



Norwood Ravenswood
(A Company Limited by Guarantee)
Trustees' Annual Report and Financial Statements
For the year ended 31 March 2016

Registered Charity Number: 1059060
Registered Company Number: 03263519

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CHARITY INFORMATION

Patron	HM The Queen		
Patron of Children's Services	Cherie Blair		
Patron of Adults' Services	Norma Brier		
Patron of Volunteering	Chief Rabbi Ephraim Mirvis		
Presidents	Lord Jon Mendelsohn (<i>appointed 16 Nov 2015</i>) Lady Nicola Mendelsohn CBE (<i>appointed 16 Nov 2015</i>)		
Vice President	Ronnie Harris		
Trustees and Directors	David Ereira (Chairman) Julia Chain (Deputy Chairperson) Andrew Viner (Joint Treasurer) David Stanton (Joint Treasurer) Linda Goldberg Mark Pollack Neville Kahn Estelle Doctor	Lady Elaine Sacks Elliott Goldstein Gary Sacks (<i>re-appointed 4 Dec 2015</i>) Anthony Rabin (<i>appointed 1 May 2015</i>) Philip Hertz (<i>appointed 29 Jul 2016</i>) Ian Fagelson (<i>resigned 4 Dec 2015</i>) Ronnie Harris (<i>resigned 4 Dec 2015</i>)	
Senior Management Team	Elaine Kerr Julian Anthony David Harris Pauline Smith Shona McBride Adele Breslauer	Chief Executive Chief Financial and Operating Officer Director of Development Director of Services Director of Workforce Director of Fundraising and Marketing	
Company Secretary	Julian Anthony		
Auditor	Grant Thornton UK LLP Melton Street Euston Square London NW1 2EP		
Investment Managers	Sarasin & Partners LLP 100 St. Paul's Churchyard, London EC4M 8BU	Seven Investment Management Ltd 125 Old Broad Street, London EC2N 1AR	
Bankers	Barclays Bank plc PO Box 12820 Whetstone London N20 0WE		
Solicitors	Anthony Collins LLP 134 Edmund Street, Birmingham B3 2ES	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ	Solomon Taylor & Shaw 3 Coach House Yard Hampstead High Street London NW3 1QF
	Ingram Winter Green Bedford House 21A John Street London WC1N 2BL	Reed Smith LLP Broadgate Tower 20 Primrose Street London EC2A 2RS	
Principal and Registered Office	Broadway House 80-82 The Broadway Stanmore HA7 4HB		

TRUSTEES' ANNUAL REPORT

The trustees are pleased to present their annual report together with the consolidated statements of the charity and its subsidiaries for the year ended 31 March 2016. The Financial Statements have been prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes and they comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Accounting and Reporting by Charities (i.e. the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland - FRS102).

OBJECTIVES AND ACTIVITIES

Aims

Norwood passionately believes that everyone, irrespective of ability or circumstance, has the right to live the life they choose and achieve their goals. It operates on three core principles namely:

- HOME Children and their families facing individual challenges
- SCHOOL Children and young people with special educational needs
- LIFE People with learning disabilities and autism throughout their lives

Vision

Believing people should live the life they choose – maximising potential.

Values

Empowering Empowering the people who use the services of Norwood to maximise their potential.

Professional Always maintaining professional standards and codes of conduct with all stakeholders and striving to provide excellence throughout the organisation.

Supportive Being an organisation that is supportive to all those who turn to Norwood; the workforce and all stakeholders.

Honourable Being honourable in the way Norwood carries out business.

Innovative Always innovative, finding new approaches and practices to benefit the whole organisation and those it supports.

Services

During the year Norwood was focussed on delivering the following services:

LEARNING DISABILITY SERVICES

- Supported Living
- Residential Care
- Education
- Norwood Nursery
- Assistive Technology
- Short break 24/7 respite
- Domiciliary respite
- Social work
- After-school clubs and holiday schemes
- Life skills and Learning
- Work Skills and Employment
- Sports and Leisure
- Enabling and Therapeutic Services
- Health and Wellbeing
- Transition

CHILDREN AND FAMILY SERVICES

- Children and family support
- Norwood Nursery
- Social work
- Counselling
- Short breaks
- Support Groups
- Art Therapy
- Play Therapy
- Portage
- Transition support
- Drugline

EDUCATIONAL SUPPORT SERVICES

- Binoh
- Hope Centre
- Educational Psychology
- Speech and Language Therapy
- Occupational Therapy
- Transition support

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governance Structure

Norwood is a leading Jewish charity supporting vulnerable children and their families, children and young people with special educational needs, and people with learning disabilities at home, at school and throughout their lives. Since 1795, Norwood has always sought to improve the lives of the most vulnerable people in society. Each year, Norwood supports thousands of people with learning disabilities, and children and families in need. Norwood provides vital, personalised services to the Jewish and wider communities in London and the South East. As set out in its governing documents, the charitable objects are summarised as follows:

To provide relief for children, young people and adults drawn primarily, but not exclusively, from the Jewish community, who are in need by reason of disability, abuse, neglect, financial hardship or other disadvantage, through providing or securing or assisting in the provision of education, training, support, care, treatment, substitute family care, adoption services, accommodation and/ or other assistance of a charitable nature.

Norwood has 40 members who are individuals with long association with the organisation. Any individual seeking to become a member has to apply to the Board. Members are entitled to attend and vote at General Meetings. The Board appoints a Chairman, Deputy-Chairman and Treasurer(s). With services delivered by 1,150 staff and supported by over 650 dedicated volunteers, Norwood strives to maximise people's potential, empowering them to live the life they choose.

Much of the activity of the Norwood Group takes place through subsidiary charities and companies. Norwood Ravenswood is primarily responsible for fundraising, The Hope Charity provides special education services and Norwood Schools Limited provides charitable services to the Group. The financial performance of Norwood Schools Limited was satisfactory. The summary financial results, assets and liabilities of each subsidiaries are set out in note 4.

The Hope Charity has been operating in deficit for a number of years, however each year a grant from the parent charity, Norwood Ravenswood, was provided to fund the operating deficits. An in-depth review of the Children and Educational Services activities has been carried out as part of on-going responsibilities to ensure financial sustainability for the future. The conclusion is to close the Hope Centre while the offering of Binoh is to be enhanced with a wider menu of support for inclusion. Thus, after the financial year end but before the accounts were approved, the trustees decided to cease activities within The Hope Charity, with the announcement of discontinuation being made on 16 June 2016, and to transfer the Binoh operations to Norwood Schools Limited, which is a fellow subsidiary of Norwood Ravenswood, together with the remaining assets and liabilities. The transfer of assets and liabilities will be for proceeds of £nil, with the asset and liabilities transferred at fair value (which is considered to be net book value).

As a result of the review, no grant was made from Norwood Ravenswood in the year ended 31 March 2016 and the charity has net expenditure of £0.8m for the year ended 31 March 2016 and a deficit in total funds of £0.04m. The deficit position will be resolved through the profit on the transfer of net liabilities to Norwood Schools for proceeds of £nil.

Norwood Ravenswood will continue to provide support to The Hope Charity until the date of transfer and a letter of support, approved by its trustees, has been provided. The accounts have therefore been prepared on a break-up basis but no adjustments are required to the accounts given the nature of the transfer.

The Governing Body

The governing body of Norwood Ravenswood is the Trustee Board which comprises up to fourteen members who meet six times a year. The trustees are appointed for a four-year term and may serve a second consecutive term. To support the crucial role of the Board, two main committees (the Corporate Services and the Operational Services Committees) were set up with specific terms of reference and authorities delegated to them by the Board. The Corporate Services Committee has established an Audit and Risk Committee, an Investment Committee and a Property Committee. The membership of each

committee is drawn from the Board and a pool of voluntary lay experts with relevant skills and experience.

The Corporate Services Committee is concerned with matters of finance, investment, human resources, information technology, and health and safety. The Operational Services Committee is concerned with the range of services offered and to be offered by Norwood.

The Audit and Risk Committee is concerned with ensuring that there is a framework for accountability; for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring Norwood is complying with regulations and best practice. The Audit and Risk Committee also oversees the internal audit function and reviews the performance of the external auditors.

The Investment Committee is concerned with ensuring that there is a framework for examining and reviewing the investment strategy and investment performance including portfolio management and assets allocation.

The Property Committee is concerned with the management of Norwood's properties, facilities management and the purchase or sale of Norwood's portfolio of properties. The additional responsibilities of the committee include reviewing investment appraisals for new build projects, land purchase, disposal and capital expenditure on properties.

The Board of Trustees delegate the day-to-day operations of the charity to the Chief Executive Officer, who within her delegated authority has assigned operational matters, including finance, service provisions and employment to the senior management team.

There is also an Advisory Council which provides valuable advice and guidance to help Norwood deliver very high quality services. The Council meets once a year and individual members contribute to various Norwood projects throughout the year. Members of the Advisory Council are eminent professionals in their own fields and bring a wealth of knowledge and experience to Norwood.

Active members as at the end of the year were:

David Ereira (Chairman)	Professor Simon Baron-Cohen	Norma Brier
Max Caller CBE	Ruth Fasht	Gill Gallick
Dr Danya Glaser	Ruth Levere	John Libson
Rabbi Alan Plancey	Jack Rabinowich	Dr Valerie Sinason
Sir Harry Solomon	Michael Teacher	

Trustee Board Members

The trustees have a broad range of backgrounds including, social care, property, law and accountancy. Appointment of new trustees is often after a standard recruitment process involving public advertisements to attract an appropriate mix of gender, skills and expertise. Brief profiles of the Board of trustees are as follows:

David Ereira – Chairman (appointed 2013):

David is a commercial investment real estate surveyor with a long involvement with Norwood dating back to 1992. He has a strong belief in the mentoring, development and involvement of young lay people in all aspects of communal and charitable work.

David founded YN (for 21-35 year olds), one of the largest young professional lay networks with 2-3,000 active members within the community. He holds a number of responsibilities within Norwood, including Chair of our Advisory Council and is active on Operational, Corporate and Fundraising Committees.

David is also currently involved in several other communal organisations:

- Norwood's representative at the Jewish Leadership Council;
- Trustee of Sephardi S & P Community and;
- Advisory Board of Chabad Lubavitch UK.

Julia Chain - Deputy Chair (appointed 2013):

Julia qualified as a solicitor, specialising in corporate finance law. She held senior legal roles in various companies, including Managing Partner, Andersen Legal and General Counsel, T-Mobile UK. She moved into management consultancy in 2004 advising Law Firms and Corporate Law departments.

Julia spent 6 years as first Commissioner and then Deputy Chair of the Commission for Racial Equality (CRE) with a particular interest in issues concerning the Jewish community in Britain.

She has a number of non-executive positions including:

- Member of the Strategy Board of the Law and Business faculty of St Gallen University, Switzerland;
- Non-Executive Frontier Economics Consultancy;
- Founder Governor of Rimon Jewish Free School and;

Julia is currently Director of GC Services at RPC Perform.

Andrew Viner – Joint Treasurer (appointed 2008):

Andrew is a Chartered Accountant and a Fellow of the Securities Institute, with a BSc (Hons) in Management Sciences from Manchester University.

He is a Partner with the world's fifth largest accountancy network, BDO, where he specialises in media and technology. Prior to BDO, he worked for Andersen and KPMG.

David Stanton - Joint Treasurer (appointed 2014):

David is an Asset Director for Ontario Airports Investments Limited (OAIL) which is majority owned by the Ontario Teachers' Pension Plan (OTPP) of Canada. OAIL provides investment management services on behalf of OTPP for Brussels, Bristol, Birmingham and Copenhagen Airports. He is currently Deputy Chairman and Chairman of the Audit Committee of Copenhagen Airports as well as a member of the Board of Directors and Audit Committee of Birmingham Airport. He is on the Board of HS1 and chairs the audit committee. He previously spent 10 years as Corporate Development Director with BBA Aviation PLC.

David qualified as a Chartered Accountant with PWC in 1994 and has been involved with Norwood since 2011 assisting with the recent strategic review and other financial and business related activities.

Andrew and David work together to support our Chief Financial & Operating Officer to ensure that Norwood's finances are prudently managed. Andrew is Chair of the Audit and Risk Committee and Investment Committee and attends the Corporate Services Committee. David is the Chair of the Corporate Services Committee and attends the Audit and Risk Committee.

Elliot Goldstein (appointed 2010):

Elliott is a partner in the MBS Group – a leading Executive Search firm, where he heads their retail, travel and leisure practices. Focusing on CEO searches, and their direct reports, he represents some of Europe's leading retailers and leisure companies in both the Private and Public domains.

Elliott started his career with Boston Consulting Group (BCG) and he holds a double first-class degree with honours in Geography from Brasenose College, Oxford, and an MBA from the University of Chicago. Communitally, Elliott is a previous Chair of the UJIA's Living Bridge programme (2004 – 2006) and Limmud (2006 – 2010), where he is focused on growing the organisation internationally and outside of London. Today, he is also a trustee of community centre, JW3 and LSJS.

Lady Elaine Sacks (appointed 2012):

Lady Sacks originally trained and practised as a radiographer. Today she teaches and mentors in Jewish communities throughout the UK and the world. Taking the opportunity to continue her studies, she was recently awarded an MSc in Criminology.

Lady Sacks has been a supporter of Norwood for many years. She takes a particular interest in supporting a number of charities, both Jewish and non-Jewish, including many that are associated with Jewish education. She has been actively involved in many aspects of the Jewish Community for over 30 years.

Estelle Doctor (appointed 2012):

Estelle is a Chartered Psychologist, Coach and Team Facilitator with a PhD in Psychology from Birkbeck College, University of London. She is a member of the British Psychological Society and the Association for Coaching. Her experience includes:

- Directing a team at a Learning Disabilities Centre in South Africa
- Establishing the Literacy Assessment & Research Centre in the UK
- Serving as a Certified Forum Facilitator for the Young Presidents' Organisation, World Presidents' Organisation and the Young Entrepreneurs' Organisation
- Lecturing widely at universities and conferences and appearing on radio and television.

Estelle is a Board member of the South Hampstead Synagogue.

Linda Goldberg - (appointed 2013):

Linda began her career as a primary school teacher and has 25 years business management experience in the private and voluntary sector.

For 10 years, she was Chief Executive of Cosgrove Care, a voluntary organisation supporting the diverse needs of children and adults with learning disabilities and their families. Cosgrove Care gained a National Charity Award in 2001 for excellence in change management.

Linda is involved in several community organisations including, Judith Trust Board, where she advises on including Jewish people with learning disabilities within the Jewish religious and communal world; Jweb which is a Jewish site/hub for the carers of people with learning disabilities. She has also been involved with Interlink and Ezer Leyoldos.

Mark Pollack - Fundraising Chair (appointed 2013):

Mark is a founding partner of Aston Chase, an independent niche estate agency practice established in 1985. Aston Chase is widely recognized as one of London's most respected agencies focusing on Sales, Lettings and New Homes throughout Central and North West London.

Mark is also a Director and Board member of both The London Magazine and Fabric, which are two of London's leading lifestyle/property publications.

Mark has been an active fundraiser for Norwood for over 25 years, and has Co-Chaired the Norwood Property Lunch committee for the last three years. In addition, he has participated in multiple Norwood International Cycle Challenges and has run two marathons raising vital funds for Norwood and other worthy causes.

Neville Kahn (re-appointed 2013):

Neville is the Managing Partner of Deloitte UK Corporate Finance and a senior Restructuring Services and Insolvency partner. He has acted as lead insolvency practitioner on a number of complex administrations and receiverships, including Woolworths PLC, Comet, HMV and Blockbuster.

Neville has been involved with Norwood as a supporter for a number of years and has appeared as a guest speaker at Norwood fundraising events. In 2005, he co-founded the Norwood Distressed Investors Dinner Committee.

Neville is also active in several other community organisations and is both a Freeman and Liveryman of the City of London.

Anthony Rabin (appointed 2015):

Anthony is a Barrister and Fellow of the Institute of Chartered Accountants in England and Wales. He was an executive director of Balfour Beatty plc for 10 years, six as Chief Financial Officer and four as Deputy Chief Executive and was previously a partner in Coopers and Lybrand and has worked in investment banking. He is currently a non-executive director and Chair of the Audit Committee of Yorkshire Water.

Anthony has been involved with Norwood as a supporter for a number of years and has chaired the Ravenswood Redevelopment Group since 2013.

Gary Sacks (appointed 2015):

Gary is the Managing Director of City and Docklands Property Group. He has been involved with Norwood for many years and held the title of Fundraising Chair from 2006 to 2014. Gary has also overseen many major fundraising events for Norwood, helping to raise the £12m of voluntary income needed to run our services. These included: Annual Dinner, Business Breakfast, Property Lunch, and a range of community fundraising, YN and Challenge events.

Philip Hertz (appointed 2016):

Philip is a Partner and the Global Head of Restructuring and Insolvency at international law firm Clifford Chance where he has advised companies, lenders, investors and other stakeholders in relation to some of the most complex and significant cross border restructurings and insolvencies. He has been active in his local community, having just stepped down as Chairman of Stanmore and Canons Park Synagogue.

Philip has been a supporter of Norwood for a number of years. He is not only responsible for Clifford Chance agreeing to advise Norwood as part of its community outreach and pro-bono programme but has also participated in a number of challenge events for Norwood including the London Marathon and multiple international cycle rides.

Trustees' Induction and Training

Norwood Ravenswood takes a transparent approach to the recruitment of trustees and provides an extensive induction programme which incorporates the range of services provided by Norwood, their legal obligations under charity and company law, the Charity Commission guidance on public benefit, Norwood's decision making processes, the business plan or strategic priorities and, an introduction to the senior management team. Trustees are also provided with on-going training to ensure that they are properly briefed about relevant changes to laws and matters as affecting the parent charity and its subsidiaries.

Related Parties and Co-operation with Other Organisations

None of the trustees receive remuneration or other benefits for their work with the charity apart from reimbursements of business expenses. Any connection between a trustee and a senior manager of the charity with the charity's stakeholders is declared to the Board of trustees in the same way as any other contractual relationship with a related party. Such disclosures are dealt with by the Board. Details of related party transactions and trustees' expenses are disclosed above and in the Notes to the Financial Statements.

STRATEGIC REPORT

STRATEGIC PRIORITIES 2014-2024

To maintain the service levels needed by the people supported by Norwood and its long-term financial viability, the trustees and senior management team have agreed these five key priorities illustrated below.

Fig. 1: The Strategic Aims



ACHIEVEMENTS AND PERFORMANCE

During the year, Norwood was faced with ongoing funding challenges yet continued to deliver high quality frontline services. The key achievements include:

Learning Disabilities Services

- Norwood's Quality Assurance Framework proved a real success when one of its residential care homes was awarded an outstanding rating by the Care Quality Commission, making it one of only 60 services in England to achieve this standard.
- The residential placements supported 196 individuals across 23 homes in London, Sussex and Berkshire.
- The supported living scheme provided support to 110 young adults with complex and challenging needs, through a combination of outreach and support delivered in Norwood properties.
- Transition workshops and support sessions were delivered to 18 young people, aged between 14 and 25 years, and their families.
- The Health, Wellbeing and Lifelong Learning services helped enhance the quality of lives and achieved improved health outcomes for the people Norwood supports.
- Assistive Technology was further embedded during the year, giving flexible communication tools and digital aids to enable independent control and responsiveness.
- Norwood received the Regional Ambassador award for its investments in eLearning and for the courses provided on the Learning Pool.
- Norwood's communication and engagement forums with families and advocates of service users was further enhanced, with some family members stepping into the important peer advocacy roles to back-up engagements with the Local Authorities.

Children and Family Services

- Over 4,000 people used the Norwood's Children and Family Services during the year.
- An Early Intervention Manager position was created and this proved resourceful in ensuring services remained focussed on preventative measures as well as early intervention strategies.
- Stakeholder relationship with the NHS using the Hackney Centre was strengthened. This paved the way for better health outcomes within the community where access to mainstream services is limited.
- 269 families benefitted from the social work services, receiving support for mental, physical and sexual abuse, family breakdowns, behavioural issues and bereavements.
- Norwood provided therapeutic sessions in schools to boost self-esteem and social skills, as well as minimise self-harm amongst students.
- Streetwise@Norwood ran eight week courses and a four-day intensive summer course during the year. Norwood also worked in collaboration with the UJIA to provide an Israel tour for young people with learning disabilities.
- The Children and Family Services were also reviewed in response to changing needs and regulatory requirements. This led to better collaboration with the Education Support Services.
- Norwood's Nursery, which is rated as Outstanding following an Ofsted review, ran its first summer scheme for children in the community.

Education Support Services

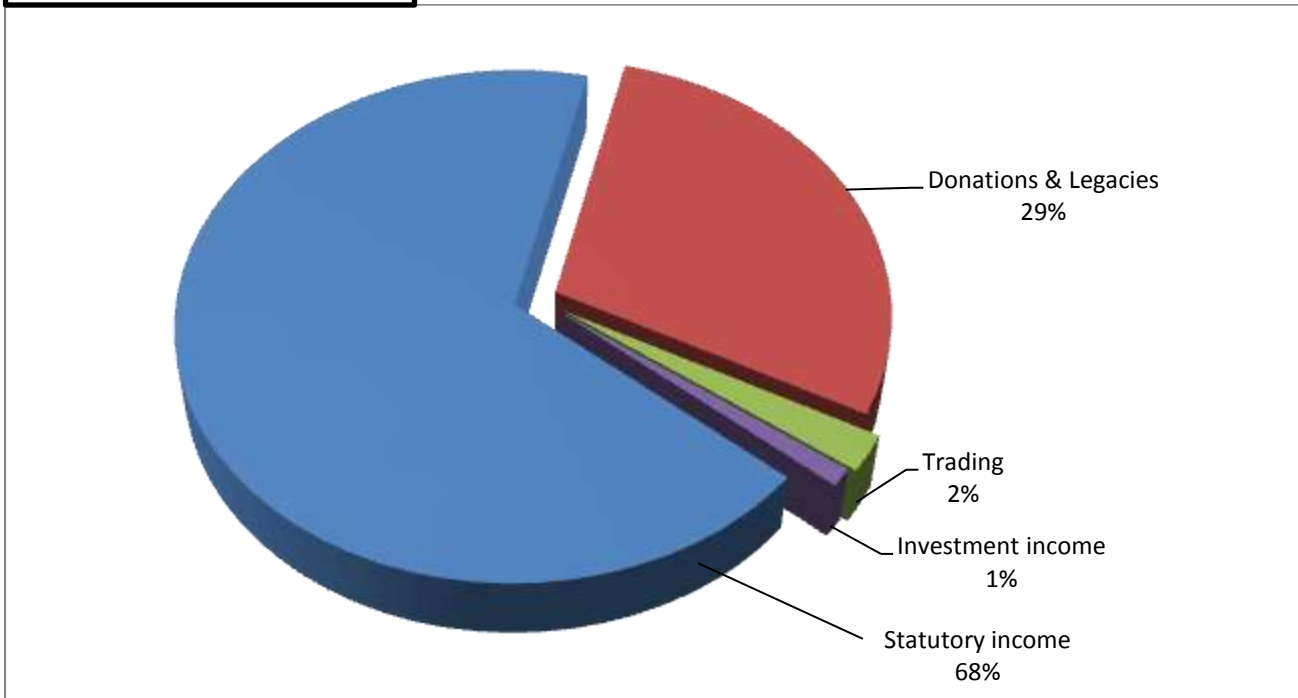
Norwood's Education Support Services supported 830 children and young people during this year. It was also a year of innovation and remodelling, with particular focus on piloting and trialling new ways of working. New initiatives were implemented including:

- Focussing on emotional and mental well-being as an important factor in achieving better educational outcomes.
- Improving multidisciplinary working between teams to enhance expertise and information sharing.
- Developing and maintaining specialisms, such as:
 - Autism Spectrum Disorder
 - Down's syndrome
 - Special Learning Difficulties (SpLD)
 - Behavioural, Emotional and Social difficulties
 - Sensory Processing & Integration
 - Social and emotional approach to learning
 - Cognitive development, thinking skills and & Instrumental Enrichment (now being integrated into the work of the Educational Psychology team).
- Norwood Education Services secured its first integrated contract with a school, for the provision of therapies, teaching and capacity-building.
- The Speech and Language Therapy, Educational Psychology, Occupational Therapy and Teaching services all secured extended school contracts.
- In addition to the integrated contract, the Educational Psychologists were also successful at negotiating contracts with new schools.
- Binoh's teaching service worked with Hackney Learning Trust to deliver support, valued at £800,000, predominantly to the orthodox Jewish community.

FINANCIAL REVIEW

In a very challenging external environment, the Group made a net deficit of £2.4m (2015: £3.6m surplus). This includes a net investment loss of £0.6m. While income realised from charitable activities undertaken during the year was £0.7m more than in the previous year, Norwood received less voluntary, trading and investment income in comparison to the last financial year. This resulted in a 7% decrease in total incoming resources, from £35.8m to £33.3m. The funding structure is illustrated in figure 2 below.

Fig 2: Incoming resources



In comparison to 2015, voluntary income (including total legacies of £1.0m) fell by 24%, to £9.6m (2015: £12.8m). This is mainly due to a slight reduction in grants received and the receipt of a legacy donation of £2.8m in 2014 financial year. In recognition of the drop in voluntary income, Norwood will be focussing on increasing its income through a more targeted approach to legacies and events, as well as grants and lottery funding. Maintaining and growing voluntary income is critical for the future of Norwood to ensure it can maintain the range of services and quality standards offered to its service providers both now and in the future.

The total expenditure increased by 4% from £33.8m to £35.1m. Due to the nature of the services Norwood provides, the workforce remains the largest area of expenditure. A total staff expenditure of £24.7m (2015: £23.9m), an increase of 3%, represented the pay review awarded to all staff after five years of no pay increases. The Board took the view that the pay review was necessary to retain its employees and maintain the service levels. The average full time equivalent number of staff decreased from 744 to 724 due to staff turnover, leading to more reliance on casual and agency personnel. The increase in agency spend also illustrates a sectoral challenge of recruiting suitable care professionals. As part of Norwood's objectives for the coming year, workforce recruitment and retention has been identified and different initiatives will be explored to reduce agency spend.

It is also anticipated that the Fit for the Future project will create some costs reduction to central overheads as well as ensure Norwood services remain sustainable. The Fit for the Future project represents one of Norwood's sustainability strategies in response to a continually challenging external environment and a new inspection regime from the Care Quality Commission. In 2014, a year long strategic review was completed in consultation with all key stakeholders, outlining the medium term plans for services provided to vulnerable children and their families, children with special educational needs and adults with learning disabilities. In the previous financial year, Norwood reduced significantly some recurring operational costs. During this year, it undertook an in-depth review of its Children and

Educational Services, and began a review of its Adult Services. Continuing on the journey of remaining financially sustainable, the Fit for the Future project will lead to the reshaping of certain services in the coming financial year.

The financial impacts of transitioning to Financial Reporting Standard 102 are discussed in detail under Note 1 – Accounting Policies with comparative figures shown in Note 23.

Investment performance

Norwood holds investments in order to generate returns to help fund its charitable activities and to fund future capital projects. At the year end Norwood held investment funds with a market value of £20.3m (2015: £21.5m). During the year Norwood's investment portfolio had unrealised losses of £0.6m (2015: gain of £1.6m).

The trustees have set the investment managers a revised long term (5 years) investment objective of achieving a total return of 4%. In light of Brexit and volatility risks associated with holding equity investments in the UK and overseas, the trustees will continue to closely monitor funds performance via the Investment Committee and against appropriate benchmarks. The trustees retained Seven Investment Management and Sarasin & Partners to manage the investment assets.

The trustees are satisfied that Norwood can continue to meet all its financial obligations on an on-going basis.

Reserves Policy

The trustees consider the reserves policy of Norwood Ravenswood together with the other Group entities. Norwood is committed to supporting the children, young people, adults and their families. The trustees wish to ensure that Norwood can continue to provide the level of support and services the people it support need and want. Voluntary income is volatile and statutory funding (representing two-thirds of Norwood's income) continues to be cut by the Local Authorities. A general reserve representing between 3 and 6 months of its annual expenditure is held as its free reserves plus cash, (circa £9m-£18m). At 31 March 2016 the Group had a free reserve plus cash of £12m, which is within target range.

In considering the financial reserves freely available, restricted and designated funds are excluded. The trustees recognise that most of the unrestricted funds are used to finance tangible fixed assets such as homes and family centres which Norwood uses to provide its services hence, such assets are considered designated. The tangible fixed assets and related bank loans are therefore also excluded from the free reserves. Norwood's free reserves consist of unrestricted investments and liquid net current assets which are retained in order to manage Norwood's risks, safeguard activities funded by voluntary income and to fund development plans in line with the strategic aims and objectives.

The trustees review the reserves policy annually and are considering ways of boosting both its statutory and voluntary income, as well as demonstrating good stewardship of the resources committed to it.

FUTURE PLANS AND STRATEGIC OBJECTIVES 2016-17

Norwood has set five Priority Projects for 2016-17 which are as follows:

- i. **Fit for the Future** – a new objective that has been launched to create efficiencies and reshape services with a focus on sustainability. This will include:
 - a. The cessation of services provided by The Hope Charity, a subsidiary of Norwood Ravenswood and the transfer its assets and liabilities to Norwood Schools Ltd
 - b. Delivering the services of Binoh through Norwood Schools Ltd
 - c. Remodelling the accommodation services
 - d. Efficiency-savings & income generation
 - e. Develop change management skills
 - f. Children & Family Services Review
 - g. Education Review
- ii. **Communication:** building better internal & external communications with Norwood's stakeholders.

- iii. **Ravenswood redevelopment:** maximising assets potentials and capacities.
- iv. **Recruitment & Retention:** Investment in workforce and ensuring Norwood attracts and retains dedicated staff and volunteers to promote the values of Norwood.
- v. **Reduce agency expenditure** – led by Workforce and Operations teams, Norwood seek to effectively implement new processes and ideas to reduce agency costs.

Pay Policy for Senior Staff

The senior staff who are members of the senior management team are the key management personnel of the charity in charge of directing and controlling, running and operating the charity's affairs on a day to day basis. The pay of the senior staff is reviewed annually. In view of the nature of the charity, the salaries of the senior management team are benchmarked against pay levels in similar sized organisations run on a voluntary basis. The remuneration bench-mark is the mid-point of the range paid for similar roles and may be adjusted for a weighting for any additional responsibilities. If recruitment has proven difficult in the recent past, a market addition may also be paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

Going Concern

The trustees have prepared these accounts on the basis of being a going concern. An assessment of their charity's ability to continue as a going concern has been made to assure trustees of the validity of this assumption when preparing these accounts. In making this assessment, the trustees have taken into account all available information about the future for at least, but not limited to, 12 months from the date the accounts are approved. Although, a deficit of £2.4m was made at the end of the year (2015:£3.6m surplus), the total net assets of the group was £41.6m, with £26m held in investments.

Safeguarding

Norwood is committed to ensuring that the whole organisation is trained and ever mindful of safeguarding. All trustees, employees and volunteers are screened through the Disclosure and Barring Service. All trustees, employees and volunteers are trained in safeguarding with regular refresher trainings put in place. Any safeguarding issues and incidents are reported to Operational Services Committee, Audit and Risk Committee and the Trustee Board, as well as to the regulators (CQC and OFSTED) and the appropriate Local Authority.

Public benefit

The trustees confirm that they have paid due regard to the Charity Commission's general guidance on public benefit: Charities and Public Benefit. The direct services provided to both children and families with special educational needs are generally subsidised or free at the point of delivery.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management Strategy

The trustees of the charity and the parent charity have a risk management strategy which comprises:

- The review of the principal risks and uncertainties that the parent charity and its subsidiary face;
- The establishment of policies, systems and procedures to mitigate those risks identified in the quarterly reviews;
- An independent internal audit review of systems, controls and processes and;
- The implementation of procedures and audit recommendations to minimise potential impact on the charity should those risks materialise.

The trustees and senior management are committed to embedding risk management in all of the organisation's operational practices so that Norwood can identify and mitigate all risks associated with its activities. Approach to risk management and the processes for identification, assessment, review and reporting of risks are set out in Norwood's Risk Management Policies and Procedures document. A corporate risk register is maintained which identifies the key risks and their associated probability of occurrence and likely level of impact against which key mitigating actions are set.

Key Risks and Assurance

The three key risks identified for Norwood as at the year ended 31 March 2016 are set out in table 1 below.

Table 1: Top Three Risks.

Risks	Mitigating Actions
Reduction in statutory and voluntary funding for services (including significant reductions in fee and investment income)	<ul style="list-style-type: none">- Support and care packages are being reviewed to identify financially vulnerable placements.- Investment mandate has been revised with a new investment manager appointed to deliver the investment target set by Trustee Board.- Ongoing communication with Local Authorities and families.- Ongoing work on efficiency cost savings target.- Diversification of income streams.- Regular review of cash flow position by Trustee Board.
Loss of key member of staff and inability to recruit and retain core business expertise to support increasing demand for services	<ul style="list-style-type: none">- Prioritising workforce development with new management programmes being rolled-out.- Promoting a positive working environment.- Reviewing duty / referral systems and matching with resources capacity.- Exploiting new initiatives to move away from heavy dependence on agency workers.- Promoting cross-functional working relationship between teams.
Increased safeguarding incidents across Norwood service areas (such as physical abuse, sexual, emotional, medication error or financial)	<ul style="list-style-type: none">- Safeguarding Adults is a standard and compulsory on-board training for all new staff.- Regular reporting and monitoring of safeguarding incidents and trends.- Effective processes put in place for dealing with incidents and making a complaint.- Whistle-blowing policies and procedures in place.- Clear procedures for administering medication also put in place.

TRUSTEES' RESPONSIBILITIES STATEMENTS

The trustees (who are also directors of Norwood Ravenswood for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report (including the Strategic Report) was approved by order of the Board of Trustees.



David Ereira
Chairman of the Board



Andrew Viner
Treasurer

5 August 2016

Independent Auditor's Report to the Members of Norwood Ravenswood

We have audited the financial statements of Norwood Ravenswood for the year ended 31 March 2016 which comprise the consolidated and parent charitable company balance sheets, the consolidated statement of financial activities, the consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement [set out on pages 14-15], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (including the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 5 August 2016

Consolidated Statement of Financial Activities
For the year ended 31 March 2016
(Incorporating the Income and Expenditure Account)

	Note	Unrestricted Funds 2016 £'000	Endowment Funds 2016 £'000	Restricted Funds 2016 £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Income and endowments:						
Charitable activities	2	22,499	-	-	22,499	21,826
Donations and legacies	2	8,887	-	760	9,647	12,770
Other trading activities		776	-	-	776	836
Investments	2	370	-	-	370	396
Total income and endowments		32,532	-	760	33,292	35,828
Expenditure on:						
Cost of raising funds						
- General voluntary income	3	3,096	-	-	3,096	2,813
- Trading	3	763	-	-	763	671
- Investment income	3	88	-	-	88	119
Total cost of raising funds		3,947	-	-	3,947	3,603
Expenditure on charitable activities						
- Adults' Services	3	25,195	-	633	25,828	25,251
- Children and Family Services	3	1,777	-	25	1,802	1,739
- Education & Support	3	2,943	-	628	3,571	3,231
Total charitable activities		29,915	-	1,286	31,201	30,221
Total resources expended		33,862	-	1,286	35,148	33,824
Net (losses) / gains on investments	7	(525)	(50)	-	(575)	1,584
Net (expenditure) / income		(1,855)	(50)	(526)	(2,431)	3,588
Transfers between funds	12	240	-	(240)	-	-
Net movement in funds		(1,615)	(50)	(766)	(2,431)	3,588
Reconciliation of funds						
Fund balances as at 1 April 2015	12	31,779	1,722	10,516	44,017	40,429
Fund balances as at 31 March 2016	12	30,164	1,672	9,750	41,586	44,017

The Statement of Financial Activities includes all gains and losses recognised in the year. The loss for the year, including realised losses of £215k, for Companies Act purposes was £2,071k (2015: surplus of £1,706k including realised losses of £146k).

The comparative figures for each fund are shown in the notes to the financial statements (Note 23).

All income and expenditure derived from continuing activities in the year.

**Consolidated Balance Sheet
As at 31 March 2016**

	Note	Group 2016 £'000	Group 2015 £'000	Parent Charity 2016 £'000	Parent Charity 2015 £'000
Fixed Assets					
- Tangible fixed assets	6	20,230	20,880	1,725	1,770
- Intangible fixed assets	6	512	658	-	-
Investments					
- Property	7	5,700	5,700	-	-
- Non-property	7	20,336	21,511	17,658	18,687
		46,778	48,749	19,383	20,457
Current Assets					
Debtors	9	2,884	2,791	1,335	622
Investments	7/20	1	1,001	1	1,001
Cash at bank and in hand	20	2,532	3,073	2,192	1,756
		5,417	6,865	3,528	3,379
Creditors: Amounts falling due within one year	10	(4,576)	(5,187)	(9,214)	(7,524)
Net current assets/(liabilities)		841	1,678	(5,686)	(4,145)
Total assets less current liabilities		47,619	50,427	13,697	16,312
Creditors: Amounts falling due after one year	11	(6,033)	(6,410)	-	-
Total net assets	17	41,586	44,017	13,697	16,312
Funds					
Including cumulative revaluation gains of £641k (2015: £2,180k)					
Restricted Funds	12	9,750	10,516	192	190
Endowment Funds	12	1,672	1,722	1,672	1,722
Unrestricted Funds	12	30,164	31,779	11,833	14,400
		41,586	44,017	13,697	16,312

The accompanying notes form an integral part of these accounts.

Approved by the Board of Trustees on 29 July 2016 and signed on their behalf 5 August 2016.



David Ereira
Chairman of the Board



Andrew Viner
Treasurer

Consolidated Statement of Cash Flows
For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash (used in) / provided by operating activities	20	(975)	5,921
Cash flows from investing activities:			
Dividends, interest and rent from investments	2	370	396
Purchase of tangible fixed assets	6	(808)	(2,300)
Purchase of intangible fixed assets	6	(101)	-
Proceeds on sale of tangible fixed assets		11	4
Purchase of fixed asset investments	7	(9,300)	(2,001)
Proceeds on disposal of fixed asset investments	7	9,886	49
Receipts from investment net gains	7	58	-
Payments on financial instruments		(294)	(301)
Net Cash used in by investing activities		(178)	(4,153)
Cash flows from financing activities:			
Interest payable on bank loan	3	(88)	(96)
Loan repaid		(300)	(44)
Net Cash used in by financing activities		(388)	(140)
Change in cash and cash equivalents in the reporting period		(1,541)	1,628
Cash and cash equivalents at the beginning of the period		4,074	2,446
Cash and cash equivalents at the end of the reporting period	20	2,533	4,074

Notes to the Financial Statements For the year ended 31 March 2016

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the Group financial statements are as follows:

a) *Basis of preparation*

The financial statements 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are presented in Sterling (£).

Norwood Ravenswood meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) *Reconciliation with previously Generally Accepted Accounting Practice*

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. Accounting policies have also been reviewed to ensure compliance with FRS 102 reporting requirement, such as accruing for holiday entitlements and recognition of legacies.

At 1 April 2014, the transition date, and 31 March 2015, the previous reported balance sheet date a reduction in general funds of £851k and £702k respectively was required when applying the requirement to recognise financial instruments at fair value. No restatements were required to the parent entity and the restricted and endowment funds of the Group. In accordance with the requirement of FRS 102 a reconciliation of opening balances and net income / (expenditure) is provided.

Group	Unrestricted Funds £'000 31 Mar 15	Total Funds £'000 31 Mar 15	Unrestricted Funds £'000 01 Apr 14	Total Funds £'000 01 Apr 14
Reconciliation of Group funds:				
Funds balances as previously stated	32,481	44,719	28,532	41,280
Adjustments				
Financial instruments at fair value	(702)	(702)	(851)	(851)
Funds restated under FRS 102	<u>31,779</u>	<u>44,017</u>	<u>27,681</u>	<u>40,429</u>
	Unrestricted Funds £'000 31 Mar 15	Total Funds £'000 31 Mar 15		
Reconciliation of net income/(expenditure):				
Net movements in funds as previously stated	3,949	3,439		
Movement in value of financial instruments	149	149		
Net movements in funds restated under FRS 102	<u>4,098</u>	<u>3,588</u>		

**Notes to the Financial Statements
For the year ended 31 March 2016**

Parent	Unrestricted Funds £'000 31 Mar 15	Total Funds £'000 31 Mar 15	Unrestricted Funds £'000 01 Apr 14	Total Funds £'000 01 Apr 14
Reconciliation of Group funds:				
Funds balances as previously stated	14,400	16,312	12,418	14,226
Adjustments				
Financial instruments at fair value	-	-	-	-
Funds restated under FRS 102	14,400	16,312	12,418	14,226

c) The parent charity and its united charity

The results of the company relate to the activities, assets and liabilities undertaken by the company in its own name, together with the activities, assets and liabilities of the charity united with it under the Charities Act 2011. As at 31 March 2016, Norwood Homes for Jewish Children is the only charity that is united with the parent charity. We account for united charities by treating them as branches. At the end of the year, there were no funds relating to this charity.

d) Group financial statements and individual accounts

The financial statements represent a consolidation of Norwood Ravenswood (including its united charity – Norwood Homes for Jewish Children) and its subsidiary undertakings listed in note 8. The results of the subsidiaries are consolidated on a line-by-line basis.

In accordance with section 408 of the Companies Act 2006 and paragraph 4, no Income and Expenditure Account has been prepared for the parent entity, Norwood Ravenswood.

e) Preparation of the accounts on a going concern basis

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

f) Estimates and Judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect reported assets and liabilities as at the balances sheet date and, the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Notes to the Financial Statements For the year ended 31 March 2016

Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Norwood has a Collar to hedge the interest rate risks of its long term loan. This financial instrument is initially recognised at fair value, which is normally the transaction price. In certain circumstances, the initial fair value may be based on a valuation technique, which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market inputs. Subsequent to initial recognition, the Collar is carried at fair value, with changes in fair value either reported within the income statement or within equity until the instrument is sold or becomes impaired. Details of the type and classification of the Group's financial instruments are set out in Note 10.

Fair value of equity investments:

Equity investments are fair valued by applying various valuation techniques, such as earnings multiples, net assets multiples, discounted cash flows, and industry valuation benchmarks. Disposal of such investments are generally by market trades or private sales. Details of the type and classification of the Group's equity investments are set out in note 7 to the accounts.

Other significant estimates and assumptions:

Significant estimates and assumptions in these Consolidated Financial Statements require the exercise of judgment and are used for, but not limited to, allowance for doubtful clients or local authorities' accounts, estimates of future cash flows and other assumptions associated with asset impairment tests, useful lives for depreciation and amortization, determination of discount and other rate assumptions for lease classification and contingencies. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

g) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government grants whether capital grants or revenue grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For Legacies, entitlement arises when the group has knowledge of both the existence of a valid will and the death of the benefactor. In line FRS102, evidence of entitlement exists when Norwood has sufficient evidence that a gift has been left it and the executor of the estate is satisfied that the gift in question will not be required to satisfy claims in the estate. Recognition of the gift, for accounting purposes, depends on the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable.

A receipt is deemed probable when:

- there has been a grant of probate;
- the executors have established that there are sufficient assets in the estate after settling any liabilities to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

Where the legacy is deemed probable and measurable but payment is not yet received from the estate, the gift is accrued in the accounts as income and reported in the Statements of Financial Activities.

Where the legacy is measurable but the criteria for income recognition have not been fully met, then the legacy is treated as a contingent asset and disclosed if material in Note 15 of the Financial Statements.

Notes to the Financial Statements For the year ended 31 March 2016

Where a payment is received from an estate after the reporting date and before the accounts are authorised for issue but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, the payment is treated as an adjusting event and accrued as income.

Where the legacy is not measurable but receipt is deemed probable, a notional amount is estimated and added to the accounts as accrued income and reported in the Statements of Financial Activities.

h) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteers' time is not recognised in the financial statements for the services donated by volunteers.

i) Interest receivable

Interest on funds held on 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.

j) Fund Accounting

Restricted, endowment, designated and unrestricted funds are separately disclosed, as set out in note 12. Restricted funds are resources donated, the uses of which are subject to specific restrictions imposed by the donors or by the nature of the appeal. Designated funds are set aside at the discretion of the Board for specific purposes. Endowment funds are funds where capital is retained and has been invested to provide income that is subject to specific restriction by the donor. All other types of funds which are not endowments, restricted or designated funds form part of general funds. General funds are available to spend at the discretion of the Board, in furtherance of the charitable objectives of the charity. Transfers to and from designated funds are recognised as and when the Board designates or un-designates funds.

k) Expenditure and irrevocable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured.

- The costs of raising funds comprise of costs associated with charitable expenditure including fundraising, trading costs and publicity.
- Governance costs include both direct and indirect costs relating to the governance arrangements of the charity, including internal and external audit costs, costs of Board meetings and a relevant proportion of the costs of the Directorate.
- Irrecoverable VAT is charged as a cost to the Statement of Financial Activities, being allocated on the same basis as the underlying expenditure to which it relates.
- Grants to individuals are recognised on payment and grants to institutions are recognised when there is a constructive obligation to make the payment.

l) Apportionment of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They comprise all services supplied centrally, such as financial management, information systems, property and facilities, human resources and central management and governance. The bases of which support costs have been allocated are set out in Note 3.

Notes to the Financial Statements For the year ended 31 March 2016

m) Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses (if applicable). Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs - 4 years

n) Tangible fixed assets

Expenditure relating to tangible fixed assets is expected to be used over several years and where the combined value of the asset or group of assets exceeds £1,000, they are capitalised at cost and depreciated over their estimated useful economic lives on a straight line basis.

o) Depreciation

Depreciation is provided on tangible fixed assets in order to write off their cost to their estimated realisable values by annual instalments over the following expected useful lives:

Freehold land	- not depreciated
Investment Properties	- not depreciated
Freehold buildings	- 50 years
Long leasehold land and buildings	- 50 years or length of lease if shorter.
Freehold and leasehold improvements	- 10 years
Motor vehicles	- 10 years
Furniture, fixtures, fittings and equipment	- 4 years

Where there are indications that assets are or may be impaired in value or use, an impairment review is undertaken to establish the net realisable value and the value in use. The carrying amount of the assets is reduced by any excess over the higher of these valuations.

p) Investment Properties

Investment properties are revalued annually by the trustees and every third year by independent Chartered Surveyors on a fair value basis. Gains and losses are recognised in the Statement of Financial Activities account for the period. Therefore no depreciation is provided on investment properties.

q) Equity Investments

Investments are stated at fair value. Changes in fair value are recorded in the Statement of Financial Activities. Unrealised gains and losses are calculated based on the carrying value of the investments in the Balance Sheet.

r) Payments on account and assets under construction

In the course of capital projects where costs are incurred for payments on account and assets under construction or installation of equipment, they are not subject to depreciation until they are reclassified after their completion and available for use.

Notes to the Financial Statements

For the year ended 31 March 2016 (continued)

s) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

t) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

u) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Pensions

The charity operates a defined contribution scheme. The assets of the scheme are held separately from the charity. The contributions to the scheme are recognised in the year in which they fall due.

w) Financial Instruments

Financial instruments are carried at fair value and changes in fair value are recognised in the income and expenditure section of the SOFA. Fair value of financial instruments is established by the open market value of the product.

x) Financial Liabilities

Financial liabilities are recognised on the date on which the Group becomes a party to the contractual provisions of the instrument giving rise to the liability. Financial liabilities are initially recognised at fair value plus transaction costs and are no longer recognised when the contractual obligations are discharged, cancelled or expire.

y) Investment management fees

Investments are held within collective investment schemes and it is not practicable to ascertain the management costs with reasonable accuracy. The investment income is therefore reported net of investment management costs.

z) Leases

Operating lease rentals are charged to the Statement of Financial Activities as they are incurred.

aa) Management of liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

ab) Employee benefits

Employee benefits and contributions to defined contribution plans are recognised as expenses in the period in which they are incurred.

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

2. Incoming resources from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
<i>Income from donations and legacies</i>				
Donations	7,914	641	8,555	8,684
Legacies	973	-	973	3,807
Grants	-	119	119	279
	8,887	760	9,647	12,770
<i>Investment income – by source</i>				
Bank deposit interest	19	-	19	6
Dividends	2	-	2	24
Rental income	349	-	349	366
	370	-	370	396
<i>Incoming resources from charitable activities – by source</i>				
Statutory income from Local Authorities	20,368	-	20,368	20,229
Gross fee income	657	-	657	709
Less: bursaries and grants	(19)	-	(19)	(59)
Rental income	1,061	-	1,061	668
Other income	432	-	432	279
	22,499	-	22,499	21,826
<i>Incoming resources from charitable activities – by activity</i>				
Adults' Services	20,421	-	20,421	20,021
Children and Family Services	71	-	71	63
Education & Support	1,859	-	1,859	1,737
Support Services	148	-	148	5
	22,499	-	22,499	21,826

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

3. Resources expended

Expenditure on raising funds	<u>Direct cost of activities</u>		<u>Apportioned</u>	Total	Total
	Staff	Other	<u>costs</u>	2016	2015
	£'000	£'000	£'000	£'000	£'000
Cost of raising voluntary income	988	1,816	292	3,096	2,813
Cost of trading	328	258	177	763	671
Cost of raising investment income	-	88	-	88	119
Total cost of raising funds	1,316	2,162	469	3,947	3,603

Costs of raising funds	<u>Direct cost of activities</u>		<u>Apportioned</u>	Total	Total
	Staff	Other	<u>costs</u>	2016	2015
	£'000	£'000	£'000	£'000	£'000
	1,316	2,162	469	3,947	3,603

Charitable expenditure	Staff	Other	Apportioned	Total	Total
	£'000	£'000	Costs	2016	2015
	£'000	£'000	£'000	£'000	£'000
Adults' Services	16,789	5,484	3,555	25,828	25,251
Children and Family Services	1,287	44	471	1,802	1,739
Education & Support	2,419	726	426	3,571	3,231

Total charitable expenditure	20,495	6,254	4,452	31,201	30,221
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Total resources expended	21,811	8,416	4,921	35,148	33,824
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Support costs (Basis of allocation)	Costs of raising funds	Adults' Services	Children and Family Services	Education & Support	Total support costs 2016	Total support costs 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Management (Total direct expenditure)	103	417	36	42	598	575
Information Systems (Number of users)	76	524	163	215	978	964
Human Resources (Estimated time and number of employees)	105	755	113	56	1,029	930
Property and Facilities (Estimated time spent)	55	588	74	18	735	622
Central Management (Total direct expenditure)	106	1,031	69	72	1,278	1,093
Governance	24	240	16	23	303	329

Total	469	3,555	471	426	4,921	4,513
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Notes to the Financial Statements

For the year ended 31 March 2016 (continued)

Resources expended also include	2016	2015
	£'000	£'000
Auditor's remuneration:		
Statutory audit of the company	35	35
Statutory audit of subsidiary undertakings	30	30
Statutory audit of group –additional fees for FRS102 conversion	9	-
Other	1	2
Depreciation of owned tangible fixed assets	1,445	1,629
Interest payable on bank loan	381	397
Operating lease rentals:		
Hire of plant and machinery	217	109
Properties	467	470
Trustees' indemnity insurance premiums	7	7

4. Subsidiaries and parent charities

Throughout the financial year Norwood Ravenswood had two operating subsidiary undertakings and two dormant subsidiary undertakings. Details of each subsidiary undertaking are listed in note 8 together with their activities. Summary results for the period during which each subsidiary was part of the Norwood Group, including inter-company transactions, and the assets of the subsidiary undertakings and the parent charity are as shown below.

Due to trustees' decision to cease services provided by The Hope Charity in the next financial year, a letter of support has been given by the parent charity (Norwood Ravenswood) for the net liability of £40k. The assets and liabilities of the Hope Charity, from the date of cessation, will be transferred to Norwood Schools Limited.

	The Hope Charity Limited £'000	Norwood Schools Limited £'000	Parent Charity £'000
2016			
Incoming resources/ turnover	1,908	30,680	8,904
Resources expended	(2,691)	(29,533)	(11,134)
Net losses on investments	-	(190)	(385)
Net (expenditure) / income for the year	(783)	957	(2,615)
Total assets	752	38,396	22,911
Total liabilities	(792)	(10,081)	(9,214)
Net (liabilities) / assets	(40)	28,315	13,697
2015			
Incoming resources/turnover	2,351	30,265	11,842
Resources expended	(2,348)	(28,916)	(11,199)
Net gains on investments	-	141	1,443
Net income for the year	3	1,490	2,086

Total assets	888	38,233	23,835
Total liabilities	(145)	(10,875)	(7,523)
Net assets	743	27,358	16,312

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

5. Staff costs, trustees remuneration and expenses and cost of Key Management Personnel

	2016	2015
	£'000	£'000
Total staff expenditure		
Wages and salaries	19,193	18,808
Social security costs	1,707	1,680
Pension costs	564	566
Total direct staff costs	21,464	21,054
Agency costs	2,856	2,399
Other staff costs	380	413
Total staff expenditure	24,700	23,866
Redundancy and termination payments	2016	2015
	£'000	£'000
Statutory redundancy payments	25	80
Payments in Lieu of notice period	57	72
Ex-gratia payments	43	30
Total payments on termination included in wages and salaries above	125	182

These ex-gratia payments were compensation for loss of office.

Average number of staff employed and the full-time equivalent	Staff employed		Full-time equivalent	
	2016	2015	2016	2015
	No.	No.	No.	No.
Fundraising	45	47	30	32
Adults' Services	800	841	544	565
Children and Family Services	89	83	35	33
Education and Support	87	93	48	51
Support Services	91	89	67	63
	1,112	1,153	724	744

The number of employees who earned more than £60,000 (excluding pensions) during the year was:

	2016	2015
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	3
£90,001 - £100,000	2	-
£110,001 - £120,000	-	1

Notes to the Financial Statements

For the year ended 31 March 2016 (continued)

5. Staff costs, trustees remuneration and expenses and cost of Key Management Personnel (continued)

Norwood Ravenswood operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charity. Contributions payable in respect of the year were £564k (2015 - £566k) of which £50k was outstanding at 31 March 2016.

Contributions made to the pension scheme for the eight (2015: seven) employees who earned more than £60,000 amounted to £106,401 (2015: £95,930).

The trustees and the senior management team comprise the Key Management Personnel of the charity (see the Charity Information page) in charge of directing and controlling, running and operating the charity on a day to day basis.

Trustees received no remuneration and were not reimbursed any expenses in either year.

The total employee benefits (including salaries and pensions) of the key management personnel of the Group were £686,000 (2015: £574,000).

6. Tangible Fixed Assets

(a) Group

	Freehold operational properties £'000	Long leasehold properties £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total 2016 £'000
Cost or valuation					
At 1 April 2015	29,857	4,638	919	6,163	41,577
Additions	220	13	83	492	808
Disposals	-	-	(101)	(7)	(108)
At 31 March 2016	30,077	4,651	901	6,648	42,277
Depreciation and impairment					
At 1 April 2015	14,244	1,907	448	4,098	20,697
Charge for the year	525	159	80	681	1,445
Disposals	-	-	(91)	(4)	(95)
At 31 March 2016	14,769	2,066	437	4,775	22,047
Net Book Values					
At 31 March 2016	15,308	2,585	464	1,873	20,230
At 31 March 2015	15,613	2,731	471	2,065	20,880

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

(b) Parent Charity

Tangible Assets	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total 2016 £'000
Cost					
At 1 April 2015	949	2,400	22	304	3,675
Additions	-	-	-	11	11
Disposals	-	-	(22)	-	(22)
At 31 March 2016	949	2,400	-	315	3,664
Depreciation					
At 1 April 2015	538	1,041	22	304	1,905
Charge for the year	8	43	-	5	56
Disposals	-	-	(22)	-	(22)
At 31 March 2016	546	1,084	-	309	1,939
Net Book Values					
At 31 March 2016	403	1,316	-	6	1,725
At 31 March 2015	411	1,359	-	-	1,770

(c) Intangible Assets

	Group Computer Software £'000	Parent Computer Software £'000
Cost		
At 1 April 2015	2,118	20
Additions	101	1
At 31 March 2016	2,219	21
Depreciation		
At 1 April 2015	1,460	20
Charge for the year	247	1
At 31 March 2016	1,707	21
Net Book Values		
At 31 March 2016	512	-

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

7. Investments – non-property:

(a) Fixed asset investments- non-property

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Fair values at 1 April 2015	21,511	17,823	18,687	15,087
Investment in the year	9,300	2,001	9,300	2,206
Disposals in the year	(9,886)	(49)	(9,886)	(49)
Net investment (losses) / gains	(589)	1,736	(443)	1,443
Fair values at 31 March 2016	20,336	21,511	17,658	18,687
Historical cost at 31 March 2016	19,695	19,331	17,409	17,078
Unrealised investment gains at 31 March 2016	641	2,180	249	1,609
	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
The underlying investments comprised:				
Multi-asset Investment Funds	20,277	21,253	17,629	18,433
Cash	59	258	29	254
Total Fair Values at 31 March 2016	20,336	21,511	17,658	18,687

The proportions of non-property investments by fair value invested by manager were:

Sarasin Investments	45%	0%	52%	0%
Seven Investment Management Limited	55%	58%	48%	52%
Newton Investment Management Limited	0%	42%	0%	48%

(b) Fixed asset investments- property

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Valuation at 1 April 2015	5,700	5,700	-	-
Valuation as at 31 March 2016	5,700	5,700	-	-

The valuation of the investment property was undertaken by an independent valuation firm - CBRE Limited on 29 June 2016. The valuation has been prepared in accordance with the RICS Valuation – Professional Standards global - January 2014 and the RICS Valuation Professional Standards UK January 2014 (revised April 2015), (“the Red Book”). The value of £5.7m is on the basis of Fair Value (for the

purpose of financial reporting under International Financial Reporting Standards) and represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control.

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

c) Current assets investments

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Fair values at 1 April 2015	1,001	883	1,001	750
Investment in the year	-	250	-	251
Disposals in the year	(1,058)	(132)	(1,058)	
Net investment gains	58	-	58	-
Carrying values and historical cost at 31 March 2016	1	1,001	1	1,001

(d) Net gains/(losses) on investments

	Group 2016 £'000	Group 2015 £'000	Parent Charity 2016 £'000	Parent charity 2015 £'000
Net (losses)/gains on fixed asset investments (non-property)	(589)	1,736	(443)	1,443
Net gains on current asset investments	58	-	58	-
Net losses on Financial Instrument	(44)	(152)	-	-
Net (losses)/ gains on investments	(575)	1,584	(385)	1,443

The financial instrument (Loan Collar) has been valued by the Royal Bank of Scotland for the year ended 31 March 2016. The basis of the valuation is a mid-market price and is indicative only as the valuation may differ from actual quote of a live price to unwind the Collar. Further disclosure is contained in Note 11 of these Financial Statements.

8. Interests in subsidiary undertakings

Subsidiary Undertaking	Activity
1. The Hope Charity (The cessation of The Hope Charity post balance sheet date will lead to its assets and liabilities being transferred to Norwood Schools Limited).	Provision of Special Education.
2. Norwood Schools Limited	Charitable services
3. Norwood Ravenswood Services Limited	Provision for welfare services - dormant since 1 January 2013
4. Sussex Tikvah	Dormant company
5. Norwood Child Care Limited	Dormant company
6. Ravenswood Foundation	Dormant company
7. The Parry Charitable Foundation	Dormant company

All subsidiary undertakings are 100% owned or controlled and incorporated/registered and operate in England. All are included in the Group accounts. Norwood Ravenswood Services Limited is a wholly owned subsidiary company which has two of Norwood Ravenswood's trustees as directors. The total

amount invested in the ordinary share capital of this subsidiary company is £3. Norwood Ravenswood is a corporate trustee of The Hope Charity, Norwood Schools Limited and Sussex Tikvah.

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

9. Debtors

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Accrued legacies (see note 15)	414	493	414	493
Local Authorities and trade debtors	1,677	1,699	-	-
Other debtors	19	39	30	30
Prepayments and accrued income	774	560	270	99
Amount due from subsidiary	-	-	621	-
Total debtors	2,884	2,791	1,335	622

10. Creditors: amount falling due within one year

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Accruals and deferred income	1,681	2,241	354	304
Amounts due to subsidiary undertakings	-	-	8,745	7,105
Bank loan repayable within one year	304	300	-	-
PSRP at JCoSS grant (see note 13)	104	323	-	-
Other creditors	323	77	2	9
Other taxes and social security costs	414	404	-	-
Trade creditors	1,302	1,141	113	106
Fair Value of financial Instrument	448	701	-	-
Total creditors falling due within one year	4,576	5,187	9,214	7,524

11. Creditors: amount falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Parent charity 2016 £'000	Parent charity 2015 £'000
Bank loan repayable within two to five years	1,263	1,246	-	-
Bank loan repayable after five years	4,084	4,406	-	-
	5,347	5,652	-	-
PSRP at JCoSS grant (see note 13)	436	508	-	-
Loan, which is interest free, secured by a charge over a property and repayable after 10 September 2019.	250	250	-	-

6,033

6,410

-

-

Notes to the Financial Statements

For the year ended 31 March 2016 (continued)

Loan:

In October 2007 Norwood purchased Broadway House in Stanmore with a 25 year loan taken with RBS for 80% of the purchase price, £6.68m. Capital repayments commenced after 60 months of loan issue (first 5 years is interest only). The bank loan is secured by a charge over Broadway House, Stanmore and is repayable in 240 monthly instalments from November 2012.

Collar:

In October 2007 a Base Rate Collar was signed with RBS with base rate fixed between 5.25% and 6.5% for 10 years until 18 October 2017. Currently, the effective interest cost is between 6.25% and 7.5%. The basis of the valuation is a mid-market price and it does not include certain valuation adjustments applied internally by the Royal Bank of Scotland, including but not limited to: Bid/Offer and Liquidity, Model Uncertainties, Independent Price Verification adjustments, System Corrections, Day 1 reserves, Funding and Replacement reserves, Portfolio level adjustments and Model Limitations. The valuations are determined as at the close of business for the relevant transaction/instrument on the date of this valuation unless otherwise stated.

12. Funds (Group)

	1 April 2015 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers between funds £'000	Investment gains and losses £'000	31 March 2016 £'000
(a) Unrestricted Funds						
<i>Designated funds</i>						
PSRP at JCoSS	231	-	-	(58)	-	173
<i>Total designated funds</i>	231	-	-	(58)	-	173
<i>General funds</i>	31,548	32,532	(33,862)	298	(525)	29,991
Total unrestricted funds	31,779	32,532	(33,862)	240	(525)	30,164
(b) Endowment Funds						
Endowment fund for Jewish Children	232	-	-	-	(7)	225
Ernst and Dola Fischer fund	358	-	-	-	(10)	348
Somers Fund	1,132	-	-	-	(33)	1,099
	1,722	-	-	-	(50)	1,672

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

(c) Other restricted funds	1 April 2015	Incoming resources	Outgoing resources	Transfer between funds	Investment gains and losses	31 March 2016
Binoh	-	48	(39)	-	-	9
Health and well-being	86		(86)	-	-	-
Harper Collins	124	-	-	-	-	124
Overseas Travel for young people	64	-	(23)	(4)	-	37
PSRP at JCoSS	1,547	-	(99)	58		1,506
Education Service Review	74	50	(91)	-	-	33
Sports England	(29)	202	(149)	(24)		-
Lira Abeleva	53	-	-	-	-	53
Village Building Fund	63	4	-	-	-	67
PMLD Independence Project	1					1
Assistive Technology	460	50	(214)	(106)	-	190
Early Intervention	-	51	-	-	-	51
Supported Living Capital Fund	15	-	-	-	-	15
Restricted property fund	1,397	-	-	-	-	1,397
Residential accommodation fund	671	-	-	-	-	671
Service Development	5,000	-	-	(116)	-	4,884
Sussex Tikvah Charity	269	-	-	-	-	269
Tager Autistic Centre	55	-	(33)	-	-	22
The Grange	275	-	-	-	-	275
The Hope Charity	-	100	(100)	-	-	-
Other funds each valued under £50,000	391	255	(452)	(48)		146
Total other restricted funds	10,516	760	(1,286)	(240)	-	9,750
(d) Total Restricted Funds (b+c)	12,238	760	(1,286)	(240)	(50)	11,422
Total Funds (a+d)	44,017	33,292	(35,148)	-	(575)	41,586

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

Funds (Parent Charity)

	1 April 2015	Incoming resources	Outgoing resources	Transfers between funds	Investment gains and losses	31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000
(a) Unrestricted funds						
<i>Designated funds</i>						
PSRP at JCoSS	1,220	-	-	-	-	1,220
Total designated funds	1,220	-	-	-	-	1,220
<i>General Funds</i>						
General Funds	13,180	8,902	(11,134)	-	(335)	10,613
Total unrestricted funds	14,400	8,902	(11,134)	-	(335)	11,833
(b) Endowment funds						
Ernst and Dola Fischer Fund	358	-	-	-	(10)	348
Fund for Jewish Children	232	-	-	-	(7)	225
Somers Fund	1,132	-	-	-	(33)	1,099
	1,722	-	-	-	(50)	1,672
(c) Other restricted funds						
Harper Collins	124	-	-	-	-	124
Lira Abeleva	53	-	-	-	-	53
Other funds each valued under £50,000	13	2	-	-	-	15
Total other restricted funds	190	2	-	-	-	192
Total funds	16,312	8,904	(11,134)	-	(385)	13,697

Transfer between funds

Other transfers from restricted funds to unrestricted general funds relate to fulfilment of restrictions by capital expenditure during the year from those restricted funds.

Endowment Funds

Endowment Fund for Jewish Children

The fund is the permanent endowment for Norwood Homes for Jewish Children and represents the original endowment made on its inception. Income arising from the fund is restricted and can only be used for the provision of services for children.

Ernst and Dola Fischer Fund

This is an endowment, originally of £350,000, where the income is used to fund the charity's home at 94 Station Road, Hendon.

Somers Fund

This is an endowment, originally of £1 million, where the income is used to fund the charity's family centre at Hackney.

Notes to the Financial Statements

For the year ended 31 March 2016 (continued)

Designated Funds:

PSRP at JCoSS

This fund is designated for a Pears Special Resource Provision at the Jewish Community Secondary School. Details of the use of this fund are set out in note 13.

Restricted Funds

Binoh

This fund is to be spent on this special educational needs service.

Health and well-being

This fund is for preventative health services.

Harper Collins

Copyright money received on sale of "Halliwell Film Guide". It has been provisionally classed as restricted fund, pending further discussion with the Halliwell family.

Overseas Travel for Young People

This donation is to provide holidays for Jewish children and their families.

Education Service Review

This fund is to provide support for a major review of service provision.

Sports England

An inclusive sports programme designed to increase the number of disabled young people (14 years and above) and adults regularly playing sports.

Lira Abeleva

This fund is set up to provide an educational and respite care facility for disabled children in Minsk, Belarus.

Village Building Fund

This donation is to fund future building work at Ravenswood village.

PMLD Independence Project

This fund is for increasing the independence and wellbeing of people with profound and multiple learning difficulties.

Assistive Technology

The fund is used to provide assistive technology and associated support to adults and young people with learning difficulties and complex needs.

Early Intervention

An outreach schools programme delivered to teachers (Head's Up) and students (Pyramid).

Supported Living Capital Fund

This fund is set aside for support/transition of service users to more independent living. The original donation of £1.4m provides 'capital fund' to enable properties to be acquired, adapted and refurbished, before existing properties are sold. Under the condition of this grant, proceeds from the disposal of the purchased supported living properties is recyclable, up to the value of the original donation of £1.4m.

Restricted Property

This fund represents the capital investments made to date from the Support Living Capital Fund discussed above. £447k was used to purchase Holmbury Avenue in 2013, £214k was expended as part of the purchase cost of Greenwood Road in 2014; and £736k was used to purchase Highview Gardens.

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

These represent a total capital investment in supported living properties of £1,397k, as at the end of the financial period. These properties form part of Norwood's fixed assets and are depreciated in line with the depreciation policy.

Residential Accommodation Fund

The fund was created to provide residential accommodation for young adults with learning disabilities. Following disposal of the original property, part of the proceeds was used to fund the refurbishment and adaptation of Somers Court. The balance has been retained and will be used to fund other residential accommodation.

Service Development

The funds were donated to fund the construction, refurbishment and associated costs of children and family centres and accommodation for adults with disability and the operating costs of such services.

Sussex Tikvah Charity

An incoming resource that arose on the merger with Sussex Tikvah to be spent on this adults' residential services.

Tager Autistic Centre

This fund is for further property improvements at the Tager Centre.

The Grange

This represents donation of a flat which can only be used by the current resident during his lifetime.

The Hope Charity

These funds are spent on the specialised service provided by the Hope Charity.

13. PSRP at Jewish Community Secondary School (JCoSS):

The Jewish Community Secondary School (JCoSS) in North London opened in September 2010. JCoSS includes a Pears Special Resource Provision (PSRP) for students with special educational needs, mostly at the severe end of the autistic spectrum. Government funding has been made available for the majority of the capital cost. Norwood has agreed to fund in full the balance of the cost of constructing and fitting out the SRP. Norwood continues to part-fund the running cost of special educational needs provision. Norwood is using restricted donations and designated funds to meet these obligations. Within these financial statements provision has been made for the estimated costs and actual payments made as set out below.

	1 April 2015 £'000	Payments during the year £'000	31 March 2016 £'000
Construction and fitting out expenditure	267	227	40
Revenue Support	564	64	500
	831	291	540
Creditors: Amounts falling due within one year	323	219	104
Creditors: Amounts falling due between two and five years	224	(32)	256

Creditor: Amounts falling due after five years	284	104	180
	831	291	540

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

14. Contingent Liability

A contribution of £250,000 made by Westminster Regional Health Authority in respect of the registered care home at 1 Woodcock Dell Avenue in Harrow, is repayable should the property cease to be used as a residential care home.

15. Legacies – Contingent Assets

A contingent asset arises where a legacy is measurable but the criteria for income recognition have not been fully met. Although, one of Norwood's legacy was in dispute as at the end of the financial year, because receipts was measurable and deemed probable, the estimated value of the gift was accrued and is reported in the Statement of Financial Activities. The contingent asset was therefore £nil (2015: nil).

16. Capital Commitments

	2016	2015
	£'000	£'000
Approved but not contracted for:		
Adults' services	1,899	1,136
Children's Services	167	74
Information technology	244	438
Support services and retail shops	121	136
	2,431	1,784

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

17. Analysis of Net Assets between Funds

Group	Unrestricted funds £'000	Designated funds £'000	Endowment funds £'000	Restricted funds £'000	Total funds £'000
2016					
Tangible fixed assets	18,399	-	-	2,343	20,742
Investments	17,625	-	1,672	6,739	26,036
Net current assets	-	173	-	668	841
Liability due after one year	(6,033)	-	-	-	(6,033)
	29,991	173	1,672	9,750	41,586
2015					
Tangible fixed assets	13,090	-	1,722	6,726	21,538
Investments	24,868	-	-	2,343	27,211
Net current assets	-	231	-	1,447	1,678
Liability due after one year	(6,410)	-	-	-	(6,410)
	31,548	231	1,722	10,516	44,017
Parent Charity					
	Unrestricted funds £'000	Designated funds £'000	Endowment funds £'000	Restricted funds £'000	Total funds £'000
2016					
Fixed assets	1,725	-	-	-	1,725
Investments	14,574	1,220	1,672	192	17,658
Net current liabilities	(5,686)	-	-	-	(5,686)
	10,613	1,220	1,672	192	13,697
2015					
Fixed assets	1,770	-	-	-	1,770
Investments	15,555	1,220	1,722	190	18,687
Net current liabilities	(4,145)	-	-	-	(4,145)
	13,180	1,220	1,722	190	16,312

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

18. Operating Lease Commitments

At the year end, the total future minimum lease payments under non-cancellable operating leases were:

	Properties	Other	Properties	Other
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Total future payments due:				
Not later than one year	454	180	433	113
Later than one year and not later than five years	915	303	1,116	67
Later than five years	3,216	-	3,435	-
	<u>4,585</u>	<u>483</u>	<u>4,984</u>	<u>180</u>

The parent charity did not have any operating lease commitments.

19. Operating Leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were:

	Properties	Other	Properties	Other
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Total future payments due:				
Not later than one year	363	-	361	-
Later than one year and not later than five years	324	-	674	-
	<u>687</u>	<u>-</u>	<u>1,035</u>	<u>-</u>

The parent charity did not have any operating leases.

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

20. Notes to the cash flow statement

	2016 £'000	2015 £'000
Reconciliation of net (expenditure) / income to Net Cash (used in) / provided by operating activities:		
Net (expenditure) / income	(2,431)	3,588
Depreciation	1,692	1,629
Losses on disposal of fixed assets	(2)	(4)
Losses / (gains) on investments	575	(1,736)
(Increase)/decrease in debtors	(93)	2,918
Decrease in creditors falling due within one year	(362)	(116)
Decrease in creditors falling due after more than one year	(72)	(58)
Investment income	(370)	(396)
Loan interest	88	96
Net Cash (used in) / provided by operating activities	(975)	5,921
Analysis of cash and cash equivalents		
Cash at bank and in hand	2,532	3,073
Money market short term deposits	1	1,001
Total cash and cash equivalents	2,533	4,074

21. Related parties

Related Parties include the charity's trustees, their close family members and those entities which the trustees control or in which they have a significant interest. In line exemptions granted under section 9.19 of the Charity SORP FRS 102, related transactions have not been disclosed.

22. Post balance sheet event

Norwood undertook an in-depth review of its Children and Educational Services as part of its ongoing responsibilities to ensure financial sustainability for the future. After the financial year end and before the accounts were approved, the trustees, who are also the directors, decided to cease services provided by The Hope Charity – a subsidiary of the parent company, Norwood. The announcement of discontinuing The Hope Charity was made on 16 June 2016.

This is a non-adjusting event because the decision to discontinue The Hope Charity was communicated after the balance sheet date. However, because the assets and liabilities of The Hope Charity are considered to be material to the financial statements, a disclosure concerning the closure has been made.

Notes to the Financial Statements
For the year ended 31 March 2016 (continued)

23. Comparatives for Individual Funds

2015	Unrestricted	Endowment	Restricted	Total
	Funds	Funds	Funds	Funds
	2015	2015	2015	2015
	£'000	£'000	£'000	£'000
Income and endowments:				
Charitable activities	21,826	-	-	21,826
Donations and legacies	11,818	-	952	12,770
Other trading activities	836	-	-	836
Investments	396	-	-	396
Total income and endowments	34,876	-	952	35,828
Expenditure on:				
Cost of raising funds				
- General voluntary income	2,813	-	-	2,813
- Trading	671	-	-	671
- Investment income	119	-	-	119
	3,603	-	-	3,603
Expenditure on charitable activities				
- Adults' Services	24,568	-	683	25,251
- Children and Family Services	1,679	-	60	1,739
- Education & Support	2,475	-	756	3,231
Total charitable activities	28,722	-	1,499	30,221
Total	32,325	-	1,499	33,824
Net gains / (losses) on investments	1,482	102	-	1,584
Net income / (expenditure)	4,033	102	(547)	3,588