

a world where disabled
people are seen for
what they can do

Reports and accounts

31 March 2014



Papworth
Trust

Our vision

**a world where disabled people
are seen for what they **can** do.**

Our mission

**for disabled people to have
equality, choice and independence.**

Our values

We listen

to people's needs and build great services around them

We inspire

everyone to try to change our world

We support

people to live their lives to the full

We care

that every person is seen for what they **can** do

We work together

so that **we can** make a difference



0800 952 5000



info@papworthtrust.org.uk



www.papworthtrust.org.uk

Meet some of the people we have supported



Chair's review

The last year has been a busy period of change, in a challenging external environment, for everyone involved at the Trust. With a lot of input from staff, volunteers and users, we have managed to improve some services and develop new ones. We have had particular success in our employment work, through the Work Programme, and are pleased to have recommenced a capital programme in housing. We were also excited to welcome our Patron, Her Royal Highness The Duchess of Gloucester, to open our new leisure activity at Cilthriew Kerry Farm.

In other areas we have had to start consolidating activities, particularly where public sector cuts are reducing our income. We have begun to face severe funding pressures in care services.

The significance of the planned reduction in government spending has been clear to us for some time. This increases unmet need for disabled people and their families, through benefit cuts and public service reductions, while making it harder for the Trust to secure the means to provide services. The spending cuts have been well publicised previously but the real impact is still unfolding, especially for local authority funded services.

Papworth Trust is committed to finding ways of supporting disabled people through these difficult times. We have rethought our aims, and our vision is for a world where disabled people are seen for what they **can** do. After a number of years in which growth and service expansion was easier to achieve, we are now looking again at our strategic aims and operating models to see how best we can work in this harsher environment.

We remain ambitious. We are continuing our strenuous efforts to increase fundraising and volunteering to give us discretionary resources over and above our income from contracts with government and individuals. We have worked to increase awareness of the Trust and what it can offer, including a major rebranding. This helps us to get the Trust's voice on behalf of disabled people to be heard more widely. We have input to key debates about public policy, such as the adverse impact of the Spare Room Subsidy. We strive to influence Government policy where we have something to say based on our wide experience of operating services in housing, care, leisure and employment.

I was delighted to welcome Vicky McDermott as our new Chief Executive in May this year. She brings a wealth of experience from both the private and public sectors and is also Vice Chair of the board at Scope.

The trustees are enthusiastic about the future of the Trust and are determined to see it thrive. We can only do this with the continuing support and hard work of our supporters, funders, staff and volunteers and I offer you all my warm thanks for the difference you make to the lives of disabled people.

Rob Hammond
Chair of Trustees



**Thank you to
all our supporters
and funders for
the love and
care they show
to the Trust."**

Rob

Thank you
to all the
people who
use our
services and
whose stories
and photos
appear in
this review.

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Trustees' report

The Trustees present the Trustees' report and audited financial statements for the year ended 31 March 2014.

Achievements and performance

In 2012 we launched our centenary strategy, as in 2017 we will celebrate our 100th anniversary. We want people to feel that our services make a real difference to their lives.

- **Addressing the increasing unmet needs and aspirations of disabled people**

Many of our customers told us that they needed help and support to go on holiday.

We have facilitated and supported groups of our customers to take short breaks and holidays. This is delivered on an individual basis and is dependent on the capacity and flexibility of our staff. However, when a million people watched the Channel 4 programme about the pilot of our new respite holiday farm, they saw the transformation to peoples' lives and what Papworth Trust can achieve when strategy and aspirations become reality.

Our first year of running Cilthriew Kerry Farm in Wales has been a resounding success. The farm provides much needed respite holidays for disabled people and their families from across the UK who desperately need a short break. The impact for many families has been hugely positive. During the 2 years of Big Lottery funding, holidays are being offered to families free of charge. Cilthriew Kerry Farm is 1 of only 4 funded Millennium Now projects and we are grateful to the Big Lottery Fund for making it possible for us to offer these transformational breaks to families in need.

There has been a fantastic response from families wanting to visit the farm, and we have managed to increase its capacity.

- **Delivering 1/5 of all we do through donations, fundraising and volunteering.**

In our centenary strategy, we set a target to deliver 1/5 of all that we do through donations, fundraising and volunteering by 2017. Significant progress has been made towards achieving this goal in 2013/14.

For example, volunteers made a real difference to peoples' lives by giving 48,225 hours of their time. All volunteer activity is recorded and volunteers are supported in their roles with policies in place to ensure good practice. As part of National Volunteers' Week we held Reward and Recognition events to celebrate the contribution made by volunteers across the charity.

We would like to thank all of our volunteers who make such a difference to the lives of disabled people.

Fundraising continued to build on the success of 2012/2013, and increased income by a further £600k to support people to live their lives to the full. We would like to thank all of our donors from local communities, trusts and foundations and companies who have supported as well as many individuals.

- **Supporting more people to say “I can”**

During the year we successfully developed our brand to better articulate our vision and values and to create greater awareness of the Papworth Trust name. More charities are trying to address unmet need by chasing less money and fewer resources. A strong brand is increasingly important to help us stand out in a crowded market place.

We created our “**I can**” campaign which asked the public to see everyone for what they can do. This has been supported by a number of celebrities including Professor Stephen Hawking, musician Dame Evelyn Glennie, mountaineer Jamie Andrew and Paralympian Jonnie Peacock. In January 2014 we announced TV presenter and farmer Jimmy Doherty as our new ambassador.

- **Campaigning about issues that affect our customers**

Our lobbying activities have highlighted key issues faced by disabled people. These include the problems caused by the spare room subsidy (commonly referred to as the ‘bedroom tax’), and the impact of Personal Independence Payments (PIPs). Our published reports often lead to media coverage and we regularly meet with MPs and Government bodies to make sure the issues are heard. We also respond to Government consultations.

Over recent years our profile has increased and our voice has become louder and well respected.

Reserves policy

We have a policy of setting aside certain assets to cover contingencies. Amounts are currently invested to provide returns which along with fundraised income, help to support existing projects and develop new ones.

We set money aside where a purpose is specified by the donor. This may permit us to spend the income generated by a donated investment (known as an endowment), or it may permit us to spend the amount donated (known as a restricted reserve).

We established a Disability Services Fund to provide financial support for the development of new activities and services to support disabled people.

The Property Fund represents Papworth Trust’s funds that are invested in tangible fixed assets, net of loans, grants and donations received to specifically finance such assets and are not therefore available to meet operating expenses.

To safeguard against unforeseen shortfalls or changes in the funding of the services and programmes for disabled people for whom Papworth Trust is already committed, a Contingency Fund has been established, representing between 2 and 4 months expenditure on such committed programmes plus additional specific exposures to be assessed each year.

The General Funds represent Papworth Trust’s available free funds. Movements between funds are approved annually by the Finance Committee, and are set out in Note 15 to these accounts.

Investment Policy

Investments are managed with full discretion by Papworth Trust’s investment advisers under the overall supervision of Papworth Trust through its Joint Investment Committee with The Varrier-Jones Foundation. The Committee monitors the performance of the investment advisers through formal biannual review meetings.

Structure, governance and management

As a limited company Papworth Trust is governed by its Members. Trustees are elected by the Members at a General Meeting. Trustees can also co-opt additional Trustees to the Board, who must subsequently be elected by Members at the General Meeting. The election or appointment of Trustees is detailed in the Articles of Association.

Trustees meet 6 times a year to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Leadership Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The induction process for Trustees includes attendance at staff induction and disability awareness training courses, supported by in-depth briefings from senior managers and visits to our centres. Further training is arranged to meet the specific needs of individual Trustees.

Trustees do not receive a salary, but may claim expenses for attending meetings (see Note 19 to these accounts).

Trustees and Leadership Team members are asked to complete an annual Disclosure Statement to notify Papworth Trust of any involvement in any other organisations. This was most recently completed in March 2014.

Trustees Liabilities

The Trust indemnifies the Trustees of Papworth Trust against liability in respect of proceedings bought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year.

Committees

Committees take a more detailed interest in specific areas of Papworth Trust's activities and monitor performance against key performance indicators. The current Committee structure, with delegated authority from the Board for key issues, is as follows:

Finance and Audit Committee

The Finance Committee has responsibility for the oversight of key issues such as treasury management, financial appraisal of new projects and prevention and detection of fraud. The Audit Committee is also responsible for reporting to the Board of Trustees on the effectiveness of internal controls. At each meeting the Audit Committee reviews the major risks, and assesses the effectiveness of actions in managing those risks. This includes a discussion about the use of internal audit activities to assess the effectiveness of controls.

Governance Committee

The Governance Committee exists to ensure the good and effective ongoing governance of Papworth Trust. The key responsibilities of the Governance Committee are advising the Board of governance matters which need to be addressed by the Trust, overseeing the appointment, re-election and retirement of Trustees, ensuring a good distribution of skills and experience amongst Trustees and advising on the appointment of the Chief Executive.

Independent Living Committee

The Independent Living Committee exists to oversee the operation of the My Home and My Care activities of the Trust and to fulfil our obligations as a Registered Provider of social housing. The key responsibilities of the Committee are considering the strategy on Independent Living, reviewing all activities within My Home and My Care services, monitoring performance and making appropriate recommendations to the Board. In addition the Committee will receive reports on compliance with contractual and regulatory requirements.

Work and Learning Committee

The Work and Learning Committee exists to oversee the operation of the employment, rehabilitation, leisure, learning and advice, and guidance activities of the Trust. The key responsibilities are the review of strategy and activities in My Work, My Leisure and My Services, making recommendations to the Board as required.

Marketing and Fundraising Committee

The Marketing and Fundraising Committee exists to ensure the mission of Papworth Trust is properly reflected in the Trust's brand and marketing strategy, and to ensure an appropriate and sustainable fundraising strategy is in place to support the Business Plan.

Value for money

Achieving the Social Housing Value for Money Standard is a fundamental part of our housing strategy. Value for Money strategy is reviewed annually by the Independent Living Committee of the Board of Trustees.

Our objective is to provide property types and services to meet the needs of our tenants. The key driver is to achieve a balance between reasonable cost and good quality. Maintaining a high level of customer satisfaction is fundamental to everything that we do but we also take account of the social value to our tenants, especially meeting individual needs appropriate for their disability.

We are members of the SPBM East of England benchmarking club for smaller providers allowing us to compare ourselves against other similar organisations.

Benchmark	2014 Actual	2014 Target	2014		
			Peer Group median	2013 Actual	2012 Actual
Tenant satisfaction repairs and maintenance	99.6	95.0	84.0	98.0	97.0
% units with a valid gas safety certificate	100.0	100.0	99.9	100.0	100.0
% rent collected	97.3	98	100	97.01	96.26
Void losses	2.71	3.0	1.1	2.1	3.7
Weekly operating costs per unit	59.93	56.9	75.97	45.21	46.84
Operating costs as % of turnover	71.7	95.9	95.9	63.5	60.4
Weekly management costs per unit	26.2	20.7	19.3	23.3	15.4

Our 3 yearly STAR survey is currently in progress.

While we use these benchmarks for comparison, we also recognise that our tenant profile includes a high percentage of clients with disabilities and additional needs.

Our VFM achievements over the last year

- Volunteering opportunities in administration and tenant involvement have allowed Housing Officers to focus more on the needs of our tenants.
- Provision of smart phones for Housing Officers has improved communications and reduced travelling time. More effective use of time produced savings of £9k per annum.
- Appointment of a Housing Development Project Manager has reduced the need for outsourcing at an annual saving of £6k.
- Review of rent arrears processes is providing more social value and positive outcomes for our customers.

Our VFM objectives for the next 5 years

- Increase the number of homes we manage to a minimum of 710 homes, 80% of which will be wheelchair accessible.
- Fundraise at least £300k every year to contribute to the building of new accessible homes.
- Complete the first construction of our exemplar building accessible bungalow.
- In consultation with our tenants, improve and expand our housing services to meet their needs using volunteers where appropriate to offer new services.

Going concern

The Board has assessed Papworth Trust's financial position and resources, together with a review of budgets for 2014/15 and financial forecasts. On the basis of this assessment the Board believes that the Trust is well placed to manage its business risks.

The Board therefore has a reasonable expectation that adequate resources exist for the Trust to continue in operational existence for the foreseeable future and thus continues to adopt the going concern basis of accounting in preparing these financial statements.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. Papworth Trust has prepared detailed health and safety policies and provides staff training and education on health and safety matters. A Health and Safety Committee meets quarterly and comprises staff from all areas of the organisation.

Disabled employees

We have a Diversity and Equality policy regarding the employment of staff, including disabled employees, and gives full consideration to applications for employment from disabled people.

Currently 19% of Papworth Trust's employees have declared a disability.

Where existing employees acquire a disability, it is Papworth Trust's policy wherever possible to provide continuing employment and to provide training and career development to employees wherever appropriate.

Employee involvement

We are committed to providing our employees with information about our activities, consulting with them on major changes and developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information. We use our intranet site to share information with staff, we hold Staff Conferences to update staff on strategy and other major developments, and send out a monthly newsletter to all staff.

Customer involvement

There are local customer groups covering our centres and services. Representatives from these groups come to the Forum, a meeting held 6 times a year for people who use our services. It is very important to us that our customers are involved and have their say about how we develop and design services.

Trustee User Representatives are appointed by a customer panel and they influence decisions made by attending Board of Trustees meetings.

Auditors

A resolution proposing the appointment of KPMG LLP as auditors will be proposed at the AGM.

Disclosure of information to auditors

The directors who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Staff, volunteers and Trustees

Finally I would like to thank the Trustee User Representatives, staff, volunteers and Trustees of Papworth Trust for their dedication and hard work during the past year.

The report of the Board of Trustees was approved by the Board on 25th September 2014 and signed on its behalf by:

R Hammond
Chair of Trustees

Strategic Report as at 31 March 2014

Objects and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We help people with all kinds of disability, including physical disabilities, learning disabilities, mental ill health and sensory impairments.

We recently updated our vision and values to show our commitment to delivering services that meet our customers' expectations. We support people to live their lives to the full, and care that every person is seen for what they can do.

Objects

We are set up for public benefit and for general charitable purposes according to the laws of England and Wales.

We carry out service reviews on an annual basis, to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes of each key activity and the benefits they have brought to those individuals and groups of people. The reviews also help to make sure that our activities stay focused on our stated objectives.

Public benefit

We refer to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives, and also when planning future activities.

Financial review

Full details of our financial performance for the year ended 31 March 2014 are shown in the Income and Expenditure Account, Balance Sheet, Cashflow Statement and Notes to the Accounts which form part of the financial statements for the year.

Turnover and operating surplus/(deficit) for 2013/14 are shown in the table below.

	2014 £'000	2013 £'000
Income and expenditure account		
Turnover	22,411	19,476
Operating costs	(21,970)	(19,510)
Operating surplus/(deficit)	441	(34)
(Loss)/gain on sale of fixed assets	(148)	391
Interest payable	(594)	(687)
Deficit for the year	(301)	(330)

	2014 £'000	2013 £'000
Deficit for the year		
Gains on investments		
<u>Realised</u>		
Unrealised	302	66
Total recognised surpluses for the year	1	365

Income

- Total turnover increased from £19.5m to £22.4m. Turnover from social housing activities increased by £0.9m and turnover from non-social housing activities increased by £2.0m.
- Turnover from social housing lettings rose from £3.7m to £4.0m, primarily as a result of the annual rent review and some new properties coming into management.
- Non-social housing activities saw My Work income increase by £0.8m as a result of stronger performance in the Work Programme contracts.
- Fundraising built on the success of the work started in 2013 by the new team and increased income by £0.6m. The acquisition of Workwise in July 2013 contributed towards increased My Leisure income of £0.5m.

Expenditure

- Operating costs increased by £2.5m in the year to £22.0m. This is in line with the £3m increase in turnover.
- We continued to invest in fundraising activities with expenditure of £1.5m in 2013/14 as we work towards our target to deliver 1/5 of all that we do through donations, fundraising and volunteering by 2017.
- Interest payable on loans and overdrafts reduced by £93k to £594k. Although additional loan funding was drawn down in the year to fund housing development, capital repayments and lower variable rates on some loans reduced the overall interest charges. Further details are shown in note 12 to the financial statements.

Balance sheet

The key balance sheet highlights are:

- The historic cost of housing properties increased from £47.1m at the start of the year to £48.5m at the end of the year. As explained below, housing development was slower this year.
- The cash balance was £573k at the end of the year, an increase of £383k.
- Total reserves remained at £24.6m. Reserves are maintained as detailed in the reserves policy below.

Housing development

The Trust slowed its housing development during the year as the remaining tranche of a long term loan was drawn down to complete the development at Roman Court, Cambridge. These properties were handed to housing management in July 2014. A longer term finance strategy has been developed together with a proposal to raise additional loan financing over the next 3 years.

There remains a real need for fully accessible housing and we are committed to building more homes as a result.

Treasury management

The Trust's housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and fundraising.

Treasury management is managed by the Finance team and overseen by the Finance Committee. It is reviewed on a regular basis.

Loan covenants

There are several loan covenants in place on the Trust's long term loans. The key measures are asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenants are monitored monthly and were met for the year ended 31 March 2014.

Plans for future periods

We will continue to work towards delivering our 2017 centenary strategy, building on the progress already made. Good quality, cost effective services are essential in the changing environment in which we operate.

- **Continue our commitment to deliver 1/5 of all that we do through donations, fundraising and volunteering**

We have already made significant progress towards meeting this ambition. If we are to do more to address the growing unmet needs and aspirations of disabled people it is essential that we continue to strengthen our fundraising and volunteering activities. We are doing more to emphasise our charitable values to make Papworth Trust feel more like a charity to funders, customers and staff.

- **Develop a more joined-up approach to support our customers**

We currently have 4 distinct areas of operational activity: My Care, My Home, My Leisure and My Work including rehabilitation. Many customers want services from more than 1 operational area and we want to make it easy for customers to access the services they need through being able to offer a holistic approach. Collaborative working will mean that we will be able to offer a range of services for people of all disabilities, whilst ensuring that we offer consistent quality and value.

- **Achieving greater visibility and a higher profile as an influential charity for disabled people**

We will continue to work to increase public understanding of the issues facing disabled people. A strong brand is increasingly important to attract more funding and support and our new brand and website has been launched to help our work to be better known and understood. We will continue to lobby and campaign to give disabled people a bigger voice in society. Our Policy team will ensure that key disability issues and potential solutions are highlighted to all the main political parties ahead of the General Election in 2015. We will raise awareness amongst our customers and staff of the key changes to benefits and how they might be affected.

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget and quarterly review processes, which review risks and controls in existing processes, this comprises a comprehensive review of risks. We maintain a register in which major risks are documented and we use this to review the effectiveness of controls which mitigate these risks. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of Papworth Trust's assets and reputation.

The Finance and Audit Committee and Trustees monitor and review our principal risks and the processes for managing them together with the arrangements for internal and external audits and preparation of financial statements.

The most critical risks and uncertainties have been identified as:

KEY RISK	MITIGATING ACTIONS
Government Austerity measures Government austerity measures and Local Authority spending reviews impact financial sustainability of some services.	<ul style="list-style-type: none">Financial forecasts and the progress of our operations are regularly reviewed through Quarterly Business Reviews.Operational areas are focusing on maximising efficiency of current activity.
Failure to win new and repeat business The Trust is working to develop competitively priced services for customers. Failure to be competitive will impact sustainability of services.	<ul style="list-style-type: none">A Transformation programme is commencing in 2014/15 to review and optimise our service delivery.We will look to work in partnership with other organisations where this will add efficiency and improve service quality.
Breach of banking covenants The Trust may fail to meet certain financial covenants required by the banks in relation to our loan agreements with them. Breach of covenant could lead to higher borrowing costs or repayment of loans.	<ul style="list-style-type: none">Quarterly reforecasting and close monitoring of finances and covenants is embedded in the Trust's systems.Signs of potential breach are identified at an early stage to allow for necessary action.
A crisis could occur which damages the Trust's reputation.	<ul style="list-style-type: none">A crisis management plan has been developed across the Trust.

The Strategic Report was approved by the Board on 25 September 2014 and signed on its behalf by:

R Hammond
Chair of Trustees

Case Study

Amanda and Elizabeth

Our youth club "is a godsend" for mum Amanda.

Her daughter Elizabeth has dyspraxia, which affects her movement and coordination.

It makes it hard for her to do things such as tie her shoelaces, and she gets frustrated.

Elizabeth also has attention deficit hyperactivity disorder (ADHD) and learning disabilities.

Mum Amanda, who has multiple sclerosis says, "I have a lot of problems with Elizabeth's behaviour at home. For example on Sunday we had a 7 hour tantrum. The problem is when she doesn't get to do what she wants to do, she gets angry with herself.

"I do as much as I can physically with her, but I'm not very mobile so I can't just take her to a park, or out for a walk."

Elizabeth goes to one of our weekly Fun United youth clubs, where she has a go at everything from cooking and street dance to bowling and circus skills.

"She loves it. She can scream and run around, and just be a kid," says Amanda.

"And it's a few hours where I can come home and do what I have to do and not even worry about her."



“

The world's not a very nice place sometimes, but at the youth club it's just brilliant.”

Amanda

Watch Amanda and Elizabeth: youtube.com/papworthtrust

Case Study

Harry and Neil

Neil from Bedford is very competitive and loves games, most of all football. He's pretty good at bowling too, and is over the moon when he wins.

The most important thing in life for Neil is being able to get out and about, which he does with Harry, who has been one of his support workers for the last 5 years.

Neil, has cerebral palsy and uses a wheelchair, loves socialising and being part of the community, and Harry loves helping him to do it.

Harry also helps Neil with his personal hygiene and with jobs like preparing food and keeping his flat clean.

"Neil is a great deal of fun," says Harry. "He is not someone who is happy to sit in his flat and do nothing."

"He really wants to go out and meet people and do things. That's the kind of support that Neil requires, and that's the kind of support that we are able to provide."



“We can help Neil to do anything that he wants to do.”

Harry

Watch Neil and Harry: youtube.com/papworthtrust

Case Study

Simon

Lorry driver Simon broke his back in an accident at work 2 years ago. After 35 years in the business, Simon was told he would never drive a lorry again.

"I was rock bottom," says Simon. "Being told you can't do the job that you've always done is quite a devastating thing."

Simon had to wear a back brace for 4 months and had post-traumatic stress.

"It was suggested that I go to rehabilitation," he says. "I started to meet people who cared about what I was doing and my situation."

Simon had intense physiotherapy, counselling and help preparing for work, including IT skills training and writing his CV.

He now works as a Receptionist at our office in Papworth Everard.

"It's given me confidence – I'm meeting lots of different people and doing things that I didn't think I would be able to do."



"I remember saying to them 'I can't be a lorry driver anymore, so can you show me what I can do'? And that's what they did."

Simon

Watch Simon: youtube.com/papworthtrust

Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 association and of the surplus or deficit for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

Independent auditor's report to the members of Papworth Trust

We have audited the financial statements of Papworth Trust ("the association") for the year ended 31 March 2014 set out on pages 24 to 45. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with Section 128 of the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association'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 anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, the trustees 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 31 March 2014 and of its deficit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' 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.

Stephanie Beavis (**Senior Statutory Auditor**)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date:

Income and expenditure account

	Notes	2014 £'000	2013 £'000
Turnover			
Continuing operations	2	22,411	19,476
		<u>22,411</u>	<u>19,476</u>
Less: Operating costs			
Continuing operations	2	(21,970)	(19,510)
		<u>(21,970)</u>	<u>(19,510)</u>
Operating surplus / (deficit)			
Continuing operations		441	(34)
(Loss)/Gain on sale of fixed assets		(148)	391
Interest payable and similar charges	6	(594)	(687)
Deficit for the year		<u>(301)</u>	<u>(330)</u>

Statement of Total Recognised Surpluses and Deficits

	Notes	2014 £'000	2013 £'000
(Deficit) for the year		(301)	(330)
Gains on Investments			
Realised	8/9	-	629
Unrealised	8/9	302	66
Total recognised surpluses and deficits for the year		<u>1</u>	<u>365</u>

The historical cost surpluses for the year are identical to those reported in the financial statements above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Notes	2014 £'000	2013 £'000
Fixed assets			
Housing Properties	7	45,432	44,658
Less: Social Housing Grant	7	(19,555)	(19,555)
		25,877	25,103
Other fixed Assets	7	5,622	5,739
Investments	8	8,035	7,734
Endowment Fund Assets	9	213	211
Total fixed assets		<u>39,747</u>	<u>38,787</u>
Current assets			
Debtors - amounts falling due within one year	10	2,884	2,658
Cash at bank and in hand		573	190
		3,457	2,848
Creditors:			
Amounts falling due within one year	11	(4,367)	(3,501)
Net current liabilities		<u>(910)</u>	<u>(653)</u>
Total assets less current liabilities		<u>38,837</u>	<u>38,134</u>
Creditors:			
Amounts falling due after more than one year	12	(14,223)	(13,506)
Provisions for liabilities and charges	14	-	(15)
		<u>24,614</u>	<u>24,613</u>
Reserves			
Restricted reserves			
Endowment Funds	15	213	211
General funds			
Capital Funds	15	3,453	3,605
Income Funds	15	321	374
		<u>3,774</u>	<u>3,979</u>
Total restricted reserves		<u>3,987</u>	<u>4,190</u>
Unrestricted reserves			
Designated reserves			
Disability services fund	15	924	1,154
Property fund	15	13,643	13,346
		<u>14,567</u>	<u>14,500</u>
General reserves			
Contingency fund	15	6,060	5,923
Total unrestricted reserves		<u>20,627</u>	<u>20,423</u>
Total reserves		<u>24,614</u>	<u>24,613</u>

The financial statements were approved by the Board at a meeting held on and signed on the Board's behalf by:

R Hammond
Trustee

R Norton
Trustee

Cashflow statement

	Notes	2014 £'000	2013 £'000
Net cashflow from operating activities	a	1,640	1,438
Returns on investments and servicing of finance			
Dividends and interest received	a	3	3
Interest paid and similar charges	a	(594)	(687)
Net cash outflow from returns on investments and servicing of finance		(591)	(684)
Capital expenditure and financial investment			
Payments to acquire and improve housing properties		(1,335)	(1,938)
Capital grants received in respect of housing properties		-	150
Appeal income for capital projects		553	218
Payments to acquire other fixed assets		(619)	(573)
Proceeds of sale of land and property		-	705
Net cash outflow from capital expenditure and financial investment		(1,401)	(1,438)
Net cash outflow before financing		(352)	(684)
Financing			
Housing loan advances received	c	1,000	1,000
Other loans received	c	-	53
Housing loans repaid	c	(251)	(214)
Other loans repaid		(13)	-
Net cash inflow from financing		736	839
Increase in cash in the year	b	384	155

Notes to the cashflow statement

a) Reconciliation of deficit for the year to net cash flow from operating activities

	2014 £'000	2013 £'000
Deficit for the year	(301)	(330)
Loss/gains on sale of land and other fixed assets	148	(391)
Realised gains on sale of investments	-	629
Dividends and interest receivable	(3)	(3)
Interest payable	594	687
Appeals income for restricted purposes	(553)	(218)
Non cashflow items:		
Depreciation	1,149	1,030
(Increase)/decrease in debtors	(226)	494
Increase/(decrease) in creditors	832	(460)
Net cashflow from operating activities	1,640	1,438

b) Analysis of the balance of cash as shown in the balance sheet and notes to the accounts

	Change in the year		Change in the year	
	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Cash at bank and in hand				
Endowment Fund (Note 9)	573	383	190	154
	148	1	147	1
	721	384	337	155

c) Analysis of changes in financing during the year

	Housing Loans £'000	Other Loans £'000	Total £'000
At 1 April 2013	13,115	627	13,742
Drawings under housing loans	1,000	-	1,000
Repayment of loans	(251)	(13)	(264)
At 31 March 2014	13,864	614	14,478
At 1 April 2012	12,329	574	12,903
Drawings under housing loans	1,000	-	1,000
Drawings under other loans	-	53	53
Repayment of housing loans	(214)	-	(214)
At 31 March 2013	13,115	627	13,742

Notes to the financial statements

1. Accounting policies

The financial statements have been prepared on a going concern basis and using the accruals basis of accounting in accordance with applicable accounting standards in the United Kingdom and in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers (Update 2010) and The Accounting Direction for Private Registered Providers of Social Housing 2012.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The accounting policies have remained unaltered from the prior year.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting as modified to include the revaluation of investments to market value.

Going concern

The Board has assessed our financial position and resources, together with a review of budgets for 2014/15 and financial forecasts. On the basis of this assessment the Board believes that the Trust is well placed to manage its business risks.

The Board therefore has a reasonable expectation that adequate resources exist for the Trust to continue in operational existence for the foreseeable future and thus continues to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover represents the income derived from the carrying on of our activities, comprising the sale of goods and services, property rental income net of voids, fees for progression, occupation and rehabilitation services, revenue grants from statutory and other authorities, charitable gifts, donations and legacies.

Certain up front attachment fees received under the Work Programme contract have been deferred to future periods. An element of the fees has been recognised as a payment in respect of contract start-up costs and the balance as part of the payment for supporting customers for a period of up to 2 years.

Property rental income

Rental and service charge income from residential properties is recognised in the income and expenditure account when it falls due.

Grants from Jobcentre Plus

Grants for the acquisition or improvement of industrial buildings are treated as interest-free loans.

Revenue grants receivable

Revenue grants are credited as income when they are receivable, provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Notes to the financial statements

Donations and gifts

All monetary donations and gifts are included in full, in the statement of financial activities when receivable.

Housing properties and components

Housing properties are shown in the balance sheet at cost, net of the Social Housing Grant and other capital grants. The cost of housing properties is their purchase price, together with incidental costs of acquisition and capitalised major repairs and improvements.

Housing properties consist of several different physical components each of which have substantially different useful economic lives. Each major component, excluding land, is accounted for separately and depreciated over its individual useful economic life.

Disposals include, but are not limited to, those components capitalised previously and depreciated over its individual useful life.

Major repairs

Major repairs are capitalised to the extent that they relate to the replacement or restoration of a separately identified property component or where the expenditure results in enhancement of the economic benefits of the assets such as an increase in rental income, a reduction in future maintenance costs or a significant extension to its useful economic life. In any other circumstances major repairs are charged to the income and expenditure account as incurred.

Depreciation and impairment

Housing properties, net of Social Housing Grant and other capital grants and consisting of several different physical components, are depreciated on a straight line basis over their expected useful economic lives as follows:

Structure	80 years
Roof	50 years
Windows and Doors	30 years
Kitchens	15 years
Bathrooms	20 years
Electrical Installation	40 years
Heating, ventilation and plumbing	30 years
Boilers	15 years

Freehold land is not depreciated. No depreciation is provided on housing properties in the course of construction. An impairment review of housing properties is undertaken annually.

Depreciation is charged on a straight line basis over the expected useful economic lives of other tangible fixed assets as follows:

Freehold non-housing properties	25 years
Leasehold improvements	over the life of the lease
Plant, machinery and fixtures	3-15 years
Office equipment, except for personal computers	5-10 years
Motor vehicles	6 years

The total depreciation charge for the year amounted to £1,149k (2013: £1,030k).

Notes to the financial statements

Shared ownership properties

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Social Housing Grant

Where developments have been financed wholly or partly by the Social Housing Grant, the cost of those developments has been reduced by the amount of the grant received.

Although Social Housing Grant is treated as a grant for accounting purposes, it may become repayable if the conditions under which the grant was made are not complied with, for example, if the properties to which the grant was designated cease to be used for the purpose of affordable social housing.

Donated land

Land donated by local authorities and others is added to the cost of housing properties at the market value of the land at the time of the donation.

Sales of housing properties

Where housing properties are sold which are retained as fixed assets, the surplus or deficit on the sale is calculated by reference to the net book value of the property.

Fixed asset investments

Investments are carried at mid-market value as at the balance sheet date. Realised gains and losses on this basis are taken to the income and expenditure account; unrealised gains and losses are recorded in the statement of financial activities.

Acquisition and mergers

On acquisition, the recognised assets and liabilities of the acquired entity are measured at fair values that reflect the conditions at the date of the acquisition.

Acquisitions of entities where the transaction is a gift to us are treated as non-exchange transactions. For non-exchange transactions the fair value of the gifted assets and liabilities are recognised as a gain or loss in the income and expenditure account in the year of the transaction.

Reserves

We have a policy of setting aside certain assets to cover contingencies. Amounts are currently invested to provide returns which along with fundraised income, helps to support existing projects and develop new ones.

We set money aside where a purpose is specified by the donor. This may permit us to spend the income generated by a donated investment (known as an Endowment), or it may permit us to spend the amount donated (known as a Restricted Reserve).

We established a Disability Services Fund to provide financial support for the development of new activities and services to support disabled people.

Notes to the financial statements

The Property Fund represents our funds that are invested in tangible fixed assets, net of loans, grants and donations received to specifically finance such assets and are not therefore available to meet operating expenses.

To safeguard against unforeseen shortfalls or changes in the funding of the services and programmes for disabled clients for whom we are already committed, a Contingency Fund has been established, representing between two and four month's expenditure on such committed programmes plus additional specific exposures to be assessed each year.

The General Funds represent our available free funds. Movements between funds are approved annually by the Finance Committee, and are set out in Note 15 to these accounts.

Restricted reserves

Restricted reserves represent unspent funds received for specific purposes from external organisations. Restricted reserves are only expendable in relation to the projects for which they are received.

Designated reserves

Designated reserves are those reserves that, whilst having been designated for a specific purpose, remain available for our general charitable objectives. Transfers to and from designated reserves are made at the discretion of the Board. Further details regarding the purpose of designated reserves and movements in the year are provided in Note 15.

Pension costs

We operate a defined contribution scheme for all new employees and a defined benefit scheme, both of which require contributions to be made to separately administered funds. We also contributes to The NHS Pension Scheme for relevant staff who have transferred under TUPE.

Contributions in respect of the defined benefit scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

Leased assets

All leases are regarded as operating leases and the rentals payable are charged to the income and expenditure account on a straight line basis over the lease term.

Governance costs

Governance costs comprise central governance costs and the costs of other strategic management of our Central governance costs includes auditors fees, costs of holding Trustees Board and sub-committee meetings and costs of recruiting new Trustees.

Notes to the financial statements

Taxation

Papworth Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly we are potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 356 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 (a) Income, operating costs and surplus

	2014			2013		
	Income £'000	Operating Costs £'000	Central Support costs £'000	Surplus / (Deficit) £'000	Income £'000	Surplus / (Deficit) £'000
Social Housing activities						
Income and expenditure from social housing lettings	3,984	(2,525)	(332)	1,127	3,744	1,368
Other social housing activities						
HIA and Adaptations	3,201	(3,345)	(258)	(402)	2,557	(105)
Housing Development	16	(57)	(6)	(47)	12	(174)
Total social housing activities	7,201	(5,927)	(596)	678	6,313	1,089
Non-social housing activities						
My Work	5,938	(4,406)	(490)	1,042	5,148	(100)
My Care services	3,989	(3,758)	(505)	(274)	3,848	(277)
My Leisure	2,716	(3,163)	(214)	(661)	2,220	(328)
Advisory services	175	(294)	(24)	(143)	132	(53)
Research/Policy	-	(196)	(31)	(227)	7	(199)
Fundraising	2,342	(1,387)	(143)	812	1,728	500
Governance costs	-	(63)	-	(63)	-	(45)
Other strategic management costs	-	(598)	-	(598)	-	(655)
Other activities	50	(175)	-	(125)	80	34
	15,210	(14,040)	(1,407)	(237)	13,163	(1,123)
Total social and non- social housing activities	22,411	(19,967)	(2,003)	441	19,476	(34)

Notes to the financial statements

2 (b) Particulars of income and expenditure from social housing lettings

	General needs housing £'000	Supported housing £'000	2014 Total £'000	2013 Total £'000
Income from social housing letting activities				
Rent receivable	860	2,259	3,119	2,977
Service charge income	76	856	932	812
Gross rents receivable	936	3,115	4,051	3,789
Rent losses from voids	(11)	(99)	(110)	(78)
Net rents receivable	925	3,016	3,941	3,711
Other income	-	43	43	33
Total income from social housing letting activities	925	3,059	3,984	3,744
Expenditure on social housing letting activities				
Management	(200)	(668)	(868)	(808)
Services	(7)	(408)	(415)	(349)
Maintenance	(192)	(779)	(971)	(872)
Rent losses from bad debts	(1)	(6)	(7)	(11)
Depreciation	(95)	(501)	(596)	(336)
Total expenditure on social housing letting activities	(495)	(2,362)	(2,857)	(2,376)
Operating surplus on social housing letting activities	430	697	1,127	1,368
Accommodation in management				
	General needs housing	Supported housing	2014 Total	2013 Total
Number of units	173	463	636	667
Owned and managed	173	449	622	639
Managed on behalf of others	-	14	14	28
	173	463	636	667

Notes to the financial statements

3. Directors' emoluments

The directors are defined, for the purpose of emoluments, as the Chief Executive and other members of the Leadership Team. None of the Trustee Board members received any emoluments during the year. No remuneration in 2014 or 2013 was performance linked.

	2014 £'000	2013 £'000
Emoluments	468	489
Compensation for loss of office	55	-
Retirement benefit scheme contributions in respect of services as directors	121	48
	<u>644</u>	<u>537</u>
Emoluments include amounts paid to:		
Highest paid director	93	100
Retirement benefit scheme contributions of the highest paid director	18	20
Other staff paid in excess of £60,000 during the year:		
£60,000 - £69,999	-	4
£70,000 - £79,999	4	1
£80,000 - £89,999	1	-

The Chief Executive is an ordinary member of the defined benefits scheme.

Benefits in kind relate to health care insurance.

4. Employee information

The average monthly number of persons, including executive directors, employed during the period was:

	2014 Number	2013 Number
Total employees	730	526
Full time equivalent	452	416
Staff costs:		
	2014 £'000	2013 £'000
Wages and salaries	11,828	11,124
Social security costs	975	933
Pension costs (Note 17)	334	298
	<u>13,137</u>	<u>12,355</u>

Notes to the financial statements

5. Operating surplus

	2014 £'000	2013 £'000
The operating surplus is stated after charging:		
Depreciation		
- Housing properties	553	338
- Other fixed assets	596	692
	<u>1149</u>	<u>1030</u>
Operating lease rentals:		
- Land and buildings	441	406
- Property and equipment	41	46
Auditors' remuneration		
- in capacity as auditors	19	18
- in respect of taxation services	22	1
	<u> </u>	<u> </u>

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Interest on loans and overdrafts	<u>594</u>	<u>687</u>

Notes to the financial statements

7. Fixed assets

(a) Freehold housing Properties

	At 1 April 2013 £'000	Additions £'000	Disposals £'000	Transfers £'000	Charge for the year £'000	At 31 March 2014 £'000
Cost	47,142	1,335	(16)	1	-	48,462
Depreciation	(2,484)	-	7	-	(553)	(3,030)
Net depreciated cost	<u>44,658</u>	<u>1,335</u>	<u>(9)</u>	<u>1</u>	<u>(553)</u>	<u>45,432</u>
Social housing grants	(17,783)	-	-	-	-	(17,783)
Other housing grants	(1,772)	-	-	-	-	(1,772)
Total grants	<u>(19,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,555)</u>
Net book value	<u>25,103</u>	<u>1,335</u>	<u>(9)</u>	<u>1</u>	<u>(553)</u>	<u>25,877</u>

Included in gross cost at 31 March 2014 are costs of building projects under construction totalling £1,482,000 (2013: £473,000) against which no social housing grants have been received.

Additions to freehold housing properties are analysed as follows:

	2014 £'000	2013 £'000
Completed property acquired	752	1,539
Replacement of components	348	305
Other works to properties	<u>235</u>	<u>94</u>
	<u>1,335</u>	<u>1,938</u>

Notes to the financial statements

7. Fixed assets

(b) Other property, plant and equipment

	Short leasehold improve- ments £'000	Other freehold land and buildings £'000	Other Fixed Assets £'000	Total £'000
Cost				
At 1 April 2013	348	7,147	4,064	11,559
Additions	-	211	408	619
Disposals	-	(160)	(746)	(906)
Transfers	-	-	(1)	(1)
At 31 March 2014	348	7,198	3,725	11,271
Depreciation				
At 1 April 2013	220	2,555	3,045	5,820
Charge for the year	18	207	371	596
Disposals	-	(84)	(683)	(767)
At 31 March 2014	238	2,678	2,733	5,649
Net Book Value				
At 31 March 2014	110	4,520	992	5,622
At 31 March 2013	128	4,592	1,019	5,739

Notes to the financial statements

8. Fixed assets investments

The following investments have been acquired in accordance with powers available to the trustees:

	2014 £'000	2013 £'000
Market value		
Investments listed on the London Stock Exchange		
Other shareholdings	<u>8,035</u>	<u>7,734</u>
Cost £6,570k (2013 - £6,570k)		

Movement in year

	2014	2013
Investments listed on the London Stock Exchange		
At 1 April 2013	7,734	7,849
Additions	-	2,400
Disposals	-	(2,574)
Revaluation to market value	<u>301</u>	<u>59</u>
At 31 March 2014	<u>8,035</u>	<u>7,734</u>

9. Endowment fund assets

The directors are defined, for the purpose of emoluments, as the Chief Executive and other members of the Leadership Team. None of the Trustee Board members received any emoluments during the year. No remuneration in 2014 or 2013 was performance linked.

	2014 £'000	2013 £'000
Assets:		
COIF Investment Fund units at market value		
Cost £5,000 (2013 - £5,000)	65	64
Cash deposits	<u>148</u>	<u>147</u>
	<u>213</u>	<u>211</u>

Movement in year:

	Capital £'000	Income £'000	Total £'000
At 1 April 2013	84	127	211
Investment income and interest for year	-	3	3
Maintenance expenditure	-	(2)	(2)
Revaluation to market value	<u>1</u>	-	1
At 31 March 2014	<u>85</u>	<u>128</u>	<u>213</u>

Notes to the financial statements

10. Debtors

	2014 £'000	2013 £'000
Amounts falling due within 1 year		
Arrears of rents and service charges	87	123
Less: provision for bad and doubtful debts	(16)	(16)
	71	107
Invoiced debtors	1,637	1,552
Less: provision for bad and doubtful debts	(82)	(31)
Other debtors	84	2
Prepayments and accrued income	1,174	1,028
	<hr/> <hr/> 2,884	<hr/> <hr/> 2,658

11. Creditors: amounts falling due within 1 year

	2014 £'000	2013 £'000
Housing loans		
Housing loans	255	236
Trade creditors	817	638
Other taxation and social security	627	594
Other creditors	199	108
Accruals and deferred income	2,469	1,925
	<hr/> <hr/> 4,367	<hr/> <hr/> 3,501

12. Creditors: amounts falling due after more than 1 year

	2014 £'000	2013 £'000
Housing loans		
Housing loans	13,864	13,115
Other loans	40	53
Jobcentre Plus grants	574	574
	<hr/> 14,478	<hr/> 13,742
Less: amounts due within one year	(255)	(236)
	<hr/> 14,223	<hr/> 13,506

Notes to the financial statements

12. Creditors: amounts falling due after more than 1 year (continued)

	2014 £'000	2013 £'000
Housing loans		
Repayable as follows:		
Within 1 year	255	236
Between 1 and 2 years	243	245
Between 2 and 5 years	1,325	1,315
In 5 years or more	<u>12,041</u>	<u>11,319</u>
	<u><u>13,864</u></u>	<u><u>13,115</u></u>
Sources of finance		
Orchardbrook Limited	543	551
Royal Bank of Scotland plc	8,321	8,564
Barclays Bank plc	<u>5,000</u>	<u>4,000</u>
	<u><u>13,864</u></u>	<u><u>13,115</u></u>

The Orchardbrook Limited loan is repayable by 2032 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust's housing properties and repayable in bi-annual instalments.

The Royal Bank of Scotland plc loan is part of a £10million facility secured by way of fixed charges on certain properties owned by us. Repayment details are as follows:

Interest Rate	End of fixed rate period	£'000
Fixed 6.98%	November 2024	355
Fixed 7.09%	September 2024	1,024
Fixed 5.64%	March 2019	1,006
Fixed 6.01%	July 2014	675
Fixed 4.53%	July 2026	400
Variable 0.96%		1,100
Fixed 5.63%	September 2021	885
Fixed 4.74%	February 2027	1,000
Variable 0.96%		976
Fixed 3.51%	March 2027	<u>900</u>
		<u><u>8,321</u></u>

Notes to the financial statements

The Barclays Bank plc loan is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by us. Details are as follows:

Interest rate	End of fixed rate period	£'000
Fixed 4.29%	April 2018	1,000
Fixed 3.38%	July 2038	1,000
Fixed 3.38%	July 2038	1,000
Variable 0.82%		1,000
Variable 0.72%		1,000
		<hr/>
		5,000

The Job Centre Plus grant is repayable if all conditions of the advance are not met, notably if the buildings that the grant relates to are sold or if there is a change in their use. There is no timescale after which these conditions expire and therefore amounts received are considered to be an interest free loan repayable in more than one year.

13. Financial commitments

The annual amounts payable in respect of non-cancellable operating leases are shown below, analysed according to the expiry date of the lease.

	2014 £'000	2013 £'000
Land and buildings		
Expiry date:		
Within 1 year	64	75
Between 1 and 2 years	207	68
Between 2 and 5 years	138	162
After 5 years	<hr/> 60	<hr/> 101
Other		
Expiry date:		
Within 1 year	-	1
Between 1 and 2 years	45	-
Between 2 and 5 years	<hr/> -	<hr/> 45

Notes to the financial statements

14. Provisions for liabilities and charges

	2014 £'000	2013 £'000
At 1 April 2013	15	303
Utilised in the year	<u>(15)</u>	<u>(288)</u>
At 31 March 2014	<u>-</u>	<u>15</u>

As at 1 April 2013 provisions had been made for expected future losses from employment contracts which had been terminated. These contracts ended before 31 March 2014 and the remaining provisions have therefore been utilised in the year.

15. Reserves

Reserves movements	Designated reserves £'000	Restricted reserves £'000	Revenue reserves £'000	Total £'000
	£'000	£'000	£'000	£'000
At 1 April 2013	14,500	4,190	5,923	24,613
Incoming resources	300	633	21,779	22,712
Resources expended	-	(836)	(21,875)	(22,711)
Transfer between reserves	<u>(233)</u>	<u>-</u>	<u>233</u>	<u>-</u>
At 31 March 2014	<u>14,567</u>	<u>3,987</u>	<u>6,060</u>	<u>24,614</u>

Designated reserves	Disability services fund £'000	Property fund £'000	Total £'000
	£'000	£'000	£'000
At 1 April 2013	1,154	13,346	14,500
Incoming resources	300	-	300
Resources expended	-	-	-
Transfer between reserves	<u>(530)</u>	<u>297</u>	<u>(233)</u>
At 31 March 2014	<u>924</u>	<u>13,643</u>	<u>14,567</u>

The Disability Services fund was established by the Trustees to provide a range of services for disabled people that cannot be funded by other means. The fund is credited with the income earned on the underlying investments and makes contributions to enable us to implement and carry on the programmes for disabled people established in the corporate fund.

Notes to the financial statements

15. Reserves (Continued)

The Property fund has been established to ensure that we have sufficient funds set aside to replace the fixed assets used in its business on a like for like basis when they reach the end of their useful economic lives. The fund represents our funds that are invested in tangible fixed assets, net of grants, loans and donations received specifically to finance such assets.

Restricted reserves	1 April 2013	Incoming resources	Resources expended	Transfer	31 March 2014
	£'000	£'000	£'000	£'000	£'000
Restricted endowment funds	211	4	(2)	-	213
Restricted capital funds					
Macfarlane Grieve House	239	-	(26)	-	213
West Suffolk DRC fund	96	-	(14)	-	82
Supported housing fund	880	11	(25)	-	866
My Leisure centres	424	26	(12)	-	438
Foundations for living	1,561	-	(72)	-	1,489
Ipswich and East Suffolk	207	-	(12)	-	195
Rehabilitation	177	-	(98)	-	79
Other	21	204	(216)	82	91
	3,605	241	(475)	82	3,453
Restricted income funds					
Rehabilitation	13	5	(1)	-	17
Young People's services	89	84	(1)	-	172
HIA funds	67	13	(18)	-	62
Millennium Now Grant Programme	82	117	(137)	8	70
Big Lottery Awards for All	-	9	(9)	-	-
Seeds for Success	-	90	(90)	-	-
My Leisure	3	32	(35)	-	-
Other restricted income funds	120	38	(68)	(90)	-
	374	388	(359)	(82)	321
Total restricted funds	4,190	633	(836)	-	3,987

Notes to the financial statements

15. Reserves (Continued)

Revenue reserves

	Contingency fund £'000	General fund £'000	Total £'000
At 1 April 2013	5,923	-	5,923
Incoming Resources	-	21,779	21,779
Resources expended	-	(21,875)	(21,875)
Transfers	137	96	233
At 31 March 2014	6,060	-	6,060

16. Contingent liabilities

Social Housing Grants on properties may be refundable if the properties for which they were received are sold. There are no plans to dispose of any of these properties and hence no provision is considered necessary by the Trustees.

17. Pension commitments

We operate both a defined benefit and a defined contribution pension scheme for our employees. We also contribute to The NHS Pension Fund for former NHS staff that transferred to our employment under TUPE and to several local authority and other schemes. The assets of Papworth Trust's schemes are held separately from those of ours which are held in independently administered funds. The unpaid contributions outstanding at the year end, included in "other creditors" (note 11) are £82,148 (2013: £64,643). Contributions to the group personal pension scheme in the year were £3,204 (2013: £38,147), to the NHS Pension fund £26,081 (2013: £30,144), to the defined benefit scheme £158,961 (2013: £202,900) and to other schemes £145,383 (2013: £27,142).

Defined benefit scheme

1. We participate in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multiemployer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

2. The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

Notes to the financial statements

17. Pension commitments (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

18. Related parties

During the year we purchased services in the normal course of business from The Varrier-Jones Foundation, an organisation with common trustees, for £125,699 (2013: £139,800). The Trust made sales to the Varrier-Jones Foundation of £66,209 (2013: £104,800).

At the balance sheet date the amount due from the Varrier-Jones Foundation was £Nil (2013: £Nil). At the balance sheet date the amount due to The Varrier-Jones Foundation was £309,203 (2013: £Nil). The Varrier-Jones Foundation is committed to providing funding for us on an on-going basis. In the year ended 31 March 2014 The Varrier-Jones Foundation contributed £1,510,000 (2013: £1,150,000).

The Varrier-Jones Foundation had agreed to formally underwrite specific future losses of up to £4.2 million incurred by us in relation to a certain employment contract should they arise. As losses on this contract are no longer expected to be incurred, we released The Varrier-Jones Foundation from its underwriting obligations on 27 March 2014.

Details of transactions with trustees are disclosed in note 19.

19. Trustee emoluments

Members of the Board of Trustees received no remuneration during the year (2013: £Nil). Amounts paid to Trustees in reimbursement of travelling expenses were £1,518 (2013: £2,927).

20. Capital Commitments

Amounts contracted but not provided in the accounts amounted to £1,060,000 with grants of £Nil receivable against them (2013: respectively £1,746,000 and £Nil). Amounts authorised by the Trustees but not contracted for were £46,000 with grants of £Nil receivable against them (2013: respectively £Nil and £Nil).

21. Trust status

We are a registered charity, a company limited by guarantee and is also registered with the Homes & Communities Agency as a private registered provider.

The liability of each member is limited to £1. We are governed by a Memorandum and Articles of Association, copies of which are available on request.

Honorary personnel, Trustees and senior managers

Patron

Her Royal Highness The Duchess of Gloucester, GCVO

Vice-Presidents

Mr A M Barnes
Mr A H Duberly CBE LL
Mrs M E Thomas CBE DL

Mr A Bridgewater
Mr A Dasgupta MBE
Mr G R W Wright DL

Lady S Marshall
Mrs J P B G Pearson resigned 26/09/13

Chair of Trustees

Mr R Hammond • □ *

Vice Chair of Trustees

Ms D Sorkin □ ○

Hon. Treasurer

Mr R Norton • ○

Other Trustees

Mr P Agar ~
Mr A Dixon ~
Mrs J A Millns □ ○
Mrs J Womack • + ~
Mr W Cuell * appointed 26/09/13
Mr A Hirst □ appointed 23/01/14
Mr P Hughes * appointed 26/09/13
Mrs S Mitchell □ appointed 22/05/14
Mr D Ogilvy ~ appointed 22/05/14
Mr G Burnand • appointed 22/05/14
Mr R O'Shaughnessy – resigned 26/09/13
Mr A Thompson – resigned 24/10/13
Mrs E Railton – appointed 26/09/13, resigned 20/12/13
Mr R Upadhyaya – resigned 23/01/14

- Member of the Finance Committee
- Member of the Independent Living Committee
- * Member of the Work and Learning Committee
- Member of the Governance Committee
- ~ Member of the Marketing and Fundraising Committee
- + Member of the Joint Investment Committee

Trustee User Representatives

Paul Johnson
Martha Grace
Rob Nixon

Leadership Team

Ms V McDermott	Chief Executive Officer
Mr T Coleman	Director of People
Ms M Davies	Director of Fundraising
Mr D Martin	Director of Strategy and Marketing
Mr A Osborne	Director of Finance and Central Services
Ms H Harris	Director of Operations

We are a company limited by members' guarantee of £1.00 each. Vice-Presidents, the Chair, Vice-Chair, Honorary Treasurer and other Trustees (other than the Honorary Secretary) are the members of our organisation.

The register of members is maintained at the registered office.

Principal advisors and general Trust information

Company Secretary

Mr A E Osborne

Registered Office

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CB23 3RG
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info@papworthtrust.org.uk

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Russell Funds Management
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10 Regent Street
London
SW1Y 4PE

Bankers

Barclays Bank plc
Mortlock House
Vision Park
Histon
Cambridge
CB4 9DE

Pension Managers/Providers

The Defined Benefit Scheme

Barclays Bank plc Royal Bank of Scotland plc
Mortlock House Housing Finance
Vision Park 1st Floor
Histon 280 Bishopsgate
Cambridge London
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Pension Adviser

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Auditors

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solicitors

Taylor Vinters
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This is available in other formats and languages on request

Registered charity number: 211234. Registered provider: LH1648
Company registration number: 148906 England.