

Papworth Trust
Report and Accounts for the year ended 31 March 2019

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OUR VISION, MISSION AND VALUES

Our vision

- a world where disabled people are seen for who they are

Our mission

- is 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

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**Registration
Number**

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

CHAIR'S REVIEW

I am pleased to be able to report a stronger operational and financial performance by the Trust in 2018-19 compared with recent years. . We have moved forward with the implementation of our revised strategy, agreed in the previous year, improved performance and margins in most of our operational services, restructured our support services and brought in a new Chief Executive.

Following our earlier strategy review, in this year we have worked hard to stabilize operations in our key areas of expertise and impact: housing; employment; care; and day services. As the accounts show, we have improved operational financial performance considerably compared with the last several years. We have stemmed the major losses in services and the steep decline in turnover.

It is very pleasing that we continue to earn external recognition for the high quality of our services in care, employment and day services. This reflects the quality of the service we provide for our users, for whom we continue to champion independence.

We have worked hard to make our support services more effective and efficient. With the large reduction in turnover in recent years it has been imperative that we reduce our overhead costs. This has included a review of our property requirements. We are planning a number of disposals including a move of our HQ from Papworth to a smaller footprint in our existing base in Huntingdon.

We have recruited Sarah Miller as our new Chief Executive. Sarah joined us in May 2018 and brings a wealth of experience in senior positions with organisations in our sector, most recently with Walsingham Support. She is focussed on delivering our revised strategy and developing clear performance measures to monitor and assess our performance. Challenges remain in both individual activities and in the overall economic climate but I am confident that the Trust is now well placed to face up to these. This is the result of much hard work by our staff, volunteers and supporters.

My tenure as Chair of the Trust Board is shortly coming to an end and I would like to record my sincere thanks to everyone who contributes to the continuing success of the Trust. In over nine years on the Board I have experienced periods of both growth and experiment and, more recently, downturn, retrenchment and cutbacks. Through all this the importance of the Trust's work for disabled people has inspired our efforts and it has been a very rewarding experience for me.

I hand over the reins to our incoming Chair, Brian Stewart, who has wide experience at Board level and in a number of the Trust's operational areas. I am sure that he will help the Trust to find new ways of making a difference to the lives of disabled people and promoting their independence., which is what we are all here to do.

Rob Hammond – Out-going Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2019.

Achievements and performance

The Trust has maintained its focus on core activity to seek to deliver the greatest impact for disabled people. In what continues to be a challenging environment, we have maintained our high quality of services, whilst also seeking to become more efficient and effective, improving our future sustainability to ensure that we can continue to do all that we can to improve the lives of the individuals that we support. We currently support approximately 1,800 people across our geographical focus of the East of England, through our four core operational areas; housing, employment, day services and social care. In 2018-19, Papworth Trust had a turnover of £13m (2017-18: £13.6m) and employed 218 staff (2017-18: 249).

The Trust has consolidated its range of service delivery during the year, and these accounts reflect the Trust's continued focus on core service areas. We are pleased that these accounts report an improved operating surplus in the year, which reflect the continued financial improvement whilst still making a significant difference to disabled people. Key successes to note in the period;

- **Implementation of the Work and Health Programme contract**

The Trust began delivery of this Department for Work and Pensions (DWP) funded programme in February 2018. This programme provides a real focus on those individuals whose health conditions may be an inhibitor to securing meaningful employment, which identifies well with our targeted customer groups. We are pleased to say that we have had a successful start, and note that we have been able to support 140 disabled people into employment over the last year.

- **Securing an extension to our Building Better Opportunities Programme**

The Trust was pleased to secure in the year, a three year extension to our Lottery funded Building Better Opportunities programme. This programme will continue to support Disabled People in Cambridgeshire and Essex into employment until 2022, via both direct delivery and work across our partner network.

- **Securing Disability Confident Level 3 Accreditation**

The Trust has recently been awarded this accreditation, of which we are extremely proud. Achieving Level 3 of the Department of Work and Pensions initiative means that Papworth Trust is recognised as a Disability Confident

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Leader, both in our own practices and by acting as a champion within our local and business communities. This award demonstrates our continued commitment to being a leading champion for ensuring that Disabled People have full access to employment.

- **Positive CQC accreditation**

We were very pleased to receive an Outstanding rating for our Care services provision in Ipswich from the Care Quality Commission, with all other assessed services continuing to be rated as Good. This is an excellent achievement, and is testament to what can be delivered, even in the current challenging environment.

- **Recognition of our day centre activity in Basildon**

We have seen some positive testament to the work that we deliver in our day centres, with our work in Basildon picking up two awards recently, winning the award for Best Community Engagement at the Essex Prosper Awards and being named Disability Group of the Year in a football league clubs community awards.

- **Managing change**

We have concluded a review of the Trust's back office functions and ensured that these are right sized for the needs of the organisation. We have also continued to seek to rationalise our commercial assets, both leased and owned in the year.

Reserves Policy

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

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. They are not therefore available to meet general operating expenses.

To safeguard against unforeseen shortfalls or changes in the funding of the services and programmes for disabled customers for whom Papworth Trust is already committed, the Trust holds general reserves. These help the Trust manage transitions between programmes, as well as providing for the most significant risks that the Trustees assess are being faced by the organisation.

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Investment Policy

Investments are managed with full discretion by the Trust's investment advisers within a set of financial objectives agreed by the Board. This is under the overall supervision of the Joint Investment Committee, made up jointly of the Trustees of Papworth Trust and the Varrier Jones Foundation. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Joint Investment Committee, monitors the performance of the investment advisers through formal review meetings. Part of this strategy seeks to diversify adequately to minimise concentration risk, particularly pre-Brexit, and to hedge currencies appropriately.

Structure, governance and management

As a Charity, Papworth Trust is governed by its Members, who are also its Trustees. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet six 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 and safeguarding 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 are also supported by access to a dedicated section of our intranet site, keeping them updated on matters arising within the charity, and within the sector and our operating landscape more widely.

Trustees do not receive a salary, but may claim expenses for actual costs incurred in attending meetings.

Trustees and Leadership Team members are asked to complete an annual Disclosure Statement to notify Papworth Trust of any involvement in any other organisations, and these returns have been completed during the course of the financial year.

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Trustees Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought 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 the Trust's activities and monitor performance against key performance indicators. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance and Audit Committee

The Finance and Audit Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the control of risk implemented on behalf of the Trust. The Committee reviews the Trust's annual accounts and recommends them to the Board for approval, receiving audit reports and reviewing the Trust's annual statement on internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury management, the financial appraisal of new projects and prevention and detection of fraud.

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 on 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.

Development Committee

The Development Committee is responsible for discussing and reviewing strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to services, re-alignment of strategy or significant new ventures are all considered by this Committee.

Quality and Compliance Committee

The Quality and Compliance Committee focusses on assuring that the current services that are delivered are in line with the expectations set out by the Board and relevant regulators. All matters of quality, regulatory, statutory and mandatory compliance issues are overseen by this Committee.

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Remuneration Committee

The Committee has delegated authority from the Board to approve the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Leadership Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

Joint Investment Committee

The Joint Investment Committee oversees the management of financial market investments to assist in meeting the current and future financial needs of the Papworth Trust and The Varrier-Jones Foundation. It considers investment mandates, policies and objectives, and meets with the Investment Managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for both staff and customers. We will maintain scrutiny through best practice groups, as well as formal reporting to management and the Board of health and safety issues and concerns. We will continue the monitoring of safeguarding via the Safeguarding Governance Board, established to give clear oversight to the Trust of all potential safeguarding issues, in order to provide reassurance to the Trustees via the Quality and Compliance Committee.

Disabled Employees

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

Currently 32% of Papworth Trust's employees have declared a disability.

As a Trust we are very pleased to be accredited as a Disability Confident Leader, which will encourage us to continue to champion good practice and actively encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people.

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 also hold staff conferences and regular staff briefings

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to update staff on strategy and other major developments, as well as sending out regular staff newsletters.

Gender Pay Gap

We have recently reported on the Gender Pay Gap as of the end of March 2018, and we are pleased to report that our Median Gender Pay Gap has reduced from 12.7% in 2017 to 5% in 2018 whilst our Mean Gender pay gap has remained stable. The proportion of male and female employees has also remained stable, although the number of staff we employ has reduced. The Gender Pay Gap within each quartile of staff, ranked in order of remuneration received, is either negative or no more than 1%, therefore the overall pay gap is driven more by the distribution of male and female staff across the Trust, rather than any inequality of pay for similar activities delivered.

The key factor which has influenced the reduction in the gender pay gap has been an increase to rates of pay and enhancements for employees in our Care Services, which are typically paid in the lowest quartile, and who are predominately female.

We continue to employ a greater number of female to male employees in all quartiles, and will continue to strive to ensure equal opportunity and ensure we maintain equal pay and conditions, for staff across the Trust.

Customer Involvement

It is very important to us that our customers are involved and have their say about how we develop and design services. The Trust has local customer groups covering our centres and services which are supported by Trustee User Representatives. They are appointed by a customer panel and they influence decisions made by attending Board of Trustee and some sub-committee meetings. We also have active tenant panels, informing us of key points of issue or concern, and have recently signed up with the National Housing Federation as an early adopter of the Together with Tenants plan, aimed at making clear commitments for Housing Associations to be accountable and responsive to their tenants.

Value for money (VfM) - Housing

Our overarching strategic objective as a Registered Provider (RP) is to provide accessible homes for disabled people. This is achieved through our portfolio of supported housing located across the eastern region, in addition to our smaller legacy base of general needs properties located in Cambridgeshire. Our focus is on delivering a high quality service to our tenants in the most economical way, achieving high levels of satisfaction whilst generating sufficient surpluses to assist in both the development of new homes and improvements to our existing stock.

Our key strategic priorities in relation to VfM are:

To maintain focus on maximising performance, core practice and process improvement across all of our housing stock

- Continue to improve on planned maintenance programme and maximise decency through significant capital investment
- Continue to drive improvements in performance
- Work towards a co-produced tenant engagement strategy in line with legislation and best practice

To develop and implement a property strategy, and progress disposals and developments previously agreed we will:

- Deliver a property strategy identifying the future direction of the Trust in terms of all assets owned and leased by the Trust, to be agreed by Board
- Progress development opportunities with partner organisations to generate new income streams and support the needs of disabled customers

In presenting VfM we will adopt the Value for Money Metrics as indicators of overall performance and efficiency, the metrics are shown below, details of which are presented in note 27 to these financial statements.

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Value for Money Metrics

	2019	2018
	£000's	£000's
Reinvestment	0.3%	1.1%
New supply delivered	0.0%	0.3%
Gearing	24.6%	25.6%
EBITDA MRI	245%	264%
Social Housing cost per unit	£5,607	£5,254
Operating margin	14.3%	18.4%
Return on capital employed	1.5%	1.9%

Papworth Trust is a member of the Acuity Small Provider Benchmarking (SPBM) club that provides comparative data for smaller Registered Providers, i.e. providers with similar unit numbers. This helps us to identify where we need to focus our attention in order to plan for and drive performance improvements. It should be noted, however, that whilst it is possible to find comparative organisations in terms of scale and unit count, it is more challenging to benchmark against organisations with similar operations, i.e. providers with high levels of supported housing spread over a wide geographical area. We benchmark our performance against subscribers to SBPM, and with other specialist providers where appropriate.

Our VFM performance over the last year

As a specialist provider of homes for disabled people we understand that there is a higher financial cost in providing and maintaining adapted properties and building suitable services around our customers to maximise tenancy sustainability. In recognising and acknowledging this higher cost, we also firmly believe in the value to our customers of living in a home suitably adapted to meet their needs with quality services to help them live as independently as possible.

This is supported by our overall headline social housing cost per unit, which indicates lower quartile overall performance in 2018-19. When our comparative housing costs per unit are separated out to general needs and supported and

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then benchmarked against other providers managing that type of housing only, our comparative performance is significantly improved to upper median and top quartile across general needs and supported housing respectively.

Headline social housing cost per unit	2018-19	SPBM quartile performance
General needs housing	£ 3,254	Upper median
Supported housing	£ 6,440	Top quartile

The Trust has seen a decline in operating margin in 2018-19 to 8.2% due to increased costs, particularly maintenance expenditure. Planned capital improvements over future years will reduce reactive maintenance expenditure which, together with a return to inflation-based rent settlement from 2020, should lead to improvements in our operating margin.

In 2018-19, we established plans to commit significant reinvestment in our current stock over the next three years. Last year actual reinvestment was minimal, however we have planned to significantly increase this in 2019-20 with a major programme of property component replacements and improvements scheduled.

We have not embarked on any property developments during the past year, however there are three units in the pipeline that are due for completion in early 2019-20. We are continuing to review our housing stock to assess its value for money and strategic relevance. We are coming to the end of this review and are developing our property strategy, due for completion in 2020.

Our gearing level has decreased, as the Trust looks to redeem a proportion of its debt portfolio, which has also enabled the Trust to reduce its interest due in the year. Interest cover has reduced as a result of the overall decline in operating performance.

A key achievement in 2018-19 was our review of service charges. Through consultation with our tenants we have been able to standardise delivery of some service components, such as contract cleaning and grounds maintenance through aligning of specifications and greater visibility of service standards. We are now looking to re-tender a number of our key supplier contracts to ensure quantifiable value for money provision for tenants.

As we outlined in our 2018-19 value for money statement we are committed to customer engagement and participation and set two objectives, to develop our website and to review our processes for ensuring customer satisfaction.

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A new website was launched alongside other improvements to make it much simpler for tenants to contact us to pay their rent, report a repair or ask a question. This has led to a reduction in phone traffic and personal visits to our head office, which has enabled housing staff to focus on more tenant focused activities.

We launched our new scrutiny panel with a strong focus on accountability for our quarterly operational performance. This forum has also scrutinised our recent policy revisions that have sought to improve VfM, including our cyclical and reactive maintenance policies and new tenancy agreements.

Our VfM plans for 2019-20

Key elements of the plans are:

- We are currently developing our property strategy due for completion in Summer 2020 which will identify the future direction of the Trust's housing and commercial property portfolio. VfM will be integral to the strategy and already forms a key component of decision making in our review of existing stock, which is ongoing. This will be further supported by a revised value for money strategy.
- We will continue our work towards a co-production model of housing service, through a revised customer engagement strategy.
- We will implement and embed our flexible working programme, New Ways of Working, which will involve:
 - Reviewing our systems and processes to enable people to work flexibly – embedding the culture of autonomy and outcome monitoring
 - Maximising effectiveness and use of existing IT to support core business processes and optimising use of IT across the organisation
 - Increasing visits to our website through improving and expanding the content, ensuring it is accessible and of interest and reflects feedback received from our stakeholders
 - Moving away from fixed desk to hot desk. This will be delivered by continued activity on workforce mobilisation, providing staff with the ability to work flexibly from different locations to reduce the reliance on office space, which can then be considered for alternate use.
- Alongside New Ways of Working, we will be relocating from our current facility of operations to a new base that will reflect the needs for actual

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office based delivery requirements. This should lead to long term efficiency in central overhead costs.

Going Concern

The Board has assessed Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trusts' forward business plan. On the basis of this assessment, the Board believes that the Trust is well placed to manage its business risks and to meet all lending covenants for the foreseeable future. The Trust also has the support of the Varrier-Jones Foundation.

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.

Auditors

The Trust is due to hold a cyclical audit tender later this year. A resolution proposing the appointment of 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 Trust'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 Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 23 August 2019 by:

B Stewart

Chair of Trustees

Strategic Report

Objectives 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 disabilities, including physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full, and be seen for who they are.

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 a regular basis, to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people. The reviews also help to ensure that our activities remain 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. We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, care, employment support and day services as appropriate to meet their needs. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

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Financial Review

Full details of our financial performance for the year ended 31 March 2019 are shown in the Profit and Loss Account, Balance Sheet, Cash Flow Statement and Notes to the Accounts which form part of the financial statements for the year.

Turnover and operating surplus for 2018-19, with prior year comparisons, are shown in the table below:

	2019	2018
	£000's	£000's
Turnover	13,027	13,576
Operating costs	(12,327)	(13,342)
Operating surplus / (deficit)	<u>700</u>	<u>234</u>
(Loss) on sale of fixed assets	(37)	(32)
Interest payable	(669)	(605)
Investment Gains / (losses)	289	11
Surplus/ (Deficit) for the year	<u><u>283</u></u>	<u><u>(392)</u></u>

Headline income has fallen by 4%, which is principally due to a number of services closures, including the Trusts aids and adaptations work. Total operational costs have fallen by 8% over the same period as efficiencies have been achieved and we have strived to make service delivery more sustainable. We are pleased to be able to report a total surplus for the year, against a deficit in the prior year, as a result.

Income

- Turnover from social housing lettings was static at £4.3m, across both supported housing and general needs properties.
- Work activities saw income increase by 4%. This is reflective of increased activities on the Work and Health Programme and Building Better Opportunities more than offsetting the reduction in income from the Work Programme.
- Care income has remained consistent in the year with no material changes to the core customer base the Trust is providing services to.
- Day services income has reduced by 15% which is driven by the decision taken to close a number of social enterprises in the previous year.

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Expenditure

- Total expenditure reduced by 9% as a result of the closure of a number of services, as well as reduced expenditure noted within support functions. The magnitude of this is reflective of the scope of efficiencies required, as well as the consequences of the closure of a number of loss-making services, resulting in expenditure reducing more steeply than income.

Balance Sheet

- The cash position has remained static for the year. This is reflective of positive operational performance, close management of working capital and a modest capital programme in the year.
- A small net current liability position is noted in part as a result of loan and other liability repayments due within the next 12 months. The Trust currently has an overdraft facility of £750k which will finance these requirements.
- The current year financial statements include the adjustments made following the tri-annual valuation of the SHPS pension scheme. This scheme is now accounted for as a defined benefit pension scheme as the assets and liabilities of the Trust can now be separately identified, previously this scheme was accounted for as a defined contribution scheme. This net pensions liability has increased significantly in the year and led to a reduction in general reserves. Following a consultation process with affected staff the Trust has taken the decision in the year to cease future accrual of benefit for existing members of the scheme in order to control the volatility in future years.

Treasury Management

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

Treasury Management is managed by the Finance Team and overseen by the Finance and Audit Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities.

Loan Covenants

There are several loan covenants in place on the Trust's long term loans, the key measures being 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 2019.

Plans for future periods

The Trust is focussing efforts on continuing to deliver high quality services to our customers, providing quality, choice and independence for disabled people. One of the main challenges for the near future is funding across all the areas of our operations and how we use the limited resources available to us efficiently and effectively. Austerity continues and drives our commitment to meet customers' needs so that any negative impact on disabled people can be minimised.

To address these challenges, we have developed a People Strategy and invested in a Director of Human Resources to support us to counter the critical issues of staffing in the voluntary sector. We have aligned our organisational structure to deliver on the strategic priorities of the Trust and maintain high quality services. Finally, we are reviewing our property portfolio to ensure that our assets are strategically aligned and fit for purpose, which is resulting in both disposals and investments.

Amongst all these challenges, there are opportunities. Our Fundraising Strategy identifies targeted streams of grants and income that can be utilised to strengthen the Trust's 'offer'. We recognise the need and potential to, where we can, blend this 'offer' so that any one of our four services can be simultaneously accessed and a customer can benefit from a more holistic approach.

We have spent the last year working to maximise our efficiency, building on our robustness for the future and improving our quality of service delivery. The year ahead aims to progress this work further, creating more aspirational opportunities for disabled people whilst growing steadily to increase the number of disabled people we support.

Key plans for the forthcoming period include:

- We will make significant investment in our homes in order to improve the overall quality of our stock
- We will complete the relocation of the Trust's primary office from the current site in Papworth Everard to alternative premises in Huntingdon. This is designed to reduce operational costs and make more efficient use of our existing estate. We will be actively marketing the current office premises in order to progress the disposal of this asset.
- We will complete a relocation to a new premises for two of our Day Services in Sawston and Ipswich, whilst continuing to provide excellent services from these locations.

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- We will continue to review and refine how we work, and how to optimise the use of our resources, which will ensure that our organisation is in the best shape it can be to serve the needs of disabled people.

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 process, which reviews risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust. We maintain a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed. 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 the Trust's assets and reputation: The Trustees have reviewed the internal controls in operation during the period, and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

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 Quality and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified as:

Key risk	Responses to the risk
<p>Government Austerity measures and public sector finances</p> <p>Government austerity measures and local authority spending reviews have a greater impact on the financial sustainability of some services than planned. This may be particularly true post-Brexit</p>	<ul style="list-style-type: none">• Active tracking and monitoring of national policy and local markets• Close engagement and partnering with commissioners of services.• Careful scenario and sensitivity planning• Effective renegotiation of contracts

Key risk	Responses to the risk
<p>Breach of regulations</p> <p>The Trust works with vulnerable people in a number of highly regulated environments. A breach of regulations could lead to significant reputational damage, therefore though low likelihood, impact could be very high.</p>	<ul style="list-style-type: none"> • A risk based Quality Audit Framework has been implemented, with focus on highly regulated areas such as Care prioritised • Effective reporting, safeguarding and whistle-blowing policies and procedures in place.
<p>Ability to effectively structure the long term financing plan</p> <p>Ability to generate sufficient cash flows to meet capital obligations could become more challenging with reduction in volumes,</p>	<ul style="list-style-type: none"> • Develop a detailed financing plan to deliver adequate resources to meet future planned liabilities, securing finance at economic, long-term rates • Deliver appropriate strategic assets disposals to support the plan.
<p>Future service provision not adapted sufficiently</p> <p>In a changing funding and commissioning landscape, operating models need to adapt so that service delivery can still be effective for the price and service structure that commissioners are willing to pay.</p>	<ul style="list-style-type: none"> • Close monitoring and active dialogue with commissioners • Testing of future models of service delivery to meet changing customer needs, within the anticipated funding framework • Increase agility of provision by more effective asset strategy, together with recruitment of suitably skilled staff.

The Trustees have closely considered the impact Brexit may have on the organisation and its customers. We believe Brexit poses a risk to ourselves and our customers if considerations are not made for disabled people. This will be closely monitored and challenges made where necessary through the appropriate disability network channels.

The Strategic Report was approved by the Board and signed on its behalf on 23 August 2019 by:

B Stewart
Chair of Trustees

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

The Trustees are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Trust 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
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 2015. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust 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 Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Papworth Trust

Report and Accounts for the year ended 31 March 2019

Independent auditor's report to the Trustees of Papworth Trust

Opinion

We have audited the financial statements of Papworth Trust ("the Trust") for the year ended 31 March 2019 which comprise the profit and loss account and statement of changes in reserves, balance sheet, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Trust as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Brexit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of the pension scheme, valuation of housing property assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Trust and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the trust or to cease its operations, and as they

Papworth Trust

Report and Accounts for the year ended 31 March 2019

have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Other information

The Trustees are responsible for the other information, which comprises the strategic report, the chair's review and the Trustees' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report, the chair's review and the Trustees' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Papworth Trust

Report and Accounts for the year ended 31 March 2019

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Board of Trustees' responsibilities

As more fully explained in their statement set out on page 19 the Board of Trustees is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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The purpose of our audit work and to whom we owe our responsibilities

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

Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

Botanic House

100 Hills Road

Cambridge

CB2 1AR

Papworth Trust
Report and Accounts for the year ended 31 March 2019

Profit and Loss Account

For the year ending 31 March 2019

	Note	2019 £000's	2018 £000's
Turnover	3	<u>13,027</u>	<u>13,576</u>
Operating costs	3	(12,327)	(13,342)
Operating surplus		<u>700</u>	<u>234</u>
Loss on disposal of tangible fixed assets	8	(37)	(32)
Interest payable and similar charges	9	(669)	(605)
Gains on investments		289	11
Surplus/(Deficit) for the year		<u><u>283</u></u>	<u><u>(392)</u></u>

The accounts relate to continuing operations. The notes on pages 27 to 60 form part of these financial statements.

Statement of Changes in Reserves

	2019	2018
	£000's	£000's
Balance at 1 April	20,987	21,379
Surplus/(deficit for year year)	283	(392)
SHPS opening balance adjustment on initial recognition	(1,689)	-
Movement In Defined Benefit Pension	(997)	-
Balance at 31 March	<u><u>18,584</u></u>	<u><u>20,987</u></u>

Papworth Trust
Report and Accounts for the year ended 31 March 2019

Balance Sheet <i>as at 31 March 2019</i>	Notes	2019 £000's	2018 £000's
Fixed Assets			
Housing Properties	10	39,113	40,158
Other Fixed Assets	11	3,985	4,235
Investments	12	8,111	7,832
Endowment Fund Assets	13	400	391
Total fixed assets		<u>51,609</u>	<u>52,616</u>
Current Assets			
Debtors - amounts falling due within one year	14	1,102	1,082
Cash and cash equivalents		1,479	1,506
		<u>2,581</u>	<u>2,588</u>
Creditors:			
Amounts falling due within one year	15	<u>(3,121)</u>	<u>(2,786)</u>
Net current (liabilities)		<u>(540)</u>	<u>(198)</u>
Total assets less current liabilities		<u>51,069</u>	<u>52,418</u>
Creditors:			
Amounts falling due after more than one year	16-17	(26,847)	(28,076)
Provisions for liabilities and charges			
Pension Liabilities	20	(5,495)	(3,185)
Other liabilities	19	(143)	(170)
Net assets		<u>18,584</u>	<u>20,987</u>
Reserves			
Restricted Reserves		2,788	2,933
Endowment Funds Reserves		400	391
Designated Reserves		12,756	13,565
General Reserves		2,640	4,098
Total Reserves	24	<u>18,584</u>	<u>20,987</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 23 August 2019 by:

B Stewart
Trustee

R Norton
Trustee

The notes on pages 27 to 60 form part of these financial statements.

Papworth Trust
Report and Accounts for the year ended 31 March 2019

Cash Flow Statement -

For the year ending 31 March 2019	2019 £000's	2018 £000's
Cash flows from operating activities		
Operating surplus	700	234
<i>Adjustment for:</i>		
Remeasurement of pensions liability	141	-
Depreciation	1,482	1,578
Amortisation of grants	(379)	(395)
(Increase)/ decrease in trade and other debtors	(20)	993
(Decrease/ Increase in trade and other creditors	15	15
Pensions deficit payments made	(637)	(535)
Movement in endowments	-	(4)
Net cash inflow	<u>1,302</u>	<u>1,886</u>
Interest paid	<u>(549)</u>	<u>(561)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	5	-
Acquisition of tangible fixed assets	(226)	(768)
Net cash outflow from investing activities	<u>(221)</u>	<u>(768)</u>
Cash flows from financing activities		
Repayment of borrowing	(559)	(620)
New loan financing	-	1,000
Liquidation of investments	-	450
Net cash (outflow)/ inflow from financing activities	<u>(559)</u>	<u>830</u>
Net (decrease)/ increase in cash	(27)	1,387
Cash and cash equivalents at 1 April	1,506	119
Cash and cash equivalents at 31 March	<u>1,479</u>	<u>1,506</u>

The notes on pages 27 to 60 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Homes and Communities Agency as a provider of social housing.

2. Accounting Policies

These financial statements are prepared in accordance with the Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

2.1 Basis of accounting

The financial statements are prepared on the historical cost basis except for the revaluation of investments to fair market value.

2.2 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2019-20 budgets and 3 year business plan. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.3 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Papworth Trust

Report and Accounts for the year ended 31 March 2019

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.4 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.5 Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

Structure	80 years
Roof	50 years
Electrical installation	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.6 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.7 Other fixed assets

Papworth Trust

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Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the profit and loss account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.8 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.9 Properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

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2.10 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss.

2.11 Retirement benefits

The Company participates in one defined benefit plan as set out below:

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2018 it was not possible for the Trust to obtain sufficient information to account for the liability on a full FRS 102 valuation basis so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the accounts as creditors falling within and more than one year.

As a result of additional information, SHPS are now able to split the pension liability by employer which has resulted in the scheme liability being accounted for adopting a full FRS 102 valuation at 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in these accounts with the opening balance adjustment being recorded through the Statement of Changes in Reserves.

Papworth Trust

Report and Accounts for the year ended 31 March 2019

2.12 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.13 Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2.14 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, charitable gifts, donations, legacies, gift and dividend Income received or invoiced. Turnover that is subject to future conditions that have not yet been achieved is deferred.

2.15 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable operations.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Papworth Trust

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Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Other interest receivable and similar income include interest receivable on funds invested and interest-bearing bank deposits.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2.16 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs. The balance of VAT payable at the year-end is included as a current liability.

2.17 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively to charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.18 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Realised gains or losses are recorded in the income and expenditure account, with unrealised gains or losses recorded as other comprehensive income.

2.19 Reserves

Restricted reserves

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

Designated reserves

Designated reserves are reserves that have been identified for specific purposes by the Board.

Unrestricted reserves

Unrestricted reserves are held at a level appropriate for working capital and contingency, and are reviewed annually by the Board.

Papworth Trust
Report and Accounts for the year ended 31 March 2019

3 Social Housing

	2019 General Needs £000's	2019 Supported Housing £000's	2019 Total £000's	2018 Total £000's
Rent receivable (net of service charges)	903	2,557	3,460	3,446
Service charges	-	858	858	854
Net rents receivable	<u>903</u>	<u>3,415</u>	<u>4,318</u>	<u>4,300</u>
Other income	-	14	14	9
Total income from lettings	<u>903</u>	<u>3,429</u>	<u>4,332</u>	<u>4,309</u>
Expenditure on letting activities				
Management	(232)	(682)	(914)	(831)
Services	-	(360)	(360)	(353)
Routine maintenance	(187)	(979)	(1,166)	(1,033)
Major repairs	-	-	-	(18)
Planned maintenance	(15)	(154)	(169)	(132)
Bad debts	-	(4)	(4)	(25)
Depreciation of housing assets	(129)	(970)	(1,099)	(1,123)
Total expenditure on lettings	<u>(563)</u>	<u>(3,149)</u>	<u>(3,712)</u>	<u>(3,515)</u>
Operating surplus on lettings	<u>340</u>	<u>280</u>	<u>620</u>	<u>794</u>
Void Losses	(5)	(49)	(54)	(140)

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3 Social housing and other activities continued

	Turnover	2019 Cost of sales	Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	903	(331)	(232)	340
Supported housing	3,429	(2,467)	(682)	280
	<u>4,332</u>	<u>(2,798)</u>	<u>(914)</u>	<u>620</u>
Other social housing activities				
Other housing activities	117	(137)	-	(20)
Amortised grant Income	379	-	-	379
	<u>496</u>	<u>(137)</u>	<u>-</u>	<u>359</u>
Non-social housing activities				
My Work	1,943	(1,897)	-	46
My Care	2,644	(3,036)	-	(392)
Day Services	1,386	(1,475)	-	(89)
Research & Policy	-	-	(86)	(86)
Business Development	-	-	(255)	(255)
Fundraising	1,779	(55)	-	1,724
Enabling Services (management, finance, IT, HR and facilities)	187	-	(1,217)	(1,030)
Investment income	260	(37)	-	223
Re-measurement of defined benefit pension liability	-	-	(141)	(141)
Transformation review	-	-	(279)	(279)
	<u>8,199</u>	<u>(6,500)</u>	<u>(1,903)</u>	<u>(204)</u>
Total social housing and non-housing activity surplus	<u>13,027</u>	<u>(9,435)</u>	<u>(2,892)</u>	<u>700</u>
(Loss) on disposal of assets				(37)
Interest payable				(669)
Gains on investments				289
Surplus for year				<u>358</u>

Papworth Trust
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3 Social housing and other activities *continued*

	Turnover	Cost of sales	2018 Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	920	(326)	(213)	381
Supported housing	3,389	(2,419)	(557)	413
	<u>4,309</u>	<u>(2,745)</u>	<u>(770)</u>	<u>794</u>
Other social housing activities				
HIAs, Aids and Adaptations	406	(355)	-	51
Other housing income	-	(47)	-	(47)
Amortised grant Income	395	-	-	395
	<u>801</u>	<u>(402)</u>	<u>-</u>	<u>399</u>
Non-social housing activities				
My Work	1,877	(1,975)	-	(98)
My Care	2,668	(3,333)	-	(665)
My Leisure	1,622	(1,817)	-	(195)
Rehabilitation and Re-enablement	-	(36)	-	(36)
Research and Policy	2	-	(176)	(174)
Business Development		-	(191)	(191)
Fundraising	1,805	(197)	-	1,608
Enabling Services (management, finance, IT, HR and facilities)	256	-	(1,373)	(1,117)
Investment income	236	(29)	-	207
Re-measurement of defined benefit pension liability	-	-	42	42
Transformation review			(340)	(340)
	<u>8,466</u>	<u>(7,387)</u>	<u>(2,038)</u>	<u>(959)</u>
Total social housing and non-housing activity surplus/(deficit)	<u>13,576</u>	<u>(10,534)</u>	<u>(2,808)</u>	<u>234</u>
(Loss) on disposal of assets				(32)
Interest payable				(605)
Gains on investments				11
(Deficit) for year				<u>(392)</u>

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4 Housing Stock

	2019			2018
	General Needs Housing (units)	Supported Housing (units)	Total (units)	(units)
Number of units	173	489	662	669
Owned and managed	173	482	655	655
Managed on behalf of others	-	7	7	14
	<u>173</u>	<u>489</u>	<u>662</u>	<u>669</u>

5 Expenses and auditor's remuneration

	2019 £000's	2018 £000's
Included in the profit and loss account are the following:		
Depreciation on housing properties	1,100	1,091
Depreciation on other fixed assets	382	487
Deficit on sale of other fixed assets	37	32
Costs of operating leases	175	304
Auditor's remuneration:		
Audit of these financial statements	24	22
Amounts receivable by the company auditor and its associates in respect of:		
Pensions advisory services	35	-
	<u>59</u>	<u>22</u>

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6 Staff and employee costs

	2019 Number	2018 Number
The average number of persons employed by the Trust (including directors) during the year was as follows:		
Average full-time equivalent employees	<u>218</u>	<u>249</u>
Staff costs (for the above persons)	£000's	£000's
Wages and salaries	5,584	6,368
Social security costs	472	536
Pension costs	311	192
	<u>6,367</u>	<u>7,096</u>

In 2019 pensions costs include £118,000 (2018: Nil) of current service cost for the SHPS pension scheme.

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs)

	2019	2018
Bands		
£60,000- £70,000	1	4
£70,001-£80,000	2	-
£80,001-£90,000	3	1
£90,001- £100,000	-	1
£100,001-£110,000	1	2

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7 Board members and Executive Directors

The Directors are defined as the members of the Board, the Chief Executive and the Leadership Team.

	2019 £000's	2018 £000's
Aggregate emoluments paid to Directors	339	377
Pension	28	23
	<u>367</u>	<u>400</u>
Emoluments paid to the highest paid Director (excluding pension contributions but including benefits in kind). The highest paid Director was employed for 11 months of the year having joined in May 2018.	88	94
	<u>1</u>	<u>2</u>
Number of Directors in the defined benefit pension scheme		

During the year the aggregate payment for compensation for loss of office was paid to Directors totalling £nil (2018: £30,000).

8 Loss on disposal of tangible fixed assets

	2019 £000's	2018 £000's
Proceeds from sale of assets	5	-
Cost of disposals	(42)	(32)
	<u>(37)</u>	<u>(32)</u>

9 Interest payable and similar charges

	2019 £000's	2018 £000's
Interest payable on financial liabilities	549	560
Interest payable on the unwinding of the net pension deficit liability	120	45
	<u>669</u>	<u>605</u>

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10 Housing properties

	At 1 April 2018	Additions	Disposals	Transfers	Charge for year	At 31 March 2019
	£000's	£000's	£000's	£'000	£000's	£000's
Cost	56,017	193	(92)	54	-	56,172
Depreciation	(15,859)	-	87	(187)	(1,100)	(17,059)
Net book value	<u>40,158</u>	<u>193</u>	<u>(5)</u>	<u>(133)</u>	<u>(1,100)</u>	<u>39,113</u>

Included in cost at 31 March 2019 are cost of building projects under construction totalling £74,000 (2018: £169,000). Assets under construction are not depreciation until the asset is brought into use.

In the year the Trust migrated its fixed assets register to a new platform, As part of this process all of the Trusts assets were reviewed to ensure the existence and correct classification of the asset held. Disposals noted in the year and transfers made reflect adjustments made as part of this review process.

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11 Other fixed assets	Land & Buildings £000's	Motor Vehicles £000's	IT Assets	Other Fixed Assets £000's	Total £000's
Cost					
Balance at 1 April 2018	7,370	224	284	2,130	10,008
Acquisitions	5	-	4	24	33
Transfers	397	5	-	(456)	(54)
Disposals	(33)	(34)	-	(1,298)	(1,365)
Balance at 31 March 2019	<u>7,739</u>	<u>195</u>	<u>288</u>	<u>400</u>	<u>8,622</u>
Depreciation					
Balance at 1 April 2018	3,664	158	108	1,843	5,773
Depreciation charge for year	240	17	49	76	382
Transfers	188	10	-	(385)	(187)
Disposals	(29)	(27)	-	(1,275)	(1,331)
Balance at 31 March 2019	<u>4,063</u>	<u>158</u>	<u>157</u>	<u>259</u>	<u>4,637</u>
Net book value					
At 31 March 2019	<u>3,676</u>	<u>37</u>	<u>131</u>	<u>141</u>	<u>3,985</u>
At 31 March 2018	<u>3,706</u>	<u>66</u>	<u>176</u>	<u>287</u>	<u>4,235</u>

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12 Investments

Market Value

	2019	2018
	£000's	£000's
At 1 April	7,832	8,288
Realised (losses)/ gains	34	(74)
Unrealised & other movements	245	68
Cash withdrawn from portfolio	-	(450)
Market Value at 31 March	8,111	7,832

Made up as follows:

	2019	2018
	£000's	£000's
Cash & cash equivalents	393	436
Fixed Income	1,220	1,198
UK Equities	1,662	1,479
Global Equities	3,915	3,623
Alternative Investments	921	1,096
Market Value at 31 March	8,111	7,832

Reconciliation of historic unrealised gains

	2019	2018
	£000's	£000's
At 1 April	2	30
Realised (gains)/losses in year	(34)	(74)
Unrealised gains/(losses) in year	245	(23)
Exchange rate (losses) / gains	(25)	113
Other gains/ (losses)	68	(44)
Historical unrealised gains at 31 March	256	2

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13 Endowment Fund Assets

	2019 £000's	2018 £000's
Cash	153	151
Investments	87	80
Property	160	160
	400	391

14 Debtors

	2019 £000's	2018 £000's
Trade debtors	493	352
Prepayments and accrued income	332	438
Tenant arrears	176	247
Other debtors	101	45
	1,102	1,082

Tenant Arrears:

	2019 £'000	2018 £'000
Current tenant arrears	138	217
- less provision for bad and doubtful debts	-	-
Former tenant arrears	87	75
- less provision for bad and doubtful debts	(49)	(45)
	176	247

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

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15 Creditors

Creditors: amounts falling due within one year

	2019 £000's	2018 £000's
Loans (note 17)	852	554
Trade creditors	267	279
Other taxation and social security	151	189
Other creditors	243	231
Obligations under finance leases (note 18)	-	6
Rents received in advance	146	106
Accruals and deferred income	1,462	1,421
	3,121	2,786

16 Creditors: amounts falling due after more than one year

	2019 £000's	2018 £000's
Loans (note 17)	14,454	15,310
Other creditors	574	574
Deferred grant income	11,819	12,192
	26,847	28,076

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16 Creditors: amounts falling due after more than one year continued

Capital Grant Liability

	2019	2018
	£'000	£'000
Deferred Grant Income made up as follows:		
Social Housing Grants	11,380	11,753
Recycled capital grants fund	401	399
Other grants	38	40
	11,819	12,192

Social Housing Grants

	2019	2018
	£000's	£000's
Cost		
Cost at 1 April	19,792	19,897
Additions/ disposals in year	-	(105)
Cost at 31 March	19,792	19,792
Amortisation		
Amortisation at 1 April	8,033	7,637
Amortisation income in year	379	396
Amortisation at 31 March	8,412	8,033
Amortised Deferred Grant income	11,380	11,753

Recycled Capital Grant Fund

	2019	2018
	£000's	£000's
Recycled		
At 1 April	399	398
Utilised in the year	-	-
Interest Credited to the fund	2	1
At 31 March	401	399
Due within one year	-	-
Due after more than one year	401	399
	401	399

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17 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over housing properties and include an asset cover test based on the ratio on the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the profit and loss and balance sheet of the financial statements.

	2019 £000's	2018 £000's
Creditors falling due after less than one year		
Secured bank loans	852	554
Finance lease liabilities	-	6
	<u>852</u>	<u>560</u>
Creditors falling due after more than one year		
Secured bank loans	14,454	15,310
Finance lease liabilities	-	-
	<u>14,454</u>	<u>15,310</u>

Outstanding Loans by Lender

	2019 £000's	2018 £000's
Orchard Brook	494	506
Lloyds	3,084	3,175
Royal Bank of Scotland	6,659	7,105
Barclays	5,069	5,078
	<u>15,306</u>	<u>15,864</u>

Papworth Trust

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17 Loans and borrowings continued

A loan from Orchard Brook Limited of £494k is repayable by 2032 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

A loan from Lloyds Bank plc loan of £3.1 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.91%	December 2039	2,128
Fixed 2.26%	November 2019	956

The Royal Bank of Scotland plc loan is part of a £10 million facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £6.7m are held as of 31 March 2019. Repayment details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 6.09%	March 2019	761
Fixed 5.66%	September 2021	585
Fixed 7.09%	September 2024	629
Fixed 6.97%	November 2024	225
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 1.14%		1,100
Variable 1.14%		718
Variable 1.21%		341

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 Papworth Trust. Capital redemptions of £250,000 are due annually in July for a period of twenty years beginning July 2019. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	2,000
Variable 1.12%		1,000
Variable 1.17%		1,000
Variable 1.29%		1,000

In addition to the above an commercial mortgage of £69,000 (2018: £78,000) is held over one of the Trusts commercial buildings in Lowestoft.

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18 Finance lease liabilities

	2019 £000's	2018 £000's
Finance lease liabilities are payable as follows:		
Less than one year	-	6
	<u>-</u>	<u>6</u>

19 Other Provisions

	Dilapidations £000's	Total £000's
Balance at 1 April 2018	170	170
Provisions made during the year	33	33
Provisions used during the year	(60)	(60)
Balance at 31 March 2019	<u>143</u>	<u>143</u>

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20 Employee Benefits

The company participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset (Liability)

	31 March 2019 (£000s)	31 March 2018 (£000s)
Fair value of plan assets	15,404	14,903
Present value of defined benefit obligation	(20,899)	(19,777)
SHPS opening balance adjustment on initial recognition	-	1,689
Defined benefit (liability) to be recognised	<u>(5,495)</u>	<u>(3,185)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	19,777
Current service cost	118
Expenses	23
Interest expense	507
Contributions by plan participants	39
Actuarial losses (gains) due to scheme experience	(293)
Actuarial losses (gains) due to changes in demographic assumptions	59
Actuarial losses (gains) due to changes in financial assumptions	1,393
Benefits paid and expenses	<u>(724)</u>
Defined benefit obligation at end of period	20,899

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20 Employee Benefits continued

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	14,903
Interest income	387
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	162
Contributions by the employer	637
Contributions by plan participants	39
Benefits paid and expenses	<u>(724)</u>
Fair value of plan assets at end of period	15,404

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £549,000.

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	Period to 31 March 2019 (£000s)
Current service cost	118
Expenses	23
Net interest expense	<u>120</u>
Defined benefit costs recognised in statement of comprehensive income (SoCI)	261

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20 Employee Benefits continued

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	Period ended 31 March 2019 (£000s)
SHPS opening balance adjustment on initial recognition	(1,689)
Experience on plan assets (excluding amounts included in net interest cost)	162
Experience gains and losses arising on the plan liabilities	293
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(59)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(1,393)
Total amount recognised in other comprehensive income - gain (loss)	<u>(2,686)</u>

Assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	2,592	2,944
Absolute Return	1,333	1,820
Distressed Opportunities	280	144
Credit Relative Value	282	-
Alternative Risk Premia	888	565
Fund of Hedge Funds	69	491
Emerging Markets Debt	531	601
Risk Sharing	465	138
Insurance-Linked Securities	442	392
Property	347	686
Infrastructure	808	382
Private Debt	207	133
Corporate Bond Fund	719	612
Long Lease Property	227	-
Secured Income	551	552
Over 15 Year Gilts	-	-
Liability Driven Investment	5,633	5,429
Net Current Assets	30	14
Total assets	<u>15,404</u>	<u>14,903</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

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20 Employee Benefits continued

Key Assumptions

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.34	2.60
Inflation (RPI)	3.26	3.15
Inflation (CPI)	2.26	2.15
Salary Growth	2.26	2.15
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

21 Operating Leases

	2019 £000's	2018 £000's
Future minimum lease payments due are as follows:		
Less than one year	74	175
Between one and five years	59	50
	<u>133</u>	<u>225</u>

Some properties are sub-let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

Less than one year	38	-
Between one and five years	-	38
	<u>38</u>	<u>38</u>

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22 Capital commitments

The Trust's contractual commitments to purchase tangible fixed assets at the year-end were £nil (2017: £nil)

23 Contingent Liabilities

The Trust receives grants and loans from the HCA and other bodies. Under the terms of these grants/ loans amounts maybe repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the profit and loss through amortisation which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 16 of these financial statements.

Housing grants maybe be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet.

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24 Reserves

Movement in funds

	At 31 March 2018	Incom e	Expend iture	Investm ent	Pension	Transfe rs	At 31 March 2019
Unrestricted:	4,098	11,261	(10,158)	289	(2,686)	(164)	2,640
<u>Designated</u>							
<u>funds:</u>							
Property Fund	13,565	375	(1,348)	-	-	164	12,756
<u>Restricted</u>							
<u>Funds:</u>							
Capital fund	2,794	18	(168)	-	-	-	2,644
Building Better Opportunities	-	1,196	(1,196)	-	-	-	-
Leicester ageing together	18	100	(90)	-	-	-	28
Other Housing funds	35	-	(2)	-	-	-	33
First Steps	-	20	(9)	-	-	-	11
Cambridge mini bus	-	38	-	-	-	-	38
Other funds	86	10	(62)	-	-	-	34
Endowment Funds	391	9	-	-	-	-	400
	<u>20,987</u>	<u>13,027</u>	<u>(13,033)</u>	<u>289</u>	<u>(2,686)</u>	<u>-</u>	<u>18,582</u>

Designated Funds:

The property funds relates to the net value the Trust holds in property assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

24 Reserves continued

Restricted Funds

The capital fund relates to assets purchased using restricted funding. Depreciation is expensed against those grants as they are utilised. Income received in the year relates to a fundraising campaign to procure a new kitchen in our Basildon Day Centre, which includes a £5,000 donation from the Essex Community Foundation.

The Building Better Opportunities Fund relates to income received from the Big Lottery Fund and the European Social Fund to tackle poverty and social inclusion through improving access to work for disabled people. Funds received in advance for this project are deferred until they are utilised.

The Leicester Ageing Together fund relates to a project funded by the Big Lottery Fund to provide access to Warm Homes for people in Leicestershire who suffer from fuel poverty.

The First Steps Project was launched following the receipt of funding from Suffolk Community Foundation through New Anglia LEP Community Challenge Fund. The primary purpose of the project is to support disabled individuals back into employment.

The Cambridge Mini Bus project is a fundraising scheme to procure a new mini bus for services users. Income to date is £38k and includes donations from a number of Trusts and Foundations including, the Childwick Trust, the Strangward Charitable Trust and the Douglas Compton James Charitable Trust

Other Housing Funds represent restricted funds for various Housing Projects. This includes a grant that was secured from the Wolfson Foundation to support the conversion of excess space into lettable units.

Other funds represent all other restricted funds for non-housing related projects, including the Trusts Day Centres. We are grateful to receive donations from The Dudley and Geoffrey Cox Charitable Trust and The David Solomons Charitable Trust which are included within this income.

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24 Reserves continued

Analysis of Net Assets between Funds

	General Reserves	Designated Reserves	Restricted Reserves	Endowment fund	Total Reserves
Fixed Assets	8,111	40,454	2,644	400	51,609
Current Assets	2,437	-	144	-	2,581
Liabilities due within 1 year	(2,270)	(851)	-	-	(3,046)
Liabilities due after one year	(5,495)	(26,847)	-	-	(32,342)
Provisions for liabilities	(143)	-	-	-	(143)
Total Net Assets	2,640	12,756	2,788	400	18,659

25 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier Jones Foundation, a charity with certain common trustees whose objectives are to support the work of Papworth Trust. In the year ended 31 March 2019 services were purchased totalling £4,702 (2018: £23,565). The Trust made sales to The Varrier Jones Foundation of £48,360 (2018: £60,724).

At 31 March 2019 the amount due from The Varrier Jones Foundation was £nil (2018: £nil). The amount due to The Varrier Jones Foundation was £nil (2018: £nil)

The Varrier Jones Foundation provides funding to the Trust. During the year, donations of £1,650,000 were received (2018: £1,590,000).

26 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Housing stocks are assessed for impairment using a discounted future cash flow analysis when an indicator of impairment is noted. No impairment of social housing assets are required in the period.

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27 Value for Money Metrics

27.1 Reinvestment

	2019	2018
	£000's	£000's
Reinvestment in housing stock is as follows		
Acquisition of new housing properties	-	363
Capital works to existing properties	193	260
Total reinvestment	<u>193</u>	<u>623</u>
Historical cost of Housing Properties	<u>56,172</u>	<u>56,017</u>
Percentage of reinvestment	<u>0.3%</u>	<u>1.1%</u>

27.2 New Supply delivered

	2019	2018
	£000's	£000's
New supply deliver is as follows:		
New general needs units	-	-
New supported living units	-	2
Total new units	<u>-</u>	<u>2</u>
Total Units owned	<u>655</u>	<u>655</u>
Percentage of new supply	<u>0.0%</u>	<u>0.3%</u>

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27 Value for Money Metrics continued

27.3 Gearing

	2019	2018
	£000's	£000's
Gearing is made up as follows:		
Loans due in less than one year	852	560
Loans due in more than one year	14,454	15,310
Cash held	(1,479)	(1,506)
Net debt held	<u>13,827</u>	<u>14,364</u>
Historical cost of Housing Properties	<u>56,172</u>	<u>56,017</u>
Gearing	<u>24.6%</u>	<u>25.6%</u>

27.4 Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI)

	2019	2018
	£000's	£000's
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	620	794
Add back depreciation for Housing Units	1,099	1,080
Less Amortisation of government grants	(379)	(395)
	<u>1,340</u>	<u>1,479</u>
Interest payable	<u>549</u>	<u>561</u>
EBITDA MRI	<u>245%</u>	<u>264%</u>

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27 Value for Money Metrics continued

27.5 Social Housing costs per unit

	2019	2018
	£000's	£000's
Per unit housing costs is made up as follows:		
Management costs	914	831
Maintenance costs	838	750
Service charge costs	861	854
Depreciation	1,099	1,080
	<hr/> 3,712	<hr/> 3,515
Total number of units	<hr/> 662	<hr/> 669
Total cost per unit	<hr/> 5,607	<hr/> 5,254
	<hr/>	<hr/>

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27 Value for Money Metrics continued

27.6 Operating margin

	2019	2018
	£000's	£000's
Operating margin is made up as follows		
Operating surplus from general needs	340	381
Operating surplus from supporting living	280	413
Total Operating Surplus	<u>620</u>	<u>794</u>
Revenue from general needs	903	920
Revenue from supported living	3,429	3,389
Total revenue	<u>4,332</u>	<u>4,309</u>
Operating margin from general needs	37.7%	41.4%
Operating margin from supported living	8.2%	12.2%
Total operating margin	<u>14.3%</u>	<u>18.4%</u>

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27 Value for Money Metrics continued

27.7 Return on Capital Employed (ROCE)

	2019	2018
	£000's	£000's
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	620	794
Loss on disposal of fixed assets	(37)	(32)
Adjusted operating surplus	<u>583</u>	<u>762</u>
Net book value of housing properties	39,113	40,158
Current assets	2,581	2,588
Current liabilities	(3,121)	(2,786)
Total assets less current liabilities	<u>38,573</u>	<u>39,960</u>
ROCE	<u>1.5%</u>	<u>1.9%</u>

Papworth Trust

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Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness The Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater
Lady S Marshall
Mrs J Womack

Mr A Dasgupta MBE
Mrs J P B G Pearson
Mr G R W Wright DL

Sir Hugh Duberly CBE LL
Mrs M E Thomas CBE DL

CHAIR OF TRUSTEES

Mr R Hammond

VICE-CHAIR OF TRUSTEES

Ms D Sorkin

HON. TREASURER

Mr R Norton

OTHER TRUSTEES

Mr P Agar
Mr W Cuell
Mr A Hirst
Mr P Hughes
Ms V Stanislas
Mr D Atkinson
Mr B Stewart (Appointed May 2019)

TRUSTEE USER REPRESENTATIVES

Paul Johnson
Rob Nixon

LEADERSHIP TEAM

Ms S Miller	Chief Executive Officer
Mr M Blake	Director of Finance and IT
Ms H Harris	Director of Operations
Ms K Brookes	Director of Human Resources (Appointed March 19)

Papworth Trust is a company limited by members' guarantee of £1.00 each.
The Trustees are the members of Papworth Trust.

The register of members is maintained at the registered office.

Papworth Trust

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Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

REGISTERED OFFICE

Bernard Sunley Centre
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Cambridge
CB23 3RG
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100 St Pauls Churchyard
London
EC4M 8BU

BANKERS

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

Lloyds Bank plc
3 Queen Street
Norwich
NR2 4SG

PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
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LS11 5BQ

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SOLICITORS

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Pensions Adviser

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