

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

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**OUR VISION, MISSION AND VALUES**

**Our vision**

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

**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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**TRUST STATUS:**

	<b>Registration Number</b>
A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

## **CHAIR'S REVIEW**

The Trust continues to face a challenging financial landscape. Our turnover, and the scope of services we provide, has continued to reduce. The many adverse pressures include continued downward pressure on funding for social care and increased costs of delivery from National Living Wage requirements, sleep-in costs and funding requirements for defined benefit pension scheme liabilities. There are some positive indicators of a potentially improving landscape, such as the revisions to rental policy for social housing, but these will not help us until April 2020. Further tough decisions have been necessary, resulting in some service reductions, and a careful consideration of the future scope and scale of services.

In order to ensure that our services can continue to be delivered in a sustainable way, whilst still meeting customer needs, the Trustees have reviewed the organisation's strategy. We will focus on housing, high intensity personal care, employment opportunities and revised day services. We are determined to continue our vital work to enhance the lives of the disabled people that we support. We are confident that we can achieve what we have set out to do. We have secured places on key frameworks in our chosen locations for the provision of care services. We have also recently been accredited as an Investor in People under the new standard, positioning us well to achieve our plan.

The Trust continues to benefit from the ongoing support of its sister charity the Varrier Jones Foundation (VJF), which we greatly appreciate. The VJF's very substantial annual financial contribution to the Trust's revenue is a vital bulwark to our operations, particularly in this difficult period.

We were delighted to celebrate our Centenary in 2017. We marked the occasion with a range of events across the Trust, including an event at Papworth Everard attended by our patron, Her Royal Highness the Duchess of Gloucester, GCVO.

We also established a Centenary Circle of key supporters, ably steered by Elspeth Thomas, a former Trustee, to whom we give many thanks. This Circle has been the source of much valuable support, helping to drive fundraising events and develop wider awareness of our work.

We are very proud of our history, and the difference we have been able to make to the lives of disabled people. In addition to providing services we continue to believe that we can be a strong advocate for disabled people.

I would like to thank my fellow Trustees, all the staff and our volunteers for all the support they have given throughout a difficult year. Our work should ensure that the Trust can continue to make a difference to the lives of disabled people into the future, hopefully even for the next 100 years.

**Rob Hammond – Chair of Trustees**

## **TRUSTEES' REPORT**

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2018.

### **Achievements and performance**

The Trust has maintained its focus on providing valuable support for disabled people, consolidating operations to focus on areas of greatest impact, ensuring we do all that we can to improve the lives of the individuals that we support. We currently support over 3,000 people across our geographical focus of the East of England, through our four core operational areas; housing, employment, day services and social care. In 2017/18, Papworth Trust had a turnover of £13.6m (2016/17: £16.9m) and employed over 249 staff (2016/17: 318).

The Trust has continued to adapt its range of service delivery during the year, as the impact of a difficult public funding landscape and increasing local cost pressures have combined to make sustainable delivery of quality services to our customers challenging. We have made decisions over recent times to exit activities that didn't make sufficient contribution, either financially or strategically, and this activity has been largely concluded. We are pleased that these accounts report a small operating surplus in the year, following a significant deficit in 2016/17, whilst continuing to make a significant impact to the lives of disabled people. Key successes to note in the period;

- **Securing Work and Health Programme contract**

Following prolonged tendering and negotiation processes, we were pleased to secure a sub-contract for the delivery of the Work and Health Programme provision in Cambridgeshire from the Shaw Trust. This DWP-funded programme replaces the previous Work Programme, which we also delivered and, although considerably smaller in scale, provides a real focus on those individuals where 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 look forward to continued positive contribution from this programme over the next four years.

- **Providing complex care to individuals in greatest need**

During the year we concluded contracts with Suffolk County Council to support two individuals to establish themselves in the community after moving out of long-term residential care, providing housing and concentrated care support in a complimentary package to address the particular requirements of the individuals. This pioneering arrangement, although not without challenges, has

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the potential to deliver significant social benefit to the individuals, their families and their wider community, and is an offering we will seek to expand

- **Successful influencing**

In March 2018, we published the annual Papworth Trust Facts and Figures – An overview of disability in the United Kingdom. The report outlines the realities of disability in our key policy areas – work, housing and social care – along with chapters on specific impairments and how they vary amongst social-economic categories. Our report was published on BBC Radio 5 live in a slot on accessible housing and continues to be referred to in speeches in the Houses of Parliament and Scottish Parliament.

One of the ways Papworth Trust seeks to influence is by submitting responses to Government consultations and Select Committee inquiries. In 2017/18, we responded to Government consultations on our three key policy areas of social care, accessible housing and disability employment. These included the Future of Funding of Adult Social Care, the Future of Supported Housing and the Work and Pensions Select Committee inquiry into ESA and PIP assessments.

- **Managing change**

We have had to make significant economies and efficiencies in the period as we have responded to the adverse effects of a challenging external environment, including the ever-widening social care funding gap. This has resulted in some service transfers, some closures and the departure of some respected colleagues. However we have managed to achieve this transition whilst improving the financial position and maintaining the quality of our services, and are confident that we can maintain this positive trajectory in future periods.

- **Celebrating our centenary**

The current year was the Trust's 100<sup>th</sup> year supporting disabled people. We were delighted to be able to mark this occasion with our customers and Her Royal Highness The Duchess of Gloucester, to recognise the impact the Trust has made over the last 100 years.

### **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, supports existing projects and helps 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

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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 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.

#### **Investment Policy**

Investments are managed with full discretion by Papworth Trust's investment advisers within a set of financial objectives agreed by the Board. This is under overall supervision through the Joint Investment Committee made up jointly of the Trustees of Papworth Trust and the Varrier Jones Foundation. The Trustees 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 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 next General Meeting. 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.

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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 31 March 2018.

#### **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 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.

##### **Development Committee**

The Development Committee is responsible for discussing and reviewing strategy and recommending 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



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and relevant regulators. All matters of quality, regulatory, statutory and mandatory compliance issues are overseen by this Committee.

#### **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 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, composed of Trustees from both Papworth Trust and the Varrier-Jones Foundation, as well as an independent advisor, oversees the management of financial market investments to assist in meeting the current and future financial needs of both organisations. It also co-ordinates an annual report on all investments, including property, the management of which is overseen by the VJF Property Committee.

#### **Health and Safety**

The Board recognises its responsibilities on all matters relating to health and safety. We are confident that the revised health and safety policies and procedures, introduced last year, and our strengthened health and safety management approach, has improved the effectiveness of our monitoring and control at all levels. We will continue scrutiny through management forums, as well as through the Safeguarding Governance Board, established to give clear oversight to the Trust of all matters relating to 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 23% of Papworth Trust's employees have declared a disability.

As a Trust we are a Disability Confident Employer under the new accreditation. We are actively supporting this standard to become a Disability Confident Leader, championing good practice and actively encouraging 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 to update staff on strategy and other major developments, as well as sending out regular staff newsletters.

## **Gender Pay Gap**

We reported on the Gender Pay Gap as of the end of March 2017, and this indicated a median gap of 12.7% and a mean gap of 11.0% between pay for male and female staff. This gap narrows significantly when reviewed by quartile, with the greatest gap being 3.9% between male and female staff in the upper quartile of pay. The reason for the larger overall gap relates to the relative mix of staff in different roles, with lower quartile remunerated roles typically being support or project worker roles, which are largely occupied by female staff. We do, however, take the findings seriously, and are actively monitoring this data, and the underlying causes, to ensure continued fairness and equality in all recruitment and reward.

## **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

## **Value for money - Housing**

Our overarching corporate objective as a Registered Provider (RP) is to provide suitably adapted and affordable homes for disabled people. This is achieved through our portfolio of supported housing located across East Anglia, in addition to our smaller legacy base of general needs properties located in Cambridgeshire. In meeting this objective we refer to the HCA's governance and viability standard and ensure compliance with this standard.

At the time of publication we are undergoing a review of our three-year business plan, however embedded Value for Money (VfM) is integral to achieving our corporate objective. Our key priorities in relation to VfM are:

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- Ensuring our housing stock remains a sustainable asset
- Effective and efficient delivery of housing services
- Tenant satisfaction and effective involvement
- Benchmarking our performance over time and with other similar RPs
- Good governance and regulatory compliance
- Invest in staff development to improve our service
- Collaborative working with partners to best achieve our aims

The VFM standard now requires providers to publish a series of regulatory financial metrics, these are noted below:

VfM Metric	2017-18	Small Provider Benchmarking Quartile
Reinvestment %	1.3 %	3
New supply delivered %	2.4 %	2
Gearing %	39.5 %	N/A
EBITDA MRI %	264	N/A
Headline social housing cost per unit	£5,254.11	3
Operating Margin %	18.4 %	3
Return on capital employed (ROCE) %	6.5 %	1

#### Our VFM achievements over the last year

Papworth Trust are part of the Acuity Small Provider Benchmarking (SPBM) club who provide 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.

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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 ensure they are sustained in their homes. 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 fulfil their potential.

This is supported by our overall headline social housing cost per unit, which indicates lower quartile overall performance in 2017-18. When our comparative housing costs per unit are separated out to general needs and supported and then benchmarked against other providers specialising in that type of housing only, our comparative performance is significantly improved to upper and top quartile across general needs and supported housing respectively.

<b>Headline social housing cost per unit</b>	<b>2017-18</b>	<b>Small Provider Benchmarking Quartile</b>
General needs housing	£3,156	2
Supported housing	£5,999	1

The number of disabled people is increasing: an estimated 13.3 million in Britain in 2016, up from 11.9 million in 2013/2014 (ONS, 2017), yet only seven percent of homes offer minimal accessibility features (ECHR, 2018). Whilst our reinvestment is at a lower quartile position, we have still delivered an additional 2.4% of new supply, which has all been much needed adapted or accessible homes.

We believe working collaboratively with our partners is crucial in achieving real Vfm across our operations. We have worked with organisations providing care and support in our supported living homes to identify different models of care delivery, enabling us to repurpose office space to provide more accommodation for people in need. This has created two additional homes in 2017-18 and we are exploring with our partners whether this approach can be taken forward at other sites.

In 2017-18 we undertook a thorough review of our strategic direction which led to the closure of non-viable services, our operating margin across the organisation is currently a healthy 18% with a wider programme of capital and planned works to existing stock planned for 2018/19.

#### **Our VFM plans for future years**

As we continue to ensure our housing assets remain sustainable we will be reviewing data on our existing stock and formulating our next 30 year asset

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management strategy. We anticipate this will involve some strategic disposal of assets where they do not offer good long term VfM and it does not make economic sense to retain them, along with further reinvestment in homes for disabled people. In doing so we we plan to reduce our overall gearing and the interest burden of the debt held.

We are planning significant reinvestment in our existing stock over the next few years. This will ensure our existing stock remains within the prescribed decency standards and we continue to provide new accessible homes, however we do anticipate the volume of new stock will reduce in 2018/19 as we complete the review of our asset management strategy. We will continue to work with partner agencies to identify opportunities to repurpose staff accommodation or communal areas where they offer high levels of return on investment.

A wider programme of efficiency savings is currently ongoing across the organisation scheduled for completion in autumn 2018. This includes a tenant consultation into all service charges that we currently operate for tenants. We are proposing to review and where possible standardise the currently disjointed services we provide to tenants. We aim this approach will bring the following VfM benefits:

- better value procurement through the tendering of larger contracts and the opportunity to bulk purchase
- greater consistency in service delivery and more visible standards to which tenants can better hold us to account
- improve tenants ability to budget effectively by fixing service charges every three years

Customer Engagement is at the heart of everything we do, with such a period of change the involvement of our customer representative and scrutiny panels are crucial to ensuring sustainable VfM outcomes. We have listened to our customers and in 2018/19 we will be:

- launching our new website which will make it much easier for customers to contact us to pay their rent, report a repair or ask us a question
- reviewing how we record satisfaction to ensure our customers and their supporters have a voice in the planning, delivery and evaluation of all the services we provide

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#### **Going Concern**

The Board has assessed Papworth Trust's current financial position and resources, together with a review of the Trusts' 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. 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**

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

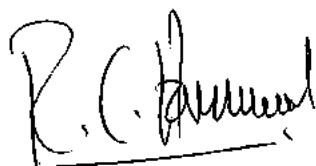
#### **Disclosure of Information to Auditors**

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 2018 and signed on its behalf by:



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

We support people to live their lives to the full, and try to ensure 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 a regular 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. 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 what they **can** do.

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#### Financial Review

Full details of our financial performance for the year ended 31 March 2018 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 2017/18, with prior year comparisons, are shown in the table below:

	<b>2018</b>	2017
	<b>£000's</b>	£000's
Turnover	13,576	16,941
Operating costs	(13,384)	(18,051)
Re-measurement of defined benefit pension liability	42	(101)
Operating surplus / (deficit)	<u>234</u>	<u>(1,211)</u>
(Loss) on sale of fixed assets	(32)	(69)
Impairment of tangible fixed assets	-	(295)
Interest payable	(605)	(681)
Investment Gains / (losses)	<u>11</u>	<u>1,163</u>
<b>(Deficit)/ Surplus for the year</b>	<u><u>(392)</u></u>	<u><u>(1,093)</u></u>

Headline income has continued to decrease as we complete the exit of certain services and as a result of the winding down of the Work Programme. This has been managed closely, seeking to bring costs into line as swiftly as possible to mitigate this impact. We are pleased to be able to report a surplus at operating level, recognising that our aim is to be generating sufficient funds overall to meet our total liabilities, including interest charges; therefore there are still improvements to make.

#### Income

- Total turnover decreased by 20% in the year, reflecting the decisions taken to cease some loss-making activities, and to focus on our core areas of delivery. The decline in turnover also reflects the winding down of the Trust's Work Programme activities, and the transfer back to Local Authority control of much of the Trusts Home Improvement Agency (HIA) activity during the course of the year.
- Turnover from social housing lettings was static at £4.3m, across both supported housing and general needs properties.



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- Work activities saw income reduce by 26% as the Trust's Work Programme activities reduced in line with the expected profile. This was partly offset by increased Building Better Opportunities activity noted in the year.
- Care income reduced following our decision not to re-tender for care services in Bedford. This is offset by significant income now being generated relating to two new customers in Lowestoft with complex care requirements.
- Dividend and bond yield income of £236k was received and accounted for in the year, reflecting the impact of direct holding of investments following a change in investment managers in February 2017.

#### **Expenditure**

- Total expenditure reduced by 26% as a result of the closure of a number of services, as well as reduced expenditure noted within support functions and fundraising costs. 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.
- A provision of £128k has been made to meet the potential liability of historical underpayments relating to sleep-in shifts for care staff, though we also continue to work with colleagues and representative bodies across the sector to seek a resolution from Government to this issue.

#### **Balance Sheet**

- An improvement in the cash position reported is partially attributable to the loan draw down of £1m taken in December 2017, largely as refinancing. The remaining balance of these funds will be used to cover the Trusts capital loan repayments required over the next twelve months.
- A small net current liability position is noted in part as a result of loan repayments due within the next 12 months. The Trust currently has an overdraft facility of £750k which will finance these requirements.
- The sale of Kerry Farm has significantly reduced both assets and liabilities in the year following the discharge of the grant agreement which funded the asset purchase.
- The Trust's pension liability has reduced in the year as the Trust continues to make lump sum repayments in line with the repayment plan outlined in note 21. The calculation of overall liability reflects the fund performance and assessed future funding requirements. A new valuation is expected to be published during 2018 and will be reflected in the financial statements to the 31 March 2019.

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#### **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 have completed the purchase of two individual Bungalows in Lowestoft which are being utilised to provide care and housing for two of our customers.

In addition a further sixteen units were repurposed to social housing at Macfarlane Grieve House, following the closure of the reablement unit in 2017.

#### **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 2018.

#### **Plans for future periods**

Following a significant period of change, the Board has undertaken a strategic review, assessing the Trust's core strengths, and identified four key competencies that the charity will concentrate on with an aim to develop further during future periods. These are care, day services, employment and housing. The linkage between these core strengths will be further developed within the Trust. We see the customer being at the centre with each of these areas of operation core to their individual wellbeing and person-centred needs. We are very confident in our ability to make a positive difference to the lives of disabled people and to continue to be effective, and will be concentrating on 'stabilisation' followed by conservative growth, predominantly in care, day services and employment so that we may reach more disabled people. We aim to target regional profile raising and build on our partnerships and relationships at a regional level, although our national presence will be maintained through memberships of umbrella groups, networks and events.

There are significant challenges ahead such as National Living Wage increases, Sleep in Payments, Social Housing Pension Scheme repayments and ultimately the continuation of reduced social care funding with no clear resolution from Government against an impending funding crisis in the foreseeable future, which provides for a difficult landscape within which to operate effectively.

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Although the challenges above are acknowledged as significant, opportunities are present. We have good relationships with commissioners and local communities, a strong reputation to build on, a cohort of committed and competent staff along with assets and resources that can support us. We also have a good relationship with the Varrier Jones Foundation which we will build upon as we develop a housing strategy and commercial property strategy for the future.

We have successes that we aim to build on, and volunteering continues to be at the heart of everything we do, recognising the added value volunteers bring to the Trust, not only in terms of financial impact but reputation and organisational learning. We have recently received the Investors in People 6 framework accreditation, which is a great platform from which to develop.

We recognize that our shape and size has probably not finished changing yet, but significant progress has been made. Now over 100 year old, we are keen to plan ahead from strong foundations, with sustainability and viability being our prerequisite, and modest growth being our aspiration, which will support us to operate for a further 100 years.

Key plans for the forthcoming period include:

- We will continue to invest in our homes and will be making capital investments in our existing social housing in order to improve the overall quality of our stock
- We will be a participant in the Work and Health Programme supporting disabled people in to employment opportunities.
- We will continue to strive for operational excellence, modernising our services to meet the needs of disabled people, this will include:
  - Reviewing our day service provision
  - Reviewing our complex care provision
- 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 to serve disabled people. This will include:
  - Launching a new website for our customers and our staff
  - Improved utilisation of the non-housing elements of our property portfolio
  - Review of our back office processes and systems to ensure effective delivery

**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 Papworth 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 principle 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:

<b>Key risk</b>	<b>Responses to the risk</b>
<p><b>Government Austerity measures and public sector finances</b></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"><li>• Active tracking and monitoring of national policy and local markets</li><li>• Close engagement and partnering with commissioners of services.</li><li>• Careful scenario and sensitivity planning</li><li>• Effective renegotiation of contracts</li></ul>
<p><b>Planned efficiencies not achieved</b></p> <p>The Trust has taken steps to reduce its cost base and improve systems and processes, but future sustainability requires continued progress to reshape service delivery and support services</p>	<ul style="list-style-type: none"><li>• Project management disciplines deployed to monitor and manage activity</li><li>• Clear tracking at Board level</li><li>• Business Plan and budgets have clear articulation of efficiencies required, and plan to deliver</li></ul>

**Papworth Trust**

**Report and Accounts for the year ended 31 March 2018**

<b>Key risk</b>	<b>Responses to the risk</b>
<p><b>Breach of regulations</b></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"><li>• A risk based Quality Audit Framework has been implemented, with focus on highly regulated areas such as Care prioritised</li><li>• Effective reporting, safeguarding and whistle-blowing policies and procedures in place.</li></ul>
<p><b>Ability to effectively structure the long term financing plan</b></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"><li>• Develop a detailed financing plan to deliver adequate resources to meet future planned liabilities, securing finance at economic, long-term rates</li><li>• Develop wider asset management strategy to establish plan and criteria for asset management and for generating required funds.</li></ul>
<p><b>Future service provision not adapted sufficiently</b></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"><li>• Close monitoring and active dialogue with commissioners</li><li>• Testing of future models of service delivery to meet changing customer needs, within the anticipated funding framework</li><li>• Increase agility of provision by more effective asset strategy, together with recruitment of suitably skilled staff.</li></ul>

The Strategic Report was approved by the Board on 26 July 2018 and signed on its behalf by:



R Hammond  
Chair of Trustees

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### **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 association'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 2018**

#### **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 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in reserves, cash flow statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the trust as at 31 March 2018 and of its deficit 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.

##### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

##### **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;

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

- 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.

#### **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 [number] 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](http://www.frc.org.uk/auditorsresponsibilities).



**Papworth Trust**

**Report and Accounts for the year ended 31 March 2018**

**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.

*SBeavis*

**Stephanie Beavis**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

KPMG LLP

Botanic House

100 Hills Road

Cambridge

CB2 1AR

Date: *27th July 2018*

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**Profit and Loss Account**

For the year ending 31 March 2018

	Note	2018 £000's	2017 £000's
Turnover	3	13,576	16,941
Operating costs	3,5,6	(13,384)	(18,051)
Re-measurement of the net defined benefit liability	21	42	(101)
<b>Operating surplus/(deficit)</b>		<b>234</b>	<b>(1,211)</b>
(loss) on disposal of tangible fixed assets	8	(32)	(69)
Impairment of tangible fixed assets	9	-	(295)
Interest payable and similar charges	10	(605)	(681)
Gains on investments	11	11	1,163
<b>(Deficit) for the year</b>		<b>(392)</b>	<b>(1,093)</b>

The accounts relate to continuing operations. The notes on pages 29 to 56 form part of these financial statements.

Memorandum note:

Operating surplus/ deficit excluding the re-measurement of the net defined benefit liability would be a surplus of £192k for the year (2017 a deficit of £1,110k).

Interest payable excluding the charge on the unwinding of the discount rate of the net defined benefit liability would be £561k for the year (2017: £604k).

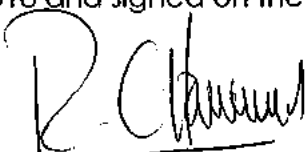
**Statement of Changes in Reserves**

	2018 £000's	2017 £000's
Balance at 1 April	21,379	22,472
(Deficit for year year)	(392)	(1,093)
Balance at 31 March	<b>20,987</b>	<b>21,379</b>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

<b>Balance Sheet</b> <i>as at 31 March 2018</i>	Notes	2018 £000's	2017 £000's
<b>Fixed Assets</b>			
Housing Properties	11	40,158	40,626
Other fixed Assets	12	4,235	5,883
Investments	13	7,832	8,288
Endowment Fund Assets	14	<u>391</u>	<u>227</u>
<b>Total fixed assets</b>		<u>52,616</u>	<u>55,024</u>
<b>Current Assets</b>			
Debtors - amounts falling due within one year	15	976	1,969
Cash and cash equivalents		<u>1,506</u>	<u>119</u>
		2,482	2,088
<b>Creditors:</b>			
Amounts falling due within one year	16	<u>(2,680)</u>	<u>(2,711)</u>
<b>Net current assets / (liabilities)</b>		<u>(198)</u>	<u>(623)</u>
<b>Total assets less current liabilities</b>		<u>52,418</u>	<u>54,401</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	17-18	(28,076)	(29,174)
<b>Provisions for liabilities and charges</b>			
Pension Liabilities	21	(3,185)	(3,714)
Other liabilities	20	(170)	(134)
<b>Net assets</b>		<u>20,987</u>	<u>21,379</u>
<b>Reserves</b>			
Restricted Reserves		2,933	3,269
Endowment Funds Reserves		391	227
Designated Reserves		13,565	13,548
General Reserves		<u>4,098</u>	<u>4,335</u>
<b>Total Reserves</b>	25	<u>20,987</u>	<u>21,379</u>

These Financial Statements were approved by the Board at a meeting held on the 26<sup>th</sup> July 2018 and signed on the Board's behalf by:

  
**R Hammond**  
**Trustee**

  
**R Norton**  
**Trustee**

**Papworth Trust****Report and Accounts for the year ended 31 March 2018****Cash Flow Statement -**

For the year ending 31 March 2018	2018 £000's	2017 £000's
Cash flows from operating activities		
Operating surplus/(deficit)	234	(1,211)
Adjustment for:		
Depreciation	1,578	1,529
Decrease in trade and other debtors	993	767
(Decrease) in trade and other creditors	(380)	(815)
(Decrease) in provisions and employee benefits	(535)	(515)
Movement in endowments	(4)	(11)
Net cash inflow/(outflow)	<u>1,886</u>	<u>(256)</u>
Interest paid	<u>(561)</u>	<u>(604)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	-	-
Acquisition of tangible fixed assets	(768)	(675)
Net cash outflow from investing activities	<u>(768)</u>	<u>(675)</u>
Cash flows from financing activities		
Repayment of borrowing	(620)	(223)
New loan financing	1,000	-
Liquidation of investments	450	1,000
Net cash inflow from financing activities	<u>830</u>	<u>777</u>
Net increase/(decrease) in cash and cash equivalents	1,387	(758)
Cash and cash equivalents at 1 April	119	877
Cash and cash equivalents at 31 March	<u>1,506</u>	<u>119</u>

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### **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 giving regard to the 2018-19 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 2018

#### *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

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.

## Papworth Trust

### Report and Accounts for the year ended 31 March 2018

#### 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.

#### 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.

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### 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 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 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



## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

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, gift and dividend 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 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.

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### *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 2018**

**3 Social Housing**

	2018	2018	2018	2017
	General	Supported	Total	Total
	Needs	Housing	Total	Total
	£000's	£000's	£000's	£000's
Rent receivable (net of service charges)	918	2,528	3,446	3,328
Service charges	-	854	854	1,031
<b>Net rents receivable</b>	<u>918</u>	<u>3,382</u>	<u>4,300</u>	<u>4,359</u>
Other income	2	7	9	49
<b>Total income from lettings</b>	<u>920</u>	<u>3,389</u>	<u>4,309</u>	<u>4,408</u>
<b>Expenditure on letting activities</b>				
Management	(214)	(617)	(831)	(1,082)
Maintenance services under-recovery	-	-	-	(91)
Services	(16)	(337)	(353)	(317)
Routine maintenance	(182)	(851)	(1,033)	(645)
Major repairs	(5)	(13)	(18)	(88)
Planned maintenance	-	(132)	(132)	(263)
Bad debts	(5)	(20)	(25)	(19)
Depreciation of housing assets	(117)	(1,006)	(1,123)	(1,080)
<b>Total expenditure on lettings</b>	<u>(539)</u>	<u>(2,976)</u>	<u>(3,515)</u>	<u>(3,585)</u>
<b>Operating surplus on lettings</b>	<u>381</u>	<u>413</u>	<u>794</u>	<u>823</u>
Void Losses	(2)	(138)	(140)	(125)

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**3 Social housing and other activities continued**

	2018		
	Turnover	Cost of sales	Operating
	£000's	£000's	Surplus
			£000's
<b>Social housing lettings</b>			
General needs	920	(326)	381
Supported housing	3,389	(2,419)	413
	<u>4,309</u>	<u>(2,745)</u>	<u>794</u>
<b>Other social housing activities</b>			
HLAs, Aids and Adaptations	406	(355)	51
Housing development	-	(47)	(47)
Amortised grant income	395	-	395
	<u>801</u>	<u>(402)</u>	<u>399</u>
<b>Non-social housing activities</b>			
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	-	(174)
Business Development	-	-	(191)
Fundraising	1,805	(197)	1,608
Enabling Services (management, finance, IT, HR and facilities)	256	-	(1,117)
Investment income	236	(29)	207
Re-measurement of defined benefit pension liability	-	-	42
Transformation review	-	-	(340)
	<u>8,466</u>	<u>(7,387)</u>	<u>(960)</u>
	<u>13,576</u>	<u>(10,534)</u>	<u>234</u>
<b>Total social housing and non-housing activity surplus/(deficit)</b>			
(Loss) on disposal of assets			(32)
Interest payable			(605)
Gains on investments			11
<b>(Deficit) for year</b>			<b>(392)</b>

**Papworth Trust**

**Report and Accounts for the year ended 31 March 2018**

**3 Social housing and other activities** *continued*

	2017		
	Turnover	Cost of sales	Operating
	£000's	£000's	Costs
			£000's
			Operating
			Surplus
			£000's
<b>Social housing lettings</b>			
General needs	915	(356)	307
Supported housing	3493	(2,147)	516
	<u>4,408</u>	<u>(2,503)</u>	<u>823</u>
<b>Other social housing activities</b>			
HIAs, Aids and Adaptations	1,985	(2,035)	(50)
Other housing income	-	(33)	(33)
Amortised grant income	413	-	413
	<u>2,398</u>	<u>(2,068)</u>	<u>330</u>
<b>Non-social housing activities</b>			
My Work	2,525	(1,949)	576
My Care	2,985	(3,417)	(432)
My Leisure	2,250	(2,913)	(663)
Rehabilitation and Re-enablement	520	(1,483)	(963)
Research and Policy	17	-	(217)
Business Development	-	-	(308)
Fundraising	1,749	(588)	1,161
Enabling Services (management, finance, IT, HR and facilities)	89	-	(1,020)
Re-measurement of defined benefit pension liability	-	-	(101)
Transformation review	-	-	(397)
	<u>10,135</u>	<u>(10,350)</u>	<u>(2,364)</u>
<b>Total social housing and non-housing activity surplus/(deficit)</b>	<b>16,941</b>	<b>(14,921)</b>	<b>1,211</b>
(Loss) on disposal of assets			(70)
Impairment provision			(295)
Interest payable			(681)
Gains on investments			1,163
<b>(Deficit) for year</b>			<b>(1,093)</b>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**4 Housing Stock**

	2018			2017
	General Needs Housing (units)	Supported Housing (units)	Total (units)	(units)
<b>Number of units</b>	173	496	669	636
Owned and managed	173	482	655	637
Managed on behalf of others	-	14	14	15
	<u>173</u>	<u>496</u>	<u>669</u>	<u>636</u>

**5 Expenses and auditor's remuneration**

	2018 £000's	2017 £000's
Included in the profit and loss account are the following:		
Depreciation on housing properties	1,091	1,088
Depreciation on other fixed assets	487	443
Deficit on sale of housing properties	-	40
Deficit on sale of other fixed assets	32	29
Impairment of other fixed assets	-	295
 Auditor's remuneration		
Audit of these financial statements	22	21
Amounts receivable by the company auditor and its associates in respect of:		
Taxation compliance services	-	15
	<u>22</u>	<u>36</u>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**6 Staff and employee costs**

	2018 Number	2017 Number
The average number of persons employed by the Company (including directors) during the year was as follows:		
Average full-time equivalent employees	<u>249</u>	<u>318</u>
Staff costs (for the above persons)	£000's	£000's
Wages and salaries	6,368	8,702
Social security costs	536	725
Pension costs	192	252
	<u>7,096</u>	<u>9,679</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)

	2018	2017
Bands		
£60,000- £70,000	4	-
£70,001-£80,000	-	-
£80,001-£90,000	1	2
£90,001- £100,000	2	2
£100,001-£110,000	-	1

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**7 Board members and Executive Directors**

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

	2018 £000's	2017 £000's
Aggregate emoluments paid to Directors (including benefits in kind)	377	448
Pension	23	31
	<u>400</u>	<u>479</u>
Emoluments paid to the highest paid Director (excluding pension contributions but including benefits in kind).	<u>94</u>	<u>105</u>
Number of Directors in the defined benefit pension scheme	<u>2</u>	<u>2</u>

In addition to the above an interim Chief Executive was engaged on a consultancy basis for 2017-8.

During the year the aggregate payment for compensation for loss of office was paid to Directors totalling £30,000 ( 2017: Nil).

**8 (Deficit) on disposal of fixed assets and other investments**

	2018 £000's	2017 £000's
Cost of disposals	(32)	(69)
	<u>(32)</u>	<u>(69)</u>

In the year the Trust disposed of land and buildings at Kerry Farm for a total of £720,000. The net proceeds of the sale of assets were passed to the Big Lottery Fund who funded a large element of the asset and an impairment was booked in 2017 to write the net value of Papworth Trust's element of the asset to nil. The grant funding, which was held as a liability was also discharged as part of this process.



**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**9 Impairment of fixed Assets**

	2018 £000's	2017 £000's
Non-Housing assets	-	295
	<u>-</u>	<u>295</u>

In the prior year a decision was taken to exit the services operated at Kerry Farm and at two of the Trusts' Cafes. The above impairment reflects the writing down of assets associated with the services to their recoverable amount as of 31 March 2017.

**10 Interest payable and similar charges**

	2018 £000's	2017 £000's
Interest payable on financial liabilities	560	604
Interest payable on the unwinding of the net pension deficit liability	45	77
	<u>605</u>	<u>681</u>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**11 Housing properties**

	At 1 April 2017 £000's	Additions £000's	Disposals £000's	Charge for year £000's	At 31 March 2018 £000's
Cost	45,730	623	-	-	46,353
Depreciation	(5,104)	-	-	(1,091)	(6,195)
Net book value	<u>40,626</u>	<u>623</u>	<u>-</u>	<u>(1,091)</u>	<u>40,158</u>

Included in cost at 31 March 2018 are cost of building projects under construction totalling £169,000 (2017: £8,000).

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**12 Other fixed assets**

	Freehold Land and Buildings £000's	Leasehold Improvements £000's	Motor Vehicles £000's	Other Fixed Assets £000's	Total £000's
Cost					
Balance at 1 April 2017	8,806	348	326	2,945	12,425
Acquisitions	21	-	-	124	145
Transfers	-	-	-	(160)	(160)
Disposals	(1,780)	(25)	(102)	(495)	(2,402)
Balance at 31 March 2018	<u>7,047</u>	<u>323</u>	<u>224</u>	<u>2,414</u>	<u>10,008</u>
Depreciation and impairment					
Balance at 1 April 2017	3,723	327	226	2,266	6,542
Depreciation charge for year	318	16	29	126	489
Disposals	(401)	(24)	(97)	(441)	(963)
Release of impairment provision	(261)	(34)	-	-	(295)
Balance at 31 March 2018	<u>3,379</u>	<u>285</u>	<u>158</u>	<u>1,951</u>	<u>5,773</u>
Net book value					
At 31 March 2018	<u>3,668</u>	<u>38</u>	<u>66</u>	<u>463</u>	<u>4,235</u>
At 31 March 2017	<u>5,083</u>	<u>21</u>	<u>100</u>	<u>679</u>	<u>5,883</u>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**13 Current asset investments**

**Market Value**

	2018 £000's	2017 £000's
At 1 April	8,288	8,125
Realised (losses)/ gains	(74)	1,133
Unrealised & other movements	68	30
Cash withdrawn from portfolio	(450)	(1,000)
Market Value at 31 March	7,832	8,288

**Made up as follows:**

	2018 £000's	2017 £000's
Cash & cash equivalents	435	287
Fixed Income	1,198	1,997
UK Equities	1,479	2,127
Global Equities	3,623	2,845
Alternative Investments	1,096	1,032
Market Value at 31 March	7,832	8,288

**Reconciliation of historic unrealised gains**

	2018 £000's	2017 £000's
At 1 April	30	2,048
Realised gains/( losses) in year	(74)	1,133
Unrealised gains/( losses) in year	(23)	30
Exchange rate gains/ (losses)	113	-
Other ( losses)	(44)	-
Gains crystallised from sale of investments	-	(3,181)
Historical unrealised gains at 31 March	2	30

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**14 Endowment Fund Assets**

	2018 £000's	2017 £000's
Cash	151	148
Investments	80	79
Property	160	-
	<u>391</u>	<u>227</u>

**15 Debtors**

	2018 £000's	2017 £000's
Trade debtors	352	1,204
Prepayments and accrued income	438	463
Tenant arrears	141	209
Other debtors	45	93
	<u>976</u>	<u>1,969</u>

**Tenant Arrears:**

	2018 £'000	2017 £'000
Current tenant arrears	139	204
- less provision for bad and doubtful debts	-	-
Former tenant arrears	47	45
- less provision for bad and doubtful debts	(45)	(40)
	<u>141</u>	<u>209</u>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**16 Creditors**

**Creditors: amounts falling due within one year**

	2018 £000's	2017 £000's
Loans (note 18)	554	813
Trade creditors	279	295
Other taxation and social security	189	300
Other creditors	231	348
Obligations under finance leases (note 18)	6	6
Accruals and deferred income	1,421	949
	<u>2,680</u>	<u>2,711</u>

**17 Creditors: amounts falling due after more than one year**

	2018 £000's	2017 £000's
Loans (note 18)	15,310	14,800
Obligations under finance leases (note 18)	-	5
Other creditors	596	596
Deferred grant income	12,170	13,773
	<u>28,076</u>	<u>29,174</u>

**Papworth Trust****Report and Accounts for the year ended 31 March 2018****17 Creditors: amounts falling due after more than one year continued**

## Recycled Capital Grant Fund

	<b>2018</b> <b>£000's</b>	2017 £000's
At 1 April	398	397
Utilised in the year	-	-
Interest Credited to the fund	1	1
At 31 March	<u>399</u>	<u>398</u>
Due within one year	-	-
Due after more than one year	<u>399</u>	<u>398</u>
	<u>399</u>	<u>398</u>

**18 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.

	2018 £000's	2017 £000's
Creditors falling due after less than one year		
Secured bank loans	554	813
Finance lease liabilities	6	6
	<u>560</u>	<u>819</u>
Creditors falling due after more than one year		
Secured bank loans	15,310	14,800
Finance lease liabilities	-	5
	<u>15,310</u>	<u>14,805</u>

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**18 Loans and borrowings continued**

**Outstanding Loans by Lender**

	2018 £000's	2017 £000's
Orchard Brook	506	517
Lloyds	3,175	2,200
Royal Bank of Scotland	7,105	7,810
Barclays	5,078	5,086
	15,864	15,613

A loan from Orchard Brook Limited of £506k 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 £3.2 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

<b>Interest rate</b>	<b>End of fixed rate period</b>	<b>£000</b>
Fixed 3.91%	December 2039	2,184
Fixed 2.26%	November 2019	991

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:

<b>Interest rate</b>	<b>End of fixed rate period</b>	<b>£000</b>
Fixed 6.09%	March 2019	816
Fixed 5.66%	September 2021	645
Fixed 7.09%	September 2024	719
Fixed 6.97%	November 2024	255
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%		717
Variable 1.21%		554



## Papworth Trust

### Report and Accounts for the year ended 31 March 2018

#### 18 Loans and borrowings continued

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:

<b>Interest rate</b>	<b>End of fixed rate period</b>	<b>£000</b>
Fixed 3.43%	July 2038	2,000
Variable 1.00%		1,000
Variable 0.82%		1,000
Variable 0.73%		1,000

#### 19 Finance lease liabilities

	2018 £000's	2017 £000's
Finance lease liabilities are payable as follows:		
Less than one year	6	6
Between one and five years	-	5
	<u>6</u>	<u>11</u>

#### 20 Other Provisions

	Dilapidations £000's	Total £000's
Balance at 1 April 2017	134	134
Provisions made during the year	60	60
Provisions used during the year	(24)	(24)
	<u>170</u>	<u>170</u>
Balance at 31 March 2018		

## Papworth Trust

### Report and Accounts for the year ended 31 March 2018

#### 21 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. 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

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

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. The latest valuation of the scheme is currently in preparation with an effective date of 30 September 2017 and is anticipated to be certified later in 2018.

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.

**Papworth Trust****Report and Accounts for the year ended 31 March 2018****21 Employee Benefits continued****PRESENT VALUES OF PROVISION**

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	3,185	3,714	4,047

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	3,714	4,047
Unwinding of the discount factor (interest expense)	45	77
Deficit contribution paid	(532)	(511)
Remeasurements - impact of any change in assumptions	(42)	101
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	3,185	3,714

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**21 Employee Benefits continued**

**INCOME AND EXPENDITURE IMPACT**

	<b>Period Ending 31 March 2018 (£000s)</b>	<b>Period Ending 31 March 2017 (£000s)</b>
Interest expense	45	77
Remeasurements – impact of any change in assumptions	(42)	101
Remeasurements – impact of any change in assumptions	-	-
Remeasurements – amendments to the contribution schedule	-	-
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 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

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.

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**22 Operating Leases**

	2018 £000's	2017 £000's
Future minimum lease payments due are as follows:		
Less than one year	175	360
Between one and five years	50	199
	<hr/>	<hr/>
	225	559

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		
Between one and five years	38	19
More than five years	-	-
	<hr/>	<hr/>
	38	19

**23 Capital commitments**

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

**24 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.

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

**Papworth Trust**  
**Report and Accounts for the year ended 31 March 2018**

**25 Reserves**

**Movement in funds**

	At 31 March 2017	Income	Expenditure	Investment gain	Transfers	At 31 March 2018
Unrestricted:	4,335	12,487	(12,611)	11	(124)	4,098
<u>Designated funds:</u>						
Property Fund	13,548	-	-	-	17	13,565
<u>Restricted Funds:</u>						
Capital fund	3,001	14	(168)	-	(53)	2,794
Building Better Opportunities	40	885	(925)	-	-	-
Leicester ageing together	14	153	(149)	-	-	18
Other Housing funds	99	12	(76)	-	-	35
Other funds	115	21	(50)	-	-	86
Endowment Funds	227	4	-	-	160	391
	<u>21,379</u>	<u>13,576</u>	<u>(13,979)</u>	<u>11</u>	<u>-</u>	<u>20,987</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.

## Papworth Trust

### Report and Accounts for the year ended 31 March 2018

#### 25 Reserves continued

##### Restricted Funds

The capital fund relates to the assets purchased using restricted funding. Depreciation is expensed against those grants as they are utilised.

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.

Other Housing Funds represent restricted funds for various Housing Projects.

Other funds represent all other restricted funds for none Housing related projects including the Trusts Day Centres and Kerry Farm.

#### Analysis of Net Assets between Funds

	<b>General Reserves</b>	<b>Designated Reserves</b>	<b>Restricted Reserves</b>	<b>Endowment fund</b>	<b>Total Reserves</b>
Fixed Assets	7,832	41,599	2,794	391	52,616
Current Assets	2,343	-	139	-	2,482
Liabilities due within 1 year	(2,126)	(554)	-	-	(2,680)
Liabilities due after one year	(596)	(27,480)	-	-	(28,076)
Provisions for liabilities	(3,355)	-	-	-	(3,355)
<b>Total Net Assets</b>	<b>4,098</b>	<b>13,565</b>	<b>2,933</b>	<b>391</b>	<b>20,987</b>

## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### **26 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, for £ 23,565 (2017: £40,825). The Trust made sales to The Varrier Jones Foundation of £60,724 (2017: £69,117).

At 31 March 2018 the amount due from The Varrier Jones Foundation was £nil (2016: £nil). The amount due to The Varrier Jones Foundation was £nil (2017: £nil)

The Varrier Jones Foundation provides funding to the Trust. During the year, donations of £1,590,000 were received (2017: £1,590,000).

#### **27 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.

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.



## **Papworth Trust**

### **Report and Accounts for the year ended 31 March 2018**

#### **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 G Burnand retired September 2017

Mr W Cuell

Mr A Hirst

Mr P Hughes

Mrs J A Millns retired November 2017

Mr D Ogilvy retired September 2017

Ms V Stanislas appointed September 2017

Mr D Atkinson appointed September 2017

##### **TRUSTEE USER REPRESENTATIVES**

Paul Johnson

Rob Nixon

Martha Grace resigned May 2018

##### **LEADERSHIP TEAM**

Ms S Miller

Mr M Blake

Ms H Harris

Ms J Penalver

Chief Executive Officer appointed May 2018

Director of Central Services

Director of Operations

Director of Transformation

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**

**Report and Accounts for the year ended 31 March 2018**

### **Principal Advisers and general Trust information**

#### **COMPANY SECRETARY**

Mr M Blake

#### **REGISTERED OFFICE**

Bernard Sunley Centre  
Papworth Everard  
Cambridge  
CB23 3RG  
Telephone: (01480) 357200  
[www.papworthtrust.org.uk](http://www.papworthtrust.org.uk)  
[info@papworthtrust.org.uk](mailto:info@papworthtrust.org.uk)

#### **INVESTMENT MANAGERS**

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Juxon House  
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London  
EC4M 8BU

#### **BANKERS**

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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  
Verity House  
6 Canal Wharf  
Leeds  
LS11 5BQ

#### **AUDITORS**

KPMG LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

#### **SOLICITORS**

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Cambridge

Royal Bank of Scotland plc  
Housing Finance  
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#### **Pensions Adviser**

Foster Denovo Employee Benefits  
Ruxley House  
2 Hamm Moor Lane  
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Surrey  
KT15 2SA