

Registered number: 03467406
Charity number: 1067885



Martha Trust

(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 December 2016

Martha Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Chairman's statement	2
Trustees' report	3 - 11
Trustees' responsibilities statement	12
Independent auditors' report	13 - 14
Statement of financial activities	15
Balance sheet	16
Cash flow statement	17
Notes to the financial statements	18 - 32

Martha Trust
(A company limited by guarantee)

Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2016

Trustees

Humphrey Clarke, Chairman
John Quin
Elizabeth Acarnley
Amy Chapman
Richard Pitt
Andrew Giles (resigned 3 March 2016)
Robert Sparkes
Roger Walton (appointed 19 November 2015)
Lesley Kippax (appointed 21 April 2016)

Company registered number

03467406

Charity registered number

1067885

Registered office

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

Chief executive officer

George White

Senior management team

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

Independent auditors

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

Bankers

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

Solicitors

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 2016

The chairman presents his statement for the period.

The year 2016 was an extremely positive one for Martha Trust despite operating in one of the UK's most challenging and heavily regulated sectors. During the year all our homes were inspected by the Care Quality Commission and all received a rating of good in the five areas inspected. We had a high occupancy rate which enabled us to complete the year with a small surplus; not an easy achievement in these times of continued challenges with few fee increases but increased inflationary pressures. Social Care seems to be mentioned daily in the media at this time and the lack of funding remains a real challenge for charities like Martha, and indeed government in general. We recognise that one can never stand still in this financial environment and at the end of the year we approved a plan to start fundraising to extend the number of rooms in our Hastings home, Mary House. This will enable us to help more families and improve the space utilisation and profitability of the home without creating overcrowding or an "institutional" feel. We plan to commence this project in 2018.

There was much to celebrate throughout the year and our Sandwich prom was one of the highlights; tickets sold out weeks in advance and we were blessed with a lovely sunny day. The setting in the beautiful Salutation Gardens is perfect and I am extremely grateful for the continued support of Steph and Dominic Parker in not only allowing us to use their home, but also for the help they give us in presenting the event. In September we completed our annual car challenge from Deal to Rome which has become an extremely popular event, and always proves to be successful. The money raised from such events helps us to add hugely to the lives of our residents. For example, the technology we have been able to invest in for all of our homes has, in my opinion, been life changing for some of our residents. It is investments like this which I believe help us to achieve our goal of seeing our residents reach their full potential.

Martha Trust has always been considered a family and we have always welcomed families of residents to be fully involved in all we do. We developed this further in 2016 by formalising our Parents Representative Groups in both Deal and Hastings. I am grateful to all who have been involved but wanted to single out two individuals in particular; Brett Martin for his support in chairing the Deal Committee and Dave Poke for chairing the Hastings Committee. Dave also found time away from his busy work life to draft a guide to Martha for new and prospective parents which will be completed in early 2017. We also had great support throughout the year from our volunteers and I wanted to mention two groups from St. George's Church in Deal, 'No Limits' and 'Freeway' who provided help at our major events and also led services in the homes.

2016 saw my involvement in Martha extend to two decades. The last one of which has seen us prosper and develop in the most financially austere time in my lifetime. My circumstances changed considerably in the year, moving from the South of England to the Highlands of Scotland. Passion for Martha isn't lost by moving from one country to another though and with a little flight juggling I have managed to continue to serve as Martha's Chair. This has been made much easier though by having both a strong and skilled board of trustees, working together with a stable and incredibly passionate senior management team led by Chief Executive George White. Between them the SMT have over 30 years dedicated service to Martha Trust.

Martha Trust is full of passionate and committed individuals, families, staff and volunteers but those who work 24/7, 365 days per year are the nurses and support workers. Without their sheer dedication to the residents we could not operate. I cannot thank them enough for what these wonderful people do for Martha and as we look forward to 2017, remember all that they have done in this past year.

May God bless you



Name **Humphrey Clarke**
Chairman

Date 27 July 2017

Martha Trust
(A company limited by guarantee)

Trustees' report
For the year ended 31 December 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Martha Trust (the charity) for the year ended 31 December 2016. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Purpose and Aims

a. Purpose

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

We believe passionately that people with PMLD have the right to make choices about their lives as well as the absolute right to privacy, dignity and respect. They are encouraged and assisted to engage where possible in activities within their local community. Our residential services are supported by a team of in-house care professionals as well as external specialists in health, person-centred planning, communication and physiotherapy.

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

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

While Martha Trust is driven by Christian values, we offer care and support to people from all faiths and backgrounds. We employ staff on the basis of their skills and experience and do not discriminate on grounds of faith, gender, age, ethnic origin, disability, marital status, race, nationality or sexual orientation.

b. Our organisational aims

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

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

c. Our objectives for 2017

- Produce a new 3 Year Strategy focused on taking our organisation from a Good CQC rating to Outstanding
- Explore opportunities to increase service provision within existing locations
- Build a supportive and inclusive relationship with families
- Continue to develop our training programme to upskill staff, including specialist training for nurses relevant to the complex needs of people with PMLD.
- Complete the review and upgrading of our quality assurance framework, including all key policies, care and reporting documentation and audit processes
- Introduce a more effective shift planning process to meet service users' needs
- Continue to build stronger, collaborative working relationships with local authority multi-disciplinary teams
- Develop role of activity centre to deliver individualised daily activity plans
- Build on existing fundraising foundations to raise awareness and continue to increase voluntary income against budget.

d. Activities for achieving objectives

At Martha Trust we are constantly striving to create a specialist PMLD service which provides the very best person-centred care for those who need it. We value an ability to support families and carers in an inclusive way through understanding their loved ones' needs, despite the complexity of combinations of medical, physical and learning disabilities.

In order to achieve this we recognise the need to develop and motivate our management teams. The Registered Home Managers of both homes are working closer with the Senior Management Team, attending meetings on a regular basis and forming strong working relationships. The Care Management teams and departmental managers have begun to work closely with George White, CEO in the development of a robust strategy to ensure the future of Martha Trust for many years to come. This work will continue in more depth through 2017. We continue to encourage our Managers to network and have seen regular attendance at the West Kent Regional Managers Association, with George White taking up post of Chair. This, along with our continued membership of the Association of Real Change and newer involvement in the Skills for Care network ensures our managers have the opportunity to grow and learn from others as well as increasing our visibility externally.

We introduced the new role of Executive Officer. This role provides further support to both the SMT and Care management teams and will ensure the HR, Recruitment and Training functions continue to develop and add value to the organisation and our residents.

Looking ahead as to how we can increase service provision, the decision was made to make better use of the under-used lounge and courtyard in Mary House. These areas will be converted to provide two additional residential rooms as well as a new sensory room to benefit all the individuals based in Mary House, whether residential or respite.

All the families we work with are important to us at Martha, and in 2016 we listened to feedback from family forums and made changes accordingly. We recognise that having a loved one move to one of our homes will have an emotional impact and how vital it is to ensure a smooth transition with support to all those involved. With this in mind we have been working on a family handbook that helps establish the essential relationship between us and our families. This will be finalised and introduced in early 2017. We also included family representatives in the recruitment process for senior management positions and invited others to represent us at Fundraising events. By strengthening the partnerships we have with families we can all work together in the best interests of our residents.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

We have continued to build on the investments made in training in 2015, encouraging our Nurses to pursue PMLD related specialisms such as epilepsy, Retts and gastronomies. The Care Certificate and QCF qualifications levels 2 and 3 all continue to be rolled out to both new and existing Support Workers, developing their skills and benefiting their development and the care of our clients. Support Workers have also received medication training, enabling them to support our Nursing teams.

A fixed term contract was put in place with a Physiotherapist based in Mary House to help us develop programmes for individual residents and put the training in place for our staff to be able to deliver these programmes confidently and efficiently. This has seen a real benefit to the residents of Mary House and also enabled our Support Workers to develop their own skills.

2016 also saw us look at ways of rewarding Support Workers further for areas in which they exceed the normal roles. Driving incentives were introduced to pay an additional sum of money to those who take on the responsibility of driving our mini-buses and ensuring residents are able to safely enrich their lives through trips and engagement in the local community. Further to this, a plan is in place to reward staff who act as a buddy to new starters; ensuring they receive a quality induction to working at Martha and introduction to all our individual residents and their preferences. This is a role with great responsibility and we hope to introduce a proper buddy system with appropriate monetary incentive in 2017.

Building on the Quality Assurance Framework introduced in 2015 we reviewed the format of the Care Plans in place to identify how these could work better to evidence the way in which individuals are supported to live their lives as fulfilled as possible. Staff allocation paperwork was also reviewed and a post of Quality Assurance Administrator will be introduced on a fixed term contract in early 2017 to move this forward further. This will include training Support Workers on what is expected and what needs to be recorded and evidenced. This will enable managers, families and external agencies to review the care provided. This will also work towards improving Care Review meetings and building better relationships with all stakeholders.

Audits were also reviewed more closely and changes made to make the paperwork more user friendly for managers. Audit and SMT walk about outcomes are discussed at Clinical Governance Meetings with a view to ensuring we can learn and improve at every opportunity. Audits are discussed at each Clinical Governance Meeting, which is used as a platform for the whole management team to work together to review and discuss all areas of Martha Trust and work together to improve all areas of the organisation.

Ensuring the rota system works for both the service users and our employees is imperative to the smooth running of the homes. With the introduction of Flexible Working Agreements we plan to simplify the way in which the rota is managed, while also ensuring the needs of our residents is the priority; numbers of staff across the floor will be maintained, while a good skill mix of workers will maintain the high level of care expected from Martha Trust. More experienced staff will be able to support newer employees, and drivers will be available on each shift to ensure appointments are attended and trips can take place. Through this period of change the Senior Management Team will continue to be a visual support to all staff, at all levels.

We have continued to work in a more collaborative and open way with external stakeholders, meeting face to face whenever possible, and sharing feedback to enable us to take on board both negative and positive comments. This way of working has now extended from Safeguarding, Community Nursing and specialist Therapists to now include specific client care reviews and paperwork which will in time benefit our residents. Monthly information is provided to the Kent CCG Commissioning Support Unit on set Key Performance Indicators demonstrating our transparency and desire to assist external agencies wherever possible. We will continue to embrace this way of working and look forward to further strengthening these working relationships.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

Following a review of the activity centre in Deal, we will be working to develop this to ensure a more individualised approach for each client. The multi-functional approach will incorporate the Therapy Suite, Day Centre, Hydrotherapy pool and sensory room ensuring all are utilised as much as possible for the benefit of our residents. 2016 saw the start of individualised activity planners linked to individual needs assessments and funding. This will be developed further with a more detailed approach to recording and a real emphasis on ensuring engagement, stimulation and fun to improve general wellbeing. The introduction of new sensory technology in the form of our Magic Carpet and Eye Gaze equipment opens a whole new area of possibilities for our service users and we look forward to seeing how these changes benefit them all in 2017. 2016 was another strong year in terms of fundraising.

Fundraising performed strongly this year, with community engagement through campaigns such as Music4Martha and WearBlue4Martha contributing well to general donations. Unrestricted income from Trusts was up significantly compared to 2015, mainly due to a large donation of £36,738 as part of the closure of long term supporter.

We have put additional resource into digital fundraising this year and have seen significant uplift in this area, with average monthly web visits up 40%, Facebook followers up 94% and online donations up 48%.

The restructure of the Fundraising team has seen a positive change to the way in which Hastings has become more involved in the local community and also with the Deal site. Residents from all homes attended fundraising events and were able to enjoy the community spirit of 'Music for Martha' and the successful summer prom. The capital appeal to raise funds for the Mary House conversion began and this will continue through 2017. Plans were also made to maximise the Martha 30th anniversary and generate engagement and financial support through 2017. With a dedicated and inspired Fundraising team and more events than ever planned to take place the future is looking very positive.

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

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

- 33 residential places for adults from the age of 18.
- Two dedicated respite placements at Martha House, Deal helping around 12 families each year.
- Two day care places on the Deal site for people who have recently left full-time education.
- A hydrotherapy pool at both sites.

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

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.

Achievements and performance

a. Key financial performance indicators

Martha Trust again achieved a strong financial performance in 2016. Total income was £4.54 million (2015: £4.37 million) and the surplus was £65,419 (2015: £105,872). Room occupancy was 94.1% compared to 96.6% in 2015 and 101.4% in 2014. The 2014 occupancy rate was exceptionally high due to an additional temporary bedroom that has since been returned to its former use as a sensory room. There was one vacant residential room at the end of 2016 although that room was in use for ad hoc respite care.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

Martha Trust continues to experience the erosion of real terms fee values with no significant inflationary increases for the seventh consecutive year. We anticipate that this will continue for the foreseeable future. Despite some Local Authorities applying the Social Care Precept of 2% on Council Tax bills, Martha Trust is yet to feel a tangible benefit. Local Authorities are not providing adequate funding to compensate for increases in the costs of care. In particular, there has been no indication from any funding authority of how they propose to fund increases in the National Living Wage. We have however achieved some notable fee increases following further review of our costs by some Clinical Commissioning Groups as well as increases where individual residents' support needs have changed. The lack of inflationary increases from Social Services funding authorities on the other hand means that many of our longer term residents' fees are worth less than three quarters of their previous value from less than a decade ago. Continuing the trend we highlighted last year, new care enquiries are tending to be for more and more complex needs. It remains a challenge to ensure that staffing of additional support in excess of the basic package is adequately funded, especially in view of the effect that the National Living Wage is having, and will increasingly have, on our staffing costs.

The ongoing marketing of care services is keeping new care enquiries as high as possible. We have built relationships with new stakeholder authorities to mitigate the effect of a noticeable slowdown in commissioning by some local funding authorities although we are engaging with the local funding authorities in order to enhance relationships with them where possible. We now have a closer working relationship with authorities in East Sussex and we aim to work with them to a greater extent than has been the case in prior years in respect of Mary House, Hastings.

Unrestricted fundraising income was £231,320 (2015: £369,271). The 2015 amount included an exceptionally large legacy of £110,382 whereas no legacies were received in 2016.

We have a continuing system of expenditure monitoring and control and a rigorous budgeting process. We negotiate with existing suppliers as well as potential new suppliers in order to source goods and services at the best possible price. Costs (excluding Governance Costs) were £202,251 higher than in 2015. Staff costs were £127,314 higher and most of the remainder of the increase in costs was due to operational needs related to compliance with legislation and good practice.

The year ended with the following results:

- Total income £4.54m (2015: £4.37m)
- Expenditure £4.47m (2015: £4.27m)
- Surplus £0.1m (2015: £0.1m)
- Percentage costs of management and administration 6.73% (2015: 8.12%)
- Occupancy 94.1% (2015: 96.6%)
- Balance Sheet total funds £4.3m (2015: £4.3m)

b. Review of activities

There were three new residential placements and five new respite placements during the year.

The occupancy rate of 94.1% was lower than had been hoped and was not as high as in 2015. The impact of occupancy rate on the surplus is fundamental. We work to keep occupancy as high as possible and this has become even more important in view of there having been few inflationary increases for several years. The occupancy rate after the Balance Sheet date has improved and stands at 97.7% at the end of April 2017.

c. Investment policy and performance

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

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

d. Factors relevant to achieve objectives

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

Financial review

a. Going concern

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

b. Financial risk management objectives and policies

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

c. Principal risks and uncertainties

The charity is reliant on a number of factors, in particular support from public funding bodies, having sufficient staff of a high quality, the continued support of loan finance providers, compliance with legislation, the goodwill of funders and relatives and maintaining an occupancy rate high enough to remain viable and cover costs. The Social Care sector remains challenging and with Brexit and other issues taking priority for the government it is difficult to know how the sector will unfold in the next few years. The charity does however, maintain a comprehensive risk register and from this has identified the greatest threats to its wellbeing.

In 2020 the minimum wage will rise to a minimum of £9 per hour and dependent on the government of the day might be more. The care sector is deeply concerned how they can make this affordable without large fee increases. In 2017 Martha Trust trustees and senior management will commence work on a comprehensive financial plan to ensure the organisation can survive in the toughest of financial climates. The plan will encompass the years 2018-20.

The trust have been extremely successful in negotiating fee increases based on increased needs of their residents but are suffering from few real term increases. By the careful financial management and control of spending to offset the continued erosion in the value of placement fees, nearly all of which are publicly funded. This will also form a major part of the financial plan that will be produced in 2017.

A number of organisations have suffered from Data Protection breaches in respect of written records leading to legal action and a loss of public and funder confidence. Martha Trust is developing systems to ensure the safety and confidentiality of care records.

Throughout the year the organisation has operated on a 96.7% occupancy rate which remains extremely high for the sector. The introduction of a marketing team and contracts manager in recent years has kept the charity ahead of rivals in recruiting new residents supported by an excellent reputation.

A difficult area and becoming increasingly challenging is a national shortage of qualified nurses which is a sector risk. Martha has reviewed and increased nursing salaries in the last year and works hard to become an employer of choice with a reputation for caring for staff.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

There are a number of other risks in the risk register but the above pose the most serious threats. Notably the source of these greatest threats is mostly external. The risk register is reviewed on a monthly basis by the senior management and the higher (red risks) are regularly discussed at board level.

d. Principal funding

The main source of income for Martha Trust is local authority contracts. Fundraising income provides for all our capital expenditure including new homes and specialist equipment, as well as providing some unrestricted funding. Other than fees for services, no income is received from any statutory sources.

e. Material investments policy

We do not participate in material investments.

Structure, governance and management

a. Constitution

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

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

b. Method of appointment or election of Trustees

The management of the charity is the responsibility of the Trustees who are elected on the basis of skills and experience.

c. Policies adopted for the induction and training of Trustees

For all new trustees we undertake a programme using the guidance from the Charity Commission under the heading of good governance. To ensure both new and experienced trustees have a full understanding of their responsibilities we introduced in April 2016 a standing agenda item on each board meeting to look at the six key elements of charity governance. This will continue through 2017 into 2018 in order to remind trustees of their need to keep updated and to know the questions they should be asking of the executive team. New trustees recruited in 2016 and 2017 will attend a seminar by a specialist charity firm outlining their responsibilities as part of their trusteeship at Martha.

d. Pay policy for senior staff

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

All salaried roles at Martha, including those of the Directors and Chief Executive Officer, have been evaluated based on comparator market data.

e. Organisational structure and decision making

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

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

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

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

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

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

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

f. Risk management

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

Plans for future periods

a. Future developments

- We will explore opportunities to help more individuals with PMLD, through increased residential, respite or day care provision.
- We will ensure financial sustainability for the future through:
 - Exploration of redevelopment of under-utilised space to increase provision and help more individuals and their families.
 - Robust individual needs assessments and fee negotiations.
 - Evolving our marketing strategy to raise awareness of our services to the widest possible audience and communicate the effectiveness of what we do.
 - Continuing to grow our fundraising income.
 - Careful control of costs
- We will consolidate the day care, hydrotherapy pool and therapy suite functions on our Deal site to provide a multi-functional activities centre with personalised activity plans for all residents.
- We will continue to develop the skills of our teams through investment in their mandatory and PMLD specific training.

Risk Policy

The charity maintains a risk register which firstly identifies all risks and then has a scoring system to further identify major risks. The CEO is responsible for maintaining the register and it is a standing agenda item on the SMT agenda two weeks prior to each trustee board meeting and then the latest version is sent to trustees for comment and discussion at that board meeting with a formula enabling trustees to easily identify major risks. The auditors review the risk register annually as part of the yearly financial audit and through 2017 fixed dates will be set to ensure this is sent to the auditors on a bi-annual basis.

Martha Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 December 2016

Reserves Policy

In accordance with the Charity Commission guidance, the Trustees review on a regular basis the level of income reserves that it considers appropriate. At 31 December 2016, the Trustees consider it appropriate to hold free reserves equivalent to at least three month's expected general expenditure for one home which is in the region of £350,000. The free reserves at 31 December 2016 amounted to £594,296.

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

Remuneration and social investment policy

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

Staff should be rewarded in relation to:

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

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

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

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

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

This report was approved by the Trustees on: 27 July 2017

and signed on their behalf by:



Humphrey Clarke, Chairman

Martha Trust
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 December 2016

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Martha Trust
(A company limited by guarantee)

Independent auditors' report to the members of Martha Trust

We have audited the financial statements of Martha Trust for the year ended 31 December 2016 set out on pages 15 to 32. 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the 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 charitable company's affairs as at 31 December 2016 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.

Martha Trust
(A company limited by guarantee)

Independent auditors' report to the members of Martha Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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 DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury

Date: *28 July 2017*

Martha Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 December 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:					
Donations and legacies	2	231,320	22,850	254,170	377,870
Charitable activities	3	4,279,405	-	4,279,405	3,981,208
Other income	4	2,163	-	2,163	14,997
Total income		4,512,888	22,850	4,535,738	4,374,075
Expenditure on:					
Raising funds	5	172,771	-	172,771	162,016
Charitable activities		4,289,245	8,303	4,297,548	4,106,187
Total expenditure	9	4,462,016	8,303	4,470,319	4,268,203
Net income before transfers		50,872	14,547	65,419	105,872
Transfers between Funds	18	11,319	(11,319)	-	-
Net income before other recognised gains and losses		62,191	3,228	65,419	105,872
Net movement in funds		62,191	3,228	65,419	105,872
Reconciliation of funds:					
Total funds brought forward		3,555,493	711,160	4,266,653	4,160,781
Total funds carried forward		3,617,684	714,388	4,332,072	4,266,653

All activities relate to continuing operations.

The notes on pages 18 to 32 form part of these financial statements.

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

Balance sheet
As at 31 December 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		5,291,133		5,393,386
Current assets					
Debtors	14	433,356		468,646	
Cash at bank and in hand		471,279		324,906	
		904,635		793,552	
Creditors: amounts falling due within one year	15	(386,910)		(341,056)	
Net current assets			517,725		452,496
Total assets less current liabilities			5,808,858		5,845,882
Creditors: amounts falling due after more than one year	16		(1,476,786)		(1,579,229)
Net assets			4,332,072		4,266,653
Charity Funds					
Restricted funds	18		714,388		711,160
Unrestricted funds:					
Unrestricted funds	18	3,413,549		3,351,358	
Revaluation reserve		204,135		204,135	
Total unrestricted funds			3,617,684		3,555,493
Total funds			4,332,072		4,266,653

The financial statements were approved by the Trustees on 27 July 2017 and signed on their behalf, by:



Humphrey Clarke, Chairman

The notes on pages 18 to 32 form part of these financial statements.

Martha Trust
(A company limited by guarantee)

Cash flow statement
For the year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>424,157</u>	<u>326,730</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		(70,107)	(97,984)
Proceeds from the sale of tangible fixed assets		-	3,363
Purchase of tangible fixed assets		<u>(110,559)</u>	<u>(191,106)</u>
Net cash used in investing activities		<u>(180,666)</u>	<u>(285,727)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(97,118)</u>	<u>(93,717)</u>
Net cash used in financing activities		<u>(97,118)</u>	<u>(93,717)</u>
Change in cash and cash equivalents in the year		146,373	(52,714)
Cash and cash equivalents brought forward		<u>324,906</u>	<u>377,620</u>
Cash and cash equivalents carried forward	21	<u><u>471,279</u></u>	<u><u>324,906</u></u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

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

1.3 Fund accounting

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

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

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

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.4 Income

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

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

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

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

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

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

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

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

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.15 Pensions

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

2. Income from donations and legacies

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	231,320	22,850	254,170	226,113
Legacies	-	-	-	151,757
	<u>231,320</u>	<u>22,850</u>	<u>254,170</u>	<u>377,870</u>

In 2015, of the total income from donations and legacies, £369,271 was to unrestricted funds and £8,599 was to restricted funds

3. Income from charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Residential and day care fees	4,279,405	-	4,279,405	3,981,208
	<u>4,279,405</u>	<u>-</u>	<u>4,279,405</u>	<u>3,981,208</u>

In 2015, of the total income from charitable activities, £3,981,208 was to unrestricted funds and £ NIL was to restricted funds.

4. Other incoming resources

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other	2,163	-	2,163	14,997
	<u>2,163</u>	<u>-</u>	<u>2,163</u>	<u>14,997</u>

In 2015, of the total other incoming resources, £ 14,997 was to unrestricted funds and £ NIL was to restricted funds.

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

5. Costs of generating voluntary income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Events and publicity costs	39,593	-	39,593	30,695
Legal and professional	1,309	-	1,309	-
General office costs	4,322	-	4,322	-
Maintenance/Utilities/Sundry	623	-	623	-
Salaries to generate general income	126,924	-	126,924	131,321
	<u>172,771</u>	<u>-</u>	<u>172,771</u>	<u>162,016</u>

In 2015, of the total cost of generating voluntary income, £162,016 was to unrestricted funds and £ NIL was to restricted funds.

6. Direct costs

	Residential and day £	Total 2016 £	Total 2015 £
Establishment costs	1,070,479	1,070,479	1,022,760
Wages and salaries	2,495,510	2,495,510	2,312,408
National insurance	198,025	198,025	195,245
Pension cost	28,829	28,829	32,759
Depreciation	195,335	195,335	187,817
	<u>3,988,178</u>	<u>3,988,178</u>	<u>3,750,989</u>

7. Support costs

	Residential and day £	Total 2016 £	Total 2015 £
Establishment costs	356	356	370
Travel and subsistence	6,204	6,204	8,377
Insurance	2,122	2,122	978
Maintenance, cleaning and repairs	11,519	11,519	11,552
Print, post and stationery	1,585	1,585	3,486
Telephone and fax	1,628	1,628	1,775
Operating lease rentals and equipment	9,000	9,000	8,590
Staff training	3,307	3,307	2,542
General expenses	1,386	1,386	466
Bank charges and interest	2,097	2,097	2,473
IT costs	368	368	1,350
Legal and professional fees	43,059	43,059	36,062
Publicity and communications	2,388	2,388	5,041
Wages and salaries	198,278	198,278	248,519
Depreciation	17,477	17,477	14,886
	<u>300,774</u>	<u>300,774</u>	<u>346,467</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

7. Support costs (continued)

8. Governance costs

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Audit and accountancy fees	8,100	-	8,100	8,100
Trustee meeting expenses and training	496	-	496	631
	<u>8,596</u>	<u>-</u>	<u>8,596</u>	<u>8,731</u>

9. Analysis of resources expended by expenditure type

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	126,924	-	45,847	172,771	162,016
Costs of generating funds	<u>126,924</u>	<u>-</u>	<u>45,847</u>	<u>172,771</u>	<u>162,016</u>
Residential and day care costs	2,920,642	212,812	1,155,498	4,288,952	4,097,456
Expenditure on governance	-	-	8,596	8,596	8,731
	<u>3,047,566</u>	<u>212,812</u>	<u>1,209,941</u>	<u>4,470,319</u>	<u>4,268,203</u>

10. Analysis of resources expended by activities

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Residential and day care costs	<u>3,988,178</u>	<u>300,774</u>	<u>4,288,952</u>	<u>4,097,456</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

11. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	212,812	202,703
Auditors' remuneration - audit	8,100	8,100
	<u>220,912</u>	<u>210,803</u>

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

1 Trustee received reimbursement of expenses amounting to £81 in the current year, (2015 - 5 Trustees - £306).

12. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,820,712	2,692,248
Social security costs	198,025	195,245
Other pension costs	28,829	32,759
	<u>3,047,566</u>	<u>2,920,252</u>

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

2016 No.	2015 No.
177	167

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

During the year termination payments for one (2015: two) employee totalling £10,228 (2015: £5,749) are included within wages and salaries. As at 31 December 2016, £NIL (2015: £1,124) was due to the employee. The termination payment in 2016 was for an ex gratia payment, by way of compensation for the termination of the employment. The termination payments in 2015 were enhanced redundancy payments, by way of compensation for the termination of the employment.

The total employee benefits of the key management personnel of the Charity were £178,000 (2015: £178,799).

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

13. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2016	6,040,339	122,244	1,119,043	7,281,626
Additions	-	-	110,559	110,559
Disposals	-	(1,500)	(64,020)	(65,520)
At 31 December 2016	6,040,339	120,744	1,165,582	7,326,665
Depreciation				
At 1 January 2016	1,075,480	52,266	760,494	1,888,240
Charge for the year	111,743	17,949	83,120	212,812
On disposals	-	(1,500)	(64,020)	(65,520)
At 31 December 2016	1,187,223	68,715	779,594	2,035,532
Net book value				
At 31 December 2016	4,853,116	52,029	385,988	5,291,133
At 31 December 2015	4,964,859	69,978	358,549	5,393,386

Included in land and buildings is freehold land at valuation of £716,575 (2015 - £716,575), which is not depreciated.

Cost or valuation at 31 December 2016 is as follows:

	Land and buildings £
At cost	5,836,204
At valuation:	
1998 at open market value	204,135
	6,040,339

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

	2016 £	2015 £
Cost	5,836,204	5,836,204
Accumulated depreciation	(1,056,042)	(952,016)
Net book value	4,780,162	4,884,188

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

14. Debtors

	2016 £	2015 £
Trade debtors	402,573	318,474
Other debtors	3,095	2,605
Prepayments and accrued income	27,688	147,567
	<u>433,356</u>	<u>468,646</u>

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	86,217	80,892
Trade creditors	68,213	72,161
Other taxation and social security	50,361	45,938
Other creditors	5,157	5,187
Accruals and deferred income	176,962	136,878
	<u>386,910</u>	<u>341,056</u>

Deferred income

	£
Deferred income at 1 January 2016	9,361
Resources deferred during the year	59,052
Amounts released from previous years	(9,361)
	<u>59,052</u>
Deferred income at 31 December 2016	<u>59,052</u>

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

	2016 £	2015 £
Barclays Mortgage	429,385	485,008
Charity Bank Loan 1	32,065	45,503
Charity Bank Loan 2	507,454	526,715
Charity Bank Loan 3	507,882	522,003
	<u>1,476,786</u>	<u>1,579,229</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

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

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

	2016	2015
	£	£
Repayable by instalments	1,068,155	1,169,693

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 £207,832 and until 2028 for the remaining £260,959. During the year, the mortgage bore interest at a flexible rate of 1% over the Barclays Base Rate.

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

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

17. Financial Instruments

	2016	2015
	£	£
Financial assets that are debt instruments measured at amortised cost	406,935	432,544
Financial liabilities measured at amortised cost	(1,754,283)	(1,864,986)

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

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

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

18. Statement of funds

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

Designated fixed asset fund

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

Frances House

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

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

18. Statement of funds (continued)

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. As at 31 December 2016 this restriction has been satisfied and this restriction and legal charge will be released in the period to 31 December 2017.

(ii) This fund also includes a donation of land and buildings in Hastings from The Agape Trust in 2004. The use to which the land and buildings could be put was restricted by the original donors, Blatchington Court Trust. The restriction requires Martha Trust to provide homes for a period of 99 years and at any one time at least four residents must be people under 31 years, of whom at least two must be visually impaired. This restriction applies to Martha Trust as a whole and not to Mary House individually. If this restriction is breached £350,000 is repayable to Blatchington Court Trust. In the opinion of the Trustees this criteria will be met and the likelihood of having to repay the money is considered to be remote. These restrictions will be waived on Martha Trust meeting certain criteria.

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

Martha House

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

Specialist nurse training

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

Holidays at Home

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

Transfers

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

The funds that are transferred from restricted funds into general funds are done 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 2016

18. Statement of funds

Summary of funds

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

19. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	4,576,745	714,388	5,291,133	5,393,386
Current assets	904,635	-	904,635	793,552
Creditors due within one year	(386,910)	-	(386,910)	(341,056)
Creditors due in more than one year	(1,476,786)	-	(1,476,786)	(1,579,229)
	<u>3,617,684</u>	<u>714,388</u>	<u>4,332,072</u>	<u>4,266,653</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	65,419	105,872
Adjustment for:		
Depreciation charges	212,812	202,748
Gains on investments	70,107	97,984
Loss on the sale of fixed assets	-	2,256
Decrease/(increase) in debtors	35,290	(142,737)
Increase in creditors	40,529	60,607
Net cash provided by operating activities	<u>424,157</u>	<u>326,730</u>

21. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	471,279	324,906
Total	<u>471,279</u>	<u>324,906</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2016

22. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £28,829 (2015 - £32,759). Contributions totaling £4,694 (2015: £4,807) were payable to the fund at the balance sheet date and are included in creditors.

23. Operating lease commitments

At 31 December 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	7,656	11,520
Between 2 and 5 years	13,344	5,760
Total	<u>21,000</u>	<u>17,280</u>

24. Related party transactions

Richard Pitt, a Trustee of the charity, is a partner in Beadle, Pitt & Gottschalk. No transactions with Beadle, Pitt & Gottschalk have occurred in the current year, however, during the prior year the charity received pro bono legal advice from Beadle, Pitt & Gottschalk amounting to £2,442 which was recognised as a gift in kind in the Statement of Financial Activities. In addition, legal services of £9,324 were invoiced to the charity by Beadle, Pitt & Gottschalk. At the year end there was no outstanding balance with Beadle, Pitt & Gottschalk (2015: £NIL).

25. Controlling party

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