



MARTHA TRUST

Annual Report & Financial Statements 2010

Registered Charity Number 1067885 Registered Company Number 3467406

CONTENTS

Chairman's Foreword	3
Our Mission	4
Our Services	5
Our Achievements	6-7
Our Plans for the Future	8
Our People	9
Our Governance	10-11
Financial Review & Results for the Year	12
Legal & Administrative Details	13-14
Independent Auditor's Report	15
Financial Statements & Notes	16-24

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

It's a privilege once again to be introducing Martha Trust's Annual Report and Accounts.

2010 saw immense change to the political landscape and only now are we beginning fully to understand the impact that those changes will have on Martha.

The Spending Review focused our minds on the need for even greater controls on how we use our resources, which we achieved without compromising the quality of care we provide for our residents. The result was a healthy year-end financial position despite the wider economic climate. We took the step of hiring a Finance Manager to strengthen our financial expertise as we plan for the future of Martha. Martha will continue to explore opportunities for expanding and enhancing our service where the demand arises and the economics are sound.

Martha Trust continues to benefit from a committed and talented staff team who provide excellent care for the residents as we help each resident reach their full potential. During the year we successfully recruited Registered Home Managers to both Martha House and Mary House, and have fine-tuned the management structure to provide even more effective support for our residents and staff.

We were also able to realise our commitment to strengthening the Board and following a successful recruitment exercise last year, we hope to be joined by four new members who will each bring very specific and vital skills to Martha.

Our continuing efforts to improve communications are having equal success. Internally, our recent staff survey generated some extremely positive and constructive feedback and our new 'Employer of Choice' initiative should further improve our staff recruitment and retention.

The freshly launched Martha 'brand' which includes our inspiring new logo has been met with great approval from staff and supporters, and should prove to be an immense asset in the future. The fundraising team was strengthened this year with a view to expanding our sources of fundraising.

We know that 2011 will be a year of extreme challenges for Martha, as for so many of us. But we couldn't be in a better position to meet those challenges, either financially or spiritually. Martha Trust is an extraordinary organisation and it is a privilege to be able to contribute to its growth as a home, a charity and as a place of work. Whatever the future holds, Martha Trust will continue its pioneering work in transforming the lives of people with profound disabilities.

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 the best support we can 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 well supported, appropriately qualified and have access to good quality training
- Promoting good relationships between staff, parents, families and care professionals based upon effective communications
- Ensuring rigorous standards of operational and financial control to promote 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 Values

While Martha Trust is driven by Christian values, we offer care and support to people with PMLD irrespective 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, day care and respite care for people with PMLD, and support to families who themselves are caring for people with PMLD.

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

We believe passionately that people with PMLD have the right to make choices about their lives as well as the absolute right to privacy, dignity and respect. Martha Trust provides an environment in which each person can grow and develop to reach their potential, at the same time enjoying life as fully and actively as possible.

Led by its Director, Gill Burnham, our residential 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 high 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 developing new ways to obtain feedback from all of our stakeholders and have recently introduced a range of on-line surveys which are completed anonymously.

Our Trustees review the 3 year 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, through internal performance management controls and feedback from all relevant parties.

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 assessed development programmes for all residential, respite and day care service users
- Contracts with numerous Local Authorities and Primary Care Trusts (PCT's)
- Highly qualified staff with 19% of our support workers NVQ 2 qualified (20% NVQ 3 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

Each year the Board agrees annual goals related to the 3 year strategic objectives. The following report outlines what were our main objectives for 2010 and the bullet points detail what we actually achieved:

Implement new care structure, monitor and review

- With a view to enhancing the management and care structure all key staff have been recruited and the new structure will be fully implemented by end of the 1st quarter 2011. MOVE specialists (a mobility based programme designed to improve a person's motor skills) are now fully trained and delivering the programme to all Martha House residents. Plans are underway to roll the programme out in Hastings.
- Considerable progress has been made in the therapies we now offer that enhance the lives and wellbeing of our residents.

Develop 'Personalisation' agenda

- Key staff have received training and instruction on development planning.
- All residents have highly detailed personalised care plans.
- Dedicated therapy staff have been trained from within the existing team and new programmes have been rolled out in Martha House.

Recognise and celebrate the success of residents and staff

- Successes and achievements are now better recognised via a monthly staff bulletin and at regular staff meetings. Similar initiatives are in the pipeline.

Expand current services

- A new site has been identified and planning permission is expected to be achieved
- Existing model of care is being tested and developed with input from key stakeholders.
- A detailed Business and Communications plan is now underway for Board approval.

Develop better systems for gathering and analysing care sector market data

- Improvements have been made to the quality of in-house research and reporting on demand for services.
- A subscription has been taken out on Laing & Buisson's annual UK Market Survey of Specialist Care Services. Membership of VODG is also proving extremely worthwhile for networking and offers high quality email briefings and general advice on disability issues.
- Online membership of The Tizard Centre, one of the leading UK academic groups working in learning disability and community care has been secured.

Improve staff satisfaction and retention rates

- The 'Employer of Choice' programme is now in place with detailed actions agreed by the HR Committee under the headings of: Management & Leadership, Pay & Benefits, Reward & Recognition and Training & Development.

Consolidate improvements for internal communications

- All the recommendations outlined in an original report by David Bernstein have now been implemented.
- The initial results of a staff questionnaire have shown positive improvements, with 82% of staff agreeing or strongly agreeing that they were happy in their work.
- A new system has been introduced to review the effectiveness of internal communications on a quarterly basis.

Ensure that staff, Trustees and volunteers have the skills we need

- A Training Co-ordinator has been appointed
- Mandatory training is taking priority and will continue to do so and e-learning will be investigated as part of the evaluation process.
- The appraisal system is being reviewed and updated to incorporate changes for 2011 (information for the staff skills' audit is to be gathered using this process).

Strengthen and develop standards of governance

- The priority was to recruit new Trustees in the key areas of Social/Healthcare, Finance/Accounting, Legal Practice, and Fundraising.
- Four new Trustees with a match to these skills are expected to join the Board in 2011.
- New methods of monthly and quarterly reporting have been developed to improve the quality of information provided to the board.
- All Trustees are now engaged in supporting the work of at least one committee. The CE and Chairman meet monthly for a review of operations and the CE aims to meet with all Trustees individually at least twice a year to discuss specific issues.

Engage more widely with peer/potential partner organisations

- Members of the Senior Team have been developing their own individual contacts and networks on a more systematic basis.
- The VODG (Voluntary Organisations Disability Group) and CFDG (Charity Finance Directors Group) have now been joined.
- Membership has been taken out with The Tizard Centre (one of the leading UK academic groups working in learning disability and community care).
- A relationship has been developed with Livability – a much larger charity but with similar aims.

Raise our profile locally and regionally

- A new brand has been developed and successfully launched.
- A new style Impact Report has been produced.
- Fundraising element of the communications plan has been completed and is being implemented, with particular emphasis on targeting regular and lapsed donors to increase the value of the existing donor base. The second phase is focused on donor recruitment through the fundraising programme.
- A specialist communications and PR person has been recruited to raise the charity's profile and improve the effectiveness of all published material including the website.

Provide a cost-effective service

- Work has been started to compare costs between different services to identify areas for attention. Due to resource constraints this will now be completed by 2011.
- The year ended with a 100% occupancy in all homes.
- MOVE has been implemented (see explanation above) and offers yet further evidence of Martha's added value.

Prepare to meet funding challenges

- The fee matrix has been reviewed in detail to ensure it is working effectively and is in the best interests of our service users.
- Strategies have been implemented to enable us to demonstrate how we meet and often exceed the needs of our residents.
- A consistent policy and approach to negotiating new and existing fee levels has been devised.

Use financial information strategically

- The improved quality of financial reporting will continue to provide strategically linked analytical information to inform decision making.
- Benchmarking for central administrative costs has been undertaken and will be further developed. Initial calculations indicate a ratio of 11.78% administrative costs to total expenditure which is well within the range considered by analysts to be satisfactory.

Develop and expand fundraising operation

- A Fundraising Plan has been implemented to focus on donor acquisition, retention and growth, identifying new Charity of the Year partnerships, events and online fundraising. All donor forms have been updated to capture accurate contact details, communication preferences and Gift Aid declaration. The systems for maximising Gift Aid have been considerably improved.
- The first phase of fundraising database updates are working well and providing accurate reporting on donor activity and fundraising campaign effectiveness. A second phase of updates has also been implemented to capture new information on Data Protection, Single Donation and Regular Giving Forms.

Our Plans for the Future

Martha Trust's vision was recently reaffirmed by Trustees:

'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.'

Goals for 2011

- **For our service users we will:**
 - Complete the recruitment and restructuring of the home management team
 - Introduce a new comprehensive quality assurance system
 - Develop a new service business case for Board approval
- **For our employees we will:**
 - Deliver 'Employer of Choice' programme
 - Review the Performance Management Framework
 - Introduce a new Training & Development Plan
 - Carry out a skills audit for staff, Trustees and volunteers
 - Review and update all Job Descriptions, consulting and communicating appropriately
- **Operationally we will:**
 - Recruit additional Trustees with valuable skills
 - Introduce a Board appraisal & assessment process
 - Provide a time and cost-effective training programme for Trustees
 - Research PC-based care planning systems
 - Introduce and develop a video conferencing facility
 - Introduce appropriate methods to objectively measure brand awareness and the impact of external communications
- **Financially we will:**
 - Produce a refined Cost Matrix to include Core & Additional needs/costs
 - Develop a means to demonstrate added value over and above contracted service
 - Prepare Fundraising plan to meet agreed organisational goals for period 2011-2012
 - Implement Major Donor Programme

We shall report on progress in next year's Annual Report (see ['Our Achievements'](#) section for a progress report on 2010 goals)

Our People

The importance of our people 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, their attitude and what they bring to their work each day. 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 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 have also embarked on a detailed job evaluation exercise to ensure consistency and fairness over pay and benefits over the long term.

We have improved our internal communications which include monthly staff meetings, internal newsletter and annual staff survey. Staff turnover rose to 24% which, while still average for the sector, we believe is too high and we will be working to reduce this in 2011. Various measures of staff satisfaction remain high including the results of the recent online Staff Survey which showed 82% of staff agreeing or strongly agreeing they were happy in their work.

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 possible 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 report that the social care workforce is among the least qualified in the UK. Martha Trust is pleased to support the DoH and other regulators 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 quality and flexibility of 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 progress with the strategic plan and specific objectives for the year.

Trustees/Directors

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

Trustees serving during the year were:

Humphrey Clarke (Vice-Chairman)
Enid Flood (retired 25.11.10)
David Horton
Paul Morgan (Chairman)
Mike Shaw
Tessa Stevenson
Rodney Stone (Company Secretary - retired 25.11.10)

During 2010 the Trustee Board agreed to recruit an additional three to four Trustees with expertise in specific areas to further strengthen its work. A targeted recruitment campaign was launched and good progress has been made. It is expected that the Board will be joined by a further four Trustees in early 2011.

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.

Potential new Trustees are invited to attend at least one Board and Committee meeting as well as spending time with the Chief Executive and members of the senior team before they and the Board decide whether to proceed with a formal appointment. A Confidentiality Agreement forms part of this process.

Once the Board and new Trustee decide to proceed with a formal appointment there follows an induction period designed to familiarise the new Trustee with Martha Trust's operations. Subjects covered include:

- 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 keep their knowledge up-to-date, 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

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 lack of 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 those receiving care from Martha and their families.

Financial Review & Results for the Year

Summary

2010 was a very challenging year seeing no inflationary increases being given by any of the funding authorities and costs continuing to rise. All expenditure was monitored closely throughout the year with cost-savings and more efficient ways of working being crucial. The cash balance at the year end is healthier than originally anticipated partly due to some non-critical capital expenditure being re-evaluated. A high interest account was opened during the year to ensure all excess funds are generating the healthiest rate of return in the current climate.

The year ended with the following results:

- Total income - £3.87m (2009 - £3.55m)
- Expenditure - £3.74m (2009 - £3.39m)
- Unrestricted surplus - £70,240 before transfers (2009 - £88,271)
- Percentage costs of management and administration - 11.8% (2009 - 12.6%)
- Occupancy level - 98.5% (2009 - 96.5%)
- Balance sheet total funds - £3.76m (2009 - £3.64m)

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 single 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 contributes to 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 2010 the total funds of the Trust were £3,762,639 of which £762,459 were restricted funds. The remaining unrestricted funds of £3,000,180 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 cash flow and by using its normal overdraft facilities.

Investment Policy

Trustees have decided that at present 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 £5.62m. 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 has worked towards building up a sensible level of more liquid reserves and for the foreseeable future; a reserve level of at least £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 and will be reviewed annually by the Trustees taking into account the impact of the economic climate.

Legal & Administrative Details

Group Structure & Relationships

Martha Trust owns no subsidiaries.

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 requires 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 Statement of Recommended Practice (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.

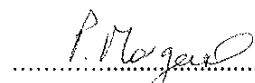
Auditors

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: 24/3/11

We have audited the financial statements of Martha Trust for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 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

As explained more fully in the Trustees' Responsibilities Statement, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on the financial statements

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 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies

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

Matters on which we are required to report by exception

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

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



Neil Finlayson, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD
Date: 1/4 / 2011

MARTHA TRUST
Statement of Financial Activities
For The Year Ended 31 December 2010

	Note	Unrestricted Fund £	Restricted Fund £	Total 2010 £	Total 2009 £
INCOMING RESOURCES					
Donations		117,847	56,505	174,352	239,154
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		3,688,405	-	3,688,405	3,288,544
Other		1,485	2,000	3,485	19,417
Total Incoming Resources		<u>3,807,737</u>	<u>58,505</u>	<u>3,866,242</u>	<u>3,547,115</u>
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		139,184		139,184	127,911
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		3,587,602	-	3,587,602	3,250,121
Governance costs		10,711	2,000	12,711	13,682
Total Resources Expended	3	<u>3,737,497</u>	<u>2,000</u>	<u>3,739,497</u>	<u>3,391,714</u>
Net Incoming Resources before Transfer		70,240	56,505	126,745	155,401
Transfer between funds	9	<u>3,414</u>	<u>(3,414)</u>	<u>-</u>	<u>-</u>
Net Incoming Resources after Transfers		73,654	53,091	126,745	155,401
Fund balances brought forward		<u>2,926,526</u>	<u>709,368</u>	<u>3,635,894</u>	<u>3,480,493</u>
Fund balances carried forward		<u>3,000,180</u>	<u>762,459</u>	<u>3,762,639</u>	<u>3,635,894</u>

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

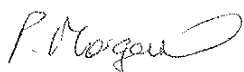
The notes on pages 19 to 24 form part of these financial statements.

MARTHA TRUST
Balance Sheet
For The Year Ended 31 December 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Fixed Assets					
Tangible assets	4		5,619,637		5,729,673
Current Assets					
Debtors	5	111,334		95,729	
Cash at bank and in hand		<u>349,187</u>		<u>153,756</u>	
		<u>460,521</u>		<u>249,485</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	261,220		184,963	
Deferred income		<u>52,969</u>		<u>34,177</u>	
		<u>314,189</u>		<u>219,140</u>	
Net Current Assets			<u>146,332</u>		<u>30,345</u>
Total Assets less Current Liabilities			5,765,969		5,760,018
Creditors: Amounts falling due after more than one year	7		<u>2,003,330</u>		<u>2,124,124</u>
Net Assets			<u><u>3,762,639</u></u>		<u><u>3,635,894</u></u>
Funds					
Unrestricted:					
General	8		2,796,045		2,722,391
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			3,000,180		2,926,526
Restricted	9		<u>762,459</u>		<u>709,368</u>
			<u><u>3,762,639</u></u>		<u><u>3,635,894</u></u>

The financial statements were approved by the Trustees on

Paul Morgan
Chairman of the Trustees



David Horton
Trustee



The notes on pages 19 to 24 form part of these financial statements.

Registered Company Number: 3467406

MARTHA TRUST
Cashflow Statement
For The Year Ended 31 December 2010

	2010 £	2009 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	126,745	155,401
Less investment income	(206)	(5,172)
Less proceeds on sale of fixed assets	(50)	-
Add finance costs	127,131	122,779
Add depreciation of tangible fixed assets	209,513	180,672
Add loss on disposal of fixed assets	7,757	-
(Increase)/decrease in debtors	(15,605)	129,360
(Decrease)/increase in creditors	21,732	89,840
Net cash flow from operating activities	477,017	672,880
Returns on investments and servicing of finance		
Interest received	206	5,172
Finance costs	(127,131)	(122,779)
	<u>(126,925)</u>	<u>(117,607)</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(107,234)	(1,282,124)
Proceeds from sale of fixed assets	50	-
	<u>(107,184)</u>	<u>(1,282,124)</u>
Increase/(Decrease) in Cash in the Year	242,908	(726,851)
	<u>(1,999,987)</u>	<u>(1,273,136)</u>
Net Debt at 31 December 2010	<u>(1,757,079)</u>	<u>(1,999,987)</u>

Analysis of net cash	1 January 2010	Cash Flow	31 December 2010
Cash at bank and in hand	153,756	195,431	349,187
Bank loans	(2,153,743)	47,477	(2,106,266)
	<u>(1,999,987)</u>	<u>242,908</u>	<u>(1,757,079)</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) 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.

g) Operating Leases

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

2 Staff Costs

	2010 £	2009 £
Staff costs consist of:		
Wages and salaries	2,287,620	2,044,916
Social security costs	196,221	172,911
Other pension costs	15,575	14,275
	<u>2,499,416</u>	<u>2,232,102</u>

The average number of employees during the year was 135 (2009 - 126).

The number of employees whose emoluments exceeded £60,000 was 1 (2009 - 1).

No Trustee received remuneration during the year. During the year expenses relating to travel were paid to 7 trustees and amounted to £924.40 (2009 - 7 trustees £1,243).

3 Analysis of Resources Expended

	Staff Costs £	Other £	Depreciation £	Total 2010 £	Total 2009 £
Fundraising and publicity	83,007	56,177	-	139,184	127,911
Residential and day care costs	2,416,409	961,680	209,513	3,587,602	3,250,121
Governance costs	-	12,711	-	12,711	13,682
Total expenditure	<u>2,499,416</u>	<u>1,030,568</u>	<u>209,513</u>	<u>3,739,497</u>	<u>3,391,714</u>
Other expenditure includes:				Total 2010 £	Total 2009 £
Auditors' remuneration:					
For audit				<u>9,600</u>	<u>10,667</u>

All costs of the activities above are direct costs with the exception of support costs of £440,629 (2009 - £428,519) allocated to residential and day care (see page 21 for analysis).

3 Analysis of Resources Expended (Continued)

	Total 2010	Total 2009
Support Costs (Management & Admin)	£	£
Establishment costs	5,421	5,449
Travel and subsistence	5,095	11,426
Insurance	1,638	1,109
Maintenance, cleaning and repairs	10,973	14,882
Print, post and stationery	7,162	6,302
Telephone and fax	3,840	5,092
Operating lease rental and equipment	13,084	14,134
Staff training	9,419	9,289
General expenses	1,394	555
Bank charges and interest	2,398	2,817
Mortgage interest	127,131	119,962
Depreciation	10,987	12,365
Salaries	242,087	225,137
	<u>440,629</u>	<u>428,519</u>
Governance Costs		
Audit and accountancy fees	9,600	10,667
Trustee Mtg Expenses & Training	1,111	3,015
Legal and professional	-	-
	<u>10,711</u>	<u>13,682</u>

4 Tangible Fixed Assets

	Freehold Land £	Freehold Buildings £	Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2010	716,575	5,018,365	929,987	54,570	6,719,497
Additions	-	47,129	48,605	11,500	107,234
Disposals	-	(7,757)	(17,575)	(6,000)	(31,332)
At 31 December 2010	<u>716,575</u>	<u>5,057,737</u>	<u>961,017</u>	<u>60,070</u>	<u>6,795,399</u>
Depreciation					
At 1 January 2010	-	426,492	524,822	38,510	989,824
Charge for the year	-	100,261	99,661	9,591	209,513
Disposals	-	-	(17,575)	(6,000)	(23,575)
At 31 December 2010	<u>-</u>	<u>526,753</u>	<u>606,908</u>	<u>42,101</u>	<u>1,175,762</u>
Net Book Value					
At 31 December 2010	<u>716,575</u>	<u>4,530,984</u>	<u>354,109</u>	<u>17,969</u>	<u>5,619,637</u>
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>

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

5 Debtors: Due within one year	2010 £	2009 £
Trade debtors	87,159	75,846
Prepayments	20,962	13,073
Accrued Income	1,760	4,500
Other debtors	1,453	2,310
	<u>111,334</u>	<u>95,729</u>

6 Creditors: Amounts falling due within one year	2010 £	2009 £
Bank mortgage (see note 7)	67,670	3,601
Trade creditors	71,450	79,867
Other creditors	25,140	7,557
Other taxes and social security	52,094	57,253
Accruals	9,600	10,667
CB Loan 1 (see note 7)	9,362	8,815
CB Loan 2 (see note 7)	13,217	12,449
FB Loan (see note 7)	12,687	4,754
	<u>261,220</u>	<u>184,963</u>

7 Creditors: Amounts falling due after more than one year

	Barclays Mortgage £	CB Loan 1 £	CB Loan 2 £	FB Loan £	Total 2010 £	Total 2009 £
Amounts falling due within one year	67,670	9,362	13,217	12,687	102,936	29,619
Between one to two years	67,679	9,941	14,032	12,714	104,366	61,261
Between two to five years	203,026	33,726	47,506	43,028	327,286	211,137
In five years or more	438,317	58,186	547,270	527,905	1,571,678	1,851,726
	776,692	111,215	622,025	596,334	2,106,266	2,153,743
Less: Allocated to creditors falling due within one year	<u>(67,670)</u>	<u>(9,362)</u>	<u>(13,217)</u>	<u>(12,687)</u>	<u>(102,936)</u>	<u>(29,619)</u>
	<u>709,022</u>	<u>101,853</u>	<u>608,808</u>	<u>583,647</u>	<u>2,003,330</u>	<u>2,124,124</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 instalments 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 instalments until 2020 and bears interest at a rate of 6%. Charity Bank Loan 2 is repayable in instalments until 2033 and bears interest at a rate of 6%. Futurebuilders Loan is repayable in instalments 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	2,722,391	3,807,737	(3,734,083)	2,796,045
Revaluation reserve	204,135	-	-	204,135
Total	<u>2,926,526</u>	<u>3,807,737</u>	<u>(3,734,083)</u>	<u>3,000,180</u>

9 Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	230,000	-	-	-	230,000
Mary House	479,368	3,672	-	(3,414)	479,626
Martha House	-	5,588	-	-	5,588
Other	-	2,000	(2,000)	-	-
Hydropool Refurbishment	-	47,245	-	-	47,245
Total	709,368	58,505	(2,000)	(3,414)	762,459

Frances House

In 2007 £230,000 was donated by The Development Trust towards the 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 criteria 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 criteria 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. 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. These restrictions will be waived on Martha Trust meeting certain criteria. The remainder of the fund represents the proceeds of a fundraising campaign to add another part to the sensory garden at Mary House.

Martha House

This fund represents donations made for sensory equipment in Martha House.

Other

This fund represented a grant received to carry out some Trustee training.

Hydropool Refurbishment

This fund represents donations made as part of a fundraising campaign to refurbish the hydrotherapy pool on the Deal site.

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 2011 are represented by:			
Tangible fixed assets	4,857,178	762,459	5,619,637
Current assets	460,521	-	460,521
Current liabilities	(314,189)	-	(314,189)
Long term liabilities	(2,003,330)	-	(2,003,330)
	<u>3,000,180</u>	<u>762,459</u>	<u>3,762,639</u>

11 Operating Lease Commitments

	2010	2009
	£	£
Other equipment		
Operating leases which expire:		
In less than one year	7,200	-
In two to five years	6,513	16,775
	<u>13,713</u>	<u>16,775</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 £9118. At the year end an amount of £370 was owed and is included in trade creditors.

13 Capital Commitments

There were no capital commitments as at 31 December 2010 (2009 - nil).