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

**Report and Financial Statements
For the Year Ended 31 March 2009**

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 2009

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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 2009

The trustees present their report and the audited financial statements for the year ended 31 March 2009.

Reference and administrative information

Charity name: St Mary's Convent and 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)
Miss Jennifer Goodeve (Sister Jennifer Anne SSM)
Miss Barbara Brown (Sister Barbara SSM)
Miss Pamela Groombridge (Sister Mary Paul SSM) (appointed 29 October 2008)
Mr J B Randle
Mr R I Turner
Sir Graham Morgan

Company secretary

Mr David Darvill (resigned 27 August 2008)
Mr Roger Claxton (appointed 27 August 2008)

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 LLP
50 Broadway
Westminster
London
SW1H 0BL

Investment managers

Rensburg Sheppards Investment Management Limited
2 Gresham Street
London
EC2V 7QN

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

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REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2009

Structure, governance and management

Governing document

St Mary's Convent and 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 and 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.

Trustee induction and training

Prospective trustees are invited to meet existing trustees and the senior management at St Mary's Convent and 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 and 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 and 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.

Risk management

The trustees have identified and considered the major risks to which St Mary's Convent and 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 and 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 and Nursing Home, principally as a result of legislation change are also identified and controlled as far as

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009

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 and 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 and Nursing Home. As such St Margaret's Convent is regarded as the parent undertaking of St Mary's Convent and Nursing Home. The Sisters who are members of the board of trustees of St Mary's Convent and 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 and 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 and 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 and 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;
- 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 and 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;

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- 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 and 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 and 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.

Public benefit

St Mary's Convent and Nursing Home reviews its aims, objectives and achievements each year and this report comments on achievements during the year ended 31 March 2009 and also considers plans for the future. In undertaking the review of aims, objectives and achievements the trustees have paid due regard to guidance issued by the Charity Commission in determining how St Mary's Convent and Nursing Home should carry out its activities for the public benefit.

St Mary's Convent and Nursing Home fulfils its charitable purposes for the public benefit in the following ways;

- providing the highest standards of care for its 61 residents;
- giving that care at fee rates materially lower than the rates charged by commercially operated homes of comparable quality;
- caring for those residents reliant on public funding at fee rates some £100 per week lower than St

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REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2009

Mary's Convent and Nursing Home's normal rates. The trustees have elsewhere in this report expressed their concern about the extent of this public subsidy but it is the unfortunate reality of the inadequacy of funding for residential care for the elderly. St Mary's Convent and Nursing Home's status as a charity does ensure that residents are not prevented by lack of means from enjoying the high standard of care the home is able to provide;

- being a place of both public and private worship for residents, staff and visitors alike. The presence of the Chapel distinguishes St Mary's Convent and Nursing Home from most other care homes and provides a spiritual element to the atmosphere of the home which is much valued;
- although St Mary's Convent and Nursing Home is run by an Anglican Christian religious order the home is open to all irrespective of their religious beliefs.

The charitable status of St Mary's Convent and Nursing Home substantially enhances its ability to fulfil its charitable purposes for the public benefit in a number of ways:

- the Sisters resident at the home carry out a large number of duties, both in administering the home and caring for residents, which would otherwise have to be undertaken by paid staff at considerable cost;
- the trustees give freely of their time and expertise without payment;
- charitable status combined with the high regard and affection in which St Mary's Convent and Nursing Home is held, ensure the continued support of a host of volunteers. This support comes in the form of the donation of both time and money. The wide range of activities and outings enjoyed by the residents could not be provided without the considerable support of volunteers who give freely of their time. Such activities are an important contributor to the air of vitality at St Mary's Convent and Nursing Home;
- the work which is carried out by volunteers, the Sisters and trustees at no cost, coupled with the fact that as a charity there is no requirement for a commercial return on capital employed, enables St Mary's Convent and Nursing Home to operate with a much lower cost base than a commercial undertaking, resulting in the lower fee rates for residents to which reference has already been made.

Achievements and performance

Because St Mary's Convent and 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 and Nursing Home is subject to an unannounced external inspection to ensure compliance. Adherence to quality management is a fundamental part of compliance procedure and St Mary's Convent and Nursing Home uses the Blue Cross Mark of Excellence Quality Management System developed by the Registered Nursing Homes Association.

Recent inspections by the Commission for Social Care Inspection ("CSCI") have found St Mary's Convent and Nursing Home 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. Following CSCI's last service review in December 2008 St Mary's Convent and Nursing Home retained the highest level of quality rating.

The independent evidence provided by CSCI reports indicates that St Mary's Convent and Nursing Home continues to achieve its aims set out in the section above detailing objectives and activities. It is gratifying that external authorities have recognised the excellence of the service provided by St Mary's Convent and Nursing Home but the staff has no sense of complacency about maintaining standards and constantly strives to enhance the standard of care provided to the home's residents.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009

Financial review

The financial statements cover the results for the year ended 31 March 2009.

Incoming resources amounted to £2,228,641 (2008: £2,332,577). Of this amount £1,956,383 (2008: £1,772,055) arose from nursing and residential home fees. Voluntary income was lower at £181,637 (2008: £478,218) because no large legacies were received during the financial year and no major fund raising effort was carried out. Total resources expended during the year amounted to £1,973,116 (2008: £1,854,009).

Net incoming resources, before realised and unrealised investment gains, amounted to £255,525 (2008: £478,568). This 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. Without the support of donors and without income arising from investments, resources expended would have exceeded income by £16,733 (2008: £81,954).

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 2009. 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 and Nursing Home has continued to achieve financial stability and the balance sheet at 31 March 2009 shows net assets of £4,392,252 (2008: £4,279,875).

Donations

The trustees wish to record their grateful thanks to all donors whose generosity has enabled the work of St Mary's Convent and Nursing Home to continue.

Investment policy

The investment objective is to achieve a balanced return between income and capital growth within a moderate risk profile. During the year the total return achieved on the investment portfolio was -19.8% (2008: -4.4%). The total return shown by an appropriate customised portfolio index for the year ended 31 March 2009 was -22.6% (2008: -3.0%). 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 £4,392,252 of which £2,713,101 is represented by tangible fixed assets. A further £498,894 is represented by investments which provide a useful source of income. Investments with a book value of £151,842 were sold in the year for £141,029 resulting in a loss of £10,813.

This leaves free funds of £1,180,257 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 £500,000 as a building maintenance and improvement fund. The free funds of £1,180,257 are approximately equivalent to the amount required under this policy.

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REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2009

Plans for future periods

The long-term care industry remains in a state of flux. CSCI has been replaced by the Care Quality Commission (CQC) from 1 April 2009. CQC has announced plans to revise and reissue 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 does not cover the cost of the nurses employed. The demand for the care provided by St Mary's Convent and 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 and 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 and 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. Despite efforts to contain costs local authority funding has not even kept pace with inflation. Ring fenced beds for use by local authority funded residents are subject to review.

As more care staff achieve NVQ qualifications they have an increasing role in unit management as well as care delivery in the Home. The role of nurses is becoming that of more specialist intervention for the whole home, minimising the need for hospital admissions, and meeting end of life needs, in line with Government objectives.

Over recent years St Mary's Convent and 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 and 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.

Responsibilities of the trustees

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).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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.

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

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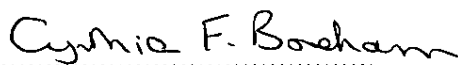
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009

The trustees are responsible for keeping 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 Companies Act 1985. 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.

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 15 July 2009 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 and Nursing Home (Chiswick) for the year ended 31 March 2009 which comprise the statement of financial activities, the balance sheet, cash flow statement and the related notes. The 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 and 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)**

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 2009 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.

Paul (u)ur

PKF (UK) LLP
Registered auditors
Norwich

30th July

2009

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

(A COMPANY LIMITED BY GUARANTEE)

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	181,637	-	181,637	478,218
Activities for generating funds	2	29,191	-	29,191	24,496
Investment income	2	61,430	-	61,430	57,808
Incoming resources from charitable activities	3	1,956,383	-	1,956,383	1,772,055
Total incoming resources		2,228,641	-	2,228,641	2,332,577
RESOURCES EXPENDED					
Charitable activities	4	1,881,874	-	1,881,874	1,769,440
Governance costs	4	91,242	-	91,242	84,569
Total resources expended		1,973,116	-	1,973,116	1,854,009
Net incoming resources before other recognised gains		255,525	-	255,525	478,568
Other recognised gains					
Realised (losses)/gains on disposal of investments		(10,813)	-	(10,813)	2,468
Unrealised (losses) on revaluation of investments	10	(132,335)	-	(132,335)	(59,651)
Net movement in funds before transfers		112,377	-	112,377	421,385
Transfers	13	-	-	-	-
Net movement in funds		112,377	-	112,377	421,385
Total funds brought forward		4,279,875	-	4,279,875	3,858,490
Total funds carried forward		4,392,252	-	4,392,252	4,279,875

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

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
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BALANCE SHEET AS AT 31 MARCH 2009

	Notes	£	2009	£	£	2008	£
FIXED ASSETS							
Tangible assets	9			2,713,101			2,733,990
Investments	10			498,894			643,496
				<u>3,211,995</u>			<u>3,377,486</u>
CURRENT ASSETS							
Debtors	11	25,063				12,876	
Cash on deposit		1,036,183				896,871	
Cash at bank and in hand		254,108				76,884	
		<u>1,315,354</u>				<u>986,631</u>	
CREDITORS: amounts falling due within one year	12	(135,097)				(84,242)	
NET CURRENT ASSETS				<u>1,180,257</u>			<u>902,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>4,392,252</u>			<u>4,279,875</u>
REPRESENTED BY							
General funds	13			4,392,252			4,279,875
Restricted funds	13			-			-
				<u>4,392,252</u>			<u>4,279,875</u>

Approved by the trustees/directors on 15 July 2009 and signed on their behalf by:

Cynthia F. Baeham
 Trustee/director

S B Randle
 Trustee/director

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Reconciliation of changes in resources from operating activities			
Net incoming resources		255,525	478,568
Depreciation of tangible fixed assets		120,386	141,143
(Profit)/loss on disposal of tangible fixed assets		(3,000)	359
(Increase)/decrease in debtors		(12,187)	21,201
Increase/(decrease) in creditors		50,855	(28,488)
		<hr/>	<hr/>
Net cash inflow from operating activities		411,579	612,783
		<hr/>	<hr/>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		411,579	612,783
Capital expenditure	14	(84,185)	(295,025)
		<hr/>	<hr/>
Increase in net cash		327,394	317,758
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds	15		
Increase in cash in the year		327,394	317,758
Net funds at 1 April 2008		979,742	661,984
		<hr/>	<hr/>
Net funds at 31 March 2009		1,307,136	979,742
		<hr/>	<hr/>

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 2009

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.
- 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.

(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;

ST MARY'S CONVENT AND NURSING HOME (CHISWICK)

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- 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.

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2. Incoming resources from generated funds

	Unrestricted funds £	Restricted funds £	2009 Total £	2008 Total £
Voluntary income				
Donations	154,905	-	154,905	452,166
Sisters' pensions	26,732	-	26,732	26,052
	<u>181,637</u>	<u>-</u>	<u>181,637</u>	<u>478,218</u>
Activities for generating funds				
Sundry sales	7,111	-	7,111	3,905
Rent received from staff accommodation	22,080	-	22,080	20,591
	<u>29,191</u>	<u>-</u>	<u>29,191</u>	<u>24,496</u>
Investment income				
Listed investments:		-		
Fixed interest	5,695	-	5,695	5,695
Equities	14,669	-	14,669	16,559
Deposit interest	41,066	-	41,066	35,554
	<u>61,430</u>	<u>-</u>	<u>61,430</u>	<u>57,808</u>
Total income from generated funds	<u>272,258</u>	<u>-</u>	<u>272,258</u>	<u>560,522</u>

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

	Unrestricted funds £	Restricted funds £	2009 Total £	2008 Total £
Nursing and residential home fees	1,956,383	-	1,956,383	1,772,055
Total incoming resources from charitable activities	<u>1,956,383</u>	<u>-</u>	<u>1,956,383</u>	<u>1,772,055</u>

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4. Total resources expended

	Basis of allocation	Nursing and residential care £	Governance £	2009 Total £	2008 Total £
Costs directly allocated to activities					
Staff costs	Direct	1,369,010	14,406	1,383,416	1,306,625
Residential and household	Direct	123,829	-	123,829	108,861
Nursing and medical	Direct	19,608	-	19,608	17,753
Premises and garden	Direct	104,874	-	104,874	91,503
Chapel	Direct	341	-	341	46
Staff courses	Direct	16,828	-	16,828	3,391
Support costs allocated to activities					
Repairs and renewals	Usage	99,915	2,039	101,954	96,980
General office costs	Usage	-	28,862	28,862	16,787
Communications	Usage	-	4,541	4,541	3,328
Legal and professional	Direct	-	37,340	37,340	44,111
Hire and lease of equipment	Usage	32,430	1,707	34,137	23,122
Depreciation	Usage	117,979	2,407	120,386	141,143
(Profit)/loss on disposal of tangible fixed assets	Usage	(2,940)	(60)	(3,000)	359
Total resources expended		1,881,874	91,242	1,973,116	1,854,009

5. Net incoming resources for the year

This is stated after charging:

		2009 £	2008 £
Depreciation		120,386	141,143
Auditors' remuneration	- audit	11,000	11,000
	- accountancy and financial advice	-	1,763

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6. Staff costs and numbers

Staff costs were as follows:

	2009 £	2008 £
Salaries and wages	1,289,463	1,217,682
Social security costs	93,953	88,943
	<hr/>	<hr/>
	1,383,416	1,306,625
	<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:

	2009 Number	2008 Number
Nursing and residential staff	60	61
Management and administration	4	4
	<hr/>	<hr/>
	64	65
	<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 and 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 and Nursing Home (Chiswick). If the work performed by the Sisters had to be carried out by lay employees the cost would exceed £85,000 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 (Uckfield), which includes St Mary's Convent and 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 2008	2,685,178	1,256,510	61,050	4,002,738
Additions	56,548	31,269	11,680	99,497
Disposals	-	-	(34,197)	(34,197)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	2,741,726	1,287,779	38,533	4,068,038
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2008	247,148	971,291	50,309	1,268,748
Charge for the year	56,913	55,766	7,707	120,386
Eliminated on disposals	-	-	(34,197)	(34,197)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	304,061	1,027,057	23,819	1,354,937
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2009	2,437,665	260,722	14,714	2,713,101
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	2,438,030	285,219	10,741	2,733,990
	<hr/>	<hr/>	<hr/>	<hr/>

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10. Investments

	2009 £	2008 £
At 1 April 2008	637,509	661,065
Additions at cost	128,717	251,939
Disposals at opening market value (or cost if acquired in the year)	(151,842)	(215,844)
Net unrealised investment (losses)	(132,335)	(59,651)
	<hr/>	<hr/>
Market value at 31 March 2009	482,049	637,509
Add:		
Cash awaiting investment	16,845	5,987
	<hr/>	<hr/>
At 31 March 2009	498,894	643,496
	<hr/>	<hr/>
Investments held at 31 March 2009 comprise the following:		
UK listed investments	482,049	637,509
Cash balances	16,845	5,987
	<hr/>	<hr/>
	498,894	643,496
	<hr/>	<hr/>
Analysis of UK listed investments:		
Fixed interest	59,628	54,708
Equities	422,421	582,801
	<hr/>	<hr/>
At 31 March 2009	482,049	637,509
	<hr/>	<hr/>
Historical cost of listed investments	628,635	662,371
	<hr/>	<hr/>

The following investments each represent over 5 per cent of the market value of the total portfolio at 31 March 2009.

	Nominal Holding	Market value £
5% Treasury Stock 07/03/2012	£28,000	30,374
Neptune Investment Management Neptune Balanced Fund	7,211.5418	24,616
Royal Dutch Shell "B" ordinary shares	1,695	25,950

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11. Debtors

	2009 £	2008 £
Trade debtors	11,219	-
Other debtors	6,006	4,439
Prepayments and accrued income	7,838	8,437
	<u>25,063</u>	<u>12,876</u>

12. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	86,690	37,555
Other creditors	3,246	629
Taxation and social security	24,456	26,345
Accruals	20,705	19,713
	<u>135,097</u>	<u>84,242</u>

13. Movements in funds

Fund	1 April 2008 £	Incoming resources £	Outgoing resources £	Transfers £	Net investment losses £	31 March 2009 £
General	4,279,875	2,228,641	(1,973,116)	-	(143,148)	4,392,252
Restricted	-	-	-	-	-	-
	<u>4,279,875</u>	<u>2,228,641</u>	<u>(1,973,116)</u>	<u>-</u>	<u>(143,148)</u>	<u>4,392,252</u>

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14. Gross cash flows

	2009 £	2008 £
Capital expenditure		
Payments to acquire tangible fixed assets	(99,497)	(261,397)
Receipts from sale of tangible fixed assets	3,000	-
Payments to acquire fixed asset investments	(128,717)	(251,939)
Receipts from sales of fixed asset investments	141,029	218,311
	<hr/>	<hr/>
	(84,185)	(295,025)
	<hr/>	<hr/>

15. Analysis of changes in net funds

	1 April 2008 £	Cash flows £	31 March 2009 £
Cash at bank and in hand	973,755	316,536	1,290,291
Cash awaiting investment	5,987	10,858	16,845
	<hr/>	<hr/>	<hr/>
	979,742	327,394	1,307,136
	<hr/>	<hr/>	<hr/>

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 (Uckfield), an unincorporated charity (registered charity number 231926) is regarded as the parent undertaking of St Mary's Convent and Nursing Home (Chiswick).