



MARTHA TRUST

Annual Report & Financial Statements 2013

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Chairman's Foreword

Care remains a very challenging sector with the government announcing no let up in their austerity drive. Whilst many care organisations have significant vacancies, we are thankful that Martha has a good reputation and with targeted marketing managed to exceed expectations. The outlook in terms of occupancy in 2014 is very encouraging.

Some highlights of the year are the introduction of the Active Support system of care which commenced in our smallest home, Frances House. This has seen a significant change in the way we support our residents and will go live in all of our homes in Spring 2014. We are grateful to the organisation Achieving Real Change (ARC) for sponsoring our first round of training and are delighted to welcome them back to continue the programme. This change was largely driven by our new Director of Care, Glenda Roberts, whom we were delighted to promote into this role during the year.

Our CEO, George White, asked parents to come forward as representatives and I want to thank Hilary Maskell (Hastings), Brett Martin and Barbara Kimber (Deal) for the work they are doing for us. They have made a huge difference to achieving our goal of being an open and honest organisation and their role has included advising and supporting new families, liaising with George and attending a variety of meetings.

We did say some goodbyes in the year and Tessa Stephenson who has served Martha for over eight years as a trustee stepped down from the role. We are pleased that she will still remain with Martha as an ambassador for the organisation alongside Ros Uden. Both have attended the weekly prayer meeting for many years and are huge supporters of the organisation.

One very positive feature is the stability in the management team. The turnover for registered home managers is very high in the care industry, so I am delighted that we have this stability in Gina Green at Hastings and Phil Linkin at Deal. I would also extend my grateful thanks to all our team and in particular those on the care side. It is not an easy job being a carer, particularly when society has such high expectations, but our staff do an amazing job with great love and passion.

You may be aware of the media interest in CQC and the many changes being made to this organisation. We have been chosen as one of their test homes for the new inspection system that they will introduce over the next few years and look forward to working more closely with them to find ways to improve an already very good service.

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

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

Humphrey Clarke
Chairman

Our Mission

Martha Trust's mission is to offer friendship and encouragement to the people we support, enabling them to achieve their own goals.

We seek to achieve this by:

- Setting and promoting standards of excellence in the care and development of people with PMLD (profound and multiple disabilities)
- Providing a happy, stimulating and loving home environment which enables people to achieve their potential and get the most out of life
- Valuing our staff highly and ensuring they are well supported, appropriately qualified and have access to good quality training
- Promoting good relationships between staff, parents, families and care professionals based on cooperation and communication
- Ensuring rigorous standards of operational and financial control to promote long-term stability
- Encouraging new and innovative ways to develop and expand our work
- Engaging local communities so they understand our aims and can actively support our work
- Improving understanding and raising awareness of profound disabilities.

Our Values

We are committed to:

- Treating everyone with respect and dignity
- Showing compassion to everyone at Martha, including each other
- Always be 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.

Above all, we believe that everyone should have the opportunity to lead a happy, active and fulfilling life.

Our Services

Martha Trust provides residential, day care and respite care for people with PMLD, and support to families who themselves are caring for people with PMLD.

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

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

Our residential services are supported by a team of in-house experts as well as external specialists in health, person-centred planning, communication, behaviour management and physiotherapy.

By having in place such wide-ranging resources, we can provide the very best care for every individual we support.

Measuring Success

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

Key Facts

Martha Trust operates:

- Three residential homes caring for 31 people: Martha House (Deal), Frances House (Deal), and Mary House (Hastings)
- One dedicated respite placement at Martha House, Deal helping around nine families each year
- Four day care places for people who have recently left full-time education
- A hydrotherapy pool at both sites
- An Activities and Therapies' Team providing individually assessed development programmes for all residential, respite and day care service users
- Contracts with numerous Local Authorities and Clinical Commissioning Groups (CCG's)
- Highly qualified staff with 56% of our support workers either NVQ2 or NVQ3 qualified and 18% working towards this.
- 24 hour, seven days a week nursing care
- A high ratio of support staff to service users

STRATEGIC REPORT

Martha Trust's vision was recently reaffirmed by Trustees:

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

Our Achievements in 2013

For our residents and families:

- Following the success of the introduction of a family representative at the Hastings site, we have introduced 2 new family representatives at the Deal site.
- Family reps have been in touch with families considering placing their loved one with us before they make a decision and have offered ongoing support during the transition period.
- Family reps provide an important liaison between families and the Martha management team.
- Family members of residents new to the service have been asked to House Meetings to discuss the needs of their loved one and give us greater detail to be able to provide individualised care.
- Family members have been involved in the interviewing of key staff.

For our employees:

- New Mission & Values have been developed & launched in consultation with staff, family and Trustee representatives.
- An action plan has been produced in response to the 2013 staff questionnaire.
- Competency frameworks for the administration of medication have been used to assess the competency of Registered Nurses in this area and identify training needs. Other competency tools are being developed for Support Workers and other clinical tasks.
- A review of training throughout the year identified further areas for development and more bespoke courses were implemented by Martha Trust staff or external professionals.
- A new Absence policy is in staff consultation and will be implemented in April 2014.
- The new Martha Values form part of regular supervision and appraisal.
- CQC outcomes 12, 13 & 14 form part of the regular agenda for monthly Clinical Governance Meetings.

Clinical Governance:

- New protocols for Infection Control have been introduced and are being reviewed and audited.
- Mental Capacity Act documentation has been reviewed and updated to meet legislative requirements.
- Recording of Adult Protection alerts and CQC notifications has been streamlined and made available to all staff.
- Person-centred Active Support has been implemented in Frances House with plans to expand this across Martha House and Mary House.

STRATEGIC REPORT cont.

- In light of the Caldicott Review 2013, all documents regarding a resident that are electronically sent outside Martha Trust are password protected.
- We have signed up to "Driving up the Quality Code" with a view to self assessment against the code standards.
- Bespoke clinical training in communication, manual handling, epilepsy and safeguarding have been commissioned to meet the needs of the individuals we support.
- Medication audits have been developed to reflect the different systems of administration across the three homes.
- Care plan audits have been updated to provide a more rigorous check of our documentation against recognised standards.

Service Provision:

- Marketing care services secured new placements from countrywide service providers who had not used Martha's services previously. This was mainly as a result of face-to-face meetings; improvements introduced through the new website and improved reputation.
- The demand for Day Centre services at Mary House has been explored. The local authority provide a subsidised service which is currently fulfilling local needs. This project can be revisited at a later date should the marketplace change.
- The marketing and processes for opening the hydrotherapy pool to external users with disabilities have been put in place. The service will launch at both sites in early 2014.
- Feedback is being sought from multi-agency representatives to improve transition and services. This will be complemented by a new questionnaire in 2014.
- We have begun work on our strategy with a pro bono consultant to look at identifying new income streams.

Financially:

- Detailed but easy to understand monthly management information is now produced and HR updates are available to all staff in an easy traffic light format.
- The annual incremental pay increase was frozen for 2013, however the decision was taken by Trustees to award a 1% pay increase to staff from 2014. Costs across all areas of the budget are continually reviewed.
- There is an ongoing project to reassess all residents and challenge fees where underfunding is evidenced.

Fundraising:

- Due to the financial pressure of the residential vacancies during 2013, senior members of the fundraising team focused on marketing Martha's care services. This was extremely successful, but did impact on fundraising income.
- The new Martha Trust website was launched in January 2013, which delivers improved Search Engine Optimisation, new features such as an online donation and payment facility and has an in-house content management system.
- The corporate support strategy was launched in August 2013, with an external agency providing telemarketing support to drive up response rates.

STRATEGIC REPORT cont.

- Our Trusts and Major Donor strategy has been reviewed and now includes specific objectives to deliver unrestricted income from this segment through a rolling generic appeal.
- ROI is a key focus of all fundraising activities, delivering a budget saving of 10% in 2013.
- Our volunteer base continues to grow and the promotion of volunteering opportunities is ongoing through our website and local community networks.

Our goals for 2014

For our residents and families:

- Introduce new initiatives to better support families and develop a communication and consultation forum for family reps.
- Continue to encourage families to take part in the recruitment process of key positions within the organisation.
- A family member is joining training at Mary House in March and we would propose that we offer more opportunities for training for relatives in a variety of subjects.
- To hold monthly meetings with family reps.

For our employees:

- Review the annual appraisal process ensuring that this work is carried out throughout the year to reduce the 'back-log' that is created when trying to complete all this work in a short period of time.
- Continue to introduce more bespoke training in areas such as communications, working with our professional healthcare partners, specifically for adults with PMLD.
- Embed the principles of 'Active Support' into all our HR processes.
- Introduce a staff 'code of conduct' outlining behaviours & expectations of staff at all levels.

Clinical governance:

- For the first time Key performance Indicators will be introduced for Registered Home Managers and Deputy Home Managers and will be assessed twice yearly.
- Several of the people we support come directly from an educational setting and communicate using Makaton. We will be commissioning basic Makaton training to ensure that we can communicate effectively with them and they do not lose the skills they have.
- In 2013 all Registered Nurses received competency assessments for the administration of medication. This will be developed for Support Workers and include the administration of insulin and emergency medication.
- Introduce a risk assessment and competency assessment for administration of artificial nutrition.
- On the basis of outcomes from audits we will explore and consider the introduction of electronic care documentation
- We employ Registered Nurses from every speciality (Adult, Mental Health, Child and Learning Disability). To ensure a greater understanding of the people we support all Registered Nurses will have training in Learning Disabilities and awareness of specific conditions.

STRATEGIC REPORT cont.

- To encourage our Registered Nurses to be reflective practitioners and support them with challenging situations we will create peer support groups for Registered Nurses with a possibility of external facilitation.
- Review and update of the Induction paperwork and process based on the University of Birmingham PMLD Induction Standards and to meet health and safety requirements
- Introduction and development of Senior Support Worker role.
- Develop improved links with Learning Disability Clinical Nurse specialists based in East Sussex and Kent.

Service provision:

- Active Support has been very successful in changing the lives of individuals and staff in Frances House. We implemented the framework as part of The Department of Health project "An Ordinary Life" which is due to be evaluated. We will draw on this evaluation to develop the framework further, but on the basis of our positive observations we have chosen to implement Active Support across the whole organisation with the support of the Association for Real Change. To assist with this we will be training a person to be a trainer in Active Support and commissioning evaluation from the Tizard Centre at the University of Kent.
- It is an objective to help as many people as possible with our services, therefore we will be considering the viability of alternative types of care.
- The Hydrotherapy pool will be accessed by external users assessed to meet the criteria.

Financially:

- Introduce more bespoke Key Performance Indicators and benchmark ourselves against sector statistics.
- Introduce a program in order to timetable a review of key areas of expenditure. This will include re-negotiating contracts and look at joining consortiums to achieve greater purchasing power.
- Continue challenging funding authorities, working with families to negotiate a more appropriate fee that meets the needs of our residents identified in re-assessments.

Fundraising:

- Deliver a 13% uplift in General Donations vs 2013. Each member of the fundraising team has been set financial targets for 2014.
- Refine and embed the Generic Trusts campaign, testing donor segments and Case for Support formats and introducing a grant application feedback questionnaire to inform future capital appeals.
- Increase total Companies support by 10% vs 2013.
- Improve Events ROI ratio from 2.5:1 to 3:1.
- Introduce new role of Business Development Officer who will be responsible for working on fundraising and general business projects to maximise income from existing activities and identify new income opportunities.
- Grow the volunteer base in order to improve events ROI.

STRATEGIC REPORT cont.

Financial Review & Results for the Year

Summary

2013 was the fourth year in succession that Martha Trust received no significant inflationary fee increases from funding authorities. Like-for-like fees are nearly 20% lower in real terms than they were five years ago. This particularly affects the fees for those who have lived with us the longest, the real value of their fees having been eroded persistently year on year despite in some cases their care needs increasing. The current public sector funding environment does not give cause for optimism in terms of inflationary increases. Our approach therefore continues to focus directly on the fee required to meet each individual resident's care and support needs. The assessment tool that was developed in 2012 by the care team and the Contracts Manager enables us to link care needs to financial information. We are using this tool in negotiations with funding authorities with the aim of achieving fees that cover our costs in each individual case. In terms of new residents whose fees have been calculated using the tool, we have achieved success in negotiating realistic fees to support our work. Near to the end of 2013 and in the first few months of 2014 we have also made progress in the negotiations for longer-term residents with the support of families which we value greatly. Funding authorities are beginning to agree that some residents are under-funded and that this is neither acceptable nor sustainable. Our work with funding authorities to achieve appropriately funded care packages is a continuing project and we hope to report further success in 2014.

In 2013 Martha Trust suffered the highest level of residential vacancies in its 26 year history, the vacancy rate being 8.5% on average. More vacancies arose than we usually expect and it took longer than in previous years, largely due to public sector austerity, to find new residents. This has had a notable impact on fee income which is £115,911 (3.1%) lower than its 2012 level. We were however able to take the opportunity to use vacant rooms for additional respite availability. The higher, more realistic fees we have achieved for new residents have combined with our greater flexibility in the use of vacant beds to mitigate the effect on fee income of the vacancy rate.

The marketing campaign which we started in 2012 and which we have continued to develop has had dramatic impact on the above situation. In 2013 we received a total of 48 new care enquiries, nearly twice as many as in 2011 before the marketing campaign. At the end of 2013 Martha Trust had three vacant residential rooms. We were delighted to welcome two new residents in January 2014 and we look forward to welcoming two more new residents in March and April 2014 and we will then have no vacancies. Three of these four new placements were directly as a result of the higher profile and expanded network of contacts that has resulted from the marketing campaign. The fees for these three placements from funding authorities who have not previously placed with us total £552,004 per year. We do not anticipate such a high vacancy level in 2014 as we are now building a waiting list for residential care and also for respite care.

The Director of Marketing and Fundraising and some of her team have not been able to devote as much time to fundraising as planned. This is due to the concentration on the marketing campaign for care services to address the vacancy situation. She has also had operational responsibilities in respect of Mary House of a similar nature to those in 2012, although to a lesser extent. For these reasons it has not been possible to grow our fundraising income as much as we had hoped and this is especially difficult at this time when fundraising continues to be challenging in the present economic climate. We have again concentrated on fundraising activities that generate the best and most reliable return.

STRATEGIC REPORT cont.

Despite the above challenges, unrestricted fundraising income increased by 29% vs 2012, with growth across most activities. The new website has driven increased traffic, generating new enquiries for care places. Cost savings were made by getting best value from suppliers, which has resulted in Advertising and Promotion spend coming in under budget by 10% for the second year running. Further savings were made by the removal of the position of Communications Officer.

We continue to monitor and control expenditure across the organisation, including staff costs. Re-negotiation of supplier contracts and researching alternatives has yielded savings, particularly in utilities, cleaning and medical supplies. Costs, excluding Governance and Fundraising, are £80,695 (2.2%) lower than in 2012. We will work further in 2014 to achieve greater efficiency and value for money.

Our focus on reducing support costs has now reduced these below the 10% target we set for this year, from 8.91% of total costs in 2012 down to 7.82% in 2013.

The year ended with the following results:

- Total income: £3.75m (2012: £3.82m)
- Expenditure: £3.79m (2012: £3.87m)
- Unrestricted loss: £72,457 before transfers (2012: £48,385)
- Percentage costs of management and administration: 7.82% (2012: 8.91%)
- Occupancy level: 91.5% (2012: 96.9%)
- Balance Sheet total funds: £3.9m (2012: £3.9m)

Funding

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

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

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

Funds

At 31 December 2013, Martha Trust's total funds were £3,861,085 of which £757,513 were restricted funds. The remaining unrestricted funds of £3,103,572 are fully invested in Martha Trust's operational homes so are not freely available. Martha Trust has no free reserves as defined by the Charity Commission, but finances its day-to-day operations through the effective management of its cash flow and by using its normal banking facilities.

STRATEGIC REPORT cont.

Investment Policy

The investment policy agreed by the Trustees is to place funds in cash deposits on fixed and short-term arrangements to meet Martha Trust's cash flow requirements.

Reserves

Martha Trust's income and its finances are managed to deliver a small cash surplus to help meet its investment plans. Most investment is in its care homes (fixed assets) to ensure that Martha provides the best environment possible for the people who live there: this is an essential strategy for securing future revenue streams. The organisation has very few costs not directly attributable to services so it would be inappropriate to hold significant free reserves which are not invested for the best advantage of all beneficiaries.

Martha Trust has Net Assets of £3.86m. The Trustees consider that the reserves are sufficient to meet any short term needs. However, Martha Trust has worked towards building up a sensible level of more liquid reserves. So for the foreseeable future, a reserve level of approximately £100,000 (equivalent to one year's fee income for one resident) will continue to be the reserve fund target.

Risk Management

The Trustees have assessed the major risks to which Martha Trust is exposed, particularly those related to its operations and finances, and are satisfied that systems are in place to mitigate exposure to these risks. The current Risk Register is monitored by the Senior Management Team.

Our People

The importance of our people to the success and reputation of Martha Trust cannot be overstated. The quality of our services is entirely dependent upon the quality of our workforce, their attitude and what they bring to their work each day. We continue to develop and invest in the strategies that enable us to recruit and retain the best staff.

Staffing, Training and Development

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

Improvements were made in the appraisal & supervision approach and further training and mentoring sessions will continue during 2014 for key staff. There were challenges during 2013 for managers to complete all appraisals within a two month period of time, feedback is being sought in order to develop the process further and increase the effectiveness.

We will be re-writing our staff 'Code of Conduct' to incorporate key behaviours and expectations for staff. This will produce a vital document in assessing staff's competence in addition to improving standards and giving staff a more clear definition of what is expected.

Our nurse team are invaluable to us in leading our support staff to give the best care to our residents. We will be investing in a training program to ensure they are fully supported and have the skills to lead and motivate their care teams.

Volunteers

Martha Trust has a small, highly valuable group of volunteers that support us in all areas from providing free professional advice, to assisting at fundraising events and undertaking general administration. We have launched a new Volunteer Programme to expand the number of people who volunteer with Martha since the commitment, hard work and enthusiasm of this important group makes an enormous difference to what we can achieve.

A new section has been added to the Martha website giving details of our requirements in terms of care volunteers. This will help to manage volunteer expectations and ensure accurate matching of individuals to the tasks involved.

Our Governance

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

Our Trustees are legally responsible for the overall management and control of all aspects of Martha Trust's work. They meet at least four times a year and approve the annual budget and review progress with the strategic plan and specific objectives for the year.

Trustees/Directors

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

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

Humphrey Clarke (Chairman)
Tessa Stevenson (Retired 03.10.13)
John Quin
Liz Acarnley
Amy Chapman
Theresia Baümker
Richard Pitt
Andrew Giles

Trustee Recruitment & Training

Trustees are appointed at a meeting of the Trustee Board on the basis of nominations received and replies to advertisements. Candidates must meet a strict set of specifications concerning personal competence, specialist skills, availability and Christian commitment.

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

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

- The role and responsibilities of a Trustee
- The constitution and operating framework for Martha Trust (Memorandum & Articles)
- Resourcing and the current financial position as set out in the latest published accounts and management accounts
- Future plans and objectives including the current strategic plan.

Trustees regularly receive briefings and information on a range of relevant topics designed to keep their knowledge up-to-date, and plans are in-hand to extend opportunities for training in the future.

Senior Management Team

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

George White

Chief Executive

Judy Heath

Director of Resources

Julie Gayler

Director of Marketing

Glenda Roberts

Director of Care Services

Public Benefit

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

Martha Trust's residents are normally sponsored by their respective local authority or CCG. Before admission to one of our homes, an assessment of the person is carried out with the help of relatives and a Martha Trust Care Manager to ensure that we can provide the correct level of care and support. People who cannot afford to pay our fees will not be prevented from benefiting from the services of Martha Trust as they will be able to obtain financial support from their local authorities. No one receives any private benefit from Martha Trust other than our beneficiaries.

Legal & Administrative Details

Group Structure & Relationships

Martha Trust owns no subsidiaries. Martha works closely with a number of other charities and organisations in supporting and promoting the highest standards in our field, but remains entirely independent.

Martha Trust has forged particularly close links with Canterbury Christchurch College which regularly places pre/post registration nurses with us for further training. We have also developed close relationships with Kent and East Sussex County Councils, and various CCG's and other local authorities with which we have contracts for the provision of care. One of the Directors has a child receiving respite care from Martha Trust, but this is under the direction of a local authority Care Manager and there are no special conditions.

Registered Auditors

Kingston Smith LLP
Devonshire House,
60 Goswell Road
London, EC1M 7AD

Bankers

Barclays Bank Plc
9 St Georges Street,
Canterbury,
Kent, CT1 2JX

Solicitors

Dickinson Dees
The Chocolate Works
Bishopthorpe Road
York
YO23 1DE

Statement of Trustees' Responsibilities

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

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

- a) So far as the Trustees are aware, there is no relevant audit information of which Martha Trust's auditors are unaware, and
- b) The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that Martha Trust's auditors are aware of that information.

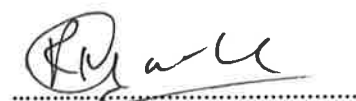
Auditors

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

Note from the Chairman

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

Chairman

A handwritten signature in black ink, appearing to read 'P. M. C.', is written over a dotted line.

Date: 17/4/14

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MARTHA TRUST

We have audited the financial statements of Martha Trust for the year ended 31 December 2013 which comprise the Statement of Financial Activities which incorporates the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 16 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Kingston Smith LLP

Shivani Kothari (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

Date 22nd May 2014

Devonshire House
60 Goswell Road
London
EC1M 7AD

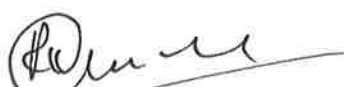
	Note	Unrestricted Fund £	Restricted Fund £	Total 2013 £	Total 2012 £
INCOMING RESOURCES					
Donations		107,177	43,939	151,116	105,015
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		3,601,194	-	3,601,194	3,717,105
Other		794	-	794	82
Total Incoming Resources		<u>3,709,165</u>	<u>43,939</u>	<u>3,753,104</u>	<u>3,822,202</u>
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		136,528	-	136,528	140,247
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		3,632,844	7,406	3,640,250	3,720,945
Governance costs		12,250	-	12,250	12,160
Total Resources Expended	3	<u>3,781,622</u>	<u>7,406</u>	<u>3,789,028</u>	<u>3,873,352</u>
Net (Outgoing)/Incoming Resources before Transfers		(72,457)	36,533	(35,924)	(51,150)
Transfers between funds	9	<u>(15,587)</u>	<u>15,587</u>	<u>-</u>	<u>-</u>
Net (Outgoing)/Incoming Resources after Transfers		(88,044)	52,120	(35,924)	(51,150)
Fund balances brought forward		<u>3,191,616</u>	<u>705,393</u>	<u>3,897,009</u>	<u>3,948,159</u>
Fund balances carried forward		<u>3,103,572</u>	<u>757,513</u>	<u>3,861,085</u>	<u>3,897,009</u>

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

The notes on pages 23 to 29 form part of these financial statements.

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible assets	4		5,482,390		5,655,451
Current Assets					
Debtors	5	273,690		213,386	
Cash at bank and in hand		<u>143,718</u>		<u>120,352</u>	
		<u>417,408</u>		<u>333,738</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	<u>298,684</u>		<u>280,487</u>	
Net Current Assets			<u>118,724</u>		<u>53,251</u>
Total Assets less Current Liabilities			5,601,114		5,708,702
Creditors: Amounts falling due after more than one year					
	7		<u>1,740,029</u>		<u>1,811,693</u>
Net Assets			<u>3,861,085</u>		<u>3,897,009</u>
Funds					
Unrestricted:					
General	8		2,899,437		2,987,481
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			3,103,572		3,191,616
Restricted	9		<u>757,513</u>		<u>705,393</u>
			<u>3,861,085</u>		<u>3,897,009</u>

The financial statements were approved by the Trustees on 17/4/14



Humphrey Clarke
Director
Chairman of the Trustees



John Quin
Director
Trustee

The notes on pages 23 to 29 form part of these financial statements.

Registered Company Number: 3467406

	2013 £	2012 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	(35,924)	(51,150)
Less investment income	(406)	(311)
Less proceeds on sale of fixed assets	-	-
Add finance costs	112,284	115,559
Add depreciation of tangible fixed assets	199,636	208,689
Add loss on disposal of fixed assets	17,040	9,960
(Increase)/decrease in debtors	(60,304)	(68,787)
(Decrease)/increase in creditors	34,162	(51,701)
Net cash flow from operating activities	266,488	162,259
Returns on investments and servicing of finance		
Interest received	406	311
Finance costs	(112,284)	(115,559)
	(111,878)	(115,248)
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(43,614)	(33,472)
Proceeds from sale of fixed assets	-	-
	(43,614)	(33,472)
Increase/(Decrease) in Cash in the Year	110,996	13,539
Net Debt at 1 January 2013	(1,811,710)	(1,825,249)
Net Debt at 31 December 2013	(1,700,714)	(1,811,712)

Analysis of net cash	1 January 2013	Cash Flow	31 December 2013
Cash at bank and in hand	120,352	23,366	143,718
Bank loans	(1,932,062)	87,630	(1,844,432)
	(1,811,710)	110,996	(1,700,714)

1. Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention, modified by the inclusion of donated assets at their estimated market value in the year of receipt, in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities (2005).

The following accounting policies have been applied consistently throughout the year:

b) Income

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income.

c) Restricted Funds

When income received is subject to restrictions imposed by the donor or implied by the terms of appeal, it is shown in the statement of financial activities as restricted income. The corresponding expenditure is shown as restricted fund expenditure and any unexpended balance at the balance sheet date is carried as a restricted fund in the balance sheet. Where such funds have been raised for a purpose which cannot be satisfied the permission of the donors to release the funds for use in the general purposes of the charity is sought. If that permission is granted the funds are transferred to unrestricted funds. A description of these funds is shown in note 9.

d) Designated Funds

The trustees may set aside amounts of unrestricted funds, at their discretion, for specific future purposes. Such funds are shown within unrestricted funds as designated funds. Where the trustees decide that designated funds are no longer required for the purposes specified, these are released from designated funds.

e) Unrestricted Funds

These funds are expendable at the discretion of the trustees in furtherance of the objects of the Charity.

f) Expenditure

Expenditure is recognised on an accruals basis. Where expenditure cannot be wholly identified under the main categories shown in the statement of financial activities it is apportioned over cost headings on the basis of the estimated proportion of time spent by staff.

Support costs include the salary costs of the finance and administration staff and other administrative costs.

Governance costs include the management of the charitable company's assets, central, non-project and organisational management and compliance with constitutional and statutory requirements.

g) Tangible Fixed Assets

- i) As permitted by the transitional arrangements under FRS 15 "Tangible Fixed Assets" the trustees have elected not to adopt a policy of revaluation of tangible fixed assets. The freehold land and buildings are retained at the carrying value resulting from a valuation made in 1998 and this valuation will not be updated. Subsequent additions to freehold land and buildings will be capitalised at cost or in the case of donated assets, a valuation.
- ii) The trustees previously revised the useful economic life of the freehold buildings to 50 years with no residual value following a review of previous estimates.
- iii) Freehold land is not depreciated. Freehold buildings are depreciated over 50 years. Depreciation is provided on other fixed assets to write off their cost over estimated useful lives at the following rates:

Freehold Buildings	2% on cost
Fittings and equipment	10% - 20% on cost
Motor vehicles	20% on cost
All assets purchased with a value of £1,000 or more are capitalised.	

h) Pension Costs

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

i) Operating Leases

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

2. Staff Costs

	2013 £	2012 £
Staff costs consist of:		
Wages and salaries	2,405,631	2,454,930
Social security costs	182,370	191,216
Other pension costs	15,196	17,317
	<u>2,603,197</u>	<u>2,663,463</u>

The average number of employees during the year was 148 (2012 - 153).

The number of employees whose emoluments exceeded £60,000 was 1 (2012 - 1).

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 7 trustees and amounted to £786 (2012 - 4 trustees £454).

3. Analysis of Resources Expended

	Staff Costs £	Other £	Support Costs £	Depreciation £	Total 2013 £	Total 2012 £
Fundraising and publicity	108,901	27,627	-	-	136,528	127,166
Residential and day care costs	2,280,100	877,555	296,372	186,223	3,640,250	3,720,945
Governance costs	-	12,250	-	-	12,250	12,160
Total expenditure	<u>2,389,001</u>	<u>917,432</u>	<u>296,372</u>	<u>186,223</u>	<u>3,789,028</u>	<u>3,860,271</u>
					Total 2013 £	Total 2012 £
Other expenditure includes:						
Auditors' remuneration:						
For audit					<u>10,300</u>	<u>10,000</u>

All costs of the activities above are direct costs with the exception of support costs of £296,372 (2012 - £345,131) allocated to residential and day care (see page 25 for analysis).

Residential and day care costs above include bank loan interest of £112,284 (2012: £115,559) arising from the loans in Note 7 which were arranged to fund building and improving the care homes.

3. Analysis of Resources Expended (Continued)

	Total 2013	Total 2012
	£	£
Support Costs		
Establishment costs	254	4
Travel and subsistence	2,141	2,424
Insurance	770	588
Maintenance, cleaning and repairs	9,937	13,407
Print, post and stationery	3,730	2,355
Telephone and fax	3,971	3,025
Operating lease rental and equipment	15,361	15,819
Staff training	4,064	4,825
General expenses	392	466
Bank charges and interest	3,128	2,353
IT costs	2,666	1,855
Legal & Professional fees	22,349	38,359
Depreciation	13,413	13,097
Salaries	214,196	246,554
	<u>296,372</u>	<u>345,131</u>
	Total 2013	Total 2012
	£	£
Fundraising & Publicity		
Salaries to generate Restricted income	34,969	22,642
Salaries to generate General income	73,933	76,674
Maintenance/Utilities/sundry	726	739
General Office Costs	2,751	2,725
Legal & Professional fees	1,265	419
Events & Publicity costs	22,884	23,967
	<u>136,528</u>	<u>127,166</u>
Governance Costs		
Audit and accountancy fees	10,300	10,000
Trustee Mtg Expenses & Training	1,950	2,160
	<u>12,250</u>	<u>12,160</u>

4. Tangible Fixed Assets

	Freehold Land £	Freehold Buildings £	Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2013	716,575	5,326,691	1,058,177	64,995	7,166,438
Additions	-	-	43,614	-	43,614
Assets written off	-	(14,813)	(72,881)	-	(87,694)
At 31 December 2013	<u>716,575</u>	<u>5,311,878</u>	<u>1,028,910</u>	<u>64,995</u>	<u>7,122,358</u>
Depreciation					
At 1 January 2013	-	740,626	715,792	54,569	1,510,987
Charge for the year	-	111,505	84,531	3,600	199,636
Assets written off	-	-	(70,655)	-	(70,655)
At 31 December 2013	<u>-</u>	<u>852,131</u>	<u>729,668</u>	<u>58,169</u>	<u>1,639,968</u>
Net Book Value					
At 31 December 2013	<u>716,575</u>	<u>4,459,747</u>	<u>299,242</u>	<u>6,826</u>	<u>5,482,390</u>
At 31 December 2012	<u>716,575</u>	<u>4,586,065</u>	<u>342,385</u>	<u>10,426</u>	<u>5,655,451</u>

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

5. Debtors: Due within one year

	2013 £	2012 £
Trade debtors	249,402	199,965
Prepayments	21,039	10,440
Accrued Income	602	781
Other debtors	<u>2,647</u>	<u>2,200</u>
	<u>273,690</u>	<u>213,386</u>

6. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Bank loans (see note 7)	104,403	120,369
Trade creditors	97,367	47,788
Other creditors	401	405
Accruals and deferred income	31,852	55,959
Other taxes and social security	47,641	46,634
Barclays client creditors Account	17,020	9,332
	<u>298,684</u>	<u>280,487</u>
Deferred income at 1 January 2013	38,286	
Released in year	(38,286)	
Deferred in year	9,765	
Deferred income at 31 December 2013	<u>9,765</u>	

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

	Barclays Mortgage	CB Loan 1	CB Loan 2	CB Loan 3	Total 2013	Total 2012
	£	£	£	£	£	£
Amounts falling due within one year	66,629	11,213	14,670	11,891	104,403	120,369
Between one to two years	66,606	11,907	15,656	12,593	106,762	106,248
Between two to five years	203,833	40,669	45,100	42,418	332,020	335,219
In five years or more	288,114	17,515	502,789	492,829	1,301,247	1,370,226
	625,182	81,304	578,215	559,731	1,844,432	1,932,062
Less: Allocated to creditors falling due within one year	(66,629)	(11,213)	(14,670)	(11,891)	(104,403)	(120,369)
	<u>558,553</u>	<u>70,091</u>	<u>563,545</u>	<u>547,840</u>	<u>1,740,029</u>	<u>1,811,693</u>

The Barclays Mortgage is secured by way of a charge over the company's land and buildings, except for Frances House. The mortgage is repayable in installments until 2023 for £323,660 and until 2028 for the remaining £301,522. They bear interest at a rate of 6.05%

Charity Bank Loan 1 is repayable in installments until 2020 and bears interest at a rate of 6%. Charity Bank Loan 2 is repayable in installments until 2033 and bears interest at a rate of 6%. Charity Bank Loan 3 is repayable in installments until 2037 and bears interest rate of 5.75% for the first 5 years, reverting back to 6% thereafter. Charity Bank holds a fixed legal charge over the freehold property that is St Mary's House in Hastings.

8. Unrestricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains, Losses and Transfers £	Closing Balance £
General funds	2,987,481	3,709,165	(3,797,209)	2,899,437
Revaluation reserve	204,135	-	-	204,135
Total	<u>3,191,616</u>	<u>3,709,165</u>	<u>(3,797,209)</u>	<u>3,103,572</u>

9. Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	229,087	26,695	(151)	600	256,231
Mary House	471,460	8,020	(2,360)	16,105	493,225
Martha House	5,438	9,224	(4,895)	(1,710)	8,057
Other	(592)	-	-	592	-
Total	<u>705,393</u>	<u>43,939</u>	<u>(7,406)</u>	<u>15,587</u>	<u>757,513</u>

Frances House

In 2007 £230,000 was donated by The Development Trust towards the extension at Frances House which provided 3 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 in any other Martha Trust home. In the opinion of the trustees this criteria will be met and the likelihood of having to repay the money is considered to be remote.

Mary House

This fund includes a donation of £120,000 which was received in 2006 towards Mary House from the Development Trust with a restriction over 10 years, specifying that at least five people living in Mary House must be from Kent, Medway, East Sussex or West Sussex. In the opinion of the trustees this criteria will continue to be met and the likelihood of having to repay the money is considered to be remote. It also includes a donation of land and buildings in Hastings from The Agape Trust in 2004. The use to which the land and buildings could be put was restricted by the original donors, Blatchington Court Trust. The restriction requires Martha Trust to provide homes for a period of 99 years and at any one time at least four residents must be people under 31 years, of whom at least two must be visually impaired. This restriction applies to Martha Trust as a whole and not to Mary House individually. If this restriction is breached £350,000 is repayable to the Blatchington Court Trust. In the opinion of the trustees this criteria will be met and the likelihood of having to repay the money is considered to be remote. These restrictions will be waived on Martha Trust meeting certain criteria. The remainder of the fund represents the proceeds of a fundraising campaign to add another part to the sensory garden at Mary House.

Martha House

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

There was a £1,710 transfer from this fund during the year. This was to re-allocate the salary of a restricted fundraiser.

Transfers

The funds that are transferred from restricted funds into general funds are done so as in the opinion of the trustees there are no ongoing restrictions on these funds as they have been spent correctly in acquiring the relevant fixed assets.

10. Total Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances carried forward at 1 January 2013 are represented by:			
Tangible fixed assets	4,724,877	757,513	5,482,390
Current assets	417,407	-	417,407
Current liabilities	(315,502)	-	(315,502)
Long term liabilities	(1,723,210)	-	(1,723,210)
	<u>3,103,572</u>	<u>757,513</u>	<u>3,861,085</u>

11. Operating Lease Commitments

Other equipment/office rental

Annual commitments on operating leases which expire:
In two to five years

2013 £	2012 £
<u>5,760</u>	<u>6,513</u>

12. Related Party Transactions

There were no related party transactions during the year.

13. Capital Commitments

There were no capital commitments as at 31 December 2013 (2012 - nil).