

MARTHA TRUST
Annual Report & Accounts
For The Year Ended 31 December 2012



MARTHA TRUST

Annual Report & Financial Statements 2012

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	7-8
Our People	9
Our Governance	10-11
Financial Review & Results for the Year	12-14
Legal & Administrative Details	15
Independent Auditor's Report	18-19
Financial Statements & Notes	20-28

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

The past year has been one of the most challenging for Martha Trust and, indeed, for all those in the field of care as we see the impact of funding cuts made by Government. Despite this, or possibly because of it, I have found it an absolute privilege to chair a Board of Trustees and Management so totally committed to caring for the residents of Martha.

We have recently welcomed a wealth of additional expertise and experience to our Board including Richard Pitt, a Senior Partner at Beadle Pitt & Gottschalk Solicitors in Canterbury. Dr Theresia Bäumker, the sister of Charl one of our residents at Deal has added knowledge and experience in family matters and Andrew Giles, who works for the care charity Livability, has given his time advising us on improvements to our services.

George White, our CEO, has done precisely what he set out to do when he joined Martha just over a year ago. He has brought the management team closer together, increased staff and family involvement in the running of Martha Trust, introduced a Staff Consultation Group, and worked closely with families to continue to improve the already excellent care we give at Martha.

George is extremely experienced in managing organisations through challenging times and is developing his team so that Martha is run in the most effective way possible with the focus always on the care we give.

Alongside the challenges there are some exciting opportunities ahead. We have applied for and received funding and training from the organisation ARC (Achieving Real Change) to improve the way we interact with and care for our residents. We are also working to ensure that, alongside excellent care, we can continue to provide first class facilities for our residents in the future – and the bar has been set high. On a recent inspection, the Kent Care Homes Inspector stated that our homes at Deal were what he would like to see all Kent care homes aspire to.

Finally, I would like to repeat what I said last year, as it remains as true today as it was then: no matter what challenges we face as an organisation, the care and wellbeing of our residents remains our highest priority and we will do everything in our power to ensure they continue to feel valued and fulfilled.

We thank God for the guidance and inspiration to carry out our vital work.

Humphrey Clarke
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 seek to 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 achieve their potential and 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 on cooperation and communication
- 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
- Improving understanding and raising awareness of profound disabilities.

Our Values

While Martha Trust is driven by Christian values, we offer care and support to people from all faiths and backgrounds. 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 should have the opportunity to lead a happy, active and fulfilling life.

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.

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 provide the very best care for every individual we support.

Measuring Success

The quality of our services is inspected and regulated by the Care Quality Commission (CQC). We have also introduced a range of online surveys which are completed anonymously, allowing our stakeholders to provide honest and thorough feedback on their experiences at Martha.

Our Trustees review the three 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, and through internal performance management controls using a Balanced Scorecard and stakeholder feedback.

Key Facts

Martha Trust operates:

- Three residential homes caring for 31 people: Martha House (Deal), Frances House (Deal), and Mary House (Hastings)
- One dedicated respite placement 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 50% of our support workers either NVQ2 or NVQ3 qualified and 10% working towards this.

- * 24 hour, seven days a week nursing care
- * A high ratio of support staff to service users

Our Plans for the Future

Martha Trust's vision was recently reaffirmed by Trustees:

'We shall look to increase our provision of high quality care for people with PMLD, and become a recognised provider of excellent services in this field.'

Achievements against strategic objectives for 2012

For our residents and families we have:

- Improved family involvement with bi-annual Family Forums and regular updates from the CEO and appointed one family member as a Trustee and another as a Services & Development committee member.
- Introduced new Relative Satisfaction Feedback Questionnaire at Family Forums.
- *The outcome of our work with families is that we have seen much greater involvement and our family representative at Mary House took a lead role in the appointment of our new home manager.*

For our employees we have:

- Embarked on a more effective training programme which is focused on giving staff the skills to deliver the highest quality care. More bespoke courses are being developed using external training companies in addition to the expertise of our own staff.
- Implemented the outcomes of the job evaluation, enabling us to attract and retain the highest quality staff.
- We have started to review performance management, with a new appraisal process introduced in the last quarter of 2012. The review will continue to implement improvements during 2013.
- Enhanced the support given to nurses, empowering them take decisions independently. The appraisal process will continue to identify their training needs.
- Reviewed current employee benefits and implemented new benefits such as the Employee Assistance Scheme, access to Benenden Healthcare and subsidised gym membership.
- Developed an action plan designed to address specific areas of concern highlighted in the annual staff survey, and undertook listening sessions to look at how these could be addressed.
- *The outcome of our work with employees is that we are seeing greater staff involvement in the decision making processes at Martha. The staff representative body openly discusses issues with managers and suggest ideas to make our home better for our residents.*

Within our care services we have:

- Worked with and strengthened relationships with external agencies such as occupational therapists, physiotherapists and speech and language therapists to improve individual care planning and gain access to free or low-cost external resources where available.

- Introduced a new Safeguarding Policy and process and improved our communication with external partners by introducing a programme of networking visits for the CEO with other local charities and providers.
- Introduced new Clinical Governance and Quality Assurance Policies and processes including monthly Clinical Governance Meetings and regular internal and external inspections of the service. A new role of Clinical Lead has also been introduced to oversee this area for the whole organisation.
- *Our care services are subject to considerable inspection and our policy is one of openness. The outcome for our care work is that we have been selected as only one of 50 care organisations nationwide to be supported and sponsored by the ARC active support.*

Financially we have:

- Continued to challenge local authorities to get the maximum funding for our residents, despite government spending cuts, enabling us to provide an even higher level of care.
- Continued to review costs across all areas of the budget, choosing not to fill vacant posts where this did not impact on care and seeking best value from suppliers.
- Apportioned staff costs relating to a restricted project to the project, presenting a more accurate account of return on investment for restricted and unrestricted income.
- Introduced a marketing strategy for promoting Martha care services with a view to restricting the number and length of vacancies.
- *The main outcome of our financial work is that we have carefully reduced our costs (overall admin is down from 12.1% to 10.8%) in the most challenging of economic times. We have also built in a list of prospective clients who are looking to make Martha their life time care and home choice.*

Plans for the Future: our goals for 2013

For our families we will:

- Introduce new initiatives to better support families and improve communication.
- Encourage families to take part in the recruitment process of key positions within the organisation.
- Develop a new website and introduce an online Family Forum in early summer 2013.

Financially we will:

- Improve departmental analysis to allow comparison between Martha's homes and identification of cost savings and efficiencies.
- Improve reporting across the organisation to provide simple but meaningful management information.
- Continue to review costs across all areas of the budget, including a freeze on annual incremental pay increases where necessary.
- Continue to challenge funding cuts, highlighting any shortfall in care fees.

Within clinical governance we will:

- Research and introduce new protocols for Infection Control, Enteral Feed and Resuscitation, observing protocol in practice and reviewing as necessary.

- Review Mental Capacity Act practices, raising awareness among nurses and other staff, personalising health action plans and ensuring a focus on communication and providing residents with choice.
- Review our system of medication, including research of current guidance and the development of a medication competency tool for nurses.
- Review our Care Risk Assessments, including research, auditing and staff training

Within our service provision we will:

- Market Martha's Care Services through a review of current data and a targeted marketing approach to segments including carers, education establishments and funding authorities.
- Introduce Day Care at Mary House, Hastings.
- Open both of Martha's Hydrotherapy pools to external users with disabilities.
- Invite feedback from multi-agencies by sending out a questionnaire prior to each resident review meeting.
- Continue to identify new opportunities to increase service provision.

For our employees we will:

- Develop our Mission, Vision and Values ensuring they truly reflect who we are and what we aim to achieve. Devise an action plan to address issues highlighted by the staff survey which staff will complete in February/March 2013.
- Develop a competency framework that will give people a clear understanding of the expected levels of performance in their role. The framework will provide staff with a map of the behaviours and actions that Martha values and will recognise and reward.
- Continue to review the effectiveness of our training programme.
- Review, research and implement new Absence Management policy and procedures, with the objective of reducing overall absence hours by 15-20%.
- Evaluate success of appraisal 2012 and plan process for 2013, linking to the development of Martha's new Values.
- Consider Investors in People Award, using this framework to plan people development.
- Review HR Processes & Policies to ensure full, minimum compliance with CQC outcomes 12, 13 & 14.

Within fundraising we will:

- Launch and embed the new Martha Trust website, to include an online Family Forum and online payment processing.
- Implement a Corporate Support Strategy to secure three new 'Charity of the Year' and three new Matched Funding Partnerships.
- Improve our fundraising return on investment, by focusing on high income activities, promoting third party fundraising and improving direct marketing response rates.
- Research and produce Major Donor Strategy to increase unrestricted income from High Net Worth Individuals and prepare for capital projects.
- Grow fundraising volunteer base by 100%.

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, Training and Development

Martha Trust is undertaking a variety of workforce initiatives that are having a positive impact on retention and recruitment.

We have introduced a new appraisal process following the implementation of a new job evaluation and pay structure. This will give people a clear understanding of whether their overall performance meets a 'Satisfactory' standard when measured against:

- Quality and Accuracy of Work
- Job Knowledge
- Attitude to Work
- Teamwork
- Attendance/Timekeeping
- Interpersonal and Communication Skills
- Overall Performance

We will also be developing a competency framework that will give people a clear understanding of the expected levels of performance in their role. The framework will provide staff with a map of the behaviours and actions that Martha values and will recognise and reward.

We are investing in developing our managers as part of our organisational training programme. Particular emphasis has been placed on delivering mandatory training in Safeguarding, Moving & Handling and Infection Control.

Staff turnover at Martha Trust was down in 2012 from 17% to 9.1%, evidence of the work which has been carried out to make our staff feel valued.

Volunteers

Martha Trust has a small, highly valuable group of volunteers that support us in all areas from providing free professional advice, to assisting at fundraising events and undertaking general administration. We have launched a new Volunteer Programme to expand the number of people who volunteer with Martha 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 and since the year end were:

Humphrey Clarke (Chairman))
Tessa Stevenson (Vice Chairman)
Mike Shaw (Vice Chairman, then retired 2/10/12)
David Horton (Retired 2/10/12)
Beth Upton (Resigned 28/6/12)
John Quin
Liz Acarnley
Amy Chapman
Theresia Baumker (Elected 15/11/12)
Richard Pitt (Elected 15/11/12)
Andrew Giles (Elected 15/11/12))

In addition we have made the following advisory appointments:

Percy Bilton (Family representative – Member of Services & Development Committee)
Gerald Dean (Retired GP – Clinical Advisor at Clinical Governance Meetings)

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.

George White
Chief Executive

Judy Heath
Director

Julie Gayler
Director

In addition the following key staff act in an advisory capacity to the SMT:

Glenda Roberts
Registered Home Manager (Deal) and Clinical Lead

Jeff Southon
Human Resources Manager

Public Benefit

Martha's service users come from a wide area, principally the South East of England but also several other counties, demonstrating the need 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

2012 was the third year in succession that Martha Trust received no inflationary increases from funding authorities. The authorities were challenged with regard to the fee levels that are being paid that, over the years, have fallen short of covering current costs. The contracts manager and the care team have now implemented a new assessment tool which links directly to financial information, enabling Martha to identify residents who are substantially underfunded. These challenges will continue during 2013.

Vacancies were experienced in Mary House for the majority of the year and at Martha House in December. The reduction in overall fee income against what had been budgeted was £76k. It is becoming more difficult to fill places in a reasonable amount of time due to the time taken negotiating fees. A marketing campaign was launched early in 2012 targeting key decision makers at funding authorities, the new Clinical Commissioning Groups and schools providing education to children with PMLD. We are already beginning to see positive results from this activity with several families visiting both sites over recent months with a view to securing a place later in 2013.

Expenditure, including staff costs, is being continuously monitored to ensure that efficiency and best value are achieved. As a result, the decision was taken not to fill several staff vacancies, including a Director post. All supplier contracts have been vigorously re-negotiated with some success during 2012 in utilities and maintenance. And the loan that was originally taken out with Future Builders was successfully re-financed with Charity Bank, achieving an interest-rate reduction of 0.25%.

There has been great focus on reducing support costs, which came down from 12.11% of total expenditure to 10.88%. The target for 2013 is to bring these costs below 10% without reducing effectiveness.

The year ended with the following results:

- Total income: £3.82m (2011 - £4.02m)
- Expenditure: £3.86m (2011 - £3.83m)
- Unrestricted loss: £48,385 before transfers (2011 loss - £36,944)
- Percentage costs of management and administration: 10.88% (2011 – 12.11%)
- Occupancy level: 96.9% (2011 – 96.5%)
- Balance sheet total funds: £3.9m (2011 - £3.95m)

From a financial perspective, vacancies are Martha's greatest vulnerability with the current vacancies due to be filled by the end of the second quarter of 2013. In addition, the marketing campaign, mentioned above, has created a larger group of contacts to draw on over future vacancies.

The vacancy situation also contributed to the loss in unrestricted income for 2012. The priorities of the fundraising and marketing department were reviewed and substantial resource was allocated to marketing Martha's care services. This had led to some planned fundraising activity being cancelled, with only the proven and higher income-generating activities going ahead.

In January 2012 the Director of Marketing was required to undertake an internal project for several months. In March 2012 she assumed responsibility for Martha's home in Hastings, including the

induction of a new Registered Home Manager. This combination of factors greatly reduced the time available to lead and develop Martha's marketing and fundraising, another significant contributory factor to the lack of growth in fundraising income.

In addition to the above, fundraising has continued to be challenging in 2012 due to the economic climate. While this has been particularly evident when looking at corporate giving it has also affected individual giving levels, which, research suggests, has declined by 20% across the whole of the charity sector. The shortfall in budgeted income, however, has in part been offset by work to reduce fundraising and publicity costs and get best value from suppliers with the total spend coming in under budget by over £11,000.

Despite the challenges, significant investment has been made in laying the foundations for the 2013 fundraising strategy, which will focus heavily on increasing corporate support and third party fundraising within the community. During the year a new website has also been developed for launch in January 2013 which will improve engagement with supporters and provide a platform for marketing our care services.

Costs for the fundraising and marketing department have been reported in a new format for 2012, which more accurately reflects the allocation of department resources across Head Office, care marketing, restricted, and investment activities.

Similarly, fundraising and publicity costs have been split, showing that 77% of expenditure was attributed to unrestricted activity, with 9% spent on Head Office activity, 7% on investment, 5% on marketing care services and the remainder on restricted activity.

Funding

The main source of income for Martha Trust is from contracts with local authorities and PCTs. Since Martha provides care for people drawn from all parts of the UK, the charity has cultivated and maintained a wide range of relationships and is not dependent upon any one, or small group of funders.

In addition, Martha has developed a marketing strategy specifically for its care services that will broaden its reach, enabling it to target an even greater number of authorities. This will help to improve overall occupancy levels and therefore increase fee income.

Fundraising income provides for all capital expenditure at Martha including new homes and specialist equipment, as well as providing some unrestricted funding. Other than fees for services, no income is received from any statutory sources.

Funds

At 31 December 2012, total funds for Martha Trust were £3,897,009 of which £705,393 were restricted funds. The remaining unrestricted funds of £3,191,616 are fully invested in Martha Trust's operational homes and so are not freely available. 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

The investment policy agreed by the Trustees 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 its care homes (fixed assets) to ensure that Martha provides the best environment possible for the people who live there: this is an essential strategy for securing future revenue streams. The organisation has very few costs not directly attributable to services so it would be inappropriate to hold significant free reserves which are not invested for the best advantage of all beneficiaries.

Martha Trust has Net Assets of £3.9m. The Trustees consider that the reserves are sufficient to meet any short term needs. However, Martha Trust has worked towards building up a sensible level of more liquid reserves. So for the foreseeable future, a reserve level of approximately £100,000 (equivalent to one year's fee income for one resident) will continue to be the reserve fund target. This will provide the financial cushion needed when negotiations for new placements overrun and it 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. Martha works closely with a number of other charities and organisations in supporting and promoting the highest standards in our field, but remains 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.

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 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.

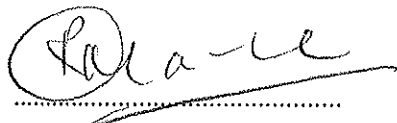
Auditors

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

Note from the Chairman

We are extremely grateful to all our residents, their families, the staff and our supporters for helping us to achieve so much during the past 12 months.

Chairman

A handwritten signature in black ink, appearing to read 'P. Wallace', is written over a horizontal dotted line. The signature is enclosed in a circle on the left side.

Date: 28/3/13

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MARTHA TRUST

We have audited the financial statements of Martha Trust for the year ended 31 December 2012 which comprise the Statement of Financial Activities which incorporates the Summary Income and Expenditure Account, 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 trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to 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 auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 16 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 (APB'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 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 2012 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 prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report 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

MARTHA TRUST
Annual Report & Accounts
For The Year Ended 31 December 2012

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Kingston Smith LLP

Statutory Auditor

for and on behalf of Kingston Smith LLP, Statutory Auditor

Date *25/4/2013*

Devonshire House
60 Goswell Road
London
EC1M 7AD

	Note	Unrestricted Fund £	Restricted Fund £	Total 2012 £	Total 2011 £
INCOMING RESOURCES					
Donations		83,035	21,980	105,015	353,335
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		3,717,105		3,717,105	3,667,897
Other		82		82	2,728
Total Incoming Resources		3,800,222	21,980	3,822,202	4,023,960
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		104,524	22,642	127,166	166,707
Investment in Fundraising		13,081			
Marketing the Care Services		34,685		34,685	-
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		3,684,157	2,103	3,686,260	3,659,487
Governance costs		12,160		12,160	12,246
Total Resources Expended	3	3,848,607	24,745	3,860,271	3,838,440
Net Incoming Resources before Transfer		(48,385)	(2,765)	(38,069)	185,520
Transfer between funds	9	500	(500)	-	-
Net Incoming Resources after Transfers		(47,885)	(3,265)	(38,069)	185,520
Fund balances brought forward		3,239,501	708,658	3,948,159	3,762,639
Fund balances carried forward		<u>3,191,616</u>	<u>705,393</u>	<u>3,910,090</u>	<u>3,948,159</u>

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

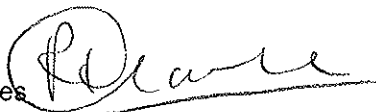
The notes on pages 20 to 28 form part of these financial statements.

MARTHA TRUST
 Balance Sheet
 For The Year Ended 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed Assets					
Tangible assets	4		5,655,451		5,840,629
Current Assets					
Debtors	5	213,386		144,599	
Cash at bank and in hand		<u>120,352</u>		<u>194,426</u>	
		<u>333,738</u>		<u>339,025</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	242,201		273,171	
Deferred income		<u>38,286</u>		<u>42,683</u>	
		<u>280,487</u>		<u>315,854</u>	
Net Current Assets			<u>53,251</u>		<u>23,171</u>
Total Assets less Current Liabilities			5,708,702		5,863,800
Creditors: Amounts falling due after more than one year					
	7		<u>1,811,693</u>		<u>1,915,640</u>
Net Assets			<u><u>3,897,009</u></u>		<u><u>3,948,160</u></u>
Funds					
Unrestricted:					
General	8		2,987,481		3,035,366
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			3,191,616		3,239,501
Restricted	9		<u>705,393</u>		<u>708,659</u>
			<u><u>3,897,009</u></u>		<u><u>3,948,160</u></u>

The financial statements were approved by the Trustees/Directors on 28/3/13

Humphrey Clarke
 Director
 Chairman of the Trustees



John Quin
 Director
 Trustee



The notes on pages 23 to 28 form part of these financial statements.

Registered Company Number: 3467406

	2012 £	2011 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	(38,069)	185,520
Less investment income	(311)	(3,578)
Less proceeds on sale of fixed assets	-	(150)
Add finance costs	115,559	118,505
Add depreciation of tangible fixed assets	208,689	199,253
Add loss on disposal of fixed assets	9,960	1,486
(Increase)/decrease in debtors	(68,787)	(33,264)
(Decrease)/increase in creditors	<u>(51,701)</u>	<u>716</u>
Net cash flow from operating activities	175,340	468,488
Returns on investments and servicing of finance		
Interest received	311	3,578
Finance costs	<u>(115,559)</u>	<u>(118,505)</u>
	<u>(115,248)</u>	<u>(114,927)</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(33,472)	(421,881)
Proceeds from sale of fixed assets	-	150
	<u>(33,472)</u>	<u>(421,731)</u>
Increase/(Decrease) in Cash in the Year	26,620	(68,170)
Net Debt at 1 January 2012	<u>(1,825,249)</u>	<u>(1,757,079)</u>
Net Debt at 31 December 2012	<u><u>(1,811,712)</u></u>	<u><u>(1,825,249)</u></u>

Analysis of net cash	1 January 2012	Cash Flow	31 December 2012
Cash at bank and in hand	194,426	(74,074)	120,352
Bank loans	(2,019,675)	87,613	(1,932,062)
	<u>(1,825,249)</u>	<u>13,539</u>	<u>(1,811,710)</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:

Freehold Buildings	2 % on cost
Fittings and equipment	10% - 20% on cost
Motor vehicles	20% 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

	2012	2011
	£	£
Staff costs consist of:		
Wages and salaries	2,454,930	2,401,397
Social security costs	191,216	196,018
Other pension costs	<u>17,317</u>	<u>16,937</u>
	<u><u>2,663,463</u></u>	<u><u>2,614,352</u></u>

The average number of employees during the year was 153 (2011 - 143).

The number of employees whose emoluments exceeded £60,000 was 1(2011 - 1).

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 4 trustees and amounted to £454 (2011 - 9 trustees £1667).

3 Analysis of Resources Expended

	Staff			Total	Total
	Costs	Other	Depreciation	2012	2011
	£	£	£	£	£
Fundraising and publicity	108,696	31,552	-	140,248	166,707
Residential and day care costs	2,554,767	944,407	208,689	3,707,863	3,659,487
Governance costs	<u>-</u>	<u>12,160</u>	<u>-</u>	<u>12,160</u>	<u>12,246</u>
Total expenditure	<u><u>2,663,463</u></u>	<u><u>988,119</u></u>	<u><u>208,689</u></u>	<u><u>3,860,271</u></u>	<u><u>3,838,440</u></u>
				Total	Total
Other expenditure includes:				2012	2011
Auditors' remuneration:				£	£
For audit				<u><u>10,000</u></u>	<u><u>9,888</u></u>

All costs of the activities above are direct costs with the exception of support costs of £420,476 (2011 - £464,784) allocated to residential and day care (see page 20 for analysis).

3 Analysis of Resources Expended (Continued)

	Total 2012	Total 2011
Support Costs	£	£
Establishment costs	4	5,310
Travel and subsistence	2,424	5,890
Insurance	588	1,165
Maintenance, cleaning and repairs	13,407	16,608
Print, post and stationery	2,355	3,349
Telephone and fax	3,025	4,532
Operating lease rental and equipment	15,819	15,700
Staff training	4,825	3,572
General expenses	466	6,600
Bank charges and interest	2,353	2,531
Loan & Mortgage Interest	115,559	129,957
Depreciation	13,097	11,366
Salaries	246,554	258,204
	<u>420,476</u>	<u>464,784</u>
Governance Costs		
Audit and accountancy fees	10,000	9,888
Trustee Mtg Expenses & Training	2,160	2,358
Legal and professional	-	-
	<u>12,160</u>	<u>12,246</u>

4 Tangible Fixed Assets

	Freehold Land £	Freehold Buildings £	Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2012	716,575	5,326,943	1,050,090	58,495	7,152,103
Additions		9,015	17,957	6,500	33,472
Disposals		(9,267)	(9,870)	-	(19,137)
At 31 December 2012	<u>716,575</u>	<u>5,326,691</u>	<u>1,058,177</u>	<u>64,995</u>	<u>7,166,438</u>
Depreciation					
At 1 January 2012	-	629,276	633,721	48,477	1,311,474
Charge for the year		111,360	91,237	6,092	208,689
Disposals		(10)	(9,166)	-	(9,176)
At 31 December 2012	<u>-</u>	<u>740,626</u>	<u>715,792</u>	<u>54,569</u>	<u>1,510,987</u>
Net Book Value					
At 31 December 2012	<u>716,575</u>	<u>4,586,065</u>	<u>342,385</u>	<u>10,426</u>	<u>5,655,451</u>
At 31 December 2011	<u>716,575</u>	<u>4,697,667</u>	<u>416,369</u>	<u>10,018</u>	<u>5,840,629</u>

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

5 Debtors: Due within one year	2012	2011
	£	£
Trade debtors	199,965	115,452
Prepayments	10,440	22,640
Accrued income	781	5,045
Other debtors	2,200	1,462
	<u>213,386</u>	<u>144,599</u>

6 Creditors: Amounts falling due within one year	2012	2011
	£	£
Bank mortgage (see note 7)	84,932	67,345
Trade creditors	47,788	81,963
Other creditors	18,078	39,162
Other taxes and social security	46,634	48,011
Barclays Client Creditors Account	9,332	-
CB Loan 1 (see note 7)	10,554	9,943
CB Loan 2 (see note 7)	13,655	14,032
CB Loan 3 (see note 7)	11,228	12,715
	<u>242,201</u>	<u>273,171</u>

7 Creditors: Amounts falling due after more than one year

	Barclays Mortgage	CB Loan 1	CB Loan 2	CB Loan 3	Total 2012	Total 2011
	£	£	£	£	£	£
Amounts falling due within one year	84,932	10,554	13,655	11,228	120,369	104,035
Between one to two years	67,328	11,212	15,817	11,891	106,248	106,289
Between two to five years	203,309	38,310	53,547	40,053	335,219	1,809,351
In five years or more	320,109	31,806	510,513	507,798	1,370,226	
	675,678	91,882	593,532	570,970	1,932,062	2,019,675
Less: Allocated to creditors falling due within one year	(84,932)	(10,554)	(13,655)	(11,228)	(120,369)	(104,035)
	<u>590,746</u>	<u>81,328</u>	<u>579,877</u>	<u>559,742</u>	<u>1,811,693</u>	<u>1,915,640</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%. Charity Bank Loan 3 is repayable in installments until 2037 and bears interest rate of 5.75% for the first 5 years, reverting back to 6% afterwards.

8 Unrestricted Funds

	Opening Balance	Incoming Resources	Resources Expended Gains, Losses and Transfers	Closing Balance
	£	£	£	£
General funds	3,035,366	3,800,222	(3,848,107)	2,987,481
Revaluation reserve	204,135	-	-	204,135
Total	<u>3,239,501</u>	<u>3,800,222</u>	<u>(3,848,107)</u>	<u>3,191,616</u>

9 Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	230,052	930	(1,895)	-	229,087
Mary House	472,110	20,000	(20,150)	(500)	471,460
Martha House	5,813	-	(375)	-	5,438
Other	-	1,050	(1,642)	-	(592)
Hydropool Refurbishment	683	-	(683)	-	-
Total	<u>708,658</u>	<u>21,980</u>	<u>(24,745)</u>	<u>(500)</u>	<u>705,393</u>

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 includes 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 any Martha Trust home 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 includes 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

Martha House

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

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 2012 are represented by:			
Tangible fixed assets	4,950,058	705,393	5,655,451
Current assets	333,738	-	333,738
Current liabilities	(280,487)	-	(280,487)
Long term liabilities	<u>(1,811,693)</u>	<u>-</u>	<u>(1,811,693)</u>
	<u>3,191,616</u>	<u>705,393</u>	<u>3,897,009</u>

11 Operating Lease Commitments

	2012 £	2011 £
Other equipment/office rental		
Operating leases which expire:		
In less than one year	-	-
In two to five years	<u>6,513</u>	<u>6,513</u>
	<u>6,513</u>	<u>6,513</u>

12 Related Party Transactions

There were no related party Transactions during the year. (The husband of Tessa Stevenson, a trustee, carried out some consultancy work during 2011 relating to land acquisition for which Martha Trust paid him a total of £1,890 . At the year end 2011 £370 was owed and was included in trade creditors)

13 Capital Commitments

There were no capital commitments as at 31 December 2012 (2011 - nil).