

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)

Report and Financial Statements
For the Year Ended 31 March 2006

Charity number: 1080751
Company number: 3959483

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ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

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ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2006

The trustees present their report and the audited financial statements for the year ended 31 March 2006.

Reference and administrative information

Charity name: St Mary's Convent & Nursing Home (Chiswick)

Charity registration number: 1080751

Company registration number: 3959483

Registered office and
operational address: Burlington Lane
Chiswick
London
W4 2QE

Trustees/directors Miss Cynthia Boreham (Sister Cynthia Clare SSM)
Mr T R Dibley - retired 3 May 2006
Miss Jennifer Goodeve (Sister Jennifer Anne SSM)
Mr J B Randle
Mr R I Turner
Miss Barbara Brown (Sister Barbara SSM)
Sir Graham Morgan - appointed 3 May 2006

Company secretary Mr David Darvill

Auditors PKF (UK) LLP
Cedar House
105 Carrow Road
Norwich
NR1 1HP

Bankers National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

Solicitors Bircham Dyson Bell
50 Broadway
Westminster
London
SW1H 0BL

Investment managers Rensburg Sheppards
2 Gresham Street
London
EC2V 7QN

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2006

Structure, governance and management

Governing document

St Mary's Convent & Nursing Home (Chiswick) is a charitable company limited by guarantee incorporated on 24 March 2000 and registered as a charity on 16 May 2000. It was established under a Memorandum of Association which defined its objects and powers and is governed by its Articles of Association. In the event of the charitable company being wound up its members are required to contribute an amount not exceeding £1.

Recruitment and appointment of trustees/directors

The directors of the charitable company are also the charity trustees for the purposes of charity law.

The Reverend Mother of St Margaret's Convent (currently Sister Cynthia Clare SSM) and the Sister Superior of St Mary's Convent & Nursing Home (currently Sister Jennifer Anne SSM) are appointed as ex-officio trustees. The remaining trustees are elected and one-third (or the number nearest one-third) must retire at each annual general meeting and if eligible and willing to do so, offer themselves for re-election.

The trustees have great expertise and experience in a wide range of business, medical and care disciplines. Individuals with appropriate skills, ability and time are approached to offer themselves for election to the board of trustees. In this regard the other trustees are very pleased to welcome the appointment of Sir Graham Morgan to fill the position held by Mr Terry Dibley until his retirement on 3 May 2006. Sir Graham brings valuable expertise, both as a priest and in the health service.

Trustee induction and training

Prospective trustees are invited to meet existing trustees and the senior management at St Mary's Convent & Nursing Home and to see first-hand the work of the home and its general atmosphere. They are provided with relevant documents relating to the governance of the charity and the latest financial statements and management accounts. The information and advice available from the Charity Commission is also made available to any prospective trustee who does not have previous experience of the duties and responsibilities placed on a charity trustee.

Organisational structure

The day to day running of St Mary's Convent & Nursing Home is carried out by Sister Jennifer Anne SSM, who is designated as the responsible person for statutory purposes, and Liz Smith, who is the registered manager and matron. They are assisted in their work by the deputy matron, the quality manager and the administrative staff.

The trustees meet four times a year and are responsible for the strategic direction and policy of St Mary's Convent & Nursing Home. At each meeting the trustees consider the key measures of operational and financial performance with the assistance of the appropriate members of the management team.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2006

(continued)

Risk management

The trustees have identified and considered the major risks to which St Mary's Convent & Nursing Home is exposed. Systems have been established to mitigate those risks and the risk policies which have been developed will be regularly updated and adapted as circumstances change.

St Mary's Convent & Nursing Home operates in a highly regulated field of activity and as such is subject to regular inspection by a number of agencies. The result of this degree of scrutiny is that operational risk policies are very well developed in the areas of quality of service, health and safety of residents and employees and employment issues. External risks to the work of St Mary's Convent & Nursing Home, principally as a result of legislation change are also identified and controlled as far as possible. The issues relating to the proposed changes from open ward accommodation are a good example of external risk and the response to it.

In the areas of governance, financial and compliance risk the trustees have considered both the systems controlling risk and the quality of St Mary's Convent & Nursing Home's senior staff and professional advisers who implement and monitor the risk control systems. The trustees consider that the risk systems in place combined with the skills of those responsible for implementing the policies minimise the exposure to risk.

Related parties

As shown in note 16 to the financial statements the voting members of the Chapter of St Margaret's Convent are the only members of the company limited by guarantee which constitutes St Mary's Convent & Nursing Home. As such St Margaret's Convent is regarded as the parent undertaking of St Mary's Convent & Nursing Home. The Sisters who are members of the board of trustees of St Mary's Convent & Nursing Home are also voting members of the Chapter of St Margaret's Convent and trustees of that charity.

The freehold of the premises from which St Mary's Convent & Nursing Home operates is owned by St Margaret's Convent and is occupied under the terms of a long lease at a peppercorn rent.

Objectives and activities

The object of St Mary's Convent & Nursing Home is the advancement of the Anglican Christian religion in particular:

- by providing residential home accommodation, nursing and other care facilities to members of the public, to members of the convent and to members of the charity;
- by the promotion and maintenance of public worship;
- by the promotion of religious and spiritual teaching.

St Mary's Convent & Nursing Home's aims are to:

- provide excellent personal and nursing care to its 61 older residents, in a homely environment, where they live as part of an extended Christian family, whilst also having the right to privacy and independence;
- provide care, delivered by skilled staff, underpinned by the core values of privacy, dignity, choice, rights, proper assessment of risk, respect, equality, fulfilment, independence and security, to a standard, which embraces fundamental principles of good practice and meets the requirements of the Care Standards Act 2000;

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (continued)

- recognise each resident as an individual and enable the resident to achieve the highest possible quality of life throughout their stay. Family and friends are welcome and are involved in care planning and delivery, providing the resident gives consent;
- enable the resident to experience a comfortable and peaceful death, surrounded by loved ones and caring staff.

The activities and fundamental ethos of St Mary's Convent & Nursing Home are:

- to provide nursing and residential care for elderly residents, who are physically frail, disabled or require supervision due to mental and/or physical deterioration. The home is staffed by registered nurses and care assistants, some of whom are undertaking NVQ level 2 and 3 in care, to provide this care;
- to provide holistic care for the residents, including meeting social and spiritual needs and this involves a varied activity programme throughout the week, both inside the home and out. Staff, volunteers and paid contributors are involved in providing the programme;
- to provide a local care home for the older people of Chiswick and surrounding areas, so they do not have to move away for this facility, and can maintain local links and involvement if they wish. It is the only care home providing nursing in Chiswick;
- to enable the residents to live as independently as possible, in their own rooms, respecting their choices for decoration and room layout where practically possible;
- to provide assistance to residents if they need it, but to limit interventions to suit their needs and desires, ensuring they maintain control over their lives and enable them to take risks within a monitored and safe environment;
- to provide a homely, flexible and accepting environment where resident and their family and friends feel able to continue their relationships and enjoy family life, arranging and participating in any activities that are important to the resident's cultural, social or religious needs.

St Mary's Convent and Nursing Home recognises that its clients (customers) are vulnerable. Many of them are physically and or mentally frail. They may be unable to give informed consent or make appropriate choices or judgements. Some are not able to recognise risks to themselves or maintain their own safety. As an ethical business, based on Christian values, St Mary's Convent & Nursing Home adopts practices to protect these vulnerable adults, including:

- Criminal Records Bureau checks for all staff and volunteers;
- Protection of Vulnerable Adults (PoVA) for all staff and volunteers;
- vulnerable adult policy – service wide agreement;
- training and induction for staff (video & questionnaire, NVQ);
- gifts and gratuities policy;
- restraint policy and regular medication review;
- accident/incident policy;
- Nursing and Midwifery Council register checked (registered nurses only);
- supervision.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2006
(continued)

Achievements and performance

Because St Mary's Convent & Nursing Home operates in a highly regulated sector quality management is of paramount importance. There is a statutory requirement to fulfil the National Minimum Standards for Care Homes for Older People (Care Standards Act 2000) and as a result St Mary's Convent & Nursing Home is subject to twice yearly external inspection to ensure compliance. Adherence to quality management is a fundamental part of compliance procedure and St Mary's Convent & Nursing Home uses the Blue Cross Mark of Excellence Quality Management System developed by the Registered Nursing Homes Association.

Recent unannounced inspections by the Commission for Social Care Inspection ("CSCI") have not shown any requirements for improvement. St Mary's Convent & Nursing Home has been found to be a home committed to safeguarding and promoting the health, welfare and safety of its residents, within an environment that is pleasant, lively and homely.

The independent evidence provided by CSCI reports indicates that St Mary's Convent & Nursing Home continues to achieve its aims set out in the section above detailing objectives and activities.

In late 2005 the Charity Commission carried out a review of St Mary's Convent & Nursing Home, including a review visit on 12 December 2005. The Charity Commission's report concluded that there were no issues of concern and commented on a large number of characteristics demonstrating St Mary's Convent & Nursing Home's effectiveness as a charity.

In previous trustees' reports the background to the decision to construct an extension to accommodate additional single rooms and make changes to existing buildings was set out. A major fund raising appeal was launched in September 2001 to raise a substantial proportion of the budgeted cost of construction. Building work commenced on 23 September 2002 and was completed in March 2004. The total cost of the project was £1.84 million.

The extension, known as St Andrew's Wing, was officially opened during 2003. The new accommodation and other facilities have been in full use for some time now and are very much appreciated by residents, visitors and staff.

Completion of the construction project has allowed St Mary's Convent & Nursing Home to be rebuilt as a fit and proper facility for the 21st century. The work has avoided the possibility of the closure of a caring home with a rich history and an established place in the community of West London. Closure would have been a devastating event for many of the elderly and often quite sick residents. St Mary's Convent & Nursing Home can now continue to offer care and a safe community to the elderly as it has for over 100 years in Chiswick.

Since the construction project was completed in 2004 St Mary's Convent & Nursing Home has concentrated its efforts on integrating these new facilities with the rest of the home and as a result there has been no major fund-raising effort. The work of repairing and upgrading a Grade 2 listed building makes constant demands on financial resources. During the year ended 31 March 2006 a total of £171,770 was spent on further improvements to the leasehold premises, £34,691 on additions to fixtures and fittings and £56,884 on repairs and renewals.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2006
(continued)

Financial review

The financial statements cover the results for the year ended 31 March 2006.

Incoming resources amounted to £1,762,514 (2005: £1,896,586). Of this amount £1,604,699 (2005: £1,524,208) arose from nursing and residential home fees. Voluntary income was significantly lower at £80,965 (2005: £302,732) because there was no major fund raising effort during the year, whereas voluntary income for the year ended 31 March 2005 included the final donations arising from the fund raising for the construction project.

Total resources expended during the year amounted to £1,732,789 (2005: £1,638,017). This 5.5% increase in resources expended was largely attributable to higher staff salaries and utility costs.

Net incoming resources, before realised and unrealised investment gains amounted to £29,725 (2005: £258,569). Even this modest level of surplus was only achieved as a result of the generosity of donors and highlights the difficulty of maintaining financial stability against a background of inadequate local authority funding for those residents who are publicly funded. The fees paid by local authorities are significantly below the economic costs of care.

Had local authorities paid the same rates for residents in the nursing home as those paid by privately funded residents income would have been approximately £100,000 higher in the year ended 31 March 2006. A shortfall of this magnitude causes considerable difficulty and places greater demands upon the generosity of donors.

Against this difficult background St Mary's Convent & Nursing Home has continued to achieve financial stability and the balance sheet at 31 March 2006 shows net assets of £3,288,671 (2005: £3,245,558).

Investment policy

Until such time as the funds may be required, the objectives will be to maintain a balance between income and capital appreciation. Eligible investments will comprise fixed interest securities and equities, quoted on a Recognised Investment Exchange, and unit trusts which are authorised under the Financial Services and Markets Act 2000.

Reserves policy

The balance sheet shows general reserves of £3,288,671 of which £2,411,221 is represented by tangible fixed assets.

A further £167,310 is represented by investments which provide a useful source of income. Investments with a book value of £39,107 were sold in the year for £42,105 resulting in a gain of £2,998.

This leaves free funds of £710,140 from the general funds. The trustees do not consider this level of free funds is excessive given the unpredictable nature of cash flows, the continuing expenditure on repairs and renewals and the current inadequacy of Government funding for patients in nursing homes without private means. Because fees paid by local authorities in no way meet the cost of providing care a contingency fund is needed to meet that shortfall. It is the policy of the trustees to maintain reserves equivalent to four months of budgeted operating expenditure and an additional amount of £100,000 as a building maintenance fund. The free funds of £710,140 are approximately equal to the amount needed to comply with this policy.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2006

(continued)

Plans for future periods

The long-term care industry remains in a state of flux. CSCI has announced plans to revise the National Minimum Standards despite the fact that current standards were only implemented in 2002 and the details regarding staffing have never been agreed. When the Care Standards Act became law in 2000 it resulted in the closure or planned closure of many homes. Homes providing nursing care are particularly challenged by inadequate local authority funding and care costs rising at a rate significantly higher than general measures of inflation.

The costs of providing long-term care are being pushed up but without a matched increase in funding for those residents reliant on local authority funds. This is in spite of the allocation of funds from Government to reduce "bed-blocking" in hospitals. The allocation of NHS money to fund registered nursing input only covers half of the cost of the nurses required. The demand for the care provided by St Mary's Convent & Nursing Home comes from both privately funded individuals, who are now helped to some extent by the needs assessed registered nursing care contribution, and from local authority funded individuals.

There has continued to be a strong demand for the care provided by St Mary's Convent & Nursing Home and occupancy rates are 100% for practical purposes. A limit has had to be placed on the number of local authority funded residents in order for St Mary's Convent & Nursing Home to remain financially viable. This does present an ethical dilemma because of the commitment to remain an independent, not for profit charitable organisation for the foreseeable future.

Against the continued difficulties with funding, St Mary's Convent & Nursing Home continues to have ambitious plans to enhance further the excellent facilities it already provides. There are plans to develop an assisted living unit in the grounds. If plans are approved this will require some fund-raising to enable the project to proceed.

Plans for future training of staff reflect the aim to expand the care categories offered by St Mary's Convent & Nursing Home to include terminal care. It is also planned for nurses to develop relevant disease specialisms to reflect the likely way forward for nursing in care homes in the future, although this does remain conjecture rather than being embodied in legislation.

Over recent years St Mary's Convent & Nursing Home has invested a great deal of time, money and effort to meet new statutory requirements ahead of the required deadlines in order to remain at the forefront of care provision in the Chiswick area. The aim has always been to provide care for the less wealthy but the challenge of local authority under-funding is making this increasingly difficult. The increasing cost of providing nursing care, both in terms of staff costs and expensive equipment, also presents a continuing challenge. However St Mary's Convent & Nursing Home intends to continue to focus on providing an excellent service for its residents and the level of local support suggests there is a need for a care home in Chiswick.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006

(continued)

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. In preparing those financial statements, the directors are required:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that their report is prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

PKF (UK) LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees/directors on 30 October 2006 and signed on their behalf by:



Trustee/director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

We have audited the financial statements of St Mary's Convent & Nursing Home (Chiswick) for the year ended 31 March 2006 which comprise the statement of financial activities, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the directors (who also act as trustees for the charitable activities of St Mary's Convent & Nursing Home (Chiswick)) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice") are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are *properly prepared in accordance with the Companies Act 1985*. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the officers and directors and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

We report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ST MARY'S CONVENT AND NURSING HOME (CHISWICK)**
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

Norwich, UK.

17.11 2006

PKF(CUK)UP

PKF (UK) LLP
Registered Auditors

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2006

	Notes	Total funds 2006 £	Total funds 2005 £
INCOMING RESOURCES			
Incoming resources from generated funds:			
Voluntary income	2	80,965	302,732
Activities for generating funds	2	38,087	36,432
Investment income	2	38,763	33,214
Incoming resources from charitable activities	3	1,604,699	1,524,208
Total incoming resources		1,762,514	1,896,586
RESOURCES EXPENDED			
Costs of generating funds			
Costs of generating voluntary income	4	-	-
Fund raising trading: cost of goods sold and other costs	4	-	-
Charitable activities	4	1,642,014	1,573,739
Governance costs	4	90,775	64,278
Total resources expended		1,732,789	1,638,017
Net incoming resources before other recognised gains		29,725	258,569
Other recognised gains			
Realised gain on disposal of investments		2,998	3,867
Unrealised gain on revaluation of investments	10	10,390	6,378
Net movement in funds		43,113	268,814
Reconciliation of funds			
Total funds brought forward		3,245,558	2,976,744
Total funds carried forward		3,288,671	3,245,558

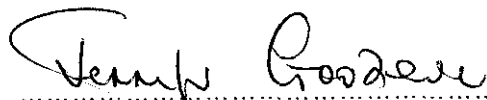
The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

There were no movements on restricted funds during the year and all fund movements shown above relate to unrestricted funds.

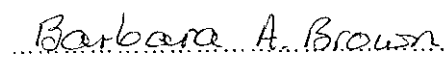
ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
 (A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 MARCH 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	9	2,411,221	2,331,639
Investments	10	167,310	152,943
		<u>2,578,531</u>	<u>2,484,582</u>
CURRENT ASSETS			
Debtors	11	55,674	76,275
Cash on deposit		756,477	720,366
Cash at bank and in hand		18,334	58,786
		<u>830,485</u>	<u>855,427</u>
CREDITORS: amounts falling due within one year	12	(120,345)	(94,451)
NET CURRENT ASSETS		<u>710,140</u>	<u>760,976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,288,671</u>	<u>3,245,558</u>
REPRESENTED BY			
General funds	13	<u>3,288,671</u>	<u>3,245,558</u>

Approved by the trustees/directors on 30 October 2006 and signed on their behalf by:



 Trustee/director



 Trustee/director

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	Year ended 31 March 2006 £	Year ended 31 March 2005 £
Reconciliation of changes in resources from operating activities			
Net incoming resources		29,725	258,569
Depreciation of tangible fixed assets		127,484	117,061
Decease/(increase) in debtors		20,601	(27,928)
Increase/(decrease) in creditors		25,894	(186,896)
		<u>203,704</u>	<u>160,806</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		203,704	160,806
Capital expenditure	14	(239,431)	(213,072)
		<u>(35,727)</u>	<u>(52,266)</u>
(Decrease) in net cash			
Reconciliation of net cash flow to movement in net funds	15		
Decrease in cash in the year		(35,727)	(52,266)
Net funds at 1 April 2005		815,733	867,999
		<u>780,006</u>	<u>815,733</u>
Net funds at 31 March 2006			

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.
- Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- voluntary income is received by way of grants, donations and gifts and is included in full in the *Statement of Financial Activities when receivable*. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to a grant;
- donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts;
- incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance;
- investment income is included when receivable;
- incoming resources from charitable activities are accounted for when earned.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

(d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them;
- governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity;
- all costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis for instance on a per capita basis or by estimated usage as set out in note 4.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements	2% per annum;
Furniture and fittings	10% per annum;
Motor vehicles	20% per annum.

Depreciation is provided on leasehold improvements once the assets have been brought into use. Until this point the assets are stated at cost.

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
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2. Incoming resources from generated funds

	2006 Total £	2005 Total £
Voluntary income		
Donations	54,900	279,010
Sisters' pensions	26,065	23,722
	<hr/> 80,965	<hr/> 302,732
Activities for generating funds		
Sundry sales	5,312	692
Rent received from staff accommodation	32,775	35,740
	<hr/> 38,087	<hr/> 36,432
Investment income		
Listed investments:		
Fixed interest	1,748	362
Equities	4,128	3,181
Deposit interest	32,887	29,671
	<hr/> 38,763	<hr/> 33,214
Total income from generated funds	<hr/> 157,815	<hr/> 372,378

3. Incoming resources from activities to further the charity's objects

	2006 Total £	2005 Total £
Nursing and residential home fees	1,604,699	1,524,208
Total incoming resources from charitable activities	<hr/> 1,604,699	<hr/> 1,524,208

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4. Total resources expended

	Basis of allocation	Nursing and residential care £	Governance £	2006 Total £	2005 Total £
Costs directly allocated to activities					
Staff costs	Direct	1,217,313	13,828	1,231,141	1,167,190
Residential and household	Direct	104,652	-	104,652	91,079
Nursing and medical	Direct	18,596	-	18,596	22,496
Premises and garden	Direct	80,304	-	80,304	59,591
Chapel	Direct	292	-	292	455
Staff courses	Direct	23,393	-	23,393	20,707
Support costs allocated to activities					
Repairs and renewals	Usage	55,746	1,138	56,884	68,575
General office costs	Usage	-	22,722	22,722	21,217
Communications	Usage	-	3,972	3,972	5,860
Legal and professional	Direct	-	45,682	45,682	42,469
Hire and lease of equipment	Usage	16,784	883	17,667	21,317
Depreciation	Usage	124,934	2,550	127,484	117,061
Total resources expended		1,642,014	90,775	1,732,789	1,638,017

5. Net incoming resources for the year

This is stated after charging:

		2006 £	2005 £
Depreciation		127,484	117,061
Auditors' remuneration	- audit	6,600	6,300
	- accountancy and financial advice	11,906	12,194

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6. Staff costs and numbers

Staff costs were as follows:

	2006 £	2005 £
Salaries and wages	1,139,211	1,081,345
Social security costs	91,930	85,845
	<hr/>	<hr/>
	1,231,141	1,167,190
	<hr/>	<hr/>

No employee received emoluments of more than £60,000.

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2006 Number	2005 Number
Nursing and residential staff	73	73
Management and administration	4	4
	<hr/>	<hr/>
	77	77
	<hr/>	<hr/>

7. Trustee remuneration and related party transactions

None of the trustees received any remuneration during the year.

A number of the Sisters live at St Mary's Convent & Nursing Home (Chiswick), including Sister Jennifer Anne SSM, who is the person in charge of the Home. In accordance with their vows of poverty the Sisters are provided with board, lodgings, travelling and personal expenses. Pensions received by the Sisters are given to the charity. The Sisters receive no other benefit in money or in kind. They receive no salary for the work they do at St Mary's Convent & Nursing Home (Chiswick). If the work performed by the Sisters had to be carried out by lay employees the cost would exceed £50,000 per annum. The lay trustees receive no remuneration or reimbursement of expenses.

The charitable company has taken advantage of the exemption given by Financial Reporting Statement No. 8 and has therefore not given details of transactions with its parent undertaking. The exemption has been given because the consolidated accounts of the parent undertaking, St Margaret's Convent (East Grinstead), which includes St Mary's Convent & Nursing Home, have been prepared and are available from the Charity Commission or on application to the auditors.

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8. Taxation

As a charity, the company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that income or gains are applied to its charitable objects. No tax charges have arisen.

9. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2005	2,041,824	1,094,736	60,445	3,197,005
Additions	171,770	34,691	605	207,066
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	2,213,594	1,129,427	61,050	3,404,071
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2005	96,920	740,750	27,696	865,366
Charge for the year	44,272	75,674	7,538	127,484
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	141,192	816,424	35,234	992,850
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2006	2,072,402	313,003	25,816	2,411,221
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	1,944,904	353,986	32,749	2,331,639
	<hr/>	<hr/>	<hr/>	<hr/>

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
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10. Investments

	2006 £	2005 £
At 1 April 2005	116,362	93,657
Additions at cost	74,470	46,830
Disposals at opening market value (or cost if acquired in the year)	(39,107)	(30,503)
Net unrealised investments gains	10,390	6,378
	<hr/>	<hr/>
Market value at 31 March 2006	162,115	116,362
Add:		
Cash awaiting investment	5,195	36,581
	<hr/>	<hr/>
At 31 March 2006	167,310	152,943
	<hr/>	<hr/>
Investments held at 31 March 2006 comprise the following:		
UK listed investments	162,115	116,362
Cash balances	5,195	36,581
	<hr/>	<hr/>
	167,310	152,943
	<hr/>	<hr/>
Analysis of UK listed investments:		
Fixed interest	46,605	5,612
Equities	115,510	110,751
	<hr/>	<hr/>
At 31 March 2006	162,115	116,363
	<hr/>	<hr/>

The following UK listed investment details are given for those investments which represent over 5 per cent of the total portfolio.

	Nominal holdings	Market value 31 March 2006 £
Fixed interest		
UK Government 7.5% stock 07/12/2006	20,000	20,402
UK Government 4.5% stock 07/03/2007	20,000	20,016
Equities		
BP ordinary US \$0.25 shares	1,700	11,237
Glaxosmithkline ordinary 25p shares	800	12,040
Royal Dutch Shell £0.07 shares	445	8,330
Tesco ordinary 5p shares	3,200	10,560
HSBC Holdings ordinary US\$ 0.50	1,200	11,580
	<hr/>	<hr/>

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11. Debtors

	2006 £	2005 £
Trade debtors	5,502	36,945
Other debtors	3,978	8,336
Prepayments and accrued income	46,194	30,994
	<hr/>	<hr/>
	55,674	76,275
	<hr/>	<hr/>

12. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	60,614	37,904
Other creditors	7,484	16,561
Taxation and social security	29,646	19,830
Accruals	22,601	20,156
	<hr/>	<hr/>
	120,345	94,451
	<hr/>	<hr/>

13. Movements in funds

	At 1 April 2005 £	Incoming resources £	Outgoing resources £	Net investment gains £	At 31 March 2006 £
General funds	3,245,558	1,762,514	(1,732,789)	13,388	3,288,671
Restricted funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,245,558	1,762,514	(1,732,789)	13,388	3,288,671
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
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14. Gross cash flows

	2006 £	2005 £
Capital expenditure		
Payments to acquire tangible fixed assets	(207,066)	(200,612)
Payments to acquire fixed asset investments	(74,470)	(46,830)
Receipts from sales of fixed asset investments	42,105	34,370
	<u>(239,431)</u>	<u>(213,072)</u>

15. Analysis of changes in net funds

	At 1 April 2005 £	Cash flows £	At 31 March 2006 £
Cash at bank and in hand	808,693	(33,647)	775,046
Bank overdraft	(29,541)	29,306	(235)
Cash awaiting investment	36,581	(31,386)	5,195
	<u>815,733</u>	<u>(35,727)</u>	<u>780,006</u>

16. Parent undertaking

The voting members of the Chapter of St Margaret's Convent are the only members of St Mary's Convent and Nursing Home (Chiswick). Accordingly St Margaret's Convent (East Grinstead), an unincorporated charity (registered charity number 231926) is regarded as the parent undertaking of St Mary's Convent and Nursing Home (Chiswick).