

MARTHA TRUST

Annual Report & Financial Statements 2011

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Further details can be obtained from:

Martha Trust
Homemead Lane
Hacklinge, Deal
Kent CT14 0PG
Tel: 01304 615223
Fax: 01304 615462

www.marthatrust.org.uk

contact@marthatrust.org.uk

Chairman's Foreword

It is a real privilege to find myself, once again, in the position of Chairman of Martha Trust following a number of years as Trustee.

2011 has been a pivotal year for Martha. Our Chairman, Paul Morgan, relocated following a reduction in Pfizer Ltd's presence at Sandwich. And after 15 years at the helm, our Chief Executive Graham Simmons accepted the challenge to develop another charity in Manchester.

So it was an honour to welcome George White as our new CEO, who brings with him a wealth of experience, particularly in the fields of care and safeguarding. The appointment of George has brought with it a timely opportunity to review our priorities and bolster Martha Trust against current and future economic challenges.

George will focus on driving up already high standards of care at Martha to ensure we consistently deliver excellence in our services and fulfil our mission: to provide the very best support we can for people with profound disabilities and their families.

This work will be further strengthened by the appointment of our four new Trustees who bring with them clinical, financial, legal and fundraising expertise. In addition, our new highly experienced HR Manager has put in place a number of programmes to improve our ability to recruit and retain the highest calibre staff.

Financially we have been reviewing our processes, re-negotiating contracts with our funders and ensuring best value from our suppliers. The result has been improved efficiencies across all areas and the successful defence of significant income from local authorities. With the effects of the spending review already being felt and no fee increases for the past three years, our investment in this area will prove vital as we weather the economic storms.

But no matter what challenges we face as an organisation, the care and wellbeing of our residents remains our highest priority and we will do everything in our power to ensure they feel valued and fulfilled.

Humphrey Clarke
Chairman

Our Mission

Martha Trust's mission is to provide life-long residential and respite care for people with profound physical and multiple learning disabilities (PMLD), and to provide the best support we can to their families.

We seek to achieve this by:

- Setting and promoting standards of excellence in the care and development of people with 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

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 has the right to the very best that life can offer.

Our Services

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

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

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

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

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

Measuring Success

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

Our Trustees review the 3 year strategic plan every year and agree actions for the coming year designed to achieve the three year strategic objectives. These are reviewed quarterly by the Trustee Board, and through internal performance management controls using a Balanced Scorecard and stakeholder feedback.

Key Facts

Martha Trust operates:

- * Three residential homes caring for 33 people: Martha House (Deal), Frances House (Deal), and Mary House (Hastings)
- * One dedicated respite placement at Martha House, Deal helping around nine families each year
- * Four day care places for people who have recently left full-time education
- * A hydrotherapy pool at both sites
- * An Activities and Therapies' Team providing individually assessed development programmes for all residential, respite and day care service users
- * Contracts with numerous Local Authorities and Primary Care Trusts (PCT's)
- * Highly qualified staff with 50% of our support workers either NVQ2 or NVQ3 qualified and the remainder working towards this, or being encouraged to do so.

- 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 2011

- **For our service users we:**
 - completed the recruitment and restructuring of the home management team at Deal. There is now a dedicated deputy manager for each home reporting into a single home manager responsible for both.
 - work began on a new comprehensive quality assurance system and will continue into 2012 once the new structure has been embedded
 - refurbished the hydrotherapy pool at Deal
 - re-designed and landscaped the sensory garden at Hastings
- **For our employees we:**
 - carried out a comprehensive job evaluation using an independent consultancy. Staff now have the opportunity to progress through salary bands based on a good level of performance. The resulting salary changes will be effective from January 2012
 - improved the training and development plan, introducing eLearning modules to ensure the efficient completion of mandatory training in key subjects
 - appointed an experienced HR manager who will be reviewing all HR processes
- **Operationally we:**
 - recruited 4 additional Trustees with valuable skills in finance, fundraising, law and clinical care
 - recruited a new CEO with a strong care background and safeguarding experience
 - implemented a new training programme for Trustees with the first session held at Dickinson Dees focusing on Charity Law
 - will not be pursuing a PC-based planning system on the advice of the CQC and Adult Protection and will instead work with external agencies to improve care planning
 - have introduced a BT conferencing facility that enables greater participation in meetings while keeping costs down
 - decided not to invest in measuring brand awareness. Given the current climate we felt our resources would be more effectively focused on building a marketing strategy for our care services

• **Financially we:**

- have begun to refine our Cost Matrix to include Core & Additional needs/costs. This will produce valuable evidence that will strengthen our position when negotiating fees with local authorities
- have developed a fundraising and marketing strategy for 2011-2013, which included the launch of Martha's first legacy programme and a major donor programme to ensure well-targeted approaches are made to our supporters
- re-defined the Finance Manager role as Contracts Manager to focus on re-negotiating local authority fees following the spending review

Plans for the Future: our goals for 2012

• **Residents and Families**

- Ensure that we engage with and support our families as effectively as possible in line with our mission.
- Analyse effectiveness of current family forums and continue to look at new ways to improve communications.
- Introduce a feedback questionnaire for completion prior to bi-annual family forums.

• **Employees**

- Introduce effective new training matrix to ensure staff can develop relevant skills.
- Implement outcomes of the job evaluation, enabling us to attract and retain the highest quality staff.
- Review performance management and agree a new process for implementation in 2013.
- Strengthen our nursing team by increasing management training and enhance cooperation within our homes by educating support staff about the role of nurses.
- Review current employee benefits and identify potential new benefits such as the Employee Assistance Scheme and staff volunteering.

• **Care**

- Work with external agencies such as occupational therapists, physiotherapists and speech and language therapists to improve individual care planning.
- Introduce a new Safeguarding Policy and process.
- Improve our communication with external partners.
- Leverage free or low cost external resources through our strengthened relationships with multi-agencies such as occupational therapists, physiotherapists and speech and language therapists.
- Invite feedback from multi-agencies by sending out a questionnaire prior to each resident review meeting.
- Introduce new Clinical Governance and Quality Assurance Policies and processes, to include regular internal and external inspections of the service.

• **Finance**

- Continue to challenge local authorities to get the maximum funding for our residents, enabling us to provide an even higher level of care.
- Continue to review costs across all areas of the budget, seeking best value from suppliers.
- Apportion staff costs relating to a restricted project to the project, presenting a more accurate account of return on investment for restricted and unrestricted income.

Our People

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

Staffing, Training and Development

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

We successfully completed a detailed job evaluation exercise which will ensure consistency and fairness over pay and benefits over the long term. Our improved remuneration packages now recognise staff who achieve professional qualifications, and give all our staff the opportunity to progress through salary bands based on a good level of performance.

We are also developing a competency framework that will give people a clear understanding of the expected levels of performance in their role. The framework will provide staff with a map of the behaviours and actions that Martha will value, recognise and reward.

We are investing in management development and our training and development has been reviewed, with a new training plan now in place. And in the long-term, to ensure that we recruit, develop and retain the very best staff, Martha has appointed an experienced and qualified dedicated Human Resources Manager.

Staff turnover at Martha Trust was down in 2011 from 24% to 17% and according to our staff survey, 88% of staff either agreed or strongly agreed that they are happy at work. This was up from 82% in 2010.

We have developed an action plan designed to address specific areas of concern highlighted in the survey, and we will be undertaking listening sessions to look at how these can be improved.

Volunteers

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

We will also be introducing a staff volunteering scheme, which will encourage staff to volunteer for Martha and other charities by allocating them volunteering days.

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:

Paul Morgan (Chairman up to August 2011, then retired)

Humphrey Clarke (Chairman from November 2011)

Mike Shaw (Vice Chairman)

David Horton

Tessa Stevenson

Beth Upton (elected June 2011)

John Quin (elected September 2011)

Liz Acarnley (elected June 2011)

Amy Chapman (elected June 2011)

Trustee Recruitment & Training

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

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

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

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

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

Senior Management Team

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

George White
Chief Executive

Gill Burnham
Care Services Director

Judy Heath
Director of Resources

Julie Gayler
Director of Marketing

Jeff Southon
Human Resources Manager

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 PCT. 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

In 2011 Martha Trust once again received no inflationary increases from any funding authorities. To prevent any further loss of income, the focus of the Finance Manager was directed to contract negotiations resulting in the successful defence against a proposed £29k fee reduction. The Finance Manager's position has now changed to 'Contracts Manager' in order to pursue these negotiations on a full-time basis.

The vacancy position in Mary House caused a reduction in fee income of £67k which was offset by new residents joining Martha on higher, individually tailored fees. The net effect was an overall reduction in fee income of £21k on the previous year.

Expenditure was well managed during the year with finance staff successfully re-negotiating several supplier contracts. Although utility costs continue to rise, a reduction on the renewal offer of over £11k was achieved.

The year ended with the following results:

- Total income: £4.02m (2010 - £3.87m)
- Expenditure: £3.83m (2010 - £3.74m)
- Unrestricted loss: £36,944 before transfers, (2010 surplus - £82,594)
- Percentage costs of management and administration: 12.11% (2010 – 11.8%)
- Occupancy level: 96.5% (2010 – 98.5%)
- Balance sheet total funds: £3.95m (2010 - £3.76m)

At the end of 2011, Martha Trust reported a loss in unrestricted income due, in part, to the post of Fundraising and Events Officer being vacant during the second half of 2010. The subsequent delay of Martha's event programme until March 2011 and the need to cancel an annual Golf Day, combined with the negative effects of the recession to reduce overall voluntary income.

In addition, all fundraising costs for 2011 were allocated against unrestricted income. This, along with a significant investment in our long-term strategic fundraising, contributed to fundraising costs appearing higher than income.

Changes in the way fundraising costs are allocated in the future, coupled with a return on investment in Martha's fundraising, will help prevent any repeated loss in unrestricted income.

Funding

The main source of income for Martha Trust is from contracts with local authorities and PCTs. 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 will broaden its reach, enabling it to target an even greater number of authorities. This will help to improve overall occupancy levels and therefore increase fee income. Fundraising income provides for all capital expenditure at Martha including new homes and specialist equipment, as well as providing some unrestricted funding. Other than fees for services, no income is received from any statutory sources.

Assets

At 31 December 2011, total funds for Martha Trust were £3,948,160 of which £708,659 were restricted funds. The remaining unrestricted funds of £3,239,501 are fully invested in Martha Trust's operational homes and so are not freely available. These long-term assets have also been part-financed through loans. 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 overdraft facilities.

Investment Policy

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

Reserves

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

Martha Trust is in a strong financial position with a fixed asset base of £5.84m. The Trustees consider this to be the most appropriate reserves planning for the organisation and sufficient to meet any short-term needs. However, Martha Trust has worked towards building up a sensible level of more liquid reserves. So for the foreseeable future, a reserve level of approximately £100,000 (equivalent to one year's fee income for one resident) will continue to be the reserve fund target. This will provide the financial cushion needed when negotiations for new placements overrun and it will be reviewed annually by the Trustees, taking into account the impact of the economic climate.

Legal & Administrative Details

Group Structure & Relationships

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

Martha Trust has forged particularly close links with Canterbury Christchurch College which regularly places pre/post registration nurses with us for further training. We have also developed close relationships with Kent and East Sussex County Councils, and various PCTs 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 Senior Management Team.

Registered Auditors

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

Bankers

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

Solicitors

Dickinson Dees
The Chocolate Works
Bishopthorpe Road
York
YO23 1DE

Statement of Trustees' Responsibilities

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

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

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

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

Statement of disclosure to auditors

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

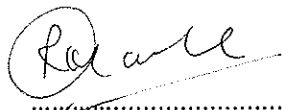
Auditors

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

Note from the Chairman

We are extremely grateful to all our residents, their families, the staff and our supporters for helping us to achieve so much during the past 12 months. We look forward to celebrating our 25th Anniversary with them in 2012.

Chairman


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Date: 29.3.12

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTHA TRUST

We have audited the financial statements of Martha Trust for the year ended 31 December 2011 which comprise the Statement of Financial Activities which incorporates the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement [set out on page 14] the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under s144, Chapter 3 of Part 8 of the Charities Act 2011 and report in accordance with regulations made under part 8 of that Act.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

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 2011 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Kingston Smith LLP
Statutory auditor - Neil Robinson

Date 3/5/2012
Devonshire House
60 Goswell Road
London
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

	Note	Unrestricted Fund £	Restricted Fund £	Total 2011 £	Total 2010 £
INCOMING RESOURCES					
Donations		127,494	225,841	353,335	174,352
<i>Activities to further the charity's objects:</i>					
Residential and day care fees		3,667,897		3,667,897	3,688,405
Other		2,728		2,728	3,485
Total Incoming Resources		<u>3,798,119</u>	<u>225,841</u>	<u>4,023,960</u>	<u>3,866,242</u>
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fundraising and publicity		166,707		166,707	139,184
Charitable expenditure					
<i>Costs of activities in furtherance of the objects of the charity:</i>					
Residential and day care costs		3,656,110	3,377	3,659,487	3,587,602
Governance costs		12,246	-	12,246	12,711
Total Resources Expended	3	<u>3,835,063</u>	<u>3,377</u>	<u>3,838,440</u>	<u>3,739,497</u>
Net Incoming Resources before Transfer		(36,944)	222,464	185,520	126,745
Transfer between funds	9	<u>276,265</u>	<u>(276,265)</u>	<u>-</u>	<u>-</u>
Net Incoming Resources after Transfers		239,321	(53,801)	185,520	126,745
Fund balances brought forward		<u>3,000,180</u>	<u>762,459</u>	<u>3,762,639</u>	<u>3,635,894</u>
Fund balances carried forward		<u>3,239,501</u>	<u>708,658</u>	<u>3,948,159</u>	<u>3,762,639</u>

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

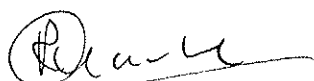
The notes on pages 21 to 26 form part of these financial statements.

MARTHA TRUST
Balance Sheet
For The Year Ended 31 December 2011

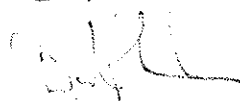
	Notes	2011 £	2011 £	2010 £	2010 £
Fixed Assets					
Tangible assets	4		5,840,629		5,619,637
Current Assets					
Debtors	5	144,599		111,334	
Cash at bank and in hand		<u>194,426</u>		<u>349,187</u>	
		<u>339,025</u>		<u>460,521</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	6	273,171		261,220	
Deferred income		<u>42,683</u>		<u>52,969</u>	
		<u>315,854</u>		<u>314,189</u>	
Net Current Assets			<u>23,171</u>		<u>146,332</u>
Total Assets less Current Liabilities			5,863,800		5,765,969
Creditors: Amounts falling due after more than one year	7		<u>1,915,640</u>		<u>2,003,330</u>
Net Assets			<u>3,948,160</u>		<u>3,762,639</u>
Funds					
Unrestricted:					
General	8		3,035,366		2,796,045
Revaluations	8		<u>204,135</u>		<u>204,135</u>
			3,239,501		3,000,180
Restricted	9		<u>708,659</u>		<u>762,459</u>
			<u>3,948,160</u>		<u>3,762,639</u>

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The financial statements were approved by the Trustees on 29.3.12



Humphrey Clarke
Chairman of the Trustees



David Horton
Trustee

The notes on pages 21 to 26 form part of these financial statements.

Registered Company Number: 3467406

	2011 £	2010 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	185,520	126,745
Less investment income		(206)
Less proceeds on sale of fixed assets		(50)
Add finance costs		127,131
Add depreciation of tangible fixed assets	199,253	209,513
Add loss on disposal of fixed assets		7,757
(Increase)/decrease in debtors	(33,265)	(15,605)
(Decrease)/increase in creditors		21,732
	<hr/>	<hr/>
Net cash flow from operating activities	351,508	477,017
Returns on investments and servicing of finance		
Interest received		206
Finance costs		(127,131)
	<hr/>	<hr/>
	0	(126,925)
	<hr/>	<hr/>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(421,881)	(107,234)
Proceeds from sale of fixed assets		50
	<hr/>	<hr/>
	(421,881)	(107,184)
	<hr/>	<hr/>
Increase/(Decrease) in Cash in the Year	(70,373)	242,908
Net Debt at 1 January	<hr/>	<hr/>
	(1,757,079)	(1,999,987)
Net Debt at 31 December	<hr/>	<hr/>
	(1,825,249)	(1,757,079)

Analysis of net cash	1 January 2011	Cash Flow	31 December 2011
Cash at bank and in hand	349,187	(154,761)	194,426
Bank loans	(2,106,266)	86,591	(2,019,675)
	<hr/>	<hr/>	<hr/>
	(1,757,079)	(68,170)	(1,825,249)
	<hr/>	<hr/>	<hr/>

1. Accounting Policies

a) Basis of Accounting

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

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

b) Income

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

c) Restricted Funds

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

d) Designated Funds

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

e) Unrestricted Funds

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

f) Expenditure

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

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

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

g) Tangible Fixed Assets

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

Fittings and equipment	10% - 20% on cost
Motor vehicles	20% on cost
Garden (included within fittings & equipment)	10% on cost
All assets purchased with a value of £1,000 or more are capitalised.	

h) Pension Costs

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

g) Operating Leases

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

2 Staff Costs

	2011 £	2010 £
Staff costs consist of:		
Wages and salaries	2,401,397	2,287,620
Social security costs	196,018	196,221
Other pension costs	16,937	15,575
	<u>2,614,352</u>	<u>2,499,416</u>

The average number of employees during the year was 143 (2010 - 135).

There were no employees whose emoluments exceeded £60,000 (2010 - 1).

No trustee received remuneration during the year. During the year expenses relating to travel were paid to 9 trustees and amounted to £1667 (2010 - 7 trustees £924).

3 Analysis of Resources Expended

	Staff Costs £	Other £	Depreciation £	Total 2011 £	Total 2010 £
Fundraising and publicity	120,573	46,134	-	166,707	139,184
Residential and day care costs	2,493,779	966,455	199,253	3,659,487	3,587,602
Governance costs	-	12,246	-	12,246	12,711
	<u>2,614,352</u>	<u>1,024,835</u>	<u>199,253</u>	<u>3,838,440</u>	<u>3,739,497</u>
				Total 2011 £	Total 2010 £
Other expenditure includes:					
Auditors' remuneration:					
For audit				<u>9,888</u>	<u>9,600</u>

All costs of the activities above are direct costs with the exception of support costs of £453,333 (2010 - £440,629) allocated to residential and day care (see page 22 for analysis).

3 Analysis of Resources Expended (Continued)

	Total 2011	Total 2010
Support Costs	£	£
Establishment costs	5,310	5,421
Travel and subsistence	5,890	5,095
Insurance	1,165	1,638
Maintenance, cleaning and repairs	16,608	10,973
Print, post and stationery	3,349	7,162
Telephone and fax	4,532	3,840
Operating lease rental and equipment	15,700	13,084
Staff training	3,572	9,419
General expenses	6,600	1,394
Bank charges and interest	2,531	2,398
Loan & Mortgage Interest	129,957	127,131
Depreciation	11,366	10,987
Salaries	258,204	242,087
	<u>464,784</u>	<u>440,629</u>
Governance Costs		
Audit and accountancy fees	9,888	9,600
Trustee Mtg Expenses & Training	2,358	3,111
Legal and professional	-	-
	<u>12,246</u>	<u>12,711</u>

4 Tangible Fixed Assets

	Freehold Land £	Freehold Buildings £	Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2011	716,575	5,057,737	961,017	60,070	6,795,399
Additions		269,206	152,675	-	421,881
Disposals		-	(63,602)	(1,575)	(65,177)
At 31 December 2011	<u>716,575</u>	<u>5,326,943</u>	<u>1,050,090</u>	<u>58,495</u>	<u>7,152,103</u>
Depreciation					
At 1 January 2011	-	526,753	606,908	42,101	1,175,762
Charge for the year		102,523	89,074	7,656	199,253
Disposals		-	(62,261)	(1,280)	(63,541)
At 31 December 2011	<u>-</u>	<u>629,276</u>	<u>633,721</u>	<u>48,477</u>	<u>1,311,474</u>
Net Book Value					
At 31 December 2011	<u>716,575</u>	<u>4,697,667</u>	<u>416,369</u>	<u>10,018</u>	<u>5,840,629</u>
At 31 December 2010	<u>716,575</u>	<u>4,530,984</u>	<u>354,109</u>	<u>17,969</u>	<u>5,619,637</u>

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

5 Debtors: Due within one year

	2011 £	2010 £
Trade debtors	115,452	87,159
Prepayments	22,640	20,962
Accrued Income	5,045	1,760
Other debtors	1,462	1,453
	<u>144,599</u>	<u>111,334</u>

6 Creditors: Amounts falling due within one year

	2011 £	2010 £
Bank mortgage (see note 7)	67,345	67,670
Trade creditors	81,963	71,450
Other creditors	29,274	25,140
Other taxes and social security	48,011	52,094
Accruals	9,888	9,600
CB Loan 1 (see note 7)	9,943	9,362
CB Loan 2 (see note 7)	14,032	13,217
FB Loan (see note 7)	12,715	12,687
	<u>273,171</u>	<u>261,220</u>

7 Creditors: Amounts falling due after more than one year

	Barclays Mortgage £	CB Loan 1 £	CB Loan 2 £	FB Loan £	Total 2011 £	Total 2010 £
Amounts falling due within one year	67,345	9,943	14,032	12,715	104,035	102,936
Between one to two years	67,337	10,558	14,898	13,496	106,289	104,366
Between two to five years	590,746	81,328	579,877	557,400	1,809,351	327,286
In five years or more					-	1,571,678
	<u>725,428</u>	<u>101,829</u>	<u>608,807</u>	<u>583,611</u>	<u>2,019,675</u>	<u>2,106,266</u>
Less: Allocated to creditors falling due within one year	<u>(67,345)</u>	<u>(9,943)</u>	<u>(14,032)</u>	<u>(12,715)</u>	<u>(104,035)</u>	<u>(102,936)</u>
	<u>658,083</u>	<u>91,886</u>	<u>594,775</u>	<u>570,896</u>	<u>1,915,640</u>	<u>2,003,330</u>

The Barclays Mortgage is secured by way of a charge over the company's land and buildings, except for Frances House. The mortgage is repayable in installments until 2023 for £401,000 and until 2028 for the remaining £401,000. They bear interest at a rate of 6.05%

Charity Bank Loan 1 is repayable in installments until 2020 and bears interest at a rate of 6%. Charity Bank Loan 2 is repayable in installments until 2033 and bears interest at a rate of 6%. Future Builders Loan is repayable in installments until 2033 and bears interest at a rate of 6%.

8 Unrestricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains, Losses and Transfers £	Closing Balance £
General funds	2,796,045	3,798,119	(3,558,798)	3,035,366
Revaluation reserve	204,135	-	-	204,135
Total	<u>3,000,180</u>	<u>3,798,119</u>	<u>(3,558,798)</u>	<u>3,239,501</u>

9 Restricted Funds

	Opening Balance £	Incoming Resources £	Resources Expended Gains and Losses £	Transfers £	Closing Balance £
Frances House	230,000	70	(17)		230,053
Mary House	479,626	2,957	(240)	(10,233)	472,110
Martha House	5,588	7,725	(3,120)	(4,380)	5,813
Other	-				-
Hydropool Refurbishment	47,245	215,090		(261,652)	683
Total	<u>762,459</u>	<u>225,842</u>	<u>(3,377)</u>	<u>(276,265)</u>	<u>708,659</u>

Frances House

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

Mary House

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

Martha House

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

Hydropool Refurbishment

This fund represents donations made as part of a fundraising campaign to refurbish the hydrotherapy pool on the Deal site.

Transfers

In the opinion of the trustees there are no ongoing restrictions on the above funds now that the amounts received have been spent in acquiring the relevant fixed assets.

10 Total Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances carried forward at 1 January 2012 are represented by:			
Tangible fixed assets	5,131,970	708,659	5,840,629
Current assets	339,025		339,025
Current liabilities	(315,854)		(315,854)
Long term liabilities	<u>(1,915,639)</u>		<u>(1,915,639)</u>
	<u>3,239,502</u>	<u>708,659</u>	<u>3,948,161</u>

11 Operating Lease Commitments

	2011 £	2010 £
Other equipment/office rental		
Operating leases which expire:		
In less than one year		7,200
In two to five years	<u>6,513</u>	<u>6,513</u>
	<u>6,513</u>	<u>13,713</u>

12 Related Party Transactions

The husband of Tessa Stevenson, a trustee, carried out some consultancy work during the year relating to land acquisition for which Martha Trust paid him a total of £1,890 (2010: £9,118). At the year end nothing was owed. (2010: £370 was owed and was included in trade creditors)

13 Capital Commitments

There were no capital commitments as at 31 December 2011 (2010 - nil).