

**MARTHA TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2005**

Registered Charity Number: 1067885  
Registered Company Number: 3467406

**MARTHA TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

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<b>CONTENTS</b>	<b>Page</b>
Report of the Trustees	1 - 8
Report of the Auditors	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 - 17

## **MARTHA TRUST**

### **REPORT OF THE TRUSTEES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2005**

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Trustees are pleased to submit their report and accounts for the year ended 31 December 2005.

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, senior managers, 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	Enid Flood (appointed 26.11.05)

##### ***Senior Managers***

Chief Executive:	Graham Simmons
Director of Operations:	Emily Shepherd
Director of Nursing:	Gill Burnham
Finance & Administration Manager:	Judy Heath

##### ***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 2005

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#### 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 invited to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These are jointly led by the Chief Executive and another member of the senior management team. Subjects covered include:

- § The role and responsibilities of a trustee
- § The main documents which set out the constitution and operating framework for the charity (Memorandum & Articles)
- § Resourcing and the current financial position as set out in the latest published accounts and management accounts
- § Future plans and objectives including the current Strategic Plan.

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 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/post registration nurses for further 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 risks.

##### *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 2005

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#### 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 10 years we shall significantly increase our provision of high quality care for people with profound and multiple disabilities and become a recognised leader in this field.

(Agreed by the Board of Trustees as part of the Strategic Planning review in January 2006)

##### *Objectives for the Year*

The key objectives for the year 2005 were to:

- § Ensure our new home in Hastings, Mary House, opened on time and with a high calibre team of staff
- § 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 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

## MARTHA TRUST

### REPORT OF THE TRUSTEES (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2005

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#### ***Strategies to Achieve the Objectives***

2005 has been an ambitious year for Martha Trust. Our strategy to achieve our objectives has been based around people. We have reviewed our management structure, and created a senior management team, answerable to the Chief Executive with key responsibilities for care, finance and development. We have also recruited high calibre new staff at Mary House, and across other homes, and worked at developing and training our current staff teams. With such a strong body of staff and our faith in God, we have found that anything is indeed possible.

#### ***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 to parents and families.

We own and run three residential homes – Martha House and Mary 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 20 adults and 5 children and a further 10 adults and their families on a respite basis.

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 24/7. 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**

#### ***A Year of Growth***

2005 has been a challenging, but immensely rewarding year for everyone at Martha Trust. We have achieved many of our objectives, the most outstanding of which has to be the opening of our new residential home, Mary House, in Hastings.

Following 18 months of fundraising, and 9 months of building works, Mary House was registered by CSCI and opened for our first residents on November 17<sup>th</sup> 2005, with a team of high calibre staff on board. Mary House is a delight to live and work in, and provides a home for eight young adults with profound disabilities. Provision for people with this level of disability is very meagre in East Sussex – and indeed across the country. We are delighted that our recent growth has allowed us to serve more people with this level of need.

#### ***Progress***

It is hard to believe that just over 20 years ago Martha Trust started as a group of caring Christians with a simple vision to provide quality residential care for adults and children with profound disabilities. They had no land, no buildings and no staff. Twenty years on and Martha Trust has grown to become a stable, respected organisation which owns three homes and a daycare centre, and provides first class life-care to 25 people and respite and daycare to many others.

There have been numerous times over the last 22 years, when we have been told that what we wish to achieve is impossible. But with God's grace every obstacle has been surmounted, and we stand today feeling proud and grateful for what has been achieved.

Thankfully as we have grown, we have never lost sight of our mission and the people we care for. All our residents – members of the Martha Trust family, are cared for in a happy, safe, comfortable and stimulating home environment, based on a family approach to living. We believe unwaveringly that people with profound disabilities are people who have rights to privacy, choice, dignity and self respect, and we aim to enable each person we care for to reach their full potential.

## MARTHA TRUST

### REPORT OF THE TRUSTEES (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2005

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##### **High Standards**

At the end of 2004 we included in our Annual Report a key objective to maintain current standards of care across all homes. Growth has actually helped us to maintain and *improve* our standards of care, as it has forced us to consider what makes Martha Trust special, and how the atmosphere in a Martha Trust home can be re-created in another home.

Although the fabric of buildings is important – all our homes are warm, spacious, light and airy and well equipped, it is the people who work for us who make the greatest contribution to the care provided in Martha Trust homes. We have re-organised the management structure so that staff are freed up to concentrate on their respective roles. We have also created a full time training co-ordinator, who ensures that staff receive the same quality training across all homes, as well as tailoring a training programme to each individual. All our staff are offered continuous development opportunities within their fields.

Growth has also made us look at our expectations for our residents. We believe that everyone who lives or stays at Martha Trust should lead a full and interesting life, with a wide range of opportunities. To this end we organise many different types of trips, visits and events. During 2005, residents have enjoyed numerous trips out to restaurants, pubs, bowling, cinema, music concerts, theatre and the circus. We have organized day trips to wildlife parks, stately homes, gardens, carnivals and activity centres. The children from Frances House experienced a memorable holiday in the New Forest, which included boating and rock climbing. Martha House residents holidayed in Sussex, with trips to Hastings and Brighton and local theme parks. We also welcome groups into our homes. We have hosted amongst others a full brass band at Martha House, circus performers at Frances House and faith groups in Mary House.

We believe that each home should offer our residents a range of facilities to improve their quality of life. At Mary House we are currently equipping our music, art and sensory rooms with therapy equipment similar to that found in our homes in Deal. Gardens also are very important as we understand that they are not only therapeutic to our residents, but can also provide stimulation to all five senses. Since the year 2000, residents at Martha House have enjoyed the pleasures of our extensive sensory garden. Following a successful fundraising drive in 2005, we are due to start work on a new sensory garden for the children at Frances House. During 2006 we are also launching a campaign to create a large sensory garden at Mary House.

Hydrotherapy is hugely beneficial to people with profound disabilities. At Deal our hydro pool is used many times a week by each resident. Early in 2006 we will be updating the pool with state-of-the-art sensory equipment which will enable staff to create individual programmes of lights and sounds for each resident. Later in 2006 we will launch a fundraising campaign to build a hydro pool at our site in Hastings.

But we do not wish to become complacent. In 2006 we are setting ourselves an objective to develop and implement effective quality control and self-assessment processes which define the very highest standards for our work. Although it seems impossible to 'bottle' all that is good about Martha Trust, this exercise will help us capture experiences, record them, and then implement them across all three sites, for the benefit of our residents.

##### **Provision**

Last year we set ourselves the objective to investigate new services that Martha Trust could offer. Although we have not completed our research in this area, it has become clear to us, since opening Mary House, that the life-care we offer is merely a drop in the ocean. Within weeks of opening, families and care managers across the country contacted us about spaces at Mary House. Of course our new home provides just 8 additional spaces, and it has been heart-breaking turning away people with profound disabilities who desperately need care. This has simply strengthened our resolve to consider further expansion and we shall look at utilising the space at Hastings, and at other sites in the South East, with the aim of significantly increasing the provision we offer.

##### **Year End**

We finish the year on a high. We have fulfilled many of the objectives we set ourselves, and are delighted with what has been achieved at Hastings. We enter the new year with the intention of consolidating our operations – ensuring that Mary House comes up to the highest standards quickly, and that Martha House, Frances House and the Daycentre continue to operate smoothly. We shall also take time to develop our staff, particularly those new to Martha Trust. We enter the new year looking at our strategic planning process – creating a new two year plan and also looking forward a further 10 years at the long term future for Martha Trust and what that might involve.

We feel proud of our achievements, but we are right to expect more from ourselves. Our main focus is the people we serve; people with profound disabilities who are vulnerable, and their families who need support. It is our task to ensure that we provide them with the best possible care and support, and that we expand our activities to help more people.

## **MARTHA TRUST**

### **REPORT OF THE TRUSTEES (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2005**

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#### ***Fundraising Performance***

Fundraising at Martha Trust has been highly successful during 2005. By the end of the year, £605,000 of our Mary House target of £740,000 has been raised, and a further £120,000 has been pledged for early 2006. This is a large amount of money, raised in just 18 months, and represents a significant achievement for the team.

We would especially like to recognise the generous donations received towards the Mary House appeal in 2005 by The Maxwell Family Foundation, HCD Memorial Fund, Isabel Blackman Foundation, Bernard Sunley Charitable Foundation, The Foyle Foundation and the Alvor Charitable Trust.

Revenue fundraising has also progressed, usefully supplementing our income from contracts with local authorities, and allowing residents a wealth of opportunities and a high level of care. 2005 has also seen successful fundraising drives for specific needs such as sensory equipment for the hydro pool and the sensory garden at Frances House. The fundraising team has been stretched during 2005, but has delivered on every count.

We are deeply grateful to all our supporters, trusts, businesses, groups, schools, clubs and individuals. Their generosity really has made all the difference.

#### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

##### ***Overview***

The year was always going to represent a challenge financially, given the very short timescale we had to raise funds for the completion of Mary House. This was seen as a priority given that the first phase of the home had been completed and standing empty for 3 years by the time Martha Trust took over the project. Although the fundraising appeal was extremely successful it was still necessary to allocate a substantial sum from revenue income in order to complete the project within the timescale we set ourselves which was aimed at opening the home and helping people as swiftly as possible.

The net result of this was to significantly increase our net current asset liabilities by approximately £250,000 for the year. This was budgeted for and trustees have set a budget for 2006/2007 which aims to consolidate our position and restore positive net current assets to the balance sheet within this time frame.

Conversely, there was a very significant increase in the value of our net assets which rose by over £0.5m to £3.1m.

Trustees have identified one of the main financial priorities for the next 2 years as being (i) to repay short term debt incurred to complete the Hastings project and (ii) to establish a minimum level of reserves according to our current policy.

##### ***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 2005 the total funds of the Trust were £3,118,511. Of these £17,867 were restricted funds. Of the remaining unrestricted funds £3,459,495 presented 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.

Having considered all related matters carefully the Trustees have concluded that for the foreseeable future a reserve level equating to one year's fee income for one resident (approximately £100,000) should be adopted as a reserve fund target to be established in full by 31.12.2007.

This policy will be reviewed at a meeting of Trustees at least annually and also at any such time as may be considered necessary by Trustees.



## **MARTHA TRUST**

### **REPORT OF THE TRUSTEES (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

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#### **FUTURE PLANS**

Martha Trust's key objectives for the coming year will be to:

- § Develop and Implement effective Quality Control and Self Assessment processes to define the highest standards of our work with people with profound disabilities. These standards will be regularly audited across all three homes to ensure continued compliance.
- § Design and successfully implement a suitable research methodology and project evaluation model to identify and provide objective assessment of new development opportunities.
- § Carry out research into the demand for current and possible new services in East Sussex as well as the ability and willingness of funders to contract.
- § Create and implement an internal and external communications policy so that Martha Trust can understand, anticipate and proactively manage its relationships.
- § Evolve and develop our current training strategy to fully support identified operational need.
- § Research alternative funding streams with the potential to reduce current reliance on fee and fundraising income.
- § Strengthen current ways and identify new ways of keeping our faith in God at the centre of our operations.

#### **CONCLUSION**

We thank our Heavenly Father for what has been achieved in 2005 and look forward with confidence to taking the next steps which will see a further expansion of our service to this vulnerable and highly deserving group of people.

**MARTHA TRUST**

**REPORT OF THE TRUSTEES (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**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**

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## REPORT OF THE AUDITORS TO THE TRUSTEES

### FOR THE YEAR ENDED 31 DECEMBER 2005

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We have audited the financial statements of Martha Trust for the year ended 31 December 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### ***Respective responsibilities of trustees and auditors***

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are also directors of 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 International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### ***Basis of audit opinion***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

**haysmacintyre**  
**Registered Auditors**

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**Fairfax House**  
**15 Fulwood Place**  
**London**  
**WC1V 6AY**

**MARTHA TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2005 £	Total 2004 £
<b>INCOMING RESOURCES</b>					
Donations		80,347	610,718	691,065	181,663
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		1,511,509	-	1,511,509	1,247,728
Other		11,560	-	11,560	3,845
		<u>1,603,416</u>	<u>610,718</u>	<u>2,214,134</u>	<u>1,433,236</u>
Donation of fixed assets		-	-	-	734,887
<b>Total Incoming Resources</b>		<u>1,603,416</u>	<u>610,718</u>	<u>2,214,134</u>	<u>2,168,123</u>
<b>RESOURCES EXPENDED</b>					
<i>Costs of generating funds:</i>					
Fundraising and Publicity		82,309	-	82,309	56,361
<b>CHARITABLE EXPENDITURE</b>					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		1,566,204	4,954	1,571,158	1,231,388
Governance costs		30,386	-	30,386	44,619
<b>Total Resources Expended</b>	3	<u>1,678,899</u>	<u>4,954</u>	<u>1,683,853</u>	<u>1,332,368</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFER</b>					
		(75,483)	605,764	530,281	835,755
Transfers between funds	9	<u>1,371,753</u>	<u>(1,371,753)</u>	-	-
<b>NET INCOMING RESOURCES AFTER TRANSFERS</b>					
		1,296,270	(765,989)	530,281	835,755
Fund balances brought forward		<u>1,804,374</u>	<u>783,856</u>	<u>2,588,230</u>	<u>1,752,475</u>
Fund balances carried forward		<u>£3,100,644</u>	<u>£17,867</u>	<u>£3,118,511</u>	<u>£2,588,230</u>

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

The notes on pages 12 to 17 form part of these financial statements.

**MARTHA TRUST****BALANCE SHEET****AS AT 31 DECEMBER 2005**

	Notes	£	2005	£	£	2004	£
<b>FIXED ASSETS</b>							
Tangible assets	4			3,959,950			2,908,963
<b>CURRENT ASSETS</b>							
Debtors	5	62,846			41,579		
Cash at bank and in hand		2,094			57,111		
		<u>64,940</u>			<u>98,690</u>		
<b>CREDITORS: Amounts falling due within one year</b>							
Creditors and accruals	6	316,646			99,308		
Deferred income		62,822			50,143		
		<u>379,468</u>			<u>149,451</u>		
Net current (liabilities)/ assets				(314,528)			(50,761)
Total assets less current liabilities				<u>3,645,422</u>			<u>2,858,202</u>
<b>CREDITORS: Amounts falling due after more than one year</b>							
	7			(526,911)			(269,972)
Net Assets				<u>£3,118,511</u>			<u>£2,588,230</u>
<b>FUNDS</b>							
Unrestricted							
- General	8			2,896,509			1,600,239
- Revaluations	8			204,135			204,135
				<u>3,100,644</u>			<u>1,804,374</u>
Restricted	9			17,867			783,856
				<u>£3,118,511</u>			<u>£2,588,230</u>

The financial statements were approved by the Trustees on

Humphrey Clarke  
Chairman of the Trustees

David Horton  
Trustee

The notes on pages 12 to 17 form part of these financial statements.

# MARTHA TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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### 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* (2005).

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 basis of the estimated proportion of time spent by staff.

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)	- 10% on cost

**MARTHA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

**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**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Staff costs consist of:		
Wages and salaries	1,134,943	933,632
Social security costs	100,109	83,350
Other pension costs	10,743	11,570
	<u>£1,245,795</u>	<u>£1,028,552</u>

The average number of employees during the year was 63 (2004: 57).

The number of employees whose emoluments exceeded £60,000 was Nil (2004: Nil)

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 1 trustee and amounted to £171 (2004: £160).

**3. ANALYSIS OF RESOURCES EXPENDED**

	<b>Staff Costs</b>	<b>Other</b>	<b>Depreciation</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>2005</b>	<b>2004</b>
				<b>£</b>	<b>£</b>
Fundraising and publicity	66,668	15,641	-	82,309	56,361
Residential and day care costs	1,165,166	317,808	88,184	1,571,158	1,231,388
Governance costs	13,961	16,425	-	30,386	44,619
Total expenditure	<u>£1,245,795</u>	<u>£349,874</u>	<u>£88,184</u>	<u>£1,683,853</u>	<u>£1,332,368</u>

Other expenditure includes:

Auditors remuneration:

- For audit (inc VAT)	5,875	5,581
- For other services (inc VAT)	1,351	1,293
	<u>7,226</u>	<u>6,874</u>

All costs of the activities above are direct costs with the exception of support costs of £504,981 (2004: £355,707) allocated to residential and day care (see page 14 for analysis).

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

3. ANALYSIS OF RESOURCES EXPENDED (Continued)			Total 2005 Residential and day care costs £	Total 2004 Residential and day care costs £	
<b>Support Costs</b>					
Establishment costs			26,446	20,284	
Travel and subsistence			19,756	9,224	
Insurance			12,977	10,401	
Maintenance, cleaning and repairs			65,665	49,851	
Print, post and stationery			7,719	4,854	
Telephone and fax			7,510	4,171	
Operating Lease Rental and Equipment			43,681	21,077	
Staff training			8,841	7,363	
General expenses			24,672	14,841	
Bank charges and interest			2,411	2,718	
Mortgage interest			31,324	12,505	
Depreciation			88,184	66,492	
Salaries			165,795	131,926	
			<u>£504,981</u>	<u>£355,707</u>	
<b>Governance costs</b>					
Salaries			13,961	32,320	
Audit and accountancy fees			7,300	7,397	
Legal and professional			9,125	4,902	
			<u>£30,386</u>	<u>£44,619</u>	
4. TANGIBLE FIXED ASSETS	Freehold land £	Freehold buildings £	Fittings and equipment £	Motor vehicles £	Total £
<b>COST</b>					
At 1 January 2005	716,575	2,114,889	389,652	32,000	3,253,116
Additions	-	1,013,748	105,423	20,000	1,139,171
	<u>716,575</u>	<u>3,128,637</u>	<u>495,075</u>	<u>52,000</u>	<u>4,392,287</u>
At 31 December 2005	716,575	3,128,637	495,075	52,000	4,392,287
<b>DEPRECIATION</b>					
At 1 January 2005	-	121,390	191,746	31,017	344,153
Charge for the period	-	38,449	45,536	4,199	88,184
	<u>-</u>	<u>159,839</u>	<u>237,282</u>	<u>35,216</u>	<u>432,337</u>
At 31 December 2005	-	159,839	237,282	35,216	432,337
<b>NET BOOK VALUE</b>					
At 31 December 2005	<u>£716,575</u>	<u>£2,968,798</u>	<u>£257,793</u>	<u>£16,784</u>	<u>£3,959,950</u>
At 31 December 2004	<u>£716,575</u>	<u>£1,993,499</u>	<u>£197,906</u>	<u>£983</u>	<u>£2,908,963</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 2005. The additions to freehold land and buildings (part built home in Hastings – 'Mary 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 2005

<b>5. DEBTORS: Due within one year</b>				<b>2005</b>	<b>2004</b>
				£	£
Trade debtors				48,286	24,754
Tax recoverable				10,874	2,815
Prepayments				3,286	7,041
Other debtors				400	6,969
				<u>£62,846</u>	<u>£41,579</u>
				<u><u>£62,846</u></u>	<u><u>£41,579</u></u>
<b>6. CREDITORS: Amounts falling due within one year</b>				<b>2005</b>	<b>2004</b>
				£	£
Bank overdraft				114,827	-
Bank mortgage (see note 7)				21,998	21,998
Trade creditors				17,628	18,100
Other taxes and social security				42,091	28,242
Accruals				76,469	8,468
Bank loan				14,942	22,500
Finance lease				28,691	-
				<u>£316,646</u>	<u>£99,308</u>
				<u><u>£316,646</u></u>	<u><u>£99,308</u></u>
<b>7. CREDITORS: Amounts falling due after more than one year</b>	<b>Finance Lease</b>	<b>Bank Loan</b>	<b>Bank Mortgage</b>	<b>Total 2005</b>	<b>Total 2004</b>
	£	£	£	£	£
Amounts falling due within one year	28,691	14,942	21,998	65,631	44,498
Between one to two years	30,926	15,920	21,998	68,844	44,498
Between two to five years	32,470	50,584	46,995	149,049	133,495
In five years or more	-	263,252	45,766	309,018	91,979
	<u>92,087</u>	<u>344,698</u>	<u>155,757</u>	<u>592,542</u>	<u>314,470</u>
Less allocated to creditors falling due within one year.	<u>(28,691)</u>	<u>(14,942)</u>	<u>(21,998)</u>	<u>(65,631)</u>	<u>(44,498)</u>
	<u><u>£63,396</u></u>	<u><u>£329,756</u></u>	<u><u>£133,759</u></u>	<u><u>£526,911</u></u>	<u><u>£269,972</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.

<b>8. UNRESTRICTED FUNDS</b>			<b>Resources expended,</b>	
	<b>Opening balance</b>	<b>Income Resources</b>	<b>Gains, losses and transfers</b>	<b>Closing Balance</b>
	£	£	£	£
General funds	1,600,239	1,603,416	(307,146)	2,896,509
Revaluation reserve	204,135	-	-	204,135
Total	<u>£1,804,374</u>	<u>£1,603,416</u>	<u>£(307,146)</u>	<u>£3,100,644</u>
	<u><u>£1,804,374</u></u>	<u><u>£1,603,416</u></u>	<u><u>£(307,146)</u></u>	<u><u>£3,100,644</u></u>

**MARTHA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

**9. RESTRICTED FUNDS**

	Opening balance £	Income resources £	Resources expended, gains, losses and transfers £	Closing balance £
Frances House	358,938	6,743	(365,681)	-
Mary House	420,311	585,761	(1,006,072)	-
Other	4,607	18,214	(4,954)	17,867
	<u>£783,856</u>	<u>£610,718</u>	<u>£(1,376,707)</u>	<u>£17,867</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 fund has been transferred to unrestricted funds.

**Mary 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. During the year the Trustees negotiated the removal of restrictive terms relating to the use of Mary House. The effect of these negotiations has meant that Mary House can be used in accordance with Martha Trust's general objects. Phase II of the building project was completed in November 2005 and so the restriction on fundraised income has also come to an end. The value of the fund has therefore been transferred to unrestricted funds.

**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.

**10. TOTAL FUNDS**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances carried forward at 1 January 2005 are represented by:			
Tangible fixed assets	3,959,950	-	3,959,950
Current assets	47,073	17,867	64,940
Current liabilities	(379,468)	-	(379,468)
Long term liabilities	(526,911)	-	(526,911)
Total net assets	<u>£3,100,644</u>	<u>£17,867</u>	<u>£3,118,511</u>

**11. OPERATING LEASE COMMITMENTS**

	2005 £	2004 £
Operating leases which expire:		
Within one year	-	-
In two to five years	3,682	3,682
	<u>£3,682</u>	<u>£3,682</u>

**12. CONTINGENT LIABILITY**

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. This restriction applies to Martha Trust as a whole and not to Mary House individually. 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.

MARTHA TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

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13. CAPITAL COMMITMENT

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

	2005	2004
	£	£
Authorised and contracted for	-	-
Authorised and not contracted for	-	922,000
	<u>          </u>	<u>          </u>