

nightingale hammerson

**Annual Report and
Consolidated Accounts**

30 September 2016

Charity Registration Number
207316

Contents

Reports

Reference and administrative information	1
Chairman's report	3
Report of the Directors of the Corporate Trustee	4
Independent auditor's report	21

Accounts

Consolidated statement of financial activities	23
Charity statement of financial activities	24
Balance sheets	25
Consolidated cash flow statement	26
Principal accounting policies	27
Notes to the accounts	34

Reference and administrative information

Registered name	Nightingale Hammerson
Registered charity number	Registered charity number 207316 governed by a scheme made by the Charity Commission on 30 March 2012
Principal office	105 Nightingale Lane London SW12 8NB
Telephone	020 8673 3495
Facsimile	020 8675 2258
Website	www.nightingalehammerson.org
Life Patron	Dame Vivien Duffield DBE
President	Harvey Rosenblatt (from January 2016)
Vice President	Patricia Beecham
Corporate trustee	Nightingale Hammerson Trustee Company Limited
Directors of the corporate trustee	
Chairman	Melvin Lawson
Honorary Treasurers	David Tyler David Winton
Other directors	Eleanor Angel (resigned 9 th April 2017) Tim Angel (resigned 18 th April 2016) Stephanie Brada (resigned 5 th April 2017) Susan Grant Colin Green Peter Green (resigned 31 st December 2015) Emma Kane (appointed 23 rd February 2017) Jacqueline Morris Harvey Rosenblatt Greg Scott Eli Shahmoon Judy Wiseman (resigned 8 th June 2017)
Chief Executive	Helen Simmons

Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers National Westminster Bank plc
98 Wandsworth High Street
London
SW18 4ZD

Barclays Wealth
Barclays Bank plc
1 Churchill Place
Canary Wharf
London
E14 5HP

Investment managers Veritas Asset Management (UK) Limited
Elizabeth House
York Road
London
SE1 7NQ

Goldman Sachs International
Christchurch Court
10-15 Newgate Street
London
EC1A 7HD

Message from Our Chairman



It has been another eventful year at Nightingale Hammerson as we celebrate our current successes and look to an exciting future. After years of planning, this autumn will see the foundations set for the Hammerson House redevelopment: our new, 116 bed, model care home. As our long-standing supporters will know, we have been saving towards this project for a long while. Our fundraising campaign aims to raise £15 million to ensure we have the world-class facility our residents, present and future, need and deserve and, importantly, that we retain our reputation for excellent financial stewardship. We will continue to have to rely heavily on donations to develop and maintain our homes and everything that goes on inside of them.

The old Hammerson House, which has cared for older people of the Jewish Community for more than fifty years, closed this month and I am proud to be able to say that we have worked tirelessly over the past year to ensure that all our residents have been happily settled elsewhere, including fifteen residents who are currently settling in to the brand new OSHA Unit at Nightingale House.

Operating world-class care facilities is never without its challenges (significant shortfalls between government funding and actual care costs, the cost of retaining excellent staff, ever increasing regulation to name but a few) but I was thrilled when our commitment to excellent care was recognised by the Care Quality Commission at both our homes, where the tough new inspection regime rated us 'Good', classing the Responsiveness to residents' needs at Nightingale House as Outstanding and putting us in the top 3% in the country. Never resting on our laurels, the challenge is to retain, and even exceed, this rating.

As part of our commitment to holistic, compassionate and individually tailored care, we need to continue to attract and retain the best staff by providing a stimulating workplace with a strong, supportive culture and ongoing investment in training and career development. We believe our development of Nightingale House into a Teaching Care Home will be key to this, allowing us to offer training, work experience and, ultimately, steady employment to the next generation of care staff.

In other developments, as part of our innovative approach to aiming to continually improve the quality of experience of living in later years, this autumn will see the opening of a branch of the Apples & Honey Nursery in the Nightingale House grounds, making us the only home in the country able to offer intergenerational activities on a daily basis.

Our financial focus, meanwhile, continues to be on the sustainability of our homes and the care they provide, ensuring that we always keep at least a year's worth of operating costs in reserve.

None of this would be possible without our extraordinary band of staff and volunteers, who are the lifeblood of Nightingale Hammerson - I want to thank them personally, and on behalf of all my fellow Trustees, for their dedication to our residents as well as offering warm thanks to our donors and supporters, whose generosity provides the quality of life our residents deserve and which is way above that which most care homes offer.

Report of the directors of the corporate trustee Year to 30 September 2016

The Directors of the Corporate Trustee of Nightingale Hammerson (herein referred to as 'directors'), who act as the Trustees of the charity, present the statutory report and accounts for the year ended 30 September 2016. These accounts have been prepared in accordance with the accounting policies set out on pages 27 to 33 and comply with the charity's governing document, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1 January 2015 or later.

NIGHTINGALE HAMMERSON

The organisation comprises four entities, all ultimately controlled by the directors of Nightingale Hammerson and all included within the consolidated accounts.

- ◆ Nightingale Hammerson, a registered charity, providing residential and nursing home facilities at two London sites, Nightingale House, in Clapham, and Hammerson House, in East Finchley;
- ◆ Chalkford Limited, a company registered in England and Wales, whose business is property construction;
- ◆ Camden Jewish Society, a registered charity and company registered in England and Wales, providing sheltered accommodation at Belmont Lodge in Bushey; and
- ◆ The Friends of Nightingale House, a charitable trust set up to raise funds for the relief of poverty and distress of the needy aged of the Jewish faith, but which is now dormant.

OUR PURPOSE

Nightingale Hammerson exists to be a leading provider of quality person centred care for older Jewish people, where all are treated with respect and dignity in quality accommodation.

Our mission is to provide holistic, quality care, assistance and support in a safe and stimulating environment using dedicated and trained staff and volunteers. We do this by the operation of two residential and nursing care homes – Nightingale House, in South London, and Hammerson House, in North London – together with a sheltered housing facility, Belmont Lodge, in Bushey.

Nightingale House traces its origins back to 1840 in the East End of London. It moved to its current site in South West London in the early 1900s and has continued to modernise and expand over the last hundred years and is fully equipped for those with residential, nursing and dementia needs.

Hammerson House was established some 55 years ago thanks to an exceptional gift from Mrs Sue Hammerson CBE, in memory of her late husband Lewis W Hammerson. It is primarily a residential home although it also offers nursing beds and sheltered housing.

Belmont Lodge offers supported accommodation in a homely environment, where residents can take meals and enjoy activities together while maintaining their independence.

OUR PURPOSE (continued)

Statement of public benefit

In setting the aims of the charity, the directors have had regard to the guidance published by the Charity Commission in respect to the provision of public benefit by charities. The charity is committed to providing the same level of care to all older Jewish people in need, regardless of personal financial status. Just over 40% of residents are in receipt of Local Authority or other government funding and the charity raises funds from its donors and benefactors in order to both meet the ever-growing shortfall between government funding and the costs of quality care provision and to invest in its buildings and other assets in order to continually improve the quality of care.

OUR ACHIEVEMENTS

Excellence in care provision

Across our sites, more than 250 individuals benefitted from top quality care provision in the year. We aim to keep excellence at the heart of everything we do and were delighted to receive a rating of Good, with one element classed as Outstanding, in our first inspection under the stringent new CQC regime in early 2016. Our commitment to person-centred care, where each resident is understood as an individual, shone through in this comment from the Inspector:

“Staff demonstrated an outstanding understanding of people’s life histories and current circumstances and supported people in an exceptionally caring way. Staff took time to get to know people to deliver empathic care that produced positive results for their well-being. One person had a newspaper activity group created specifically for them that other people also enjoyed as it allowed them to continue a pastime they had always taken part in. The service employed a ‘Person Centred Care Facilitator’ who helped care workers to provide a specifically tailored approach to people’s individual needs. There were numerous examples of this being delivered in practice.”

Clinical, as well as pastoral, care continues to remain a focus and to this end our care plan system has been fully updated and relaunched, allowing easier documentation and monitoring of intervention in dementia and end of life care. As part of our commitment to continuous improvement, our care governance structure, which has served us well to date, is being reviewed to ensure the best approach to oversight for the future.

Gold Standard End of Life Care

Our aim is to allow, where humanly possible, every resident who wishes to reach the end of their life in their own home, rather than in hospital, to do so, and we are proud of the fact that in 2016 all but two residents who passed away remained with us until the end. Our ability to provide quality care to the end of life is reflected in our retaining Beacon Status, the highest accreditation possible under the Gold Standard Framework. In the words of the CQC Inspector once more:

“We spoke with one volunteer whose relative had died at the home. They told us they had developed a strong link to Nightingale House which stemmed from their gratitude for the end of life care they had provided to their relative. Since then, they told us they had volunteered for the home to help them to continue delivering excellent care to people”.

OUR ACHIEVEMENTS (continued)

Outstanding activities

We remain immensely proud of our seven day a week Activities programme, which the CQC, in awarding 'Outstanding' for Responsiveness, described as "innovative, creative and bespoke", a testament to our aim to ensure that every resident, regardless of their mobility, cognitive awareness or tastes, has the opportunity to engage in a range of activities. All are encouraged to keep up old hobbies, explore new skills, share new experiences and feel that they are able to approach ageing with optimism. Some of our highlights in the year include:

- ◆ A playlist project, building personalised playlists of music meaningful to the individual, not only for enjoyment and memories but to maintain a calm and comforting environment and reduce anxiety;
- ◆ Poetry clubs, delivered by staff and volunteers trained by the Reader Project, provide 40 residents with the opportunity, in small groups, to express their thoughts and feelings through poetry reading;
- ◆ Development of a Conversation Café project, in partnership with Shalvata, providing 18 survivors and other residents who came from Europe with a monthly shared therapeutic focus group. In addition, 60 residents participated in a wider programme of concerts and speakers, embracing their Jewish culture;
- ◆ A visit to the Royal Hospital Chelsea by some residents to mark the 90th birthday of Her Majesty the Queen alongside the Chelsea Pensioners; and
- ◆ 24 residents enjoying a boat trip on the Thames and a day at a beautiful riverside property, courtesy of one of our donors, allowing them to relax, socialise and have fun away from their usual routine.

As well as the myriad of organised activities, we place a huge importance on spontaneous engagement, where all staff across the organisation take time to stop and spend a few minutes with residents in the course of their day to day work.

Adapting to changing needs

Care needs continue to evolve and residents are coming to Nightingale House, in particular, at a greater age and frailer than ever before. In response to this we have converted our purpose-built dementia unit, the Wohl Wing, to be fully nursing, allowing us to care for a further 40 residents with complex combined dementia and nursing needs to the end of their lives.

OUR ACHIEVEMENTS (continued)

Hammerson House

Hammerson House has been closed to new admissions for some time as we work on plans for its redevelopment. We are delighted that planning permission for our visionary new 116 bed care home on the Bishops Avenue has been obtained, with building work expected to start in the autumn. One of our biggest achievements in the year, however, has been the successful implementation of a person-centred programme to ensure that all the remaining residents at Hammerson House are safely and happily settled in new homes of their choice comfortably before the closure date.

As part of this relocation programme, a new fifteen room floor at Nightingale House is now close to completion, allowing those residents who wish to come south of the river in a group, with familiar staff. The OSHA floor is spacious and elegant, with its own dining room, reception and lounge areas, as well as easy access to all that Nightingale House has to offer. We look forward to welcoming our Hammerson residents to their new home.

Intergenerational programme

One of the things that has brought the greatest joy to residents over the past years has been visits from the children of Apples & Honey, a Jewish Nursery based in Wimbledon, and our hope of developing a closer partnership is now becoming a reality as we prepare to welcome a second Apples and Honey Nursery into a newly converted building in the Nightingale House grounds. Here, the children will learn and play a stone's throw from the House and both residents and children can benefit from inter-generational activities and friendships. Whilst we wait for this to be up and running, a baby and toddler group attached to the nursery is meeting once a week in the main Nightingale building.

OUR PLANS

We can only achieve our long term goal of continuing to provide high quality care in a sustainable manner if we commit to continuous innovation and improvement. Supported by our five year business plan, our priorities for the next three years are as follows:

Hammerson House

After years of planning, and saving, with design plans in their last stages and planning permission in place, our vision for a state of the art, twenty first century care home in North London is finally beginning to come to fruition. Whilst the existing Hammerson House building has created a warm, much loved home for many of our elderly community over the years, facilities for nursing care are limited and it has not been able to provide dementia care at all. With so many residents now coming to us with a complex mix of nursing and dementia needs, we are excited that we will soon be able to provide the same range of care in North London as we do south of the river, allowing residents to stay closer to their families.

Building works are expected to begin in autumn 2017 and to last for more than two years, at the end of which we will be able to provide accommodation and care for 116 residents in six households, following the person-centred care model that has made Nightingale House such a success but with all the advantages of a purpose-built home.

We continue to fundraise for the project, working towards a target £15m of donations, of which more than £5m has so far been pledged.

OUR PLANS (continued)

Teaching Care Home

As part of our vision to become a centre of excellence and leading provider of care capable of influencing good practice nationally, plans are underway for the first stage of our development of Nightingale House as a Teaching Care Home – creating a learning, treatment and research environment which delivers compassionate care to older people with frailty and / or dementia through collaboration with a university. Beginning with our own staff, we are building on the strengths and capabilities of our Care systems and enhancing the skills and knowledge of our health care professionals and multi-disciplinary teams, with the eventual aim of providing accredited courses and experience to external care teams.

Technology and Innovation

This year has seen the introduction of a Technology and Innovation Advisory Board, a group of experts in the technology field who are giving their time on a voluntary basis to assist us in identifying where technology can improve the quality and delivery of our care. Current projects include:

- ◆ Paperless care records and resident database – reducing the amount of time staff spend completing paperwork and allowing them to focus solely on resident care, as well as reducing paperwork errors and improving access to resident information across all functions;
- ◆ E-training – providing cost and time effective training, in modular format, accessible anywhere and anytime, introducing contextual training to increase resident impact and better assessing staff competency;
- ◆ Electronic time and attendance – replacing the organisation’s manual timesheet system with a biometric attendance system, improving back office efficiency, removing time recording errors and allowing for granular monitoring of work and absence patterns; and
- ◆ Future proof infrastructure for the new Hammerson House – the Board is working closely with the Mechanical & Electrical Engineers for the new home to ensure that the right infrastructure runs throughout the building, allowing us to maximise the use of technology in our care provision.

We are extremely grateful to members of the Advisory Board for so generously giving their time.

Our updated wi-fi system allows a full range of activities to be deployed for all residents, including spontaneous engagement using music or pictures anywhere in the building. Many residents are already using Skype to keep in touch with far-flung family members and better connectivity will allow them to do this from the privacy of their own rooms.

Cyber security is on everyone’s radar at present and as part of our focus on the use of technology we will be conducting a full cyber security review, ensuring that all systems, whether our resident care records, donations via our website or back-end financial systems have the best protection from intrusion or theft.

FUNDRAISING PERFORMANCE

Fundraising for our charitable objectives

With ever more complex care needs, the impact of government initiatives such as the National Living Wage and Apprenticeship Levy, and rising inflation, the need for fundraising to support the day to day operation of our homes has never been greater. Local Authorities and the NHS, who fund more than 40% of our residents, are operating under ever-tightening budget constraints. In order to provide the same level of care to all we have to raise approximately £600 a week for each resident to cover the shortfall; that is close to £2.5m per annum.

Our donors and benefactors have continued to give generously and donations and legacies were almost on par with last year, with a total of £2.5m being raised compared to £2.6m in the previous year. Events have been well attended, with 500 guests enjoying our biennial dinner at London's Guildhall in November 2015, while 72 players turned out for our annual Golf Day and a further 140 people played in our 29th annual Bridge event.

Our heartfelt thanks go to all our donors and to those who work to raise funds for us.

Fundraising practice

Our supporters are at the heart of our ability to fulfil our mission and, following continued scrutiny of fundraising practices across the sector, we are reviewing our systems to ensure that we move, over the next twelve months, to having the relevant consents in place to contact them.

OUR PEOPLE

Our Trustees

We are sad to report the death of our Life President, Mr Gerald Lipton. Gerald was chairman of Nightingale for many years and a prolific fundraiser with a charismatic personality. He was widely loved and respected in the community, who saw him as representing Nightingale and its values, and he will be sorely missed.

In February 2017 we welcomed a new Trustee, Emma Kane, who brings extensive marketing experience to the Board. Colin Green and David Winton, came to the end of their terms of office and were reappointed for a second term. In April 2017 we said goodbye to Eleanor Angel and Stephanie Brada, both long standing Trustees who, in addition to their official duties, have been passionate volunteers in the two homes, Eleanor at Hammerson House and Stephanie at Nightingale House. Our heartfelt thanks go to both of them for their service over the years.

Further information on our Trustees can be found in the Structure, Governance & Management section of this report.

Our staff

Our staff continue to be our biggest asset, with 450 people being employed in the running of our homes and the care of our residents – 400 of them on the front line. As part of our commitment to person-centred care, staff across the organisation demonstrate our values of Dignity, Excellence, Respect, Integrity and Compassion in all their day to day interactions. Staff not involved in front line operations are encouraged to give time each week to help with activities and meals, with our successful Meals Matters programme, where volunteers help less able residents at mealtimes, a popular choice.

OUR PEOPLE (continued)

Our staff (continued)

Testament to our staff came via comments made by residents and relatives to the CQC inspection team, with one relative being quoted in the final report:

"I've had no concerns about staff whatsoever. They all seem to know exactly what they're doing and they do it with kindness and grace and just make everyone feel like they're at home."

Recruitment continues to be a challenge, as it is across the Healthcare sector, but two Careers Fairs at Nightingale House led to twenty healthcare assistants starting with us in January 2017, allowing costly agency staff to be replaced. Recruitment will continue to be a focus as we aim to remove our reliance on these agency workers.

Our particular thanks go to all our staff at Hammerson House, who have continued to make the home a happy place to live in the final months leading up to closure. We are continuing to work to meet our commitment of finding alternative suitable work for as many as possible of those who want it once Hammerson closes.

On the financial front, we continue to meet our commitment to the National Living Wage and to maintain fair pay increments for those currently earning above that level, to ensure that enhanced skills continue to be recognised appropriately.

Our volunteers

Supporting our staff are an army of 200 volunteers, ranging from schoolgirls to retired businessmen and women, all of whom are integral to our activities, whether it be befriending residents, teaching iPad skills, or running organised activities, to name but a few.

FINANCIAL REVIEW

Overview of consolidated results

	2016 £m	2015 £m	Change %
Income from care provision	11.6	11.6	-
Donations and legacies	2.5	2.6	(3.8)
Income from investments	1.4	1.3	7.7
Other income	0.2	0.1	100
Total income	15.7	15.6	0.6
Total spend on charitable activities	(15.5)	(14.9)	(4.0)
Cost of fundraising	(0.6)	(0.4)	(50)
Investment management costs	(0.2)	(0.2)	-
Total costs	(16.3)	(15.5)	(5.2)

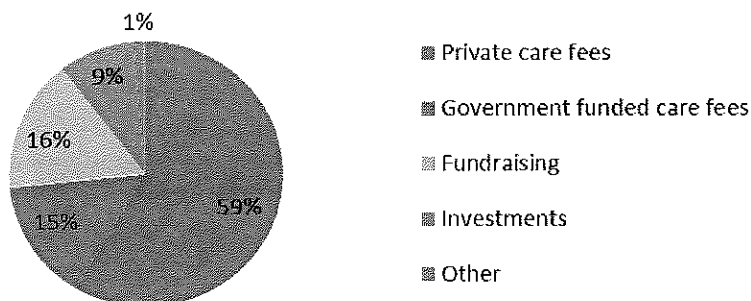
The deficit on operating income for the year was £3.7m (2015: £3.2m). Fundraising contributed a further £1.9m of income (2015: £2.2m) and investment income constituted £1.3m (2015: £1.1m), giving a deficit before investment gains of £0.5m (2015: £0.2m). Our equity portfolio performed strongly in the year, resulting in investment gains of £5.8m (2015: £0.7m), whilst changes in actuarial valuation assumptions created actuarial losses of £0.2m (2015: £0.1m). Overall the surplus for the year, before the £4.7m impairment of the value of Hammerson House, stood at £4.9m (2015: £2.1m).

Income from care provision has remained static, reflecting the fact that there were minimal increases in government and Local Authority funding rates in the year. We were able to achieve a small increase in private funding fees but this was counteracted by a slightly lower occupancy than in the previous year.

Costs continue to rise, with a 10.7% increase in the cost of front line care staff, significantly due to the impact of the National Living Wage but also reflective of the increasingly complex care needs of our residents, which has led to the need for higher staff to resident ratios. These changing care needs, together with an unprecedented increase in the number of residents requiring one-to-one care, and the ongoing national shortage of nurses, have meant a temporary but significant rise in the use of Agency staff, with all the costs associated with that. As part of our update of our five year plan we are reviewing our operating model to ensure sustainability for the future.

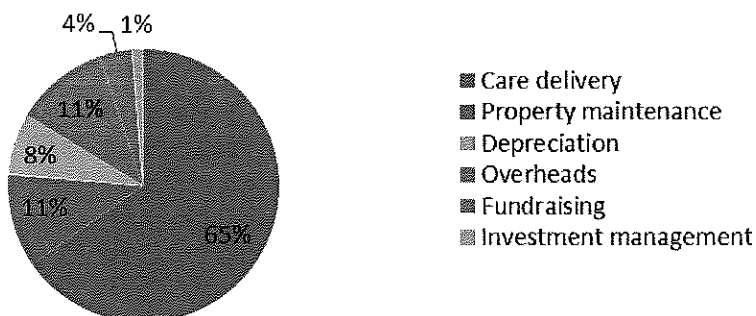
FINANCIAL REVIEW (continued)

Where our income came from



Although more than 40% of our residents are funded by either Local Authorities or the NHS Care Commissioning Group, government funding accounts for only 20% of our income from care delivery, with the shortfall being made up by fundraising and investment income. As we reduce our investment portfolio as part of funding the building of the new Hammerson House, there will be a need for fundraising to increase to continue to pay for these residents.

Where the money was spent



Of our direct care delivery costs, 80% or £8.6m relate to staff (2015: 78% and £7.9m), with 16% or £1.7m (2015: 18% and £1.8m) being spent on catering. Property maintenance and repair, including domestic and laundry services, increased slightly to a cost of £1.8m (2015: £1.7m) with £0.5m being spent on essential repairs and upgrades at Nightingale House, reflecting the age of much of the building. Support costs fell to £1.8m (2015: £1.9m) reflecting improved efficiencies across the organisation. Of this support costs figure, £1.2m relates to staff costs (2015: £1.1m), including £0.2m of expected redundancy costs relating to the closure of Hammerson House (2015: £nil). Also included in support costs are £0.2m of insurance (2015: £0.2m).

Capital

During the year, we spent a total of £0.5m on capital projects, of which £0.4m was professional fees relating to the new Hammerson House and £0.1m preliminary work on the construction of the new OSHA floor at Nightingale House.

FINANCIAL REVIEW (continued)

Impairment

As discussed in the 'Our Plans' section of this report, the Hammerson House building is being demolished for redevelopment in the autumn of 2017. At 30 September 2016 the carrying value of the property in the financial statements was £4.7m. The property is held under a long leasehold agreement and for historical reasons it has not been practical to separate the value of the building lease from that of the land. The directors have therefore taken the prudent view, in light of restrictive covenants on the use of the land for a care home only, to attribute the full value to the building. An impairment charge of £4.7m has therefore been made in these accounts such that the carrying value at the date of demolition of the building will be £nil.

Financial position

Net assets at 30 September 2016 totalled £72.6m (2015: £72.2m). Of this amount, £15.4m is tied up in tangible fixed assets (land and buildings used to house residents and equipment essential to the continuing provision of high quality care and therefore not realisable) and £3.6m is held in restricted funds for specific use. The sum of £27.5m has previously been designated for major capital projects (£20m for Hammerson House and £7.5m for Nightingale House). A further £2.5m has been designated for maintenance, given the high level of cost in maintaining and refurbishing buildings to the standard expected by our residents, ensuring works can continue in times of uncertainty over funding. Income received on restricted and designated funds has been credited to the fund concerned.

Free reserves therefore stand at £23.4m (2015: £18.3m). However, of this, £7m represents unrealised gains on investments, which could reverse at any time, leaving secure reserves of £16m, which the directors believe is comfortably in line with the organisation's reserves policy.

The balance sheet continues to be healthy, with £22.8m held in cash and short term deposits in preparation for the building project, a strong net current assets position and an investment portfolio of £34.5m.

Reserves policy and management

The directors have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, not designated for specific purposes nor otherwise committed. The directors consider that given the nature of the charity's work, continuing political and economic uncertainty affecting the UK and world stock markets and significant changes happening in the funding of nursing care, the level of free reserves should be equivalent to 12 months' expenditure. The directors are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to the timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

FINANCIAL REVIEW (continued)

Investment policy and performance

It is the policy of the directors and members of the Investment Sub-Committee to generate long-term capital appreciation and current income through investments in equities and fixed income securities; the charity is dependent on stable returns on its investments. The directors have developed a strategy to diversify across asset classes and have chosen fixed income bonds with a spread of maturities averaging close to four years in order to achieve a decent yield against a modest risk. The directors have developed an equity portfolio with a moderate risk profile but one with long-term appreciation in mind.

The directors have also agreed to hold a material cash balance towards the charity's planned capital projects with the objective of capital preservation. During the year the directors took advantage of strong capital markets to sell £9m of the equity portfolio (approximately a third) to generate cash in preparation for the development of Hammerson House.

Given the uncertainties in the market place, the global recession and geo-political events affecting equities, the directors are satisfied with the returns achieved in the year and the market value of our investments at year end. The directors remain committed to continue to manage the charity's investments in a very prudent way.

Subsidiaries and related parties

Nightingale Hammerson has two subsidiary entities to assist it in acting in accordance with its objectives: Chalkford Limited, a wholly owned subsidiary which manages the charity's building projects; and Camden Jewish Society, which was brought into the charity under a deed of collaboration in May 2015, and which owns Belmont Lodge. Details of transactions with both parties are set out in Note 19 to the accounts.

In addition, donations were received in the year from various directors and organisations in which directors hold office; details of these relationships and the relevant donations are also contained in Note 19.

The nature of the charity's activities means that from time to time relatives of the directors or staff are cared for by the charity. One director had a relative cared for at Hammerson House during the year but had no direct input in setting fees and related charges.

Going concern

The directors have reviewed the financial position of Nightingale Hammerson as a whole and the charity, taking account of the satisfactory levels of reserves and cash, the annual and five year financial plan and its systems of financial and risk management, and believes that they are well placed to manage operational and financial risks successfully. Accordingly, the directors have reasonable grounds to believe that the organisation has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare the accounts on a going concern basis.

PRINCIPAL RISKS AND UNCERTAINTIES

General risk management

Operational Risk Management is overseen by the Audit & Risk Committee, which continues to keep under review the risk register, ensuring all key risks are identified and mitigated. Clinical risk assessment continues to be overseen by the Care Governance Board whilst Financial and Investment risk are overseen by the respective Committees.

Key risks and how we are managing them

Fire

With a large number of frail and often immobile residents on site twenty four hours a day, managing fire risk is a key priority for us. Detailed fire risk assessments are carried out at all levels and fire safety and evacuation training is mandatory across the organisation. Fire compartments exist throughout the building, allowing all residents to be evacuated horizontally to a place of safety and each resident has a Personal Emergency Evacuation Plan in place which takes into account their particular needs. We are currently in the process of updating our evacuation strategy to ensure the most efficient evacuation possible. Fire alarms are tested weekly, with fire panels identifying the location of any fire and the newer parts of the Nightingale House site are fitted with sprinkler systems.

Health and safety

Health and safety of residents, staff, volunteers and visitors continues to be a risk priority for us and we are committed to maintaining our excellent track record in this area. Three Health and Safety sub-committees, reporting in turn to the Principal Health and Safety Committee, are responsible for Property, Care and Administrative areas, ensuring regular risk assessments are carried out and remedial action taken where needed. Code-operated doors protect all residents from areas which may be hazardous, such as open staircases, whilst areas of high risk such as laundry and kitchen areas are only accessible by authorised staff. All staff receive health and safety training specific to their areas of responsibility.

Clinical

On the clinical front, the Care Governance Board oversees a robust 'accidents, incidents and complaints' procedure and key statistics on such matters as medication, falls and pressure sores are closely monitored and investigated.

Financial

A detailed financial risk register is maintained and is overseen by the Finance Committee. Falling levels, in real terms, of government funding create a significant risk for the organisation, together with the much-talked about care fees funding cap, which, should it be introduced, would limit the amount we receive from privately funded residents significantly. The Committee continues to review ways to improve our resilience to this political exposure and thus ensure sustainability. We are also reliant on fundraising to support our operational deficit and we continue to consider other income streams whilst taking steps to boost donations with the restructuring of our fundraising operations.

Investment

A significant proportion of our reserves are held in equity investment portfolios and thus exposed to the risks of that market. The portfolio is managed by experienced investment managers and performance is closely monitored by the Investment Committee.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Nightingale Hammerson is a registered charity under the Charities Act 2011 (Charity registration number: 207316) and is governed under a Scheme made by the Charities Commission on 30 March 2012. The Charity has a sole corporate Trustee, Nightingale Hammerson Trustee Company Limited, a company registered in England and Wales and limited by guarantee (Company number: 07990530).

The group comprises the charity, a wholly owned subsidiary, Chalkford Limited, a company registered in England and Wales (Company number: 01001396) and, via a Deed of Collaboration, Camden Jewish Society, a registered charity (Charity registration number: 268164) and company registered in England and Wales and limited by guarantee (Company number: 01179914).

Trustees / Directors

The directors of the Corporate Trustee act as the Trustees of the charity and are as set out on page 1 of this report. Brief biographies of each Trustee can be found later in this section. The Trustees meet formally five times a year and in between meetings Trustees engage with the charity, its volunteers and staff in many and varied ways, such as providing guidance on projects, raising funds, serving formally on Committees or supporting new initiatives.

Trustees are appointed by the Board via proposal from the Nominations Committee, which gives ongoing consideration to the range of skills and experience valuable to the Board, aiming to match skills to our strategic goals and business plan needs. Board responsibilities and delegated authorities are set out in the Terms of Reference of both the Board and the Committees which support it. The Board operates a Conflicts of Interest policy, whereby conflicts of interest declarations are completed annually and verbal declarations made at the start of each formal meeting.

Directors serve for a term of three years (although some directors appointed on incorporation may serve for up to seven) and may be reappointed for a further period of three years.

No director received any remuneration or expenses from the group or charity during the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Committees

Certain responsibilities of the Board are delegated to Committees, which act to provide counsel, expertise and support to both the Board and the Executive. A minimum of two directors serves on each Committee and the Chairman is an ex-officio member of all Committees.

The Nominations Committee oversees governance matters, including appointment and re-appointment of directors.

The Finance Committee, which includes two Treasurers, meets quarterly and oversees all financial matters including maintenance of the Financial Risk Register, budget approval and delegation of authorities to the Executive.

The Care Governance Board oversees all care-related matters and works closely with the Director of Care to ensure that all regulatory requirements are met and care standards adhered to. Meetings are attended by other directors as well as a number of clinical professionals and GPs. Clinical standards and practice are regulated by the Care Quality Commission.

The Audit and Risk Committee (non-Financial) meets three times a year and is responsible for the maintenance of the Operational Risk Register and ensuring that the Board are apprised of key risks to the organisation at any time.

The Property Committee oversee all major capital projects, with budgetary oversight from the Treasurers.

The Investment Committee oversees the investment portfolio and provides instruction to the Investment Managers in line with the charity's investment policy. It is currently chaired by Dean Lush, Executive Vice Chairman of Rothschild Wealth Management, and comprises four directors of the charity.

Executive Board

Day to day running of the Charity is delegated to the Executive Board, which comprises seven directors:

Chief Executive	Helen Simmons
Director of Care Services	Simon Pedzisi
Director of Human Resources	Bernadette Thomas
Director of Operations	Andrew Leigh
Director of Finance and IT	Nicky Wade
Director of Marketing & Fundraising	Michelle Quittenton (left March 2017)
Director of Property Services	Gary Brown

Approach to remuneration

Executive remuneration is set with reference to current market conditions to ensure that the Charity continues to recruit and retain high calibre staff. All remuneration, including annual pay reviews, is overseen by the Finance Committee.

No director received any remuneration or expenses from the group or charity during the year (2015 - £nil).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustee biographies

Melvin Lawson - Chairman

Melvin Lawson is an investor in companies and properties. He was previously Managing Director of A. Beckman plc, and is currently a Non-Executive Director of Telecom Plus plc, Satellite Information Services (holdings) Ltd and Catalyst Media Group plc. He is also Vice-Chairman of Central Synagogue and has been a director of Nightingale Hammerson for the past ten years.

Harvey Rosenblatt - President

Harvey has worked in the property industry since 1972 and is a director of numerous property companies involved in development and investment. Until 31 December 2016 he served as Chairman of Nightingale Hammerson.

David Winton – Honorary Treasurer

David is director of a group of property companies. He served as Treasurer of the Western Marble Arch Synagogue from 1988 to 2002 and Vice President from 2002 to 2006 when he was elected Honorary Life President. He was appointed a Director and Treasurer of Nightingale Hammerson in 2002 and served as Deputy Chairman from 2008 until December 2015.

David Tyler – Honorary Treasurer

David is the Chairman of three companies: J Sainsbury plc, Hammerson plc and Domestic & General plc. He is also Chairman of Hampstead Theatre. During his executive career, he worked in senior financial and general management roles at Unilever, NatWest, Christie's and GUS. He brings extensive business management and financial expertise to the Board.

Susan Grant

Susan is a trained counsellor with extensive experience in running reminiscence groups as well as bereavement and family counselling. As well as being a member of the Board of the Claims Conference for Material Reparation, she was Vice Chairman of Jewish Care from 2005 to 2009, a member of the Board of the European Council for Jewish Communities and an Otto Schiff Housing Association council member. In 2012 she formed Six Point Foundation, a charity which supported survivors and refugees who were persecuted by the Nazis and are in necessitive circumstances.

Colin Green

Colin was a solicitor in partnership in private practice and then the General Counsel of British Telecommunications (BT). Subsequently, he was BT's Group Commercial Director and Company Secretary. He was for 10 years, Chairman of Hermes Group Pension Scheme. He is now a voluntary adviser for the Citizen's Advice Bureau, a Trustee of Kingston Refugee Action and Chairman of Green Aid.

Emma Kane

Emma is the Chief Executive and Founder of Redleaf Communications and has 30 years' experience in corporate and financial PR. She is Chairman of the Barbican Centre Trust, sits on the City of London's Barbican Centre Board and is a Trustee of a number of charities. Until September 2015 she was a Trustee of the Wiener Library, the world's leading archive on the Holocaust and Nazi era, with a unique collection of over one million items.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustee biographies (continued)

Jacqueline Morris

Jacqueline is a retired Consultant Geriatrician who is a Vice-President of the Patients Association and a member of the Royal College of Physicians' Audit Committee on End of Life care. As well as working at leading London hospitals for nearly forty years, she set up and ran one of the first care home teams in Camden and was a member of the Professional Advisory Group for Electronic Palliative Care Co-ordination. Having completed a research project on End of Life care in advanced dementia with Jewish Care, she is currently involved with two further care home projects and holds a number of honorary and advisory positions including Medical Advisor to Age UK London.

Greg Scott

Greg is a Partner at London Law firm, Memery Crystal LLP, and Head of its Corporate Department. Greg has some 25 years' experience in advising companies on IPOS and mergers and acquisitions and manages a team of 20 lawyers.

Eli Shahmoon

Eli has extensive and varied property development and redevelopment experience. He is also a former Trustee of Jewish Care, where amongst other roles he chaired the Golders Green Campus Project Group.

Judy Wiseman

Judy trained and worked as a radiographer and then worked for the BBC as a researcher for children's programmes before becoming a relocation counsellor. Her voluntary roles have included chairmanship of the West London Synagogue Charitable Fund and Parents' Forum as well as serving as a Warden for three years.

Employment policy

We strive to be an equal opportunities employer and apply objective criteria to assess merit. We aim to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability. Selection criteria and procedures are reviewed to ensure individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress.

Volunteers are coordinated by the Volunteers Support & Development Manager, with recruitment, management and supervision policies in place.

Report of the directors of the corporate trustee Year to 30 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors of the corporate trustee and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity, of the incoming resources and application of resources of the charity for that period.

In preparing these accounts, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and 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 accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors 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 accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's governing document.

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.



Director

Date of approval: 19th June 2017 .

Independent auditor's report 30 September 2016

Independent auditor's report to the directors of the corporate trustee of Nightingale Hammerson

We have audited the accounts of Nightingale Hammerson for the year ended 30 September 2016, which comprise the consolidated statement of financial activities, the charity statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, 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), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the directors of the corporate trustee, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the directors of the corporate trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the directors of the corporate trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors of the corporate trustee and auditor

As explained more fully in the statement of responsibilities of the directors of the corporate trustee set out in the report of the directors of the corporate trustee, the directors of the corporate trustee are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors of the corporate trustee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the report of the directors of the corporate trustee 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 30 September 2016

Opinion on the accounts

In our opinion the accounts:

- ◆ give a true and fair view of the state of the group's and of the charity's affairs as at 30 September 2016 and of the group's and charity's 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the report of the directors of the corporate trustee is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

29 June 2017

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 30 September 2016

	Notes	Unrestricted funds			2016 Total funds £'000	2015 Total funds £'000
		General and non charitable trading funds £'000	Designated funds £'000	Restricted funds £'000		
Income from:						
Donations and legacies	1	2,338	—	182	2,520	2,573
Investments and short term deposits	2	776	509	126	1,411	1,265
Charitable activities						
. Provision of residential and nursing care	3	11,601	—	—	11,601	11,646
Other sources*		172	—	—	172	151
Total income		14,887	509	308	15,704	15,635
Expenditure on:						
Raising funds						
. Generating donations and legacies	4	608	—	—	608	358
. Investment management costs*		203	—	—	203	208
. Expenditure of UK trading subsidiary*		4	—	—	4	9
Charitable activities						
. Provision of residential and nursing care	5	14,276	543	735	15,554	14,945
Total expenditure before impairment of property		15,091	543	735	16,369	14,945
. Impairment of leasehold property	12	—	4,526	—	4,526	—
Total expenditure		15,091	5,069	735	20,895	15,520
Net (expenditure) income for the year before gains (losses) on investments		(204)	(4,560)	(427)	(5,191)	115
Gains (losses) on investments						
. Realised gains (losses) on disposal of listed investments		2,221	—	196	2,417	(419)
. Unrealised gains on listed investments	13	3,303	—	32	3,335	1,158
. Unrealised gains on investment property	13	62	—	—	62	—
		5,586	—	228	5,814	739
Net income (expenditure) for the year	9	5,382	(4,560)	(199)	623	854
Other recognised gains and losses						
. Actuarial losses on pension scheme	18	(227)	—	—	(227)	(144)
		5,155	(4,560)	(199)	396	710
Funds introduced from amalgamation of Camden Jewish Society	20	—	—	—	—	1,344
Net movement in funds		5,155	(4,560)	(199)	396	2,054
Balances brought forward at 1 October 2015		18,267	38,032	15,945	72,244	70,190
Balances carried forward at 30 September 2016		23,422	33,472	15,746	72,640	72,244

The consolidated statement of financial activities includes the results of Nightingale Hammerson, The Friends of Nightingale House, Chalkford Limited and Camden Jewish Society.

*Income from other sources in 2015 all related to unrestricted funds. Similarly, expenditure in respect to investment management costs and the UK trading subsidiary in 2015 all related to unrestricted funds.

All of the figures included in the above consolidated statement of financial activities derive from continuing activities of the charity and its subsidiaries.

Charity statement of financial activities Year to 30 September 2016

DRAFT

	Notes	Unrestricted funds			2016 Total funds £'000	2015 Total funds £'000
		General fund £'000	Designated funds £'000	Restricted funds £'000		
Income from:						
Donations and legacies	1	2,338	—	182	2,520	2,580
Investments and short term deposits	2	775	509	126	1,410	1,263
Charitable activities						
. Provision of residential and nursing care	3	11,468	—	—	11,468	11,594
Other sources*		188	—	—	188	165
Total income		14,769	509	308	15,586	15,602
Expenditure on:						
Raising funds						
. Generating donations and legacies	4	608	—	—	608	358
. Investment management costs*		203	—	—	203	208
Charitable activities						
. Provision of residential and nursing care	5	14,096	526	735	15,357	14,814
Total expenditure before impairment of property		14,907	526	735	16,168	15,380
. Impairment of leasehold property	12	—	4,667	—	4,667	—
Total expenditure		14,907	5,193	735	20,835	15,380
Net (expenditure) income for the year before gains on investments and transfers between funds		(138)	(4,684)	(427)	(5,249)	222
Gains (losses) on investments						
. Realised gains (losses) on disposal of investments		2,221	—	196	2,417	(419)
. Unrealised gains (losses) on listed investments	13	3,303	—	32	3,335	1,158
. Unrealised gains (losses) on investment property	13	62	—	—	62	—
		5,586	—	228	5,814	739
Net income (expenditure) for the year	9	5,448	(4,684)	(199)	565	961
Other recognised gains and losses						
. Actuarial losses on pension scheme	18	(227)	—	—	(227)	(144)
Net movement in funds		5,221	(4,684)	(199)	338	817
Balances brought forward at 1 October 2015		17,743	37,724	15,944	71,411	70,594
Balances carried forward at 30 September 2016		22,964	33,040	15,745	71,749	71,411

*Income from other sources in 2015 all related to unrestricted funds. Similarly, expenditure in respect to investment management costs in 2015 all related to unrestricted funds.

All the figures included in the above statement of financial activities derive from continuing activities of the charity.

Balance sheets 30 September 2016

	Notes	2016		2015	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible assets	12	15,354	14,890	20,820	20,510
Investments	13	34,489	34,490	39,318	39,319
		<u>49,843</u>	<u>49,380</u>	<u>60,138</u>	<u>59,829</u>
Current assets					
Debtors	14	1,953	2,336	2,222	2,627
Short term deposits		7,316	6,859	6,468	6,010
Cash at bank and in hand		15,518	15,334	5,471	5,204
		<u>24,787</u>	<u>24,529</u>	<u>14,161</u>	<u>13,841</u>
Liabilities					
Creditors: amounts falling due within one year	15	(2,392)	(2,562)	(2,663)	(2,867)
Net current assets		<u>22,395</u>	<u>21,967</u>	<u>11,498</u>	<u>10,974</u>
Total assets less current liabilities		<u>72,238</u>	<u>71,347</u>	<u>71,636</u>	<u>70,803</u>
Pension scheme asset	18	<u>402</u>	<u>402</u>	<u>608</u>	<u>608</u>
Total net assets		<u>72,640</u>	<u>71,749</u>	<u>72,244</u>	<u>71,411</u>
The funds of the charity:					
Charitable funds					
Restricted funds	16	15,746	15,745	15,945	15,944
Unrestricted funds					
. Designated funds	16				
.. Hammerson House building fund		20,339	20,339	20,000	20,000
.. Nightingale House building fund		7,627	7,627	7,500	7,500
.. Maintenance fund		2,542	2,542	2,500	2,500
.. Hammerson lease fund		134	142	2,451	2,451
		<u>30,642</u>	<u>30,650</u>	<u>32,451</u>	<u>32,451</u>
. Tangible fixed assets fund		<u>2,830</u>	<u>2,390</u>	<u>5,580</u>	<u>5,272</u>
. General fund		<u>23,020</u>	<u>22,562</u>	<u>17,660</u>	<u>17,136</u>
. Pension reserve		<u>402</u>	<u>402</u>	<u>608</u>	<u>608</u>
		<u>23,422</u>	<u>22,964</u>	<u>18,268</u>	<u>17,744</u>
Non charitable trading funds	8	—	—	—	—
	17	<u>72,640</u>	<u>71,749</u>	<u>72,244</u>	<u>71,411</u>

Approved by the directors of the corporate trustee
and signed on their behalf by:



Director of the corporate trustee

Approved on: 19th June 2017

Consolidated cash flow statement Year to 30 September 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(674)	562
Cash flows from investing activities:			
Investment income		1,411	1,265
Purchase of tangible fixed assets		(485)	(891)
Proceeds from the disposal of investments		17,534	9,771
Purchase of investments		(6,891)	(10,094)
Net cash provided by (used in) investing activities		11,569	51
Change in cash and cash equivalents in the year		10,895	613
Cash and cash equivalents at 1 October 2015	B	11,939	11,326
Cash and cash equivalents at 30 September 2016	B	22,834	11,939

Notes to the statement of cash flows for the year to 30 September 2016

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2016 £'000	2015 £'000
Net movement in funds (as per the statement of financial activities)	396	2,054
Adjustments for:		
Depreciation charge	1,210	1,282
Impairment of leasehold property	4,526	—
Gains on listed investments	(5,752)	(860)
Gains on investment property	(62)	—
Investment income	(1,411)	(1,265)
Decrease in value of pension asset	206	124
Decrease (increase) in debtors	269	(487)
Decrease in creditors	(56)	(286)
Net cash (used in) provided by operating activities	(674)	562

B Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	15,518	5,471
Short term deposits (less than three months)	7,316	6,468
Total cash and cash equivalents	22,834	11,939

Principal accounting policies 30 September 2016

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 30 September 2016.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The date of transition to Charities SORP FRS 102 was 1 October 2014. The end of the accounting reference date in respect to the charity's last annual financial statements determined in accordance with the previous financial reporting framework was 30 September 2015. This is the first set of the charity's accounts prepared in accordance with the Charities SORP FRS 102.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

The statement of financial activities and balance sheet consolidate the accounts of the charity and its group undertakings (listed below) made up to the balance sheet date.

- ◆ Chalkford Limited, a UK trading subsidiary which is a property construction company.
- ◆ Friends of Nightingale House, a charitable trust no longer operational but having the purpose of raising funds primarily on behalf of Nightingale Hammerson.
- ◆ Camden Jewish Society, a charitable company limited by guarantee whose sole activity is the provision of sheltered accommodation. Since 30 April 2015, Nightingale Hammerson has had management and voting control of Camden Jewish Society.
- ◆ Intra-group transactions are eliminated in full.

Principal accounting policies 30 September 2016

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the directors of the corporate trustee have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. Other than presentational adjustments to reanalyse expenditure for the year ended 30 September 2015 to accord with the format prescribed in the Charities SORP FRS 102, no further restatements were required. Specifically, governance costs which were previously reported as a separate line of expenditure within the statement of financial activities are now allocated to expenditure on charitable activities.

In accordance with the requirements of FRS 102, a reconciliation of the net income for the year is provided with the net income under the previous GAAP.

Reconciliation of reported consolidated net income	2015 £'000
Net income as previously stated	115
Adjustment for gains on investments now treated as a component of net income	739
Net income as restated	854
<hr/>	
Reconciliation of reported charity net income	2015 £'000
Net income as previously stated	222
Adjustment for gains on investments now treated as a component of net income	739
Net income as restated	961

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the directors of the corporate trustee and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ assessing the probability of the receipt of legacy income;
- ◆ estimating accrued expenditure;
- ◆ determining the apportionment of expenditure between governance and support costs and between support costs and the various categories of expenditure;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation charge;
- ◆ determining the impairment provision required in respect of property to be demolished and redeveloped in the year ending 30 September 2017;
- ◆ estimating the market value of investment property;
- ◆ assessing the recoverability of outstanding debtors for residential and care home fees;
- ◆ assessing the appropriateness of the assumptions made by the actuary in arriving at the actuarial valuation of the charity's defined benefit pension scheme; and
- ◆ determining the value of designated funds set aside at the year end.

Principal accounting policies 30 September 2016

Assessment of going concern

The directors of the corporate trustee have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors of the corporate trustee have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors of the corporate trustee have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity and/or the group to continue as a going concern. The directors of the corporate trustee are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 30 September 2017, the most significant areas that affect the carrying value of the assets held by the charity and/or group are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the report of the directors of the corporate trustee for more information).

Income recognition

Income is recognised in the period in which the group and/or charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, income from fundraising events, income from investments and interest from short term bank deposits, fees for the provision of residential and nursing care and income from other sources.

Donations are recognised when the charity and/or group has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity and/or group is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and/or group and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity and/or group is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity and/or group.

Entitlement is taken as the earlier of the date on which either: the charity and/or group is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity and/or group that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity and/or group has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity and/or group, or the charity and/or group is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity and/or group.

Principal accounting policies 30 September 2016

Income recognition (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on short term deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Fees for residential and nursing care are recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. They are measured at the fair value of the consideration received or receivable based on agreements with residents and funding agencies, excluding any relevant value added tax.

Income from other sources is measured at fair value and on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings as described in note 6. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes: the salaries, direct costs and overheads associated with generating donated income and legacies; the fees paid to investment managers in connection with maintaining the portfolio of listed investments; and the expenditure of the charity's trading subsidiary in the UK.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of charitable activities i.e. the provision of holistic quality care to older Jewish people. This includes expenditure on residential and nursing care, the depreciation of those assets used for care purposes; and expenditure on the provision of sheltered accommodation.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity and/or group it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity and/or group (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned based on the allocation basis as described in note 7 to these accounts.

Principal accounting policies 30 September 2016

Tangible fixed assets

All items of furniture, fittings and equipment with a value in excess of £10,000 and which have an expected useful life exceeding one year are capitalised and depreciated.

Depreciation is charged at the following annual rates in order to write off each asset over its estimated useful life:

- ◆ Freehold and leasehold property 2% to 4% on cost
- ◆ Plant 10% on cost
- ◆ Fixtures and fittings 25% on cost
- ◆ Motor vehicles 25% on cost

Depreciation is not charged on buildings under construction or on freehold land.

Impairment of tangible fixed assets

Impairment of leasehold property is calculated such as to result in a carrying value equal to the depreciation that would be chargeable for the remaining useful economic life under the current policy.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Properties held for investment are included in the accounts at their estimated current market value as determined by the directors of the corporate trustee after consultation with their professional property advisers.

Investments in UK trading subsidiaries are included in the accounts at cost with provision being made for any permanent diminution in value.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Principal accounting policies 30 September 2016

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the directors.

The designated funds are monies or assets set aside out of general funds and designated for specific purposes by the directors.

The tangible fixed assets fund represents the net book value of the tangible fixed assets used for the support of the work of the charity and/or group.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Non-charitable trading funds consist of the retained assets of activities conducted through non-charitable trading subsidiaries.

Pension contributions

The charity contributes to a defined benefits pension scheme (which is closed to new members) providing benefits based on final pensionable salary. The assets of the scheme are held and managed separately from those of the charity. Pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities in recognised gains and losses for the period.

Contributions to the Home's defined contributions scheme are charged to the statement of financial activities in the year in which they are payable to the scheme.

In February 2014, all eligible members of staff (not already contributing to an eligible scheme) were required to be auto-enrolled in a workplace pension scheme. Employer contributions to the scheme are charged to the statement of financial activities in the year in which they are payable.

Principal accounting policies 30 September 2016

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling using the average rates of exchange ruling during the relevant financial period.

Notes to the accounts Year to 30 September 2016

1 Income from: Donations and legacies

Group	General fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Donations	1,705	182	1,887	2,129
Legacies	633	—	633	444
2016 Total funds	2,338	182	2,520	2,573
2015 Total funds	2,066	507	2,573	

Charity	General fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Donations	1,705	182	1,887	2,136
Legacies	633	—	633	444
2016 Total funds	2,338	182	2,520	2,580
2015 Total funds	2,073	507	2,580	

2 Income from: Investments and short term deposits

Group	General fund £'000	Designated fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Income from listed investments					
. UK corporate loan stock	319	231	72	622	569
. Property funds	3	25	—	28	40
. Foreign loan stock	—	—	24	24	100
. Equities	350	253	—	603	434
. Unit funds	—	—	30	30	5
	672	509	126	1,307	1,148
Rental income	8	—	—	8	8
Interest receivable	96	—	—	96	109
2016 Total funds	776	509	126	1,411	1,265
2015 Total funds	1,154	—	111	1,265	

Charity	General fund £'000	Designated funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Income from listed investments					
. UK corporate loan stock	319	231	72	622	569
. Property funds	3	25	—	28	40
. Foreign loan stock	—	—	24	24	100
. Equities	350	253	—	603	434
. Unit funds	—	—	30	30	5
	672	509	126	1,307	1,148
Rental income	8	—	—	8	8
Interest receivable	95	—	—	95	107
2016 Total funds	775	509	126	1,410	1,263
2015 Total funds	1,152	—	111	1,263	

Notes to the accounts Year to 30 September 2016

3 Income from: Provision of residential and nursing care

Group	General fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Maintenance contributions receivable	11,396	—	11,396	11,093
Provision of 'step down' accommodation to St George's Hospital Healthcare NHS Trust	205	—	205	553
2016 Total funds	11,601	—	11,601	11,646
2015 Total funds	11,646	—	11,646	

Charity	General fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Maintenance contributions receivable	11,263	—	11,263	11,041
Provision of 'step down' accommodation to St George's Hospital Healthcare NHS Trust	205	—	205	553
2016 Total funds	11,468	—	11,468	11,594
2015 Total funds	11,594	—	11,594	

4 Expenditure on: Generating donations and legacies

Group and charity	General fund £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Staff costs	223	—	223	186
Fundraising, legacy and appeal expenses	276	—	276	77
Publications	—	—	—	11
Support costs (note 6)	109	—	109	84
2016 Total funds	608	—	608	358
2015 Total funds	358	—	358	

Fundraising, legacy and appeal expenses for 2016 includes costs in respect of the biennial fundraising dinner.

Notes to the accounts Year to 30 September 2016

5 Expenditure on: Provision of residential and nursing care

Group	General fund £'000	Designated funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Staff costs	8,601	—	43	8,644	7,878
Catering and food	1,695	—	—	1,695	1,786
Premises day to day costs	1,776	—	—	1,776	1,656
Medical, care and welfare costs	360	—	25	385	442
Support costs (note 6)	1,844	—	—	1,844	1,901
Depreciation (note 12)	—	543	667	1,210	1,282
2016 Total funds	14,276	543	735	15,554	14,945
2015 Total funds	13,607	338	1,000	14,945	

Charity	General fund £'000	Designated funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Staff costs	8,521	—	43	8,564	7,838
Catering and food	1,683	—	—	1,683	1,779
Premises day to day costs	1,723	—	—	1,723	1,628
Medical, care and welfare costs	362	—	23	385	442
Support costs (note 6)	1,807	—	—	1,807	1,853
Depreciation (note 12)	—	526	669	1,195	1,274
2016 Total funds	14,096	526	735	15,357	14,814
2015 Total funds	13,484	330	1,000	14,814	

6 Support costs

The support costs, and the basis of their allocation, were as follows:

Group	Generating donations and legacies £'000	Provision of residential and nursing care £'000	Total £'000	Basis of apportionment
Staff costs	21	1,157	1,178	Time apportioned
Premises costs	18	75	93	Floor space
Office costs	4	201	205	Pro rata expenditure
Other costs	65	349	414	Pro rata expenditure
Governance costs	1	62	63	Pro rata expenditure
2016 Total	109	1,844	1,953	
2015 Total	84	1,901	1,985	

6 Support costs (continued)

Charity	Generating donations and legacies £'000	Provision of residential and nursing care £'000	Total £'000	Basis of apportionment
Staff costs	21	1,144	1,165	Time apportioned
Premises costs	18	72	90	Floor space
Office costs	4	195	199	Pro rata expenditure
Other costs	65	345	410	Pro rata expenditure
Governance costs	1	51	52	Pro rata expenditure
2016 Total	109	1,807	1,916	
2015 Total	84	1,853	1,937	

Staff costs include staff salaries as detailed in note 11 and other related costs such as recruitment and training costs. Other costs include legal and professional fees, marketing and finance costs.

7 UK trading subsidiary

Nightingale Hammerson owns the entire called up ordinary share capital of Chalkford Limited, a property construction company.

A summary of the trading results of Chalkford Limited for the year ended 30 September 2016 are given below.

	2016 £'000	2015 £'000
Turnover	513	247
Cost of sales	(500)	(212)
Administrative expenses	(19)	(23)
Operating (loss) profit	(6)	12
Interest payable	(5)	(6)
(Loss) profit before Gift Aid	(11)	6
Amount donated to Nightingale Hammerson	—	(6)
Retained loss	(11)	—

At 30 September 2016, Chalkford Limited had retained losses of £11k (2015 – £nil) and called up share capital of £1k (2015 - £1k). The results and the balance sheet figures have been consolidated on a line by line basis within the accounts of Nightingale Hammerson.

8 Camden Jewish Society

Since 30 April 2015, Nightingale Hammerson has had management and voting control over Camden Jewish Society, a registered charity (Charity Registration Number 268164) and company limited by guarantee (Company Registration Number 01179914, England and Wales), whose sole activity is the provision of sheltered accommodation.

A summary of the results of Camden Jewish Society for the year to 30 September 2016 are given below.

Notes to the accounts Year to 30 September 2016

8 Camden Jewish Society (continued)

	Year to 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Income from:		
Interest receivable	6	8
Charitable activities	134	53
Total income	140	61
Expenditure on:		
Charitable activities	(199)	(132)
Total expenditure	(199)	(132)
Net expenditure and net movement in funds	(59)	(71)

At 30 September 2016, Camden Jewish Society had retained funds of £1.213 million (2015: £1.273 million). The results for the year and the balance sheet figures have been consolidated on a line by line basis within the accounts of Nightingale Hammerson for the year ended 30 September 2016.

9 Net income (expenditure) for the year

This is stated after charging:

Group	General fund £'000	Designated funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Staff costs (note 10)	10,002	—	43	10,045	9,072
Auditor's remuneration					
. Audit services - charity and consolidation	33	—	—	33	42
. Other services	25	—	—	25	17
Depreciation (note 12)	—	542	668	1,210	1,282
Impairment (note 12)	—	4,526	—	4,526	—
Charity					
Staff costs (note 10)	9,908	—	43	9,951	9,028
Auditor's remuneration					
. Audit services - charity and consolidation	30	—	—	30	36
. Other services	21	—	—	21	17
Depreciation (note 12)	—	526	669	1,195	1,274
Impairment (note 12)	—	4,667	—	4,667	—

Notes to the accounts Year to 30 September 2016

10 Staff costs

Group	2016 £'000	2015 £'000
Staff costs during the year were as follows:		
Wages and salaries	8,033	7,699
Social security costs	632	647
Other pension costs	163	212
	8,828	8,558
Payments to agency staff	1,065	510
Redundancy costs	152	4
	10,045	9,072
Charity	2016 £'000	2015 £'000
Staff costs during the year were as follows:		
Wages and salaries	7,939	7,659
Social security costs	632	643
Other pension costs	163	212
	8,734	8,514
Payments to agency staff	1,065	510
Redundancy costs	152	4
	9,951	9,028

Of payments to agency staff, £740k represents payments in respect of one to one care provision, in respect of which separate fees are payable.

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

Group and charity	2016	2015
£70,001 – £80,000	3	1
£80,001 – £90,000	1	1
£90,001 – £100,000	1	1
£100,001 – £110,000	1	1

Of those employees who earned £60,000 or more during the year (as defined above), employer contributions totalling £34,600 were made to defined contribution schemes in respect to six of them (2015 – £26,900 in respect to four). Contributions were made to a defined benefit scheme in respect to none of them (2015 - one).

The total remuneration, including benefits, paid to key management personnel in the year was £593k (2015 - £567k).

The average number of employees, excluding agency staff, analysed by function, was:

Group and charity	2016	2015
Generating donations and legacies	5	5
Provision of residential and nursing care services	368	386
	373	391

Notes to the accounts Year to 30 September 2016

10 Staff costs (continued)

No director of the corporate trustee received any remuneration or expenses from the group or charity during the year (2015 - £nil).

The nature of the charity's activities means that from time to time relatives of the directors of the corporate trustee or staff are cared for by the charity and/or group. One director of the corporate trustee had a relative cared for at Hammerson House during the year. She had no direct input in setting fees and related charges for her relative.

Indemnity insurance

During the year, the charity purchased insurance to protect the group from loss arising from any wrongful or dishonest act of any director or employee and to indemnify any director or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was increased from £5m to £10m during the year (2015 - £5m) and the total premium paid in respect of such insurance was £6k (2015 - £5k).

11 Taxation

Nightingale Hammerson and Camden Jewish Society are registered charities and therefore are not liable to income tax or capital gains tax on income or gains derived from their charitable activities, as they fall within the various exemptions available to registered charities.

Chalkford Limited donates any taxable profits to Nightingale Hammerson via Gift Aid each year.

12 Tangible fixed assets

Group	Freehold property £'000	Long leasehold properties £'000	Assets under construction £'000	Plant £'000	Furniture, equipment and motor vehicles £'000	Total £'000
Cost						
At 1 October 2015	46,385	6,484	252	1,593	2,147	56,861
Additions	(199)	(47)	474	5	37	270
At 30 September 2016	<u>46,186</u>	<u>6,437</u>	<u>726</u>	<u>1,598</u>	<u>2,184</u>	<u>57,131</u>
Depreciation and impairment						
At 1 October 2015	33,206	1,409	—	177	1,249	36,041
Depreciation charge for year	666	254	—	132	158	1,210
Impairment in year	—	4,526	—	—	—	4,526
At 30 September 2016	<u>33,872</u>	<u>6,189</u>	<u>—</u>	<u>309</u>	<u>1,407</u>	<u>41,777</u>
Net book values						
At 30 September 2016	<u>12,314</u>	<u>248</u>	<u>726</u>	<u>1,289</u>	<u>777</u>	<u>15,354</u>
At 30 September 2015	<u>13,179</u>	<u>5,075</u>	<u>252</u>	<u>1,416</u>	<u>898</u>	<u>20,820</u>

12 Tangible fixed assets (continued)

Charity	Freehold property £'000	Long leasehold properties £'000	Assets under construction £'000	Plant £'000	Furniture, equipment and motor vehicles £'000	Total £'000
Cost						
At 1 October 2015	45,719	6,630	264	1,655	2,149	56,417
Additions	(207)	(46)	496	4	(5)	242
At 30 September 2016	45,512	6,584	760	1,659	2,144	56,659
Depreciation and impairment						
At 1 October 2015	33,104	1,409	—	179	1,215	35,907
Depreciation charge for year	655	254	—	132	154	1,195
Impairment in year	—	4,667	—	—	—	4,667
At 30 September 2016	33,759	6,330	—	311	1,369	41,769
Net book values						
At 30 September 2016	11,753	254	760	1,348	775	14,890
At 30 September 2015	12,615	5,221	264	1,476	934	20,510

The negative figures for additions to both freehold and long leasehold properties reflect adjustments to estimates made in the prior year to the VAT liability in respect to additions.

The leasehold property comprises the Hammerson House buildings, which are due for demolition and redevelopment in the autumn of 2017. The value of the buildings at 30 September 2017 is therefore expected to be zero and an impairment charge has been made in these accounts to reflect the remaining useful economic life of one year at the balance sheet date. No value has been attributable to the leasehold land as lease covenants require its use as a residential care facility

Capital commitments

Contracted but not provided for

At 30 September 2016, neither the group or the charity had any capital commitments that had been contracted for but which had not been provided for (2015 – £nil).

Authorised but not contracted for

As explained under future plans within the report of the directors of the corporate trustee, in December 2015 the directors approved plans for major development of the accommodation and facilities at Hammerson House, involving closing the home and demolishing the existing buildings, with an expected cost in the region of £36 million. As at 30 September 2016, a total of £1.3 million of these costs had been authorised, and had fee agreements put in place, by the group in respect of this project. At 30 September 2015, neither the group or the charity had any capital commitments that had been authorised but not contracted for.

A further £1.5 million had been authorised by the group, but not contracted for, at 30 September 2016 for the conversion of a vacant floor of Nightingale House into a new unit.

13 Fixed asset investments

Group	Investment property £'000	Listed investments £'000	2016 Total £'000
Market value at 1 October 2015	238	39,080	39,318
Additions at cost	—	6,891	6,891
Disposals at book value (proceeds: £17,534k; gains of £2,417k)	—	(15,117)	(15,117)
Net unrealised investment gains	62	3,335	3,397
Market value at 30 September 2016	300	34,189	34,489
Cost of investments at 30 September 2016	238	27,078	27,316

Charity	Shares in subsidiary companies £'000	Investment property £'000	Listed investments £'000	2016 Total £'000
Market value at 1 October 2015	1	238	39,080	39,319
Additions at cost	—	—	6,891	6,891
Disposals at book value (proceeds: £17,534k; gains of £2,417k)	—	—	(15,117)	(15,117)
Net unrealised investment gains	—	62	3,335	3,397
Market value at 30 September 2016	1	300	34,189	34,490
Cost of investments at 30 September 2016	1	238	27,078	27,317

Listed investments

All listed investments are dealt in on a recognised stock exchange.

Listed investments held at 30 September 2016 comprised the following:

Group and charity	%	Total £'000
UK corporate loan stock	31	10,574
Foreign loan stock	6	2,206
Equities	52	17,661
Unit funds	11	3,748
	100	34,189

At 30 September 2016 there were no investment holdings that had a material value when compared to the market value of the total portfolio of listed investments as at that date.

Investment property

Investment property comprises of a long leasehold flat in a property situated in North London purchased by the charity during the year ended 30 September 2014. The directors of the corporate trustee have revalued the property based upon information publicly available relating to similar properties in the same location.

13 Fixed asset investments (continued)

Subsidiary undertakings

At 30 September 2016 Nightingale Hammerson owned the entire called up share capital of the following company:

Company	Country of incorporation	Principal activity during the year
Chalkford Limited	England	Property development

14 Debtors

	2016		2015	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Maintenance contributions	783	783	1,152	1,152
Amount due from subsidiary undertakings (note 19)	—	431	—	405
Legacies receivable	427	427	—	—
Accrued income	288	282	409	409
Other debtors	220	178	374	374
Prepayments	235	235	287	287
	1,953	2,336	2,222	2,627

15 Creditors: amounts falling due within one year

	2016		2015	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Amounts held on behalf of residents	578	576	662	662
Maintenance contributions in advance	189	189	252	251
Expense creditors	672	422	507	414
Social security and other taxation	170	178	486	192
Other creditors	262	262	308	165
Accruals	521	436	448	294
Amount due to subsidiary undertakings (note 19)	—	499	—	889
	2,392	2,562	2,663	2,867

16 Charitable funds

Restricted funds

The income funds of the group and charity include restricted funds comprising the following balances of donations and grants held on trusts to be applied for specific purposes:

Group	At 1 October 2015 £'000	Income £'000	Expenditure, gains and losses £'000	At 30 September 2016 £'000
General Building Fund	12,738	44	(654)	12,128
Hammerson House Building Fund	—	50	—	50
Weinberg Funds	2,834	128	228	3,190
Donations Special Purpose – fixed assets	50	—	(13)	37
Donations Special Purpose – other	133	61	(55)	139
Janet and Howard Bloch funds	164	10	—	174
Amenities Fund	1	2	(1)	2
Gannett Foundation	1	—	—	1
Lightman Donation	2	—	—	2
West London Synagogue	4	—	—	4
Gail Levy – Staff Amenity Fund	1	—	(1)	—
Activities Fund	8	13	(11)	10
Salinger and Kirby	9	—	—	9
	15,945	308	(507)	15,745

Charity	At 1 October 2015 £'000	Income £'000	Expenditure, gains and losses £'000	At 30 September 2016 £'000
Building Fund	12,737	44	(654)	12,127
Hammerson House Building Fund	—	50	—	50
Weinberg Funds	2,834	128	228	3,190
Donations Special Purpose – fixed assets	50	—	(13)	37
Donations Special Purpose – other	133	61	(55)	139
Janet and Howard Bloch funds	164	10	—	174
Amenities Fund	1	2	(1)	2
Gannett Foundation	1	—	—	1
Lightman Donation	2	—	—	2
West London Synagogue	4	—	—	4
Gail Levy – Staff Amenity Fund	1	—	(1)	—
Activities Fund	8	13	(11)	10
Salinger and Kirby	9	—	—	9
	15,944	308	(507)	15,745

16 Charitable funds (continued)

Restricted funds (continued)

Building Fund

These building funds comprise:

- ◆ Monies donated specifically towards the construction and development of new building projects on the site of Nightingale House;
- ◆ The net book value of buildings comprising restricted property assets. Each year the depreciation on such buildings is charged to the fund.

Weinberg Funds

Prior to the year ended 30 September 2014, the Weinberg Funds were previously treated as permanent endowment funds – to be held by the charity indefinitely.

During the year to 30 September 2011, permission was granted by the donor of The Harry and Jeanette Weinberg Fund for the directors to release funds from The Weinberg (Nightingale) Funds (both endowment and designated) to be utilised towards the costs of constructing the Wohl Wing, a unit specifically for residents with Dementia. The release of the funds was subject to certain conditions which capped the amount that could be utilised.

During the year to 30 September 2014, The Harry and Jeanette Weinberg Foundation Inc (the Foundation) generously granted permission for the total balance on both The Harry and Jeanette Weinberg Fund and The Weinberg (Nightingale) Fund totalling £2.7m to be released and applied towards the project to upgrade substantially the charity's care homes for the elderly at Hammerson House. This permission was granted subject to the Foundation receiving specific reporting on the use of the funds and the charity naming a floor within the newly refurbished wing of Nightingale House in honour of the Foundation's founders.

Consequently, during the year ended 30 September 2014, the balances on these funds were transferred to and are now shown within restricted funds. The directors remain very grateful for the Foundation's continuing support.

Hammerson House building fund

These funds comprise donations received specifically for the redevelopment of Hammerson House.

Donations special purpose

These funds comprise donations received towards a specific purpose.

Janet and Howard Bloch funds

These funds comprise monies to be used to provide additional services for the residents, specifically in terms of activities, and the provision of training.

16 Charitable funds (continued)

Designated funds

The income funds of the group and charity include the following designated funds which have been set aside for major capital projects:

Group	At 1 October 2015 £'000	New designations £'000	Utilised / released £'000	At 30 September 2016 £'000
Hammerson House building fund	20,000	339	—	20,339
Nightingale House building fund	7,500	127	—	7,627
Maintenance fund	2,500	42	—	2,542
Hammerson lease fund	2,452	—	(2,318)	134
	32,452	508	(2,318)	30,642
Tangible fixed assets fund	5,580	1	(2,751)	2,830
Total	38,032	509	(5,069)	33,472

Charity	At 1 October 2015 £'000	New designations £'000	Utilised / released £'000	At 30 September 2016 £'000
Hammerson House building fund	20,000	339	—	20,339
Nightingale House building fund	7,500	127	—	7,627
Maintenance fund	2,500	42	—	2,542
Hammerson lease fund	2,451	1	(2,310)	142
	32,451	509	(2,310)	30,650
Tangible fixed assets fund	5,273	—	(2,883)	2,390
Total	37,724	509	(5,193)	33,040

Hammerson House building fund

This comprises monies set aside by the directors to provide funds for the redevelopment of Hammerson House.

Nightingale House building fund

This comprises monies set aside by the directors to provide funds for redevelopment at Nightingale House.

Maintenance fund

This comprises monies set aside by the directors to provide funds for the ongoing building maintenance of our homes.

Hammerson lease fund

The Hammerson lease fund comprises the net book value of the charity's original leasehold tangible fixed assets. In line with the plans to redevelop Hammerson House, as described in the report of the directors of the Corporate Trustee, an impairment charge has been applied to this fund as set out in Note 12.

16 Charitable funds (continued)

Tangible fixed assets fund

The tangible fixed assets fund comprises the net book value of the charity's tangible fixed assets (excluding those comprising part of restricted Building Fund New Projects and the Hammerson lease fund). A decision was made by the directors to separate this fund from the general fund in recognition of the fact that the tangible fixed assets are used in the day to day work of the charity and group and hence the fund value would not be easily realisable if needed to meet future contingencies. In line with the plans to redevelop Hammerson House, as described in the report of the directors of the Corporate Trustee, an impairment charge has been applied to this fund as set out in Note 12.

17 Analysis of net assets between funds

Group	General and non- charitable trading funds £'000	Designated funds £'000	Restricted funds £'000	Total 2016 £'000
Fund balances at 30 September 2016 are represented by:				
Tangible fixed assets	—	3,188	12,166	15,354
Investments	1,818	30,296	2,375	34,489
Current assets	23,594	(12)	1,205	24,787
Liabilities	(2,392)	—	—	(2,392)
Pension scheme asset	402	—	—	402
Total net assets	23,422	33,472	15,746	72,640
Charity	General fund £'000	Designated funds £'000	Restricted funds £'000	Total 2016 £'000
Fund balances at 30 September 2016 are represented by:				
Tangible fixed assets	—	2,724	12,166	14,890
Investments	1,799	30,316	2,375	34,490
Current assets	23,325	—	1,204	24,529
Liabilities	(2,562)	—	—	(2,562)
Pension scheme asset	402	—	—	402
Total net assets	22,964	33,040	15,745	71,749

Notes to the accounts Year to 30 September 2016

17 Analysis of net assets between funds (continued)

	General and non- charitable trading funds £'000	Designated funds £'000	Restricted funds £'000	Total 2016 £'000
Group and Charity at 30 September 2016				
On listed investments	6,289	864	(42)	7,111
On investment property	62	—	—	62
Total	<u>6,351</u>	<u>864</u>	<u>(42)</u>	<u>7,173</u>
Reconciliation of movements in unrealised gains (losses)				
Unrealised gains at 1 October 2015	4,948	864	96	5,908
Less: in respect of disposals in year	(2,123)	—	(9)	(2,132)
Add: Net unrealised gains on listed investments in year	3,303	—	32	3,335
Net unrealised gains on investment property in year	62	—	—	62
Accumulated unrealised gains (losses) at 30 September 2016	<u>6,190</u>	<u>864</u>	<u>119</u>	<u>7,173</u>

18 Pension commitments

Nightingale Hammerson operates a defined benefit scheme for certain former employees, providing benefits based on final pensionable pay. It also contributes to personal pension plans for current employees.

The defined benefit scheme is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 March 2014 and updated to 30 September 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a surplus of £36,000. In accordance with the actuarial valuation, the employer had agreed with the trustees that it would pay 15.8% of pensionable salaries in respect of the costs of accruing benefits. Member contributions were payable in addition at the rate of 8% of pensionable salary. However, all active members under the scheme have now retired and no further contributions are payable in respect of the cost of accruing benefits. The employer meets all expenses of the scheme and levies to the Pension protection Fund. The total pension cost in respect of the defined benefit scheme for the year was £nil (2015 - £20,000).

Notes to the accounts Year to 30 September 2016

18 Pension commitments (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit asset	2016 £'000	2015 £'000
Fair value of plan assets	4,501	4,015
Present value of defined benefit obligation	(4,099)	(3,407)
Defined benefit asset at 30 September	402	608

Reconciliation of opening and closing balances of the defined benefit obligation	2016 £'000	2015 £'000
Defined benefit obligation at start of period	3,407	3,712
Current service cost	—	20
Expenses	—	1
Interest expense	121	132
Contributions by plan participants	—	10
Actuarial losses	691	34
Benefits paid and expenses	(120)	(502)
Defined benefit obligation at end of period	4,099	3,407

Reconciliation of opening and closing balances of the fair value of plan assets	2016 £'000	2015 £'000
Fair value of plan assets at start of period	4,015	4,444
Interest income	142	153
Actuarial gains / (losses)	464	(110)
Contributions by the employer	—	20
Contributions by plan participants	—	10
Benefits paid and expenses	(120)	(502)
Fair value of plan assets at end of period	4,501	4,015

The actual return on the plan assets over the period ended 30 September 2016 was £606,000.

Defined benefit costs recognised in SOFA	2016 £'000	2015 £'000
Current service cost	—	31
Defined benefit costs recognised in SOFA	—	31

Defined benefit costs recognised in other comprehensive income	At 30 September 2016 £'000	At 30 September 2015 £'000
Gain (loss) on plan assets (excluding amounts included in net interest cost)	464	(110)
Experience gain (loss) arising on plan liabilities	44	(3)
Loss resulting from changes in the demographic and financial assumptions underlying the present value of plan liabilities	(735)	(31)
Total loss recognised in other comprehensive income	(227)	(144)

Notes to the accounts Year to 30 September 2016

18 Pension commitments (continued)

Assets	At 30 September 2016 £'000	At 30 September 2015 £'000
UK Equities	1,484	1,562
Overseas Equities	1,750	625
Corporate Bonds	949	986
Government Bonds	96	93
Property	74	39
Cash / Other	148	710
Total Assets	4,501	4,015

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Assumptions	At 30 September 2016 %	At 30 September 2015 %
Discount Rate	2.20	3.60
Inflation (RPI)	3.10	2.90
Salary growth		
Allowance for revaluation of deferred pensions of RPI or 5% if less	3.10	2.90
Allowance for revaluation of deferred pensions of RPI or 2.5% if less	2.50	2.50
Allowance for pension in payment increases of RPI or 5% if less	3.00	2.80
Allowance for pension in payment increases of RPI or 2.5% if less	2.10	2.00
Allowance for commutation of pension for cash at retirement	25% of capitalised value of member's pension commuted for cash	25% of capitalised value of member's pension commuted for cash

The mortality assumptions adopted at 30 September 2016 imply the following life expectancies at retirement age 65:

	2016	2015
Retiring today / current pensioners		
Males	21.9	22.1
Females	23.9	24.1
Retiring in 20 years / future pensioners		
Males	23.2	23.4
Females	25.4	25.6

The best estimate of contributions to be paid by the employer to the scheme for the period commencing 1 October 2016 is £nil. Any expenses of the scheme, other than investment management costs, are expected to be met directly by the employer or reimbursed by the employer if paid by the scheme.

Personal pension plans and auto enrolment schemes

The total pension costs in respect to personal pension plans and auto enrolment schemes for the year was £162,837 (2015 - £158,568).

19 Related party transactions

Chalkford Limited

Chalkford Limited became a wholly owned subsidiary of Nightingale House on 2 March 2004 and continues as a wholly owned subsidiary of Nightingale Hammerson post merger.

Three directors of Nightingale Hammerson Trustee Company Limited, Harvey Rosenblatt, David Winton and Eli Shahmoon are also the directors of Chalkford Limited.

Chalkford Limited made charitable contributions of £nil to Nightingale Hammerson during the year to 30 September 2016 (2015 - £6,302).

At 30 September 2016 Chalkford Limited owed Nightingale Hammerson £400,000 (2015 – £400,000) in accordance with a loan facility and a further £nil (2015 - £6,302) being charitable contributions payable to Nightingale Hammerson in respect to the year ended 30 September 2016.

At 30 September 2016, Nightingale Hammerson owed Chalkford Limited £499,499 (2015 – £889,154) under a contract for the construction of property.

Camden Jewish Society

Camden Jewish Society was amalgamated into Nightingale Hammerson under a deed of collaboration on 1 May 2015 and remains as such. One director of Nightingale Hammerson Trustee Company Limited, Colin Green, is also a director of Camden Jewish Society.

At 30 September 2016, Camden Jewish Society owed £30,718 (2015 - £249) to Nightingale Hammerson in respect of costs paid on its behalf.

Six Point Foundation

Susan Grant who is a director of the Corporate Trustee of Nightingale Hammerson, was also a trustee, until its closure in March 2017, of the Six Point Foundation.

During the year ended 30 September 2016, Nightingale Hammerson received donations from the Six Point Foundation of £nil (2015 – £9,852).

The Israel Lazarus Charitable Trust

David Winton, who is a director of the Corporate Trustee of Nightingale Hammerson and Gerald Lipton MBE, who was the President of Nightingale Hammerson, are also trustees of The Israel Lazarus Charitable Trust.

During the year ended 30 September 2016, Nightingale Hammerson received donations from The Israel Lazarus Charitable Trust of £25,000 (2015 – £25,000).

Bantent Limited

Melvin Lawson, is a sole director of Bantent Limited and also a director of the Corporate Trustee of Nightingale Hammerson. Nightingale Hammerson holds 17% of the allotted share capital of Bantent Limited. In the year ended 30 September 2016, Nightingale Hammerson received £21,216 (2015 - £18,870) of dividend income from Bantent Limited.

19 Related party transactions (continued)

Trustees

During the year the charity received donations totalling £53,667 from twelve of the directors of the corporate trustee.

20 Funds introduced from amalgamation of the Camden Jewish Society

With effect from midnight on 30 April 2015, in accordance with a legal Deed of Collaboration, the activities, assets and liabilities in respect to the operation of Camden Jewish Society (Charity Registration Number 268164; Company Registration Number 01179914, England and Wales) came under the control of Nightingale Hammerson.

The net assets and liabilities introduced on 1 May 2015 as a result of amalgamating the Camden Jewish Society within Nightingale Hammerson comprised:

	2015 £'000
Tangible fixed assets (Cost £949,000, depreciation £193,000)	756
Debtors	5
Cash at bank	1,084
Creditors: Amounts falling due within one year	(501)
	<u>1,344</u>