

Registered number: 03467406  
Charity number: 1067885



## Martha Trust

(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 December 2018

**Martha Trust**

**(A company limited by guarantee)**

**Notes to the financial statements**

**For the year ended 31 December 2018**

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**Martha Trust**  
**(A company limited by guarantee)**

**Reference and administrative details of the charity, its trustees and advisers**  
**For the year ended 31 December 2018**

**Trustees**

Humphrey Clarke, Chairman  
John Quin  
Elizabeth Acarnley (resigned 6 January 2019)  
Amy Rosie  
Richard Pitt (resigned 2 May 2018, appointed 25 September 2018)  
Robert Sparkes  
Roger Walton  
Anne Kippax (resigned 12 April 2018)  
Georgina Hovey (appointed 12 April 2018)  
Rebecca Pryse (appointed 26 November 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 (resigned 6 February 2019), 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

**Martha Trust**  
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**Chairman's statement**  
**For the year ended 31 December 2018**

The chairman presents his statement for the period.

In our objectives for 2018 is a one-line entry stating that we aspired to be a leader in the industry with our Safeguarding plan. Whilst this may have been our shortest objective in terms of the number of words, the Trustees and Senior Management Team were absolutely passionate about making this happen. Reports from Safeguarding incidents in UK charities both here and overseas, coupled with the fact that at Martha Trust we care for the most vulnerable of adults, made us absolutely determined to be the leader in this field across the sector. We wrote to the Charity Commission stating that we were willing to be a pilot site to show how Safeguarding should be at the forefront of all charities.

In my report last year (2017) I stated that we had appointed a leading Safeguarding Consultant to work with us and this would take place in early 2018. The consultant commenced work in January and staff were trained to a very high standard. Later in the year we appointed a number of Support Workers to act as Safeguarding Champions. They work at an operational level and are trusted members of staff who are very approachable, enabling staff to talk to someone should they feel the need to. Safeguarding became the centre of everything we did and the first standing item on every meeting agenda throughout the organisation. We then upskilled a large number of managers to Level 4 Safeguarding to enable them to confidently and effectively carry out enquiries. Our plan for 2019 will specify that all senior managers, including the Chief Executive, will be trained to deliver Safeguarding training across the organisation, demonstrating to all, our commitment to ongoing development in this area.

Aside from enabling people, we re-wrote our Safeguarding policy and from it developed a summary guide which is available to all staff. Throughout 2018 we worked on the policy until we were satisfied that it was fit for purpose to support the high standards we wish to achieve. We will use it as a lesson in each of our training days to ensure the policy is embedded throughout Martha Trust. As a parent with an adult daughter who has disabilities and has spent time in respite care at Martha Trust, I cannot stress how important the Safeguarding culture within an organisation is to families who put their trust in ensuring that their relative is kept safe from abuse. This can only be achieved by a trustee board who are determined to ensure this happens at Martha Trust. We can never begin to be complacent about Safeguarding, as the media has thankfully continued to report, but knowing that we have put in place a process that we are all totally committed to will help us achieve our objective.

The care industry continues to have a high turnover of staff. Being what we describe as a community organisation, we recognise how important it is for our families, many of who visit on a weekly if not daily basis, to have staff they trust and are familiar with. To achieve this another of our objectives was to reduce our staff turnover. We put in place a variety of measures including offering health care through an organisation called the Hospital Saturday Fund, and ensuring we are much more proactive in supporting new staff members through their initial induction at Martha. At the very end of 2018 we started to see a vast improvement in the retention of staff, this was alongside a number of former employees returning to us, which is always a really positive thing to see. We have a small HR team who have been dedicated in achieving this and in particular our 'Recruitment and Retention Officer', Kate Arman has been exceptional in making new staff feel welcome and valued, for which I am very grateful.

Funding for charities in the care sector remains challenging, but again we have put in place a series of measures to ensure we continue to provide the best homes for people with PMLD and we will continue to challenge the funding authorities to provide the right resources for us. As I stated last year I continue to chair the organisation from Scotland and again I am able to achieve this through the support of a skilled and supportive board.

**May God bless you**



**Name** Humphrey Clarke  
Chairman

**Date** 25 July 2019

**Martha Trust**  
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**Trustees' report**  
**For the year ended 31 December 2018**

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 2018. 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 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, is flexible, and creative. We are committed to delivering person-centred care, enabling each individual to lead a rewarding life full of happy memories.
- 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 and income generation opportunities.

**Trustees' report (continued)**  
**For the year ended 31 December 2018**

**c. Our objectives for 2018**

- Further develop the Continuous Improvement Plans implemented in 2017 ensuring the specific plan for each site keeps the focus on taking our organisation from a Good CQC rating to Outstanding;
- Ensure the ongoing future of the organisation by continuously reviewing and updating our long term strategic plan, keeping in sight our aim to be an industry leader in PMLD care, reacting to changes and reflecting these in our three-year financial strategy;
- Review and improve our strategic approach to recruitment and retention – recognising that the people who work for Martha Trust are key to our ongoing success and improvement;
- Utilise the voices of families to continue to enhance our inclusive and supportive relationships all the while enhancing their experiences with us;
- Ensure our training programme is effectively upskilling staff; identifying any development opportunities that could enable us to provide even better standards of person centred care;
- Implement an ongoing Safeguarding Plan with an aim to be a leader in the industry;
- Move forward with the opportunities identified in 2017 to increase service provision at existing locations;
- Continue to strengthen our quality assurance framework; constantly reviewing policies and considering ways of utilising technology to improve the recording and audit processes;
- Ensure daily activity plans are reviewed to reflect the changing needs of the people they relate to, and work with staff to ensure evidence is collated;
- Work to develop a communication plan, further advancing opportunities for residents to communicate with others and express themselves;
- Maintain a fair shift planning process to ensure service users' needs are met at all times of day and night;
- Build on existing relationships with external stakeholders, including local authority multidisciplinary teams and adult safeguarding boards;
- Increase the voluntary income against budget by continuing with the work to raise our profile in both Deal and Hastings, utilising the strengths of the fundraising team;
- Challenge funding authorities to increase their fees in order to cover rising costs as part of an ongoing and constantly evolving three-year financial forecast the reflects the needs of the organisation;
- Implement GDPR plans to ensure the organisation adheres to legal requirements.

**d. Activities for achieving objectives**

Martha Trust strive to be an organisation that adapts and evolves; forward planning whilst reacting according to the needs of our residents, staff and stakeholders as well as outside influences such as 'Brexit', the general economy and government austerity measures.

By recognising the complexity of those we support, we also recognise the responsibility we have in ensuring that we protect the ongoing future of the organisation; to be able to forward plan so that residents will always have a home and the care they deserve – setting new industry standards of excellence.

By seeing the whole person, and looking past residents' cognitive and physical limitations, we are able to appreciate each as an individual; taking into account likes and dislikes, changing care accordingly and working with the residents, rather than for them, and allowing them to reach their full potential. We continue to be committed to working alongside families, recognising their wealth of knowledge, including them as much as possible in decision making and listening to feedback and ideas which will improve the experience for those involved and create meaningful relationships for the benefit of everyone.

2018 saw us start the year with a strong and highly motivated management team which reached across the organisation. With Registered Managers in place on both sites, and skilled, experienced deputies in place to support them, it looked to be an exciting year in terms of moving our continuous improvement plans forward in our quest to be rated as outstanding. The Home Managers attended Senior Management Meetings and fed into strategic planning and decision making using their clinical knowledge and understanding. They were able to influence priorities for the year, guide the direction of the Directors and raise Martha Trust's clinical profile by attending local management networking events.

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**Trustees' report (continued)**  
**For the year ended 31 December 2018**

Towards the middle of the year, the Registered Manager for Deal left for pastures new, which enabled the Senior Management Team to review the structure on the Deal site. To reduce outgoing costs and draw focus to staffing and communication, a Deputy Manager (Non-Clinical) was introduced and the decision made not to recruit a Registered Home Manager. This revised, simpler structure enabled the deputies already in place to take more accountability for their associated homes and demonstrated to staff and CQC a commitment to addressing issues previously raised around communication and staff retention. The Director of Operations and Marketing took on the Registered Managers responsibilities and began the registration process with CQC. In December 2018 the decision was made to formally make the Mary House Manager a 'Senior Registered Manager' with strategic responsibilities as an advisor to the Senior Management Team, leading in Learning Disabilities.

In 2018 we took the fundamentals of person-centred care and applied them to Martha Trust's employees. As a result, a 'People Plan' was developed which reviewed the whole journey of an employee through recruitment up until either becoming a long standing member of staff or deciding to move on to new challenges. The Senior Management Team recognised that by investing in our employees as people rather than just staff, we have the opportunity to deliver the highest standards of care, while also improving retention, happiness, wellbeing and reducing recruitment, staffing and training costs. Recruitment was moved towards a more values based model, with new starter HR supervisions introduced after two weeks' service to check in on new staff and get feedback on the induction process, as well as face to face leaver interviews. An appreciation plan was put in place to enable Martha Trust to recognise our great staff in affordable ways such as random cake or ice lolly days. We hope to see the impact of this project in 2019.

Alongside the 'People Project' which looked to ensure staff are kept at the centre of what we do, Martha Trust also started working with an external consultancy to implement a long term plan to improve all aspects of Safeguarding. With the guidance of Sally Ann Bolton, the whole governance and process of Safeguarding within Martha Trust was reviewed and improved. This saw the introduction of a more thorough policy, improved, bespoke training for staff at all levels, and the implementation of specific responsible roles including Support Workers as 'Champions' and the management team as 'Designated Safeguarding Leads'. Safeguarding noticeboards were placed around the homes, and a day dedicated to Safeguarding was added to the induction process. Martha Trust plan to build on these foundations in 2019 by upskilling allocated Designated Safeguarding Leads with 'Train the Trainer', bringing the bespoke course in house and further committing to this essential topic of ensuring all who live and work at Martha Trust are safe from harm.

As always, communication is key to ensuring Martha Trust continues to move forward in the right direction, in the right way. Internally, the staff listening group continues to enable a flow of information both ways between the Senior Management Team, and employees. Staff listening groups encompass a range of employees from all departments ensuring every opinion can be heard. Topics of discussion range from policy improvements, practical issues such as recycling and feeding into culture change. The staff questionnaire was once again released to staff in January 2018 alongside a campaign, with a prize offered to the department with the greatest feedback rate. The response this year significantly increased to 61% across the organisation, compared to 46% in 2017. The responses from the questionnaires were then fed into the Continuous Improvement Plans for both sites in order to be able to address issues raised. These included statements about wanting to feel appreciated and general happiness at work. The 'People Plan' directly addresses these areas of concern and we look forward to seeing the results of the staff questionnaire in 2019.

Externally we continued to run a questionnaire for families and external stakeholders in 2018. Although we received limited responses from external stakeholders, the feedback was extremely positive and encouraging with 3 out of 5 rating Martha Trusts service as 'excellent'. 45 relative surveys were sent out in 2018 and a third responded. Results overall were up in most areas compared to 2017 responses. With marked improvements in areas of 'Laundering of clothes' and 'Activities'. It is also worth highlighting that all responders to the 2018 survey - both Mary House and Deal families answered good or excellent to being made to feel welcome in the homes and feeling able to raise a concern if they had to. Family forums and parent representatives both continue to be useful ways in which the management team can work with families for the best outcome for all.

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**Trustees' report (continued)**  
**For the year ended 31 December 2018**

The strategic plan continued to be developed, and this included a day on which both our management team and our trustees were invited to a Safeguarding workshop in order to incorporate the Safeguarding Principles into the overarching strategy. We remain committed to benchmarking our own services against the standards outlined in the 'Raising our Sights' report compiled by Professor Jim Mansell, ensuring we are 'designing and delivering arrangements tailored to the individual person's needs and preferences'.

The financial three-year strategy continues to be essential in ensuring the sustainability of Martha Trust. With government austerity measures still in place, and the uncertainty of Brexit it is imperative that we are creative with our approach to ensuring financial constraints do not impact on the quality of care that is provided to residents. In 2018 we continued to challenge fees and the authorities refusing to provide any type of uplift in funding. We also started a programme of reviewing care assessments, identifying some whose care needs have outgrown their current packages to ensure that these additional requirements are recognised and appropriate funding is sought. Plans are in place in order to be able to meet our obligation to paying the increases in the National Living Wage. These increases will be implemented across the board without reference to age, in our ongoing commitment to equality.

Continuous Improvement Plans remain an effective way of focusing management attention on areas that are identified as development opportunities. These enable the management teams on each site to identify specific actions from CQC inspections, staffing questionnaires, safeguarding enquiries and accident/incident forms, plan the response and document the outcome, therefore evidencing ongoing improvement and a reaction management system that is always willing to listen, learn and grow. As a direct result of this work we have seen improvements in the activity provisions, communication plans and care plan systems.

In the latter part of 2018, following months of research and discussion, the decision was made to implement an electronic care plan and daily record system call Person Centred Software – PCS. This project involved full reviews of all residents' care plans before they were input electronically, full training for all care staff in order to enable them to utilise handsets to input daily care in a safe, accurate and timely manner and implementing monitoring systems to audit the information received. At the end of 2018 the feedback from staff was positive, but 2019 will evidence how much of an impact this will have had. We expect recording to be clearer, more concise and effective as well as the process for reviewing and updating care plans to be easier and therefore more comprehensive.

In 2017 we identified the opportunity at Mary House to develop two further rooms in order to be able to provide a home for two additional individuals on a full time basis. Following a successful fundraising campaign, building work commenced in early 2018 and was completed by early summer. The interactive computer suite has proved to be a real benefit to residents who can now access a range of communication devices in order to enable them to express themselves. The activities coordinator is enabling a full programme of activities to be accessed in Hastings, bringing more variety and fun to residents' lives.

Unfortunately, after a prolonged period of waiting, at the end of 2018 we are still waiting to hear if the application to open the two rooms will be approved by CQC. The Senior Management Team and Trustees stand by their belief that supporting two additional families by opening the rooms would be a benefit for all, and were saddened by the length of time that has passed without notification of a decision. The families of those who are waiting to move in, as well as our local MP for Hastings, have remained positive and supportive, and for that we are constantly grateful. We continue to remain committed to increasing our support for those with PMLD, and their families, and intend to do all within our power to open the rooms in Mary House.

Families will always be an essential part of Martha Trust, and the working relationships between residents' families and our staff remain vital. In the most recent CQC report, compiled following an inspection on the Deal site in early December, a relative was quoted as saying 'The staff are great. They always come and say hello if I have taken (my relative) out into town and bump into them. They are her friends. CQC also recognised how a family member had told them 'I have complained, and it was dealt with in a timely manner, and in a way that I was satisfied with. I feel that I am valued as a parent, and listened to'. CQC rated the Deal site as 'Good' in the areas of Effective, Caring and Responsive. The actions identified from this inspection have been incorporated into the Continuous Improvement Plan.

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**Trustees' report (continued)**  
**For the year ended 31 December 2018**

Martha Trust's training programme continues to support our staff to provide the highest standards of care. In addition to the mandatory courses we provide, we arranged for Dr Andy Cope, author of 'The Art of Being Brilliant' to come and deliver workshops at both sites. This training was designed to inspire people to be the best they can be, and to find ways to feel happier – all strategies which will in turn benefit our employees at work and home, and our residents! The feedback was overwhelmingly positive, with staff feeling appreciative of the investment in them as people.

More clinical courses than ever before were offered to the nurses, and sessions in PEG management, Tracheostomy care, end of life, catheterisation among others, were all offered to upskill the nursing team.

Alongside the mandatory and clinical courses, both sites have been ensuring that staff are trained to utilise the variety of communication tools available in order to enable residents to express themselves. Following last year's success with Eye Gaze more residents have now purchased their own equipment and a greater number of staff are confident to use it with them to encourage choice and decision making. Those residents for whom Eye Gaze is not successful have access to switch work, the magic carpet and sensory equipment. Furthermore, Intensive Interaction Techniques are being adopted across the organisation to really boost communication opportunities for all.

Individual Activity Planners that were introduced in 2017 have been developed further to reflect the best times for residents to complete activities and to outline what they are funded for. Activity sessions have been shortened to engage residents in smaller groups and on the Deal site regular trips out include the music man, carriage riding, trips to places of interest and in summer months, sailing.

Audits across the organisation were reviewed by an external consultant to look at how improvements could be made. Following this advice, new more detailed audits were implemented using a more structured approach to ensure that they are completed in a timely manner. Any identified outcomes are then reviewed by the Registered Home Manager and discussed at the weekly care meeting. As a result of these changes the standard of audits has improved and the monitoring has also become firmer. Policies continue to be reviewed as part of the Clinical Governance Meetings, with changes and updates communicated to all staff. The updated Safeguarding policy was deemed too lengthy and complex, and a summary document was created and circulated in order to be confident that key messages were passed on throughout the staffing team.

Relationships with external stakeholders continued to strengthen in 2018. The work which started in 2017 in which administrators supported nurses to update care plans and prepare for reviews continued, ensuring that reviews remained of a high quality and useful to all parties. Links with Safeguarding professionals continued to grow, assisted by Martha Trust's willingness to consult, listen and discuss. Other external professionals such as physio and Speech and Language Therapy teams remain a source of information and support vital to the high standards of care we expect for residents.

Ensuring a staff rota which works for the business, has a good skill mix and is adaptable to the needs of staff is key to successful shifts and a happy workforce. Allocation sheets have proven very useful in ensuring the right staff work in the right area, with the right residents and we have seen an increase in flexible working requests and a decrease in shift swaps and requests. Senior Support Workers are working well on both sites, supporting the Nurses with the running of the shift and ensuring that Support Workers have development opportunities to step up to a higher level.

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

The new Individual Needs Assessment Form trialled in 2017 to ensure that the correct, detailed information is gathered from the very beginning of our relationship with new clients, was rolled out across the organisation. This has ensured that fully informed decisions on new residents or respite clients can be made, ensuring 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.

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**Trustees' report (continued)**  
**For the year ended 31 December 2018**

2018 proved to be another challenging year for our Fundraising team, who despite their best efforts, closed the year with the total unrestricted income below target. However, this was partly offset by managing expenditure and delivering the fundraising programme below budget.

General donations were down for the year, mainly due to a shift in priorities to focus our time on activity with the potential to deliver best ROI. We switched from heavy promotion on third party Music4Martha events to focusing on maximising income from our own organised events and engaging with larger community groups such as rotaries and golf clubs, with a view to being selected as their Charity of the Year.

Companies continue to be a hard sector to engage with for direct donations and Charity of the Year support due to the current financial climate. However, we are seeing a significant growth in Gifts in Kind – be it for auction or raffle prizes or free support for events. With the growth of our flagship event – Prom on the Farm and our car challenges we are securing significant main sponsorship for these events alongside Barclays matched funding.

Prom on the Farm and our golf days were very popular as ever, with events exceeding our income targets as well as increasing our profile locally and providing great days out for all involved including our residents. Our presence in the local press, radio as well as on social media continues to grow and is proving successful in securing support for our organised fundraising events. Towards the end of 2018 we started to take a more strategic approach to our use of social media and we are seeing our work pay off with our followers on Facebook rising 24% in 2018.

Despite the reduced number of cars participating, our annual car challenge event was still a successful event with four cars soldiering on and having a great time. Due to their fundraising efforts and the high level of main sponsorship that had been secured for the event, we raised a very commendable £18,695 against a target of £24,400.

The new GDPR legislation came into effect in May 2018 and this had a huge impact on both the workload of our Fundraising team, and our direct marketing campaigns and generated income, having lost about a third of our contactable supporters once a full clean-up of our database had been completed. This coupled with a reduction of income from Trusts and Foundations impacted negatively on our income. Longer term, however, the benefit of the database review will be a saving on future direct marketing costs.

On a positive, residents from all sites continue to be more involved than ever in events we run, supporting the Prom on the Farm and Music4Martha events. In Hastings we were honoured to be chosen as one of the key charities supported by the annual 'Hastings Beer and Music Festival'. Residents attended, staff manned a stall and a short film promoting all we do was played on loop to all who attended. Links to local groups such as the Hastings Round Table, and various rotary clubs in both Deal and Hastings have boosted local relations, support and opportunities throughout 2018.

Finally, one of the biggest successes this year at Martha Trust, was the introduction of a choir at Mary House. 'Mary House Mayhem' brings together both staff and residents in the medium of song and the benefit this has had on the staffing team has been quite remarkable. Time is set aside each week for practice, with employees and residents having the choice as to whether or not they join in. The atmosphere in the home at this time is something to be witnessed, pure joy and team spirit, encompassing all the Martha Trust vision and values.

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

Martha 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.

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**Trustees' report (continued)**  
**For the year ended 31 December 2018**

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.

**Strategic report**

**Achievements and performance**

**a. Key financial performance indicators**

Martha Trust had a challenging year which has been reflected by its financial performance in 2018. Total income was £5.05 million (2017: £5.02 million) and the loss was £110,331 (2017: surplus £299,084). Room occupancy was 97.6% compared to 98.8% in 2017 and 94.1% in 2016. There was one vacancy at the end of 2018.

Martha Trust continues to experience the erosion of real terms fee values. Although some funding authorities awarded inflationary increases during 2018 as well as after the balance sheet date, overall for the ninth consecutive year these increases have not kept pace with rising costs. We anticipate that this is likely to continue for the foreseeable future. In particular, increases in the National Living Wage over recent years have not been fully funded by any of our funding authorities. Some funding authorities have failed so far to provide any additional funding at all to cover National Living Wage increases. 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 70% 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.

Marketing of care services is still generating new care enquiries. We have further built on relationships with stakeholder authorities that resulted from marketing activity 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.

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 £440,748 higher than in 2017. Staff costs were £295,294 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 £5.05m (2017: £5.02m)
- Expenditure £5.16m (2017: £4.72m)
- Loss £0.1m (2017: surplus £0.3m)
- Percentage costs of management and administration 7.57% (2017: 7.49%)
- Occupancy 97.6% (2017: 98.8%)
- Balance Sheet total funds £4.5m (2017: £4.6m)

**b. Review of activities**

There were three 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 2019 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.

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The average occupancy rate of 97.6% was in line with the budgeted 97.5%. 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 few inflationary increases for several years. The occupancy rate after the Balance Sheet date continues to be in the region of 96%.

**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.

**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 2.48%. 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 further increase NLW. It is unclear where we will be able to source funding for this increase.

**Martha Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 December 2018**

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.

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.

**Martha Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 December 2018**

**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.

**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 four 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 Finance Director prepares revenue and capital budgets for the forthcoming financial year. The Audit & Finance Committee consider the budgets 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.

**Martha Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 December 2018**

**Plans for future periods**

**a. Future developments**

Continue to 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 our 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.

**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 2018, 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 2018 amounted to £605,350.

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.

**Martha Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 December 2018**

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.

**Disclosure of information to auditors**

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 was approved by the Trustees on 25 July 2019 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 2018**

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

Company law requires 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 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 2018 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).

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 2018 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 the financial year 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 the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Martha Trust**  
**(A company limited by guarantee)**

**Independent auditors' report to the members of Martha Trust**

**Use of our report**

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.

*Kreston Reeves LLP*

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury

Date: *26 July 2019.*

**Martha Trust**  
**(A company limited by guarantee)**

**Statement of financial activities incorporating income and expenditure account**  
**For the year ended 31 December 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>					
Donations and legacies	2	159,922	50,736	210,658	463,085
Charitable activities	3	4,840,582	-	4,840,582	4,556,987
Other income	4	2,104	-	2,104	1,874
<b>Total income</b>		<b>5,002,608</b>	<b>50,736</b>	<b>5,053,344</b>	<b>5,021,946</b>
<b>Expenditure on:</b>					
Raising funds	5	153,503	-	153,503	158,604
Charitable activities		4,978,608	31,564	5,010,172	4,564,258
<b>Total expenditure</b>	9	<b>5,132,111</b>	<b>31,564</b>	<b>5,163,675</b>	<b>4,722,862</b>
<b>Net income / (expenditure) before transfers</b>		<b>(129,503)</b>	<b>19,172</b>	<b>(110,331)</b>	<b>299,084</b>
Transfers between Funds	18	184,005	(184,005)	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>54,502</b>	<b>(164,833)</b>	<b>(110,331)</b>	<b>299,084</b>
<b>Net movement in funds</b>		<b>54,502</b>	<b>(164,833)</b>	<b>(110,331)</b>	<b>299,084</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		3,852,270	778,886	4,631,156	4,332,072
<b>Total funds carried forward</b>		<b>3,906,772</b>	<b>614,053</b>	<b>4,520,825</b>	<b>4,631,156</b>

The notes on pages 23 to 40 form part of these financial statements.

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

**Balance sheet**  
**As at 31 December 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	13		5,268,718		5,219,284
<b>Current assets</b>					
Debtors	14	433,594		596,293	
Cash at bank and in hand		395,083		554,428	
		<u>828,677</u>		<u>1,150,721</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(323,638)</u>		<u>(374,183)</u>	
<b>Net current assets</b>			<b>505,039</b>		<b>776,538</b>
<b>Total assets less current liabilities</b>			<b>5,773,757</b>		<b>5,995,822</b>
<b>Creditors: amounts falling due after more than one year</b>	16		<b>(1,252,932)</b>		<b>(1,364,666)</b>
<b>Net assets</b>			<b>4,520,825</b>		<b>4,631,156</b>
<b>Charity Funds</b>					
Restricted funds	18		614,053		778,886
Unrestricted funds:					
Unrestricted funds	18	3,702,637		3,648,135	
Revaluation reserve		<u>204,135</u>		<u>204,135</u>	
Total unrestricted funds			<b>3,906,772</b>		<b>3,852,270</b>
<b>Total funds</b>			<b>4,520,825</b>		<b>4,631,156</b>

The financial statements were approved and authorised for issue by the Trustees on 25 July 2019 and signed on their behalf, by:



**Humphrey Clarke, Chairman**

The notes on pages 23 to 40 form part of these financial statements.

**Martha Trust**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<u>286,663</u>	<u>405,251</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		(51,763)	(62,224)
Proceeds from the sale of tangible fixed assets		-	100
Purchase of tangible fixed assets		<u>(287,561)</u>	<u>(156,899)</u>
<b>Net cash used in investing activities</b>		<u>(339,324)</u>	<u>(219,023)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<u>(106,684)</u>	<u>(103,079)</u>
<b>Net cash used in financing activities</b>		<u>(106,684)</u>	<u>(103,079)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(159,345)</b>	<b>83,149</b>
Cash and cash equivalents brought forward		<u>554,428</u>	<u>471,279</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>395,083</u></u>	<u><u>554,428</u></u>

The notes on pages 23 to 40 form part of these financial statements.

**Martha Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 2018**

**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.

**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 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 from when assets become available for use 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**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 £5,268,718 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.

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	159,922	50,736	210,658	463,085
Total 2017	211,450	251,635	463,085	

**3. Income from charitable activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Residential and day care fees	4,840,582	-	4,840,582	4,556,987
Total 2017	4,556,987	-	4,556,987	

**4. Other incoming resources**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other	2,104	-	2,104	1,874
Total 2017	1,874	-	1,874	

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**5. Costs of generating voluntary income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Events and publicity costs	32,994	-	32,994	42,177
Legal and professional	1,352	-	1,352	1,300
General office costs	2,782	-	2,782	2,305
Maintenance/Utilities/Sundry	948	-	948	632
Salaries to generate income	115,427	-	115,427	112,190
	<u>153,503</u>	<u>-</u>	<u>153,503</u>	<u>158,604</u>
Total 2017	<u>121,636</u>	<u>36,968</u>	<u>158,604</u>	

**6. Direct costs**

	Residential and day care £	Total 2018 £	Total 2017 £
Establishment costs	1,260,770	1,260,770	1,137,741
Wages and salaries	2,861,620	2,861,620	2,634,352
National insurance	244,753	244,753	213,780
Pension cost	39,585	39,585	28,964
Depreciation	212,174	212,174	205,763
	<u>4,618,902</u>	<u>4,618,902</u>	<u>4,220,600</u>
Total 2017	<u>4,220,600</u>	<u>4,220,600</u>	

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**7. Support costs**

	<b>Residential and day care £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Establishment costs	486	486	266
Travel and subsistence	7,055	7,055	5,141
Insurance	2,576	2,576	2,063
Maintenance, cleaning and repairs	12,386	12,386	16,022
Print, post and stationery	3,043	3,043	3,301
Telephone and fax	2,005	2,005	1,813
Operating lease rentals and equipment	8,922	8,922	8,280
Staff training	5,377	5,377	3,764
General expenses	979	979	1,560
Bank charges and interest	2,101	2,101	2,145
IT costs	3,754	3,754	1,653
Legal and professional fees	64,557	64,557	43,493
Publicity and communications	2,184	2,184	3,337
Wages and salaries	245,446	245,446	222,251
Depreciation	21,447	21,447	19,682
	<b>382,318</b>	<b>382,318</b>	<b>334,771</b>
Total 2017	334,771	334,771	

**8. Governance costs**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Audit and accountancy fees	8,340	-	8,340	8,100
Trustee meeting expenses and training	612	-	612	787
	<b>8,952</b>	<b>-</b>	<b>8,952</b>	<b>8,887</b>

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**9. Analysis of Expenditure by expenditure type**

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	115,427	-	38,076	153,503	158,604
<b>Costs of raising funds</b>	<b>115,427</b>	<b>-</b>	<b>38,076</b>	<b>153,503</b>	<b>158,604</b>
Residential and day care costs	3,391,404	233,621	1,376,195	5,001,220	4,555,371
Expenditure on governance	-	-	8,952	8,952	8,887
	<b>3,506,831</b>	<b>233,621</b>	<b>1,423,223</b>	<b>5,163,675</b>	<b>4,722,862</b>
Total 2017	3,211,537	225,445	1,285,880	4,722,862	

**10. Analysis of expenditure by activities**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Residential and day care costs	4,618,902	382,318	5,001,220	4,555,371
Total 2017	4,220,600	334,771	4,555,371	

**11. Net income/(expenditure)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	233,621	225,445
Auditors' remuneration - audit	8,340	8,100
Operating lease rentals	13,850	8,765

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

2 Trustees received reimbursement of expenses amounting to £326 in the current year, (2017 - 4 Trustees - £567).

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**12. Staff costs**

Staff costs were as follows:

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,222,493</b>	2,968,793
Social security costs	<b>244,753</b>	213,780
Other pension costs	<b>39,585</b>	28,964
	<hr/> <b>3,506,831</b> <hr/>	<hr/> 3,211,537 <hr/>

During the year there were termination payments for one employee totalling £9,634 included within wages and salaries. As at 31 December 2018, no amounts were due to the employee. The termination payment in 2018 was for an ex gratia payment, by way of compensation for the termination of the employment. There were no termination payments in the prior year.

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

	<b>2018</b>	2017
	<b>No.</b>	<b>No.</b>
Employees	<b>181</b>	182

The number of higher paid employees was:

	<b>2018</b>	2017
	<b>No.</b>	<b>No.</b>
In the band £70,001 - £80,000	<b>1</b>	1

The total salaries received by key management personnel was £188,012 (2017: £185,097). Employer pension contributions were a total of £5,402 (2017: £5,405) and employer national insurance contributions were a total of £21,642 (2017: £21,533).

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**13. Tangible fixed assets**

	Freehold land and buildings £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	6,056,238	117,744	1,151,470	7,325,452
Additions	180,453	-	107,108	287,561
Disposals	(814)	-	(46,214)	(47,028)
At 31 December 2018	<u>6,235,877</u>	<u>117,744</u>	<u>1,212,364</u>	<u>7,565,985</u>
<b>Depreciation</b>				
At 1 January 2018	1,299,081	68,097	738,990	2,106,168
Charge for the year	112,080	20,249	101,292	233,621
On disposals	-	-	(42,522)	(42,522)
At 31 December 2018	<u>1,411,161</u>	<u>88,346</u>	<u>797,760</u>	<u>2,297,267</u>
<b>Net book value</b>				
At 31 December 2018	<u>4,824,716</u>	<u>29,398</u>	<u>414,604</u>	<u>5,268,718</u>
At 31 December 2017	<u>4,757,157</u>	<u>49,647</u>	<u>412,480</u>	<u>5,219,284</u>

Included in land and buildings is freehold land at valuation of £716,575 (2017 - £716,575), which is not depreciated.

Cost or valuation at 31 December 2018 is as follows:

	Land and buildings £
<b>At cost</b>	6,031,639
<b>At valuation:</b>	
1998 at open market value	204,238
	<u>6,235,877</u>

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

	2018 £	2017 £
Cost	6,031,639	5,836,204
Accumulated depreciation	(1,264,547)	(1,160,184)
Net book value	<u>4,767,092</u>	<u>4,676,020</u>

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**14. Debtors**

	2018 £	2017 £
Trade debtors	395,072	406,270
Other debtors	8,250	3,942
Prepayments and accrued income	30,272	186,081
	<u>433,594</u>	<u>596,293</u>

**15. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank loans and overdrafts	100,309	95,258
Trade creditors	120,820	86,239
Other taxation and social security	64,613	51,885
Other creditors	21,577	4,758
Accruals and deferred income	16,319	136,043
	<u>323,638</u>	<u>374,183</u>

**Deferred income**

	£
Deferred income at 1 January 2018	19,902
Resources deferred during the year	5,647
Amounts released from previous years	(19,902)
	<u>5,647</u>
Deferred income at 31 December 2018	<u>5,647</u>

Deferred income is in relation to fees received in advance.

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

	2018 £	2017 £
Barclays Mortgage	317,515	373,638
Charity Bank Loan 1	2,566	17,584
Charity Bank Loan 2	460,512	483,711
Charity Bank Loan 3	472,339	489,733
	<u>1,252,932</u>	<u>1,364,666</u>

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**Notes to the financial statements**  
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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:

	2018 £	2017 £
Repayable by instalments	<b>858,295</b>	946,344

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 £143,413 and until 2028 for the remaining £217,746. 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%.

Charity Bank loan 2 is repayable in instalments until 2033 and bears interest at a rate of 4.75%.

Charity Bank loan 3 is repayable in instalments until 2037 and bears interest at a rate of 4.75%.

**17. Financial Instruments**

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost	<b>403,884</b>	565,385
Financial liabilities measured at amortised cost	<b>(1,511,717)</b>	(1,686,964)

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.

**Martha Trust**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18. Statement of funds**

**Statement of funds - current year**

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
<b>Designated funds</b>					
Designated fixed asset fund	2,780,832			316,455	3,097,287
Designated build fund	100,000			(100,000)	
	<u>2,880,832</u>			<u>216,455</u>	<u>3,097,287</u>
<b>General funds</b>					
General Funds	767,303	5,002,608	(5,132,111)	(32,450)	605,350
Revaluation reserve	204,135				204,135
	<u>971,438</u>	<u>5,002,608</u>	<u>(5,132,111)</u>	<u>(32,450)</u>	<u>809,485</u>
Total Unrestricted funds	<u>3,852,270</u>	<u>5,002,608</u>	<u>(5,132,111)</u>	<u>184,005</u>	<u>3,906,772</u>
<b>Restricted funds</b>					
Frances House	230,001				230,001
Mary House	543,343	2,336	(18,769)	(163,089)	363,821
Martha House	1,049	29,400	(10,218)		20,231
Specialist nurse training	1,793	-	(2,577)	784	
Deal Water Garden	2,700	19,000		(21,700)	
	<u>778,886</u>	<u>50,736</u>	<u>(31,564)</u>	<u>(184,005)</u>	<u>614,053</u>
Total of funds	<u>4,631,156</u>	<u>5,053,344</u>	<u>(5,163,675)</u>		<u>4,520,825</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.

**Martha Trust**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18. Statement of funds (continued)**

**Mary House**

(i) This fund 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.

(ii) 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. This fund was satisfied in the year.

**Specialist nurse training**

This fund represents donations made from The John Swire Charitable Trust for specialist nurses training. This fund was satisfied in the year.

**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 Mary House Build was completed, and therefore the £100,000 within the designated build fund was released to general funds.

**Martha Trust**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
<b>Designated funds</b>					
Designated fixed asset fund	2,819,253	-	-	(38,421)	2,780,832
Designated build fund	-	-	-	100,000	100,000
<b>General funds</b>					
General Funds	594,296	4,770,311	(4,677,774)	80,470	767,303
Revaluation reserve	204,135	-	-	-	204,135
<b>Total Unrestricted funds</b>	<b>3,617,684</b>	<b>4,770,311</b>	<b>(4,677,774)</b>	<b>142,049</b>	<b>3,852,270</b>
<b>Restricted funds</b>					
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
	<b>714,388</b>	<b>251,635</b>	<b>(45,088)</b>	<b>(142,049)</b>	<b>778,886</b>
<b>Total of funds</b>	<b>4,332,072</b>	<b>5,021,946</b>	<b>(4,722,862)</b>	<b>-</b>	<b>4,631,156</b>

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18. Statement of funds (continued)**

**Summary of funds - current year**

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
Designated funds	2,880,832	-	-	216,455	3,097,287
General funds	971,438	5,002,608	(5,132,111)	(32,450)	809,485
	<u>3,852,270</u>	<u>5,002,608</u>	<u>(5,132,111)</u>	<u>184,005</u>	<u>3,906,772</u>
Restricted funds	778,886	50,736	(31,564)	(184,005)	614,053
	<u>4,631,156</u>	<u>5,053,344</u>	<u>(5,163,675)</u>	<u>-</u>	<u>4,520,825</u>

**Summary of funds - prior 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>

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	4,654,665	614,053	5,268,718
Current assets	828,677	-	828,677
Creditors due within one year	(323,638)	-	(323,638)
Creditors due in more than one year	(1,252,932)	-	(1,252,932)
	<u>3,906,772</u>	<u>614,053</u>	<u>4,520,825</u>

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**Notes to the financial statements**  
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**19. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior 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>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(110,331)	299,084
<b>Adjustment for:</b>		
Depreciation charges	233,621	225,445
Return on investment and servicing of finance	54,679	62,224
Loss on the sale of fixed assets	1,591	3,202
Decrease/(increase) in debtors	162,699	(162,936)
Decrease in creditors	(55,596)	(21,768)
<b>Net cash provided by operating activities</b>	<u>286,663</u>	<u>405,251</u>

**21. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	395,083	554,428
<b>Total</b>	<u>395,083</u>	<u>554,428</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 £39,585 (2017 - £28,964). Contributions totaling £7,748 (2017: £4,821) were payable to the fund at the balance sheet date and are included in creditors.

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**Notes to the financial statements**  
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**23. Operating lease commitments**

At 31 December 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
<b>Amounts payable:</b>		
Within 1 year	<b>22,163</b>	8,765
Between 2 and 5 years	<b>82,777</b>	9,569
Total	<b>104,940</b>	18,334

**24. Related party transactions**

During the year ended 31 December 2018 donations totalling £4,564 (2017: £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.