

Registered number: 03467406
Charity number: 1067885



Martha Trust

(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 December 2015

Martha Trust
(A company limited by guarantee)

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Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2015

Trustees

Humphrey Clarke, Chairman
John Quin
Elizabeth Acarnley
Amy Chapman
Richard Pitt
Andrew Giles (resigned 28 March 2015, appointed 9 September 2015,
resigned 3 March 2016)
Robert Sparkes
Roger Walton (appointed 19 November 2015)

Company registered number

03467406

Charity registered number

1067885

Registered office

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

Chief executive officer

George White

Senior management team

Judy Heath, Director of Resources
Julie 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

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Chairman's statement
For the year ended 31 December 2015

The chairman presents his statement for the period.

I have been involved with Martha Trust as a parent of a respite resident, a Trustee and Chair for the last 18 years. During this time a huge amount of change has taken place within the care sector. In the first few years resources were much more plentiful and we were able to expand our services and open a new home in Hastings. In the last few years we have had to adapt and manage in an age of great austerity with severe restrictions on our funding. Thankfully through these years we have been blessed with Chief Executives who were able to adapt to the circumstances. Graham Simmons was able to expand the service and in the years of austerity our current Chief Executive, George White, has brought considerable skill and experience in managing a very tight budget. Throughout this period, however difficult, Martha Trust has continued to give not only good care but also a family atmosphere and an openness which welcomes all in line with our Christian principles.


2015 has seen a number of changes across the organisation. The Senior Management Team has been reduced from four to three Directors and the posts of Marketing Director and Operations Director have been merged. I am grateful to Julie Gayler for taking up this very challenging position and ensuring that we continue to give the best care, and also leading the Marketing and Fundraising Team to achieve their best performance to date in this last year. It would, however, have been an impossible task for Julie to undertake this without a comprehensive Quality Assurance Framework underpinning the work of the care function at Martha. Judy Heath has taken on responsibility for developing, introducing and monitoring this framework and I am grateful to her for adapting her considerable audit skills in finance and resources to include effective inspection of all aspects of the care services at Martha. Judy has been with us for 18 years and Julie for 7 years and both bring an exceptional dedication to Martha Trust. They endorse this each year by committing themselves to raise considerable funds for Martha by undertaking and leading our yearly car challenge. Following the various CQC inspections carried out at Mary House in the first half of 2015, we have since had two independent quality inspections from the East Sussex Adult Social Care Quality Monitoring Team and Healthwatch East Sussex. Both gave very positive ratings for the service, with Healthwatch East Sussex requesting permission to use Mary House as an example of good practice to show what can be achieved in supporting people to make choices and be independent.

During the last year we have also seen an addition to our Trustee Board which brings a greater degree of expertise. Roger Walton, who is a director of Dover District Council, has joined and brings both engineering and finance expertise to the Board.

Each year I like to close by thinking about the most important people at Martha Trust. Whilst I am incredibly grateful for the work of the SMT and Board of Trustees, the reality is that the superstars of the organisation are our care team who look after our residents 24/7 with love and compassion and do everything in their power to give them the lives they deserve. Those same staff deal with all the issues that surround care work involving people with profound and multiple disabilities. Whether this means campaigning for better services from our local hospitals or dealing sympathetically with family members, they never shy away from the task. They are ably supported by administrators and fundraisers who follow the same passion that has become an expectation of working at Martha. It is difficult in words to really express my gratitude to them.


Name Humphrey Clarke
Chairman

Date 14 July 2016


JOHN QUINN

Martha Trust
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Trustees' report
For the year ended 31 December 2015

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 ended 31 December 2015. 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 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. 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 the individuals we support to achieve their highest level of independence and 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:
 - 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.

Trustees' report (continued)
For the year ended 31 December 2015

c. Our objectives for 2016

- Increase the involvement of families, improving communication with them and encouraging them to support each other.
- Provide a comprehensive training programme to upskill staff, including specialist training for nurses relevant to the complex needs of people with PMLD.
- Introduce a robust and effective quality assurance framework, including review of all key policies.
- Review and pilot new care plan and reporting paperwork.
- Introduce a more effective shift planning process.
- Develop stronger, collaborative working relationships with local authority multi-disciplinary teams.
- Create person-centred care and activity plans.
- Build on existing fundraising foundations to raise awareness and continue to increase voluntary income against budget.

d. Activities for achieving objectives

The needs of the people we support are often complex due to a combination of medical, physical and learning disabilities. But understanding these problems alone doesn't mean we know the individuals and their specific issues. At Martha we strive to create a specialist PMLD service which provides the very best person-centred care for those who need it and enables us to support families and carers in an inclusive way through our understanding of their loved ones' needs.

To achieve this it is vital that we have a motivated, well trained staff team. We have been fortunate this year to recruit two Registered Home Managers and a Deputy Home Manager who are all specialist Learning Disability Nurses. In addition we are investing in training for our nurses in PMLD related specialisms such as epilepsy and have a rolling programme to help our Support Workers to achieve the industry recognised Care Certificate. We have also partnered with Greenwich and Brighton Universities to offer Support Workers secondment opportunities to study nursing.

In order to deliver true person-centred care for our residents we identified the need to introduce the new role of Senior Support Worker. Their remit is to supervise, motivate and support the Support Workers and ensure the delivery of the highest standards of care for residents, both individually and in groups by accessing a range of therapies and social activities. This role creates more opportunity to work with residents and their families to offer each individual choices, develop care plans and activity programmes which reflect their personal preferences and ensure their recreational and developmental needs are met.

During this period of change it has been important to involve families as much as possible, not just in relation to their loved ones, but in other aspects of the organisation. This has included encouraging them to take part in the recruitment process of key positions, regular meetings with elected family representatives and bi-annual family forums. We have also provided them with the opportunity to feed back on their experience of Martha through an annual quality survey.

Our new Quality Assurance Framework underpins the care services at Martha. It reflects the Care Quality Commission's 5 Key Lines of Enquiry - are we safe, effective, caring, responsive to people's needs and well-led? To advise us on the implementation of the framework we contracted a larger disability charity, Livability. In 2015 we have reviewed and improved our audits in all areas, received quality inspections on both our sites, as well as updated a number of key operational policies.

The outcomes from these activities are being used to review documentation, including care plans and reporting tools to increase their effectiveness and help us to continue to improve the quality of care we provide. Monthly Clinical Governance Meetings, involving the Senior and Home Management teams, ensure actions are completed regarding Safeguarding, H&S, CQC and other quality inspections and internal audits. They also provide the forum to regularly identify and discuss changes in legislation, our own policies, monthly management information, compliments and complaints and to reflect as a team on any complex care issues. These meetings have created a more cohesive and consistent approach to service provision across the organisation.

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Trustees' report (continued)
For the year ended 31 December 2015

Externally we have built stronger relationships with the East Sussex Local Disability Services, including Safeguarding, Community Nursing and Speech and Language Therapists. This has resulted in a far more open and collaborative way of working together for the benefit of our residents.

Where possible we participate in local and national events to increase our knowledge and understanding of the PMLD agenda, exploring networks such as the Kent, Surrey and Sussex Learning Disability Community of Practice and national forums.

We have reduced our management costs by not replacing the outgoing Director of Care Services. Instead the responsibilities of that role have been split by creating a new role of Director of Operations & Marketing, with line management responsibility for the Registered Home Managers, and the Director of Resources now leads on Quality Assurance for the organisation. This has resulted in a more structured and focused leadership team.

We have introduced the role of Finance Supervisor within the finance team to ensure more effective monitoring of budgets, support for the Registered Home Managers and analysis of income and expenditure.

We have started to centralise our monitoring and reporting processes to stakeholders and commissioners to ensure accurate and timely information is available, but in an effective way for an organisation of our size. This work will continue in 2016.

2015 was an excellent year in terms of fundraising with a significant increase in income, achieved with an expenditure below budget. We started to see the rewards of all the hard work on the corporate engagement strategy with total income of £53,000 (2014 £14,500) and 3 new Charity of the Year Partnerships.

The Fundraising team has undergone a restructure with two part-time Fundraising Officer posts becoming one full time. This is to ensure continuity and to refocus the role on a wider range of fundraising activities. The new role also includes a regular presence at our Hastings site in order to raise awareness and ultimately income from that untapped market.

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.
- Four 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.

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Trustees' report (continued)
For the year ended 31 December 2015

Achievements and performance

a. Key financial performance indicators

Martha Trust again achieved a strong financial performance in 2015. Total income was £4.37 million (2014: £4.23 million) and the surplus was £105,872 (2014: £299,696). Room occupancy was 96.6% compared to 101.4% in 2014 and 91.5% in 2013. 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 were two vacant residential rooms at the end of 2015.

Martha Trust continues to experience the erosion of real terms fee values with no significant inflationary increases for the sixth consecutive year. There is no sign of this changing in the foreseeable future. We have however achieved some significant fee increases following a review of our costs by some Continuing Healthcare funding authorities. Having said this, the lack of inflationary increases means that many of our longer term residents' fees are worth a quarter less than they once were. Other fee uplifts have been achieved where residents' support needs have increased. Additionally new care enquiries are tending to be for more and more complex needs. The challenge is 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 will have on our staffing costs.

The ongoing marketing of care services is keeping new care enquiries as high as possible. We are building relationships with new stakeholder authorities to mitigate the effect of a noticeable slowdown in commissioning by funding authorities more locally as well as engaging with the local funding authorities in order to enhance relationships with them.

Income from donations and legacies was £377,870 (2014 £187,273) an increase of 102%. The 2015 income included an exceptional legacy of £110,382 but excluding this amount, income from donations and legacies increased by £80,215 or 43%. This is very encouraging and in part is the result of an investment in the fundraising team, which has now started to show results.

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. Total costs (excluding Governance Costs) were £341,190 higher than in 2014. Staff costs were £216,978 higher and most of the remainder of the increase in costs was related to compliance with legislation and good practice.

The year ended with the following results:

- Total income £4.37m (2014: £4.23m)
- Expenditure £4.27m (2014: 3.93m)
- Surplus £0.1m (2014: £0.3m)
- Percentage costs of management and administration 8.12% (2014: 8.75%)
- Occupancy 96.6% (2014: 101.4%)
- Balance Sheet total funds £4.3m (2014: £4.2m)

b. Review of activities

There were two new residential placements and four new respite placements during the year.

The occupancy rate of 96.6% was higher than in most prior years although not as high as in 2014 as mentioned above. 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.

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Trustees' report (continued)
For the year ended 31 December 2015

c. Investment policy and performance

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

d. Factors relevant to achieve objectives

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

In common with many providers of social care and health services, Martha Trust faces risks and uncertainties regarding the sustainability of fee levels in the long term. As noted above there have not been any significant fee increases to meet inflationary pressures. While at present general price inflation is historically low, costs in the care sector are rising faster than general inflation. Regulation and good practice has caused notable cost increases as we spend more on maintaining and enhancing the quality of care, although there is little or no additional funding available for the essential spending that is required.

Staffing costs in terms of remuneration as well as "on-costs" and other human resource expenditure such as training have increased. However, few funding authorities have been willing to acknowledge a need to reflect that in fee levels. This results in further pressure on resources and a greater challenge in managing our way through ongoing austerity. The National Living Wage (NLW) will start to increase costs, although not until 2016, and will do so to a greater extent in future with the Government seeking to increase NLW to £9.00 per hour over the next four years.

We aim to keep occupancy as high as possible as it is a key factor in Martha Trust's financial viability. Although new care enquiries remain at a good level the risk is that placements may not result from them if service commissioners will not fund our costs, making it difficult to repeat the 96.6% occupancy achieved in 2015.

A further risk would be the loss of a major contract. Since Martha Trust provides care for people drawn from all parts of the UK, the charity has cultivated and maintained a wide range of relationships and is not dependent upon any one, or small group of funders.

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Trustees' report (continued)
For the year ended 31 December 2015

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

We believe Martha Trust can thrive in the long term and can overcome the above challenges. Some providers have suffered fee reductions but we have not. We have developed relationships with funding authorities where in previous years there was no relationship. By working to resist pressure on fees, by nurturing relationships with stakeholders and by maximising our bed occupancy level we meet risk with concerted action and therefore safeguard the future of Martha Trust.

d. Principal funding

The main source of income for Martha Trust is contracts with local authorities. 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 as a charitable company limited by guarantee and was set up by a Trust deed.

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

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. From April 2016 until the end of 2017 a standing agenda item will be on each board meeting agenda looking at the six key elements of charity governance to ensure that not only do new trustees have a full understanding of their responsibilities, but also all experienced trustees are reminded of their need to keep updated and to know the questions they should be asking of the executive team. In addition new trustees will attend a seminar on their responsibilities by a specialist charity firm during the first year of their trusteeship at Martha.

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.

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Trustees' report (continued)
For the year ended 31 December 2015

e. Organisational structure and decision making

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

There are four full Board Meetings per year, plus 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.
- We will work to increase the numbers of volunteers as part of the corporate engagement strategy.

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Trustees' report (continued)
For the year ended 31 December 2015

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 from June 2016 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 that the trustees can easily identify major risks. The board meetings are held quarterly. The auditors are also sent a copy of the risk register on two occasions in each calendar year.

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 2015, 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 2015 amounted to £533,398.

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.

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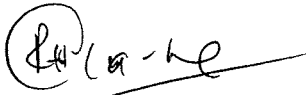
Trustees' report (continued)
For the year ended 31 December 2015

Disclosure of information to auditors

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

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

This report was approved by the Trustees on 14 July 2016 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'H. Clarke', with a long horizontal line extending from the end of the signature.

Humphrey Clarke, Chairman

A handwritten signature in black ink, appearing to read 'John Quinn', with the name written in two lines.

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Trustees' responsibilities statement
For the year ended 31 December 2015

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

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Independent auditors' report to the members of Martha Trust

We have audited the financial statements of Martha Trust for the year ended 31 December 2015 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).

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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Independent auditors' report to the members of Martha Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Kreston Reeves LLP

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury
15 July 2016

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Statement of financial activities
For the year ended 31 December 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Income from:					
Donations and legacies	2	369,271	8,599	377,870	187,273
Charitable activities	3	3,981,208	-	3,981,208	4,018,749
Other income	4	14,997	-	14,997	21,469
Total income		4,365,476	8,599	4,374,075	4,227,491
Expenditure on:					
Raising funds	5	162,016	-	162,016	161,847
Charitable activities	8	4,096,735	9,452	4,106,187	3,765,948
Total expenditure	9	4,258,751	9,452	4,268,203	3,927,795
Net income / (expenditure) before transfers		106,725	(853)	105,872	299,696
Transfers between Funds	18	43,405	(43,405)	-	-
Net income / (expenditure)		150,130	(44,258)	105,872	299,696
Net movement in funds		150,130	(44,258)	105,872	299,696
Reconciliation of funds:					
Total funds at 1 January 2015		3,405,363	755,418	4,160,781	3,861,085
Total funds at 31 December 2015		3,555,493	711,160	4,266,653	4,160,781

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 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	13		5,393,386		5,410,647
Current assets					
Debtors	14	468,646		325,909	
Cash at bank and in hand		324,906		377,620	
		<u>793,552</u>		<u>703,529</u>	
Creditors: amounts falling due within one year	15	(341,056)		(275,688)	
Net current assets			<u>452,496</u>		<u>427,841</u>
Total assets less current liabilities			<u>5,845,882</u>		<u>5,838,488</u>
Creditors: amounts falling due after more than one year	16		(1,579,229)		(1,677,707)
Net assets			<u><u>4,266,653</u></u>		<u><u>4,160,781</u></u>
Charity Funds					
Restricted funds	18		711,160		755,418
Unrestricted funds:					
Unrestricted income funds	18	3,351,358		3,201,228	
Revaluation reserve		<u>204,135</u>		<u>204,135</u>	
Total unrestricted funds			<u>3,555,493</u>		<u>3,405,363</u>
Total funds			<u><u>4,266,653</u></u>		<u><u>4,160,781</u></u>

The financial statements were approved by the Trustees on 14 July 2016 and signed on their behalf, by:


Humphrey Clarke, Chairman


JOHN QUINN

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 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>326,730</u>	<u>551,994</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		(97,984)	(107,324)
Proceeds from the sale of property, plant and equipment		3,363	13,320
Purchase of property, plant and equipment		<u>(191,106)</u>	<u>(133,494)</u>
Net cash used in investing activities		<u>(285,727)</u>	<u>(227,498)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(93,717)</u>	<u>(90,594)</u>
Net cash used in financing activities		<u>(93,717)</u>	<u>(90,594)</u>
Change in cash and cash equivalents in the year	21	(52,714)	233,902
Cash and cash equivalents brought forward		<u>377,620</u>	<u>143,718</u>
Cash and cash equivalents carried forward	21	<u>324,906</u>	<u>377,620</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

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 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.3 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.

1.4 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.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.5 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 2015

1. Accounting policies (continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at the Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.7 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1.8 Tangible fixed assets and depreciation

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

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	10% - 20% straight line
Freehold land	-	not depreciated

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of significant change since the last reporting date.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Operating leases

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

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgement has had the most significant impact on amounts recognised in the financial statements:

The charity has recognised tangible fixed assets with a carrying value of £5,393,386 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The charity's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired (see note 1.8). For material assets such as land and buildings the charity determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the Trustees consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the charity undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the charity's forecasts for the foreseeable future which do not include any restructuring activities that the charity is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

1.16 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.

Martha Trust
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Notes to the financial statements
For the year ended 31 December 2015

2. Income from donations and legacies

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	217,514	8,599	226,113	187,273
Legacies	151,757	-	151,757	-
	<u>369,271</u>	<u>8,599</u>	<u>377,870</u>	<u>187,273</u>
Total donations and legacies				

In 2014, of the total income from donations and legacies, £ 151,323 was to unrestricted funds and £ 35,950 was to restricted funds

3. Income from charitable activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Residential and day care fees	3,981,208	-	3,981,208	4,018,749
	<u>3,981,208</u>	<u>-</u>	<u>3,981,208</u>	<u>4,018,749</u>

In 2014, of the total income from charitable activities, £ 4,018,749 was to unrestricted funds and £ NIL was to restricted funds.

4. Other incoming resources

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Other	14,997	-	14,997	21,469
	<u>14,997</u>	<u>-</u>	<u>14,997</u>	<u>21,469</u>

In 2014, of the total other incoming resources, £ 21,469 was to unrestricted funds and £ NIL was to restricted funds.

5. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Events and publicity costs	30,695	-	30,695	27,466
Salaries to generate restricted income	-	-	-	43,460
Salaries to generate general income	131,321	-	131,321	90,921
	<u>162,016</u>	<u>-</u>	<u>162,016</u>	<u>161,847</u>

In 2014, of the total voluntary income, £ 158,288 was to unrestricted funds and £ 3,559 was to restricted funds.

Martha Trust
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Notes to the financial statements
For the year ended 31 December 2015

6. Direct costs

	Residential and day £	Total 2015 £	Total 2014 £
Establishment costs	1,022,760	1,022,760	891,284
Wages and salaries	2,312,408	2,312,408	2,125,992
National insurance	195,245	195,245	187,517
Pension cost	32,759	32,759	29,518
Depreciation	187,817	187,817	178,167
	<u>3,750,989</u>	<u>3,750,989</u>	<u>3,412,478</u>

7. Support costs

	Residential and day £	Total 2015 £	Total 2014 £
Establishment costs	370	370	931
Travel and subsistence	8,377	8,377	8,087
Insurance	978	978	1,482
Maintenance, cleaning and repairs	11,552	11,552	14,355
Print, post and stationery	3,486	3,486	3,642
Telephone and fax	1,775	1,775	2,973
Operating lease rentals and equipment	8,590	8,590	14,683
Staff training	2,542	2,542	3,800
General expenses	466	466	865
Bank charges and interest	2,473	2,473	2,443
IT costs	1,350	1,350	4,544
Legal and professional fees	36,062	36,062	47,635
Publicity and communications	5,041	5,041	-
Wages and salaries	248,519	248,519	225,866
Depreciation	14,886	14,886	12,482
	<u>346,467</u>	<u>346,467</u>	<u>343,788</u>

8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Audit and accountancy fees	8,100	-	8,100	8,100
Trustee meeting expenses and training	631	-	631	1,582
	<u>8,731</u>	<u>-</u>	<u>8,731</u>	<u>9,682</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

9. Analysis of resources expended by expenditure type

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Expenditure on raising voluntary income	131,321	-	30,695	162,016	161,847
Costs of generating funds	131,321	-	30,695	162,016	161,847
Residential and day care costs	2,788,931	202,703	1,105,822	4,097,456	3,756,266
Expenditure on governance	-	-	8,731	8,731	9,682
	2,920,252	202,703	1,145,248	4,268,203	3,927,795

10. Analysis of resources expended by activities

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Residential and day care costs	3,750,989	346,467	4,097,456	3,756,266

11. Net incoming resources/(resources expended)

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	202,703	190,650
Auditors' remuneration	8,100	8,100

During the year, no Trustees received any remuneration (2014 - £NIL).

During the year, no Trustees received any benefits in kind (2014 - £NIL).

5 Trustees received reimbursement of expenses amounting to £306 in the current year, (2014 - 7 Trustees - £583).

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

12. Staff costs

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	2,692,248	2,486,239
Social security costs	195,245	187,517
Other pension costs	32,759	29,518
	<u>2,920,252</u>	<u>2,703,274</u>

The average monthly number of employees was: 167 (2014: 152) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

2015	2014
No.	No.
167	152
<u> </u>	<u> </u>

The number of higher paid employees was:

	2015	2014
	No.	No.
In the band £60,001 - £70,000	1	1
	<u> </u>	<u> </u>

During the year termination payments for two employees totaling £5,749 (2014: Nil) are included within wages and salaries. As at 31 December 2015, £1,124 (2014: Nil) was due to the employees. The termination payments are as 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 £178,799 (2014: £191,642).

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

13. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2015	6,040,339	106,995	1,040,462	7,187,796
Additions	-	29,244	161,862	191,106
Disposals	-	(13,995)	(83,281)	(97,276)
At 31 December 2015	<u>6,040,339</u>	<u>122,244</u>	<u>1,119,043</u>	<u>7,281,626</u>
Depreciation				
At 1 January 2015	963,736	51,070	762,343	1,777,149
Charge for the year	111,744	15,191	75,813	202,748
On disposals	-	(13,995)	(77,662)	(91,657)
At 31 December 2015	<u>1,075,480</u>	<u>52,266</u>	<u>760,494</u>	<u>1,888,240</u>
Net book value				
At 31 December 2015	<u>4,964,859</u>	<u>69,978</u>	<u>358,549</u>	<u>5,393,386</u>
At 31 December 2014	<u>5,076,603</u>	<u>55,925</u>	<u>278,119</u>	<u>5,410,647</u>

Included in land and buildings is freehold land at valuation of £716,575 (2014 - £716,575), which is not depreciated.

Cost or valuation at 31 December 2015 is as follows:

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

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

	2015 £	2014 £
Cost	5,836,204	5,836,204
Accumulated depreciation	(952,016)	(847,988)
Net book value	<u>4,884,188</u>	<u>4,988,216</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

14. Debtors

	2015 £	2014 £
Trade debtors	318,474	295,012
Other debtors	2,605	4,106
Prepayments and accrued income	147,567	26,791
	<u>468,646</u>	<u>325,909</u>

15. Creditors:
Amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	80,892	76,131
Trade creditors	72,161	74,846
Other taxation and social security	45,938	46,602
Other creditors	5,187	16,895
Accruals and deferred income	136,878	61,214
	<u>341,056</u>	<u>275,688</u>

Deferred income

Deferred income at 1 January 2015	17,427
Amounts released from previous years	<u>(8,066)</u>
Deferred income at 31 December 2015	<u>9,361</u>

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

	2015 £	2014 £
Barclays Mortgage	485,008	539,485
Charity Bank Loan 1	45,503	58,151
Charity Bank Loan 2	526,715	544,818
Charity Bank Loan 3	522,003	535,253
	<u>1,579,229</u>	<u>1,677,707</u>

Martha Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2015

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

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

	2015 £	2014 £
Repayable by instalments	<u>1,169,693</u>	<u>1,269,660</u>

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 £239,621 and until 2028 for the remaining £282,286. During the year, the mortgage bore interest at a rate of 4.72% reducing to a flexible rate of 1% over the Barclays Base Rate from December 2015.

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

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

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

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

17. Financial Instruments

	2015 £	2014 £
Financial assets that are debt instruments measured at amortised cost	318,474	295,012
Financial liabilities measured at amortised cost	<u>(1,732,282)</u>	<u>(1,828,684)</u>

Financial assets measured at amortised cost comprise trade debtors.

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

Martha Trust
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Notes to the financial statements
For the year ended 31 December 2015

18. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Designated funds					
Designated fixed asset fund	-	-	-	2,817,960	2,817,960
General funds					
General Funds	3,201,228	4,365,476	(4,258,751)	(2,774,555)	533,398
Revaluation reserve	204,135	-	-	-	204,135
	<u>3,405,363</u>	<u>4,365,476</u>	<u>(4,258,751)</u>	<u>(2,774,555)</u>	<u>737,533</u>
Total Unrestricted funds	<u>3,405,363</u>	<u>4,365,476</u>	<u>(4,258,751)</u>	<u>43,405</u>	<u>3,555,493</u>
Restricted funds					
Frances House	269,854	250	(1,295)	(38,808)	230,001
Mary House	482,482	7,649	(6,455)	(4,597)	479,079
Martha House	3,082	700	(1,702)	-	2,080
	<u>755,418</u>	<u>8,599</u>	<u>(9,452)</u>	<u>(43,405)</u>	<u>711,160</u>
Total of funds	<u>4,160,781</u>	<u>4,374,075</u>	<u>(4,268,203)</u>	<u>-</u>	<u>4,266,653</u>

Designated fixed asset fund

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

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.

Mary House

(i) This fund includes a donation of £120,000 which was received in 2006 towards Mary House from the Development Trust with a restriction over 10 years, specifying that at least five people living in Mary House must be from Kent, Medway, East Sussex or West Sussex. The restriction is secured by way of a legal charge over the property. In the opinion of the Trustees this criteria will continue to be met and the likelihood of having to repay the money is considered remote.

(ii) 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.

Martha Trust
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Notes to the financial statements
For the year ended 31 December 2015

18. Statement of funds (continued)

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

Martha House

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

Transfers

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.

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Designated funds	-	-	-	2,817,960	2,817,960
General funds	3,405,363	4,365,476	(4,258,751)	(2,774,555)	737,533
	<u>3,405,363</u>	<u>4,365,476</u>	<u>(4,258,751)</u>	<u>43,405</u>	<u>3,555,493</u>
Restricted funds	755,418	8,599	(9,452)	(43,405)	711,160
	<u>4,160,781</u>	<u>4,374,075</u>	<u>(4,268,203)</u>	<u>-</u>	<u>4,266,653</u>

19. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	4,682,226	711,160	5,393,386	5,410,647
Current assets	793,552	-	793,552	703,529
Creditors due within one year	(341,056)	-	(341,056)	(275,688)
Creditors due in more than one year	(1,579,229)	-	(1,579,229)	(1,677,707)
	<u>3,555,493</u>	<u>711,160</u>	<u>4,266,653</u>	<u>4,160,781</u>

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

	2015 £	2014 £
Net income for the year (as per Statement of financial activities)	105,872	299,696
Adjustment for:		
Depreciation charges	202,748	190,650
Gains on investments	97,984	107,324
Loss on the sale of fixed assets	2,256	1,268
Increase in debtors	(142,737)	(52,220)
Increase in creditors	60,607	5,276
Net cash provided by operating activities	326,730	551,994

21. Analysis of cash and cash equivalents

	2015 £	2014 £
Cash in hand	324,906	377,620
Total	324,906	377,620

22. Capital commitments

At 31 December 2015 the charity had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	14,130

23. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £32,759 (2014 - £29,518). Contributions totaling £4,807 (2014: £5,404) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 December 2015 the charity had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Between 2 and 5 years	17,280	23,040

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25. Related party transactions

Richard Pitt, a Trustee of the charity, is a partner in Beadle, Pitt & Gottschalk. During the year the charity received pro bono legal advice from Beadle, Pitt & Gottschalk amounting to £2,442 (2014: £8,400) which has been recognised as a gift in kind in the Statement of Financial Activities. In addition, legal services of £9,324 (2014: £1,460) have been invoiced to the charity by Beadle, Pitt & Gottschalk. At the year end there was no outstanding balance with Beadle, Pitt & Gottschalk.

26. Controlling party

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