

REGISTRAR OF COMPANIES

St Mary's Convent and Nursing Home (Chiswick)

Annual Report and Financial Statements

31 March 2015

Company Limited by Guarantee
Registration Number 03959483
(England and Wales)

Charity Registration Number 1080751

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Legal and administrative information

Trustees	Miss Catherine Mary Allen (Sister Mary Clare SSM) Miss Jennifer Goodeve (Sister Jennifer Anne SSM) Miss Pamela Groombridge (Sister Mary Paul SSM) Miss Rita Browne (Sister Rita Margaret SSM) Mr J B Randle Mr R I Turner Sir Graham Morgan Mr C M Mackay
Company secretary	Ms Catharine Owst
Registered office	Burlington Lane Chiswick London W4 2QE
Company registration number	03959483 (England and Wales)
Charity registration number	1080751
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR
Investment managers	Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QP
Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL Stone King LLP 13 Queen Square Bath BA1 2HJ

Report of the trustees (incorporating a strategic report) 31 March 2015

The trustees, who are directors of the charitable company for the purposes of company law and trustees for the purposes of charity law, present their statutory report together with the financial statements of St Mary's Convent and Nursing Home (Chiswick) ("the charity" or "the charitable company") for the year ended 31 March 2015.

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 21 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005).

Introduction

The charity was established by the members of the Chapter of Saint Margaret's Convent (Chiswick) which is the Mother House of the Society of Saint Margaret (an Anglican religious order) founded in 1855 by John Mason Neale DD. The principal activity of the charity is to operate St Mary's Convent and Nursing Home ("St Mary's") based in Chiswick.

Structure, governance and management

Members

The voting members of the Chapter of Saint Margaret's Convent (Chiswick) are the only members of the charitable company.

The liability of the members is limited. Every member promises, if the charity is dissolved while she remains a member or within 12 months afterwards, to pay up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a member.

Governing document

St Mary's Convent and Nursing Home (Chiswick) is an incorporated charitable company constituted as a company limited by guarantee, Company Registration Number 03959483 (England and Wales), incorporated on 24 March 2000 and was registered as a charity, Charity Registration Number 1080751, 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.

Trustees

The following trustees were in office at the date on which this report was approved and served during the year as shown:

Report of the trustees (incorporating a strategic report) 31 March 2015

Structure, governance and management (continued)

Trustees (continued)

Trustee	Appointed/Retired
Miss Catherine Mary Allen (Sister Mary Clare SSM)	Appointed 16 April 2015
Miss Cynthia Boreham (Sister Cynthia Clare SSM)	Retired 16 April 2015
Miss Jennifer Goodeve (Sister Jennifer Anne SSM)	
Miss Pamela Groombridge (Sister Mary Paul SSM)	
Miss Rita Browne (Sister Rita Margaret SSM)	
Mr J B Randle	
Mr R I Turner	
Sir Graham Morgan	
Mr C M Mackay	

The trustees are ultimately responsible for the policies, activities and assets of the charitable company. The trustees meet four times a year and are responsible for the strategic direction and policy of St Mary's. 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. When necessary, the trustees seek advice and support from the charitable company's professional advisers including investment managers, solicitors and accountants.

Brief details about each of the trustees are given below:

Sister Mary Clare SSM

Sister Mary Clare was elected as the Assistant Superior on 2 March 2015 and appointed to the board on 16 April 2015

Sister Cynthia Clare SSM

Sister Cynthia was Reverend Mother Superior until 2 March 2015 and was an ex officio member of the board until 16 April 2015

Sister Jennifer Anne SSM

Sister Jennifer has been Sister Superior at St Mary's since the 1980s and was elected Reverend Mother Superior on 2 March 2015. She is an ex-officio member of the board and chairs the board meetings. She manages the Home on a day to day basis, in conjunction with Elizabeth Smith (a Registered General Nurse and the registered manager of the Home for regulatory purposes).

Sister Rita Margaret SSM

Sister Rita was elected to the board by the Sisters in 2013. She lives at St Mary's and acted as the bursar at Saint Margaret's Convent when it was still located in East Grinstead.

Sister Mary Paul SSM

Sister Mary Paul is also an elected member of the board and was the Assistant Superior at Saint Margaret's Convent until 2 March 2015.

Report of the trustees (incorporating a strategic report) 31 March 2015

Structure, governance and management (continued)

Trustees (continued)

Mr John Randle

John Randle has spent his career in hospital management consultancy internationally. He was the founder of the charity formerly known as Hospital Management Trust (HMT) in 1985 and ran it until retiring in 2013. HMT was established to assist charities and not-for-profit organisations working in the healthcare sector. He has been a member of the board of St Mary's for many years.

Mr Ian Turner

Ian Turner was a director and company secretary of Fuller, Smith & Turner plc which is a near neighbour and generous supporter of the charity. He is a Chartered Accountant by training.

Sir Graham Morgan

Father Graham is an Assistant Priest at St Michael & All Angels Church in Chiswick. He frequently conducts services in the chapel at St Mary's. He worked in the NHS for many years and was executive director of nursing and quality at North West London Hospitals NHS Trust. He was awarded a knighthood for his services to healthcare in 2003.

Mr Colin Mackay

Colin Mackay was elected a trustee in 2013. His initial involvement with the work of the charity was when a close relative was a resident in the nursing home. He has a background in accountancy and finance.

Recruitment and appointment of trustees

The articles of association require that there shall be at least five and not more than eight trustees.

The Reverend Mother of Saint Margaret's Convent (currently Sister Jennifer Anne SSM) is appointed as an ex-officio trustee. 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 and to see first-hand the work of St Mary's 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.

Report of the trustees (incorporating a strategic report) 31 March 2015

Structure, governance and management (continued)

Organisational structure

The day to day running of St Mary's is overseen by Sister Jennifer Anne SSM, who is designated as the responsible person for statutory purposes, and Elizabeth Smith, who is the registered manager and matron. They are assisted in their work by the nurse consultant, the business manager, the quality manager and the administrative staff.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including its income and 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;
- ♦ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities SORP);
- ♦ make judgments and accounting estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ 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 are sufficient to show and explain the charity's transactions and 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 requirements of the Companies Act 2006. 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.

Each of the trustees confirms that:

- ♦ so far as that trustee is aware there is no relevant audit information of which the charity's auditor is unaware; and
- ♦ that the trustee has taken all the steps that he/she ought to have taken as a trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the Companies Act 2006.

Report of the trustees (incorporating a strategic report) 31 March 2015

Structure, governance and management (continued)

Related parties

The voting members of the Chapter of Saint Margaret's Convent (Chiswick) are the only members of the charitable company. As such Saint Margaret's Convent (Chiswick) is regarded as the charity's parent undertaking. The Sisters who are members of the board of trustees of St Mary's Convent and Nursing Home (Chiswick) are also voting members of the Chapter of Saint Margaret's Convent (Chiswick) and trustees of that charity.

The freehold of the premises from which the Home operates is owned by Saint Margaret's Convent (Chiswick). The charity occupies the premises under the terms of a long lease at an annual peppercorn rent.

Objectives, activities and other relevant policies

Objectives and activities

The object of the charity 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; and
- ♦ by the promotion of religious and spiritual teaching.

St Mary's aims are to:

- ♦ provide excellent personal and nursing care to its 59 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 the fundamental principles of good practice and meets the requirements of the Care Act 2014;
- ♦ 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; and
- ♦ 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 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, most of whom have Qualifications and Credit Framework ("QCF") qualifications at levels 2, 3 and 5;

Report of the trustees (incorporating a strategic report) 31 March 2015

Objectives, activities and other relevant policies (continued)

Objectives and activities (continued)

- ◆ 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;
- ◆ 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 enabling them to take risks within a monitored and safe environment; and
- ◆ to provide a homely, flexible and accepting environment where the resident and their families 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 recognises that its clients (the residents) 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 organisation, based on Christian values, St Mary's adopts practices to protect these vulnerable adults, including:

- ◆ Disclosure and Barring Service (DBS) criminal record checks for all staff and volunteers;
- ◆ Safeguarding of Vulnerable Adults (SOVA) training for all staff and volunteers;
- ◆ Vulnerable adult policy – service wide agreement;
- ◆ Training and induction for staff (video and questionnaire, QCF);
- ◆ Gifts and gratuities policy;
- ◆ Restraint policy and regular medication review;
- ◆ Accident/incident policy;
- ◆ Nursing and Midwifery Council register checked (registered nurses only); and
- ◆ Supervision.

Report of the trustees (incorporating a strategic report) 31 March 2015

Objectives, activities and other relevant policies (continued)

Public benefit

The charity reviews its aims, objectives and achievements each year and this report comments on achievements during the year ended 31 March 2015 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 the charity should carry out its activities for the public benefit.

The charity fulfils its charitable purposes for the public benefit in the following ways:

- ◆ providing high standards of care for its 59 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 materially lower than St Mary'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 public funding for residential care for the elderly. St Mary's status as a charity helps ensure that residents are not prevented by lack of means from enjoying the high standard of care St Mary's 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 from most other care homes and provides a spiritual element to the atmosphere at St Mary's; and
- ◆ although St Mary's is run by an Anglican Christian religious order, it is open to all irrespective of their religious beliefs.

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

- ◆ the sisters resident at St Mary's carry out a large number of duties, both in administration 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 the 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;

Report of the trustees (incorporating a strategic report) 31 March 2015

Objectives, activities and other relevant policies (continued)

Public benefit (continued)

- ♦ 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 the 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.

Investment policy

The charity's investments are managed by Investec Wealth & Investment Limited, professional investment managers. There are no restrictions on the charity's power to invest.

The investment strategy is set by the trustees with advice from their investment managers. It takes into account the charity's income requirements for the year, the risk profile and the investment managers' view of the market prospects in the medium term.

The investment objective is to achieve a balanced return between income and capital growth within a moderate risk profile. The trustees also have an ethical policy which precludes investment in any company, which after reasonable enquiry, clearly generates significant profits from an activity which is contrary to the objectives of the Anglican Church.

The performance of the portfolio and the charity's investment strategy are reviewed by the trustees whose representatives meet with the investment managers every six months.

STRATEGIC REPORT

Achievements and performance

Because St Mary's operates in a highly regulated sector, quality management is of paramount importance. There is a statutory requirement to fulfil the Care Quality Commission (CQC) fundamental standards for care homes (Care Act 2014 and Health and Social Care Act 2008). As a result, St Mary's 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 uses the Quality Compliance Management System (in partnership with National Care Association).

Recent inspections by the CQC have found St Mary's 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. St Mary's was rated 'Good' overall in May 2015 and care was rated as 'Outstanding'.

The construction of five independent living bungalows in the grounds of St Mary's was completed in January 2015 and all five are now occupied.

Report of the trustees (incorporating a strategic report) 31 March 2015

STRATEGIC REPORT (continued)

Risk management

The trustees have identified and considered the major risks to which the charity is exposed. Systems have been established to mitigate those risks and the risk policies which have been developed are regularly updated and adapted as circumstances change.

St Mary's 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 the charity and St Mary's, principally as a result of legislation change, are also identified and controlled as far as possible.

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 senior staff and professional advisers who implement and monitor the risk control systems. The trustees consider that the systems in place combined with the skills of those responsible for implementing the policies minimise the exposure to risk.

Financial review

Incoming resources amounted to £4,457,222 (2014 - £2,560,263). Of this amount £2,404,627 (2014 - £2,348,407) arose from nursing and residential home fees. Voluntary income increased to £1,975,374 (2014 - £152,470). This increase was due to St Mary's receiving a legacy of £1,015,675 during the year and a fundraising appeal for the building of five independent living bungalows in the grounds of St Mary's which raised £389,714 (2014 - £122,041).

Total resources expended during the year amounted to £2,602,978 (2014 - £2,522,702). Costs in relation to the provision of residential and nursing care totalled £2,588,188 compared to £2,509,470 in 2014. The increase in these costs was mainly as a result of an increase in staff costs.

Net incoming resources, before realised and unrealised investment gains and transfers, amounted to £1,854,244 (2014 - £37,561). This level of surplus was achieved due to the above mentioned legacy and successful fundraising appeal. The fees paid by local authorities are significantly below the economic costs of care. Without the support of those giving donations and bequeathing legacies and without income arising from investments, resources expended would have exceeded incoming resources by £137,445 (2014 - £155,693).

Total net realised and unrealised investment gains were £70,881 (2014 - £68,368) and the net increase in funds for the year, therefore, amounted to £1,925,125 (2014 - £105,929).

Donations

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

Report of the trustees (incorporating a strategic report) 31 March 2015

STRATEGIC REPORT (continued)

Financial review (continued)

Investment performance

As previously stated, the charity's investments are managed by Investec Wealth & Investment Limited. At 31 March 2015 the investments had a market value of £1,933,495 including cash awaiting investment of £266,210.

During the year, the total return achieved on the investment portfolio was 9.0% (2014 – 8.2%). This compares to a return shown by an appropriate customised portfolio index for the year of 9.0% (2014 – 7.5%). The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 13 to the attached accounts. The trustees continue to take a long term view and believe their investment policy continues to be applied and remains appropriate.

Reserves policy

The trustees have examined the requirement for free reserves ie those unrestricted funds not invested in tangible fixed assets, or otherwise committed. Given the nature of the work undertaken by St Mary's, and the current inadequacy of Government funding for residents in nursing homes without private means, it is considered that the level of free reserves should be approximately equal to six month's (previously four month's) budgeted operating expenditure.

The trustees are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to falls in occupancy levels and difficulties in recruiting qualified nursing staff and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

Financial position

The balance sheet shows total reserves of £6,938,195.

The tangible fixed assets fund totals £3,688,814 and is represented by the tangible fixed assets used to support the work of the charity.

Because fees paid by local authorities in no way meet the cost of providing care, an amount of £900,000 has been designated by the trustees to generate income towards meeting some of that shortfall. A further amount of £1,100,000 has been set aside by the trustees as a building maintenance and improvement fund.

Funds available to support the work of the charity in the future are shown as general funds on the balance sheet and amount to £1,249,381. This figure needs to be considered in the light of annual expenditure on operating St Mary's of approximately £2.6 million, the increasing age profile of the Sisters and the need for the charity to employ more paid staff in the future as a result of the increasing regulatory requirements on care homes. The trustees are of the opinion that the free reserves are adequate but not excessive and in line with the above policy.

Report of the trustees (incorporating a strategic report) 31 March 2015

STRATEGIC REPORT (continued)

Plans for future periods

The trustees do not anticipate any significant change to the charity or its activities over the next two to five years. It is their intention to continue to meet the charity's objectives and focus on providing an excellent service for its residents.

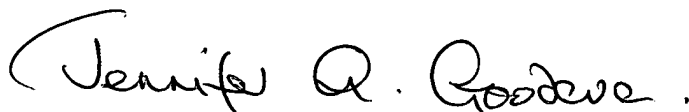
The level of local support underlines the need for a care home in Chiswick. During the year St Mary's completed the construction of five independent living bungalows in the grounds and all five are now occupied.

St Mary's has obtained planning permission to build two additional rooms as part of St Andrew's Wing and the board has approved the project. Work will commence in winter 2015.

Employees, volunteers and members

The trustees wish to record their recognition of the professionalism and commitment of all their staff and volunteers. Their dedication and positive approach is very much appreciated.

Report of the trustees (including the strategic report) approved by the trustees and signed on their behalf by:



(JENNIFER A GOODEVE)

Trustee

Approved by the trustees on: **3 November 2015**

St Mary's Convent and Nursing Home (Chiswick)

Registered Company Number: 03959483 (England and Wales)

Independent auditor's report 31 March 2015

Independent auditor's 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 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB'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 charitable company'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 report of the trustees (including the strategic report) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report 31 March 2015

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees (including the strategic report) for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures relating to the remuneration of trustees specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Buzzacott LLP

Amanda Francis, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

5 November 2015

Statement of financial activities Year to 31 March 2015

	Notes	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Voluntary income	1	1,585,660	389,714	1,975,374	152,470
. Activities for generating funds	2	7,148	—	7,148	8,651
. Investment income and interest receivable	3	42,687	—	42,687	36,365
Incoming resources from charitable activities					
. Nursing and residential home fees and other charges	4	2,404,627	—	2,404,627	2,348,407
Other incoming resources		27,386	—	27,386	14,370
Total incoming resources		4,067,508	389,714	4,457,222	2,560,263
Resources expended					
Cost of generating funds	5	4,320	—	4,320	4,232
Charitable activities					
. Provision of nursing and residential care	6	2,588,188	—	2,588,188	2,509,470
Governance	7	10,470	—	10,470	9,000
Total resources expended		2,602,978	—	2,602,978	2,522,702
Net incoming resources before transfers	8	1,464,530	389,714	1,854,244	37,561
Transfers between funds	16	404,263	(404,263)	—	—
Net incoming (outgoing) resources before gains arising from investment revaluation and disposals		1,868,793	(14,549)	1,854,244	37,561
Other recognised gains					
Net realised gains on disposal of investments		2,404	—	2,404	21,182
Statement of total recognised gains and losses					
Net income (expenditure)		1,871,197	(14,549)	1,856,648	58,743
Net unrealised gains on investments		68,477	—	68,477	47,186
Net movement in funds		1,939,674	(14,549)	1,925,125	105,929
Fund balances brought forward at 1 April 2014		4,998,521	14,549	5,013,070	4,907,141
Fund balances carried forward at 31 March 2015		6,938,195	—	6,938,195	5,013,070

All recognised gains and losses are included in the statement of financial activities.

All of the charitable company's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 March 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	12		3,688,814		2,877,355
Investments	13		1,933,495		1,266,487
			<u>5,622,309</u>		<u>4,143,842</u>
Current assets					
Debtors	14	1,219,552		62,844	
Short term deposits		—		855,169	
Cash at bank and in hand		334,681		102,294	
		<u>1,554,233</u>		<u>1,020,307</u>	
Creditors: amounts falling due within one year	15	<u>(238,347)</u>		<u>(151,079)</u>	
Net current assets			1,315,886		869,228
Total net assets			<u>6,938,195</u>		<u>5,013,070</u>
Represented by:					
Funds and reserves					
Income funds					
Restricted funds	16		—		14,549
Unrestricted funds					
. Designated funds	17		2,000,000		1,400,000
. Tangible fixed assets fund	18		3,688,814		2,877,355
. General funds			1,249,381		721,166
			<u>6,938,195</u>		<u>5,013,070</u>

Approved by the trustees and signed on their behalf by:



Trustee

(JENNIFER A GOODAVE)

Approved by the trustees on 3 November 2015

St Mary's Convent and Nursing Home (Chiswick)
Registered Company Number: 03959483 (England and Wales)

Cash flow statement Year to 31 March 2015

	Notes	2015 £	2014 £
Cash inflow from operating activities	A	816,799	151,390
Returns on investments and servicing of finance	B	40,111	36,365
Capital expenditure and financial investment	B	(1,270,895)	20,059
		(413,985)	207,814
Management of liquid resources	C	855,169	(308,170)
Increase (decrease) in cash	D	441,184	(100,356)

Notes to the cash flow statement for the year to 31 March 2015

A. Adjustment of net incoming resources before net investment gains to net cash inflow from operating activities

	2015 £	2014 £
Net incoming resources before net investment gains	1,854,244	37,561
Depreciation charge	134,346	140,377
Interest receivable	(5,619)	(2,718)
Investment income receivable	(37,068)	(33,647)
Increase in debtors	(1,154,132)	(3,711)
Increase in creditors	25,028	13,528
Net cash inflow from operating activities	816,799	151,390

B. Gross cash flows

Returns on investments and servicing of finance	2015 £	2014 £
Interest received	4,287	2,718
Investment income received	35,824	33,647
	40,111	36,365
Capital expenditure	2015 £	2014 £
Payments to acquire tangible fixed assets	(883,565)	(122,177)
Payments to acquire fixed asset investments	(581,560)	(353,770)
Receipts from disposal of fixed asset investments	194,230	496,006
	(1,270,895)	20,059

Cash flow statement Year to 31 March 2015

C. Management of liquid resources

	At 1 April 2014 £	Cash flows £	At 31 March 2015 £
Short term deposits	855,169	(855,169)	—

D. Analysis of changes in cash

	At 1 April 2014 £	Cash flows £	At 31 March 2015 £
Cash at bank and in hand	102,294	232,386	334,681
Cash awaiting investment	57,413	208,797	266,210
	159,707	441,183	600,891

Principal accounting policies Year to 31 March 2015

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income and the amount can be quantified with reasonable accuracy. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants receivable, where entitlement is conditional on the delivery of a specific performance by the charitable company, are recognised only when the charitable company becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charitable company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

Legacies are included in the statement of financial activities when the charitable company is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. The cost of generating funds includes the fees paid to investment managers in connection with the management of the charitable company's listed investments;
- b. The costs of charitable activities comprise expenditure on the charitable company's primary charitable purposes as described in the trustees' report. Such costs include expenditure incurred in the provision of residential and nursing care facilities for the elderly at the Home
- c. Governance costs comprise the costs directly attributable to the governance of the charitable company, including audit costs and the necessary legal procedures for compliance with statutory requirements.

Principal accounting policies Year to 31 March 2015

Tangible fixed assets and depreciation

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are stated at cost less depreciation.

- ◆ Leasehold improvements

Leasehold improvements represent expenditure incurred by St Mary's Convent and Nursing Home on the premises from which it operates. The freehold of this property is held by Saint Margaret's Convent (Chiswick), the charitable company's parent undertaking. The premises are occupied by the charitable company under the terms of a long lease at an annual peppercorn rent. Depreciation is charged on leasehold improvements at 2% per annum.

- ◆ Properties under construction

Properties under construction comprise five self-contained bungalows in the grounds of St Mary's Convent and Nursing Home (Chiswick). No depreciation is charged on properties under construction. Depreciation is charged in accordance with the policies outlined above once the construction work has been completed and the properties commissioned.

- ◆ Fixtures and fittings and motor vehicles

Fixtures and fittings and motor vehicles are capitalised and depreciated at the following rates per annum based on cost in order to write off each asset over their useful economic life:

◆ Fixtures and fittings	10-20% per annum
◆ Motor vehicles	20% per annum.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The tangible fixed assets fund comprises the net book value of the charitable company's tangible fixed assets, the existence of which are fundamental to the charitable company being able to perform its charitable work and thereby achieve its charitable objectives. Therefore the value represented by such assets should not be regarded as realisable.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charitable company's charitable objects.

Principal accounting policies Year to 31 March 2015

Liquid resources

Liquid resources comprise cash held on short term deposits with banks registered in the United Kingdom.

Pensions

The charitable company offers its employees membership of a defined contribution pension scheme administered by the National Employment Savings Trust (NEST). Contributions to the scheme are debited to the statement of financial activities in the year which they are payable to the scheme. The assets of the scheme are held by an independent corporate trustee, whose activities are governed by the National Employment Savings Trust Order 2010, made by the Secretary of State in exercise of powers confirmed under the Pensions Act 2008.

Notes to the financial statements Year to 31 March 2015

1 Voluntary income

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Donations from Saint Margaret's Convent (Chiswick)	501,000	—	501,000	1,000
Contributions from Saint Margaret's Convent (Chiswick) towards the living and personal expenses of the sisters	29,200	—	29,200	—
Other donations	24,791	389,714	414,505	118,852
Legacies	1,015,908	—	1,015,908	6,000
Pensions of individual sisters received under Gift Aid or Deed of Covenant	14,761	—	14,761	26,618
	<u>1,585,660</u>	<u>389,714</u>	<u>1,975,374</u>	<u>152,470</u>

2 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Sundry income	7,148	—	7,148	8,651

3 Investment income and interest receivable

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Listed investments:				
· UK fixed interest	3,732	—	3,732	3,047
· UK equities	30,015	—	30,015	30,520
· Overseas equities	3,215	—	3,215	—
· Overseas fixed interest	106	—	106	80
	<u>37,068</u>	<u>—</u>	<u>37,068</u>	<u>33,647</u>
Bank deposit interest	5,619	—	5,619	2,718
	<u>42,687</u>	<u>—</u>	<u>42,687</u>	<u>36,365</u>

4 Nursing and residential home fees

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Gross fees	2,476,117	—	2,476,117	2,401,157
Less: subsidies and discounts	(71,490)	—	(71,490)	(52,750)
	<u>2,404,627</u>	<u>—</u>	<u>2,404,627</u>	<u>2,348,407</u>

Subsidies and discounts arise in respect of those residents reliant on local authority or NHS funds where the fees paid fall short of the standard fees charged by the Home.

Notes to the financial statements Year to 31 March 2015

5 Cost of generating funds

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Investment management fees	4,320	—	4,320	4,232

6 Provision of nursing and residential care

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Nursing and residential care staff costs	1,787,163	—	1,787,163	1,727,320
Residential and household	171,814	—	171,814	161,280
Nursing and medical	54,520	—	54,520	71,160
Premises and accommodation	438,797	—	438,797	433,878
Support costs				
. Staff costs	75,406	—	75,406	53,657
. General office costs	36,787	—	36,787	41,111
. Legal and professional	23,701	—	23,701	21,064
Total resources expended	2,588,188	—	2,588,188	2,509,470

7 Governance costs

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Audit fees	10,470	—	10,470	9,000

8 Net incoming resources before transfers

This is stated after charging

	2015 £	2014 £
Staff costs (note 9)	1,862,569	1,780,977
Depreciation	134,346	140,377
Auditor's remuneration		
. Audit fees	10,470	9,000
. Other services	4,740	—

Notes to the financial statements Year to 31 March 2015

9 Staff costs and numbers

	2015 £	2014 £
Salaries and wages	1,719,027	1,655,821
Social security costs	128,972	107,223
Pension costs	9,470	—
	1,857,469	1,763,044
Costs of recruitment	5,100	17,933
	1,862,569	1,780,977

Staff costs analysed by function are as follows:

	2015 £	2014 £
Nursing and residential care (note 6)	1,787,163	1,727,320
Support costs (note 6)	75,406	53,657
	1,862,569	1,780,977

No employees earned £60,000 per annum or more (including taxable benefits but excluding employer's pension contributions) during the year (2014 - none).

The average and full time equivalent number of employees during the year was as follows:

	2015		2014	
	Full time equivalent	Average	Full time equivalent	Average
Nursing and residential care staff	77	104	78	99
Management and administration	2	3	2	3
	79	107	80	102

10 Trustee remuneration and related party transactions

None of the trustees, including lay trustees, received any remuneration or reimbursement of expenses during the year (2014 – none).

A number of the sisters live in St Mary's, 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. Until September 2014, pensions received by the sisters were donated to the charitable company. Since then, Saint Margaret's Convent (Chiswick) donates monies to the charitable company towards the living and personal expenses of the sisters. The sisters receive no other benefit in money or in kind. They receive no salary for the work they do at the Home. If the work performed by the sisters had to be carried out by lay employees the cost would approximate £100,000 per annum.

Notes to the financial statements Year to 31 March 2015

10 Trustee remuneration and related party transactions (continued)

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

11 Taxation

St Mary's Convent and Nursing Home (Chiswick) is a registered charitable company and, therefore, is not liable on income and gains derived from its charitable activities as they fall within the exemptions available to registered charities.

12 Tangible fixed assets

	Leasehold improve- ments £	Properties under construction £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2014	3,053,557	107,492	722,115	52,753	3,935,917
Additions	35,172	872,600	38,033	—	945,805
Disposals	—	—	(99,376)	—	(99,376)
Reclassification	980,092	(980,092)	—	—	—
At 31 March 2015	4,068,821	—	660,772	52,753	4,782,346
Depreciation					
At 1 April 2014	602,842	—	417,307	38,413	1,058,562
Charge for the year	60,825	—	68,741	4,780	134,346
Eliminated on disposals	—	—	(99,376)	—	(99,376)
At 31 March 2015	663,667	—	386,672	43,193	1,093,532
Net book value					
At 31 March 2015	3,405,154	—	274,100	9,560	3,688,814
At 31 March 2014	2,450,715	107,492	304,808	14,340	2,877,355

Leasehold improvements represent expenditure on the premises from which St Mary's Convent and Nursing Home (Chiswick) operates. The freehold of this property is held by Saint Margaret's Convent (Chiswick), the charitable company's parent undertaking (note 20). The charitable company occupies the premises under the terms of a long lease at an annual peppercorn rent.

At 31 March 2015 the charitable company had the following capital commitments:

	2015 £	2014 £
Contracted but not provided for	—	900,000
Authorised but not contracted for	300,000	—

Notes to the financial statements Year to 31 March 2015

12 Tangible fixed assets (continued)

The capital commitment at 31 March 2015 is in respect to the estimated contractor's costs and professional fees for building two additional bedrooms as part of St Andrew's Wing of the Home (2014 – the construction of five independent living bungalows in the grounds of St Mary's).

13 Investments

	2015 £	2014 £
Listed investments		
Market value at 1 April 2014	1,209,074	1,282,942
Additions at cost	581,560	353,770
Disposals (proceeds: £194,230; realised gains: £2,404)	(191,826)	(474,824)
Net unrealised investment gains	68,477	47,186
Market value at 31 March 2015	1,667,285	1,209,074
 Cash held by investment managers for reinvestment	 266,210	 57,413
	1,933,495	1,266,487
 Historical cost of listed investments	 1,437,747	 1,030,918

Listed investments held at 31 March 2015 comprise the following:

	2015 £	2014 £
UK listed investments		
. Fixed interest	144,575	128,254
. Equities	1,082,999	779,918
Overseas listed investments		
. Fixed interest	—	14,760
. Equities	439,711	286,142
	1,667,285	1,209,074

All listed investments were dealt in on a recognised stock exchange. At 31 March 2015 no individual listed investments were deemed material when compared with the overall portfolio value.

14 Debtors

	2015 £	2014 £
Nursing and residential care fees	30,054	24,160
Other debtors	2,800	1,800
Prepayments	58,833	30,083
Accrued income	111,957	6,801
Legacies receivable	1,015,908	—
	1,219,552	62,844

Notes to the financial statements Year to 31 March 2015

15 Creditors: amounts falling due within one year

	2015 £	2014 £
Expense creditors	39,375	29,885
Fees received in advance	17,631	27,908
Capital project creditors	74,000	11,760
Taxation and social security costs	37,537	28,620
Accruals and other creditors	69,804	52,906
	238,347	151,079

16 Restricted funds

The income funds of the charitable company included a restricted fund comprising donations and grants received and held on trust to be applied towards the construction of the five self-contained bungalows in the grounds of the Home.

	At 1 April 2014 £	Incoming resources £	Transfers £	At 31 March 2015 £
Bungalow fund	14,549	389,714	(404,263)	—

Monies transferred from restricted funds to unrestricted funds represent amounts expended during the year on the construction of the bungalows and the related professional costs.

17 Designated funds

The income funds of the charitable company include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2014 £	New designations £	Utilised/ released £	At 31 March 2015 £
Residential and nursing care fund	900,000	41,490	(41,490)	900,000
Building maintenance and improvement fund	500,000	600,000	—	1,100,000
	1,400,000	641,490	(41,490)	2,000,000

The residential and nursing care fund comprises monies set aside to generate income towards meeting some of the shortfall in the fees paid by local authorities towards the cost of providing care.

The building maintenance and improvement fund represents monies set aside by the trustees to maintain the buildings to a standard appropriate to meet the needs of the residents and the sisters.

Notes to the financial statements Year to 31 March 2015

18 Tangible fixed assets fund

	Total £
At 1 April 2014	2,877,355
Designated during the year	811,459
At 31 March 2015	<u>3,688,814</u>

The tangible fixed assets fund represents the net book value of St Mary's tangible fixed assets. A decision was made to separate this fund from the general fund of the Home in recognition of the fact that the tangible fixed assets are essential to the day to day work of St Mary's. The value represented by such assets, therefore, should not be regarded as realisable with ease, in order to meet future contingencies.

19 Analysis of assets between funds

	General fund £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2015 £
Fund balances at 31 March 2015 are represented by:					
Tangible fixed assets	—	3,688,814	—	—	3,688,814
Investments	—	—	1,933,495	—	1,933,495
Current assets	1,487,723	—	66,505	—	1,554,233
Creditors: amounts falling due within one year	(238,347)	—	—	—	(238,347)
Total net assets	<u>1,249,381</u>	<u>3,688,814</u>	<u>2,000,000</u>	<u>—</u>	<u>6,938,195</u>
Unrealised gains included above:					
On investment assets	—	—	229,538	—	229,538
Reconciliation of movements on unrealised gains on investment assets					
Unrealised gains at 1 April 2014	—	—	178,156	—	178,156
Add: Unrealised gains arising in the year	—	—	68,477	—	68,477
Less: in respect of disposals in year	—	—	(17,095)	—	(17,095)
Unrealised gains at 31 March 2015	—	—	229,538	—	229,538

The historical cost net movement in funds for the year ended 31 March 2015 was £1,873,743 (2014 - £154,150).

20 Parent undertaking

The voting members of the Chapter of Saint Margaret's Convent are the company members of St Mary's Convent and Nursing Home (Chiswick). Accordingly Saint Margaret's Convent (Chiswick), an unincorporated charity (Charity Registration Number 231926), is regarded as the parent undertaking of St Mary's Convent and Nursing Home (Chiswick).

21 Liability of the members

The liability of the members is limited. Every member promises, if the charitable company is dissolved while she remains a member or within 12 months afterwards, to pay up to £1 towards the costs of dissolution and the liabilities incurred by the charitable company while the contributor was a member.