

Papworth Trust
Report and Accounts
31 March 2016

Papworth Trust
Report and Accounts for the year ended 31 March 2016

OUR VISION AND VALUES

Our vision

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

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

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CHAIR'S REVIEW

There have been significant changes across Papworth Trust over the last year in what has become an increasingly challenging environment for disabled people, and for the Trust and services it provides.

We have needed to make some difficult decisions because of the financial pressures on us. We have been running too many services that were making significant losses. Regrettably, we had to decide to close some services. Ending our Workwise service and stepping away from most of our youth club provision was not easy.

We have carried out a programme of major change across the Trust. Most of our services and office structures have been reviewed. This was an essential step towards our goal of operating high quality and sustainable services which achieve great outcomes for disabled people.

We reduced our spending on support services by £1 million so that a bigger proportion of every pound is used to make a direct difference to the lives of disabled people. Grasping the nettle of making services more cost effective, ceasing to run some which could not be improved, and cutting overheads, is designed to make us one of the most sustainable disability charities.

We have striven to be innovative as well. We created a cutting edge reablement service which bridges the gap between hospital and return to home. It saves the NHS money and reduces the likelihood of patients going back into hospital. We think this model could be rolled out nationally but we face the task of achieving ongoing funding.

Our care services have also improved significantly over the past year. This has been formally recognised by the Care Quality Commission.

We are now aiming to use the charity's leaner position as a springboard to deliver social change for disabled people and the best services we can in these difficult times. There is great deal of unmet need for support and services to disabled people. We aim to remain innovative and flexible enough to play our part in creating new services.

The Trust has significant underlying strength in its financial resources and its expertise. We will be striving to make 2017, our Centenary year, a successful one for the Trust and, most importantly, the disabled people we are able to work with now and in the future.

Rob Hammond – Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2016.

Achievements and performance

The Trust has developed a range of outcomes so that we can better demonstrate the difference we are making to the lives of disabled people. We will now start to use the charity's stronger, sustainable position as a springboard to drive organisational growth and deliver social change.

- **Organisation reviews and transformation programme**

During the year, we started our transformation programme, which followed reviews of all of our services and back office teams to ensure that we are able to deliver high quality, sustainable services in the future. These reviews were completed by July 2015 and have led to implementation plans being developed, some of which are already starting to bear fruit. This will put the Trust on a strong footing in what is a rapidly changing environment.

- **Using fundraised income and volunteers to make even more of a difference**

It is now three years since we increased our focus on fundraising and volunteering, and invested in those teams. There has been some great progress in that time as we have seen growth, especially in the number of volunteers supporting our work with disabled people. There have also been elements which have been less successful in what is a tough environment for fundraising. We are conducting a robust review of our fundraising strategy to build on our progress and to take account of the constantly changing market place. We remain strongly committed to delivering greater impact through fundraised activity.

- **Diversification of our income streams**

As the environment in which we operate changes significantly, we are continuing to diversify our income streams away from Local Authorities and Government. The past 12 months have seen the first of our services paid for from health funding, while the Trust is also exploring providing some privately funded services.

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Reserves Policy

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

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

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

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

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

The General Funds represent Papworth Trust's available free funds. Movements between funds are approved annually by the Finance Committee.

Investment Policy

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

Structure, governance and management

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

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

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

Trustees do not receive a salary, but may claim expenses for attending meetings.

Trustees and Leadership Team members are asked to complete an annual Disclosure Statement to notify Papworth Trust of any involvement in any other organisations. This was most recently completed for the year ended March 2016.

Trustees Liabilities

The Trust indemnifies the Trustees of Papworth 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 Papworth Trust's activities and monitor performance against key performance indicators. The Trust carried out a review of its governance structures during 2014/5 and as a result changed the structure of its sub-Committees during 2015/16. 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 Charity'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.

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Development Committee

The Development Committee has responsibility to discuss and review strategy and recommend changes for the continuous improvement of services offered by Papworth 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 will be overseen by this Committee.

Remuneration Committee

The Committee has delegated authority from the Board to approve the overall annual pay award for staff and to determine the remuneration of the Chief Executive and Directors, and have oversight of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) 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 also co-ordinates an annual report on all investments, including property, the management of which is overseen by the VJF Property Committee.

Value for money - Housing

Our objective is to provide appropriate property types and services to meet the needs of our tenants. The key driver is to achieve a balance between reasonable cost and good quality.

Maintaining a high level of customer satisfaction is key to everything that we do. Achieving value for money also means our housing offer must be sustainable so that we can provide lifetime homes that meet the individual needs of our disabled tenants.

Creating the right home environment to enable our tenants to live independent and fulfilling lives is the priority.

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

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Benchmark	2016 Actual	2016 Target	2015 Actual	2014 Actual
Tenant satisfaction repairs and maintenance	98.8	95.0	98.0	99.6
% units with a valid gas safety certificate	100.0	100.0	100.0	100.0
% rent collected	97.8	98.0	96.3	97.3
Void losses	3.4	3.0	1.8	2.7
Weekly operating costs per unit	67.6	56.9	61.4	59.9
Operating costs as % of turnover	74.7	70.0	72.0	71.7
Weekly management costs per unit	24.8	25.0	26.3	26.2

Our VFM achievements over the last year

- Introduction of a planned capital improvement plan, designed to reduce proportion of reactive maintenance against planned works from 50% / 50% to 35% / 65%. In the year we have brought the ratio down to 46% / 54%.
- Rationalised central office space to a single Head Office, improving communications and collaboration and yielding savings of around £65k p.a.
- Completed the building of two exemplar accessible bungalows

Our VFM objectives for the next five years

- To use the model of our exemplar accessible bungalows and build at least 15 new accessible homes, all of which will be integrated in an urban or semi-urban location, with links to employment, transport, health and leisure
- Implement improvements to our tenant management systems and processes to delivery greater efficiency and improved data quality.
- We want to become regarded as nationally recognised experts on accessible and adaptable housing by partners in Housing Associations, house developers and through Government policy. This will enable us to influence partners to increase the supply of accessible homes for disabled people.

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Going Concern

The Board has assessed Papworth Trust's current financial position and resources, together with a review of business plans for the next three years. On the basis of this assessment the Board believes that the Trust is well placed to manage its business risks.

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.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Papworth Trust has prepared detailed health and safety policies and provides staff with training and education on health and safety matters. We are currently reviewing our health and safety management approach in order to strengthen the alignment with existing operational management and our quality assurance framework. This more rigorous, consistent approach to health & safety management, monitoring and reporting will be presented to our Quality and Compliance Committee for approval during 2016/17.

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

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

Employee Involvement

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

Customer Involvement

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

Trustee User Representatives are appointed by a customer panel and they influence decisions made by attending Board of Trustee and some sub-committee meetings.

Auditors

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

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company'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 Company's auditors are aware of that information.

Staff, Volunteers and Trustees

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

The report of the Board of Trustees was approved by the Board on 28 July 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R. Hammond', written over a horizontal line.

R Hammond
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 disability, including physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full, and care that every person is seen for what they can do.

Objects

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

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

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Financial Review

Full details of our financial performance for the year ended 31 March 2016 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 2015/16 are shown in the table below:

	2016	2015 (Restated)
	£000's	£000's
Turnover	20,553	22,486
Operating costs	(19,973)	(21,794)
Re-measurement of defined benefit pension liability	(1,029)	(153)
Operating surplus/(deficit)	<u>(449)</u>	<u>539</u>
Gain/(loss) on sale of fixed assets	1,843	35
Interest payable	(669)	(657)
Surplus/(deficit) for the year	<u>725</u>	<u>(83)</u>
Gains/(losses) on investments	(194)	984
Total comprehensive income for the year	<u><u>531</u></u>	<u><u>901</u></u>

Income

- Total turnover decreased by just under 9% in the year, reflecting the initiatives taken in eliminating some loss-making activities, and focussing on our core areas of delivery
- Turnover from social housing lettings increased by 6% to £4.3m, across both supported housing and general needs properties
- Turnover from other social housing activities remained stable at £3.2m from HIA and housing adaptation services work; no income from housing development was realised in the year
- Non-social housing activities saw turnover decrease by £2.2m, largely due to reductions in income from Work Programme delivery as the programme matures and initial referrals and outcomes tail off

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- Other programme activity has remained stable, with some reduction in Care income as the portfolio of activities was rationalised, incurring some short-term costs as employment terms and conditions were consolidated
- A one-off disposal of surplus non-housing property yielded a significant gain in the year

Expenditure

- A charge in the year of £1,029k has been incurred in respect of the measurement of defined benefit pension liability. Further details can be found in note 20
- Interest payable on loans and overdrafts increased by £50k to £608k. No additional loan funding was drawn down in the year, but slightly higher variable rates on some loans increased the overall interest charge

Balance Sheet

- The primary movement in housing stock is the bringing on stream of Macfarlane Grieve House, transferring £2,786k from properties under construction to properties available for letting
- We have seen significant utilisation of cash for operations, as we have discharged some historic liabilities and completed on capital projects
- The liability required under the defined benefit pension scheme, as detailed in note 20 below, has resulted in the recognition of a liability of £4,047k on the Balance Sheet, with a consequent impact on total reserves

Housing Development

The Trust has undertaken little in the way of housing development in the year, as we have sought to consolidate our position in times of change. We do still have available £3.3m of loan finance from Lloyds Bank, which will be actively managed through 2016/17, following the appointment of a new Housing Development Manager.

We are awaiting the completion of two individual units being built as part of a local development, and continue to promote what we believe to be innovative solutions to the challenge of building affordable, accessible housing, with the two exemplar bungalows which have been developed in Papworth. We will continue

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to promote these to other organisations, policy makers and influencers within the sector as examples of what can be achieved.

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

Treasury Management

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

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

Loan Covenants

There are several loan covenants in place on the Trust's long term loans, the key measures are asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenants are monitored monthly and were met for the year ended 31 March 2016.

Plans for future periods

Having undertaken a significant strategic review, evaluating service provision and the resources required to support our activities, we implemented a range of changes through 2015/16 to improve focus and effectiveness of what we do. We now intend to build on this work in order to design and deliver more effective services that will increase our impact.

- **Implementation of the service review outcomes**

This process needs to continue as we seek to develop more effective service delivery streams, focussing on core competencies whilst closely reviewing our processes and developing appropriate mechanisms across the organisation to improve transparency and accountability. This will involve some investment in people and systems, but will be achieved within a controlled budgetary framework.

- **To reduce reliance on individual income streams**

The Trust plans to diversify its income streams to lessen the reliance on income streams that look under increased pressure as funding pressures in local authorities take hold, and uncertainty following the UK vote to leave the EU impacts on government funding for programmes. Diversification also enables us to have greater discretion over the services that we deliver in order to maximise our social impact.

- **Enabling individuals to live independently**

We will continue to seek to develop services that ensure disabled people are able to achieve as much independence as they desire, supported by such initiatives as our Reablement service, delivering an effective and efficient recovery pathway from significant injury or illness.

- **Increasing the Trusts external impact**

We are looking to increase our voice with both politicians and other organisations. We see this as a vital part of generating new opportunities (maybe in partnership) and to provide a voice for disabled people at a time when many services are under pressure.

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, this generates a comprehensive review of risks. 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 Papworth Trust's assets and reputation.

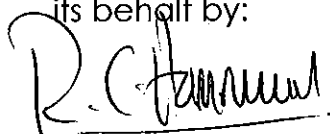
The Finance and Audit Committee and Trustees monitor and review our principle risks and the processes for managing them, together with the arrangements for internal and external audits and preparation of financial statements.

The critical risks and uncertainties have been identified as:

KEY RISK	MITIGATING ACTIONS
Government Austerity measures Government austerity measures and Local Authority spending reviews have a greater impact on the financial sustainability of some services than we have planned for	<ul style="list-style-type: none">• Regular reforecasting of financial performance• All areas have been reviewed to test sustainability• Maintain external relationships and market intelligence

KEY RISK	MITIGATING ACTIONS
<p>Breach of regulations The Trust works in a number of highly regulated environments with vulnerable people. A breach of regulations could lead to significant reputational damage</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>Breach of banking covenants The Trust may fail to meet certain financial covenants required under bank loan agreements Breach of covenant could lead to higher borrowing costs or repayment of loans</p>	<ul style="list-style-type: none"> • Quarterly reforecasting and close monitoring of finances and covenants is embedded in the Trust's systems • Signs of potential breach are identified at an early stage to allow for necessary action
<p>SHPS Pension deficit may increase The SHPS defined benefit pension scheme deficit may increase resulting in larger payments and liabilities for the Trust</p>	<ul style="list-style-type: none"> • Recognition of the provision in the accounts, with attention paid to the balance sheet, to ensure sufficient reserves are in place to meet future liabilities
<p>Failure to successfully implement the Trust's programme of transformation Failure to implement the programme may result in services becoming unsustainable</p>	<ul style="list-style-type: none"> • All services have been reviewed and clear action plans are being developed/implemented • Specialist resource recruited to manage the programme

The Strategic Report was approved by the Board on 28 July 2016 and signed on its behalf by:



R Hammond
Chair of Trustees

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

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

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

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

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Independent auditor's report to the members of Papworth Trust

We have audited the financial statements of Papworth Trust ("the association") for the year ended 31 March 2016 set out on pages 21 to 51. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the association's members, as a body, in accordance with Section 128 of the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

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- have been prepared in accordance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustee's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

S Beavis

Stephanie Beavis (Senior Statutory Auditor)

for and on behalf of KPMG LLP. Statutory Auditor

Chartered Accountants

Botanic House

100 Hills Road

Cambridge

CB2 1AR

27 September 2016

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Profit and Loss Account and Other Comprehensive Income

For the year ending 31 March 2016

	Note	2016 £000's	2015 (Restated) £000's
Turnover	3	20,553	22,486
Operating costs	3,5,6	(19,973)	(21,794)
Re-measurement of the net defined benefit liability	20	(1,029)	(153)
Operating surplus/(deficit)		(449)	539
Gain/(loss) on disposal of tangible fixed assets	8	1,843	35
Interest payable and similar charges	9	(669)	(657)
Surplus/(deficit) for the year		725	(83)
Other comprehensive income			
Gains/(losses) on investments		(194)	984
Total comprehensive income for the year		531	901

The accounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (see note 25). The notes on pages 26 to 51 form part of these financial statements.

Memorandum note:

Operating surplus excluding the re-measurement of the net defined benefit liability would be £580k for the year (2015: £692k).

Interest payable excluding the charge on the unwinding of the discount rate of the net defined benefit liability would be £608k for the year (2015: £558k).

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Balance Sheet <i>as at 31 March 2016</i>	Notes	2016	2015 (Restated)
		£000's	£000's
Fixed Assets			
Housing Properties	10	42,640	43,477
Other fixed Assets	11	5,131	5,543
Investments	12	8,125	8,319
Endowment Fund Assets	13	216	219
Total fixed assets		<u>56,112</u>	<u>57,558</u>
Current Assets			
Debtors - amounts falling due within one year	14	2,736	2,939
Cash and cash equivalents	15	877	1,426
		<u>3,613</u>	<u>4,365</u>
Creditors:			
Amounts falling due within one year	16	<u>(2,586)</u>	<u>(5,035)</u>
Net current assets / (liabilities)		<u>1,027</u>	<u>(670)</u>
Total assets less current liabilities		<u>57,139</u>	<u>56,888</u>
Creditors:			
Amounts falling due after more than one year	16-18	(30,380)	(30,972)
Provisions for liabilities and charges			
Pension Liabilities	20	(4,047)	(3,355)
Other liabilities	19	(240)	(620)
Net assets		<u>22,472</u>	<u>21,941</u>
Reserves			
Restricted Reserves			
Endowment Funds		<u>216</u>	<u>219</u>
General Funds			
Capital Funds		2,852	3,363
Income Funds		826	397
		<u>3,678</u>	<u>3,760</u>
Total Restricted Reserves		<u>3,894</u>	<u>3,979</u>
Designated Reserves			
Disability services fund		732	1,705
Property fund		14,363	14,157
		<u>15,095</u>	<u>15,862</u>
General Reserves			
Contingency fund		3,483	2,100
Total unrestricted reserves		<u>18,578</u>	<u>17,962</u>
Total Reserves		<u>22,472</u>	<u>21,941</u>

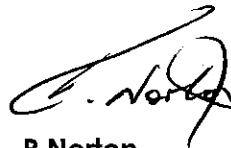
Papworth Trust
Report and Accounts for the year ended 31 March 2016

The notes on pages 26 to 51 form part of these Financial Statements.

The financial statements were approved by the Board at a meeting held on 28 July 2016 and signed on the Board's behalf by:



R Hammond
Trustee



R Norton
Trustee

Companies House registered number: 148906

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Cash Flow Statement

For the year ending 31 March 2016	2016	2015
	£000's	(Restated) £000's
Cash flows from operating activities		
Operating surplus/(deficit)	(449)	539
Adjustment for:		
Depreciation	1,135	944
	<u>686</u>	<u>1,483</u>
(Increase)/decrease in trade and other debtors	203	(55)
(Decrease)/increase in trade and other creditors	(2,296)	856
(Decrease)/increase in provisions and employee benefits	176	0
	<u>(1,917)</u>	<u>801</u>
Interest paid	<u>(669)</u>	<u>(654)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	2,211	263
Acquisition of tangible fixed assets	(648)	(3,012)
Net cash from investing activities	<u>1,563</u>	<u>(2,749)</u>
Cash flows from financing activities		
Proceeds from new loans	0	2,200
Repayment of borrowing	(212)	(228)
Net cash from financing activities	<u>(212)</u>	<u>1,972</u>
Net increase/(decrease) in cash and cash equivalents	(549)	853
Cash and cash equivalents at 1 April	1,426	573
Cash and cash equivalents at 31 March	<u>877</u>	<u>1,426</u>

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Statement of Change in Reserves

For the year ending 31 March 2016

	Total Reserves £000's
Balance at 1 April 2014 as previously reported	24,614
Effects of adoption of FRS 102	(3,574)
Balance at 1 April 2014 re-stated	<u>21,040</u>
Total comprehensive income for the year	901
Balance at 1 April 2015 re-stated	<u>21,941</u>
Total comprehensive income for the year	531
Balance at 31 March 2016	<u><u>22,472</u></u>

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Report and Accounts for the year ended 31 March 2016

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.

An explanation of how the transition to FRS 102 has affected financial position is provided in note 25.

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 giving regard to the 2016-17 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

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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.

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 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
White goods	5 years

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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

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	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.

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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.

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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.11 Retirement benefits

The Trust participates in the Social Housing Pension Scheme ("SHPS") defined benefit plan. SHPS provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust, however the Trust accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. To the extent that payments plans relate to funding a deficit, the contributions are recognised as a liability payable arising from the agreement with the multi-employer plan and results in a charge to the income and expenditure account. Where these

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payments are not expected to be settled within 12 months the liability is measured at the present value of the contributions payable.

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 SHG, revenue grants, charitable gifts, donations, legacies and gift aid. Income received or invoiced 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 lease

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

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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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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 Governance Costs

Central governance costs include auditor fees, cost of holding Trustee Boards and sub-committees and the recruitment of new Trustees.

2.18 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.

2.19 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.

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2.20 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.

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3 Social Housing

	2016 General Needs £000's	2016 Supported Housing £000's	2016 Total £000's	2015 (Restated) £000's
Rent receivable (net of service charges) Service charges	922 0	2,366 915	3,288 915	3,116 872
Net rents receivable	922	3,281	4,203	3,988
Other income	0	93	93	48
Total income from lettings	922	3,374	4,296	4,036
Expenditure on letting activities				
Management	(217)	(690)	(907)	(782)
Maintenance services under-recovery Services	(31)	(78)	(109)	0
Routine maintenance	(6)	(314)	(320)	(382)
Major repairs	(169)	(640)	(809)	(692)
Planned maintenance	(17)	(58)	(75)	0
Bad debts	(19)	(153)	(172)	0
Depreciation of housing properties	12	(5)	7	(20)
	(113)	(558)	(671)	(225)
Total expenditure on lettings	(560)	(2,496)	(3,056)	(2,101)
Operating surplus on lettings	362	878	1,240	1,935
Void Losses	(12)	(95)	(107)	(99)

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3 Social housing and other activities continued

	2016			
	Turnover	Cost of sales	Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	922	(343)	(217)	362
Supported housing	3,374	(1,806)	(690)	878
	<u>4,296</u>	<u>(2,149)</u>	<u>(907)</u>	<u>1,240</u>
Other social housing activities				
HfAs, Aids and Adaptions	2,850	(2,448)	0	403
Housing development	0	(17)	0	(17)
Amortised grant adjustment	396	0	(396)	0
	<u>3,246</u>	<u>(2,465)</u>	<u>(396)</u>	<u>386</u>
Non-social housing activities				
My Work	4,248	(2,490)	0	1,758
My Care	3,166	(3,553)	0	(387)
My Leisure	2,614	(3,632)	0	(1,018)
Advisory Services	168	(203)	(140)	(175)
Rehabilitation and Re-enablement	396	(740)	0	(345)
Research and Policy	4	0	(189)	(185)
Fundraising	2,337	(813)	0	1,524
Enabling Services (management, finance, IT, HR and facilities)	78	(125)	(1,999)	(2,046)
Re-measurement of defined benefit pension liability	0	0	(1,029)	(1,029)
Transformation review	0	0	(173)	(173)
	<u>13,011</u>	<u>(11,555)</u>	<u>(3,530)</u>	<u>(2,074)</u>
Total social housing and non-housing activity surplus/(deficit)				<u>(449)</u>
Gain/(loss) on disposal of assets	0	0	1,843	1,843
Interest payable	0	(608)	(61)	(669)
Surplus for year				<u>725</u>
				<u>34</u>

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3 Social housing and other activities continued

	Turnover	2015 (Restated)		Operating
	£000's	Cost of sales	Operating	Surplus
		£000's	Costs	£000's
			£000's	
Social housing lettings				
General needs	873	(168)	(195)	510
Supported housing	3,163	(1,151)	(587)	1,425
	4,036	(1,319)	(782)	1,935
Other social housing activities				
HIAs, Aids and Adaptations	2,797	(2,789)	(479)	(471)
Other housing income	8	(107)	(18)	(117)
Amortised grant adjustment	399	0	(399)	0
	3,204	(2,896)	(896)	(588)
Non-social housing activities				
My Work	6,602	(3,386)	(581)	2,635
My Care	3,832	(3,525)	(604)	(297)
My Leisure	2,634	(3,496)	(600)	(1,462)
Advisory Services	178	(341)	(59)	(222)
Research and Policy	0	(216)	(37)	(253)
Fundraising	1,957	(1,373)	(236)	348
Enabling Services (management, finance, IT, HR and facilities)	44	(581)	0	(537)
Re-measurement of defined benefit pension liability	0		(153)	(153)
Transformation review	0	(867)	0	(867)
	15,247	(13,785)	(2,270)	(808)
Total social housing and non-housing activity surplus/(deficit)				539
Gain/(loss) on disposal of assets	0	0	35	35
Interest payable	0	(558)	(99)	(657)
Surplus / (deficit) for year				(83)

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4 Housing Stock

	General Needs Housing (units)	2016 Supported Housing (units)	Total (units)	2015 (Restated) (units)
Number of units	173	463	636	664
Owned and managed	173	449	622	648
Managed on behalf of others	0	14	14	16
	<u>173</u>	<u>463</u>	<u>636</u>	<u>664</u>

5 Expenses and auditor's remuneration

	2016 £000's	2015 (Restated) £000's
Included in the profit and loss account are the following:		
Depreciation on housing properties	1,069	819
Depreciation on other fixed assets	464	524
Restructuring costs	290	91
(Surplus)/deficit on sale of housing properties	5	8
(Surplus)/deficit on sale of other fixed assets	(1,848)	(43)
 Auditor's remuneration		
Audit of these financial statements	20	19
Amounts receivable by the company auditor and its associates in respect of:		
Taxation compliance services	3	0
	<u>23</u>	<u>19</u>

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6 Staff and employee costs

	2016	2015 (Restated)
	Number	Number
The average number of persons employed by the Company (including directors) during the year was as follows:		
Average full-time equivalent employees	<u>504</u>	<u>541</u>
Staff costs (for the above persons)	£000's	£000's
Wages and salaries	10,164	11,516
Social security costs	794	947
Pension costs	295	374
	<u>11,253</u>	<u>12,837</u>

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)

	Number	Number
Bands		
£70,001-£80,000	2	3
£80,001-£90,000	2	2
£100,001-£110,000	1	0

The employee paid between £100,001 and £110,000 commenced their employment part way through the 2014-15 financial period. As bands are counted on actual earnings rather than annualised salaries, the increase from nil is reflective of the part-year of service in the prior year compared to a full period of service in the current financial period.

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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.

	2016	2015 (Restated)
	£000's	£000's
Aggregate emoluments paid to Directors (including benefits in kind)	474	468
Pension	35	121
	<u>509</u>	<u>589</u>
Emoluments paid to the Chief Executive who was also the highest paid Director (excluding pension contributions but including benefits in kind).	105	94
	<u>3</u>	<u>3</u>

(Note, emoluments reflect amounts actually paid in the period; no increase has been awarded to the Chief Executive in the period)

8 Surplus on disposal of fixed assets and other investments

	2016	2015 (Restated)
	£000's	£000's
Disposal proceeds	3,265	48
Cost of disposals	(1,422)	(13)
	<u>1,843</u>	<u>35</u>

9 Interest payable and similar charges

	2016	2015 (Restated)
	£000's	£000's
Interest payable on financial liabilities	608	558
Interest payable on the unwinding of the net pension deficit liability	61	99
	<u>669</u>	<u>657</u>

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10 Housing properties

	At 1 April 2015	Additions	Transfers	Disposals	Charge for year	At 31 March 2016
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
Cost	46,897	278	15	(72)	0	47,118
Depreciation	(3,420)	0	0	11	(1,069)	(4,478)
Net book value	<u>43,477</u>	<u>278</u>	<u>15</u>	<u>(61)</u>	<u>(1,069)</u>	<u>42,640</u>

Included in cost at 31 March 2016 are cost of building projects under construction totalling £190,000 (2015: £2,786,000).

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11 Other fixed assets

Cost	Freehold Land and Buildings £000's	Leasehold Improvements £000's	Motor Vehicles £000's	Other Fixed Assets £000's	Total £000's
Balance at 1 April 2015	8,829	348	254	2,286	11,717
Acquisitions	132	0	83	129	344
Transfers	(15)	0	0	0	(15)
Disposals	(336)	0	(11)	(217)	(565)
Balance at 31 March 2016	<u>8,610</u>	<u>348</u>	<u>326</u>	<u>2,198</u>	<u>11,481</u>
Depreciation and impairment					
Balance at 1 April 2015	3,075	257	173	2,669	6,174
Depreciation charge for year	305	18	28	113	464
Disposals	(227)	0	(10)	(51)	(288)
Balance at 31 March 2016	<u>3,153</u>	<u>275</u>	<u>191</u>	<u>2,731</u>	<u>6,350</u>
Net book value					
At 31 March 2016	<u>5,457</u>	<u>73</u>	<u>135</u>	<u>(533)</u>	<u>5,131</u>

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12 Current asset investments

	2016	2015 (Restated)
	£000's	£000's
Financial assets (investment fund)	8,125	8,319
	<u>8,125</u>	<u>8,319</u>

13 Endowments

	2016	2015 (Restated)
	£000's	£000's
Endowment assets	216	219
	<u>216</u>	<u>219</u>

14 Debtors

	2016	2015 (Restated)
	£000's	£000's
Current tenant arrears	338	134
- less provision for bad and doubtful debts	(12)	(29)
Former tenant arrears	57	25
- less provision for bad and doubtful debts	(12)	0
Trade debtors and non-housing activities	1,446	2,082
Prepayments and accrued income	874	657
Other debtors	45	70
	<u>2,736</u>	<u>2,939</u>

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15 Cash and cash equivalents

	2016	2015 (Restated)
	£000's	£000's
Cash at bank and in hand	877	1,426
	<u>877</u>	<u>1,426</u>

16 Creditors

Creditors: amounts falling due within one year

	2016	2015 (Restated)
	£000's	£000's
Loans	212	212
Trade creditors	547	761
Other taxation and social security	327	562
Other creditors	175	326
Obligations under finance leases (note 18)	6	0
Accruals and deferred income	1,319	3,174
	<u>2,586</u>	<u>5,035</u>

Creditors: amounts falling due after more than one year

	2016	2015 (Restated)
	£000's	£000's
Bank loans and overdrafts	0	26
Loans	15,435	15,638
Obligations under finance leases (note 18)	12	0
Other creditors	596	574
Deferred grant income	14,338	14,734
	<u>30,380</u>	<u>30,972</u>

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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.

	2016	2015
	£000's	(Restated) £000's
Creditors falling due after more than one year		
Secured bank loans	15,435	15,638
Finance lease liabilities	12	0
	<u>15,447</u>	<u>15,638</u>
Creditors falling due within less than one year		
Secured bank loans	212	212
Finance lease liabilities	6	0
	<u>218</u>	<u>212</u>

The Orchardbrook Limited loan of £527k 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.

The Lloyds Bank plc loan of £2.2 million is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.91%	December 2039	2,200

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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. Repayment details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 5.59%	March 2019	917
Fixed 5.66%	September 2021	765
Fixed 7.09%	September 2024	882
Fixed 6.97%	November 2024	308
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 1.20%		1,100
Variable 1.20%		976
Variable 1.52%		650

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. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 4.32%	April 2018	1,000
Fixed 3.43%	July 2038	2,000
Variable 0.90%		1,000
Variable 0.94%		1,000

18 Finance lease liabilities

	2016	2015
	£000's	(Restated)
		£000's
Finance lease liabilities are payable as follows:		
Less than one year	6	0
Between one and five years	12	0
More than five years	0	0
	<hr/>	<hr/>
	18	0
	<hr/>	<hr/>

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19 Other Provisions

	Transformation £000's	Dilapidations £000's	Other £000's	Total £000's
Balance at 1 April 2015	350	262	8	620
Provisions made during the year	0	0	7	7
Provisions used during the year	(290)	(94)	(2)	(386)
Balance at 31 March 2016	60	168	12	240

20 Employee Benefits

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)

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Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	4,047	3,355	3,485

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	3,355	3,485
Unwinding of the discount factor (interest expense)	61	99
Deficit contribution paid	(398)	(382)
Remeasurements - impact of any change in assumptions	(24)	153
Remeasurements - amendments to the contribution schedule	1,053	-
Provision at end of period	4,047	3,355

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INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Interest expense	61	99
Remeasurements – impact of any change in assumptions	(24)	153
Remeasurements – impact of any change in assumptions	(24)	153
Remeasurements – amendments to the contribution schedule	1,053	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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21 Operating Leases

	2016	2015
	£000's	(Restated) £000's
Future minimum lease payments due are as follows:		
Less than one year	388	505
Between one and five years	351	574
More than five years	0	0
	<u>739</u>	<u>1,079</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	29	21
Between one and five years	5	3
More than five years	0	0
	<u>34</u>	<u>24</u>

22 Capital commitments

The Trust's contractual commitments to purchase tangible fixed assets at the year-end were £105,000 (2015: £37,000)

23 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier Jones Foundation, a charity with common trustees, for £99,626 (2015: £147,611). The Trust made sales to The Varrier Jones Foundation of £73,718 (2015: £100,309).

At 31 March 2016 the amount due from The Varrier Jones Foundation was £nil (2015: £nil). The amount due to The Varrier Jones Foundation was £nil (2015: £309,203)

The Varrier Jones Foundation provides voluntary funding to the Trust. During the year, donations of £1,922,500 were received (2015: £1,132,500).

The Varrier Jones Foundation held a minority stake in the non-housing asset disposed of in the year. £119,755 was paid to the Foundation on disposal.

Compensation of key management personnel is disclosed in note 6.

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24 Accounting estimates and judgements

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

The Trust is a member of the SHPS defined benefit pension scheme. The value of deficit liabilities and deficit reduction contributions assume discount rates offering an equivalent to the yield on AA corporate bonds.

Housing stocks have been assessed for impairment using a discounted future cash flow analysis and no impairment is necessary in the current period. Should any further pressure on housing rents be exerted in the future, a further impairment review may be necessary.

Provisions are made for onerous lease obligations.

25 Explanation of transition to FRS 102 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and notes.

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25 Explanation of transition to FRS 102 from UK GAAP (continued)

		1 April 2014			31 March 2015		
	Old UK GAAP	Effect of transition to FRS102	FRS 102	Old UK GAAP	Effect of transition to FRS102	FRS 102	
Note	£000's	£000's	£000's	£000's	£000's	£000's	
Fixed Assets							
Tangible assets							
Housing properties	(a)	25,877	15,133	41,010	28,743	14,734	43,477
Other tangible fixed assets		5,622	0	5,622	5,543	0	5,543
Investments		8,035	0	8,035	8,319	0	8,319
Endowment fund assets		213	0	213	219	0	219
		<u>39,747</u>	<u>15,133</u>	<u>54,880</u>	<u>42,824</u>	<u>14,734</u>	<u>57,558</u>
Current Assets							
Trade and other debtors		2,884	0	2,884	2,939	0	2,939
Cash and cash equivalents		573	0	573	1,426	0	1,426
		<u>3,457</u>	<u>0</u>	<u>3,457</u>	<u>4,365</u>	<u>0</u>	<u>4,365</u>
Creditors: amounts due within one year		(4,367)	(89)	(4,456)	(4,946)	(89)	(5,035)
		<u>(4,367)</u>	<u>(89)</u>	<u>(4,456)</u>	<u>(4,946)</u>	<u>(89)</u>	<u>(5,035)</u>
Net current assets/(liabilities)		(910)	(89)	(999)	(581)	(89)	(670)
Creditors: amounts due after one year	(a)	(14,223)	(15,133)	(29,356)	(16,238)	(14,734)	(30,972)
Provisions for liabilities:							
Other liabilities		0	0	0	(620)	0	(620)
Pension liabilities	(c)	0	(3,485)	(3,485)	0	(3,355)	(3,355)
		<u>(14,223)</u>	<u>(18,618)</u>	<u>(32,841)</u>	<u>(16,858)</u>	<u>(18,089)</u>	<u>(34,947)</u>
Net assets/(liabilities)		<u>24,614</u>	<u>(3,574)</u>	<u>21,040</u>	<u>25,385</u>	<u>(3,444)</u>	<u>21,941</u>
Capital and reserves							
Restricted reserves:							
Endowment funds		213	0	213	219	0	219
Capital funds		3,453	0	3,453	3,363	0	3,363
Income funds		321	0	321	397	0	397
Designated reserves		14,567	0	14,567	15,862	0	15,862
Revenue reserves		6,060	(3,574)	2,486	5,544	(3,444)	2,100
Total funds		<u>24,614</u>	<u>(3,574)</u>	<u>21,040</u>	<u>25,385</u>	<u>(3,444)</u>	<u>21,941</u>

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25 Explanation of transition to FRS 102 from UK GAAP (continued)

	Note	31 March 2015		
		Old UK GAAP	Effect of transition to FRS102	FRS 102
		£000's	£000's	£000's
Turnover	(a)	22,087	399	22,486
Operating costs	(a)+(b)	(21,777)	(17)	(21,794)
Remeasurement of defined benefit pension liability	(c)	0	(153)	(153)
Operating surplus/(deficit)		310	229	539
Gain/(loss) on disposal of tangible fixed assets		35	0	35
Interest payable and similar charges	(c)	(558)	(99)	(657)
Surplus/(deficit) for the year		(213)	130	(83)
Other comprehensive income				
Gains/(losses) on investment		984	0	984
Total comprehensive income for the year		771	130	901

Notes explaining the need for reconciliation between UK GAAP and FRS 102

(a) FRS 102 allows the Social Housing Grant to initially be recognised as a creditor due in more than one year and amortised over the life of the fixed asset structure.

(b) FRS 102 the requirement to accrue the equivalent value of untaken staff holiday entitlement.

(c) FRS 102 adds the requirement to disclose the Trust's share of defined benefit pension scheme liabilities.

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Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness The Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater	Mr A Dasgupta MBE	Sir Hugh Duberly CBE LL
Lady S Marshall	Mrs J P B G Pearson	Mrs M E Thomas CBE DL
Mrs J Womack	Mr G R W Wright 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 G Burnand • + \$
Mr W Cuell *
Mr A Dixon - resigned 17 June 2015
Mr A Hirst \$
Mr P Hughes * ✧
Mrs J A Millns * ✧
Mrs S Mitchell *
Mr D Ogilvy +\$
Mrs J Womack - retired 24 September 2015

TRUSTEE USER REPRESENTATIVES

Martha Grace
Paul Johnson
Rob Nixon

LEADERSHIP TEAM

Ms V McDermott	Chief Executive Officer
Mr D Martin	Director of External Affairs
Mr M Blake	Director of Central Services (from 1 Feb 2016)
Ms H Harris	Director of Operations
Ms J Penalver	Director of Transformation (from 1 Jan 2016)

Papworth Trust is a company limited by members' guarantee of £1.00 each. Vice-Presidents, the Chair, Vice-Chair, Honorary Treasurer and other Trustees (other than the Honorary Secretary) are the members of Papworth Trust. The register of members is maintained at the registered office.

- Member of the Finance and Audit Committee
 - ✧ Member of the Governance Committee
 - + Member of the Joint Investment Committee
 - * Member of the Quality and Compliance Committee
 - \$ Member of the Development Committee
- PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

Papworth Trust

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COMPANY SECRETARY

Mr A E Osborne (to 24 Mar 2016)
Mr M Blake (from 24 Mar 2016)

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Norwich
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SOLICITORS

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