

# **Nightingale Hammerson**

## **Annual Report and Consolidated Accounts**

30 September 2017

Charity Registration Number  
207316

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## Reference and administrative information

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

## Chairman's Statement



Welcome to our 2017 annual report and accounts. We celebrated another busy year at Nightingale Hammerson, a year which saw the opening of both our spacious new Nightingale House OSHA unit and the much talked about Apples & Honey Nightingale Nursery.

This ground-breaking initiative, the first UK care home to have an onsite nursery planned around an intergenerational curriculum, has captured the imagination of the public and been featured by news organisations from the BBC to CNN. Every day, residents and children cross the Nightingale House gardens and form friendships over a range of activities, the children getting to know a generation they would otherwise perhaps not know and the older people rediscovering a part of the joy of their youth.

Speaking of the future generation, as I write, the first phase of the building works at our Hammerson House site has begun, with the levelling of the old building and the start of the groundworks needed for the new one. Design teams are finalising details and behind the scenes planning is already underway for the opening. Once complete, Hammerson House will be a world-class home, with 116 beds covering the whole care spectrum, from those needing assistance with day to day living to the gold standard end-of-life care we have, to date, only been able to deliver at Nightingale House.

Challenges continue, needless to say, but a series of successful recruitment fairs has allowed us to defeat at least one of those and reach a full complement of the dedicated and well-trained staff teams we need to deliver individually-tailored care. Government funding continues to fall in real terms and we are therefore more dependent than ever upon the generosity of our benefactors to ensure we can continue to provide the complex care that an ever increasing number of people need.

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 enables us to provide exceptional care to our residents and bring much needed peace of mind to their relatives.

Melvin Lawson  
Chairman

## Report of the directors of the corporate trustee Year to 30 September 2017

The Directors of the Corporate Trustee of Nightingale Hammerson (herein referred to as 'directors'), who act as the Trustee Board of the Charity, present the statutory report and accounts for the year ended 30 September 2017. These accounts have been prepared in accordance with the accounting policies set out on pages 23 to 27 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 STRUCTURE**

Nightingale Hammerson 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. For many years it was primarily a residential home although offering some nursing beds and sheltered housing; it has been closed for redevelopment since June 2017 and is expected to re-open in 2020, fully equipped for those with residential, nursing and dementia needs.

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. 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 meet the ever-growing shortfall between government funding and the costs of quality care provision.

## **OUR ACHIEVEMENTS**

### **Excellence in Care Provision**

Across our sites, more than 275 individuals benefitted from top quality care provision in the year. We aim to keep excellence at the heart of everything we do and since early 2016 have held a rating of Good, with one element classed as Outstanding, under the stringent new CQC inspection regime. At the heart of our approach to care is the warm, compassionate connection between our staff and residents. It's what we mean by 'person-centred care' – taking into account the individual wishes, characters and histories of everyone we look after.

Clinical, as well as pastoral, care continues to remain a focus and we continue to develop our clinical team to ensure we provide high quality care as needs change. During the year we widened this team with two new roles (a Dietetic Assistant Practitioner and a Tissue Viability Nurse) as well as creating three Senior Lead Nurse roles, reflecting the increasing nursing needs of many of our residents.

### **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 2017 more than ninety percent of those residents who wished to pass away at Nightingale House rather than in hospital were able to do so. Our ability to provide quality care to the end of life is reflected in our retaining of Beacon Status, the highest accreditation possible under the Gold Standard Framework.

### **Investment, Innovation and Inspiration in 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 recent innovative partnership with Live Music Now provided 15 of our most cognitively impaired residents with the opportunity to participate in a weekly interactive session "To Create Music Together."
- ◆ Better IT connectivity is enriching the use of technology across the organisation and we are now providing 10 residents with one-to-one training on iPad use, allowing them enhance their leisure time and maintain contact with far-off family members. The same technology is being used to run weekly karaoke sessions and to help residents living with dementia to enjoy reminiscence sessions.
- ◆ A new Book Club, based on the newly refurbished OSHA unit, is capturing the interest of 14 of our residents, improving the interaction of our former Hammerson residents with the rest of the home.
- ◆ An exciting intergenerational project with Oak Lodge School for the Deaf gave 15 residents a chance to learn sign language whilst sharing in an inspiring creative project of ceramics and photography.

### **OUR ACHIEVEMENTS** (continued)

- ◆ Furthering the intergenerational theme, a series of learning sessions have taken place with a wide range of schools, resulting in more young people making an active commitment to volunteering.
- ◆ Our horticultural programme provides residents with a diverse range of garden based activities and has encouraged one resident to take ownership of developing an allotment.

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, and have focussed training and support on the staff of our two nursing dementia units, increasing the impact on those who are less able to take part in traditional activity sessions.

#### **Hammerson House**

Having been closed to new admissions for some time, Hammerson House finally closed its doors for redevelopment in the early summer of 2017, with 18 residents choosing to transfer to Nightingale House and the remaining ones being safely and happily settled in new homes of their choice. Our newly refurbished OSHA floor opened at the same time and is now home to 14 former Hammerson residents, who are delighted with their new surroundings.

#### **Intergenerational Programme**

In early September 2017, a branch of Apples & Honey, a Jewish Nursery based in Wimbledon, opened in a converted maintenance bungalow in the Nightingale House garden. Here, children learn and play a stone's throw from the House and each day join in activities with the residents, whether it be baking in the Activity Centre or an exercise class on a residential unit. Both children and residents benefit hugely from these intergenerational activities and the resulting friendships, helping to combat loneliness for the residents and enable the children to share experiences with another generation.

### **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 world-class care home in North London is finally beginning to come to fruition. Whilst the old Hammerson House building created a warm, much loved home for many of our elderly community over the years, facilities for nursing and dementia care were limited. 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.

Building works have begun, with the demolition of the old buildings and the start of groundworks in preparation for the new Home. The new Home is expected to be ready for occupation in 2020, and will 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.

The building will be paid for by a combination of reserves set aside over the years for the purpose and a fundraising campaign which has already raised two thirds of its target. Donations will continue to be vital if we are to offer the very highest quality of care into the future.

## **OUR PLANS** (continued)

### **Belmont Lodge**

Since its incorporation into the Nightingale Hammerson group in April 2015, Belmont Lodge has continued to be owned via a separate legal entity, Camden Jewish Society. As the final stage of integration, on 31 December 2017, the Lodge, together with contracts with tenants and suppliers and all other assets and liabilities of Camden Jewish Society were transferred into Nightingale Hammerson. We continue to review our plans for Belmont as the care market changes.

### **Technology and Innovation**

We continue to work with a band of experienced volunteers to develop technology across the organisation. All staff are now using an electronic clock-in system, improving back office efficiency, removing time recording errors and allowing for granular monitoring of work and absence patterns. E-training continues to be developed, with a dedicated training suite being underway to allow staff to access training materials in a quiet environment as we work towards our vision of contextual training being available on the units in real time.

Wi-fi coverage is now in place across Nightingale House, allowing 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 are in the midst of 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.

We have always taken the protection of our residents', donors' and staff's personal data seriously, and are in the process of conducting a full Data Protection review to ensure that all our systems and processes are fully compliant with the General Data Protection Regulations when they take force later this year.

## **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 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 40% of our residents, are operating under ever-tightening budget constraints and in order to provide the same level of care to all we have to raise close to £2.5m per annum.

Our donors and benefactors have continued to give generously, with a total of £1.5m being raised in the year. Taking into account the fact that the £1.9m raised in the previous year included £0.9m from the biennial dinner, we are delighted with this result. In addition, we received some very generous legacy gifts, bringing our legacy total to £0.9m, compared to £0.6m in the previous year.

The launch of the new Hammerson House development has given us the opportunity to raise awareness, across both our Community and the wider one, of what makes Nightingale Hammerson special. The Community response to our appeal for operating fundraising at our biennial dinner in January 2018 has been strong, with dinner donations already comfortably exceeding those from the previous event.

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



## **FUNDRAISING PERFORMANCE** (continued)

### **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 have reviewed our systems and are in the process of ensuring that formal consent is gained from all those whom we wish to contact for fundraising purposes.

## **OUR PEOPLE**

### **Our Trustees**

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 approximately 350 people being employed in the running of our homes and the care of our residents – 250 of them on the front line. As part of our commitment to person-centred care, staff across the organisation continue to demonstrate our values and a recent staff competition added the value of Teamwork to our existing ones of Dignity, Excellence, Respect, Integrity and Compassion. 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.

Recruitment continues to be a challenge, as it is across the Healthcare sector, but our regular recruitment fairs have allowed us to maintain a full complement of healthcare assistants, allowing costly agency staff to be replaced. Plans are underway to counteract the nursing shortage with an overseas recruitment exercise.

With the closure of Hammerson House for redevelopment in the year, 21 staff have relocated to Nightingale House and a further three are settling into seconded roles with other care organisations.

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. The opening of the Apples & Honey Nursery on the site has enabled us to offer heavily subsidised nursery places to our staff as part of our focus on recruiting and retaining the best staff.

### **Our Volunteers**

Supporting our staff are an army of 200 volunteers, without whom we could not provide residents with the same quality of life. Continuing to work in partnership with schools, we have developed new guidance to support the befriending of residents and have set up a new volunteer forum to discuss and engage with volunteers on key issues.

## FINANCIAL REVIEW

### Overview of Group

	2017 £m	2016 £m	%
Income from care provision	11.0	11.6	(5%)
Cost of care provision	(15.4)	(15.5)	—
Other operating income	0.2	0.2	—
Operating deficit	(4.2)	(3.7)	(13%)
Fundraising net income	1.9	1.9	—
Investment net income	0.7	1.2	(42%)
Deficit before investment gains	(1.6)	(0.6)	(117%)
Investment gains	2.5	5.5	(55%)
Net income before impairment	0.9	4.9	(82%)

The deficit on operating income for the year was £4.2m (2016: £3.7m). Fundraising contributed a further £1.9m of net income (2016: £1.9m) and net investment income constituted £0.7m (2016: £1.2m), giving a deficit before investment gains of £1.6m (2016: £0.6m). Our equity portfolio continued to perform strongly in the year, resulting in investment gains of £1.9m (2016: £5.7m), whilst changes in actuarial valuation assumptions created actuarial gains of £0.6m (2016: losses of £0.2m). Overall the net income for the year, before impairment of Hammerson House, stood at £0.9m (2016: £4.9m).

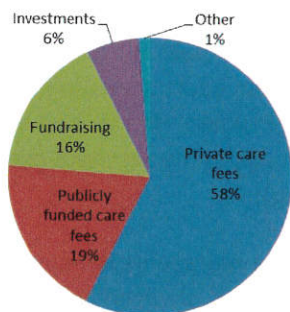
Income from care provision has fallen, reflecting the fact that the final residents at Hammerson House moved to their new homes during the course of the year, with the home finally closing in June, although this was counteracted by a higher than expected occupancy at Nightingale House for much of the year. We were able to achieve a small increase in private funding fees but, as in previous years, there were minimal increases in government and Local Authority funding rates in the year, resulting in an increased funding shortfall on these residents.

Costs continue to rise, with both the impact of the National Living Wage and the increasingly complex care needs of our residents, although successful recruitment has allowed us to reduce costly agency staff by 30%. Overall operating costs were, however, lower than last year due to the closure of Hammerson House before the end of the year. As part of our update of our five year plan we are reviewing our operating model to ensure sustainability for the future, aiming to ultimately operate the new Hammerson House at break-even and to reduce the Nightingale House operating deficit.

Income from investments has fallen, due to the sale of 30% of our equity portfolio at the end of September 2016, when advantage was taken of the strong market to convert to cash a significant amount of the reserves designated for the Hammerson House development project.

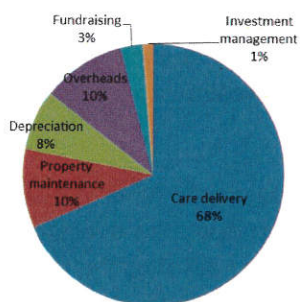
**FINANCIAL REVIEW** (continued)

**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. On average public funding covers only 50-60% of the cost of looking after a resident, with the shortfall being made up by fundraising and investment income. With the reduction in our investment portfolio as part of funding the building of the new Hammerson House, we need to raise more funds in order to continue to support these residents.

**Where the Money was Spent**



Of our direct care delivery costs across the group, 81% or £8.9m relate to staff (2016: 80% and £8.9m), with 14% or £1.6m (2016: 16% and £1.7m) being spent on catering. Property maintenance and repair, including domestic and laundry services, fell to £1.6m (2016: £1.8m) with £0.4m being spent on essential repairs and upgrades at Nightingale House, reflecting the age of much of the building. Support costs remained steady at £1.8m, of which, £1.2m relates to staff costs (2016: £1.2m). Also included in support costs are £0.2m of insurance (2016: £0.2m).

**Capital**

During the year, the group spent a total of £3m on capital projects, of which £1.9m was for refurbishment of an unused floor at Nightingale House into the new OSHA unit, £0.8m for professional fees for the new Hammerson House and £0.1m for upgrading fire doors and lifts, as part of a rolling programme. £0.25m was spent converting an old maintenance workshop building into the new Nursery, of which £0.15m is repayable by the Nursery over the term of the lease.

**Impairment**

As discussed in the ‘Our Plans’ section of this report, the Hammerson House building was demolished for redevelopment in the autumn of 2017. An impairment charge of £4.5m was charged in the financial statements for the year ended 30 September 2016, in order that the carrying value at the date of demolition would be £nil. 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 took, therefore, 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.

A further impairment charge has been made in these accounts in respect of the remaining Fixtures, Fittings, Plant & Equipment at Hammerson House. Whilst much of this was brought to Nightingale House to replace ageing items and to furnish the new unit, the directors did not deem it practical to aim to attribute a value to these items and the full contents of Hammerson House as at the date of closure were therefore written down to £nil.

## **FINANCIAL REVIEW** (continued)

### **Financial Position**

Net assets of the group at 30 September 2017 totalled £73.0m (2016: £72.6m). Of this amount, £13.5m 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 £3.7m is held in restricted funds for specific uses; of this amount, £3.3m is restricted to capital projects. £30.5m has been previously designated for major capital projects (£20.5m for Hammerson House, £7.5m for Nightingale House and £2.5m 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).

Free reserves therefore stand at £25.2m (2016: £23.4m). However, of this, £1m represents the surplus on the defined benefit pension scheme and £8.4m unrealised gains on investments, both of which could reverse at any time, leaving secure reserves of £15.8m, which the directors believe is comfortably in line with the organisation's reserves policy.

The group continues to have a healthy balance sheet, with £22.5m held in cash and short term deposits in preparation for the building project, a strong net current assets position and an investment portfolio of £33m.

### **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 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.

### **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 directors have developed a strategy to diversify across asset classes and have chosen fixed income bonds with a spread of maturities averaging close to two years in order to achieve a decent yield against a modest risk, together with an equity portfolio which has, by its nature, a higher risk profile but better return. The charity has previously enjoyed stable returns on its investments as a result of this policy but has remained aware that the new Hammerson House development would deplete the portfolio significantly.

The directors have also agreed to hold a material cash balance towards the charity's planned capital projects with the objective of capital preservation. Having converted approximately a third of the equity portfolio (£9m) to cash during the year ended 30 September 2016, in preparation for the development of Hammerson House, the directors took advantage of the continuing strong capital markets to convert a further £7m to cash in the period since the year end.

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.

## **FINANCIAL REVIEW** (continued)

### **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 Trustees 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 the group 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 the group and the charity is well placed to manage operational and financial risks successfully. Accordingly, the directors have reasonable grounds to believe that the group and the charity has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare the accounts on a going concern basis.

## **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**

The directors of the Corporate Trustee act as the Trustee Board of the Charity and are as set out on page 1 of this report. Brief biographies of each director can be on page 44. The Trustee Board meets formally five times a year and in between meetings directors 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.

Directors are appointed via proposal to 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.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

Directors serve for a term of five years (although some directors appointed on incorporation may serve for up to seven) and may be reappointed for a further period or periods which may not exceed five years in aggregate.

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

### **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 Committee 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
- Director of Care Services
- Director of Human Resources
- Director of Operations
- Director of Finance and IT
- Director of Marketing & Fundraising
- Director of Property Services

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **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 (2016 - £nil).

### **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.

## **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.

## PRINCIPAL RISKS AND UNCERTAINTIES (continued)

### *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.

## 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.



Report of the directors of the corporate trustee Year to 30 September 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES** (continued)

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: 18<sup>th</sup> April 2018

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

### Opinion

We have audited the accounts of Nightingale Hammerson (the 'parent charity') and its subsidiaries (the 'group') for the year ended 30 September 2017 which comprise the group and parent charity statement of financial activities, the group and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 September 2017 and of their 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the use of the going concern basis of accounting by the directors of the corporate trustee in the preparation of the accounts is not appropriate; or
- ◆ the directors of the corporate trustee have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The directors of the corporate trustee are responsible for the other information. The other information comprises the information included in the annual report and consolidated accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors of the corporate trustee**

As explained more fully in the statement of directors' responsibilities, the directors of the corporate trustee are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors of the corporate trustee determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors of the corporate trustee are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the corporate trustee either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

**Auditor's responsibilities for the audit of the accounts** (continued)

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Buzzacott LLP*

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

*25 May 2018*

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 2017

	Notes	Unrestricted funds			2017 Total funds £'000	2016 Total funds £'000
		General and non charitable trading funds £'000	Designated funds £'000	Restricted funds £'000		
<b>Income from:</b>						
Donations and legacies	1	1,965	—	392	<b>2,357</b>	2,520
Investments and short term deposits	2	794	—	76	<b>870</b>	1,411
Charitable activities						
. Provision of residential and nursing care	3	10,974	—	—	<b>10,974</b>	11,601
Other sources*		214	—	13	<b>227</b>	172
<b>Total income</b>		<b>13,947</b>	<b>—</b>	<b>481</b>	<b>14,428</b>	<b>15,704</b>
<b>Expenditure on:</b>						
Raising funds						
. Generating donations and legacies	4	447	—	—	<b>447</b>	629
. Investment management costs*		206	—	—	<b>206</b>	203
. Expenditure of UK trading subsidiary*		16	—	—	<b>16</b>	4
Charitable activities						
. Provision of residential and nursing care	5	14,032	515	846	<b>15,393</b>	15,533
. Impairment of leasehold property and plant	12	—	518	—	<b>518</b>	4,526
<b>Total expenditure</b>		<b>14,701</b>	<b>1,033</b>	<b>846</b>	<b>16,580</b>	<b>20,895</b>
<b>Net expenditure for the year before gains (losses) on investments</b>		<b>(754)</b>	<b>(1,033)</b>	<b>(365)</b>	<b>(2,152)</b>	<b>(5,191)</b>
<b>Gains (losses) on investments</b>						
. Realised gains (losses) on disposal of listed investments		172	—	(5)	<b>167</b>	2,417
. Unrealised gains (losses) on listed investments	13	1,765	—	(62)	<b>1,703</b>	3,335
. Unrealised gains on investment property	13	—	—	—	<b>—</b>	62
		1,937	—	(67)	<b>1,870</b>	5,814
<b>Net income (expenditure) for the year</b>	9	<b>1,183</b>	<b>(1,033)</b>	<b>(432)</b>	<b>(282)</b>	623
<b>Other recognised gains and losses</b>						
. Actuarial gains (losses) on pension scheme	18	615	—	—	<b>615</b>	(227)
<b>Net movement in funds</b>		<b>1,798</b>	<b>(1,033)</b>	<b>(432)</b>	<b>333</b>	396
<b>Balances brought forward at 1 October 2016</b>		<b>23,422</b>	<b>33,472</b>	<b>15,746</b>	<b>72,640</b>	72,244
<b>Balances carried forward at 30 September 2017</b>		<b>25,220</b>	<b>32,439</b>	<b>15,314</b>	<b>72,973</b>	72,640

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 2016 all related to unrestricted funds. Similarly, expenditure in respect to investment management costs and the UK trading subsidiary in 2016 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 2017

	Notes	Unrestricted funds			2017 Total funds £'000	2016 Total funds £'000
		General fund £'000	Designated funds £'000	Restricted funds £'000		
<b>Income from:</b>						
Donations and legacies	1	2,031	—	392	<b>2,423</b>	2,520
Investments and short term deposits	2	799	—	76	<b>875</b>	1,410
Charitable activities						
. Provision of residential and nursing care	3	10,848	—	—	<b>10,848</b>	11,468
Other sources*		228	—	13	<b>241</b>	188
<b>Total income</b>		<b>13,906</b>	<b>—</b>	<b>481</b>	<b>14,387</b>	<b>15,586</b>
<b>Expenditure on:</b>						
Raising funds						
. Generating donations and legacies	4	447	—	—	<b>447</b>	629
. Investment management costs*		206	—	—	<b>206</b>	203
Charitable activities						
. Provision of residential and nursing care	5	13,862	548	836	<b>15,246</b>	15,336
. Impairment of leasehold property and plant	12	—	518	—	<b>518</b>	4,667
<b>Total expenditure</b>		<b>14,515</b>	<b>1,066</b>	<b>836</b>	<b>16,417</b>	<b>20,835</b>
<b>Net expenditure for the year before gains on investments</b>		<b>(609)</b>	<b>(1,066)</b>	<b>(355)</b>	<b>(2,030)</b>	<b>(5,249)</b>
<b>Gains (losses) on investments</b>						
. Realised gains (losses) on disposal of investments		172	—	(5)	<b>167</b>	2,417
. Unrealised gains (losses) on listed investments	13	1,765	—	(62)	<b>1,703</b>	3,335
. Unrealised gains on investment property	13	—	—	—	<b>—</b>	62
		1,937	—	(67)	<b>1,870</b>	5,814
<b>Net income (expenditure) for the year</b>	9	<b>1,328</b>	<b>(1,066)</b>	<b>(422)</b>	<b>(160)</b>	<b>565</b>
<b>Other recognised gains and losses</b>						
. Actuarial gains (losses) on pension scheme	18	615	—	—	<b>615</b>	(227)
<b>Net movement in funds</b>		<b>1,943</b>	<b>(1,066)</b>	<b>(422)</b>	<b>455</b>	<b>338</b>
<b>Balances brought forward at 1 October 2016</b>		<b>22,964</b>	<b>33,040</b>	<b>15,745</b>	<b>71,749</b>	<b>71,411</b>
<b>Balances carried forward at 30 September 2017</b>		<b>24,907</b>	<b>31,974</b>	<b>15,323</b>	<b>72,204</b>	<b>71,749</b>

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

\*Income from other sources in 2016 and expenditure in respect to investment management costs in 2016 all related to unrestricted funds

Balance sheets 30 September 2017

	Notes	2017		2016	
		Group £'000	Charity £'000	Group £'000	Charity £'000
<b>Fixed assets</b>					
Tangible assets	12	16,587	16,215	15,354	14,890
Investments	13	33,041	33,042	34,489	34,490
		<b>49,628</b>	<b>49,257</b>	49,843	49,380
<b>Current assets</b>					
Debtors	14	1,998	2,513	1,953	2,336
Short term deposits		17,415	16,952	7,316	6,859
Cash at bank and in hand		5,057	5,028	15,518	15,334
		<b>24,470</b>	<b>24,493</b>	24,787	24,529
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(2,151)	(2,572)	(2,392)	(2,562)
<b>Net current assets</b>		<b>22,319</b>	<b>21,921</b>	22,395	21,967
<b>Total assets less current liabilities</b>		<b>71,947</b>	<b>71,178</b>	72,238	71,347
<b>Pension scheme asset</b>	18	<b>1,026</b>	<b>1,026</b>	402	402
<b>Total net assets</b>		<b>72,973</b>	<b>72,204</b>	72,640	71,749
<b>The funds of the charity:</b>					
<b>Charitable funds</b>					
Restricted funds	16	15,314	15,323	15,746	15,745
Unrestricted funds					
. Designated funds	16				
.. Hammerson House building fund		20,339	20,339	20,339	20,339
.. Nightingale House building fund		7,627	7,627	7,627	7,627
.. Maintenance fund		2,542	2,542	2,542	2,542
.. Hammerson lease fund		—	—	134	142
		<b>30,508</b>	<b>30,508</b>	30,642	30,650
. Tangible fixed assets fund		1,931	1,466	2,830	2,390
. General fund		24,194	23,881	23,020	22,562
. Pension reserve		1,026	1,026	402	402
		<b>25,220</b>	<b>24,907</b>	23,422	22,964
	17	<b>72,973</b>	<b>72,204</b>	72,640	71,749

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



Director of the corporate trustee

Approved on: 18<sup>th</sup> April 2018

## Consolidated statement of cash flows Year to 30 September 2017

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(1,631)	(674)
<b>Cash flows from investing activities:</b>			
Investment income		920	1,411
Purchase of tangible fixed assets		(2,969)	(485)
Proceeds from the disposal of investments		9,502	17,534
Purchase of investments		(6,184)	(6,891)
<b>Net cash provided by investing activities</b>		<b>1,269</b>	<b>11,569</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(362)</b>	<b>10,895</b>
<b>Cash and cash equivalents at 1 October 2016</b>	B	<b>22,834</b>	<b>11,939</b>
<b>Cash and cash equivalents at 30 September 2017</b>	B	<b>22,472</b>	<b>22,834</b>

### Notes to the consolidated statement of cash flows for the year to 30 September 2017

#### A Reconciliation of net movement in funds to net cash used in operating activities

	2017 £'000	2016 £'000
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>333</b>	<b>396</b>
<b>Adjustments for:</b>		
Depreciation charge	1,177	1,210
Impairment of leasehold property	518	4,526
Gains on listed investments	(1,870)	(5,752)
Gains on investment property	—	(62)
Investment income	(870)	(1,411)
(Increase) decrease in value of pension asset	(624)	206
(Increase) decrease in debtors	(95)	269
Decrease in creditors	(200)	(56)
<b>Net cash used in operating activities</b>	<b>(1,631)</b>	<b>(674)</b>

#### B Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	5,057	15,518
Short term deposits	17,415	7,316
<b>Total cash and cash equivalents</b>	<b>22,472</b>	<b>22,834</b>



## Principal accounting policies 30 September 2017

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 2017 with comparative information given in respect to 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 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.

### **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;

**Critical accounting estimates and areas of judgement** (continued)

- ◆ determining the impairment provision required in respect of property to be demolished and contents therein;
- ◆ 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.

**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 2018, 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.

### **Income recognition (continued)**

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.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount 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.

**Allocation of support and governance costs** (continued)

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.

**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 and related contents 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.

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.

**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 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.

**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

### 1 Income from: Donations and legacies

<b>Group</b>	General fund £'000	Restricted funds £'000	<b>2017 Total funds £'000</b>	2016 Total funds £'000
Donations	1,213	282	<b>1,495</b>	1,887
Legacies	752	110	<b>862</b>	633
<b>2017 Total funds</b>	<b>1,965</b>	<b>392</b>	<b>2,357</b>	<b>2,520</b>
2016 Total funds	2,338	182	2,520	

<b>Charity</b>	General fund £'000	Restricted funds £'000	<b>2017 Total funds £'000</b>	2016 Total funds £'000
Donations	1,279	282	<b>1,561</b>	1,887
Legacies	752	110	<b>862</b>	633
<b>2017 Total funds</b>	<b>2,031</b>	<b>392</b>	<b>2,423</b>	<b>2,520</b>
2016 Total funds	2,338	182	2,520	

### 2 Income from: Investments and short term deposits

<b>Group</b>	General fund £'000	Designated fund £'000	Restricted funds £'000	<b>2017 Total funds £'000</b>	2016 Total funds £'000
Income from listed investments					
. UK corporate loan stock	317	—	60	<b>377</b>	622
. Property funds	—	—	—	<b>—</b>	28
. Foreign loan stock	104	—	16	<b>120</b>	24
. Equities	305	—	—	<b>305</b>	603
. Unit funds	—	—	—	<b>—</b>	30
	726	—	76	<b>802</b>	1,307
Rental income	8	—	—	<b>8</b>	8
Interest receivable	60	—	—	<b>60</b>	96
<b>2017 Total funds</b>	<b>794</b>	<b>—</b>	<b>76</b>	<b>870</b>	<b>1,411</b>
2016 Total funds	776	509	126	1,411	

<b>Charity</b>	General fund £'000	Designated funds £'000	Restricted funds £'000	<b>2017 Total funds £'000</b>	2016 Total funds £'000
Income from listed investments					
. UK corporate loan stock	317	—	60	<b>377</b>	622
. Property funds	—	—	—	<b>—</b>	28
. Foreign loan stock	104	—	16	<b>120</b>	24
. Equities	305	—	—	<b>305</b>	603
. Unit funds	—	—	—	<b>—</b>	30
	726	—	76	<b>802</b>	1,307
Rental income	8	—	—	<b>8</b>	8
Interest receivable	65	—	—	<b>65</b>	95
<b>2017 Total funds</b>	<b>799</b>	<b>—</b>	<b>76</b>	<b>875</b>	<b>1,410</b>
2016 Total funds	775	509	126	1,410	

## Notes to the accounts

### 3 Income from: Provision of residential and nursing care

Group	General fund	
	2017	2016
	Total £'000	Total £'000
Maintenance contributions receivable	10,974	11,396
Provision of 'step down' accommodation to St George's Hospital Healthcare NHS Trust	—	205
<b>Total</b>	<b>10,974</b>	<b>11,601</b>

Charity	General fund	
	2017	2016
	Total £'000	Total £'000
Maintenance contributions receivable	10,848	11,263
Provision of 'step down' accommodation to St George's Hospital Healthcare NHS Trust	—	205
<b>Total</b>	<b>10,848</b>	<b>11,468</b>

### 4 Expenditure on: Generating donations and legacies

Group and charity	General fund	
	2017	2016
	Total £'000	Total £'000
Staff costs	194	223
Fundraising, legacy and appeal expenses	156	276
Support costs (note 6)	97	130
<b>Total</b>	<b>447</b>	<b>629</b>

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

### 5 Expenditure on: Provision of residential and nursing care

Group	General fund £'000	Designated funds £'000	Restricted funds £'000	2017	2016
				Total funds £'000	Total funds £'000
Staff costs	8,806	—	76	8,882	8,644
Catering and food	1,582	—	—	1,582	1,695
Premises day to day costs	1,492	—	5	1,497	1,776
Medical, care and welfare costs	405	—	103	508	385
Support costs (note 6)	1,747	—	—	1,747	1,823
Depreciation (note 12)	—	515	662	1,177	1,210
<b>2017 Total funds</b>	<b>14,032</b>	<b>515</b>	<b>846</b>	<b>15,393</b>	<b>15,533</b>
2016 Total funds	14,255	543	735	15,533	

Charity	General fund £'000	Designated funds £'000	Restricted funds £'000	2017	2016
				Total funds £'000	Total funds £'000
Staff costs	8,703	—	76	8,779	8,564
Catering and food	1,571	—	—	1,571	1,683
Premises day to day costs	1,452	—	5	1,457	1,723
Medical, care and welfare costs	404	—	105	509	385
Support costs (note 6)	1,732	—	—	1,732	1,786
Depreciation (note 12)	—	548	650	1,198	1,195
<b>2017 Total funds</b>	<b>13,862</b>	<b>548</b>	<b>836</b>	<b>15,246</b>	<b>15,336</b>
2016 Total funds	14,075	526	735	15,336	

## Notes to the accounts

### 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	20	933	<b>953</b>	Time apportioned
Premises costs	14	57	<b>71</b>	Floor space
Office costs	6	288	<b>294</b>	Pro rata expenditure
Other costs	55	378	<b>433</b>	Pro rata expenditure
Governance costs	2	91	<b>93</b>	Pro rata expenditure
<b>2017 Total</b>	<b>97</b>	<b>1,747</b>	<b>1,844</b>	
2016 Total	130	1,823	<b>1,953</b>	

Charity	Generating donations and legacies £'000	Provision of residential and nursing care £'000	Total £'000	Basis of apportionment
Staff costs	20	931	<b>951</b>	Time apportioned
Premises costs	14	55	<b>69</b>	Floor space
Office costs	6	285	<b>291</b>	Pro rata expenditure
Other costs	55	378	<b>433</b>	Pro rata expenditure
Governance costs	2	83	<b>85</b>	Pro rata expenditure
<b>2017 Total</b>	<b>97</b>	<b>1,732</b>	<b>1,829</b>	
2016 Total	130	1,786	<b>1,916</b>	

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 2017 and the year ended 30 September 2016 are given below.

	2017 £'000	2016 £'000
Turnover	<b>2,356</b>	513
Cost of sales	<b>(2,248)</b>	(500)
Administrative expenses	<b>(26)</b>	(19)
Operating profit (loss)	<b>82</b>	(6)
Interest payable	<b>(5)</b>	(5)
Profit (loss) before Gift Aid	<b>77</b>	(11)
Amount donated to Nightingale Hammerson	<b>(66)</b>	—
Retained profit (loss)	<b>11</b>	(11)

At 30 September 2017, Chalkford Limited had retained losses of £nil (2016 – £11k) and called up share capital of £1k (2016 - £1k). The results and the balance sheet figures have been consolidated on a line by line basis within the accounts of Nightingale Hammerson.



## Notes to the accounts

### 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 2017 and the year ended 30 September 2016 are given below.

	2017 £'000	2016 £'000
<b>Income from:</b>		
Interest receivable	—	6
Charitable activities	127	134
<b>Total income</b>	<b>127</b>	<b>140</b>
<b>Expenditure on:</b>		
Charitable activities	(190)	(199)
<b>Total expenditure</b>	<b>(190)</b>	<b>(199)</b>
<b>Net expenditure and net movement in funds</b>	<b>(63)</b>	<b>(59)</b>

At 30 September 2017, Camden Jewish Society had retained funds of £1.146 million (2016: £1.213 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 2017.

### 9 Net income (expenditure) for the year

This is stated after charging:

Group	General fund	Designated funds	Restricted funds	2017 Total funds	2016 Total funds
	£'000	£'000	£'000	£'000	£'000
Staff costs (note 10)	9,985	—	43	10,028	10,045
Auditor's remuneration					
. Audit services - charity and consolidation	33	—	—	33	33
. Other services	11	—	—	11	25
Depreciation (note 12)	—	515	662	1,177	1,210
Impairment (note 12)	—	518	—	518	4,526
<b>Charity</b>					
	General fund	Designated funds	Restricted funds	2017 Total funds	2016 Total funds
	£'000	£'000	£'000	£'000	£'000
Staff costs (note 10)	9,880	—	43	9,923	9,951
Auditor's remuneration					
. Audit services - charity and consolidation	30	—	—	30	30
. Other services	10	—	—	10	21
Depreciation (note 12)	—	548	650	1,198	1,195
Impairment (note 12)	—	518	—	518	4,667

## Notes to the accounts

### 10 Staff costs

<b>Group</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Wages and salaries	8,099	8,033
Social security costs	624	632
Other pension costs	162	163
	<b>8,885</b>	<b>8,828</b>
Payments to agency staff	1,187	1,065
Redundancy costs	(44)	152
	<b>10,028</b>	<b>10,045</b>
<b>Charity</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Wages and salaries	7,994	7,939
Social security costs	624	632
Other pension costs	162	163
	<b>8,780</b>	<b>8,734</b>
Payments to agency staff	1,187	1,065
Redundancy costs	(44)	152
	<b>9,923</b>	<b>9,951</b>

Of payments to agency staff, £520k (2016: £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:

<b>Group and charity</b>	<b>2017</b>	<b>2016</b>
£60,000 – £70,000	1	—
£70,001 – £80,000	2	3
£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 £31,100 were made to defined contribution schemes in respect to six of them (2016 – £34,600 in respect to four). Contributions were made to a defined benefit scheme in respect to none of them (2016 - £nil).

The total remuneration, including benefits, paid to key management personnel in the year was £659k (2016 - £660k).

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

<b>Group and charity</b>	<b>2017</b>	<b>2016</b>
Generating donations and legacies	5	5
Provision of residential and nursing care services	383	368
	<b>388</b>	<b>373</b>

## Notes to the accounts

### 10 Staff costs (continued)

No director of the corporate trustee received any remuneration or expenses from the group or charity during the year (2016 - £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 £10m (2016 - £10m) and the total premium paid in respect of such insurance was £6k (2016 - £6k).

### 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
<b>Cost</b>						
At 1 October 2016	46,186	6,437	726	1,598	2,184	57,131
Additions	183	—	2,599	109	37	2,928
Reclassifications	1,833	—	(1,902)	—	69	—
Disposals	—	(6,437)	—	(424)	(406)	(7,267)
At 30 September 2017	48,202	—	1,423	1,283	1,884	52,792
<b>Depreciation and impairment</b>						
At 1 October 2016	33,872	6,189	—	309	1,407	41,777
Depreciation charge for year	669	248	—	126	134	1,177
Impairment in year	—	—	—	324	194	518
Disposals	—	(6,437)	—	(424)	(406)	(7,267)
At 30 September 2017	34,541	—	—	335	1,329	36,205
<b>Net book values</b>						
At 30 September 2017	13,661	—	1,423	948	555	16,587
At 30 September 2016	12,314	248	726	1,289	777	15,354

## Notes to the accounts

### 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
<b>Cost</b>						
At 1 October 2016	45,512	6,584	760	1,659	2,144	56,659
Additions	258	—	2,638	109	36	3,041
Reclassifications	1,931	—	(2,004)	—	73	—
Disposals	—	(6,584)	—	(424)	(405)	(7,413)
At 30 September 2017	47,701	—	1,394	1,344	1,848	52,287
<b>Depreciation and impairment</b>						
At 1 October 2016	33,759	6,330	—	311	1,369	41,769
Depreciation charge for year	666	254	—	138	140	1,198
Impairment in year	—	—	—	324	194	518
Disposals	—	(6,584)	—	(424)	(405)	(7,413)
At 30 September 2017	34,425	—	—	349	1,298	36,072
<b>Net book values</b>						
At 30 September 2017	13,276	—	1,394	995	550	16,215
At 30 September 2016	11,753	254	760	1,348	775	14,890

The long leasehold property comprises the Hammerson House buildings, which are due for demolition and redevelopment in early 2018. The value of the buildings, plant and fixtures at 30 September 2017 is therefore taken to be zero and an impairment charge has been made in these accounts to reflect this. No value has been attributable to the leasehold land as lease covenants require its use as a residential care facility.

#### Financial commitments

As outlined in the directors' report, in December 2016 the directors of Nightingale Hammerson approved plans for a major development of the accommodation and facilities at Hammerson House, involving closing the home and demolishing the buildings, with an expected cost in the region of £36 million, and the Design and Build of the new Hammerson House has been contracted to Chalkford Limited. As at 30 September 2017, a total of £1.9 million of costs had been authorised and had fee agreements put in place, in respect of this project. A further £0.5 million had been authorised but not yet contracted, in respect of the demolition of the building.

At 30 September 2017, neither the group or the charity had any further financial commitments that had been authorised but not contracted for or contracted for but which had not been provided for (2016 – £nil).

### 13 Fixed asset investments

Group	Investment property £'000	Listed investments £'000	2017 Total £'000
Market value at 1 October 2016	300	34,189	34,489
Additions at cost	—	6,184	6,184
Disposals at book value (proceeds: £9,502k; gains of £167k)	—	(9,335)	(9,335)
Net unrealised investment gains	—	1,703	1,703
Market value at 30 September 2017	300	32,741	33,041
Cost of investments at 30 September 2017	238	24,446	24,684

## Notes to the accounts

### 13 Fixed asset investments (continued)

<b>Charity</b>	Shares in subsidiary companies £'000	Investment property £'000	Listed investments £'000	<b>2017 Total £'000</b>
Market value at 1 October 2016	1	300	34,189	<b>34,490</b>
Additions at cost	—	—	6,184	<b>6,184</b>
Disposals at book value (proceeds: £9,502k; gains of £167k)	—	—	(9,335)	<b>(9,335)</b>
Net unrealised investment gains	—	—	1,703	<b>1,703</b>
Market value at 30 September 2017	1	300	32,741	<b>33,042</b>
Cost of investments at 30 September 2017	1	238	24,446	<b>24,684</b>

#### **Listed investments**

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

Listed investments held at 30 September 2017 comprised the following:

<b>Group and charity</b>	%	<b>Total £'000</b>
UK corporate loan stock	24%	7,845
Foreign loan stock	6%	2,123
Equities	60%	19,356
Unit funds	10%	3,417
	<b>100%</b>	<b>32,741</b>

At 30 September 2017 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.

#### **Subsidiary undertakings**

At 30 September 2017 Nightingale Hammerson owned the entire called up share capital of the following company:

<i>Company</i>	<i>Country of incorporation</i>	<i>Principal activity during the year</i>
Chalkford Limited	England	Property development

## Notes to the accounts

### 14 Debtors

	2017		2016	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Maintenance contributions	885	885	783	783
Amount due from subsidiary undertakings (note 19)	—	556	—	431
Legacies receivable	572	572	427	427
Accrued income	238	230	288	282
Other debtors	210	177	220	178
Prepayments	93	93	235	235
	<b>1,998</b>	<b>2,513</b>	1,953	2,336

### 15 Creditors: amounts falling due within one year

	2017		2016	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Amounts held on behalf of residents	627	625	578	576
Maintenance contributions in advance	203	203	189	189
Expense creditors	413	221	672	422
Social security and other taxation	166	173	170	178
Other creditors	248	248	262	262
Accruals	494	391	521	436
Amount due to subsidiary undertakings (note 19)	—	711	—	499
	<b>2,151</b>	<b>2,572</b>	2,392	2,562

### 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 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 30 September 2017 £'000
General Building Fund	12,128	—	(653)	—	11,475
Hammerson House Building Fund	50	54	—	—	104
Weinberg Funds	3,190	76	—	(67)	3,199
Donations Special Purpose – fixed assets	37	—	4	—	41
Donations Special Purpose – other	139	182	(154)	—	167
Janet and Howard Bloch funds	174	—	—	—	174
Nursery Fund	—	142	—	—	142
Activities Fund	10	26	(36)	—	—
Other restricted funds	18	1	(7)	—	12
	<b>15,746</b>	<b>481</b>	<b>(846)</b>	<b>(67)</b>	<b>15,314</b>

## Notes to the accounts

### 16 Charitable funds (continued)

#### *Restricted funds (continued)*

Charity	At 1 October 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 30 September 2017 £'000
Building Fund	12,127	—	(641)	—	11,486
Hammerson House Building Fund	50	54	—	—	104
Weinberg Funds	3,190	76	—	(67)	3,199
Donations Special Purpose – fixed assets	37	—	4	—	41
Donations Special Purpose – other	139	182	(156)	—	165
Janet and Howard Bloch funds	174	—	—	—	174
Nursery Fund	—	142	—	—	142
Activities Fund	10	26	(36)	—	—
Other restricted funds	18	1	(7)	—	12
	15,745	481	(836)	(67)	15,323

#### *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.

#### *Hammerson House building fund*

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

#### *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 £2.723 million to be released and applied towards the project to upgrade substantially the charity's care homes for the elderly at both Nightingale House and 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.

## Notes to the accounts

### 16 Charitable funds (continued)

#### *Restricted funds (continued)*

##### *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.

##### *Nursery Fund*

These funds comprise monies due from the Apples & Honey Nursery under a lease agreement to repay capital works done to the new Nursery building on their behalf. Each year depreciation on the nursery building will be charged to the fund.

##### *Activities Fund*

The activities fund comprises monies donated specifically for resident engagement activities.

#### **Designated funds**

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

<b>Group</b>	At 1 October 2016 £'000	New designations £'000	Utilised/ released £'000	At 30 September 2017 £'000
Hammerson House building fund	20,339	—	—	<b>20,339</b>
Nightingale House building fund	7,627	—	—	<b>7,627</b>
Maintenance fund	2,542	—	—	<b>2,542</b>
Hammerson lease fund	134	—	(134)	<b>—</b>
	30,642	—	(134)	<b>30,508</b>
Tangible fixed assets fund	2,830	—	(899)	<b>1,931</b>
<b>Total</b>	<b>33,472</b>	<b>—</b>	<b>(1,033)</b>	<b>32,439</b>

<b>Charity</b>	At 1 October 2016 £'000	New designations £'000	Utilised/ released £'000	At 30 September 2017 £'000
Hammerson House building fund	20,339	—	—	<b>20,339</b>
Nightingale House building fund	7,627	—	—	<b>7,627</b>
Maintenance fund	2,542	—	—	<b>2,542</b>
Hammerson lease fund	142	—	(142)	<b>—</b>
	30,650	—	(142)	<b>30,508</b>
Tangible fixed assets fund	2,930	—	(924)	<b>1,466</b>
<b>Total</b>	<b>33,040</b>	<b>—</b>	<b>(1,066)</b>	<b>31,974</b>

##### *Hammerson House building fund*

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



## Notes to the accounts

### 16 Charitable funds (continued)

#### *Designated funds (continued)*

##### *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.

#### **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 2017 £'000
<b>Fund balances at 30 September 2017 are represented by:</b>				
Tangible fixed assets	—	4,926	11,661	<b>16,587</b>
Investments	22,032	8,614	2,395	<b>33,041</b>
Current assets	4,313	18,899	1,258	<b>24,470</b>
Current liabilities	(2,151)	—	—	<b>(2,151)</b>
Pension scheme asset	1,026	—	—	<b>1,026</b>
<b>Total net assets</b>	<b>25,220</b>	<b>32,439</b>	<b>15,314</b>	<b>72,973</b>
<b>Charity</b>	General fund £'000	Designated funds £'000	Restricted funds £'000	Total 2017 £'000
<b>Fund balances at 30 September 2017 are represented by:</b>				
Tangible fixed assets	—	4,545	11,670	<b>16,215</b>
Investments	22,117	8,530	2,395	<b>33,042</b>
Current assets	4,336	18,899	1,258	<b>24,493</b>
Current liabilities	(2,572)	—	—	<b>(2,572)</b>
Pension scheme asset	1,026	—	—	<b>1,026</b>
<b>Total net assets</b>	<b>24,907</b>	<b>31,974</b>	<b>15,323</b>	<b>72,204</b>

## Notes to the accounts

### 17 Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
<b>Group and Charity at 30 September 2017</b>			
Accumulated gains on listed investments	8,363	(68)	<b>8,295</b>
Accumulated gains on property	62	—	<b>62</b>
Total	<b>8,425</b>	<b>(68)</b>	<b>8,357</b>
<b>Reconciliation of movements in unrealised gains (losses)</b>			
Unrealised gains at 1 October 2016	7,215	(42)	<b>7,173</b>
Less: cumulative unreleased (gains) losses released on disposals	(555)	36	<b>(519)</b>
Add: Net unrealised gains on listed investments	1,766	(62)	<b>1,703</b>
Accumulated unrealised gains at 30 September 2017	<b>8,425</b>	<b>(68)</b>	<b>8,357</b>

### 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 2017 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 (2016 - £nil).

<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset</b>	<b>2017 £'000</b>	2016 £'000
Fair value of plan assets	<b>4,851</b>	4,501
Present value of defined benefit obligation	<b>(3,825)</b>	(4,099)
Defined benefit asset at 30 September	<b>1,026</b>	402

<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>2017 £'000</b>	2016 £'000
Defined benefit obligation at start of period	<b>4,099</b>	3,407
Interest expense	<b>89</b>	121
Actuarial (gains) losses	<b>(252)</b>	691
Benefits paid and expenses	<b>(111)</b>	(120)
Defined benefit obligation at end of period	<b>3,825</b>	4,099

## Notes to the accounts

### 18 Pension commitments (continued)

	2017 £'000	2016 £'000
<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>		
Fair value of plan assets at start of period	4,501	4,015
Interest income	98	142
Actuarial gains	363	464
Benefits paid and expenses	(111)	(120)
Fair value of plan assets at end of period	<u>4,851</u>	<u>4,501</u>

The actual return on the plan assets over the period ended 30 September 2017 was £461,000.

	2017 £'000	2016 £'000
<b>Defined benefit costs recognised in Statement of Financial Activities</b>		
Current service cost	—	—
Defined benefit costs recognised in Statement of Financial Activities	<u>—</u>	<u>—</u>

	At 30 September 2017 £'000	At 30 September 2016 £'000
<b>Defined benefit costs recognised in other comprehensive income</b>		
Gain on plan assets (excluding amounts included in net interest cost)	363	464
Experience gain arising on plan liabilities	27	44
Gain (loss) resulting from changes in the demographic and financial assumptions underlying the present value of plan liabilities	225	(735)
Total gain (loss) recognised in other comprehensive income	<u>615</u>	<u>(227)</u>

	At 30 September 2017 £'000	At 30 September 2016 £'000
<b>Assets</b>		
UK Equities	1,792	1,484
Overseas Equities	2,003	1,750
Corporate Bonds	952	949
Government Bonds	94	96
Property	—	74
Cash / Other	10	148
Total Assets	<u>4,851</u>	<u>4,501</u>

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.

	At 30 September 2017 %	At 30 September 2016 %
<b>Assumptions</b>		
Discount Rate	2.60	2.20
Inflation (RPI)	3.30	3.10
Salary growth		
Allowance for revaluation of deferred pensions of RPI or 5% if less	3.30	3.10
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	3.10	3.00
Allowance for pension in payment increases of RPI or 2.5% if less	2.10	2.10
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

**18 Pension commitments** (continued)

The mortality assumptions adopted at 30 September 2017 imply the following life expectancies at retirement age 65:

	2017	2016
<b>Retiring today / current pensioners</b>		
Males	21.9	21.9
Females	23.7	23.9
<b>Retiring in 20 years / future pensioners</b>		
Males	23.0	23.2
Females	25.0	25.4

The best estimate of contributions to be paid by the employer to the scheme for the period commencing 1 October 2017 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 £162,158 (2016 - £162,837).

**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 £66,588 to Nightingale Hammerson during the year to 30 September 2017 (2016 - £nil).

At 30 September 2017 Chalkford Limited owed Nightingale Hammerson £400,000 (2016 – £400,000) in accordance with a loan facility and a further £66,588 (2016 - £nil) being charitable contributions payable to Nightingale Hammerson in respect to the year ended 30 September 2017.

At 30 September 2017, Nightingale Hammerson owed Chalkford Limited £710,967 (2016 – £499,499) 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 2017, Camden Jewish Society owed £88,848 (2016 - £30,718) 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 is also a trustee of the Six Point Foundation until it was wound up.

## Notes to the accounts

### 19 Related party transactions (continued)

#### ***Six Point Foundation (continued)***

During the year ended 30 September 2017, Nightingale Hammerson received donations from the Six Point Foundation of £14,680 (2016 – £nil).

#### ***The Israel Lazarus Charitable Trust***

David Winton, who is a director of the Corporate Trustee of Nightingale Hammerson, is also a trustee of The Israel Lazarus Charitable Trust.

During the year ended 30 September 2017, Nightingale Hammerson received donations from The Israel Lazarus Charitable Trust of £10,000 (2016 – £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 2017, Nightingale Hammerson received £18,309 (2016 - £21,216) of dividend income from Bantent Limited.

#### ***Trustees***

During the year the charity received donations totalling £28,155 (2016: £53,667) from 13 of the charity's Trustees.

## 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 supports 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.

## About the trustees

### 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.

## Professional advisors

### **Auditor**

Buzzacott LLP  
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### **Bankers**

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Canary Wharf  
London  
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### **Investment managers**

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10-15 Newgate Street  
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