

MARTHA TRUST

ANNUAL REPORT & FINANCIAL STATEMENTS 2009

Registered Charity Number: 1067885

Registered Company Number: 3467406

CONTENTS	PAGE
<i>Click on link below to go directly to page</i>	
<u>Chairman's Foreword</u>	3
<u>Our Mission</u>	4
<u>Our Services</u>	5
<u>Our Achievements</u>	6
<u>Our Plans for the Future</u>	7
<u>Our People</u>	8
<u>Our Governance</u>	9-10
<u>Financial Review & Results for the Year</u>	11
<u>Legal & Administrative Details</u>	12-13
<u>Independent Auditors Report</u>	14
<u>Statement Of Financial Activities</u>	15
<u>Balance Sheet</u>	16
<u>Cashflow Statement</u>	17
<u>Notes To The Financial Statements</u>	18- 23

Further details can be obtained from:

Martha Trust
Homemead Lane
Hacklinge, Deal
Kent CT14 0PG

Tel: 01304 615223
Fax: 01304 615462

www.marthatrust.org.uk

contact@marthatrust.org.uk

Chairman's Foreword

Martha's progress during 2009 has been remarkable.

The expansion of our homes and development of new facilities has allowed us to reach even more people with profound physical and multiple learning disabilities. Our mission at Martha is to enable each resident to fulfil their potential and, by developing new facilities such as the hydrotherapy pool at Hastings and the therapy suite at Deal, our residents are able to benefit from an increased curriculum of activities which positively impacts their quality of life.

In fact, this desire to see people develop and grow extends to everyone at Martha.

The success we achieve is through the dedication, hard work and expertise of our staff. We are committed to providing staff with a stimulating work environment where they can develop their skills and are recognised internally and externally for their sterling work. We have made progress in 2009 with new measures to encourage training, with better internal communications and enhanced recognition of achievements. These have had an immediate and positive impact on staff retention.

We have also been strengthening the ability of our Board of Trustees to bring strategic oversight and governance to Martha. In 2009 we increased the number of sub-committees to four to enable Trustees to bring closer oversight and direction to Martha's strategy and operations. We will look to appoint additional Trustees in the future in order to augment the skills and expertise of the Board.

We will continue to build on our reserves and are already reaping the benefits of our investments in fundraising. In addition, we have taken steps to broaden our network of volunteers and supporters in the local community and beyond.

Our plans for further expansion are now underway, we have a number of new initiatives in place to enhance the daily lives of our residents and, as ever, their health and wellbeing will remain our absolute priority. All of these measures, together with sound financial performance and the highest standards of care, put Martha in an excellent position to meet the inevitable challenges of the year ahead. Martha Trust is an extraordinary organisation with a far-reaching vision to benefit people with profound physical and multiple learning disabilities. It is a privilege to be able to contribute to its growth as a home, as a charity, and as a place of work.

PAUL MORGAN
Chairman

Our Mission

Martha Trust's mission is to provide life-long residential and respite care for people with profound physical and multiple learning disabilities (PMLD), and to provide a high standard of support to their families.

We achieve this by:

- setting and promoting standards of excellence in the care and development of people with PMLD
- providing a happy, stimulating and loving home environment which enables people to get the most out of life
- valuing our staff highly and ensuring they are appropriately qualified, trained and supported
- promoting good communications and effective relationships between staff, parents, families and fellow professionals
- maintaining high standards of operational and financial control to ensure long-term stability
- encouraging new and innovative ways to develop and expand our work
- engaging local communities so they understand our aims and can actively support our work
- upholding the Christian ethos of Martha Trust.

Our Philosophy

While Martha Trust is driven by Christian values, we offer care and support to people with PMLD regardless of faith, gender or ethnic origin. We employ staff on the basis of their skills and experience and do not discriminate on grounds of faith, gender, age, ethnic origin, disability, marital status, race, nationality or sexual orientation.

Above all, we believe that everyone has the right to the very best that life can offer.

"I have come that they may have life and have it to the full".

John 10:10

Our Services

Martha Trust provides residential or 'inclusive care', for people with PMLD, as well as respite care, day care services and support to families caring for people with PMLD.

Our homes are modern, purpose-built and equipped to the highest standards and residents are offered a range of therapies and activities designed to meet their individual needs.

We believe that people with PMLD have the right to make choices about their lives as well as rights to privacy, dignity and respect. Martha Trust offers an environment in which each person can grow and develop to reach their potential, while enjoying as full and active a life as possible.

Led by its Director, Gill Burnham, our Inclusive Care Services are supported by a team of in-house experts as well as external specialists in health, person-centred planning, communication, behaviour management and physiotherapy.

By having in place such wide-ranging resources, we can deliver the very highest quality outcomes for every individual we support.

Measuring Success

The quality of our services is inspected and regulated by the Care Quality Commission (CQC). We are also looking to develop the ways in which we seek feedback from all of our stakeholders.

Our Trustees review the strategic plan every year and agree actions for the coming year designed to achieve the three year strategic objectives. These are reviewed quarterly by the Trustee Board, and through internal performance management controls using a Balanced Scorecard and stakeholder feedback.

Key Facts

Martha Trust operates:

- three residential homes caring for 33 people: Martha House (Deal), Frances House (Deal), and Mary House (Hastings)
- one dedicated respite place at Martha House, Deal helping around nine families each year
- four day care places for people who have recently left full-time education
- a hydrotherapy pool at both sites
- an Activities and Therapies Team providing individually tailored development programmes for all residential, respite and day care service users
- contracts with 13 local authorities and Primary Care Trusts (PCTs)
- highly qualified staff with 30% of our support workers NVQ qualified and the remainder working towards this, or being encouraged to do so
- 24 hour, seven days a week nursing care
- a high ratio of support staff to service users

Our Achievements

- The CQC awarded Martha Trust's homes a top category of 'Excellent' in a number of key aspects of care, and an overall 'Good' rating, which attracts 2 stars
- The Mary House Phase 3 project was completed within budget
 - The 12 month programme commenced in July 2008 and was completed by August 2009, just two months behind schedule
 - Budget performance was excellent with a contract of £1.4m and a final cost £1.4m
 - Four new residents moved into their new home between Sep-Nov 2009
 - A new hydrotherapy pool was built providing benefits to all 12 residents with plans to extend to the public in 2010
- Following completion of the extension in January 2009, a further three residents have now been welcomed into Frances House.
 - In addition to providing three extra bedrooms with en-suite facilities, the building and surrounding area have been given a facelift
 - The Princess Royal formally opened the new extension in December 2009
- Opportunities were investigated to extend our services to the Mid Kent area
 - Current research conducted by Martha Trust, alongside data available from the DoH, confirms increasing need for the specialist care we provide
 - Following an extensive site search, designs are currently being considered and an application for planning permission will be submitted later in 2010 for the preferred site.
- A new fundraising and marketing strategy has been devised to be implemented from 2010
 - An experienced Fundraising & Communications Manager has been appointed and the Fundraising Team reorganised
 - A detailed plan has been produced to:
 - formalise the selection and management of creative agencies
 - select an agency to develop and relaunch Martha Trust's brand across all media
 - develop our website to be a more effective communication and fundraising tool
 - review the content of our Newsletter, increase circulation through email thereby reducing production costs, and explore sponsorship and advertising revenue opportunities
 - increase the number and value of legacy gifts to Martha Trust to create a more regular income stream
 - identify new revenue opportunities to increase unrestricted funds
- We commenced building unrestricted reserves
 - Good progress was made at the year end with the target sum of £100k established as a buffer against unforeseen events
- A new therapy suite in Deal is now complete with a full programme of activities already in place to enhance the lives of our residents
- Stronger financial results were achieved as predicted – *see Financial Review section*
- The first Trustee training day was successfully held and will become a regular feature for the future
- Family Forums were introduced to promote feedback and communication with families
- A new funding calculator is improving our ability to demonstrate good value for money services
- We achieved excellent external audit results

Our Plans for the Future

Martha Trust's vision was recently re-stated by Trustees:

'During the next ten years we shall significantly increase our provision of high quality care for people with PMLD, and become a recognised provider of excellent services in this field.'

Strategic Objectives 2010 - 2012

- For our service users we will:
 - continue to provide excellent specialist care for people with PMLD
 - expand our current services
 - stay abreast of changing needs and perceptions and use this information to develop services
 - research potential for Martha Trust to become an effective campaigning voice on PMLD issues.
- For our employees we will:
 - obtain accreditation for a recognised quality standard
 - improve staff satisfaction and retention rates
 - consolidate improvements for internal communications and build on these
 - promote an organisational culture that embraces change, is flexible and values and empowers people
 - ensure that staff, Trustees and volunteers have the skills we need.
- Operationally we will:
 - strengthen and develop standards of governance
 - engage more widely with peer/potential partner organisations
 - develop and use technology to benefit all areas of our work
 - raise our profile locally and regionally.
- Financially we will:
 - further improve the cost-effectiveness of our service
 - prepare to meet funding challenges
 - use financial information strategically
 - develop and expand fundraising operation
 - widen current income streams through, for example, trading and social enterprise.

Annual plans for specific actions related to these strategic objectives have been agreed with the Trustee Board. We will report on our progress in next year's Annual Report.

Our People

The importance of our employees to the success and reputation of Martha Trust cannot be overstated. The quality of our services is entirely dependent upon the quality of our workforce and we continue to develop and invest in the strategies that enable us to recruit and retain the best staff.

Staffing

Martha Trust is undertaking a variety of workforce initiatives that are already having a positive impact on retention and recruitment. We have improved remuneration packages to recognise staff who achieve professional qualifications, and we have invested further in vocational training for all staff.

We are also improving our internal communications which include our monthly staff meetings, internal newsletter and annual staff survey. Current staff turnover has fallen to 18% which, while low for the sector, we believe we can reduce further.

Over recent years, the sector has seen a significant increase in agency workers and a corresponding difficulty in recruitment and retention. In order to maintain standards at the highest level, as well as providing greater consistency and familiarity for our service users, Martha Trust's policy remains not to employ agency staff.

Training and Development

Government statistics have reported that the social care workforce is among the least qualified in the UK. Martha Trust is pleased to support the DoH and the General Council of Social Care in their national training targets. In fact, we aim to exceed these, both in terms of the quantity of qualified staff and the quality of the standard achieved.

We are also exploring ways of improving the training resources we make available to staff including a range of eLearning modules for key subjects.

Volunteers

Martha Trust has a small, highly valuable group of volunteers that supports us in all areas from providing free professional advice, to assisting at fundraising events and undertaking general administration. We plan to expand the number of people who volunteer since the commitment, hard work and enthusiasm of this important group makes an enormous difference to what we can achieve.

Our Governance

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

Our Trustees are legally responsible for the overall management and control of all aspects of Martha Trust's work. They meet at least four times a year to approve the annual budget and to review the strategic plan and objectives for the year, in line with the three year strategic objectives.

Trustees/Directors

The Trustees of Martha Trust also act as Directors of the charitable company under company law.

Trustees serving during the year and since the year end were:

Leslie Bulman (retired 23.07.09)
Humphrey Clarke
Enid Flood
David Horton
Mike Shaw
Tessa Stevenson
Rodney Stone (Company Secretary)
Paul Morgan (Chairman)

In addition to the existing Audit & Finance Committee, in 2008 we formed two new sub-committees to the Trustee Board, *Human Resources* and *Capital Projects*, and in 2009 we created a new *Services and Development* committee. All four sub-committees meet at least twice a year.

For 2010 the Trustee Board has agreed to recruit an additional two to three Trustees to further strengthen its work.

Trustee Recruitment & Training

Trustees are appointed at a meeting of the Trustee Board on the basis of nominations received and replies to advertisements. Candidates must meet a strict set of specifications 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 Martha Trust and the environment in which it operates. These are jointly led by the Chief Executive and a member of the Senior Management Team and cover:

- the role and responsibilities of a Trustee
- the constitution and operating framework for Martha Trust (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.

Trustees regularly receive briefings and information on a range of relevant topics designed to refresh their knowledge, and plans are in hand to extend opportunities for training in the future.

Senior Management Team

The day-to-day running of Martha Trust is delegated to the Chief Executive and the Senior Management Team.

Graham Simmons
Chief Executive
grahamsimmons@marthatrust.org.uk

Gill Burnham
Care Services Director
gillburnham@marthatrust.org.uk

Judy Heath
Director of Resources
judyheath@marthatrust.org.uk

Phil Linkin
Care Services Manager
phillinkin@marthatrust.org.uk

Julie Gayler
Fundraising & Communications Manager
juliegayler@marthatrust.org.uk

Public Benefit

Our beneficiaries come from a wide area, principally the South East of England but also several other counties, demonstrating the poor provision for this type of high quality service.

Martha Trust's residents are normally sponsored by their respective local authority or PCT. Before admission to one of our homes, an assessment of the person is carried out with the help of relatives and a Martha Trust Care Manager to ensure that we can provide the correct level of care and support. People who cannot afford to pay our fees will not be prevented from benefiting from the services of Martha Trust as they will be able to obtain financial support from their local authorities. No one receives any private benefit from Martha Trust other than our beneficiaries.

Financial Review & Results for the Year

Summary

At the end of 2008 we said: *"The charity ended the year with a stronger underlying position compared to 2007. This was due to tight control of both income and expenditure budgets although the time taken to fill some vacancies meant we could not achieve the improvement in our reserve position originally intended. Although we ended 2008 with a loss, projections for 2009 are much healthier. Extending Frances House and opening the new annexe at Mary House will have a significant positive impact."*

We were able to achieve this forecast by ending the year with a surplus increasing unrestricted funds and a stronger balance sheet position.

- Total income - £3.55m
- Expenditure - £3.39m
- Unrestricted surplus - £88,271 before transfers (2008 - loss of £132,875)
- Percentage costs of management and administration - 12.6% (2008 - 13.9%)
- Despite the national levels of charitable giving decreasing by 10-12% year on year, we achieved a 3% increase in unrestricted funds compared to 2008
- Balance sheet total funds - £3.64m (2008 - £3.48m)

Funding

The main source of income for Martha Trust is from contracts with local authorities and PCTs. Since Martha Trust provides care for people drawn from all parts of the UK we have, over many years, cultivated and maintained a wide range of important relationships. The diversity of these relationships means that we are not dependent upon any one, or small group of funders.

Fundraising is a crucial part of our operations and we are fortunate to have a very experienced and committed team. Fundraising income provides for all capital expenditure, for example new homes and specialist equipment, and provides some unrestricted funds. Other than fees for services, we do not receive any statutory money or government grants.

Assets

At 31 December 2009 the total funds of the Trust were £3,635,894 of which £709,368 were restricted funds. The remaining unrestricted funds of £2,926,526 are fully invested in Martha Trust's operational homes and so are not freely available. These long-term assets have also been part-financed through loans. Martha Trust has no free reserves as defined by the Charity Commission, but finances its day-to-day operations through the effective management of its cashflow and by using its normal overdraft facilities.

Investment Policy

Trustees have decided that the most appropriate investment policy is to place funds in cash deposits on fixed and short-term arrangements to meet Martha Trust's cash flow requirements.

Reserves

Martha Trust's income is generally predictable on an annual basis and its finances are managed to deliver a small surplus to help meet its investment plans. Most investment is in our care homes (fixed assets) to ensure our services offer the best environments for the individuals who use them: this is an essential strategy for securing future revenue streams. The organisation has very few costs not directly attributable to services so it is not considered appropriate to hold significant free reserves which are not invested for the best advantage of all beneficiaries.

Martha Trust is in a strong financial position with a fixed asset base of £5.7m. The Trustees consider this to be the most appropriate reserves planning for the organisation and sufficient to meet any short-term needs.

However, Martha Trust is working towards building up a sensible level of more liquid reserves and for the foreseeable future, a reserve level of approximately £100,000 (equivalent to one year's fee income for one resident) will be adopted as a reserve fund target. This will provide the financial cushion needed when negotiations for new placements overrun.

Legal & Administrative Details

Group Structure & Relationships

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

We work closely with a number of other charities and organisations in supporting and promoting the highest standards in our field, but we remain entirely independent.

Martha Trust has forged particularly close links with Canterbury Christchurch College which regularly places pre/post registration nurses with us for further training. We have also developed close relationships with Kent and East Sussex County Councils, and various PCTs 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 Martha Trust, 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 Martha Trust is exposed, particularly those related to its operations and finances, and are satisfied that systems are in place to mitigate exposure to these risks. The current Risk Register is monitored by the Senior Management Team and reviewed annually by the Audit & Finance Committee which provides a summary report to the Trustee Board.

Registered Auditors

Kingston Smith LLP
Devonshire House,
60 Goswell Road
London, EC1M 7AD

Bankers

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

Solicitors

Dickinson Dees
The Chocolate Works
Bishopthorpe Road
York
YO23 1DE

Statement of Trustees' Responsibilities

The trustees (who are also directors of Martha Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law required trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- make judgements and 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 will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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.

Statement of disclosure to auditors

- a) So far as the Trustees are aware, there is no relevant audit information of which Martha Trust's auditors are unaware, and
- b) 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 Martha Trust's auditors are aware of that information.

Auditors

The Trustee Board has agreed to reappoint Kingston Smith LLP as auditors for the coming year.

Note from the Chairman

We thank God for what has been achieved during the past 12 months and look forward to carrying on His plan and work for Martha Trust in the year ahead.

Paul Morgan
Chairman



Date:

16/7/10

Independent Auditors Report

We have audited the financial statements of Martha Trust for the year ended 31 December 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and 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

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implication 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 of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.

NEIL FINLAYSON ✓
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith LLP

Date: 20/7 / 2010

	Note	Unrestricted Fund £	Restricted Fund £	Total 2009 £	Total 2008 £
INCOMING RESOURCES					
Donations		138,932	100,222	239,154	460,562
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		3,288,544	-	3,288,544	2,493,770
Other		2,892	16,525	19,417	6,126
Total Incoming Resources		3,430,368	116,747	3,547,115	2,960,458
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		127,911	-	127,911	106,847
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		3,202,004	48,117	3,250,121	2,680,715
Governance costs		12,182	1,500	13,682	13,620
Total Resources Expended	3	3,342,097	49,617	3,391,714	2,801,182
Net Incoming Resources before Transfer		88,271	67,130	155,401	159,276
Transfer between funds	9	497,957	(497,957)	-	-
Net Incoming Resources after Transfers		586,228	(430,827)	155,401	159,276
Fund balances brought forward		2,340,298	1,140,195	3,480,493	3,321,217
Fund balances carried forward		2,926,526	709,368	3,635,894	3,480,493

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

The notes on pages 18 to 23 form part of these financial statements.

MARTHA TRUST
 Balance Sheet
 For The Year Ended 31 December 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Tangible assets	4		5,729,673		4,646,933
Current Assets					
Debtors	5	95,729		225,089	
Cash at bank and in hand		<u>153,756</u>		<u>294,745</u>	
		<u>249,485</u>		<u>519,834</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	184,963		54,328	
Deferred income		<u>34,177</u>		<u>74,972</u>	
		<u>219,140</u>		<u>129,300</u>	
Net Current Assets			<u>30,345</u>		<u>390,534</u>
Total Assets less Current Liabilities			5,760,018		5,037,467
Creditors: Amounts falling due after more than one year					
	7		<u>2,124,124</u>		<u>1,556,974</u>
Net Assets			<u><u>3,635,894</u></u>		<u><u>3,480,493</u></u>
Funds					
Unrestricted:					
General	8		2,722,391		2,136,163
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			2,926,526		2,340,298
Restricted	9		<u>709,368</u>		<u>1,140,195</u>
			<u><u>3,635,894</u></u>		<u><u>3,480,493</u></u>

The financial statements were approved by the Trustees on 16/7/10

Paul Morgan
 Chairman of the Trustees

David Horton
 Trustee

The notes on pages 18 to 23 form part of these financial statements.

Registered Company Number: 3467406

	2009 £	2008 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	155,401	159,276
Less investment income	(5,172)	(5,994)
Add finance costs	122,779	59,579
Add depreciation of tangible fixed assets	180,672	142,210
(Increase)/decrease in debtors	129,360	159,038
(Decrease)/increase in creditors	<u>89,840</u>	<u>(111,255)</u>
Net cash flow from operating activities	672,880	402,854
Returns on investments and servicing of finance		
Interest received	5,172	5,994
Finance costs	<u>(122,779)</u>	<u>(59,579)</u>
	<u>(117,607)</u>	<u>(53,585)</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	<u>(1,282,124)</u>	<u>(894,047)</u>
	<u>(1,282,124)</u>	<u>(894,047)</u>
Increase/(Decrease) in Cash in the Year	(726,851)	(544,778)
Net Debt at 1 January 2009	<u>(1,273,136)</u>	<u>(728,358)</u>
Net Debt at 31 December 2009	<u><u>(1,999,987)</u></u>	<u><u>(1,273,136)</u></u>

Analysis of net cash	1 January 2009	Cash Flow	31 December 2009
Cash at bank and in hand	294,745	(140,989)	153,756
Bank loans	(1,567,881)	(585,862)	(2,153,743)
	<u>(1,273,136)</u>	<u>(726,851)</u>	<u>(1,999,987)</u>

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.

Support costs include the salary costs of the finance and administration staff and other administrative costs.

Governance costs include the management of the charitable company's assets, central, non-project and organisational management and compliance with constitutional and statutory requirements.

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 previously 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

All assets purchased with a value of £1,000 or more are capitalised.

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.

i) Operating Leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

2 Staff Costs

	2009	2008
	£	£
Staff costs consist of:		
Wages and salaries	2,044,916	1,888,885
Social security costs	172,911	165,439
Other pension costs	14,275	14,990
	<u>2,232,102</u>	<u>2,069,314</u>

The average number of employees during the year was 126 (2008 - 115).

The number of employees whose emoluments exceeded £60,000 was 1 (2008 - Nil).

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 7 trustees and amounted to £1,243 (2008 - 8 trustees £1,317).

3 Analysis of Resources Expended

	Staff Costs	Other	Depreciation	Total 2009	Total 2008
	£	£	£	£	£
Fundraising and publicity	76,525	51,386	-	127,911	106,847
Residential and day care costs	2,155,577	913,872	180,672	3,250,121	2,680,715
Governance costs	-	13,682	-	13,682	13,620
Total expenditure	<u>2,232,102</u>	<u>978,940</u>	<u>180,672</u>	<u>3,391,714</u>	<u>2,801,182</u>
				Total 2009	Total 2008
Other expenditure includes:				£	£
Auditors' remuneration:					
For audit				<u>10,667</u>	<u>10,120</u>

All costs of the activities above are direct costs with the exception of support costs of £428,519 (2008 - £388,601) allocated to residential and day care (see page 20 for analysis).

3 Analysis of Resources Expended (Continued)

	Total 2009	Total 2008
Support Costs (Management & Admin)	£	£
Establishment costs	5,449	4,375
Travel and subsistence	11,426	8,198
Insurance	1,109	1,256
Maintenance, cleaning and repairs	14,882	20,326
Print, post and stationery	6,302	6,549
Telephone and fax	5,092	5,287
Operating lease rental and equipment	14,134	6,869
Staff training	9,289	7,106
General expenses	555	5,768
Bank charges and interest	2,817	5,914
Mortgage interest	119,962	53,665
Depreciation	12,365	13,034
Salaries	225,137	250,254
	<u>428,519</u>	<u>388,601</u>
Governance Costs		
Audit and accountancy fees	10,667	10,120
Trustee Mtg Expenses & Training	3,015	3,500
Legal and professional	-	-
	<u>13,682</u>	<u>13,620</u>

4 Tangible Fixed Assets

	Freehold Land	Freehold Buildings	Fittings and Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1 January 2009	716,575	3,931,027	760,225	54,570	5,462,397
Additions	-	1,104,681	177,443	-	1,282,124
Disposals	-	(17,343)	(7,681)	-	(25,024)
At 31 December 2009	<u>716,575</u>	<u>5,018,365</u>	<u>929,987</u>	<u>54,570</u>	<u>6,719,497</u>
Depreciation					
At 1 January 2009	-	347,558	439,110	28,796	815,464
Charge for the year	-	78,934	92,024	9,714	180,672
Disposals	-	-	(6,312)	-	(6,312)
At 31 December 2009	<u>-</u>	<u>426,492</u>	<u>524,822</u>	<u>38,510</u>	<u>989,824</u>
Net Book Value					
At 31 December 2009	<u>716,575</u>	<u>4,591,873</u>	<u>405,165</u>	<u>16,060</u>	<u>5,729,673</u>
At 31 December 2008	<u>716,575</u>	<u>3,583,469</u>	<u>321,115</u>	<u>25,774</u>	<u>4,646,933</u>

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

5 Debtors: Due within one year	2009	2008
	£	£
Trade debtors	75,846	71,608
Prepayments	13,073	6,548
Accrued Income	4,500	142,629
Other debtors	2,310	4,304
	<u>95,729</u>	<u>225,089</u>

6 Creditors: Amounts falling due within one year	2009	2008
	£	£
Bank mortgage (see note 7)	3,601	-
Trade creditors	79,867	17,540
Other creditors	7,557	15,761
Other taxes and social security	57,253	-
Accruals	10,667	10,120
CB Loan 1 (see note 7)	8,815	6,901
CB Loan 2 (see note 7)	12,449	-
FB Loan (see note 7)	4,754	4,006
	<u>184,963</u>	<u>54,328</u>

7 Creditors: Amounts falling due after more than one year

	Barclays Mortgage	CB Loan 1	CB Loan 2	FB Loan	Total 2009	Total 2008
	£	£	£	£	£	£
Amounts falling due within one year	3,601	8,815	12,449	4,754	29,619	10,907
Between one to two years	22,385	7,761	13,217	17,898	61,261	23,347
Between two to five years	75,862	31,387	44,746	59,142	211,137	141,266
In five years or more	700,152	72,091	564,065	515,418	1,851,726	1,392,361
	<u>802,000</u>	<u>120,054</u>	<u>634,477</u>	<u>597,212</u>	<u>2,153,743</u>	<u>1,567,881</u>
Less: Allocated to creditors falling due within one year	<u>(3,601)</u>	<u>(8,815)</u>	<u>(12,449)</u>	<u>(4,754)</u>	<u>(29,619)</u>	<u>(10,907)</u>
	<u>798,399</u>	<u>111,239</u>	<u>622,028</u>	<u>592,458</u>	<u>2,124,124</u>	<u>1,556,974</u>

The Barclays Mortgage is secured by way of a charge over the company's land and buildings, except for Frances House. The mortgage is repayable in installments until 2023 for £401,000 and until 2028 for the remaining £401,000. They bear interest at a rate of 6.05%

Charity Bank Loan 1 is repayable in installments until 2020 and bears interest at a rate of 6%. Charity Bank Loan 2 is repayable in installments until 2033 and bears interest at a rate of 6%. Future Builders Loan is repayable in installments until 2033 and bears interest at a rate of 6%.

8 Unrestricted Funds

	Opening Balance	Incoming Resources	Resources Expended Gains, Losses and Transfers	Closing Balance
	£	£	£	£
General funds	2,136,163	3,430,368	(2,844,140)	2,722,391
Revaluation reserve	204,135	-	-	204,135
Total	<u>2,340,298</u>	<u>3,430,368</u>	<u>(2,844,140)</u>	<u>2,926,526</u>

9 Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	255,297	59,950	-	(85,247)	230,000
Mary House	867,999	24,733	(1,190)	(412,174)	479,368
Martha House	2,461	5,539	(7,464)	(536)	-
Other	14,438	26,525	(40,963)	-	-
Total	1,140,195	116,747	(49,617)	(497,957)	709,368

Frances House

In 2007 £230,000 was donated by The Development Trust towards the proposed extension at Frances House. This donation carries a restriction for a period of 21 years and requires that the three new residents at Frances House must not have previously lived in any other Martha Trust home. In the opinion of the trustees this criterion will be met and the likelihood of having to repay the money is considered to be remote.

Mary House

This fund partly represents a donation of £120,000 which was received in 2006 towards Mary House from the Development Trust with a restriction over 10 years, specifying that at least five people living in Mary House must be from Kent, Medway, East Sussex or West Sussex. In the opinion of the trustees this criterion will be met and the likelihood of having to repay the money is considered to be remote. It also represents a donation of land and buildings in Hastings from The Agape Trust in 2004. The use to which the land and buildings could be put was restricted by the original donors, Blatchington Court Trust. The restriction requires Martha Trust to provide homes for a period of 99 years and at any one time at least four residents must be people under 31 years, of whom at least two must be visually impaired. These restrictions apply to Martha Trust as a whole and not to Mary House individually. If these restrictions are breached £350,000 is repayable to the Blatchington Court Trust. In the opinion of the trustees these criteria will be met and the likelihood of having to repay the money is considered to be remote. The remainder of the fund represents the proceeds of a fundraising campaign to add another part to the sensory garden at Mary House.

Other

This fund represented a grant received to carry out some trustee training, funds received to investigate various options to build a new home and funds received to temporarily finance the role of Service Development Officer.

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 2010 are represented by:			
Tangible fixed assets	5,020,305	709,368	5,729,673
Current assets	249,485	-	249,485
Current liabilities	(219,140)	-	(219,140)
Long term liabilities	(2,124,124)	-	(2,124,124)
	2,926,526	709,368	3,635,894

11 Operating Lease Commitments

	2009 £	2008 £
Other equipment		
Operating leases which expire: In two to five years	<u>16,775</u>	<u>14,518</u>
	<u><u>16,775</u></u>	<u><u>14,518</u></u>

12 Related Party Transactions

The husband of Tessa Stevenson, a trustee, carried out some consultancy work during the year relating to land acquisition for which Martha Trust paid him a total of £13,414. At the year end an amount of £513 was owed and is included in trade creditors.

13 Capital Commitments

There were no capital commitments as at 31 December 2009. As at 31 December 2008 Martha Trust was committed to spending a further £1,029,148 on Phase 3 of the project on Mary House of which £861,231 was subject to contract.

As part of Frances House extension, Martha Trust were committed to spending a further £139,547 on the project of which £125,175 was subject to contract as at 31 December 2008.