

MARTHA TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007

Registered Charity Number: 1067885

Registered Company Number: 3467406

MARTHA TRUST
Financial Statements
For The Year Ended 31 December 2007

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Martha Trust's Purpose

Martha Trust exists to provide life-long residential and respite care for people with profound and multiple disabilities and to provide support for their families.

Martha Trust's Charitable Objects

The Charity's objects registered with the Charity Commission are: 'The relief of persons with physical and learning disabilities through the provision of residential, respite and other suitable forms of care, the promotion of understanding of their needs and support for their families'.

Martha Trust's Goal for the Future

During the next 10 years Martha Trust shall significantly increase the provision of high-quality care for people with profound and multiple disabilities and become a recognised leader in this field.

Martha Trust's Ethos

Martha Trust is motivated by Christian values and seeks to express Christian love in action. We offer care and support to people with profound and multiple disabilities regardless of faith, gender or ethnic origin. We employ staff on the basis of their skills and experience and do not discriminate on grounds of faith, gender, ethnic origin, disability, marital status, race, nationality or sexual orientation. Trustees must be active Christians to hold a governance role at Martha Trust.

Christian Principles behind our work

We believe people with profound disabilities have rights to privacy, choice, dignity and self respect as well as the right to be consulted and informed and make decisions about their lifestyles.

We believe in the unique worth and potential of every person who comes to Martha Trust and aim to do everything we can to help them achieve their full potential.

We look to God for guidance and inspiration to ensure that Martha Trust continues to develop and is well placed to meet the challenges that lie ahead.

1. LIFECARE AT MARTHA TRUST

Martha Trust offers a happy, loving, home for life for residents who have profound and multiple physical and learning disabilities and complex medical needs.

Martha Trust homes are attractive and welcoming and offer a family approach to living. All our homes are well equipped and residents are offered a range of therapies and activities to suit their individual needs, and are encouraged to be independent and achieve their personal potential.

Summary

- Three residential homes caring for 25 people: Martha House, Deal, Frances House, Deal, and Mary House, Hastings.
- 23 nurses; 71 support workers
- Contracts with 14 Local Authorities and PCTs
- 50% of staff qualified to NVQ level 2 or above
- 3:2 ratio of residents to staff, 24 hour/7 days a week nursing care

Objectives set for 2007

- Ensure high standards are met in each home through internal and external audits
- Develop plans for lifecare residential places in the new wing at Mary House, Hastings
- Aim to obtain planning permission for a new residential home in the Ashford area of Kent
- Research demand for, and willingness of funders to contract for care services in Kent
- Develop closer links with, and Preferred Supplier status with Local Authorities in the South East

Achievements

High standards were maintained at our homes in 2007 through stringent internal quality control and self-assessment processes. Each of our homes is financially viable and we continue to offer excellent service, with a value-for-money fee, caring for local people and others in the South East region on a 'needs first' basis.

Our residential home at Deal, Martha House, was described by CSCI (Commission for Social Care Inspection – independent regulators in their 2007 report) as: *“a well run and well established service, with a history of good management and care provision. Service users are treated as individuals, and person-centred care is developed around their specific needs”*.

The CSCI inspection of Mary House in Hastings noted that *“Residents have access to a wide range of leisure opportunities. Staff and residents have a good rapport and staff were seen to treat residents with respect and dignity”*. All three homes provided a high quality service. CSCI scored Frances House and Martha House as a level 3 (good).

In consultation with residents and their families, staff and user groups we have finalised the design for the new annexe at Mary House to include four additional bedrooms, large living rooms, a therapy room, a new kitchen and a hydrotherapy pool – for use by Mary House residents and local people with disabilities and health problems. Full planning permission was granted at the end of 2007 and building is due to start in Summer 2008.

We are investigating providing care services in the Ashford area of Kent. Meetings with service commissioners highlighted the potential for a Supported Living scheme along with daycare, residential and respite care services. As Martha Trust has no experience of operating Supported Living schemes we are further investigating the option through consultation with service users and their advocates and other care providers. We have postponed applying for planning permission at the Ashford site until we are sure which services are required.

We are developing closer links with Local Authority commissioning officers with the aim of working together on future projects and Futurebuilders England, the Government-backed investment fund for the voluntary and public service sector, has agreed to fund the post of Service Development Officer at Martha Trust to take this work forward. In 2007 Futurebuilders invested in our project at Mary House in Hastings, quoting it as an exemplar of service delivery in Sussex.

We have started to investigate extending Frances House, our smallest home at Deal, so as to provide three additional lifecare places with en-suite bedrooms. Planning permission will be applied for in 2008 and we hope the building will be complete by the year end.

Challenges and Learning

During 2007 we experienced some delay between agreeing care placements with Local Authorities and residents moving into their new homes, all of which had an impact on our cash flow. As Martha Trust has grown, vacancies come up more frequently yet we do not currently have the staff resources in place to ensure that vacancies are quickly filled. Part of the remit of the new Service Development Officer will be to address this problem.

We continue to have difficulties recruiting experienced, high calibre, Home Managers. One of the reasons being that fewer nurses are leaving the NHS. In 2008, we plan to review the staffing structure at Martha Trust and put in place a personal development programme to provide better opportunities for our staff to progress in their career with us.

The Year Ahead

- Ensure the highest quality standards are met through internal and external audits, with all services meeting a CSCI level 3
- Start building the new annexe and hydrotherapy pool at Mary House, Hastings
- Start and complete building of the three- bed extension at Frances House; welcome three new young people to the home by the end of 2008

- Work with stakeholders to decide which services are to be offered in the Ashford area and apply for full planning permission at the site
- Review the care staffing structure and put in place a development programme for staff generally, including potential future Home Managers

2. RESPITE AND DAYCARE

At our Deal site in Kent we help around 15 families each year through the provision of respite care for short and long term breaks. The Deal site also houses our daycare centre, providing for the needs of four young people who have recently left full-time education.

All respite and daycare users enjoy a programme of activities and therapies tailored to their individual needs and co-ordinated by the Activities and Therapies team.

Summary

- One dedicated respite place at Martha House, Deal
- Four daycare places
- Hydrotherapy pool for use by all service users at the Deal site
- Activities and Therapies team provide development programmes for all respite/daycare and residential users

Objectives set for 2007

- Develop plans for two respite places in the new wing at Mary House, Hastings
- Develop and monitor the new Activities and Therapies programme
- Develop closer links with, and Preferred Supplier status with, Local Authorities in the South East

Achievements

Our daycare and respite service continues to be a popular and high quality service. A parent of a young woman receiving daycare remarked: *"I am writing to let you know just how much being with Martha Trust has brought a whole new meaning to D's life. She is happier than we have ever known her, fitter than we have ever known her – to hear her laugh again is wonderful."*

Our plans for the new annexe at Mary House, Hastings include two rooms for respite care. Local commissioners are aware of these plans and we hope to negotiate the contract before the new wing opens in 2009.

Our Activity and Therapies Co-ordinator has put in place an in-house programme of therapies in support of the 'person centred plan' agreed for every individual in our care. Activities and Therapies include hydrotherapy, music, art, sensory and cooking therapy, along with physiotherapy and alternative therapies such as massage and acupuncture. In 2007, in Hastings, we began a partnership with Decoda who run specialist Music Gyms for people with profound disabilities and residents of Mary House also enjoy the services of visiting therapists.

Challenges and Learning

We continue to fundraise for our Activities and Therapies programme but still need more funds to allow the team to deliver everything in the plan. We aim to increase funding for this vital work over the next few years.

We witness the progress made by individuals through therapies and activities, but we do not yet have in place the thorough monitoring and evaluation programme we envisage. This is an action point for 2008.

We have started providing a service offering better continuity for young people making the transit from full-time education, and our goal is to strengthen this service in coming years through partnership with specialised education providers.

The Year Ahead

- Start negotiating for two respite places in the new annexe at Mary House, Hastings

- Continue to develop the new Activities and Therapies programme and devise a more comprehensive monitoring programme

3. FUNDRAISING AND COMMUNICATIONS

Unrestricted revenue fundraising ensures that people with profound and multiple disabilities use the best facilities and have access to a range of opportunities, activities and therapies.

Restricted capital fundraising in 2007 has been focused on the building projects at Mary House and Frances House and the creation of two new sensory gardens.

Summary

- £127,000 raised towards revenue costs
- £403,000 raised for restricted projects
- 600 new supporters recruited
- 1,200 hours + volunteer time contributed to many projects in the homes and at fundraising events

Objectives set for 2007

- Launch the fundraising campaign to raise £1.5M for the new wing and hydrotherapy pool at Hastings
- Ensure revenue fundraising growth, recruit more donors and grow closer relationships with current donors
- Improve internal and external communications so as to ensure we meet the needs of our stakeholders
- Create and implement an awareness strategy leading to Martha Trust becoming better recognised by stakeholders

Achievements

During 2007 we launched our fundraising campaign to raise just over £1.5M to build a new four-bed annexe and hydrotherapy pool at Mary House in Hastings. By the year end around 80% of the funds were secured and include a mixture of donations and grants from foundations and individuals, plus a sizeable investment from Futurebuilders and Charity Bank. We aim to complete the campaign by the summer of 2008 so that the 12-month building programme can begin.

We also launched a fundraising campaign to extend Frances House in Deal by a further three en-suite bedrooms. Long-time supporters, the Development Trust, pledged £230,000 towards this project and we aim to have completed the new extension by the end of 2008. Fundraising for specialist equipment and the sensory gardens at Frances House and Mary House continued.

We have benefited from approximately 1,200 hours of volunteer help during 2007. Groups and individuals including members of the Hastings Youth Church and employees of Pfizer Ltd provided labour and professional advice in our sensory gardens, on renovation projects and at Martha Trust fundraising events. We are deeply grateful to all our volunteers for their support and friendship.

Our revenue fundraising has increased by nearly 50% on the previous year. This is a result of an increase in the number of supporters and to the number of large events organised by the hard-working community fundraising team and Martha Trust volunteers. We are grateful to all our donors and volunteers for their generous and on-going support.

We have embarked upon a project to improve internal and external communications at Martha Trust. To assist with this we were fortunate to receive pro-bono help from communications expert David Bernstein. As a result of his advice our external communications have improved during 2007, and we have doubled the coverage and publicity we receive in the press.

Challenges and Learning

It is becoming increasingly hard to fundraise, as the number of charities in the United Kingdom increases each year and as the economy tightens. We have diversified our fundraising and increased our supporter database in a bid to make our fundraising more sustainable.

Our communications project has taken longer to launch and implement than expected. We have re-grouped and re-prioritised our objectives and start 2008 with specific actions and a timeframe in which to achieve them.

The Year Ahead

- Complete the fundraising campaign for the Mary House annexe and hydrotherapy pool
- Complete the fundraising campaign for the extension at Frances House
- Further increase revenue fundraising through regular giving, community events, group and business support to fund care and therapies for our residents and service users
- Launch a 'Friends of Martha' group of volunteers at our sites in Deal and Hastings
- Implement the communications project and improve internal and external communications at Martha Trust

4. FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Summary

- Total income £2.8M
- Expenditure £2.59M
- Income received in fees - £2.34M
- Percentage costs of management and administration 12.7%
- Percentage costs of fundraising – 4.1%
- Free reserves - expended but objective is to rebuild

Objectives set for 2007

- Continue to establish adequate reserves within the charity (see 'Reserves' heading below)
- Consolidate the current financial position to end the year in a stronger position

Achievements

The charity ended the year in a slightly stronger financial position than in 2006. This was due to tight control of both income and expenditure budgets although the time taken to fill some vacancies meant we could not achieve the improvement in our reserve position originally intended.

During the 2007 Martha Trust looked at new ways to finance developments and made an application to Futurebuilders. The application was successful, resulting in Futurebuilders, in partnership with Charity Bank, offering a mixed investment of loan and grant finance. The money will part-fund the new annexe and hydrotherapy pool at Mary House Hastings, as well as building capacity and strengthening our Board of Trustees.

Challenges and Learning

Filling care vacancies quickly, and the knock-on effect on finances, has been an issue for us in 2007. Whilst there is huge demand for places at Martha Trust homes, commissioners are often slow at completing contracts. With part of our Futurebuilders' grant, a new role of Service Development Officer will be created in 2008. The newly appointed officer will work with Social Services and PCTs to achieve the correct level of fees for residents and service users and negotiate places in the new wing of Mary House and extension at Frances House to ensure that places are filled as soon as each building is commissioned.

Although we ended 2007 with a loss, projections for 2008-2010 are much healthier. Extending Frances House and opening the new annexe at Mary House will further increase our income and strengthen our position.

The Year Ahead

- Continue to work towards building adequate reserves within the charity (see 'Reserves' heading below)
- Consolidate the current financial position - projections for 2008 are favourable and Trustees are confident of ending the year in a stronger position

MARTHA TRUST
Report of the Trustees
For The Year Ended 31 December 2007

- Employ a Service Development Officer on a 12-month contract to negotiate with commissioners to ensure that new care places at Frances House and Mary House are filled when the building work is completed
- Build fee matrices for each of our services and service-users; where long-standing fees have fallen below acceptable levels, negotiate to achieve full-cost recovery

Funding

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

Fundraising pays for all capital expenditure and provides some unrestricted funds. Other than fees for services, we do not receive any statutory money or government grants.

Reserves

We continue to operate with no free reserves as all our unrestricted funds are tied up in the Charity's operational homes, however, we are working towards building a sensible level of more liquid reserves. Trustees have concluded that for the foreseeable future a reserve level of approximately £100,000 (equivalent to one year's fee income for one resident) should be adopted as a reserve fund target. This would provide the financial cushion needed when negotiations for new placements take longer than expected.

The policy on reserves will be reviewed annually at a meeting of Trustees and at any other time as may be considered necessary by Trustees.

Assets

At 31 December 2007 the total funds of the Trust were £3,321,217. Of this £872,108 were restricted funds. Of the remaining unrestricted funds, £3,916,303 represented fixed assets. The Trust has expended free reserves on fixed assets which have also been financed through loans and working capital. The Charity is partly financed by retained surpluses and partly by bank borrowings.

5. MARTHA TRUST GOVERNANCE AND MANAGEMENT

Martha Trust was founded in 1983 and is registered with the Charity Commission in 1998 under charity number 1067885. The charity is also a company limited by guarantee, governed by its Memorandum and Articles of Association and registered under company number 3467406, last amended in 1997.

Objectives set for 2007

- Form an Audit and Finance Committee to consider these areas of activity in greater detail on behalf of the Trustees
- Strengthen current ways and identify new ways of keeping our faith in God at the centre of our operations
- Improve monitoring and performance management

Achievements

During 2007 an Audit and Finance Committee was formed and produced the 2008 budget. The committee has draft budgets in place for 2009 and 2010. The opportunity to scrutinise draft budgets and the overall financial operating position in much greater detail prior to a full meeting of the Board is producing real benefits.

To improve monitoring and performance management, background work has been carried out with an organisational balanced scorecard ready to be launched in 2008. The scorecard will help to ensure that day-to-day activities are aligned to our vision and strategy as well as monitoring progress towards goals contained in the Annual Business Plan.

We welcomed two new members to the board during 2007. We plan to strengthen it further during the coming year and to introduce a more objective means of assessing Board working and performance annually.

Challenges and Learning

2007 was the second year in our two-year strategic plan. During the year we fell behind on several strategic objectives, although we made progress in areas which emerged after the strategic plan was devised. With hindsight we realise that some of our objectives were set within unrealistic timeframes and some were hard to measure and report against, whilst others did not relate directly to our vision.

At the end of 2007 trustees re-appraised our vision for 2016 and agreed it is still relevant and fitting. During 2008 we will undertake a new strategic review process with the aim of relating all objectives to where we wish to be in 2016.

To improve monitoring and performance management, we have started working on producing a balanced scorecard. During 2008 this will be implemented at Board level and over the coming months scorecards for departments and teams will also be introduced.

The Year Ahead

- Carry out a thorough strategic planning process with the production of a revised format for a two-year strategic plan and one year business plan
- Increase the Board to 12 members, with some members being responsible for specific functions in the organisation; provide increased training opportunities for Trustees
- Implement the organisational balanced scorecard and implement department and team scorecards by 2009
- Form two additional committees under the titles of Personnel and Care

Directors/Trustees

The Directors of the charitable company (the Charity) are its Trustees for the purposes of charitable law and throughout this report are collectively referred to as the Trustees. Trustees are co-opted by serving trustees and then confirmed by election at the following Annual General Meeting of the company

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

Leslie Bulman	Paul Morgan (appointed 22/09/07)
Humphrey Clarke (Chairman)	Linda Reeves (resigned 27/06/07)
Jonathan Dolding	Tessa Stevenson (appointed 22/09/07)
Enid Flood	Rodney Stone (Company Secretary)
David Horton	

Trustee Recruitment & Training

Trustees are appointed at a meeting of the Board on the basis of nominations received according to the Board's specification concerning personal competence, specialist skills, availability and Christian commitment. New trustees are invited to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These are jointly led by the Chief Executive and another member of the Senior Management Team. Subjects covered include:

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

Opportunities are promoted for Trustees to receive further ongoing training to keep their knowledge and skills up-to-date.

Governance and Management

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

The Trustees approve the annual budget each year and review the strategic plan and objectives for the year.

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

Every two years Martha Trust creates a strategic plan, with stakeholder consultation producing objectives and actions that are reviewed each year. Martha Trust measures success of services through stakeholder feedback and inspections carried out by CSCI (care home regulators).

Senior Managers

Chief Executive: Graham Simmons
Director of Operations: Emily Shepherd
Director of Nursing: Gill Burnham
Director of Resources: Judy Heath

Group Structure & Relationships

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

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

Related Parties

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

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

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

Risk Management

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

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity 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 the charity'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 the charity's auditors are aware of that information.

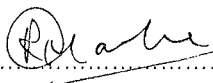
Auditors

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

In Conclusion

We thank our Heavenly Father for what has been achieved during 2007 and look forward to carrying on His plan and work for Martha Trust in 2008.

Humphrey Clarke
Chairman



Date: 22 May 08

MARTHA TRUST
Report of the Auditors to The Trustees of Martha Trust
For The Year Ended 31 December 2007

We have audited the financial statements of Martha Trust for the year ended 31st December 2007 which comprise the Statement of Financial Activities (the Summary Income and Expenditure Account), the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

Basis of Audit Opinion

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

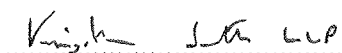
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st December 2007 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.

Kingston Smith LLP
Chartered Accountants & Registered Auditors


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Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 18/6/2008

MARTHA TRUST
Statement of Financial Activities
For The Year Ended 31 December 2007

	Note	Unrestricted Fund £	Restricted Fund £	Total 2007 £	Total 2006 £
INCOMING RESOURCES					
Donations		127,118	403,885	531,003	261,019
<i>Activities to further the charity's objects:</i>				-	
Residential and day care fees		2,346,002	-	2,346,002	1,958,028
Other		5,994	-	5,994	15,752
Total Incoming Resources		<u>2,479,114</u>	<u>403,885</u>	<u>2,882,999</u>	<u>2,234,799</u>
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		107,793	-	107,793	100,624
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		2,468,414	4,521	2,472,935	2,215,183
Governance costs		10,479	-	10,479	8,078
Total Resources Expended	3	<u>2,586,686</u>	<u>4,521</u>	<u>2,591,207</u>	<u>2,323,885</u>
Net Incoming Resources before Transfer		(107,572)	399,364	291,792	(89,086)
Transfer between funds	9	<u>(327,898)</u>	<u>327,898</u>	<u>-</u>	<u>-</u>
Net Incoming Resources after Transfers		(435,470)	727,262	291,792	(89,086)
Fund balances brought forward		<u>2,884,579</u>	<u>144,846</u>	<u>3,029,425</u>	<u>3,118,511</u>
Fund balances carried forward		<u>2,449,109</u>	<u>872,108</u>	<u>3,321,217</u>	<u>3,029,425</u>

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

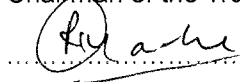
The notes on pages 13 to 18 form part of these financial statements.

MARTHA TRUST
Balance Sheet
At 31 December 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed Assets					
Tangible assets	4		3,916,303		3,965,521
Current Assets					
Debtors	5	384,127		32,128	
Cash at bank and in hand		<u>1,496</u>		<u>16,502</u>	
		<u>385,623</u>		<u>48,630</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	275,031		185,883	
Deferred income		<u>38,203</u>		<u>70,987</u>	
		<u>313,234</u>		<u>256,870</u>	
Net Current (Liabilities)			<u>72,389</u>		<u>(208,240)</u>
Total Assets less Current Liabilities			3,988,692		3,757,281
Creditors: Amounts falling due after more than one year	7		<u>667,475</u>		<u>727,856</u>
Net Assets			<u><u>3,321,217</u></u>		<u><u>3,029,425</u></u>
Funds					
Unrestricted:					
General	8		2,244,974		2,680,444
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			2,449,109		2,884,579
Restricted	9		<u>872,108</u>		<u>144,846</u>
			<u><u>3,321,217</u></u>		<u><u>3,029,425</u></u>

The financial statements were approved by the Trustees on 22.5.08

Humphrey Clarke
Chairman of the Trustees



David Horton
Trustee



The notes on pages 13 to 18 form part of these financial statements.

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

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 have revised the useful economic life of the freehold buildings to 50 years with no residual value following a review of previous estimates.
- iii) Freehold land is not depreciated. Freehold buildings are depreciated over 50 years. Depreciation is provided on other fixed assets to write off their cost over estimated useful lives at the following rates:

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

h) Pension Costs

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

2 Staff Costs

	2007 £	2006 £
Staff costs consist of:		
Wages and salaries	1,797,608	1,552,250
Social security costs	157,303	137,304
Other pension costs	16,382	16,330
	<u>1,971,293</u>	<u>1,705,884</u>

The average number of employees during the year was 117 (2006 - 85).

The number of employees whose emoluments exceeded £60,000 was Nil (2006 - Nil).

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 8 trustees and amounted to £491 (2006 - £133).

3 Analysis of Resources Expended

	Staff Costs £	Other £	Depreciation £	Total 2007 £	Total 2006 £
Fundraising and publicity	75,772	32,021	-	107,793	100,624
Residential and day care costs	1,895,521	428,085	149,329	2,472,935	2,215,183
Governance costs	-	10,479	-	10,479	8,078
	<u>1,971,293</u>	<u>470,585</u>	<u>149,329</u>	<u>2,591,207</u>	<u>2,323,885</u>
Total expenditure					
				Total 2007 £	Total 2006 £
Other expenditure includes:					
Auditors' remuneration:					
For audit				8,500	7,050
Prior year under provision; For audit				-	1,528
For other services				<u>-</u>	<u>914</u>

All costs of the activities above are direct costs with the exception of support costs of £329,543 (2006 - £326,509) allocated to residential and day care (see page 17 for analysis).

3 Analysis of Resources Expended (Continued)

	Total 2007	Total 2006 Restated
Support Costs (Management & Admin)	£	£
Establishment costs	1,558	1,258
Travel and subsistence	8,974	12,548
Insurance	655	600
Maintenance, cleaning and repairs	8,687	9,368
Print, post and stationery	7,304	8,895
Telephone and fax	4,310	3,869
Operating lease rental and equipment	5,573	4,137
Staff training	8,248	10,606
General expenses	7,958	6,877
Bank charges and interest	10,508	11,714
Mortgage interest	17,083	22,090
Depreciation	13,607	12,968
Salaries	235,078	221,579
	<u>329,543</u>	<u>326,509</u>
Governance Costs		
Audit and accountancy fees	9,988	8,078
Legal and professional	491	-
	<u>10,479</u>	<u>8,078</u>

4 Tangible Fixed Assets

	Freehold Land £	Freehold Buildings £	Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2007	716,575	3,133,837	634,408	28,575	4,513,395
Additions	-	35,157	38,959	25,995	100,111
Disposals	-	-	-	-	-
At 31 December 2007	<u>716,575</u>	<u>3,168,994</u>	<u>673,367</u>	<u>54,570</u>	<u>4,613,506</u>
Depreciation					
At 1 January 2007	-	222,362	311,036	14,476	547,874
Charge for the year	-	62,598	79,696	7,035	149,329
Disposals	-	-	-	-	-
At 31 December 2007	<u>-</u>	<u>284,960</u>	<u>390,732</u>	<u>21,511</u>	<u>697,203</u>
Net Book Value					
At 31 December 2007	<u>716,575</u>	<u>2,884,034</u>	<u>282,635</u>	<u>33,059</u>	<u>3,916,303</u>
At 31 December 2006	<u>716,575</u>	<u>2,911,475</u>	<u>323,372</u>	<u>14,099</u>	<u>3,965,521</u>

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

MARTHA TRUST
Notes to the Financial Statements
For The Year Ended 31 December 2007 (cont'd)

5 Debtors: Due within one year	2007	2006
	£	£
Trade debtors	64,183	19,425
Tax recoverable	-	1,612
Prepayments	5,643	4,439
Accrued Income	313,569	-
Other debtors	732	6,652
	<u>384,127</u>	<u>32,128</u>

6 Creditors: Amounts falling due within one year	2007	2006
	£	£
Bank overdraft	124,244	-
Bank mortgage (see note 7)	25,346	24,972
Trade creditors	21,175	16,414
Other creditors	3,405	32,878
Other taxes and social security	44,617	47,227
Accruals	19,211	26,236
Bank loan	6,479	7,388
Finance lease	30,554	30,768
	<u>275,031</u>	<u>185,883</u>

7 Creditors: Amounts falling due after more than one year	Finance Lease	Bank Loan	Bank Mortgage	Total 2007	Total 2006
	£	£	£	£	£
Amounts falling due within one year	30,554	6,479	25,346	62,379	63,128
Between one to two years	-	6,813	27,152	33,965	62,911
Between two to five years	-	24,240	93,618	117,858	97,080
In five years or more	-	98,670	416,982	515,652	567,865
	<u>30,554</u>	<u>136,202</u>	<u>563,098</u>	<u>729,854</u>	<u>790,984</u>
Less: Allocated to creditors falling due within one year	<u>(30,554)</u>	<u>(6,479)</u>	<u>(25,346)</u>	<u>(62,379)</u>	<u>(63,128)</u>
	<u>-</u>	<u>129,723</u>	<u>537,752</u>	<u>667,475</u>	<u>727,856</u>

The bank loan and mortgage are secured by way of a charge over the company's land and buildings, except for Frances House. The mortgage is repayable in instalments over 11 years and bears interest at a rate of 1.4% over base rate.

8 Unrestricted Funds	Opening Balance	Incoming Resources	Resources Expended	Closing Balance
	£	£	Gains, Losses and Transfers	£
General funds	2,680,444	2,479,114	(2,914,584)	2,244,974
Revaluation reserve	204,135	-	-	204,135
Total	<u>2,884,579</u>	<u>2,479,114</u>	<u>(2,914,584)</u>	<u>2,449,109</u>

9 Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	1,667	238,230	-	-	239,897
Mary House	139,698	129,000	-	330,302	599,000
Martha House	-	36,520	(3,309)	-	33,211
Other	3,481	135	(1,212)	(2,404)	-
Total	<u>144,846</u>	<u>403,885</u>	<u>(4,521)</u>	<u>327,898</u>	<u>872,108</u>

Frances House

This fund partly represents the proceeds of a fundraising campaign to build a sensory garden at Frances House. It also represents funds pledged to build an extension to Frances House.

Mary House

This fund partly represents two loans received from Blatchington Court Trust of £350,000 and Development Trust of £120,000 to help finance the building of Mary House. These loans will be waived on Martha Trust meeting certain criteria. The remainder of the fund represents the proceeds of a fundraising campaign to improve the sensory garden at Mary House. The garden cost has been capitalised.

Other

This fund represented donations received to purchase a generator for the day centre. This has now been capitalised and the amounts spent have been transferred to unrestricted funds.

Transfers

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

10 Total Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances carried forward at 1 January 2007 are represented by:			
Tangible fixed assets	3,374,497	560,108	3,934,605
Current assets	385,623	312,000	697,623
Current liabilities	(313,234)	-	(313,234)
Long term liabilities	(667,475)	-	(667,475)
	<u>2,779,411</u>	<u>872,108</u>	<u>3,651,519</u>

11 Operating Lease Commitments

	2007 £	2006 £
Operating leases which expire: In two to five years	<u>17,672</u>	<u>20,090</u>
	<u>-</u>	<u>20,090</u>

12 Contingent Liability

Increasingly Trusts and Foundations making sizeable grants to capital appeals, are applying further restrictions to the donations. If the restrictions are broken during the agreed time-frame, the recipient becomes liable to re-pay the donation in full.

Martha Trust received 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 criterion will be met and the likelihood of having to repay the money is considered to be remote.

A donation of £120,000 was made in 2006 towards Mary House from the Development Trust with a restriction over 10 years, ensuring that at least five people living in Mary House must be from Kent, Medway, East Sussex or West Sussex. In the opinion of the trustees this criterion will be met and the likelihood of having to repay the money is considered to be remote.

In 2007 £230,000 was donated by The Development Trust towards the proposed extension at Frances House. This donation carries a restriction for a period of 21 years and requires that for the initial placements the three new residents at Frances House must not have previously lived in any other Martha Trust home.

13 Capital Commitments

Although no contractual arrangements existed at the year end, Trustees have authorised the following capital expenditure:

Mary House Phase 3	£1,596,000
Frances House Extension	£350,000