

MARTHA TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004

Registered Charity Number: 1067885
Registered Company Number: 3467406

MARTHA TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

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MARTHA TRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2004

Trustees are pleased to submit their Report and Accounts for the year ended 31 December 2004.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

REFERENCE AND ADMINISTRATIVE INFORMATION

Martha Trust was founded in 1983 and is registered with the Charity Commission under charity number 1067885. The charity is also a company limited by guarantee governed by its Memorandum and Articles of Association and registered under company number 3467406.

Details of Trustees, executive officers, professional advisers and the principal address of the charity are listed below:

Directors/Trustees

The Directors of the charitable company (the Charity) are its trustees for the purposes of charitable law and throughout this report are collectively referred to as the trustees. Trustees are co-opted by serving trustees and then confirmed by election at the following annual general meeting of the company. Trustees serving during the year and since the year end were as follows:

Leslie Bulman	Linda Reeves
Humphrey Clarke (Chairman)	Norma Rice
Andrew Davis	Rodney Stone (Company Secretary)
David Horton	

Executive Officers

Chief Executive:	Graham Simmons
Finance & Administration Manager:	Judy Heath
Fundraising Manager:	Jackie Flynn
Home Manager, Martha House:	Gill Burnham
Home Manager, Frances House:	To be appointed

Registered Office

Homemead Lane
Hacklinge
Deal
Kent CT14 0PG

Registered Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

Solicitors

Collings & Co
10 Church Street (St Pauls)
Canterbury, Kent, CT1 1NH

Bankers

Barclays Bank Plc
9 St Georges Street, Canterbury,
Kent, CT1 2JX

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by its Memorandum and Articles last amended in 1997.

Trustee Recruitment & Training

Trustees are appointed at a meeting of the Board on the basis of nominations received according to the Board's specification concerning personal competence, specialist skills, availability and Christian commitment. New Trustees are inducted into the workings of the charity and provided with specific guidance concerning their principal duties and responsibilities. This training is followed by strategic planning workshops for all Trustees and we intend in the coming year to develop and increase opportunities for Trustees to receive further relevant training to keep their knowledge and skills up-to-date.

Organisational Management

Trustees are legally responsible for the overall management and control of all aspects of the charity's work and meet at least four times a year. The Chairman's role is assisted by a Vice Chairman and both work closely with the Chief Executive to ensure the most productive working relationship and outcomes for the charity.

The day to day running of the charity is delegated to the Chief Executive and Senior Management team.

Group Structure & Relationships

Martha Trust owns no subsidiaries, although we continue to keep under review the possibility of launching a trading operation.

We continue to support the promotion of the highest standards in the field of caring for people with profound disabilities and work closely with a number of other charities and organisations to this end. In particular we have forged close links with Canterbury Christchurch College which regularly places pre and post registration nurses at Martha Trust for training.

Related Parties

The Charity is independent of all other charities and companies. A close relationship exists with Kent County Council and various Primary Care Trusts and other local authorities with which we have contracts for the provision of care. One of the directors has a child receiving respite care from the Charity, but this is under the direction of a local authority care manager and there are no special conditions.

Risk Management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate exposure to these.

Investment Powers & Grants

Under the Memorandum and Articles of Association, the Charity has the power to make any investments which the trustees see fit. Any funds not immediately required are invested in short term financial instruments.

The charity makes no grants.

Volunteers

Martha Trust is fortunate in having a large number of committed supporters who are prepared to give not just of their money but also their time to support our work. We are extremely grateful to them and the many schools, clubs and other organisations who find the time and resources to assist us on a regular basis.

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

OBJECTIVES AND ACTIVITIES

Our Mission

To provide life-long residential and respite care for children and adults with profound and multiple disabilities and to provide whatever support is possible to their families.

Aims and Intended Impact

In line with this Mission Statement Martha Trust aims to:

- § Set and promote standards of excellence in the care and development of children and adults with exceptional needs
- § Provide a happy, safe, comfortable and stimulating home environment based upon a family approach to living which enables people to achieve their full potential
- § Ensure that our staff are appropriately qualified, trained and supported
- § Promote open and effective relationships with staff, parents, families and fellow professionals
- § Maintain high standards of operational and financial control to ensure long term stability
- § Encourage innovation and new ways to develop and expand our work
- § Uphold and build upon the Trust's Christian values in all areas of our work.

Our Vision

During the next 5 years we seek to achieve a significant improvement in the general community regarding the provision of high quality care for people with profound and multiple disabilities with Martha Trust being a recognised contributor and leader in this process.

(Agreed by the Board of Trustees: November 2003)

Objectives for the Year

Our principal objective has focused on expanding our current service provision to help a greater number of people and families. Additional objectives based upon the current two year strategic plan include:

- § Expand provision through the opening of new residential (with respite) home(s) and/or through prudent merger/acquisition.
- § Introduce changes to current recruitment and benefit policies to maximise likelihood of attracting and retaining the best calibre staff.
- § Renegotiate fee levels where they have fallen below the current acceptable rate; create a suitable reserve fund which meets Martha Trust and Charity Commission requirements.
- § Develop a new fundraising strategy based upon this plan to ensure that we adjust our sights in advance of any major changes affecting income from this source.
- § Streamline all administrative procedures including those for creating and maintaining service user records to ensure that time spent on administration is effective, so maximising time available to spend with people.
- § Revise our current personnel structure to ensure the requirements of the Strategic Plan can be safely and effectively met; undertake, as part of this review, an analysis of the effectiveness of current senior manager/Board working arrangements and introduce a regular review process for this key area.

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

Strategies to Achieve the Objectives

The principal strategy has been to recruit and retain high calibre staff which is fundamental to our success in all areas. In particular we need to remain alert to the dangers of recruiting average/poorly motivated or trained staff when we have such responsibility for the lives of people placed in our care.

In addition to this, we have brought a strong focus to bear on the need for a revised management structure which will be capable of taking us forward in line with our expansion plans.

Principal Activities of the Year

There are three main parts to our work – providing a home for life, respite care and day care. We also aim to do all we can to provide support for parents and families. We believe that people with profound disabilities are people first who have rights to privacy, choice, dignity and self respect, as well as the right to be consulted and informed and to make choices about their lifestyles. This long-held belief and approach underlines our commitment to the government's recent White Paper, 'Valuing People', which is all about improving the lives of people with learning disabilities.

We currently have two residential homes – Martha House for adults, and Frances House for children, where dedicated teams of nurses and care staff work together under the direction of their Home Manager. Together these homes care for 12 adults and 5 children and a further 10 adults and their families on a respite basis. A great deal of work has gone into our current main project involving the opening of a new residential home in Hastings which represents a significant step forward in terms of the number of people we can assist.

Respite care is important to a growing number of people. A crucial part of our work has been providing support to parents and families, many of whom, without Martha, would have to cope with the very high demands and stresses of caring 365 days a year. Currently there is very limited provision locally and nationally to help. Respite breaks vary from a single night to a number of weeks on a regular basis. Demand is always high and it is extremely frustrating not being able to meet all the requests for help which we receive.

We also provide a Day Care service to help meet the needs of young adults leaving full time education. People using this service have full access to all the Trust's facilities and there is an individually structured programme of activities to suit each person's needs.

Martha Trust believes in setting aside 10% of its unrestricted surplus each year in line with the biblical principle of tithing. Last year we agreed that this money would meet the annual cost for two years of providing a full time children's nurse for a newly established hospice in Romania. Trustees are pleased to report that the person recruited is making a positive difference to the lives of many children, all of whom are terminally ill with a range of serious disabilities. We shall continue to monitor the situation to ensure that outcomes match our original expectations.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Achievement of Objectives

2004 has been a very successful year, especially in relation to our principal objective to expand service provision and help more people. Just before the end of the year we completed a transfer of land including a part-built home in Hastings which were part of a new project undertaken originally by another charity with similar objects, The Agape Trust. Martha Trust was approached to take over the project which we did following an in-depth 'due diligence' report and a suitable review process involving all Trustees.

When it opens in late 2005, Agape House will provide a home for 8 young people with profound learning and physical disabilities. We are excited at the enormous potential of this project to help families in East Sussex where, to date, there is practically no other specialist provision of this nature. When completed, the home will in effect be two small homes within a home, each offering spacious individual bedrooms all with ensuite facilities, a lounge, dining room and kitchen. In addition there are several rooms set aside for sensory therapies, including one for music, another for technology/PC's and a third for use as a light/sound sensory room.

As always our main aim will be to create a homely environment which is the opposite of anything 'institutional'. We are working closely with our architect and have agreed a scheme which will complete the home not only to the required standard but also using an imaginative approach which will encourage and assist those who live there to exercise choice and independence wherever possible.

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

Plans are already underway for a third phase which will offer respite and daycare services to an even wider group of people. This phase will increase the amount of therapy space and include a hydrotherapy pool which we have found to be extremely beneficial in our homes in Kent. We aim to see Agape House established in East Sussex with the same reputation for high quality services already enjoyed by our existing homes in Kent.

Our staff have yet again proved themselves to be resilient and determined in the face of various challenges. We are profoundly grateful to God for the people He has sent our way. Joan Hay is a support worker at Martha House. She says that "after 15 years of working for Martha Trust, I still feel privileged to have experienced the way in which a resident's smile or laughter can light up a room. Their progress and achievements, no matter how small, can lift our spirits and make us feel on top of the world."

Training of staff is a high priority for us, with some 75% of the staff team now involved in ongoing NVQ training. All staff commit to a continuous programme of training and personal development which is monitored by Home Managers with assistance from the Training Coordinator. We are providing more work placements for pre and post qualification nurses and getting complimentary feedback from both students and those who place them.

We aim for all our homes to be real homes from home - warm, bright and tidy with home comforts and technical equipment sitting side by side in easy harmony. Gemma has been a resident at Martha House for several years. Her mother, Jeanette Goulding, agrees that the warm and welcoming atmosphere at Martha makes it stand out:

"We visited at least ten homes (and quickly discounted them as unsuitable!) before a chance remark by a school governor led us to visit Martha House. It felt very different and we knew that Gemma was as comfortable as we were, even on her first visit. Martha House has been Gemma's home for ten years now and we know she is a valued member of the 'family'".

The Trust puts the use of specialist therapies high on its list of priorities, and residents can benefit from a range of stimulating and/or relaxing activities from hydrotherapy, aromatherapy, speech therapy, music therapy, massage and physiotherapy to creative art, horticulture and the use of a multi-sensory room. Our gardens are awash with colour and perfume in the summer, stimulating residents' senses and offering them opportunities to get involved in gardening and decoration, and the huge carp in the pond always need looking after! Television's Charlie Dimmock and her 'garden army' transformed the Martha House garden into its current form with the help of local volunteers, and the new design provides a wonderful 'outside room' for residents and their families to enjoy.

Martha Trust prides itself on its links with the local community. The Trust has enjoyed tremendous support from local individuals, schools and businesses over the years, for which it is extremely grateful. In turn, the Trust works hard to be a full member of the community itself, and aims to build on the connections it has with Kent to grow and mature as an integral part of the caring side of the county.

Finally, the CSCI (Commission for Social Care) inspections over the last year have been very encouraging and the following is a brief excerpt from an unannounced inspection of Martha House in November 2004:

The Inspector was welcomed into the Home by the Manager, who assisted the Inspector throughout the visit. The Home was very well maintained – bright and clean and airy – and retaining a friendly and homely atmosphere. Service Users were seen in the 2 lounges, being attended to by staff. The Inspector was able to greet 3 Service Users briefly, but was unable to chat with them due to their multiple disabilities, and different methods of communication. Service Users appeared well groomed, and were smiling and laughing at times, showing their enjoyment of staff attention, and a sense of contentment. Martha House is committed to complying with all aspects of legislation, and have their own systems in place for assessing compliance with the National Minimum Standards. All aspects of areas inspected were running well and no requirements or recommendations were given. The Inspector was pleased to note that the Manager and staff are constantly looking for ways to improve the service, and to come up with new ideas for further improving the quality of life of the Service Users.

Fundraising Performance

A new appeal was launched at the beginning of 2005 specifically for Agape House, with a target of £722,000 being required to complete the project. Just over £500,000 (including pledges of £427,500 which will be received in 2005) had been raised by the end of the year, which leaves a balance of £200,000 to raise in the remaining 10 months before the home opens.

Although the bulk of our income comes from contracts with local authorities, we are dependent on fundraising for all capital investment i.e. the creation of a new service or home. In addition, we need to raise approximately £100,000 a year in general unrestricted donations to ensure we continue to provide the best possible standards and opportunities for both adults and children.

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Overview

The year produced a sound financial outcome with an unrestricted funds surplus of £410,947 including the one-off donation of the home in Hastings which accounted for £384,887. The actual surplus arising on normal activities amounted to £26,060; this was despite our carrying a vacancy in our children's home for over 6 months as negotiations were conducted for a new child to come to live in Frances House. This delay is unusual due to the long waiting list we have for our services and the desire of most families to take up these rare opportunities when they occur.

The position on net current assets improved considerably over the previous year and trustees have stated their intention to build up a suitable reserve fund equal to 6 month's fee income for one resident for each home. This is considered to be the maximum likely exposure in any one year. This would provide a reserve fund of approximately £100,000.

Funding

The main source of income is from contracts with Local Authorities and Primary Care Trusts. Since Martha Trust provides care for people drawn from all parts of the UK, we maintain a wide range of important relationships which have been cultivated over the years. The diversity of these relationships, however, means that we are not dependent upon any one or small group of funders.

Reserves

At 31 December 2004 the total funds of the Trust were £2,588,230. Of these £783,856 were restricted funds. Of the remaining unrestricted funds £1,848,520 were represented by fixed assets net of related borrowings. The Trust has expended free reserves on fixed assets which have also been financed through loans and working capital. The Charity is partly financed by retained surpluses and partly by bank borrowings. The directors intend to create a specific reserve fund as outlined above.

FUTURE PLANS

Martha Trust's current two year Strategic Plan was approved by Trustees in October 2003 and is reviewed on an annual basis. Interim reports are produced for Trustees at quarterly Board Meetings. The key objectives for the coming year will be to:

- § Ensure our new home, Agape House, opens on time and with a high calibre team of people
- § Maintain current high standards of care and personal development opportunities across the board
- § Extend the current strategic and financial planning period from 2 to 3 years
- § Investigate opportunities for developing new services such as domiciliary care i.e. respite care in the home
- § Purchase, with the aid of a £200,000 mortgage, Hacklinge Farm Cottage (located adjacent to our existing site in Deal) to provide much needed extra working and office space
- § Research possibilities for improving the support to parents and families including the establishment of better support networks

CONCLUSION

We thank our Heavenly Father for what has been achieved in 2004 and look forward to His guidance on the next steps which could see the beginning of a significant expansion of your service to this vulnerable and highly deserving group of people.

MARTHA TRUST

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

ACCOUNTING AND REPORTING RESPONSIBILITIES

Charity and Company law require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources for that period. In preparing these financial statements, the Trustees are required to:

- § select suitable accounting policies and then apply them consistently;
- § make judgements and estimates that are reasonable and prudent; and
- § prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for maintaining proper accounting records which accurately disclose at any time the financial position of the Charity and enable it to ensure that the accounts comply with the Companies Act 1985. Trustees 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.

We confirm that the accounts comply with current statutory requirements and with the requirements of the governing document.

AUDITORS

A resolution proposing the re-appointment of Haysmacintyre as auditors to the company will be put to the annual general meeting.

Approved by the board of Trustees and signed on its behalf by:

Humphrey Clarke
Chairman

17th March, 2005

REPORT OF THE AUDITORS TO THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of The Martha Trust for the year ended 31 December 2004 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Trustees responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. The Trustees are also Directors of The Martha Trust for the purposes of Company Law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or apparent material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London WC1V 6AY

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MARTHA TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2004 £	Total 2003 £
INCOMING RESOURCES					
Donations		99,401	82,262	181,663	114,193
<i>Activities to further the charity's objects:</i>					
Residents Fees		1,247,728	-	1,247,728	1,204,424
Other		3,845	-	3,845	5,207
		<u>1,350,974</u>	<u>82,262</u>	<u>1,433,236</u>	<u>1,323,824</u>
Donation of fixed assets		384,887	350,000	734,887	-
Total Incoming Resources		<u>1,735,861</u>	<u>432,262</u>	<u>2,168,123</u>	<u>1,323,824</u>
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and Publicity		56,361	-	56,361	45,478
CHARITABLE EXPENDITURE					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential Care		875,681	-	875,681	811,114
Support Costs		333,030	7,454	340,484	346,242
Managing and administering the charity		59,842	-	59,842	58,546
Total Resources Expended	3	<u>1,324,914</u>	<u>7,454</u>	<u>1,332,368</u>	<u>1,261,380</u>
NET INCOMING RESOURCES BEFORE TRANSFER					
		410,947	424,808	835,755	62,444
Transfers between funds	9	-	-	-	-
NET INCOMING RESOURCES AFTER TRANSFERS					
		410,947	424,808	835,755	62,444
Fund balances brought forward		<u>1,393,427</u>	<u>359,048</u>	<u>1,752,475</u>	<u>1,690,031</u>
Fund balances carried forward		<u>£1,804,374</u>	<u>£783,856</u>	<u>£2,588,230</u>	<u>£1,752,475</u>

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

The notes on pages 11 to 16 form part of these financial statements.

MARTHA TRUST**BALANCE SHEET****AS AT 31 DECEMBER 2004**

	Notes	£	2004	£	£	2003	£
FIXED ASSETS							
Tangible assets	4			2,908,963			2,052,338
CURRENT ASSETS							
Debtors	5	41,579			33,366		
Cash at bank and in hand		57,111			4,274		
		<u>98,690</u>			<u>37,640</u>		
CREDITORS: Amounts falling due within on year							
Creditors and accruals	6	99,308			100,033		
Deferred income		50,143			58,167		
		<u>149,451</u>			<u>158,200</u>		
Net current (liabilities)/ assets				(50,761)			(120,560)
Total assets less current liabilities				<u>2,858,202</u>			<u>1,931,778</u>
CREDITORS: Amounts falling due after more than one year							
	7			(269,972)			(179,303)
Net Assets				<u>£2,588,230</u>			<u>£1,752,475</u>
FUNDS							
Unrestricted							
- General	8			1,600,239			1,189,292
- Revaluations	8			204,135			204,135
				<u>1,804,374</u>			<u>1,393,427</u>
Restricted	9			783,856			359,048
				<u>£2,588,230</u>			<u>£1,752,475</u>

The financial statements were approved by the Trustees on

Humphrey Clarke
Chairman of the Trustees

David Horton
Trustee

The notes on pages 11 to 16 form part of these financial statements.

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

a) ***Basis of Accounting***

The financial statements are prepared under the historical cost convention, modified by the inclusion of donated assets at their estimated market value in the year of receipt, in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP), *Accounting and Reporting by Charities* (2000).

The following accounting policies have been applied consistently throughout the year:

b) ***Income***

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income.

c) ***Restricted Funds***

When income received is subject to restrictions imposed by the donor or implied by the terms of appeal, it is shown in the statement of financial activities as restricted income. The corresponding expenditure is shown as restricted fund expenditure and any unexpended balance at the balance sheet date is carried as a restricted fund in the balance sheet. Where such funds have been raised for a purpose which cannot be satisfied the permission of the donors to release the funds for use in the general purposes of the charity is sought. If that permission is granted the funds are transferred to unrestricted funds. A description of these funds is shown in note 9.

d) ***Designated Funds***

The trustees may set aside amounts of unrestricted funds, at their discretion, for specific future purposes. Such funds are shown within unrestricted funds as designated funds. Where the trustees decide that designated funds are no longer required for the purposes specified, these are released from designated funds.

e) ***Unrestricted Funds***

These funds are expendable at the discretion of the Trustees in furtherance of the objects of the Charity.

f) ***Expenditure***

Expenditure is recognised on an accruals basis. Where expenditure cannot be wholly identified under the main categories shown in the statement of financial activities it is apportioned over cost headings on the following basis:

Staff costs: estimated proportion of time spent
Other costs: are wholly treated as support costs

g) ***Tangible Fixed Assets***

i) As permitted by the transitional arrangements under FRS 15 "Tangible Fixed Assets". The Trustees have elected not to adopt a policy of revaluation of tangible fixed assets. The freehold land and buildings are retained at the carrying value resulting from a valuation made in 1998 and this valuation will not be updated. Subsequent additions to freehold land and buildings will be capitalised at cost, or in the case of donated assets, a valuation.

ii) The Trustees have revised the useful economic life of the freehold buildings to 50 years with no residual value following a review of previous estimates.

iii) Freehold land is not depreciated. Freehold buildings are depreciated over 50 years. Depreciation is provided on other fixed assets to write off their cost over estimated useful lives at the following rates:

Fittings and equipment	- 10% - 20% on cost
Motor vehicles	- 20% on cost
Garden (included within fittings & equipment)	- 2% on cost

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES (Continued)

h) *Pension Costs*

The Trust pays contributions to a defined contribution pension scheme on behalf of certain employees. Payments are charged to the income and expenditure account as they fall due.

2. STAFF COSTS

	2004	2003
	£	£
Staff costs consist of:		
Wages and salaries	933,632	879,546
Social security costs	83,350	74,570
Other pension costs	11,570	10,195
	<u>£1,028,552</u>	<u>£964,311</u>

The average number of employees during the year was 57 (2003: 55).

The number of employees whose emoluments exceeded £50,000 were:

	2004	2003
	Number	Number
£50,000 - £60,000	<u>1</u>	<u>1</u>

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 1 trustee and amounted to £160 (2003: £788).

3. ANALYSIS OF RESOURCES EXPENDED

	Staff Costs	Other	Depreciation	Total	Total
	£	£	£	2004	2003
				£	£
Fundraising and publicity	44,046	12,315	-	56,361	45,478
Residential Care	820,260	55,421		875,681	811,114
Support costs	131,926	142,066	66,492	340,484	346,242
Managing and administering the charity	32,320	27,522	-	59,842	58,546
Total expenditure	<u>£1,028,552</u>	<u>£237,324</u>	<u>£66,492</u>	<u>£1,332,368</u>	<u>£1,261,380</u>

Other expenditure includes:

	Total	Total
	2004	2003
	£	£
Auditors remuneration:		
- For audit (inc VAT)	5,111	4788
- For other services (inc VAT)	<u>1,762</u>	<u>1,175</u>

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

3.	ANALYSIS OF RESOURCES EXPENDED (Continued)	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £		
	Support Costs						
	Establishment costs	20,284	-	20,284	20,447		
	Travel and subsistence	9,224	-	9,224	11,318		
	Insurance	10,401	-	10,401	8,866		
	Maintenance, cleaning and repairs	49,851	-	49,851	48,354		
	Print, post and stationery	4,854	-	4,854	5,689		
	Telephone and fax	4,171	-	4,171	4,380		
	Operating Lease Rental and Equipment	13,623	7,454	21,077	22,104		
	Staff training	7,363	-	7,363	4,390		
	General expenses	14,841	-	14,841	4,784		
	Depreciation	66,492	-	66,492	70,159		
	Salaries	131,926	-	131,926	145,751		
		<u>£333,030</u>	<u>£7,454</u>	<u>£340,484</u>	<u>£346,242</u>		
	Managing and administering the charity						
	Salaries	32,320	-	32,320	30,360		
	Audit fee	7,397	-	7,397	5,816		
	Legal and professional	4,902	-	4,902	6,154		
	Bank charges and interest	2,718	-	2,718	3,313		
	Mortgage interest	12,505	-	12,505	12,645		
	Fixed assets written off	-	-	-	258		
		<u>£59,842</u>	<u>£-</u>	<u>£59,842</u>	<u>£58,546</u>		
4.	TANGIBLE FIXED ASSETS	Assets under construction £	Freehold land £	Freehold buildings £	Fittings and equipment £	Motor vehicles £	Total £
	COST						
	At 1 January 2004	-	481,336	1,480,647	349,716	33,718	2,345,417
	Additions	37,035	235,239	597,207	52,636	1,000	923,117
	Disposals	-	-	-	(12,700)	(2,718)	(15,418)
	At 31 December 2004	<u>37,035</u>	<u>716,575</u>	<u>2,077,854</u>	<u>389,652</u>	<u>32,000</u>	<u>3,253,116</u>
	DEPRECIATION						
	At 1 January 2004	-	-	91,777	168,184	33,118	293,079
	Charge for the period	-	-	29,613	36,262	617	66,492
	On disposal	-	-	-	(12,700)	(2,718)	(15,418)
	At 31 December 2004	<u>-</u>	<u>-</u>	<u>121,390</u>	<u>191,746</u>	<u>31,017</u>	<u>344,153</u>
	NET BOOK VALUE						
	At 31 December 2004	<u>£37,035</u>	<u>£716,575</u>	<u>£1,956,464</u>	<u>£197,906</u>	<u>£983</u>	<u>£2,908,963</u>
	At 31 December 2003	<u>£ -</u>	<u>£481,336</u>	<u>£1,388,870</u>	<u>£181,532</u>	<u>£600</u>	<u>£2,052,338</u>

The closing net book value represents tangible assets used entirely for direct charitable purposes.

The freehold land and buildings were valued by the trustees at 31 December 1998. The value was based on a professional valuation obtained for bank lending purposes. The historic cost of land and buildings was £1,961,983 and the net book value £1,840,593 at 31 December 2004. The additions to freehold land and buildings (part built home in Hastings – 'Agape House') were received as a donation from The Agape Trust on 23 December 2004. The value was based on a professional valuation obtained from the Agape Trust as at 30 November 2004.

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

5. DEBTORS: Due within one year			2004	2003
			£	£
Trade debtors			24,754	27,808
Tax recoverable			2,815	2,505
Prepayments			7,041	2,607
Other debtors			6,969	446
			<u>£41,579</u>	<u>£33,366</u>
			<u><u>£41,579</u></u>	<u><u>£33,366</u></u>
6. CREDITORS: Amounts falling due within one year			2004	2003
			£	£
Bank mortgage (see note 7)			21,998	21,858
Trade creditors			18,100	9,287
Other taxes and social security			28,242	22,957
Accruals			8,468	5,500
Other creditors			-	11,567
Bank loan			22,500	28,864
			<u>£99,308</u>	<u>£100,033</u>
			<u><u>£99,308</u></u>	<u><u>£100,033</u></u>
7. CREDITORS: Amounts falling due after more than one year	Bank Loan	Bank Mortgage	Total 2004	Total 2003
	£	£	£	£
Amounts falling due within one year	22,500	21,998	44,498	21,858
Between one to two years	22,500	21,998	44,498	21,858
Between two to five years	67,500	65,995	133,495	65,574
In five years or more	22,809	69,170	91,979	91,871
	<u>135,309</u>	<u>179,161</u>	<u>314,470</u>	<u>201,161</u>
Less allocated to creditors falling due within one year.	<u>(22,500)</u>	<u>(21,998)</u>	<u>(44,498)</u>	<u>(21,858)</u>
	<u><u>£112,809</u></u>	<u><u>£157,163</u></u>	<u><u>£269,972</u></u>	<u><u>£179,303</u></u>

The bank loan and mortgage are secured by way of a charge over the company's land and buildings, except for the Children's Home. The mortgage is repayable in instalments over 11 years and bears interest at a rate of 1.75% over base rate. There are no obligations under finance leases.

8. UNRESTRICTED FUNDS		Resources expended,		
	Opening balance	Income Resources	Gains, losses and transfers	Closing Balance
	£	£	£	£
General funds	1,189,292	1,735,861	(1,324,914)	1,600,239
Revaluation reserve	204,135	-	-	204,135
Total	<u>£1,393,427</u>	<u>£1,735,861</u>	<u>£(1,324,914)</u>	<u>£1,804,374</u>
	<u><u>£1,393,427</u></u>	<u><u>£1,735,861</u></u>	<u><u>£(1,324,914)</u></u>	<u><u>£1,804,374</u></u>

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

9. RESTRICTED FUNDS

	Opening balance £	Resources expended, Income resources £	gains, losses and transfers £	Closing balance £
Frances House	358,938	-	-	358,938
Agape House		420,311		420,311
Other	110	11,951	(7,454)	4,607
	<u>£359,048</u>	<u>£432,262</u>	<u>£(7,454)</u>	<u>£783,856</u>

Frances House

The fund represents a loan received from The Development Trust to help finance the building of the Children's Home which will be waived on meeting certain criteria. In the opinion of the Trustees, these criteria have been met and the loan has been converted to income. The fund is reduced at the rate the Children's Home is depreciated.

Agape House

This fund represents freehold land and buildings received as a donation from The Agape Trust for a new care home in Hastings (Phase I) together with donations from the general public to build phase II of the care home in Hastings. Martha Trust is restricted in the permitted use of the property as there are certain limitations of use, as detailed in note 12.

Transfers

In the opinion of the Trustees there are no ongoing restrictions on the above funds now that the amounts received have been spent in acquiring the relevant fixed assets. The funds are reduced by the amount spent on the fixed assets.

10. TOTAL FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances carried forward at 1 January 2004 are represented by:			
Tangible fixed assets	2,162,990	745,973	2,908,963
Current assets	60,807	37,883	98,690
Current liabilities	(149,451)	-	(149,451)
Long term liabilities	(269,972)	-	(269,972)
Total net assets	<u>£1,804,374</u>	<u>£783,856</u>	<u>£2,588,230</u>

11. OPERATING LEASE COMMITMENTS

	2004 £	2003 £
Operating leases which expire:		
Within one year	-	-
In two to five years	3,682	3,001
	<u>£3,682</u>	<u>£3,001</u>

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

12. CONTINGENT LIABILITY

A secured loan of £389,000 was received from The Development Trust to part fund the construction of the Children's Home. This loan is potentially repayable on 30 September 2005. However, the loan will be waived if certain criteria are met. In the opinion of the Trustees these criteria have been met and the likelihood of having to repay the loan is considered remote.

Martha Trust received a donation of land and buildings in Hastings from The Agape Trust. The use to which the land and buildings could be put was restricted by the original donors. The restriction requires Martha Trust to provide homes for a period of 99 years for at least four people under 31 years, of whom at least two must be visually impaired. If this restriction is breached £350,000 is repayable to the Blatchington Court Trust. In the opinion of the Trustees this criteria will be met and the likelihood of having to repay the money is considered to be remote.

13. CAPITAL COMMITMENT

Commitments for future capital expenditure not provided for in the accounts was as follows:

	2004 £	2003 £
Contracted for	-	-

The Board has resolved to spend approximately £722,000 to complete the construction and equipping of Agape House, a new home in Hastings (see 'Fundraising Performance' on page 5). In addition, the Board has resolved to purchase a property to provide essential office accommodation at Deal, the freehold of which will cost £200,000 (see 'Future Plans' on page 6). None of this planned expenditure was actually contracted at the end of the year although the Board expects this to happen during the first quarter of 2005.