

Registered number: 03467406  
Charity number: 1067885



**Martha Trust**

**(A company limited by guarantee)**

**Trustees' report and financial statements**

**For the year ended 31 December 2014**

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

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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 2014****Trustees**

Humphrey Clarke, Chairman  
John Quin  
Elizabeth Acarnley  
Amy Chapman  
Theresa Baumker (resigned 20 May 2014)  
Richard Pitt  
Andrew Giles  
Robert Sparkes (appointed 10 July 2014)

**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 Heath, Director of Resources  
Julie Gayner, Director of Marketing  
Glenda Roberts, Director of Care Services

**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**

Dickinson Dees, The Chocolate Works, Bishopthorpe Road, York, YO23 1DE

## Martha Trust

(A company limited by guarantee)

### Chairman's statement

For the year ended 31 December 2014

Last year I said that the Care Service throughout the UK remains a very challenging sector and we have seen nothing in 2014 to change my view. We have the task of managing a charity with greatly increased expectations in terms of a new style of much more intense regulation from CQC, accompanied by little movement on any increase in fees for our services. Thankfully the care that we do give is appreciated and we remain one of the few organisations in the sector with few vacancies.

We have been excited by the introduction of Active Support into our homes and at the end of 2014 the management team felt that we needed to continue the impact of this type of care and the decision was made to create the role of a Practice and Skills Mentor. After interviews of high calibre candidates, Sue Hollingworth one of our nurses from the Deal team was selected for the role. She will commence this work in January 2015. In September many of our care staff were invited to the ARC Conference on Active Support where Glenda Roberts, our Director of Care, and Phil Linkin the Home Manager from Deal addressed the conference. We also developed our family representative system across all of our homes and I am grateful for Claire Poke and Hilary Maskell for volunteering to be the two parents representing Hastings. They and the representatives from Deal, Brett Martin, Barbara Kimber and Sue Costelloe, are making a huge difference to the interaction we enjoy with our families.

At the end of the year a CQC inspection was carried out at Mary House. The inspection report was received in late March 2015 and a number of shortcomings were identified which resulted in a rating of inadequate. Following receipt of the report comprehensive action plans were put in place and all shortcomings have been addressed as evidenced in the latest CQC report. In July 2015 three of the inadequate ratings were re-evaluated as good; a huge achievement acknowledged by CQC and East Sussex Local Authority.

This year we also achieved the largest number of participating cars for our annual challenge which made their way in assorted old bangers from Martha to Monte Carlo. Tributes should go to our two Directors Julie Gayler and Judy Heath, who have now undertaken this trip for many years and have raised over £20,000 for Martha. This year they encouraged one of our trustees, Liz Acarnley to join the trip. All came back tired but with a real sense of achievement for the money they had raised for our residents. We again had five places in the London Marathon and all of our runners finished the course.

It is with grateful thanks that we said goodbye to one of our trustees Theresia Baumker. Theresia however, will remain in contact with Martha as her brother Charl lives in one of our Deal homes. Rob Sparkes joined us during the year and brings with him a wealth of experience from working for Dell within the NHS and previous trustee work. The trustees of Martha are all volunteers and give a huge amount of time and dedication to the organisation.

My final comment though focuses on our wonderful staff who serve our residents the Martha way in many different capacities across the organisation. That is with consideration, compassion and care and continually going beyond the call of duty with complete dedication to ensure the best possible lives for the people we call 'Our guys.' Thank you to all.



Name Humphrey Clarke  
Chairman

Date 6 September 2015



**Martha Trust**  
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**Trustees' report**  
**For the year ended 31 December 2014**

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

**Our Values**

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 care professionals as well as external specialists in health, person-centred planning, communication and physiotherapy.

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

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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**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 32 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
- Contracts with numerous Local Authorities and Clinical Commissioning Groups (CCG's)
- Highly skilled staff with 39% of our support workers, either NVQ2 or NVQ3 qualified and 17% working towards this. A further 25% of support workers will be commencing the Care Certificate in 2015.
- 24 hour, seven days a week nursing care
- A high ratio of support staff to service users

**Our Plans for the Future**

Martha Trust's vision was recently reaffirmed by Trustees:

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

**Achievements against strategic objectives for 2014**

For our residents and families:

- Family representative groups firmly established at both homes and have now commenced joint meetings across the organisation using conference facilities. A Catering Committee involving families has also been established at the Deal site.
- Family representatives 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 representatives meetings established on regular basis and families at Deal have set up monthly meetings, the first on their own and the second with management attending.
- Families have not only been involved in the recruitment process and interviews of managers but have also been involved in interviews and decision making of specialist staff such as chefs.
- Introduce new initiatives to better support families and develop a communication and consultation forum for family representatives.
- 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.



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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**For our employees:**

- The annual appraisal process was updated with appraisals now carried out on the anniversary of the staff member's start date. 3 supervisions are scheduled during the rest of the year. This is allowing supervisors the ability to spread the workload of appraisal & supervision across the year. The statistical information is discussed at the Clinical Governance Meeting.
- We continued to embed the principles of 'Active Support' into all our HR processes.
- The staff 'code of conduct' policy was updated in June 2014 and communicated to all staff, setting out the standard of conduct expected of all employees in carrying out their duties for Martha Trust, their relationship with residents, relatives and stakeholders and the actions expected of them. Further work is planned in this area.
- We introduced a new absence policy with much more support and management of the process. This has resulted in substantially lower absenteeism and reduced costs for sickness by 50%.

**Clinical Governance:**

- Introduction of new post of Practice & Skills Mentor to embed the principles and practical implementation of Active Support across the organisation.
- Several of the people we support come directly from an educational setting and communicate using Makaton. 12 staff attended Makaton training and 18 attended intensive interaction training which included intensive communication. 7 staff were enrolled onto the Principles of Working with Learning Disabilities.
- Introduced a risk assessment for administration of artificial nutrition.
- The Senior Support Worker role has been introduced in our Deal homes.

**Service Provision:**

- An additional room has been created at Mary House, to increase the residential provision to 13.
- Martha House, at Deal, has been split into two homes with separate staff teams to make the delivery of active support more effective.

**Financially:**

- A program has been introduced in order to timetable a review of key areas of expenditure. This includes re-negotiating contracts and looking at joining consortiums to achieve greater purchasing power. Savings of up to 20% have already been made in the area of Oil Delivery.
- 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 have been, and still are, using this tool in negotiations with funding authorities with the aim that fees cover our costs in each individual case and we have achieved an element of success in this area. In terms of new residents whose fees have been calculated using the tool, we have negotiated realistic fees to support our work. The support of families with fee negotiations is greatly valued by us, for both existing residents and new residents. Funding authorities are aware that some residents are under-funded and are agreeing 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 2015.

**Fundraising & Marketing:**

- Total unrestricted donations for 2014 was up 32% vs 2013 at £141,642, the highest achieved at Martha Trust.
- The new Generic Trusts campaign generated £19,400.
- A new role of Business Development Officer was introduced to focus on increasing company support. Considerable groundwork on the corporate engagement strategy has been done in the second half of 2014 and we will see the financial return begin to take effect during 2015.
- In order to improve the ROI for our events programme, we are constantly promoting volunteer opportunities to reduce the resource needed from the fundraising team. Strong relationships have been forged with some large local employers and churches.
- The unrestricted expenditure budget for 2014 was underspent by 19% against a target of 10%.
- Our social media presence has been strengthened this year, with Facebook followers up 52% at 563 and Twitter followers up 41% at 627.
- Data Protection Audit and action plans completed for Head Office functions.

**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**Plans for the Future: our goals for 2015**

For our residents and families:

- Facilitate increased involvement of families in care planning for their loved ones.
- Continue to encourage families to take part in the recruitment process of key positions within the organisation.
- Offer family members the opportunity to attend training.
- Continue to hold monthly meetings with family reps and bi-annual family forum meetings.
- Encourage families to meet with each other with no management presence

For our employees:

- Develop 'lead' nurses in areas such as Epilepsy on both sites, which will include training those specific nurses who will take the lead in that area and support and develop the rest of the nurse team at the monthly nurses meetings.
- We will be entering into consultation with care staff with a view to introducing a new shift allocation process. The benefits of this to the organisation and staff will be:
  - Ability to ensure staff skill mix meets the needs of the residents
  - Ability to ensure vehicle drivers are on shift when required
  - Better team work as core staff work more frequently together
  - Staff knowing their shifts way in advance
  - Continued flexibility built in for emergencies
  - More structure to the annual leave process ensuring staff take regular annual leave and periods of time off
- We will be reviewing our bespoke training packages to introduce more courses relevant to supporting adults with PMLD. We will work with our professional healthcare partners to identify the most appropriate courses.
- Continue to support student nurses on both sites and offer 2 mentorship courses a year to Nurses
- Develop our Support Workers into nursing through a secondment opportunity for study with Greenwich University. 3 applicants were successful and will be contracted to the NHS while they study.
- The Care Certificate is an industry recognised, transferable qualification being introduced in April 2015. The CQC will expect care providers to have this in place although it is not a legal requirement. At Mary House we will be working in conjunction with East Sussex County Council to put all staff employed by us after 1 Jan 2015 through the Care Certificate. Once the Care Certificate is completed modules can count towards further study such as a QCF in Care. Currently 10 employees in Mary House are enrolled. At Deal we will be working with a local training provider who is looking to provide us with personalised workshops and workbooks that can be delivered on a rolling basis.

Clinical governance:

- Data protection audit and action plan to be completed for care data.
- Work with local Universities to ensure that our knowledge is up to date and evidence-based.
- Internal monthly awareness campaigns for areas such as Safeguarding
- CQC Expert by Experience secured to provide training for nurse and management team on MCA and DoLS practices, including review and implementation of new documentation.
- On the basis of outcomes from audits we will review our care planning documentation with a view to implementing a new system if proven to be more effective.
- Develop improved links with Learning Disability Clinical Nurse specialists based in East Sussex and Kent.
- Create individual activity plans with input from families, staff and health professionals to ensure all residents' recreational needs are met and that they are doing the things they enjoy.
- Review process for body map monitoring & reporting and introduce new policy.
- Pilot new daily record paperwork which facilitates the recording of all individual care plan instructions and daily activities in one document.



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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**Service provision:**

- Understand the local and national PMLD agenda and participate where appropriate, maintaining links with the Kent and Medway learning disability community of practice and explore similar networks in Sussex.
- Build stronger relationships with East Sussex Social Services, including regular Multi-Disciplinary Meetings.

**Financially:**

- Introduce and develop a senior role within the finance team to ensure more effective monitoring of budgets, support for the Registered Home Managers and analysis of income and expenditure.
- Continue to streamline information across both Martha sites, particularly in relation to maintenance contracts.
- Focus and centralise our monitoring and reporting processes to stakeholders and commissioners to ensure accurate and timely information is available, but in an effective way for an organisation of our size.

**Fundraising & Marketing:**

- Produce strategy for targeting carers of people with PMLD
- Deliver marketing strategy targeting educational establishments
- Through the 3 year Income Generation Strategy dated May 2014, deliver general income of £160K in 2015
- Secure 3 new Charity of the Year Partnerships
- Research and secure 3 new Matched Funding Partnerships or sponsorship deals
- Produce 3 year Major Donor Strategy
- Deliver Fundraising & Marketing Programme at 10% under agreed expenditure budget

**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**

Recruitment, particularly at Mary House has been difficult in 2014 for both registered nurse and support worker roles. The recruitment process will be reviewed to identify any additional recruitment channels that could be utilised.

Staffing numbers will be reviewed in 2015 to ensure all shifts are sufficiently staffed to cover the 1:1 hours required by our residents.

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.

Support workers will be developed in 2015 through the introduction of the Senior Support Worker role at Mary House, the Care Certificate and through the opportunity to study nursing with the University of Greenwich.

**Volunteers**

Martha Trust has a small, highly valued group of volunteers who support us in all areas from providing free professional advice, to assisting at fundraising events, garden projects and undertaking general administration. We will continue to nurture our volunteers and work to increase the numbers since the commitment, hard work and enthusiasm of this important group makes an enormous difference to what we can achieve.



**Martha Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**Our Governance**

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

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

**Trustees/Directors**

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

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

Humphrey Clarke (Chairman)  
John Quin  
Liz Acarnley  
Amy Chapman  
Theresia Baumker (Stepped down 20/5/14)  
Richard Pitt  
Andrew Giles  
Robert Sparkes (Appointed 10/7/14)

**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 criteria 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.

## **Martha Trust**

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### **Trustees' report (continued)**

**For the year ended 31 December 2014**

#### **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

#### **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.

#### **Financial Review & Results for the Year**

##### **Summary**

Martha Trust achieved a strong financial performance in 2014 with total income of £4.23 million (2013 £3.75 million) and a surplus of £299,696 (2013 £35,924 deficit).

The average occupancy rate was one of the highest ever achieved in Martha Trust at 101.4%. This compared to an average occupancy rate of 91.5% in 2013. The high occupancy and tight control of costs contributed to the strong performance in the year. We do not anticipate as high an occupancy level in 2015 and the temporary bedroom has reverted to its original use.

2014 was the fifth year in succession that Martha Trust received no significant inflationary fee increases from funding authorities. Like-for-like fees are around 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 marketing campaign which we started in 2012 and which we have developed further continues to have a dramatic impact. In 2014 we received a total of 39 new care enquiries, considerably more than the yearly average before the marketing campaign started. At the end of 2014 Martha Trust had one vacant residential room, the new room constructed at Mary House which was nearing completion. All of the previously existing bedrooms were occupied.

Despite the above challenges, unrestricted fundraising income increased by 32% compared with 2013, with growth across most activities. The new website has again driven increased traffic, generating new enquiries for care places. Cost savings were again made by getting best value from suppliers, which has resulted in Advertising and Promotion spending coming in well below budget for the third year running.



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### **Trustees' report (continued)**

**For the year ended 31 December 2014**

We continue to monitor and control expenditure across the organisation, including staff costs. Re-negotiation of supplier contracts and researching alternatives has yielded further savings in addition to those achieved last year, particularly in utilities, cleaning and medical supplies. Costs, excluding Governance and Fundraising, are £116,016 (3.2%) higher than in 2013 but that is in the context of an increase in income of £474,387 (12.6%). We will work further in 2015 to achieve greater efficiency and value for money.

Our focus on reducing support costs has now brought these below our 10% target, down from 8.91% of total costs two years ago in 2012 to 8.75% in 2014.

The year ended with the following results:

- Total income: £4.23m (2013: £3.75m)
- Expenditure: £3.93m (2013 : £3.79m)
- Surplus: £0.3m (2013 £0.04m deficit)
- Percentage costs of management and administration: 8.75% (2013: 7.82%)
- Occupancy level: 101.4% (2013: 91.5%)
- Balance Sheet total funds: £4.2m (2013 : £3.9m)

### **Funding**

The main source of income for Martha Trust is from contracts with local authorities and CCGs. 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 maximise overall occupancy levels and therefore 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.

### **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**

At 31 December 2014, Martha Trust's total funds were £4,160,781 of which £755,418 were restricted funds. The remaining unrestricted funds of £3,405,363 are fully invested in Martha Trust's operational homes 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. As a result, 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.

Martha Trust's income and its finances are managed to deliver a small surplus to help meet its investment plans. 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.

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. 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.

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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**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.

**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 CEO.

**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 judgments 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.

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**Trustees' report (continued)**  
**For the year ended 31 December 2014**

**Auditors**

The Trustee Board has agreed to reappoint Kreston Reeves 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.



**Humphrey Clarke, Chairman**  
**6 September 2015**



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

We have audited the financial statements of Martha Trust for the year ended 31 December 2014 set out on pages 15 to 29. 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 charity'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 charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

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.

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 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 charity'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 Trustees' 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 charity's affairs as at 31 December 2014 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.

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report, incorporating the Strategic 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.

*Kreston Reeves LLP*

Samantha Rouse FCCA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants  
Registered Auditors

Canterbury  
7 September 2015

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

**Statement of financial activities**  
(incorporating income and expenditure account)  
For the year ended 31 December 2014

|   | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>Incoming resources</b>                                   |      |                                    |                                  |                             |                             |
| Incoming resources from generated funds:                    |      |                                    |                                  |                             |                             |
| Voluntary income  | 2    | 151,323                            | 35,950                           | 187,273                     | 151,116                     |
| Incoming resources from charitable activities               | 3    | 4,018,749                          | -                                | 4,018,749                   | 3,601,194                   |
| Other incoming resources                                    | 4    | 21,469                             | -                                | 21,469                      | 794                         |
| <b>Total incoming resources</b>                             |      | <b>4,191,541</b>                   | <b>35,950</b>                    | <b>4,227,491</b>            | <b>3,753,104</b>            |
| <b>Resources expended</b>                                   |      |                                    |                                  |                             |                             |
| Costs of generating funds:                                  |      |                                    |                                  |                             |                             |
| Costs of generating voluntary income                        | 5    | 158,288                            | 3,559                            | 161,847                     | 136,528                     |
| Charitable activities                                       |      | 3,754,250                          | 2,016                            | 3,756,266                   | 3,640,250                   |
| Governance costs  | 6    | 9,682                              | -                                | 9,682                       | 12,250                      |
| <b>Total resources expended</b>                             | 9    | <b>3,922,220</b>                   | <b>5,575</b>                     | <b>3,927,795</b>            | <b>3,789,028</b>            |
| <b>Net incoming / (outgoing) resources before transfers</b> |      | <b>269,321</b>                     | <b>30,375</b>                    | <b>299,696</b>              | <b>(35,924)</b>             |
| Transfers between Funds                                     | 17   | 32,470                             | (32,470)                         | -                           | -                           |
| <b>Net movement in funds for the year</b>                   |      | <b>301,791</b>                     | <b>(2,095)</b>                   | <b>299,696</b>              | <b>(35,924)</b>             |
| Total funds at 1 January 2014                               |      | 3,103,572                          | 757,513                          | 3,861,085                   | 3,897,009                   |
| <b>Total funds at 31 December 2014</b>                      |      | <b>3,405,363</b>                   | <b>755,418</b>                   | <b>4,160,781</b>            | <b>3,861,085</b>            |

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 29 form part of these financial statements.

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

**Balance sheet**  
**As at 31 December 2014**

|  | Note | £              | 2014<br>£               | £              | 2013<br>£               |
|--|------|----------------|-------------------------|----------------|-------------------------|
| <b>Fixed assets</b>  |      |                |                         |                |                         |
| Tangible assets  | 13   |                | 5,410,647               |                | 5,482,390               |
| <b>Current assets</b>  |      |                |                         |                |                         |
| Debtors  | 14   | 325,909        |                         | 273,690        |                         |
| Cash at bank   |      | 377,620        |                         | 143,718        |                         |
|  |      | <u>703,529</u> |                         | <u>417,408</u> |                         |
| <b>Creditors:</b> amounts falling due within one year          | 15   | (275,688)      |                         | (298,684)      |                         |
| <b>Net current assets</b>                                      |      |                | <u>427,841</u>          |                | <u>118,724</u>          |
| <b>Total assets less current liabilities</b>                   |      |                | <u>5,838,488</u>        |                | <u>5,601,114</u>        |
| <b>Creditors:</b> amounts falling due after more than one year | 16   |                | (1,677,707)             |                | (1,740,029)             |
| <b>Net assets</b>  |      |                | <u><u>4,160,781</u></u> |                | <u><u>3,861,085</u></u> |
| <b>Charity funds</b>   |      |                |                         |                |                         |
| Restricted funds   | 17   |                | 755,418                 |                | 757,513                 |
| Unrestricted funds:  |      |                |                         |                |                         |
| Unrestricted income funds                                      | 17   | 3,201,228      |                         | 2,899,437      |                         |
| Revaluation reserve  |      | <u>204,135</u> |                         | <u>204,135</u> |                         |
| Total unrestricted funds                                       |      |                | <u>3,405,363</u>        |                | <u>3,103,572</u>        |
| <b>Total funds</b>   |      |                | <u><u>4,160,781</u></u> |                | <u><u>3,861,085</u></u> |

The financial statements were approved by the Trustees on 6 September 2015 and signed on their behalf, by:



**Humphrey Clarke, Chairman**

The notes on pages 18 to 29 form part of these financial statements.



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

**Cash flow statement**  
**For the year ended 31 December 2014**

|   | <b>Note</b> | <b>2014<br/>£</b> | <b>2013<br/>£</b> |
|---|-------------|-------------------|-------------------|
| Net cash flow from operating activities         | 19          | <b>551,994</b>    | 266,488           |
| Returns on investments and servicing of finance | 20          | <b>(107,324)</b>  | (111,878)         |
| Capital expenditure and financial investment    | 20          | <b>(120,174)</b>  | (43,614)          |
| <b>Cash inflow before financing</b>             |             | <b>324,496</b>    | 110,996           |
| Financing                                       | 20          | <b>(90,594)</b>   | (87,631)          |
| <b>Increase in cash in the year</b>             |             | <b>233,902</b>    | 23,365            |

**Reconciliation of net cash flow to movement in net debt**  
**For the year ended 31 December 2014**

|  | <b>2014<br/>£</b>  | <b>2013<br/>£</b> |
|--|--------------------|-------------------|
| Increase in cash in the year                           | <b>233,902</b>     | 23,365            |
| Cash outflow from decrease in debt and lease financing | <b>90,594</b>      | 87,631            |
| <b>Movement in net debt in the year</b>                | <b>324,496</b>     | 110,996           |
| Net debt at 1 January 2014                             | <b>(1,700,714)</b> | (1,811,710)       |
| <b>Net debt at 31 December 2014</b>                    | <b>(1,376,218)</b> | (1,700,714)       |

The notes on pages 18 to 29 form part of these financial statements.

**Statement of changes in resources applied for fixed assets for charity use**  
**For the year ended 31 December 2014**

|  | <b>Unrestricted<br/>funds<br/>2014<br/>£</b> | <b>Restricted<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2013<br/>£</b> |
|--|--|--|---------------------------------------|---------------------------------------|
| Net movement in funds for the year                           | <b>301,791</b>                               | <b>(2,095)</b>                             | <b>299,696</b>                        | (35,924)                              |
| Resources used for net acquisitions of tangible fixed assets | <b>(101,025)</b>                             | <b>(32,649)</b>                            | <b>(133,674)</b>                      | (43,614)                              |
| <b>Net movement in funds available for future activities</b> | <b>200,766</b>                               | <b>(34,744)</b>                            | <b>166,022</b>                        | (79,538)                              |

The notes on pages 18 to 29 form part of these financial statements.



**Notes to the financial statements**  
**For the year ended 31 December 2014**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

**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.

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.

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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 2014**

**1. Accounting policies (continued)**

**1.5 Resources expended**

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

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.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets and depreciation**

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

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those 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         |

**1.7 Revaluation of tangible fixed assets**

As permitted by the transitional provisions of FRS 15, the charity has elected not to adopt a policy of revaluation of tangible fixed assets. The charity will retain the book value of land and buildings, previously revalued at 1998 and will not update that valuation.

**1.8 Operating leases**

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

**1.9 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. Voluntary income**

|           | <b>Unrestricted<br/>funds<br/>2014<br/>£</b> | <b>Restricted<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2013<br/>£</b> |
|-----------|--|--|---------------------------------------|---------------------------------------|
| Donations | <b>151,323</b>                               | <b>35,950</b>                              | <b>187,273</b>                        | 151,116                               |

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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**3. Incoming resources from charitable activities**

|                               | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Residential and day care fees | <u>4,018,749</u>                   | <u>-</u>                         | <u>4,018,749</u>            | <u>3,601,194</u>            |

**4. Other incoming resources**

|       | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|-------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Other | <u>21,469</u>                      | <u>-</u>                         | <u>21,469</u>               | <u>794</u>                  |

**5. Costs of generating voluntary income**

|  | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Events and publicity costs             | 27,466                             | -                                | 27,466                      | 22,884                      |
| Maintenance/Utilities/Sundry           | -                                  | -                                | -                           | 726                         |
| General office costs                   | -                                  | -                                | -                           | 2,751                       |
| Legal and professional fees            | -                                  | -                                | -                           | 1,265                       |
| Salaries to generate restricted income | 39,901                             | 3,559                            | 43,460                      | 34,969                      |
| Salaries to generate general income    | 90,921                             | -                                | 90,921                      | 73,933                      |
|  | <u>158,288</u>                     | <u>3,559</u>                     | <u>161,847</u>              | <u>136,528</u>              |

**6. Governance costs**

|                                       | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Audit and accountancy fees            | 8,100                              | -                                | 8,100                       | 10,300                      |
| Trustee meeting expenses and training | 1,582                              | -                                | 1,582                       | 1,950                       |
|                                       | <u>9,682</u>                       | <u>-</u>                         | <u>9,682</u>                | <u>12,250</u>               |

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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**7. Direct costs**

|                     | <b>Residential<br/>and day<br/>care costs<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|---------------------|---|-----------------------------|-----------------------------|
| Establishment costs | 891,284   | 891,284                     | 877,555                     |
| Wages and salaries  | 2,125,992   | 2,125,992                   | 2,082,534                   |
| National insurance  | 187,517   | 187,517                     | 182,370                     |
| Pension cost        | 29,518  | 29,518                      | 15,196                      |
| Depreciation        | 178,167   | 178,167                     | 186,223                     |
|                     | <b>3,412,478</b>                                    | <b>3,412,478</b>            | <b>3,343,878</b>            |

**8. Support costs**

|                                       | <b>Residential<br/>and day<br/>care costs<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|---------------------------------------|---|-----------------------------|-----------------------------|
| Establishment costs                   | 931   | 931                         | 254                         |
| Travel and subsistence                | 8,087   | 8,087                       | 2,141                       |
| Insurance                             | 1,482   | 1,482                       | 770                         |
| Maintenance, cleaning and repairs     | 14,355  | 14,355                      | 9,937                       |
| Print, post and stationery            | 3,642   | 3,642                       | 3,730                       |
| Telephone and fax                     | 2,973   | 2,973                       | 3,971                       |
| Operating lease rentals and equipment | 14,683  | 14,683                      | 15,361                      |
| Staff training                        | 3,800   | 3,800                       | 4,064                       |
| General expenses                      | 865   | 865                         | 392                         |
| Bank charges and interest             | 2,443   | 2,443                       | 3,128                       |
| IT costs                              | 4,544   | 4,544                       | 2,666                       |
| Legal and professional fees           | 47,635  | 47,635                      | 22,349                      |
| Wages and salaries                    | 225,866   | 225,866                     | 214,196                     |
| Depreciation                          | 12,482  | 12,482                      | 13,413                      |
|                                       | <b>343,788</b>                                      | <b>343,788</b>              | <b>296,372</b>              |



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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**9. Analysis of resources expended by expenditure type**

|                                      | Staff costs<br>2014<br>£ | Depreciation<br>2014<br>£ | Other costs<br>2014<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|--------------------------------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Costs of generating voluntary income | 134,381                  | -                         | 27,466                   | 161,847            | 136,528            |
| <b>Costs of generating funds</b>     | <b>134,381</b>           | <b>-</b>                  | <b>27,466</b>            | <b>161,847</b>     | <b>136,528</b>     |
| Residential and day care costs       | 2,568,893                | 190,649                   | 996,724                  | 3,756,266          | 3,640,250          |
| Governance                           | -                        | -                         | 9,682                    | 9,682              | 12,250             |
|                                      | <b>2,703,274</b>         | <b>190,649</b>            | <b>1,033,872</b>         | <b>3,927,795</b>   | <b>3,789,028</b>   |

**10. Analysis of resources expended by activities**

|                                | Activities<br>undertaken<br>directly<br>2014<br>£ | Support<br>costs<br>2014<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|--------------------------------|---|-------------------------------|--------------------|--------------------|
| Residential and day care costs | 3,412,478   | 343,788                       | 3,756,266          | 3,640,250          |

Residential and day care costs include bank loan interest of £108,144 (2013: £112,284) arising on the Loans in note 16 which were arranged to fund building and improving care homes.

**11. Net incoming / (outgoing) resources**

This is stated after charging:

|  | 2014<br>£ | 2013<br>£ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: |           |           |
| - owned by the charity                 | 190,650   | 199,636   |
| Auditors' remuneration                 | 8,100     | 10,300    |

During the year, no Trustees received any remuneration (2013 - £NIL).

During the year, no Trustees received any benefits in kind (2013 - £NIL).

7 Trustees received reimbursement of expenses amounting to £583 in the current year, (2013 - 7 Trustees - £786).



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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**12. Staff costs**

Staff costs were as follows:

|                       | 2014<br>£        | 2013<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,486,239        | 2,405,632        |
| Social security costs | 187,517          | 182,370          |
| Other pension costs   | 29,518           | 15,196           |
|                       | <u>2,703,274</u> | <u>2,603,198</u> |

The average monthly number of employees during the year was as follows:

| 2014<br>No. | 2013<br>No. |
|-------------|-------------|
| <u>152</u>  | <u>148</u>  |

The number of higher paid employees was:

|                               | 2014<br>No. | 2013<br>No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | <u>1</u>    | <u>1</u>    |

**13. Tangible fixed assets**

|                          | Freehold<br>land and<br>buildings<br>£ | Motor<br>vehicles<br>£ | Fixtures &<br>fittings<br>£ | Total<br>£       |
|--------------------------|--|------------------------|-----------------------------|------------------|
| <b>Cost or valuation</b> |  |                        |                             |                  |
| At 1 January 2014        | 6,028,453                              | 64,995                 | 1,028,910                   | 7,122,358        |
| Additions                | 11,886                                 | 54,000                 | 67,608                      | 133,494          |
| Disposals                | -                                      | (12,000)               | (56,056)                    | (68,056)         |
| At 31 December 2014      | <u>6,040,339</u>                       | <u>106,995</u>         | <u>1,040,462</u>            | <u>7,187,796</u> |
| <b>Depreciation</b>      |  |                        |                             |                  |
| At 1 January 2014        | 852,131                                | 58,169                 | 729,668                     | 1,639,968        |
| Charge for the year      | 111,605                                | 4,901                  | 74,144                      | 190,650          |
| On disposals             | -                                      | (12,000)               | (41,469)                    | (53,469)         |
| At 31 December 2014      | <u>963,736</u>                         | <u>51,070</u>          | <u>762,343</u>              | <u>1,777,149</u> |
| <b>Net book value</b>    |  |                        |                             |                  |
| At 31 December 2014      | <u>5,076,603</u>                       | <u>55,925</u>          | <u>278,119</u>              | <u>5,410,647</u> |
| At 31 December 2013      | <u>5,176,322</u>                       | <u>6,826</u>           | <u>299,242</u>              | <u>5,482,390</u> |

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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**13. Tangible fixed assets (continued)**

Included in land and buildings is freehold land at valuation of £716,575 (2013 - £716,575), which is not depreciated.

Cost or valuation at 31 December 2014 is as follows:

|                           | <b>Land and<br/>buildings<br/>£</b> |
|---------------------------|-------------------------------------|
| <b>At cost</b>            | <b>5,836,204</b>                    |
| <b>At valuation:</b>      |                                     |
| 1998 at open market value | <b>204,135</b>                      |
|                           | <b><u>6,040,339</u></b>             |

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

|                          | <b>2014<br/>£</b>       | <b>2013<br/>£</b>       |
|--------------------------|-------------------------|-------------------------|
| Cost                     | <b>5,836,204</b>        | 5,824,318               |
| Accumulated depreciation | <b>(847,988)</b>        | (744,100)               |
| Net book value           | <b><u>4,988,216</u></b> | <b><u>5,080,218</u></b> |

**14. Debtors**

|                                | <b>2014<br/>£</b>     | <b>2013<br/>£</b>     |
|--------------------------------|-----------------------|-----------------------|
| Trade debtors                  | <b>295,012</b>        | 249,402               |
| Other debtors                  | <b>4,106</b>          | 2,647                 |
| Prepayments and accrued income | <b>26,791</b>         | 21,641                |
|                                | <b><u>325,909</u></b> | <b><u>273,690</u></b> |

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

|                                    | <b>2014<br/>£</b>     | <b>2013<br/>£</b>     |
|------------------------------------|-----------------------|-----------------------|
| Bank loans and overdrafts          | <b>76,131</b>         | 104,403               |
| Trade creditors                    | <b>74,846</b>         | 97,367                |
| Other taxation and social security | <b>46,602</b>         | 47,641                |
| Other creditors                    | <b>16,895</b>         | 17,421                |
| Accruals and deferred income       | <b>61,214</b>         | 31,852                |
|                                    | <b><u>275,688</u></b> | <b><u>298,684</u></b> |

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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**15. Creditors:**  
**Amounts falling due within one year (continued)**

|                                      | £                   |
|--------------------------------------|---------------------|
| <b>Deferred income</b>               |                     |
| Deferred income at 1 January 2014    | 9,765               |
| Resources deferred during the year   | 17,427              |
| Amounts released from previous years | (9,765)             |
|                                      | <hr/>               |
| Deferred income at 31 December 2014  | <b>17,427</b> <hr/> |

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

|                     | 2014<br>£              | 2013<br>£              |
|---------------------|------------------------|------------------------|
| Barclays Mortgage   | 539,485                | 558,553                |
| Charity Bank Loan 1 | 58,151                 | 70,091                 |
| Charity Bank Loan 2 | 544,818                | 563,545                |
| Charity Bank Loan 3 | 535,253                | 547,840                |
|                     | <hr/>                  | <hr/>                  |
|                     | <b>1,677,707</b> <hr/> | <b>1,740,029</b> <hr/> |

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

|                          | 2014<br>£              | 2013<br>£              |
|--------------------------|------------------------|------------------------|
| Repayable by instalments | <b>1,269,660</b> <hr/> | <b>1,301,247</b> <hr/> |

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 £270,802 and until 2028 for the remaining £303,127. This mortgage bears interest at a rate of 4.72% reducing to a flexible rate of 1% over the Barclays Base Rate from December 2015.

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

Charity Bank loan 1 is repayable in instalments until 2020 and bears interest at a rate of 6%.

Charity Bank loan 2 is repayable in instalments until 2033 and bears interest at a rate of 6%.

Charity Bank loan 3 is repayable in instalments until 2037 and bears interest rate of 5.75% for the first 5 years, reverting back to 6% thereafter.



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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**17. Statement of funds**

|                           | Brought Forward<br>£ | Incoming resources<br>£ | Resources Expended<br>£ | Transfers in/out<br>£ | Carried Forward<br>£ |
|---------------------------|----------------------|-------------------------|-------------------------|-----------------------|----------------------|
| <b>Unrestricted funds</b> |                      |                         |                         |                       |                      |
| General Funds             | 2,899,437            | 4,191,541               | (3,922,220)             | 32,470                | 3,201,228            |
| Revaluation reserve       | 204,135              | -                       | -                       | -                     | 204,135              |
|                           | <u>3,103,572</u>     | <u>4,191,541</u>        | <u>(3,922,220)</u>      | <u>32,470</u>         | <u>3,405,363</u>     |
| <b>Restricted funds</b>   |                      |                         |                         |                       |                      |
| Frances House             | 256,231              | 14,352                  | (91)                    | (638)                 | 269,854              |
| Mary House                | 493,225              | 21,253                  | (4,760)                 | (27,236)              | 482,482              |
| Martha House              | 8,057                | 345                     | (724)                   | (4,596)               | 3,082                |
|                           | <u>757,513</u>       | <u>35,950</u>           | <u>(5,575)</u>          | <u>(32,470)</u>       | <u>755,418</u>       |
| Total of funds            | <u>3,861,085</u>     | <u>4,227,491</u>        | <u>(3,927,795)</u>      | <u>-</u>              | <u>4,160,781</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 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 to be remote.

**Mary House**

(i) 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. The restriction is secured by way of a legal charge over the property. In the opinion of the Trustees this criteria will continue to be met and the likelihood of having to repay the money is considered remote.

(ii) 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 Blatchington Court Trust. In the opinion of the Trustees this criteria will be met and the likelihood of having to repay the money is considered to be remote. These restrictions will be waived on Martha Trust meeting certain criteria.

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

**Martha House**

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

**Transfers**

The funds that are transferred from restricted funds into general funds are done so 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.

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

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**Summary of funds**

|                  | <b>Brought Forward</b><br>£ | <b>Incoming resources</b><br>£ | <b>Resources Expended</b><br>£ | <b>Transfers in/out</b><br>£ | <b>Carried Forward</b><br>£ |
|------------------|-----------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|
| General funds    | 3,103,572                   | 4,191,541                      | (3,922,220)                    | 32,470                       | 3,405,363                   |
| Restricted funds | 757,513                     | 35,950                         | (5,575)                        | (32,470)                     | 755,418                     |
|                  | <u>3,861,085</u>            | <u>4,227,491</u>               | <u>(3,927,795)</u>             | <u>-</u>                     | <u>4,160,781</u>            |

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

|                                     | <b>Unrestricted funds</b><br>2014<br>£ | <b>Restricted funds</b><br>2014<br>£ | <b>Total funds</b><br>2014<br>£ | <b>Total funds</b><br>2013<br>£ |
|-------------------------------------|--|--------------------------------------|---------------------------------|---------------------------------|
| Tangible fixed assets               | 4,655,229                              | 755,418                              | 5,410,647                       | 5,482,390                       |
| Current assets                      | 703,529                                | -                                    | 703,529                         | 417,408                         |
| Creditors due within one year       | (275,688)                              | -                                    | (275,688)                       | (298,684)                       |
| Creditors due in more than one year | (1,677,707)                            | -                                    | (1,677,707)                     | (1,740,029)                     |
|                                     | <u>3,405,363</u>                       | <u>755,418</u>                       | <u>4,160,781</u>                | <u>3,861,085</u>                |

**19. Net cash flow from operations**

|   | <b>2014</b><br>£ | <b>2013</b><br>£ |
|---|------------------|------------------|
| Net incoming resources before revaluations      | 299,696          | (35,924)         |
| Returns on investments and servicing of finance | 107,324          | 111,878          |
| Depreciation of tangible fixed assets           | 190,650          | 199,636          |
| Deficit on disposal of tangible fixed assets    | 1,268            | 17,040           |
| Increase in debtors                             | (52,220)         | (60,304)         |
| Increase in creditors                           | 5,276            | 34,162           |
| <b>Net cash inflow from operations</b>          | <u>551,994</u>   | <u>266,488</u>   |

**20. Analysis of cash flows for headings netted in cash flow statement**

|  | <b>2014</b><br>£ | <b>2013</b><br>£ |
|--|------------------|------------------|
| <b>Returns on investments and servicing of finance</b>                       |                  |                  |
| Interest received  | 820              | 406              |
| Finance costs  | (108,144)        | (112,284)        |
| <b>Net cash outflow from returns on investments and servicing of finance</b> | <u>(107,324)</u> | <u>(111,878)</u> |

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**20. Analysis of cash flows for headings netted in cash flow statement (continued)**

|   | 2014<br>£        | 2013<br>£       |
|---|------------------|-----------------|
| <b>Capital expenditure and financial investment</b> |                  |                 |
| Purchase of tangible fixed assets                   | (133,494)        | (43,614)        |
| Sale of tangible fixed assets                       | 13,320           | -               |
|   | <u>(120,174)</u> | <u>(43,614)</u> |
| <b>Net cash outflow capital expenditure</b>         |                  |                 |
|   | <u>(120,174)</u> | <u>(43,614)</u> |
|   | 2014<br>£        | 2013<br>£       |
| <b>Financing</b>                                    |                  |                 |
| Repayment of loans                                  | (90,594)         | (87,631)        |
|   | <u>(90,594)</u>  | <u>(87,631)</u> |

**21. Analysis of changes in net debt**

|  | 1 January<br>2014<br>£ | Cash flow<br>£ | 31<br>December<br>2014<br>£ |
|--|------------------------|----------------|-----------------------------|
| Cash at bank and in hand:                  | 143,718                | 233,902        | 377,620                     |
| <b>Debt:</b>                               |                        |                |                             |
| Debts due within one year                  | (104,403)              | 28,272         | (76,131)                    |
| Debts falling due after more than one year | (1,740,029)            | 62,322         | (1,677,707)                 |
|  | <u>(1,700,714)</u>     | <u>324,496</u> | <u>(1,376,218)</u>          |
| <b>Net debt</b>                            |                        |                |                             |
|  | <u>(1,700,714)</u>     | <u>324,496</u> | <u>(1,376,218)</u>          |

**22. Capital commitments**

At 31 December 2014 the charity had capital commitments as follows:

|   | 2014<br>£     | 2013<br>£ |
|---|---------------|-----------|
| Contracted for but not provided in these financial statements | 14,130        | -         |
|   | <u>14,130</u> | <u>-</u>  |

**23. 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 £29,518 (2013 - £15,196). Contributions totaling £5,404 (2013: £2,509) were payable to the fund at the balance sheet date and are included in creditors.



**Notes to the financial statements**  
**For the year ended 31 December 2014**

**24. Operating lease commitments**

At 31 December 2014 the charity had annual commitments under non-cancellable operating leases as follows:

|                       | <b>2014</b>  | 2013  |
|-----------------------|--------------|-------|
|                       | <b>£</b>     | £     |
| <b>Expiry date:</b>   |              |       |
| Between 2 and 5 years | <b>5,760</b> | 5,760 |

**25. Related party transactions**

Richard Pitt, a Trustee of the charity, is a partner in Beadle, Pitt & Gottschalk. During the year the charity received pro bono legal advice from Beadle, Pitt & Gottschalk amounting to £8,400 which has been recognised as a gift in kind in the Statement of Financial Activities. In addition, legal services of £1,460 have been invoiced to the charity by Beadle, Pitt & Gottschalk. At the year end there was no outstanding balance with Beadle, Pitt & Gottschalk.

**26. Controlling party**

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