

Registered number: 03467406
Charity number: 1067885



Martha Trust

(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 December 2017

Martha Trust

(A company limited by guarantee)

**Notes to the financial statements
For the year ended 31 December 2017**

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Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2017

Trustees

Humphrey Clarke, Chairman
John Quin
Elizabeth Acarnley
Amy Chapman
Richard Pitt (resigned 2 May 2018)
Robert Sparkes
Roger Walton
Anne Kippax (resigned 12 April 2018)
Georgina Hovey (appointed 12 April 2018)

Company registered number

03467406

Charity registered number

1067885

Registered office

Homemead Lane, Hacklinge, Deal, Kent, CT14 0PG

Chief executive officer

George White

Senior management team

Judy Brace, Director of Resources
Julie Gayler, Director of Operations & Marketing

Independent auditors

Kreston Reeves LLP, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU

Bankers

Barclays Bank PLC, 9 St George Street, Canterbury, Kent, CT1 2JX

Solicitors

Girlings Solicitors LLP, 16 Rose Lane, Canterbury, Kent, CT1 2UR

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Chairman's statement
For the year ended 31 December 2017

The chairman presents his statement for the period.

Looking back over our objectives for 2017 I am pleased to note that we made considerable impact on our aims to continuously improve the services we provide, whilst managing under the continued restrictions of very few increases in funding.

As trustees we signed off the plan to increase our existing provision at Mary House, our home in Hastings, by adding an interactive computer technology suite containing the latest technology such as Eyegaze and two new rooms in an area where families are desperate for a place at Martha Trust. We have a long waiting list in this area and it is vital that we continue to grow to help families in such great need. The majority of this funding was gained through donations and I am extremely grateful to all those who contributed. Building work will commence in early 2018 and we are hopeful the rooms will be completed by mid 2018.

We noted with interest and concern the number of charities, not necessarily in the care sector who had been the subject of safeguarding matters. Our increased quality assurance work identified that as an organisation supporting some of the most vulnerable in society our care, and particularly around safeguarding, has to be the best in the charity sector, no exceptions. We made the decision as a board after recommendation from our management team to employ a highly regarded safeguarding consultant and she will begin work with us in early 2018. We are determined that we will do everything in our power to make Martha the safest home for our residents.

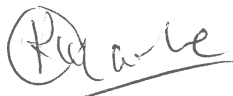
Care management is an extremely challenging role and there are constant changes of managers throughout the industry. The job of being a registered home manager is acknowledged as perhaps the most demanding in the sector. We are therefore delighted that in 2017 we established a settled care management team and one we look forward to providing us with stability for many years to come. This is hugely important to our families.

Another objective for 2017 was to enhance the development work we do with families. This has gone from strength to strength with Brett Martin the Parents Representative chair at Deal and Dave Poke the chair at Hastings being very involved in the production of our family handbook. Dave and Brett now attend alternate trustee board meetings and I am extremely grateful for their contribution to Martha in the last year. They make a big difference.

We have worked hard to further develop our relationships with local authorities. This has been stronger in East Sussex where we have become a provider of choice, but a little more difficult in Kent due to a number of staffing changes in the local authority. But alongside other local charities we will continue this next year to ensure we are all working together in a multi-disciplinary format to get the best care for all our residents.

I continue to oversee Martha from my home in Scotland and am only able to do so having such a dedicated and skilled board of trustees to support me. I am grateful to each and everyone one of them.

May God bless you



Name **Humphrey Clarke**
Chairman

Date 26 July 2018

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Trustees' report
For the year ended 31 December 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Martha Trust (the charity) for the year ended 31 December 2017. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Purpose and Aims

a. Purpose

We are an established regional charity, formed in 1987, providing residential, respite and day care to people with profound physical and multiple learning disabilities (PMLD). We are committed to delivering person-centred care, enabling the individuals we support to achieve their highest level of independence and lead a fulfilling and meaningful life.

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. They are encouraged and assisted to engage where possible in activities within their local community. Our residential services are supported by a team of in-house care professionals as well as external specialists in health, person-centred planning, communication and physiotherapy.

Our Mission is to offer friendship and encouragement to the people we support, enabling them to achieve their own goals. Our Values are:

- We treat everyone with respect and dignity
- We show compassion to everyone at Martha, including each other
- We are always supportive and encouraging

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.

b. Our organisational aims

- To enable a person with PMLD to learn and achieve their full potential, they need support that is focused on them, flexible, and creative. We are committed to delivering person-centred care, enabling each individual to lead a rewarding life.
- Raise our profile through expert knowledge and community development. We will:
- Work to understand the local and national PMLD agenda and participate where appropriate, maintaining links with relevant groups and forums.
- Partner with local Universities to ensure that our knowledge is up to date and evidence-based, continuing to support student nurses through mentorship courses on each site.
- Ensure financial sustainability for the future through:
- Maximisation of under-utilised space to increase provision and help more individuals and their families.
- Robust individual needs assessments and fee negotiations.
- Evolving our marketing strategy to raise awareness of our services to the widest possible audience and communicate the effectiveness of what we do.
- Continuing to grow our fundraising income.
- Explore new service opportunities.

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Trustees' report (continued)
For the year ended 31 December 2017

c. Our objectives for 2017

- Produce Continuous Improvement Plans specific for each site focused on taking our organisation from a Good CQC rating to Outstanding
- Continue to develop a long term strategic plan to steer the organisation towards becoming an industry leader in PMLD care, including building upon the existing three year financial strategy to ensure the ongoing future of the organisation
- Utilise opportunities to increase service provision within existing locations
- Maintain the supportive and inclusive relationships developed with families, utilising their voices to enhance their experiences with Martha Trust
- Ongoing development of our training programme to upskill staff, enabling them to provide the highest possible standards of person centred care.
- Continue to strengthen our quality assurance framework, including the review of key policies, care and reporting documentation and audit processes
- Develop the function to deliver individualised daily activity plans which clearly evidence care given
- Maintain a more effective shift planning process to meet service users' needs
- Persist with building stronger, collaborative working relationships with local authority multi-disciplinary teams
- Build on existing fundraising foundations utilising the Martha Trust 30th anniversary to continue to raise our profile in both Deal and Hastings, increasing the voluntary income against budget
- Develop a three year financial forecast and plan to challenge funding authorities whose fees have fallen substantially behind the rate to cover rising costs.
- Plan to effectively ensure the organisation adheres to GDPR by the 2018 deadline

d. Activities for achieving objectives

At Martha Trust we recognise that those we support have a complexity of need which combines medical, physical and learning disabilities – we strive to look past the limitations and see the whole person. By seeing the individual and their specific needs we can provide person-centred care that will enable everyone here to reach their full potential. By providing ongoing support to families and carers in an inclusive way we are able to develop meaningful relationships that are beneficial to all.

Martha Trust believes that a strong, motivated management team are essential to driving forward the mission and values which underpin the work we do. In 2017 both homes saw managerial changes and gained new management teams, with our Mary House manager successfully obtaining his registration at the end of the year. These teams are a mix of existing staff taking on more responsibility and also those new to the organisation bringing with them a wealth of knowledge and new perspectives. Both home managers have been invited to attend Senior Management Team meetings on a monthly basis to provide clinical input to the decision making process. The CEO and home managers have continued to utilise networking opportunities, including participating in the local registered home managers network, developing relationships both internally and externally and continuing with their own professional development.

Communication has continued to play a key role in our drive to move forward as an organisation. Listening to the thoughts and opinions of families, employees and external stakeholders remains a priority if we are to learn and evolve. Questionnaires were sent out to all parties throughout 2017 and the responses collated and analysed with a view to feeding into strategic plans. The staff response rate increased from that in 2016 to 45% of staff responding but we will be working in 2018 to increase this further. Family forums continued to be a good platform for communication between the management team and families to discuss any issues as well as potential ways to constantly improve the service provided to our residents. Staff listening groups chaired by the CEO also made an impact; one suggestion made this year to reward those employees who had no time off during the year due to sickness. In response the policy was amended and staff with a clear sickness record will receive additional leave to take in 2018.

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Trustees' report (continued)
For the year ended 31 December 2017

The strategic plan initially developed in 2016 was delivered to the wider management team in early 2017. The views of the team were taken on board and used to further create a strategy that incorporates a person-centred approach and ensures Martha Trust has a place at the forefront of PMLD care. As outlined in the 'Raising our sights' report compiled by Professor Jim Mansell, 'All the examples of good practice involved designing and delivering arrangements tailored to the individual person's needs and preferences' as well as 'treating the family as expert' and 'focusing on quality of staff relationships with the disabled person'. We will continue to bench mark our services against these standards and strive to be an example of best practice.

A three year financial strategy is in place to ensure the sustainability of Martha Trust in times where funding and budgets are putting all social care organisations under pressure. In 2017 we started the process of requesting meetings with funding authorities and challenging decisions we feel are detrimental to our residents and the future provision of their care. The financial plan also takes into account the ongoing pay increases required over the next few years in order to be compliant in paying the National Living Wage by 2020. Martha Trust has decided this will be paid to all staff regardless of age in line with our dedication to value all equally.

The strategy work was taken in a new direction over the latter part of 2017. Following CQC inspections on both sites the decision was made to create site specific 'Continuous Improvement Plans' (CIP) that addressed all aspects of improving each service. Each identified issue was documented with an agreed action to address the concern. The plans were discussed monthly at Clinical Governance Meetings and updates shared with stakeholders to evidence progress. This plan has resulted in documented changes and improvements such as; ongoing changes to Care Plans, the introduction of agency nurse inductions, the updating of personnel photos and the introduction of a monthly communication to staff via email.

In order to utilise the opportunity to support more individuals with space available in Hastings, fundraising was completed to pay for the addition of two new rooms at Mary House. This will enable building works to commence in early 2018 making it possible for us to provide a home for a further two individuals on a full time residential basis. This will also enable us to increase the income generated in 2018. Furthermore the new Interactive Computer Technology suite and dedicated Senior Support Worker to oversee activities will benefit all at Mary House.

2017 saw us publish the first 'Family Handbook', a real achievement and testament to the working relationship between Martha Trust and the family representatives. This handbook was developed in conjunction with families using their experiences and feedback to create a support tool to aid the transition of a loved one into one of our homes. It also lays out the guidelines for ongoing, supportive and inclusive relationships that benefit our residents, resulting in a warm, homely atmosphere that all can enjoy.

It is always appreciated that we are fortunate to work with families that recognise the care and thoughtfulness the staff at Martha Trust show to all who live here. Both sites have received a high number of compliments throughout the year from families, professionals and people in the community and we have introduced compliments boards as a way of sharing this with all who enter the homes. Families have commented on how their loved ones are well cared for, how well staff interact and most importantly how they believe their relative is loved and most importantly, happy.

To enable our staff to continue to provide excellent standards of care, the training programme here has been extended even further. 2017 saw the roll out of a new mandatory course for all care staff – Personal Care. This course was developed with our current training provider to ensure all staff are trained on how to deliver personal care whilst maintaining privacy and dignity. Furthermore, following guidance from the local authorities, we upgraded the mandatory basic food hygiene training that had been in place and all staff who handle food will now complete a Level 2 in Food Safety.

These new courses complement the existing mandatory training, as well as the ongoing Care Certificate and QCF qualifications available to all our care staff, enabling them to achieve a recognised certificate in their field of expertise.

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Trustees' report (continued)
For the year ended 31 December 2017

Opportunities to develop communication skills between the staffing teams were encouraged across the organisation. In Mary House, workshops called 'Foundations for Change' were a great success, pulling the teams together and helping the whole workforce adapt to the changing environment in a positive way. In Deal the nursing teams were offered 'Assertive Communication Skills' to equip them with the skills to understand their own methods of communication, how these could be misunderstood and how to get the best from their teams. This received great feedback, and a second session to train the rest of the team is to take place in 2018.

The management team at the Deal site also took the decision to work with the Pilgrims Hospice to upskill specific individuals on the delicate topic of end of life care. Four members of the nursing and management team were enrolled on the Gold Standards Framework, with an aim to work together and achieve accreditation for provision of care that supports dignity and choices during palliative care.

Furthermore we recognised the need to equip both staff and families with more knowledge on some of the specific conditions that affect our residents. One of our parents attended an Augmentative Alternative Communication workshop in July, run by Rett's UK and shared with us the impact of this workshop. It was amazing for all to see the results of this, and in late 2017 plans were put in place for this parent and a group of staff to attend a training day on 'Rett's communication'; this along with plans in place to build links to the Rett's society have created high hopes for the future of better understanding of our female residents with Rett's syndrome.

Audits continued to be reviewed more closely with changes being made to paperwork on an ongoing basis, taking on board feedback from managers. Martha Trust recognise the importance of auditing work carried out and ensuring it remains of a high standard, as well as a means to identify where improvements can be made to move forward. Clinical Governance Meetings remain the main platform for the whole management team to review, consider and discuss improvements for the organisation as a whole, it is also at these meetings policy reviews and updates are discussed, reviewed and approved. In 2017 the process of updating key policies continued, with a new Code of Conduct agreed in December to be rolled out to staff in 2018.

In early 2017 a Quality Assurance Administrator was appointed and the task of reviewing documentation began. Over the course of the year the forms have been reformatted, with a new Daily Care Record introduced that reflects the funding received on an individual basis and documents additional hours or one to one allocations, as well as timings and the number of staff providing the care. These forms, alongside the implementation of documentation training have led to the correct information being completed. This then enables us to evidence that the care being given matches the expectation of the funders, care managers and families. The ability to use this information in a statistical format also allows managers to review the care hours provided and identify if there are any issues to be addressed.

Administrators on both sites have also worked with each nurse individually to support them with updating care plans and preparing relevant documentation for review meetings. As a result of this Martha Trust has received compliments from external professionals on the quality of reviews and this in turn has further strengthened our relationships with external stakeholders.

In Deal the Quality Assurance Administrator has worked closely with the activities team to develop activity planners to support a full activity programme, which ensures the provision of additional hours. A Daily Individual Activity and Support plan pulls together the information enabling the relevant evidence to be collated, residents to receive the correct support and everyone being clear on what is expected. A full programme of activities including hydrotherapy, tilt tables and physio, outings and internal clubs is in place to suit all needs and preferences.

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Trustees' report (continued)
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The process of introducing flexible working as a means to simplify the rota and ensure the needs of our residents is met was started in mid 2017 with all employees invited to apply for flexible working agreements. Changes have been made to minimise shift changes between staff to ensure a good skill mix is maintained and minibuses remain on shift as far as possible. Allocation sheets individual to the working of each home were introduced to assist the nurses and ensure high levels of care expected at Martha Trust. Furthermore, different shift patterns have been trialled, taking into account one to one funding and individual preferences; some of our residents are more active later in the day, and we have trialled shifts that support this.

The buddy system implemented in May 2017 has continued with more experienced staff supporting new employees, the expectation for 2018 being that these buddies will increase their accountability for the induction paperwork, ensuring the induction process is evidenced in the way it should be. Support workers looking to develop have been encouraged to work 'Step up shifts' to gain experience as a Senior Support Worker and increase their confidence and knowledge.

Working with external stakeholders in a collaborative and transparent way has continued to enable us to strengthen our relationships with Safeguarding teams, Community Nursing and specialist therapists. In Mary House connections have been built with the local physio team; this is a new partnership which we hope will enable us to further support the residents in Mary House with their physio provision. In Deal the local safeguarding team provided Safeguarding refresher sessions for staff, and the SALT team are working more closely with us on both sites to ensure all staff acquire the appropriate knowledge of all our residents' needs, providing training as and when it is required.

We continue to provide monthly information to the Kent CCG Commissioning Support Unit on set Key Performance Indicators, and are working with other funding authorities to provide more detailed information on care provided.

The progress made with daily documentation has enabled us to provide factual evidence during specific client care reviews and this has already seen a benefit to our residents with challenges made when necessary to ensure they receive funding for the care and support they require to lead the very best lives possible, as we expect for them here at Martha Trust.

In Hastings a new Individual Needs Assessment Form has been rolled out, ensuring that the correct, detailed information is gathered from the very beginning of our relationship with new clients. This ensures we offer placements to those who will comfortably fit in our homes and benefit the most from our environment and expertise as well as enabling us to tailor the required care needs for each individual. These forms will be introduced in Deal during 2018.

2017 was another successful year for Fundraising with the total unrestricted income up 2% on target. Music4Martha continued to engage the community, with 25 events taking place at various local pubs and community groups raising over £14,000. Martha Trust's presence in both Deal and Hastings was aided by the 30th anniversary campaign and the work of the fundraising team to involve supporters in both areas.

Income was pretty much on target for all areas with the exception of direct marketing where we experienced a significant drop, mainly due to fewer unrestricted donations from Trusts and foundations in 2017. However, legacies generated additional income that was higher than predicted, boosting our overall income.

Residents from both sites have continued to become more involved in the local community and fundraising events, attending Music4Martha events in particular whenever possible. The yearly Prom was another rousing success, with staff and residents attending, enjoying the day and all it has to offer.

The additional resources put into digital fundraising in 2017 have continued to show results with Facebook followers increasing by 28% and Twitter followers up by 10%. Martha Trust's overall visibility was significantly higher in 2017 with an average of ten articles per month in the local press. Presentations have also been held with local schools and Rotary Clubs in both Deal and Hastings further increasing local relations and support for Martha.

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With the project to Fundraise for the additional rooms at Mary House successful, and the new team firmly in place we are confident 2018 will be another successful year.

e. Main activities undertaken to further the charity's purposes for the public benefit

Martha Trust provides a unique combination of services for people with PMLD, with 24 hour nursing support. We have two sites, one each in Deal, Kent and Hastings, East Sussex. We offer:

- 34 residential places for adults from the age of 18.
- Two dedicated respite placements at Martha House, Deal helping around 12 families each year.
- A hydrotherapy pool and therapy suites at both sites.

Although based in the South East, our services are available to those in need out of area. We have contracts in place with numerous Local Authorities and Clinical Commissioning Groups (CCG's) countrywide due to the lack of comparable specialist services in other regions.

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

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 residents.

Achievements and performance

a. Key financial performance indicators

Martha Trust again achieved a strong financial performance in 2017. Total income was £5.0 million (2016: £4.54 million) and the surplus was £299,084 (2016: £65,419). The surplus in 2017 included a restricted funds surplus of £243,515 (2016: £14,547). Room occupancy was 98.8% compared to 94.1% in 2016 and 96.6% in 2015. There were no vacant rooms at the end of 2017.

Martha Trust continues to experience the erosion of real terms fee values with few significant inflationary increases for the eighth consecutive year. Although we have been notified of some inflationary increases after the balance sheet date these do not compensate fully for rising costs and so far they only apply to a small number of placements. We anticipate that this will continue for the foreseeable future. There continues to be no indication from any funding authority of how they propose to fund forthcoming increases in the National Living Wage. We have achieved some fee increases where individual residents' support needs have changed although these only fund the necessary increase in staffing cost to meet the residents' increased needs. Many of our longer term residents' fees are worth less than three quarters of their previous value from less than a decade ago. We continue to challenge fees that have fallen behind cost and we are optimistic that this will result in some fee increases. Continuing the trend we have highlighted in recent years, new care enquiries are increasingly for more complex needs. It remains a challenge to ensure that staffing of additional support in excess of the basic package is adequately funded, especially in view of the effect that National Living Wage is having, and will increasingly have, on our staffing costs.

The continuing marketing of care services is still generating new care enquiries. We have built on relationships with stakeholder authorities that resulted from marketing in recent years and we continue to engage with local funding authorities to enhance relationships with them. We now have a closer working relationship with authorities in East Sussex and we are working with them to a greater extent than has been the case in prior years in respect of Mary House, Hastings.

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Unrestricted fundraising income was £211,450 (2016: £231,320). Income of £247,435 has been raised from fundraising for the development of two new rooms at Mary House, Hastings. This is included in restricted funds income. The two new rooms are likely to be ready for occupation around the end of June 2018. We have had a high level of interest in these rooms from East Sussex as well as other local authority areas. We have assessed five potential residents and expect to place two of them almost immediately after the rooms are completed.

At the Deal site we now have an additional residential room which was converted from an under-used space. We were pleased to be able to accommodate in that room a new resident funded by a CCG in Kent who needed an urgent move from his previous care home.

We have a continuing system of expenditure monitoring and control and a rigorous budgeting process. We negotiate with existing suppliers as well as potential new suppliers in order to source goods and services at the best possible price. Costs (excluding Governance Costs) were £252,252 higher than in 2016. Staff costs were £163,971 higher and most of the remainder of the increase in costs was due to operational needs related to compliance with legislation and good practice.

The year ended with the following results:

- Total income £5.02m (2016: £4.54m)
- Expenditure £4.72m (2016: £4.47m)
- Surplus £0.3m (2016: £0.1m)
- Percentage costs of management and administration 7.49% (2016: 6.73%)
- Occupancy 98.8% (2016: 94.1%)
- Balance Sheet total funds £4.6m (2016: £4.3m)

b. Review of activities

There were two new residential placements and three new respite placements during the year. Enquiries from families and clinical professionals seeking a possible placement continue to be at an encouraging level. Residential rooms are very much in demand and we believe that any vacancies that may arise during 2018 are likely to be filled quickly from our waiting list. Demand for our respite care services now exceeds supply and indications are that it will continue that way in the future.

The average occupancy rate of 98.8% was higher than the budgeted 96.5%. The impact of occupancy rates on the surplus is fundamental. We work to keep occupancy as high as possible and this has become even more important in view of there having been few inflationary increases for several years. The occupancy rate after the Balance Sheet date continues to be in excess of 98%.

c. Investment policy and performance

The investment policy agreed by the Trustees is to place funds in cash deposits on fixed and short-term arrangements but with the primary objective of ensuring Martha Trust's cash flow requirements are met.

d. Factors relevant to achieve objectives

Our staff team works as seamlessly as possible to ensure that occupancy is maximised and that care is provided to not just meet residents' needs but to make a real difference to their lives. Some of the major challenges are outlined in a later section of this report but we ensure that everyone has their needs regularly reassessed and that full and comprehensive care plans, risk assessments and other important documentation are in place and regularly updated.

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Trustees' report (continued)
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Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Financial risk management objectives and policies

Financial risk is minimised in several ways by Martha Trust. The ways we manage risk include depositing cash in conventional low risk bank accounts, credit control to manage unpaid fees and maximise bank balances and proper appraisal of any new developments. Martha Trust's policies and procedures detail financial risk management in all the ways this is embedded in our organisational culture.

c. Principal risks and uncertainties

In common with many providers of social care and health services, Martha Trust faces risks and uncertainties regarding the sustainability of fee levels in the long term. As noted above there have not been any significant fee increases to meet inflationary pressures. While in recent years general price inflation has been historically low, the rate of inflation has increased to nearly 3%. Additionally, costs in the care sector are rising faster than general inflation. Regulation and good practice has caused notable cost increases as we need to spend more on maintaining and enhancing the quality of care. The Trustees believe it is absolutely correct that stakeholders should be confident that our service is safe, effective, caring, responsive and well led. Unfortunately there is little or no additional funding available for the essential spending that is increasingly involved.

Staffing costs in terms of remuneration as well as "on-costs" and other human resource expenditure such as training have increased. Paradoxically, few funding authorities have been willing to acknowledge a need to reflect that in fee levels. This results in further pressure on resources and a greater challenge in maintaining viability. National Living Wage (NLW) is increasing costs and will do so to a greater extent in future with the Government seeking to increase NLW to £9.00 per hour by the year 2020. It is unclear where we will be able to source funding for this increase.

We believe Martha Trust can thrive in the long term and can overcome the challenges we face. Some providers have suffered fee reductions but we have not. We have developed relationships with funding authorities where in previous years there was no relationship. By working to resist pressure on fees, by nurturing relationships with stakeholders, by increasing the number of rooms and by maximising our bed occupancy level we continue to meet risk with concerted action and therefore safeguard the future of Martha Trust.

d. Principal funding

The main source of income for Martha Trust is from contracts with local authorities and CCGs. Since Martha Trust 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 funder.

In addition, Martha Trust has over several years developed a marketing strategy specifically for its care services that has broadened its reach, enabling it to source placements from a greater number of authorities. This will help to maximise overall occupancy levels and therefore fee income. Alongside this strategy we are working more closely with East Sussex CCGs as well as with CCGs in Kent in order to source a higher level of placements from local areas.

Fundraising income provides for most of our capital expenditure 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.

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Martha Trust recognises the vital contribution made by its supporters, with voluntary donations accounting for approximately 10% of the charity's incoming resources. Without this support it would not be possible for the charity to continue to undertake its current level of service provision, which would have a devastating impact on the individuals we support and their families.

We believe that giving to charity should be a positive experience, and to help make sure this is the case the charity has put in place a policy that seeks to ensure that the highest possible standards of fundraising practice are being adopted. This policy acknowledges the damaging impact an excessively aggressive approach to fundraising can have on vulnerable people, whether from unreasonably persistent approaches being made or undue pressure to give being applied, and great care is undertaken to ensure that such practices are not adopted by the charity. The charity voluntarily subscribes to the Fundraising Regulator, and complies with all aspects of its Code of Practice. All fundraising activity is carried out by our own in-house team and volunteers. The charity does not utilise the services of any external commercial fundraisers.

Martha welcomes feedback on its fundraising approach and seeks to make improvements wherever it can. Any complaints received in respect of our fundraising activities are taken very seriously and are acted upon immediately. We are pleased to report that during the year no complaints were received in respect of our fundraising activity.

e. Material investments policy

We do not participate in material investments.

Structure, governance and management

a. Constitution

The charity is registered as a charitable company limited by guarantee and was set up by a Trust deed.

The principal object of the charity is to provide residential or 'inclusive care', for people with profound physical and multiple learning disabilities (PMLD), as well as respite care, day care services and support to families caring for people with PMLD.

b. Method of appointment or election of Trustees

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

c. Policies adopted for the induction and training of Trustees

For all new trustees we undertake a programme using the guidance from the Charity Commission under the heading of good governance. We discuss with them the six key elements of charity governance to ensure that they have a full understanding of their responsibilities. In addition new trustees will attend a seminar on their responsibilities by a specialist charity firm during the first year of their trusteeship at Martha. New trustees will also be allocated an experienced trustee to guide them in their first six months of trusteeship.

d. Pay policy for senior staff

The Trustees are able to claim all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Trustee Board, Committee or General meetings, or otherwise in connection with the discharge of their duties, but otherwise are paid no remuneration. Some Trustees choose to donate their expenses back to Martha Trust.

All salaried roles at Martha, including those of the Directors and Chief Executive Officer, have been evaluated based on comparator market data by an independent HR consultancy, TRP Ltd, specialising in remuneration & reward issues.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2017

e. Organisational structure and decision making

At the year end the Board of Trustees consisted of 7 trustees, who are also Directors of Martha Trust for the purposes of company law. The Senior Management Team consists of the Chief Executive Officer and two Directors who have operational responsibility for the organisation.

There are four full Board Meetings per year, plus three Audit & Finance Committee Meetings. Trustees also have representation on the Safeguarding Committee and Clinical Governance Meetings, which meet monthly.

In terms of financial control the Director of Resources prepares revenue and capital budgets for the forthcoming financial year. The Audit & Finance Committee consider the budgets in the October prior to the start of that year. Once agreed, budgets are presented to Trustees for approval. Additionally, periodic forecasts are prepared during each financial year.

The budgets and forecasts are the cornerstone for financial operations during the year.

Each of the two Martha sites has a Registered Home Manager, reporting to the Director of Operations & Marketing. They are supported by three Deputy Home Managers.

All new policies or changes to existing policies are reviewed and approved at the monthly Clinical Governance Meetings which involve the full organisational management team.

f. 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 charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

a. Future developments

Be an outstanding provider that others can aspire to by:

- Understanding the needs of the residents we serve and ensuring we can evidence the impact of support
- Ensuring our services are safe, effective, caring, responsive and well-led
- Working closely with CQC and local authorities; aim to be outstanding in clinical knowledge and safeguarding with an emphasis on residents needs
- Lead the UK in our work on communication with people with PMLD through traditional methods and using the latest technology

Generate sustainable funding and maximise resources to provide our residents with the best possible lives by:

- Growing, maximising and sustaining statutory, earned and fundraising income
- Producing three year budget plan, incorporating income and expenditure, to live within our means
- Ensuring value for money by applying principles of economy, efficiency and effectiveness
- Exploring redevelopment of under-utilised space to increase provision and help more individuals and their families.

Operate a well-governed, efficient business, supporting and developing the staff and volunteers who work for us by:

- Ensuring our business is well-governed with alignment of strategy, business plan and financial sustainability
- Managing our quality standards and risks effectively within our regulatory frameworks
- Supporting, developing and managing our staff in the achievement of our objectives

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2017

Risk Policy

The charity maintains a risk register which firstly identifies all risks and then has a scoring system to further identify major risks. The CEO is responsible for maintaining the register and the CEO discusses serious risks with the chair of trustees who will then agree whether it should be subject to a board paper and discussion.

Reserves Policy

In accordance with the Charity Commission guidance, the Trustees review on a regular basis the level of income reserves that it considers appropriate. At 31 December 2017, the Trustees consider it appropriate to hold free reserves equivalent to at least three month's expected general expenditure for one home which is in the region of £350,000. The free reserves at 31 December 2017 amounted to £594,296.

The Trustees are satisfied with the level of reserves held due to the level of risks and uncertainty within the care sector at the current time.

Remuneration and social investment policy

Martha Trust recognises the importance of a sound remuneration and benefits policy when it comes to attracting and retaining highly skilled and motivated staff. This policy cannot stand still in isolation and must be reviewed regularly in absolute terms and compared to other similar organisations to ensure its competitiveness.

Staff should be rewarded in relation to:

1. The level of responsibility and the value placed on comparable jobs within the Trust.
2. The value placed on comparable jobs in the local area.

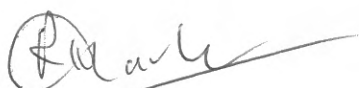
In addition to an inflation linked review in January of each year, regular reviews will be carried out by the Chief Executive in conjunction with the Home Managers to ensure that Martha Trust remains competitive in respect of its pay and benefits policy generally.

We do not currently undertake any social investment and hence have no policy for this.

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.
- that Trustee had due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

This report, incorporating the Strategic report, was approved by the Trustees, in their capacity as company directors, on 26 July 2018 and signed on their behalf by



Humphrey Clarke, Chairman

Martha Trust
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 December 2017

The Trustees (who are also directors of Martha Trust for the purposes of company law) are responsible for preparing the Strategic report, 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 the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Martha Trust
(A company limited by guarantee)

Independent auditors' report to the members of Martha Trust

Opinion

We have audited the financial statements of Martha Trust (the 'charity') for the year ended 31 December 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Martha Trust
(A company limited by guarantee)

Independent auditors' report to the members of Martha Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Martha Trust
(A company limited by guarantee)

Independent auditors' report to the members of Martha Trust

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kreston Reeves LLP

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury
27 July 2018

Martha Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 December 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2	211,450	251,635	463,085	254,170
Charitable activities	3	4,556,987	-	4,556,987	4,279,405
Other income	4	1,874	-	1,874	2,163
Total income		4,770,311	251,635	5,021,946	4,535,738
Expenditure on:					
Raising funds	5	121,636	36,968	158,604	172,771
Charitable activities	8	4,556,138	8,120	4,564,258	4,297,548
Total expenditure	9	4,677,774	45,088	4,722,862	4,470,319
Net income before transfers		92,537	206,547	299,084	65,419
Transfers between Funds	18	142,049	(142,049)	-	-
Net income before other recognised gains and losses		234,586	64,498	299,084	65,419
Net movement in funds		234,586	64,498	299,084	65,419
Reconciliation of funds:					
Total funds brought forward		3,617,684	714,388	4,332,072	4,266,653
Total funds carried forward		3,852,270	778,886	4,631,156	4,332,072

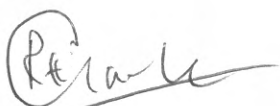
The notes on pages 21 to 38 form part of these financial statements.

Martha Trust
(A company limited by guarantee)
Registered number: 03467406

Balance sheet
As at 31 December 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		5,219,284		5,291,133
Current assets					
Debtors	14	596,293		433,356	
Cash at bank and in hand		554,428		471,279	
		<u>1,150,721</u>		<u>904,635</u>	
Creditors: amounts falling due within one year	15	(374,183)		(386,910)	
Net current assets			<u>776,538</u>		<u>517,725</u>
Total assets less current liabilities			<u>5,995,822</u>		<u>5,808,858</u>
Creditors: amounts falling due after more than one year	16		(1,364,666)		(1,476,786)
Net assets			<u><u>4,631,156</u></u>		<u><u>4,332,072</u></u>
Charity Funds					
Restricted funds	18		778,886		714,388
Unrestricted funds:					
Unrestricted funds	18	3,648,135		3,413,549	
Revaluation reserve		<u>204,135</u>		<u>204,135</u>	
Total unrestricted funds			<u>3,852,270</u>		<u>3,617,684</u>
Total funds			<u><u>4,631,156</u></u>		<u><u>4,332,072</u></u>

The financial statements were approved and authorised for issue by the Trustees on 26 July 2018 and signed on their behalf, by:



Humphrey Clarke, Chairman

The notes on pages 21 to 38 form part of these financial statements.

Martha Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>405,251</u>	<u>424,157</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		(62,224)	(70,107)
Proceeds from the sale of tangible fixed assets		100	-
Purchase of tangible fixed assets		<u>(156,899)</u>	<u>(110,559)</u>
Net cash used in investing activities		<u>(219,023)</u>	<u>(180,666)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(103,079)</u>	<u>(97,118)</u>
Net cash used in financing activities		<u>(103,079)</u>	<u>(97,118)</u>
Change in cash and cash equivalents in the year		83,149	146,373
Cash and cash equivalents brought forward		<u>471,279</u>	<u>324,906</u>
Cash and cash equivalents carried forward	21	<u><u>554,428</u></u>	<u><u>471,279</u></u>

The notes on pages 21 to 38 form part of these financial statements.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies

Martha Trust is a charity, limited by guarantee, domiciled in England and Wales, registration number 03467406. The registered office is Homemead Lane, Hacklinge, Deal, Kent, CT14 0PG.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Martha Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charity's functional currency is Pounds Sterling.

The charity's financial statements are presented to the nearest pound.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at the Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.6 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are carried at cost or deemed cost, net of depreciation and any provision for impairment. Deemed cost represents the fair value of certain freehold properties owned by the charity, at the date of the charity's date of transition to FRS 102, 1 January 2014. Under the cost model, freehold property will not be subject to further valuations.

Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or deemed cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	10% - 20% straight line
Freehold land	-	not depreciated

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of significant change since the last reporting date.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgement has had the most significant impact on amounts recognised in the financial statements:

The charity has recognised tangible fixed assets with a carrying value of £5,219,284 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The charity's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired (see note 1.7). For material assets such as land and buildings the charity determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the Trustees consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the charity undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the charity's forecasts for the foreseeable future which do not include any restructuring activities that the charity is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.15 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	211,450	251,635	463,085	254,170
<i>Total 2016</i>	231,320	22,850	254,170	

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Residential and day care fees	4,556,987	-	4,556,987	4,279,405
<i>Total 2016</i>	4,279,405	-	4,279,405	

4. Other incoming resources

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other	1,874	-	1,874	2,163
<i>Total 2016</i>	2,163	-	2,163	

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2017

5. Costs of generating voluntary income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Events and publicity costs	41,787	390	42,177	39,593
Legal and professional	1,300	-	1,300	1,309
General office costs	2,305	-	2,305	4,322
Maintenance/Utilities/Sundry	632	-	632	623
Salaries to generate income	75,612	36,578	112,190	126,924
	<u>121,636</u>	<u>36,968</u>	<u>158,604</u>	<u>172,771</u>
<i>Total 2016</i>	<u>172,771</u>	<u>-</u>	<u>172,771</u>	

6. Direct costs

	Residential and day care £	Total 2017 £	Total 2016 £
Establishment costs	1,137,741	1,137,741	1,070,479
Wages and salaries	2,634,352	2,634,352	2,495,510
National insurance	213,780	213,780	198,025
Pension cost	28,964	28,964	28,829
Depreciation	205,763	205,763	195,335
	<u>4,220,600</u>	<u>4,220,600</u>	<u>3,988,178</u>
<i>At 31 December 2016</i>	<u>3,988,178</u>	<u>3,988,178</u>	

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Notes to the financial statements
For the year ended 31 December 2017

7. Support costs

	Residential and day care £	Total 2017 £	Total 2016 £
Establishment costs	266	266	356
Travel and subsistence	5,141	5,141	6,204
Insurance	2,063	2,063	2,122
Maintenance, cleaning and repairs	16,022	16,022	11,519
Print, post and stationery	3,301	3,301	1,585
Telephone and fax	1,813	1,813	1,628
Operating lease rentals and equipment	8,280	8,280	9,000
Staff training	3,764	3,764	3,307
General expenses	1,560	1,560	1,386
Bank charges and interest	2,145	2,145	2,097
IT costs	1,653	1,653	368
Legal and professional fees	43,493	43,493	43,059
Publicity and communications	3,337	3,337	2,388
Wages and salaries	222,251	222,251	198,278
Depreciation	19,682	19,682	17,477
	334,771	334,771	300,774
<i>At 31 December 2016</i>	300,774	300,774	

8. Governance costs

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Audit and accountancy fees	8,100	-	8,100	8,100
Trustee meeting expenses and training	787	-	787	496
	8,887	-	8,887	8,596

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9. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	112,190	-	46,414	158,604	172,771
Costs of generating funds	112,190	-	46,414	158,604	172,771
Residential and day care costs	3,099,347	225,445	1,230,579	4,555,371	4,288,952
Expenditure on governance	-	-	8,887	8,887	8,596
	3,211,537	225,445	1,285,880	4,722,862	4,470,319
<i>Total 2016</i>	3,047,566	212,812	1,209,941	4,470,319	

10. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Residential and day care costs	4,220,600	334,771	4,555,371	4,288,952
<i>Total 2016</i>	3,988,178	300,774	4,288,952	

11. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	225,445	212,812
Auditors' remuneration - audit	8,100	8,100
Operating lease rentals	8,765	7,656

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

4 Trustees received reimbursement of expenses amounting to £567 in the current year, (2016 - 1 Trustee - £81).

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12. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	2,968,793	2,820,712
Social security costs	213,780	198,025
Other pension costs	28,964	28,829
	<hr/> 3,211,537 <hr/>	<hr/> 3,047,566 <hr/>

During the year there were no termination payments. During the prior year termination payments for one employee totalling £10,228 is included within wages and salaries. As at 31 December 2016, no amounts were due to the employee. The termination payment in 2016 was for an ex gratia payment, by way of compensation for the termination of the employment.

The average number of persons employed by the charity during the year was as follows:

	2017	2016
	No.	No.
Employees	182	177

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0

The total salaries received by key management personnel was £185,097 (2016: £178,000). Employer pension contributions were a total of £5,405 (2017: £5,340) and employer national insurance contributions were a total of £21,533 (2016: £21,205).

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13. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2017	6,040,339	120,744	1,165,582	7,326,665
Additions	15,899	18,000	123,000	156,899
Disposals	-	(21,000)	(137,112)	(158,112)
At 31 December 2017	<u>6,056,238</u>	<u>117,744</u>	<u>1,151,470</u>	<u>7,325,452</u>
Depreciation				
At 1 January 2017	1,187,223	68,715	779,594	2,035,532
Charge for the year	111,858	20,382	93,205	225,445
On disposals	-	(21,000)	(133,809)	(154,809)
At 31 December 2017	<u>1,299,081</u>	<u>68,097</u>	<u>738,990</u>	<u>2,106,168</u>
Net book value				
At 31 December 2017	<u>4,757,157</u>	<u>49,647</u>	<u>412,480</u>	<u>5,219,284</u>
At 31 December 2016	<u>4,853,116</u>	<u>52,029</u>	<u>385,988</u>	<u>5,291,133</u>

Included in land and buildings is freehold land at valuation of £716,575 (2016 - £716,575), which is not depreciated.

Cost or valuation at 31 December 2017 is as follows:

	Land and buildings £
At cost	5,852,103
At valuation:	
1998 at open market value	204,135
	<u>6,056,238</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
Cost	5,836,204	5,836,204
Accumulated depreciation	(1,160,184)	(1,056,042)
Net book value	<u>4,676,020</u>	<u>4,780,162</u>

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14. Debtors

	2017 £	2016 £
Trade debtors	406,270	402,573
Other debtors	3,942	3,095
Prepayments and accrued income	186,081	27,688
	<u>596,293</u>	<u>433,356</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	95,258	86,217
Trade creditors	86,239	68,213
Other taxation and social security	51,885	50,361
Other creditors	4,758	5,157
Accruals and deferred income	136,043	176,962
	<u>374,183</u>	<u>386,910</u>

Deferred income

Deferred income at 1 January 2017	59,052
Resources deferred during the year	19,902
Amounts released from previous years	(59,052)
Deferred income at 31 December 2017	<u>19,902</u>

Deferred income is in relation to fees received in advance.

16. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Barclays Mortgage	373,638	429,385
Charity Bank Loan 1	17,584	32,065
Charity Bank Loan 2	483,711	507,454
Charity Bank Loan 3	489,733	507,882
	<u>1,364,666</u>	<u>1,476,786</u>

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16. Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	946,344	1,068,155

The Barclays Mortgage is secured by way of a charge over the charity's land and buildings at Martha House. The mortgage is repayable in instalments until 2023 for £175,579 and until 2028 for the remaining £239,173. During the year, the mortgage bore interest at a flexible rate of 1% over the Barclays Base Rate.

Charity Bank holds a fixed legal charge over the freehold property that is Mary House in Hastings.

Charity Bank loan 1 is repayable in instalments until 2020 and bears interest at a rate of 4.75% from 21 April 2017. The interest rate was 6% prior to this date.

Charity Bank loan 2 is repayable in instalments until 2033 and bears interest at a rate of 4.75% from 21 April 2017. The interest rate was 6% prior to this date.

Charity Bank loan 3 is repayable in instalments until 2037 and bears interest at a rate of 4.75% from 21 April 2017. The interest rate was 6% prior to this date.

17. Financial Instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	565,385	406,935
Financial liabilities measured at amortised cost	(1,686,964)	(1,754,283)

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

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Notes to the financial statements
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18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
Designated funds					
Designated fixed asset fund	2,819,253	-	-	(38,421)	2,780,832
Designated build fund	-	-	-	100,000	100,000
	<u>2,819,253</u>	<u>-</u>	<u>-</u>	<u>61,579</u>	<u>2,880,832</u>
General funds					
General Funds	594,296	4,770,311	(4,677,774)	80,470	767,303
Revaluation reserve	204,135	-	-	-	204,135
	<u>798,431</u>	<u>4,770,311</u>	<u>(4,677,774)</u>	<u>80,470</u>	<u>971,438</u>
Total Unrestricted funds	<u>3,617,684</u>	<u>4,770,311</u>	<u>(4,677,774)</u>	<u>142,049</u>	<u>3,852,270</u>
Restricted funds					
Frances House	230,001	-	-	-	230,001
Mary House	473,013	247,435	(37,008)	(140,097)	543,343
Martha House	1,728	1,500	(227)	(1,952)	1,049
Specialist nurse training	7,322	-	(5,529)	-	1,793
Holidays at Home	2,324	-	(2,324)	-	-
Deal Water Garden	-	2,700	-	-	2,700
	<u>714,388</u>	<u>251,635</u>	<u>(45,088)</u>	<u>(142,049)</u>	<u>778,886</u>
Total of funds	<u>4,332,072</u>	<u>5,021,946</u>	<u>(4,722,862)</u>	<u>-</u>	<u>4,631,156</u>

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Notes to the financial statements
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18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2016 £
Designated funds					
Designated fixed asset fund	2,817,960	-	-	1,293	2,819,253
	<u>2,817,960</u>	<u>-</u>	<u>-</u>	<u>1,293</u>	<u>2,819,253</u>
General funds					
General Funds	533,398	4,512,888	(4,462,016)	10,026	594,296
Revaluation reserve	204,135	-	-	-	204,135
	<u>737,533</u>	<u>4,512,888</u>	<u>(4,462,016)</u>	<u>10,026</u>	<u>798,431</u>
Total Unrestricted funds	<u>3,555,493</u>	<u>4,512,888</u>	<u>(4,462,016)</u>	<u>11,319</u>	<u>3,617,684</u>
Restricted funds					
Frances House	230,001	-	-	-	230,001
Mary House	479,079	2,580	(355)	(8,291)	473,013
Martha House	2,080	3,270	(594)	(3,028)	1,728
Specialist nurse training	-	12,000	(4,678)	-	7,322
Holidays at Home	-	5,000	(2,676)	-	2,324
	<u>711,160</u>	<u>22,850</u>	<u>(8,303)</u>	<u>(11,319)</u>	<u>714,388</u>
Total of funds	<u>4,266,653</u>	<u>4,535,738</u>	<u>(4,470,319)</u>	<u>-</u>	<u>4,332,072</u>

Designated fixed asset fund

This represents the book value of fixed assets less any associated liabilities and are not deemed to be freely available funds by the Trustees.

Designated build fund

The designated build fund represents the charity's own financial investment in the development of Mary House.

Frances House

In 2007 £230,000 was donated by the Development Trust towards the extension at Frances House which provided three new places. This donation carries a restriction for a period of 21 years and requires that those three new residents at Frances House must not have previously lived at any other Martha Trust home. The restriction is secured by way of a legal charge over the property. In the opinion of the Trustees this criteria will be met and the likelihood of having to repay the money is considered remote.

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18. Statement of funds (continued)

Mary House

(i) This fund included a donation of £120,000 which was received in 2006 towards Mary House from the Development Trust with a restriction over 10 years, specifying that at least five people living in Mary House must be from Kent, Medway, East Sussex or West Sussex. The restriction was secured by way of a legal charge over the property. This restriction has been satisfied therefore this restriction and legal charge was released in the period to 31 December 2017, resulting in a transfer from restricted funds to unrestricted funds.

(ii) This fund 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 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.

(iii) The remainder of the fund represents the proceeds of a fundraising campaign to add another part to the sensory garden at Mary House.

Martha House

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

Specialist nurse training

This fund represents donations made from The John Swire Charitable Trust for specialist nurses training.

Holidays at Home

This fund represents donations made from Santander Charitable Giving for resident's Holidays at Home.

Deal Water Garden

This fund represents donations made to fund a water feature garden at Martha House.

Transfers

During the year, the Trustees have designated funds representing the book value of the fixed assets less any associated borrowings as these are not deemed to be freely available funds by the Trustees.

The funds that are transferred from restricted funds into general funds are done as in the opinion of the Trustees that there are no ongoing restrictions on these funds as they have been expended in accordance with the initial restrictions on the income.

During the year, the Trustees designated £100,000 towards the development of Mary House. These funds have been transferred from general unrestricted funds to the designated build fund.

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18. Summary of funds

Summary of funds - current year

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
Designated funds	2,819,253	-	-	61,579	2,880,832
General funds	798,431	4,770,311	(4,677,774)	80,470	971,438
	<u>3,617,684</u>	<u>4,770,311</u>	<u>(4,677,774)</u>	<u>142,049</u>	<u>3,852,270</u>
Restricted funds	714,388	251,635	(45,088)	(142,049)	778,886
	<u>4,332,072</u>	<u>5,021,946</u>	<u>(4,722,862)</u>	<u>-</u>	<u>4,631,156</u>

Summary of funds - prior year

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2016 £
Designated funds	2,817,960	-	-	1,293	2,819,253
General funds	737,533	4,512,888	(4,462,016)	10,026	798,431
	<u>3,555,493</u>	<u>4,512,888</u>	<u>(4,462,016)</u>	<u>11,319</u>	<u>3,617,684</u>
Restricted funds	711,160	22,850	(8,303)	(11,319)	714,388
	<u>4,266,653</u>	<u>4,535,738</u>	<u>(4,470,319)</u>	<u>-</u>	<u>4,332,072</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	4,444,892	774,392	5,219,284
Current assets	1,146,227	4,494	1,150,721
Creditors due within one year	(374,183)	-	(374,183)
Creditors due in more than one year	(1,364,666)	-	(1,364,666)
	<u>3,852,270</u>	<u>778,886</u>	<u>4,631,156</u>

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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	4,576,745	714,388	5,291,133
Current assets	904,635	-	904,635
Creditors due within one year	(386,910)	-	(386,910)
Creditors due in more than one year	(1,476,786)	-	(1,476,786)
	<u>3,617,684</u>	<u>714,388</u>	<u>4,332,072</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	299,084	65,419
Adjustment for:		
Depreciation charges	225,445	212,812
Gains on investments	62,224	70,107
Loss on the sale of fixed assets	3,202	-
(Increase)/decrease in debtors	(162,936)	35,290
(Decrease)/increase in creditors	(21,768)	40,529
Net cash provided by operating activities	<u>405,251</u>	<u>424,157</u>

21. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	554,428	471,279
Total	<u>554,428</u>	<u>471,279</u>

22. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £28,964 (2016 - £28,829). Contributions totaling £4,821 (2016: £4,694) were payable to the fund at the balance sheet date and are included in creditors.

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23. Operating lease commitments

At 31 December 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	8,765	7,656
Between 2 and 5 years	9,569	13,344
Total	18,334	21,000

24. Related party transactions

During the year ended 31 December 2017 donations totalling £1,483 were received from Trustees. No other related party transactions took place in the year, other than certain trustees' travel expenses already disclosed in note 11.

25. Controlling party

The charity is a company limited by guarantee and was controlled throughout the year by the board of Trustees.