financial performance and the group's reserves position. The RHN has adequate financial resources and is well placed to manage the business risks. 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.

The RHN has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The Board believes that there are no material uncertainties that call into doubt the group's ability to continue. The accounts have therefore been prepared on the basis that the group is a going concern.

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 of the incoming resources and application of resources of the charity 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 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 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.

Approved by the Board of Management on 30 January 2014 and signed on its behalf by:



**Alan Sanders**  
Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL HOSPITAL FOR NEURO-DISABILITY

## Independent Auditor's Report to the Trustees of the Royal Hospital for Neuro-disability

We have audited the financial statements of the Royal Hospital for Neuro-disability for the year ended 30 September 2013 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of 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.

### Respective Responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report of the Board of Management and the Chairman's Statement to identify material inconsistencies with the audited

financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on Financial Statements


In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 30 September 2013 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.

### 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 Annual Report of the Board of Management is inconsistent in any material respect with the financial statements; 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.



Crowe Clark Whitehill LLP  
Statutory Auditor  
London

Date: 5 February 2014

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Simplified Operating Statement

for the Year Ended 30 September 2013

	2013 £'000	2012 £'000
<b>Hospital</b>		
Patient Services Income	26,985	26,380
Costs of Patient Services	(29,521)	(28,464)
<b>Deficit From Hospital Activities</b>	<b>(2,536)</b>	<b>(2,084)</b>
<b>Voluntary &amp; Other Activities</b>		
<b>Income</b>		
Donations and Other Fundraising	2,029	2,899
Investment Income	543	502
Staff Accommodation	216	255
<b>Income From Voluntary &amp; Other Activities</b>	<b>2,788</b>	<b>3,656</b>
<b>Expenditure</b>		
Fundraising & Investment Management Fees	(767)	(731)
Staff Accommodation	(23)	(63)
<b>Expenditure of Voluntary &amp; Other Activities</b>	<b>(790)</b>	<b>(794)</b>
<b>Surplus from Voluntary &amp; Other Activities</b>	<b>1,998</b>	<b>2,862</b>
<b>Donation from the Neuro-disability Research Trust (Note 2.2)</b>	<b>891</b>	<b>-</b>
<b>Net Incoming Resources</b>	<b>353</b>	<b>778</b>



# Consolidated Statement of Financial Activities (SOFA)

for the Year Ended 30 September 2013

	Notes	General and Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Incoming Resources From Generated Funds</b>						
Voluntary Income	2.1	1,241	559	-	1,800	2,711
Trading Income		67	-	-	67	61
Fundraising Events		229	-	-	229	188
Investment Income	2.3	543	-	-	543	502
		2,080	559	-	2,639	3,462
<b>Incoming Resources from Charitable Activities</b>						
	3	27,029	105	-	27,134	26,574
		<b>29,109</b>	<b>664</b>	-	<b>29,773</b>	<b>30,036</b>
<b>Donation from the Neuro-disability Research Trust</b>						
	2.2	-	891	-	891	-
<b>Total Incoming Resources</b>						
		<b>29,109</b>	<b>1,555</b>	-	<b>30,664</b>	<b>30,036</b>
<b>Resources Expended</b>						
Costs of Generating Funds	6.1	767	-	-	767	731
Charitable Activities	4 & 6.2	28,952	493	-	29,445	28,340
Governance Costs	5 & 6.3	99	-	-	99	187
<b>Total Resources Expended</b>						
	6	<b>29,818</b>	<b>493</b>	-	<b>30,311</b>	<b>29,258</b>
<b>Net Incoming Resources Before Transfers</b>						
Transfers Between Funds	19	(709)	1,062	-	353	778
		256	(256)	-	-	-
<b>Net (Outgoing) / Incoming Resources Before Other Recognised Gains and Losses</b>						
		(453)	806	-	353	778
<b>Other Recognised Gains and Losses</b>						
Gains on Investment Assets		1,666	36	81	1,783	784
Defined Benefit Pension Scheme Actuarial Gains / (Losses)	8.5	658	-	-	658	(513)
<b>Net Movement in Funds for the Year</b>						
		<b>1,871</b>	<b>842</b>	<b>81</b>	<b>2,794</b>	<b>1,049</b>
<b>Reconciliation of Funds</b>						
Funds at 1 October		23,688	807	905	25,400	24,351
<b>Total Funds at 30 September</b>						
		<b>25,559</b>	<b>1,649</b>	<b>986</b>	<b>28,194</b>	<b>25,400</b>

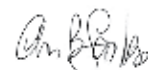
The Group made no other unrealised gains or losses which do not appear on the SOFA. All the above are derived from continuing activities. The notes on pages 20 to 35 form a part of these accounts.

# Consolidated Balance Sheet

as at 30 September 2013

	Notes	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
<b>Fixed Assets</b>					
Tangible Assets	10	7,565	6,379	7,565	6,379
Investments	11	22,764	22,014	22,764	22,014
		30,329	28,393	30,329	28,393
<b>Current Assets</b>					
Stocks	12	60	33	60	33
Debtors	13	4,845	3,508	4,857	3,509
Short Term Deposits		522	806	522	806
Cash and Bank Balances		1,328	3,573	1,307	3,571
		6,755	7,920	6,746	7,919
<b>Creditors</b> - Amounts falling due within one year	14	(4,738)	(5,885)	(4,729)	(5,884)
<b>Net Current Assets</b>		<b>2,017</b>	<b>2,035</b>	<b>2,017</b>	<b>2,035</b>
<b>Net Assets - Excluding Pension Liability</b>		32,346	30,428	32,346	30,428
<b>Defined Benefit Pension Scheme Liability</b>	8.5	(4,152)	(5,028)	(4,152)	(5,028)
<b>Net Assets - Including Pension Liability</b>	19	<b>28,194</b>	<b>25,400</b>	<b>28,194</b>	<b>25,400</b>
<b>Funds of Hospital</b>					
<b>Capital Funds</b>					
Endowment Funds	18	986	905	986	905
<b>Restricted Funds</b>					
Income Funds	19	1,204	398	1,204	398
Other Restricted Funds	19	445	409	445	409
<b>Designated Funds</b>					
Fixed Assets	19	7,565	6,379	7,565	6,379
Planned Capital Expenditure	19	2,615	3,386	2,615	3,386
Planned Maintenance	19	6,008	4,361	6,008	4,361
<b>Unrestricted Funds</b>					
General Funds		13,523	14,590	13,523	14,590
Pension Reserve		(4,152)	(5,028)	(4,152)	(5,028)
<b>Free Reserves</b>		<b>9,371</b>	<b>9,562</b>	<b>9,371</b>	<b>9,562</b>
		<b>28,194</b>	<b>25,400</b>	<b>28,194</b>	<b>25,400</b>

Approved by the Board on 30 January 2014 and signed on its behalf by:



Alan Sanders  
Chairman



James Gemmell  
Treasurer

The notes on pages 20 to 35 form a part of these accounts

# Consolidated Cash Flow Statement

for the Year Ended 30 September 2013

	Notes	2013 £'000	2012 £'000
Net Cash Outflow From Operating Activities	A	(2,205)	(631)
Return on Investments		543	502
Capital Expenditure	B	(1,901)	(1,838)
Financial Investments	C	1,034	(1,568)
		(2,529)	(3,535)
<b>Management of Liquid Resources</b>			
Decrease in Term Deposits		284	6,194
<b>(Decrease) / Increase in Cash</b>	D	(2,245)	2,659
<b>A Reconciliation of Net Incoming Resources for the year to Net Cash Inflow from Operating Activities</b>			
Net Incoming Resources Before Other Recognised Gains		353	778
Pension Fund Contributions and Finance Costs		(218)	(5,104)
Investment Income		(543)	(502)
Depreciation Charge		714	670
Movement in Stocks		(27)	95
Movement in Debtors		(1,337)	1,928
Movement in Creditors		(1,147)	1,504
<b>Net Cash Outflow from Operating Activities</b>		(2,205)	(631)
<b>B Capital Expenditure</b>			
Buildings and Improvements to Wards		(1,512)	(1,402)
Plant, Machinery, Furniture, Equipment and Ambulances		(389)	(436)
		(1,901)	(1,838)
<b>C Financial Investments</b>			
Purchases of Unrestricted Investments		(13,453)	(2,972)
Purchases of Endowment Investments		(527)	(132)
Sale Proceeds of Investments		10,696	3,440
Decrease / (Increase) in Short Term Deposits		4,318	(1,904)
		<b>1,034</b>	<b>(1,568)</b>
<b>D Analysis of Changes in Net Funds</b>			
	At Beginning of Year	Cash Flow	At End of Year
	£'000	£'000	£'000
Deposit Accounts Requiring Notice	806	(284)	522
Current and Deposit Accounts With Immediate Access	3,573	(2,245)	1,328
	<b>4,379</b>	<b>(2,529)</b>	<b>1,850</b>

# Notes to the Accounts

for the Year Ended 30 September 2013

## 1 Accounting Policies

- 1.1 The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), and applicable United Kingdom law and accounting standards. The financial statements have been prepared on a going-concern basis.
- 1.2 The Accounts have been prepared under the historical cost convention, modified by the revaluation of investments and comply with all applicable Accounting Standards, the Statement of Recommended Practice for Charity Accounts issued in March 2005 and the regulations made under the Charities Act 2011.
- 1.3 The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity 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, certainty 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 Charity.
- 1.11 Governance costs are primarily associated with constitutional and statutory requirements of operating the charity.
- 1.12 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 Charity, 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 and management and administrative costs, are allocated to activities based on employee headcount.
- 1.14 The group 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 group. Further information on the Pension Scheme can be found in note 8.4 and 8.5.
- 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.
- 1.18 Stocks are valued at the lower of cost and net realisable value.
- 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 group 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 19 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 19.
- 1.20 Taxation - The Royal Hospital for Neuro-disability 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.

## 2 Incoming Resources from Generated Funds and Other Activities

	Note	General and Designated Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>2.1 Voluntary Income</b>					
Gifts & Donations		633	559	1,192	1,612
Legacies		608	-	608	1,099
		<b>1,241</b>	<b>559</b>	<b>1,800</b>	<b>2,711</b>
<b>2.2 Other Income</b>					
Donation from the Neuro-disability Research Trust		-	891	891	-
<b>2.3 Investment Income</b>					
Listed Investments		157	-	157	154
Unlisted Investments		-	-	-	2
Interest on Deposits		308	-	308	310
Net Return on Pension Scheme	8.5	78	-	78	36
		<b>543</b>	<b>-</b>	<b>543</b>	<b>502</b>

The Neuro-disability Research Trust (NRT), which was a related charity, was wound up during the year. All the NRT's residual funds were donated to the RHN and will be used exclusively to fund current and future research projects.

## 3 Incoming Resources from Charitable Activities

Patient Services	3.1	26,146	10	26,156	25,536
Staff Accommodation		216	-	216	255
Wheelchair & Technology Services		161	-	161	174
Other Income From Charitable Activities		506	-	506	347
Grants Receivable	3.2	-	95	95	262
		<b>27,029</b>	<b>105</b>	<b>27,134</b>	<b>26,574</b>
<b>3.1 Patient Services</b>					
National Health Service		22,581	-	22,581	21,897
Local Authority		1,828	-	1,828	1,861
Prescription Reimbursement		28	-	28	473
Non-NHS Patients		1,166	-	1,166	855
Other Sources		543	10	553	450
		<b>26,146</b>	<b>10</b>	<b>26,156</b>	<b>25,536</b>
<b>3.2 Grants Receivable</b>					
Funding Research Projects		-	95	95	261
Continuing Professional Development		-	-	-	1
		<b>-</b>	<b>95</b>	<b>95</b>	<b>262</b>

The grant for funding research projects was received from the Neuro-disability Research Trust.

4 Costs of Charitable Activities	General and	Restricted	Total	Total
	Designated Funds £'000	Funds £'000	2013 £'000	2012 £'000
Patient Services	27,461	5	27,466	26,942
Staff Accommodation	23	-	23	63
Wheelchair & Technology Services	589	-	589	318
Other Charitable Activities	682	488	1,170	677
Grant Payable to Connected Charity	-	-	-	26
Research	197	-	197	314
	<b>28,952</b>	<b>493</b>	<b>29,445</b>	<b>28,340</b>

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 Governance Costs

	2013 £'000	2012 £'000
Staff Cost	33	33
Legal and Professional Fees	10	76
Other Expenses	3	21
Fees Payable to Auditors:		
Statutory Audit	35	35
Pension Scheme Audit	8	7
Non-Audit Services	10	15
	<b>99</b>	<b>187</b>

## 6 Total Resources Expended

	Direct Costs £'000	Support Costs £'000	Total 2013 £'000	Total 2012 £'000
<b>6.1 Costs of Generating Funds</b>				
Voluntary Income	535	58	593	581
Trading Expenses	23	3	26	21
Fundraising Events	41	5	46	35
Investment Management	102	-	102	94
	<b>701</b>	<b>66</b>	<b>767</b>	<b>731</b>

## 6.2 Charitable Activities

Patient Services	23,001	4,465	27,466	26,942
Staff Accommodation	19	4	23	63
Wheelchair & Technology Services	493	96	589	318
Other Charitable Activities	980	190	1,170	677
Grant Payable to Connected Charity	-	-	-	26
Research	165	32	197	314
	<b>24,658</b>	<b>4,787</b>	<b>29,445</b>	<b>28,340</b>
<b>6.3 Governance Costs</b>	90	9	99	187
<b>Total</b>	<b>25,449</b>	<b>4,862</b>	<b>30,311</b>	<b>29,258</b>

Costs of Generating Funds comprise 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.

## 7 Support Costs Allocation

	Costs of Generating Funds £'000	Charitable Activities £'000	Governance £'000	Total 2013 £'000	Total 2012 £'000
Administration & Management	25	1,721	3	1,749	1,761
Building Expenses	26	1,980	3	2,009	1,808
Finance	5	377	1	383	389
Human Resources	5	348	1	354	357
Information Technology	5	361	1	367	384
	<b>66</b>	<b>4,787</b>	<b>9</b>	<b>4,862</b>	<b>4,699</b>

Total resources expended include the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs relate to the 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.

## 8 Employee Information

### 8.1 Staff costs during the year were as follows:

	2013 £'000	2012 £'000
Salaries and Wages	19,282	18,977
Social Security Costs	1,695	1,655
Other Pension Costs and Life Assurance Premiums	1,289	1,310
	<b>22,266</b>	<b>21,942</b>

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

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

	2013	2012
£60,000 to £69,999	2	1
£70,000 to £79,999	3	2
£80,000 to £89,999	2	4
£90,000 to £99,999	1	2
£110,000 to 119,999	2	1
£120,000 to 129,999	2	1
£130,000 to 139,999	-	1
£140,000 to £149,999	1	1
	<b>13</b>	<b>13</b>

9 employees (2012 - 10) 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 £72,026 (2012 - £77,265).

### 8.3 The average number of staff employed (expressed as full time equivalents) was as follows:

	2013	2012
Patient Services	585	607
Research	4	3
Other Charitable Activities	26	23
Generating Funds	8	8
Governance	1	1
	<b>624</b>	<b>642</b>



## 8 Employee Information (Continued)

### 8.4 The group operates a pension scheme for those members of staff who are eligible and wish to participate.

The scheme has two sections:

- A defined contribution section which, since 1 October 2006, includes all active members of the scheme.
- 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 in the defined contribution scheme payable in the year to 30 September 2013 were as follows:

	Defined Contribution
<b>Employer contributions:</b>	
age 18 to 35	4.0%
age 36 to 50	7.0%
age 51 to 65	10.0%
<b>Employee contributions</b>	3.0%

In addition, the group pays death in service insurance premiums in respect of members of the scheme. Employer's pension contributions payable to the Defined Contribution section of the scheme were as follows:

	2013 £'000	2012 £'000
Defined Contribution	855	839

The most recent actuarial valuation was at 1 October 2010 and it reported a deficit of £6.9m in the pension scheme.

During the year, a special contribution of £140,000 (2012 - £5m) had been made to reduce the scheme deficits. The monthly contribution had been reviewed and a lump sum payment of £140,000 will be made annually on 1 December for the next eight years.

	2013 £'000	2012 £'000
Pension contributions outstanding at year end	100	99

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

## 8 Employee Information (Continued)

### 8.5 Financial Reporting Standard 17

The group has adopted the full requirements of FRS17 (Retirement Benefits) from the year ended 30 September 2006.

The assumptions used in calculating the liabilities were as follows:

	2013	2012	2011
Inflation	3.5%	2.7%	3.1%
Salary Escalation	n/a	n/a	n/a
Pension Increases, Subject to LPI	3.3%	2.6%	2.9%
Statutory Revaluation in Deferment	2.8%	1.9%	2.4%
Discount Rate (pre and post retirement)	4.4%	4.4%	4.9%
Life Expectancy for 65 year old male	88	87	87
Life Expectancy for 65 year old female	90	90	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 and the expected rate of return for each category of asset are as follows:

	2013		2012		2011	
	£'000		£'000		£'000	
Equities	17,506	7.1%	20,510	6.2%	33,710	6.3%
Diversified Growth Fund	9,513	7.4%	9,102	6.7%	-	0.0%
Other - Equity Linked Bond Fund	20,545	7.1%	11,689	4.3%	-	0.0%
UK Index Linked	3,105	3.1%	3,000	2.2%	-	0.0%
Bonds	7,927	4.3%	7,802	4.0%	6,742	5.1%
Gilts	7,333	3.1%	7,624	2.2%	10,240	3.3%
Cash	132	0.5%	189	0.5%	-	0.5%
<b>Total Fair Value of Assets</b>	<b>66,061</b>		<b>59,916</b>		<b>50,692</b>	
<b>Present Value of Scheme Liabilities</b>	<b>70,213</b>		<b>64,944</b>		<b>60,311</b>	
<b>Net Pension Liability</b>	<b>(4,152)</b>		<b>(5,028)</b>		<b>(9,619)</b>	

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.

#### Amounts Included in the Statement of Financial Activities:

	2013	2012
	£'000	£'000
Expected Return on the Pension Scheme Assets	2,889	2,948
Interest on Pension Scheme Liabilities	(2,811)	(2,912)
Net Return (Other Finance Costs)	78	36

## 8 Employee Information (Continued)

### 8.5 Financial Reporting Standard 17 (continued)

#### Statement of Total Recognised Gains and Losses

	2013		2012	
	£'000		£'000	
Actual Return Less Expected Return on Pension Scheme Assets	5,203	7.9%	3,122	5.2%
Experience Gains and Losses Arising on the Scheme Liabilities	(229)	0.3%	(855)	1.3%
Changes in Assumptions Underlying the Present Value of the Scheme Liabilities	(4,316)	(6.2%)	(2,780)	(6.9%)
	<b>658</b>	0.9%	<b>(513)</b>	(0.8%)

The above percentages for the actual return less expected return are expressed as a percentage of the scheme assets at the end of the year. All other percentages shown are expressed as a percentage of the scheme liabilities at the end of the year.

#### Reconciliation of Present Value of Scheme Assets and Liabilities

Unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the year.

	2013	2012
	£'000	£'000
<b>Assets</b>		
Assets in Scheme at Beginning of Year	59,916	50,692
Movement in Year:		
Expected Return on Assets	2,889	2,948
Employer Contributions	188	5,068
Benefits Paid	(2,135)	(1,914)
Actuarial Gains on Assets	5,203	3,122
Assets in Scheme at End of Year	<b>66,061</b>	<b>59,916</b>

#### Liabilities

Liabilities in Scheme at Beginning of Year	64,944	60,311
Movement in Year:		
Interest Cost	2,812	2,912
Benefits Paid	(2,135)	(1,914)
Actuarial Losses on Liabilities	4,592	3,635
Liabilities in Scheme at End of Year	<b>70,213</b>	<b>64,944</b>

## 8.5 Financial Reporting Standard 17 (continued)

### History of Experience Gains and Losses

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined Benefit Obligation	(70,213)	(64,944)	(60,311)	(64,564)	(54,871)
Scheme Assets	66,061	59,916	50,692	52,261	47,366
Deficits	(4,152)	(5,028)	(9,619)	(12,303)	(7,505)
Experience Adjustment on Scheme Liabilities	(229)	(855)	4,551	477	(190)

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):

	2013 £'000	2012 £'000
Deficit in the Scheme at Beginning of Year	(5,028)	(9,619)
Movement in Year:	876	4,591
Contributions	140	5,068
Net Return on Pension Scheme	78	36
Actuarial Gains / (Losses)	658	(513)
<b>Deficit in the Scheme at End of Year</b>	<b>(4,152)</b>	<b>(5,028)</b>

## 8.6 Assets in the Scheme as a Percentage of Total Scheme Assets

	2013	2012
Equities	26.5%	34.2%
Diversified Growth Fund	14.4%	15.2%
Other - Equity Linked Bond Fund	31.1%	19.2%
UK Index Linked	4.7%	5.0%
Bonds	12.0%	13.0%
Gilts	11.1%	12.7%
Cash	0.2%	0.3%

## 9 Related Party Transactions

### 9.1 The Neuro-disability Research Trust (Registered Charity No. 267953)

The Neuro-disability Research Trust was a grant making trust which provides valued support to the Royal Hospital for Neuro-disability and other organisations for research, education and clinical development. The Trust operated from the Royal Hospital for Neuro-disability (RHN) premises in Putney and was wound-up during the year. All the residual net assets have been donated to the RHN to be used towards research activities for the benefit of patients at the hospital.

### 9.2 Trustees Remuneration and Expenses

Members of the Board of Management are not entitled to and did not receive any remuneration during the year. Additionally members of the Board of Management received £2,003 (2012 - £1,224) for reimbursement of expenses. Trustees' Indemnity Insurance of £5,300 was paid for the year 2013 (2012 - £5,300).

## 10 Tangible Fixed Assets

	Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000	Total £'000
<b>Cost</b>				
Opening Balance	15,460	1,007	4,813	21,280
Additions	1,512	86	303	1,901
Transfers	-	104	(104)	-
Disposals	(16)	(37)	-	(53)
	<b>16,956</b>	<b>1,160</b>	<b>5,012</b>	<b>23,128</b>
<b>Depreciation</b>				
Opening Balance	10,100	798	4,003	14,901
Transfers	-	78	(78)	-
Disposals	(6)	(32)	-	(38)
Charge for the Year	338	75	287	700
	<b>10,432</b>	<b>919</b>	<b>4,212</b>	<b>15,563</b>
Net Book Value 2013	<b>6,524</b>	<b>241</b>	<b>800</b>	<b>7,565</b>
Net Book Value 2012	<b>5,360</b>	<b>209</b>	<b>810</b>	<b>6,379</b>

All fixed assets are held for charitable use.

The transfer from Furniture and Equipment to Plant and Machinery relates to the acquisition of fire alarms in 2005 and incorrectly categorised.

## 11 Investments

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Market Value at Beginning of Year	22,014	19,667	22,014	19,667
Purchases at Cost	13,981	3,104	13,981	3,104
Proceeds From Disposals	(10,696)	(3,440)	(10,696)	(3,440)
Net Gains on Investments	1,783	779	1,783	779
(Decrease) / Increase in Short Term Deposits	(4,318)	1,904	(4,318)	1,904
<b>Market Value at End of Year</b>	<b>22,764</b>	<b>22,014</b>	<b>22,764</b>	<b>22,014</b>
<b>Historical Cost at End of Year</b>	<b>19,958</b>	<b>17,738</b>	<b>19,958</b>	<b>17,738</b>

## Analysed by Type

	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Investments - Listed Direct	13,773	11,330	13,773	11,330
- Unlisted Direct	83	83	83	83
- Listed Unit Trusts	7,698	5,073	7,698	5,073
Term Deposits	1,210	5,528	1,210	5,528
<b>Total</b>	<b>22,764</b>	<b>22,014</b>	<b>22,764</b>	<b>22,014</b>

## Geographical Analysis

	2013 £'000	2012 £'000	2013 £'000	2012 £'000
United Kingdom Investments	16,117	18,069	16,117	18,069
Overseas Investments	6,647	3,945	6,647	3,945
<b>Total</b>	<b>22,764</b>	<b>22,014</b>	<b>22,764</b>	<b>22,014</b>

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

Artemis UK Special Situations Fund  
 AXA Framlington UK Select Opportunities Fund  
 M&G Strategic Corporate Bond Fund  
 Majedie UK Equity Fund  
 Schroder Charity Equity 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 £102,262 (2012 - £94,278).

## 12 Stocks

	Group and Charity 2013 £'000	Group and Charity 2012 £'000
Dispensing Stocks	55	31
Other Consumables	5	2
	<b>60</b>	<b>33</b>

## 13 Debtors

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Fees Receivable	4,294	2,871	4,253	2,871
Other Debtors	156	138	156	138
Prepayments	110	92	110	92
Amounts Due From Related Parties:				
Neuro-disability Research Trust	-	30	-	30
Amounts Due From Group Undertakings	-	-	53	18
Accrued Income	285	377	285	360
	<b>4,845</b>	<b>3,508</b>	<b>4,857</b>	<b>3,509</b>

Included under 'Other Debtors' in the current year are dispensing items of £nil (2012 - £93,076) paid for by the RHN on behalf of a third party.

## 14 Creditors - Amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Trade Creditors	504	567	504	567
Taxation and Social Security	459	488	452	488
Accruals and Deferred Income	3,221	4,425	3,219	4,425
Other Creditors	554	405	554	404
	<b>4,738</b>	<b>5,885</b>	<b>4,729</b>	<b>5,884</b>

## 15 Operating Leases

	2013 £'000	2012 £'000
Rentals Charged in the Year:		
Land and Buildings	7	7
Plant and Machinery	16	16
Furniture and Equipment	21	22
	<b>44</b>	<b>45</b>

	Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000
Payments Due in the Next Year:			
Contracts Expiring:			
Within One Year	-	-	-
Within Two and Five Years	-	-	6
Over Five Years	7	19	12
	<b>7</b>	<b>19</b>	<b>18</b>

## 16 Capital Commitments

	2013 £'000	2012 £'000
Contracted For But Not Provided	1,224	749

This amount relates mainly to the renovation of the Wolfson ward and our commitment to replace our patients' beds.



## 17 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 RHN has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries.

At 30 September 2013, the amount due from the subsidiary company to the Charity was £52,627 (2012 - £17,570).

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:

	2013 £'000	2012 £'000
Turnover	67	61
Cost of Sales	17	18
Gross Profit	50	43
Administrative Expenses	6	1
<b>Net Profit before Gift to Charity</b>	<b>44</b>	<b>42</b>
Gift (under Gift Aid) to RHN	44	42
<b>Net Profit</b>	<b>-</b>	<b>-</b>
The aggregate of the assets, liabilities and funds was:		
Assets	61	20
Liabilities	(61)	(20)
<b>Funds (representing 1 ordinary share of £1)</b>	<b>-</b>	<b>-</b>

## 18 Endowment Funds

Included under Endowment Funds are the following:

	2013 £'000	2012 £'000
Permanent Endowment:		
Lopes Chaplains Stipend Fund	7	6
Other Endowment Funds	569	522
Expendable Endowment:		
Robinson Trust	410	377
	<b>986</b>	<b>905</b>

### 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.

### Robinson Trust

This is a trust fund under a deed of settlement dated 25 March 1964 between the Charity and Keith Ernest Robinson, a patient of the RHN at the time. The income and capital of the fund are available for the general purposes of the Charity.

19 Statement of Funds	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 Income Funds							
General Funds	7,796	27,208	(27,722)	-	658	(2,001)	5,939
Unrealised Investment Gains	1,766	-	-	1,666	-	-	3,432
<b>Total Unrestricted Funds</b>	<b>9,562</b>	<b>27,208</b>	<b>(27,722)</b>	<b>1,666</b>	<b>658</b>	<b>(2,001)</b>	<b>9,371</b>
Designated Funds							
Fixed Asset Fund	6,379	1,901	-	-	-	(715)	7,565
Planned Capital Expenditure	3,386	-	(1,901)	-	-	1,130	2,615
Planned Maintenance	4,361	-	(195)	-	-	1,842	6,008
<b>Total Designated Funds</b>	<b>14,126</b>	<b>1,901</b>	<b>(2,096)</b>	<b>-</b>	<b>-</b>	<b>2,257</b>	<b>16,188</b>
Restricted Funds							
Patients Amenities Fund	14	10	(21)	-	-	-	3
Other Restricted Donations	310	1,445	(413)	-	-	(256)	1,086
Research Grants	20	49	(47)	-	-	-	22
Training Grants	54	51	(12)	-	-	-	93
John Howard Convalescent Home	409	-	-	36	-	-	445
<b>Total Restricted Funds</b>	<b>807</b>	<b>1,555</b>	<b>(493)</b>	<b>36</b>	<b>-</b>	<b>(256)</b>	<b>1,649</b>
<b>Endowment Funds (Note 18)</b>	<b>905</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>986</b>
	<b>25,400</b>	<b>30,664</b>	<b>(30,311)</b>	<b>1,783</b>	<b>658</b>	<b>-</b>	<b>28,194</b>

Transfers were made from 'Unrestricted' to 'Designated' funds for various purposes. These designated funds represent the following:

- Fixed assets: These are the net book value invested in fixed assets.
- Planned Capital Expenditure: These are set aside for capital expenditure planned and contracted for. The actual expenditure for those contracted for is due to happen in the next accounting period.
- Planned Maintenance: These are to cover maintenance expected to be carried out over the next five years.

The transfers on 'Other Restricted Funds' substantially represents restricted donations towards the costs of the refurbishment of a ward to improve our patients' environment.

## 20 Analysis of Fund Balances Between the Net Assets

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible Fixed Assets	-	7,565	-	-	7,565
Fixed Asset Investments	12,707	8,623	448	986	22,764
Net Current Assets	816	-	1,201	-	2,017
Pension Liability	(4,152)	-	-	-	(4,152)
<b>Total Funds at 30 September 2013</b>	<b>9,371</b>	<b>16,188</b>	<b>1,649</b>	<b>986</b>	<b>28,194</b>

## ADVISORS AND OTHER ORGANISATIONS

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### Investment Manager

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### Solicitors

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### Registration

Under the registration system of the Care Quality Commission and the regulations laid down by 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.

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