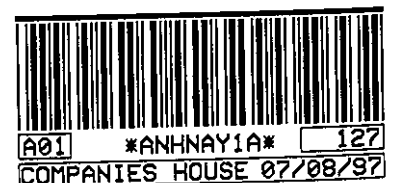


THE PAPWORTH TRUST

Report and Accounts

31 March 1997

The Papworth Trust is committed to enabling the social, residential and vocational integration of disabled people, empowering them as contributing members of society.



Report and Accounts

31 March 1997

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Registration Number

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A registered social landlord	LH1648

THE PAPWORTH TRUST

PATRON

Her Royal Highness The Duchess of Gloucester, G.C.V.O

VICE-PRESIDENTS

J.R.L. Brashaw, Esq.
The Lord Butterfield, O.B.E., D.M., F.R.C.P.
The Rt. Rev. Stephen Sykes, Bishop of Ely
Mrs. C.E. Jenkins
Dr. Patrick Moore, C.B.E.

Mrs. J.D. Parish
E.G. Parker Esq., D.L.
Sir Peter Proby, Bt.
The Rt. Hon. Lord Pym, M.C., D.L., P.C.

CHAIRMAN OF THE TRUSTEES

N.H.M. Chancellor, Esq., D.L. ♦ ♦ ♦

VICE-CHAIRMAN OF THE TRUSTEES

Major General G.W.D. Crookenden, D.L.

HON. TREASURER

A.A. Bridgewater, Esq. ♦ ♦

OTHER MEMBERS OF THE BOARD OF TRUSTEES

A.H. Duberly, Esq., C.B.E., D.L. □ ♦
H. J. Faure Walker, Esq. ♦
Dr. K.E. Martin
Cllr. A. Barnes □

Mrs. J.P.B.G. Pearson
G.R.W. Wright, Esq., D.L. ♦ ♦
Mrs. S. Marshall

EXECUTIVE TEAM

S.R. Dunn, F.C.I.H.

R.P. Connor, B.A.
W.J. Hande
C.P. Harris, B.Sc., Dip. C.G.
M. C. Rothera, C. A.

Director of Housing and Care Services and acting
Chief Executive
Director of Marketing
Director of Personnel and Occupational Services
Director of Progression and Development Services
Finance Director

ADMINISTRATION

J. Laverack, LL.B.
M. Shepley, M.I.C.F.M.
A. Mangeot

Secretary
Secretary, Friends of Papworth
Appeals Coordinator

Vice-Presidents, the Chairman, Vice-Chairman, Honorary Treasurer and other Trustees are members of The Papworth Trust. The register of members is maintained at the registered office. The names of the honorary personnel, executives and staff are given as at June 1997.

Trustees and Officers are elected for a period of three years by Members of the Trust at the Annual General Meeting. The Members comprise Vice-Presidents and existing Trustees. Sub-committees have specific delegated authority. Minutes of all sub-committee meetings are subsequently circulated to the full Board.

- | | |
|-----------------------------------|-----------------------------------------------|
| ♦ Member of the Audit Committee | ♦ Member of the Investments Committee |
| □ Member of the Housing Committee | ° Member of the Village Development Committee |

REGISTERED OFFICE

Head Office
Papworth Everard
Cambridge
CB3 8RG
Telephone: (01480) 830341

APPEALS OFFICE

Head Office
Papworth Everard
Cambridge
CB3 8RG
Telephone: (01480) 830341

AUDITORS

Ernst & Young
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

INVESTMENT ADVISERS

(from February 1997)
James Capel Investment Management
6 Bevis Marks
London
EC3A 7JQ

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 4DP

BANKERS

Barclays Bank PLC
15 Bene't Street
Cambridge
CB2 3PZ

THE PAPWORTH TRUST

REPORT OF THE BOARD OF TRUSTEES

Over 25,000 people become disabled every year. Many more are born with disabilities but the overwhelming majority have the same aspirations as everyone else, to be employed in a fulfilling job, to have a home of their own, to start a family, and to contribute to the wider community.

Unfortunately for many disabled people fulfilling all their aspirations is at best hard and at worst impossible. The difficulties they face may be caused by missing out on an appropriate education, or a deficiency in basic literacy and numeracy skills. They may have spent years being cared for with kindness and affection but without the knowledge of how to do even the basic household tasks that are needed to live independently. They may not be aware of their abilities or lack the confidence to try to be self-sufficient.

Papworth exists to enable each disabled person who comes to the Trust as a client, and many more who come just for advice, to make the most of their abilities and to realise their potential for independent living and employment. Whether they need housing advice, training in independent living skills or work experience, Papworth can help each person to live their lives to the full.

1996/97 was an exciting year for the Charity. It was the first year of the new five year Corporate Plan which aims to spread Papworth's services across Eastern England and establish new facilities wherever the need is greatest. We have started to develop housing schemes throughout East Anglia, and plans are well under way to establish two new Progression Centres in Bedfordshire and Suffolk, which will provide training opportunities to a further hundred disabled people.

People

At the end of the year we were very sad to bid farewell to Harpal Kumar who had served as Papworth's Chief Executive for almost five years. His energy and vision helped transform the organisation and keep it in touch with the changing needs of disabled people and the statutory funding bodies. Harpal was an inspirational leader committed to Papworth's objectives and we are delighted that he will continue his association with the Charity in an advisory role whenever needed.

We look forward to welcoming Gordon Lister as our new Chief Executive. He comes to Papworth having served the last ten years as Chief Executive of Cambridgeshire County Council. Gordon's considerable experience in leading a successful multi-disciplined organisation will be invaluable as Papworth strives to strengthen its relations with local authorities throughout the Eastern Region.

Papworth has built up an exceptionally strong Executive Team, combining expertise in housing, employment, fundraising and finance. All the Trustees would like to take this opportunity to thank not only the Executives but all staff for their tremendous efforts in the past year. Their commitment to Papworth and its mission has been enormously important in taking the Charity forward.

I should also like to express the Trustees' sincere thanks to over forty volunteers who regularly give their time to help the Charity. They bring with them many skills from a wide range of professions and occupations including business management, computing and craft work. Our volunteers have also made a particular contribution to our appeals work and in the operation of the shop, and provide invaluable coaching to disabled people across a wide range of living and recreational skills.

Finance

Income for the year exceeded expenditure by £63,000 after taking into account donations and gifts of £634,000 and investment income of £451,000. Exceptional gains of £775,000 and £41,000 were realised, from the sale of a parcel of land and from the sale of businesses respectively.

REPORT OF THE BOARD OF TRUSTEES

Capital expenditure in the year, net of capital grants, was £847,000, the major proportion of which was spent on new specialist housing for disabled people at Macfarlane Grieve House. Cash resources, as measured by FRS1 (Revised), increased by £73,000.

As public finances become increasingly stretched, we feel it is important to distinguish those services which are statutory responsibilities, from new partnership developments undertaken by Papworth which challenge the boundaries of community care. We anticipate that these new developments will require fundraising support as "pump-priming" before they are sufficiently recognised to become funded by statutory authorities.

The year was exceptional for fundraising. Donations were particularly important in enabling us to complete the redevelopment of Macfarlane Grieve House. We raised almost £1.4 million for this project which has proved extremely successful in enabling thirty-two severely disabled people to have the opportunity to live independently. Our thanks go to all those who supported this initiative.

We were particularly grateful to two individuals who together gave legacies worth over £300,000. Their generosity will make an enormous difference to the lives of many. We were also delighted with the news of a £225,000 grant from the National Lottery Charities Board, to enable us to establish two new Progression Centres in Bedfordshire and Suffolk. This achievement is a clear recognition of Papworth's pioneering work in this field. The grant was the largest made by the Lottery to any organisation in East Anglia in the last round of disability allocations.

We should like to take this opportunity of thanking all those Charitable Trusts, companies and individuals who have supported our work over the past year. Their donations of whatever size are vital in enabling us to develop new services for disabled people.

Housing and Care Services

Papworth made substantial progress during the year towards its ambitious programme of building fifty accessible bungalows and houses throughout Eastern England by the year 2000. The appointment of a Housing Development Officer has enabled us to devote more time to developing relationships with many local housing authorities and we are also working with social services and disability organisations throughout East Anglia to identify those disabled individuals in the greatest need.

Although the Housing Corporation has experienced substantial budget cuts nationally, Papworth has been allocated a social housing grant of over £400,000 towards its house building programme over the next year. This will enable projects planned in Cambridge, Peterborough, Girton, Bar Hill and North Hertfordshire to proceed, involving a total of twelve bungalows.

Provision of fully accessible housing is not only achieved through our new build programme. We also acquire suitable properties on the open market which are converted and adapted to meet the individual requirements of prospective tenants. This solution is often more efficient than new build and has the added benefit of better integration for the disabled resident living in an established community. Priority continues to be given to the continuing improvement of our standard housing design. The detailed response from residents living in our new housing provides essential information which is used to upgrade the design to meet present day requirements and expectations.

REPORT OF THE BOARD OF TRUSTEES

The year saw the completion of the redeveloped Macfarlane Grieve House. This project paves the way for people with disabilities seeking an alternative to residential care. The thirty-two individuals moving into their new flats have become tenants for the first time, with more freedom to take control of their lives whilst still being able to access 24-hour care. They have, by their own expression, grown enormously in self-confidence and are striving to do as much as possible for themselves. We have since been approached by many organisations interested in following this example, which offers an independent living alternative to those currently in residential care.

For those individuals already living independently, Papworth helps them achieve the ideal of "care in the community" through its housing advice and home care services. Papworth Housing Advice Service, PHAS, has been flooded with enquiries from disabled people living in unsuitable housing throughout the Eastern Region. Our housing adviser, an architect by profession, has achieved solutions to over forty of these housing problems this year alone. Yet the demand continues to increase, and in response, Trustees have agreed to expand the service by the provision of more staff hours. Papworth remains indebted to South Cambridgeshire District Council, Huntingdonshire District Council and Cambridgeshire County Council for their contributions which enable this much needed service to continue.

Progression and Development Services

The Bradbury Progression Centre has now developed a strong staff team, covering a wide range of expertise including occupational psychologists, an occupational therapist, NVQ trainers, a rehabilitation consultant, a computer assessor and job coaches. This means that any client referred to Papworth - whether they are participating in the Agency Rehabilitation programme, the Early Rehabilitation Programme, a Vocational Assessment or other courses - can benefit from multi-disciplinary input.

The two job coaches - funded by the European Union Horizon programme - have had a successful year, helping nineteen disabled clients to find a job in their home areas. Papworth is keen to develop its work in this area, as more companies become aware of disability issues and the potential in employing disabled people. Since the Disability Discrimination Act was introduced in December 1996, we have become increasingly involved in advising both national and local companies on how to take account of the needs of disabled people. Whether they are seeking disability awareness training for their customer service staff, or an access audit of their site, Papworth can help them through a wide range of training and consultancy services.

The Early Rehabilitation Programme undertook a major marketing effort during the year in order to reach growing numbers of people with acquired disabilities who are seeking retraining to get back to work and independent living. The programme received high praise in an independent evaluation undertaken by the University of Cambridge. As a result, a two-year grant of £37,500 per year has been committed by the Employment Service. Furthermore, we were extremely pleased to be awarded a Section 64 grant for innovative work from the Department of Health. This will provide three-year funding of £19,000 per year, to expand the programme and share its experiences with organisations across the United Kingdom.

Our Vocational Assessment service remained in strong demand, with more than 100 assessments completed during the year. As well as maintaining our long-standing relationship with CambsTEC, we are now entering into a partnership with The Post Office to develop this service further and establish various links providing work placement and disability training within The Post Office and Royal Mail Anglia.

REPORT OF THE BOARD OF TRUSTEES

Progression Programmes

The new-style 'Progression Programmes' went into full flow this year, with ninety clients choosing modules from a menu of more than sixty options. Every Papworth client now takes part in regular appraisals to identify their goals and interests, and then creates their own timetable of activities combining work opportunities, independent living skills training, educational classes and cultural activities.

Individuals have made remarkable progress since embarking on their Progression Programmes. Many have completed cooking and money management courses and as a result have been able to move into their own homes for the first time. Others have embarked on work opportunities, such as office work, reception posts, woodworking and serving customers in our retail shop. Many of these opportunities are complemented by national vocational qualifications (NVQs) in related areas.

Much effort has gone into creating voluntary work opportunities for Papworth clients, which is helping to integrate disabled people into the wider community. For example, disabled clients are now involved in disability awareness in schools, serving in a community cafe and broadcasting on Community Radio. Several clients also benefited this year from the involvement of the Pacific Institute, whose confidence-building course was very well received.

Occupational Services

The Supported Placement Scheme successfully supported ninety disabled people in work with over fifty employers throughout Cambridgeshire. The scheme plays a valuable role by providing a wide variety of employment opportunities to disabled people while offering support to their employers. Papworth has established a high reputation in this field, and was awarded additional employee places by SEPACS (Supported Employment Procurement and Consultancy Service) this year as part of the three-year contract renewal. We are particularly pleased when a disabled person is successfully promoted from supported employment to open employment, requiring no further substantial support. Four people achieved this in 1996-97, and we wish them luck in their new jobs.

The Supported Placement Scheme is very popular since it performs a vital role in enabling disabled people to progress into employment. Our major concern continues to be that there are so few places available to meet the heavy demand. Papworth will continue to press hard for an expansion of this important scheme.

Papworth Group

Papworth Group is the trading arm of the Papworth Trust, comprising manufacturing and service businesses which are unusual in employing an integrated workforce of disabled and non-disabled people. As well as providing long-term employment for approximately sixty disabled people, they offer work skills training and rehabilitation opportunities to many more.

During the year, we introduced several changes to the structure of the Group. The diary publishing operation was separated from the main Printing Division in order to mirror competitive conditions. Papworth Audio Technology was sold in a management buy-out, although disabled employees in Papworth's Electronics Division will continue to assemble printed circuit boards for the new company. Such changes are enabling the Papworth Group to move towards a financial break-even position, whilst at the same time continuing to offer disabled people an opportunity to train and work in a real commercial environment.

THE PAPWORTH TRUST

REPORT OF THE BOARD OF TRUSTEES

Partnerships

We believe that it is essential that specialist voluntary organisations such as Papworth work in partnership with others to develop the best possible services for disabled people. We are therefore actively involved with national organisations which include NASE (National Association of Supported Employment), NATWHAG (National Wheelchair Housing Associations Group), RADAR and VODG (Voluntary Organisations Disability Group).

Over the last year we have worked hard to strengthen relationships with Social Services Departments, Housing Authorities, the Housing Corporation, Health Authorities, the Employment Service, Training and Enterprise Councils and Careers Services. We believe that such relationships are crucial in order to develop new services which properly address local needs.

We have been involved in several partnerships with organisations across Europe, particularly through the Helios II and Horizon initiatives. The sharing of experiences and best practice that arise from this are both stimulating and challenging.

Village Activities

Following the opportunity afforded by the County Structure Plan for the Trust to provide land for housing development and the recent improvement in the market, a parcel of land in the North West Quadrant of Papworth Everard was sold to Fairclough Homes, and a further sale to Persimmon Homes was completed after the end of the financial year. The funds generated from these sales have been allocated to the Disability Services Fund which exists to support the objectives of The Papworth Trust.

The Future

The development opportunities open to the Charity in recent years have increased the amount of time which the Executive team have to give to major developments within the village of Papworth Everard. These will include a new village centre, a bypass and new employment areas, as well as the construction of several hundred private homes and the possible redevelopment of Papworth Hospital. As a consequence, the Trustees have decided to reorganise the management of the Charity's land and property assets. This will enable the special skills of the Executive team to be concentrated on Papworth's specific objectives for the benefit of disabled people.

The Trustees have decided to create a new independent Charity to manage and develop many of its activities which relate to the village of Papworth Everard. We hope that these developments, which will continue to involve all sections of the community in a process of consultation, will encourage the integration of the village's disabled and non-disabled residents.

The new Charity will be known as the Varrier-Jones Foundation in recognition of Sir Pendrill Varrier-Jones who founded the Papworth Trust in 1917. These changes, which have received the support and approval of both the Charity Commission and the Housing Corporation, will take effect in the autumn of 1997.

The Foundation will take over the Trust's community interests in Papworth Everard as well as the undeveloped landholdings. It will manage these facilities for the benefit of the local community, ensuring full accessibility for disabled people within the village. The Trust will retain responsibility for its housing stock and its care, training and employment services.

Any surplus income generated by the Foundation will be donated by way of grants to disability charities. The Foundation will be run entirely independently from The Papworth Trust, with its own Board of Trustees.

THE PAPWORTH TRUST

REPORT OF THE BOARD OF TRUSTEES

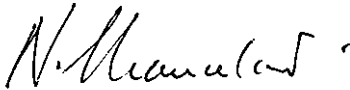
Papworth's success is generating an increasing flow of opportunities to develop services for disabled people across the region. With a national shortage of 300,000 wheelchair accessible homes, we are convinced of the need to expand our housing development programme. Many local authorities are reviewing their provision of day services to disabled people and are becoming increasingly open to working with voluntary organisation providers.

Furthermore, as our reputation for rehabilitation, vocational assessment and training spreads, we are receiving an increasing number of enquiries for these services. During the next year we have planned an intensive customer feedback and market research programme, to ensure that we continue to keep pace with the changing needs of disabled people.

We have developed a strong organisation, with dedicated staff who are united behind a common vision to reach more disabled people in their own communities. We are particularly delighted to be awarded the status of *Investor In People* this year, confirming our commitment to all those involved in the Charity.

But the last word must go to our many hundreds of disabled clients. It is their motivation and dedication which takes the Charity forward. Last year alone, over thirty people moved through Papworth into independent living - many of these had spent years living in residential care and had never had a home of their own. Their commitment and their new-found self-confidence is a credit to them and the entire Charity.

I and my fellow Trustees would like to wish all our clients the very best of luck in achieving their ambitions.



N H M Chancellor
Chairman
19 June 1997

THE PAPWORTH TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS AND THE NHF CODE OF GOVERNANCE

ACCOUNTS

Company law and housing association legislation require the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Trustees are responsible for ensuring that arrangements are made for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the accounts comply with the Companies Act 1985, section 24(1) of the Housing Associations Act 1985, and the Registered Social Landlords (Accounting Requirements) General Determination 1997. They are also responsible for instituting adequate systems of internal control and safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CODE OF GOVERNANCE

The Code of Governance was adopted in September 1995 by the National Housing Federation's ('NHF') National Council. It is intended for the guidance of NHF members, so that they can continue to follow the highest standards of governance, accountability and probity, while responding to an environment of change and risk.

The code states that the associations should make an open annual disclosure of respects in which they choose to depart from its guidance, and their reasons for doing so. This follows the precedent of the Cadbury Code on governance of the corporate sector. The code specifically covers such matters as constitution, function and conduct of the Board, its sub-committees and the Chief Executive; conduct, openness and accountability; involvement of residents; equality of opportunity; and audit.

The Trustees are of the opinion that the Trust has complied with the provisions of the NHF Code of Governance with the exceptions set out below:

CODE PARAGRAPH 3.11

Each of the obligations under (a) to (g) are obligations imposed by the Charity Law on Board members and accordingly a formal letter specifying these matters is not considered necessary.

CODE PARAGRAPH 9.2

The year of birth and date of appointment of Board members and the remuneration of senior staff, other than the Chief Executive, are not disclosed in the annual report. The Board considers that the disclosure of this information is irrelevant and unnecessary.

REPORT OF THE AUDITORS
to the members of The Papworth Trust

We have audited the accounts on pages 12 to 40, which have been prepared under the historical cost convention as modified by the revaluation of investments and on the basis of the accounting policies set out on pages 12 to 14.

Respective responsibilities of Trustees and auditors

As described on page 10 the Trustees are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

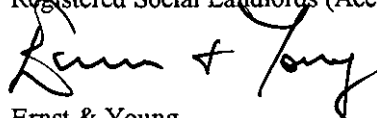
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of The Papworth Trust at 31 March 1997 and of its net income for the year then ended and have been properly prepared in accordance with the Companies Act 1985, section 24(1) of the Housing Associations Act 1985, and the Registered Social Landlords (Accounting Requirements) General Determination 1997.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written over the printed name.

Ernst & Young
Chartered Accountants
Registered Auditor
Cambridge

19 June 1997

THE PAPWORTH TRUST

PRINCIPAL ACCOUNTING POLICIES

at 31 March 1997

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important policies is set out below.

Basis of accounting

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

The accounts are prepared in accordance with applicable accounting standards and the Statements of Recommended Practice for Registered Social Landlords and Charities. The true and fair override provisions of the Companies Act 1985 have been invoked, see "Social Housing Grants" below.

Gross income

Gross income represents the income derived from the carrying on of the Trust's activities, comprising the sale of goods and services, registered care home fees, rental income receivable, fees for progression, occupation and rehabilitation services and miscellaneous income.

Goodwill

Depending on the circumstances of each acquisition, purchased goodwill is either set off directly against reserves or amortised through the income and expenditure account over the Trustees' estimate of its useful life.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets as follows:

Freehold housing properties	50 years
Freehold offices and industrial units	25 years
Boilers	10 years
Plant, machinery and fixtures	7 years
Office equipment, except for personal computers	5 years
Personal computers	3 years
Motor vehicles	4 years
Leased computer equipment and software	Over the life of the lease

Housing properties

Housing properties are shown at cost net of Social Housing Grant. Interest on the mortgage loan financing a development is capitalised up to the date of completion of the scheme.

Housing properties in the course of construction are stated at cost net of Social Housing Grant to the extent of costs incurred, any excess Social Housing Grant being shown as a creditor falling due within one year. Such grants are transferred into housing properties when completed.

Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant, the cost of those developments has been reduced by the amount of the grant received. This treatment is a departure from the provisions of Schedule 4 to the Companies Act 1985. However, as these grants are a contribution towards capital expenditure and in recognition of the permanent diminution of value of properties let at low rents, in the opinion of the Trustees the accounting treatment is appropriate in order to show a true and fair view. This departure has no effect on the results for the year.

THE PAPWORTH TRUST

PRINCIPAL ACCOUNTING POLICIES (continued) at 31 March 1997

Social Housing Grant (continued)

Social Housing Grant due from the Housing Corporation or received in advance is included as a current asset or liability.

Supported Employment Procurement and Consultancy Service (SEPACS) Grants

Grants for assistance towards the cost of approved capital expenditure on industrial plant and equipment in connection with supported employment are treated as deferred income and are transferred to the income and expenditure account over the depreciating life of the assets concerned, in accordance with SSAP 4. Grants for the acquisition or improvement of industrial buildings are treated as permanent interest-free loans.

Deficiency grants and other revenue-based grants

Grants of a revenue nature are credited to income in the period to which they relate.

Cyclical repairs and maintenance

Due to the number of properties held and the establishment of regular programmes of repair and maintenance, the Trust does not make provision for future works but charges actual costs incurred to the income and expenditure account.

Investments

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

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

Raw materials and goods for resale	– average purchase cost.
Work in progress and finished goods	– cost of direct materials and labour plus attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Work in progress and finished goods are valued after providing for future costs in excess of anticipated revenue.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account so as to produce a constant periodic rate of charge.

THE PAPWORTH TRUST

PRINCIPAL ACCOUNTING POLICIES (continued)

at 31 March 1997

Pension costs

The Trust operates defined contribution and defined benefit schemes, both of which require contributions to be made to separately administered funds.

Contributions in respect of the defined contribution scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules. Contributions to the defined benefit scheme are charged to the income and expenditure account so as to spread the cost over the employees' working lives with the Trust.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the income and expenditure account.

THE PAPWORTH TRUST

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 1997

	Notes	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 1997 £'000	Total 1996 £'000
INCOMING RESOURCES							
Income from primary purpose charitable activities	1/2	6,444	-	-	-	6,444	7,563
Other income	1/2	95	-	-	-	95	112
Donations and gifts		129	-	515	-	644	235
Add/(deduct): Change in amount of gifts deferred		-	-	(10)	-	(10)	9
Grants receivable	1/2	-	-	1,485	-	1,485	1,613
(Deduct)/add: Change in amount of grants deferred	1/2	-	-	(574)	-	(574)	(699)
Investment income	5	6	443	-	2	451	473
Gain on sale of businesses	3	41	-	-	-	41	94
Gain on sale of land		-	775	-	-	775	674
TOTAL INCOMING RESOURCES		6,715	1,218	1,416	2	9,351	10,074
RESOURCES EXPENDED							
Direct charitable expenditure:							
Operating costs of primary purpose charitable activities	1/2	8,010	-	-	2	8,012	8,889
Interest payable	1/6	70	-	-	-	70	71
		8,080	-	-	2	8,082	8,960
Other expenditure:							
Fundraising and publicity		56	-	-	-	56	60
Village development			30	-	-	30	6
Management and administration		304	-	-	-	304	288
	2	360	30	-	-	390	354
TOTAL RESOURCES EXPENDED		8,440	30	-	2	8,472	9,314
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS							
Transfers between funds	17	(1,725)	1,188	1,416	-	879	760
	17	1,692	(707)	(992)	7	-	-
NET INCOMING/(OUTGOING) RESOURCES	7/17	(33)	481	424	7	879	760
Gains/(losses) on investments							
Realised		-	(27)	-	-	(27)	143
Unrealised		-	666	-	5	671	720
NET MOVEMENT IN FUNDS		(33)	1,120	424	12	1,523	1,623
Fund balances at 1 April 1996	17	2,799	7,440	781	121	11,141	9,518
Fund balances at 31 March 1997	17	2,766	8,560	1,205	133	12,664	11,141

THE PAPWORTH TRUST

SUMMARY INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 1997

	<i>Notes</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
CONTINUING OPERATIONS			
Gross income		8,535	9,306
Total expenditure		8,472	9,314
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE INVESTMENT ASSET DISPOSALS AND EXCEPTIONAL ITEMS			
	1	63	(8)
Realised (loss)/gain on sale of investments		(27)	143
Gain on sale of businesses	3	41	94
Gain on sale of land		775	674
NET INCOME FOR THE YEAR	7	852	903

The net income for the year of £852,000 disclosed above (1996 - £903,000) may be reconciled to the statement of financial activities by the inclusion of the unrealised gains on investments of £671,000 (1996 - £720,000), giving a total net movement in funds for the year of £1,523,000 (1996 - £1,623,000).

NOTE OF HISTORICAL COST GAINS AND LOSSES

	<i>1997 £'000</i>	<i>1996 £'000</i>
Reported net income for the year	852	903
Difference between gains and losses on sale of investments on historic cost basis and market value basis	291	14
Historical cost surplus for the year	1,143	917

THE PAPWORTH TRUST

BALANCE SHEET

at 31 March 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Tangible assets: Freehold housing properties		8,418	7,204
Less: Social Housing Grants		(5,297)	(4,644)
	8	3,121	2,560
Other property, land, plant and equipment	8	2,068	2,309
		5,189	4,869
Investments	9	8,296	7,591
Endowment fund assets	10	133	121
		13,618	12,581
CURRENT ASSETS			
Stocks	11	350	437
Debtors	12	1,491	1,092
Cash at bank and in hand		171	283
		2,012	1,812
CREDITORS			
Amounts falling due within one year	13	1,521	1,502
NET CURRENT ASSETS		491	310
DEBTORS			
Amounts falling due after more than one year	14	460	-
TOTAL ASSETS LESS CURRENT LIABILITIES		14,569	12,891
CREDITORS			
Amounts falling due after more than one year	15	1,868	1,709
PROVISIONS FOR LIABILITIES AND CHARGES	16	37	41
CAPITAL FUNDS			
Endowments	17	133	121
Restricted funds	17	1,121	702
INCOME FUNDS			
Restricted funds	17	84	79
Designated funds	17/18	8,560	7,440
Unrestricted funds	17	2,766	2,799
		12,664	11,141
		14,569	12,891

N.H.M. Chancellor

A.A. Bridgewater

19 June 1997

Members of the
Board of Trustees

THE PAPWORTH TRUST

CASH FLOW STATEMENT for the year ended 31 March 1997

	<i>Notes</i>	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>As restated</i> <i>£'000</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	A	(672)	(369)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Dividends and interest received		451	473
Interest paid		(70)	(71)
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		381	402
APPEAL INCOME FOR CAPITAL PROJECTS		505	178
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Construction and improvement of housing properties		(1,419)	(1,551)
Capital grants received in respect of housing properties		784	554
Acquisition of other tangible fixed assets		(300)	(388)
Capital grants received to acquire other tangible fixed assets		88	145
Receipts from disposal of tangible fixed assets		1	33
Proceeds of sale of land		545	674
Acquisition of fixed asset investments		(1,957)	(1,426)
Proceeds of sale of fixed asset investments		2,562	1,486
Decrease/(increase) in Disability Reserve Deposits		(494)	60
NET CASH OUTFLOW ON TANGIBLE AND INTANGIBLE FIXED ASSETS		(190)	(413)
ACQUISITIONS AND DISPOSALS			
Proceeds of sale of businesses		53	364
MANAGEMENT OF LIQUID RESOURCES			
Sale of treasury deposits		-	250
FINANCING			
Repayment of housing loan principal	C/D	(4)	(4)
INCREASE IN CASH	B	73	408

THE PAPWORTH TRUST

CASH FLOW STATEMENT

for the year ended 31 March 1997

A. RECONCILIATION OF NET INCOMING RESOURCES AND NET CASH FLOW FROM OPERATING ACTIVITIES

	1997 £'000	1996 £'000
Net incoming resources	879	760
Gain on sale of land	(775)	(674)
Gain on sale of businesses	(41)	(94)
Dividends and interest receivable	(451)	(473)
Interest payable	70	71
Appeal income for capital projects	(505)	(178)
Depreciation charges	612	613
Amortisation of SEPACS grants	(171)	(207)
Decrease in provisions	(4)	(1)
Surplus on disposal of tangible assets	(2)	(32)
Decrease in stocks	68	86
(Increase)/decrease in debtors	(173)	214
Decrease in creditors	(179)	(454)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(672)	(369)

B. ANALYSIS OF THE BALANCE OF CASH AS SHOWN IN THE BALANCE SHEET AND NOTES TO THE ACCOUNTS

	1997 £'000	1996 <i>As restated</i> £'000	1995 <i>As restated</i> £'000	<i>Change in year</i>	
				1997 £'000	1996 <i>As restated</i> £'000
Cash at bank and in hand					
Restricted	-	82	180	(82)	(98)
Unrestricted	171	201	130	(30)	71
	<u>171</u>	<u>283</u>	<u>310</u>	<u>(112)</u>	<u>(27)</u>
Disability Services Fund (Note 9)	613	436	8	177	428
Endowment Fund (Note 10)	87	79	72	8	7
	<u>871</u>	<u>798</u>	<u>390</u>	<u>73</u>	<u>408</u>

THE PAPWORTH TRUST

CASH FLOW STATEMENT for the year ended 31 March 1997

C. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1997			
	<i>Housing loans £'000</i>	<i>Other loans £'000</i>	<i>Finance leases £'000</i>	<i>Total £'000</i>
Balance at beginning of year	615	670	3	1,288
Repayment of loans	4	-	3	7
Balance at end of year	611	670	-	1,281

	1996			
	<i>Housing loans £'000</i>	<i>Other loans £'000</i>	<i>Finance leases £'000</i>	<i>Total £'000</i>
Balance at beginning of year	619	670	3	1,292
Repayment of loans	4	-	-	4
Balance at end of year	615	670	3	1,288

D. ANALYSIS OF THE BALANCES OF FINANCING AS SHOWN IN THE BALANCE SHEET AND NOTES TO THE ACCOUNTS

	Change in year				
	<i>1997 £'000</i>	<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
Loans:					
Due within one year	5	7	5	(2)	2
Due after one year	1,276	1,281	1,287	(5)	(6)
	1,281	1,288	1,292	(7)	(4)

The cash flow statement and notes on pages 18 to 20 have been prepared in accordance with FRS1 (Revised). Prior year figures have been restated accordingly.

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

1. INCOME AND EXPENDITURE ON CONTINUING OPERATIONS BEFORE INVESTMENT ASSET DISPOSALS AND EXCEPTIONAL ITEMS - 1997

	1996							
					Gross income and grants		Gross income and grants	
					less costs and interest payable		less costs and interest payable	
	Gross income	Cost of sales	Operating costs	Total costs	Grants receivable	Interest payable	Interest payable	Interest payable
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SUPPORTED EMPLOYMENT								
Trust-owned businesses	3,231	(3,753)	(422)	(4,175)	498	-	(446)	(343)
Non-Trust businesses	442	(620)	(47)	(667)	227	-	2	3
HOUSING AND CARE SERVICES								
Care homes	1,281	(970)	(326)	(1,296)	-	-	(15)	15
Housing accommodation	878	(464)	(475)	(939)	178	(70)	47	57
Home care services	147	(98)	(47)	(145)	-	-	2	3
Advisory services	4	(11)	(5)	(16)	-	-	(12)	(1)
OTHER CHARITABLE ACTIVITIES								
Assessment	32	(78)	(48)	(126)	5	-	(89)	(59)
Training	21	(56)	(55)	(111)	3	-	(87)	(69)
Progression programmes	258	(163)	(118)	(281)	-	-	(23)	(21)
Rehabilitation programmes	137	(147)	(72)	(219)	-	-	(82)	(68)
Disability research	13	(35)	(2)	(37)	-	-	(24)	-
TOTAL PRIMARY PURPOSE ACTIVITIES	6,444	(6,395)	(1,617)	(8,012)	911	(70)	(727)	(483)
OTHER INCOME AND EXPENDITURE	95	(68)	(322)	(390)	-	-	(295)	(242)
TOTAL	6,539	(6,463)	(1,939)	(8,402)	911	(70)	(1,022)	(725)
Donations and gifts							634	244
Investment income							451	473
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE INVESTMENT ASSET DISPOSALS AND EXCEPTIONAL ITEMS							63	(8)

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS at 31 March 1997

1. INCOME AND EXPENDITURE ON CONTINUING OPERATIONS BEFORE INVESTMENT ASSET DISPOSALS AND EXCEPTIONAL ITEMS (continued) - 1996

							<i>Gross income and grants less costs and interest payable</i>
	<i>Gross income £'000</i>	<i>Cost of sales £'000</i>	<i>Operating costs £'000</i>	<i>Total costs £'000</i>	<i>Grants receivable £'000</i>	<i>Interest payable £'000</i>	<i>£'000</i>
SUPPORTED EMPLOYMENT							
Trust-owned businesses	4,517	(5,003)	(441)	(5,444)	584	-	(343)
Non-Trust businesses	406	(556)	(35)	(591)	188	-	3
HOUSING CARE AND SERVICES							
Registered care homes	1,514	(1,169)	(330)	(1,499)	-	-	15
Housing accommodation	694	(403)	(292)	(695)	129	(71)	57
Home care service	53	(17)	(33)	(50)	-	-	3
Advisory services	9	(7)	(3)	(10)	-	-	(1)
OTHER CHARITABLE ACTIVITIES							
Assessment	38	(72)	(38)	(110)	13	-	(59)
Training	-	(32)	(37)	(69)	-	-	(69)
Progression programmes	263	(214)	(70)	(284)	-	-	(21)
Early rehabilitation programme	69	(76)	(61)	(137)	-	-	(68)
TOTAL PRIMARY PURPOSE ACTIVITIES	7,563	(7,549)	(1,340)	(8,889)	914	(71)	(483)
OTHER INCOME AND EXPENDITURE	112	(39)	(315)	(354)	-	-	(242)
TOTAL	7,675	(7,588)	(1,655)	(9,243)	914	(71)	(725)
Donations and gifts							244
Investment income							473
NET EXPENDITURE FOR THE YEAR BEFORE INVESTMENT ASSET DISPOSALS AND EXCEPTIONAL ITEMS							(8)

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

2. ANALYSIS OF INCOME FROM PRIMARY PURPOSE CHARITABLE ACTIVITIES, OTHER INCOME, GRANTS AND OPERATING COSTS

Analysis of income from primary purpose charitable activities and other income

	1997 £'000	1996 £'000
United Kingdom	6,357	7,599
Other EU countries	32	33
Far East	117	26
United States of America	59	17
	<u>6,565</u>	<u>7,675</u>

Analysis of cost of sales

	1997 £'000	1996 £'000
Distribution and selling costs	210	359
Other costs	7,153	7,229
	<u>7,363</u>	<u>7,588</u>

Analysis of deficiency and other grants receivable

	1997 £'000	1996 £'000
Department of Employment deficiency grant	563	577
Amortisation of SEPACS grant	170	208
Amortisation of Social Housing Grants and revenue grants	178	129
	<u>911</u>	<u>914</u>

Turnover from lettings

	1997 £'000	1996 £'000
Rents and service charges:		
Macfarlane Grieve House	108	-
Other accommodation	785	698
Rent losses from bad debts and voids	(15)	(4)
	<u>878</u>	<u>694</u>

Housing accommodation costs

	1997 £'000	1996 £'000
Direct costs:		
Macfarlane Grieve House	107	-
Other accommodation	692	565
	<u>799</u>	<u>565</u>
Administrative costs	140	130
	<u>939</u>	<u>695</u>

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS at 31 March 1997

2. ANALYSIS OF INCOME FROM PRIMARY PURPOSE CHARITABLE ACTIVITIES, MISCELLANEOUS INCOME, GRANTS AND OPERATING COSTS (continued)

Analysis of total cost of sales and operating costs

	<i>Staff costs £'000</i>	<i>Other costs £'000</i>	<i>Deprec- iation £'000</i>	<i>1997 Total £'000</i>	<i>1996 Total £'000</i>
SUPPORTED EMPLOYMENT					
Trust-owned businesses	1,666	2,144	365	4,175	5,444
Non-Trust businesses	650	13	4	667	591
HOUSING AND CARE SERVICES					
Care homes	814	393	89	1,296	1,499
Housing accommodation	346	402	191	939	695
Home care services	116	26	3	145	50
Advisory services	4	12	-	16	10
OTHER CHARITABLE ACTIVITIES					
Assessment	88	23	15	126	110
Training	65	34	12	111	69
Occupational programmes	202	54	25	281	284
Rehabilitation programmes	163	41	15	219	137
Disability research	9	28	-	37	-
Total primary purpose activities	4,123	3,170	719	8,012	8,889
Other expenditure	339	28	23	390	354
	<u>4,462</u>	<u>3,198</u>	<u>742</u>	<u>8,402</u>	<u>9,243</u>

Changes in resources available for charity use

	<i>Unrestricted funds £'000</i>	<i>Designated funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>1997 Total £'000</i>	<i>1996 Total £'000</i>
Net movement in funds for the year	(33)	1,120	424	12	1,523	1,623
Net (increase)/decrease in tangible fixed assets:						
For direct charitable purposes	(168)	-	(151)	-	(319)	(63)
For other purposes	(1)	-	-	-	(1)	(636)
Net movement in funds available for future activities	<u>(202)</u>	<u>1,120</u>	<u>273</u>	<u>12</u>	<u>1,203</u>	<u>924</u>

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

3. GAIN ON SALE OF BUSINESS

The gain of £41,000 relates primarily to the sale of the Furniture business (1996 - £94,000 - relating to Vehicle Body Building).

4. EMPLOYEE INFORMATION

The Trust seeks to employ an integrated workforce of disabled and non-disabled people throughout all of its operating activities. Increasingly, disabled people are being recruited into supervisory and managerial positions.

The average weekly number of persons employed during the year is shown below:

	<i>Non-disabled</i>	<i>Disabled</i>	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>	<i>Total</i>	<i>Total</i>
			<i>No.</i>	<i>No.</i>
Supported placements and Trust-owned businesses	64	132	196	214
Housing	14	-	14	12
Care	128	3	131	123
Progression and development services	20	14	34	25
Other	34	13	47	47
1997	260	162	422	421
1996	256	165	421	

The number of persons employed at the year end was:

Full time	191	156	347	340
Part time	76	6	82	76
	267	162	429	416

In addition to the above, an average of 81 (1996 - 81) people participated in individually tailored occupational progression programmes. A further several hundred clients benefited from the Trust's other services, as described in the Report of the Board of Trustees.

Staff costs comprise:

	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	4,076	4,093
Social security costs	291	300
Other pension costs (see note 21)	95	97
	4,462	4,490

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

5. INVESTMENT INCOME

	1997 £'000	1996 £'000
Interest receivable from bank and other deposits	80	83
Income from listed investments	371	390
	<u>451</u>	<u>473</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £'000	1996 £'000
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years	70	71
Total direct charitable expenditure	<u>70</u>	<u>71</u>

7. NET INCOMING/OUTGOING RESOURCES

The net incoming/outgoing resources are stated after charging/(crediting):

	1997 £'000	1996 £'000
Depreciation:		
Tangible owned fixed assets	611	611
Tangible fixed assets held under finance leases	1	2
Auditors' remuneration:		
In capacity as auditors	20	19
In respect of other services	-	2
Profit on disposal of tangible fixed assets other than housing properties	1	(32)

Depreciation of owned fixed assets in 1997 includes £99,000 (1996 - £62,000) of abnormal depreciation on certain buildings and plant that will be demolished when the centre of Papworth Everard is redeveloped.

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

8. TANGIBLE FIXED ASSETS

Freehold housing properties, which are depreciated on a straight line basis over 50 years, are as follows:

	<i>At 1 April 1996 £'000</i>	<i>Additions £'000</i>	<i>Charge for year £'000</i>	<i>Transfers £'000</i>	<i>At 31 March 1997 £'000</i>
Gross cost	8,880	1,419	-	(8)	10,291
Depreciation	(1,676)	-	(198)	1	(1,873)
Net depreciated cost	7,204	1,419	(198)	(7)	8,418
Social Housing Grant	(5,801)	(784)	-	-	(6,585)
Disabled facility grant	(17)	-	-	-	(17)
Total grants	(5,818)	(784)	-	-	(6,602)
Amortisation:					
Social Housing Grant	1,172	-	131	-	1,303
Disabled facility grant	2	-	-	-	2
	1,174	-	131	-	1,305
Net grant	(4,644)	(784)	131	-	(5,297)
Net book value	2,560	635	(67)	(7)	3,121

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

8. TANGIBLE FIXED ASSETS (continued)

Other property, land, plant and equipment

	<i>Other freehold land and buildings £'000</i>	<i>Industrial plant & machinery £'000</i>	<i>Non- industrial plant & machinery £'000</i>	<i>Leased equipment £'000</i>	<i>Total £'000</i>
Cost:					
At 1 April 1996	3,231	2,208	980	181	6,600
Additions	13	119	168	-	300
Transfers	-	(87)	95	-	8
Disposals	-	(73)	(162)	-	(235)
At 31 March 1997	3,244	2,167	1,081	181	6,673
Depreciation:					
At 1 April 1996	1,941	1,541	629	180	4,291
Charge for year	209	205	130	1	545
Transfers	-	(94)	95	-	1
Disposals	-	(70)	(162)	-	(232)
At 31 March 1997	2,150	1,582	692	181	4,605
Net book value:					
At 31 March 1997	1,094	585	389	-	2,068
Net book value:					
At 1 April 1996	1,290	667	351	1	2,309

Cost of properties included £2,000 (1996 - £1,000) for administrative direct and other indirect costs incurred in the year for which Social Housing Grants were received in the year of £2,000 (1996 - £1,000).

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

9. FIXED ASSETS INVESTMENTS

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

	1997 £'000	1996 £'000
Market value:		
Investments listed on the London Stock Exchange:		
British Government investments redeemable after more than one year (Cost £1,467,000- 1996 £1,550,000)	1,480	1,556
Other share holdings (Cost £3,438,000 - 1996 £3,693,000)	4,708	4,598
	<u>6188</u>	<u>6,154</u>
Uninvested cash		
Term deposits	1,495	1,001
Instant access deposits (£319,000 restricted - 1996 - £nil)	613	436
	<u>8,296</u>	<u>7,591</u>
Movement in year:		
At 1 April	6,154	5,358
Additions	1,957	1,426
Disposals	(2,589)	(1,344)
Revaluation to market value	666	714
	<u>6,188</u>	<u>6,154</u>
At 31 March		

Investments are managed with full discretion by the Trust's investment advisers under the overall supervision of the Trust through its Investments Committee. The Committee monitors their performance, providing policy direction through formal review meetings.

10. ENDOWMENT FUND ASSETS

	1997 £'000	1996 £'000
Assets:		
COIF Investment Fund units at market value (Cost £6,000 - 1996 £6,000)	46	42
Cash deposits	87	79
	<u>133</u>	<u>121</u>

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS at 31 March 1997

10. ENDOWMENT FUND ASSETS (continued)

Movement in year:	<i>Capital</i> £'000	<i>Income</i> £'000	<i>Total</i> £'000
At 1 April 1996	61	60	121
Investment income and interest for year	-	9	9
Maintenance expenditure	-	(2)	(2)
Revaluation to market value	5	-	5
At 31 March 1997	<u>66</u>	<u>67</u>	<u>133</u>

The endowment funds were directed to the Trust to provide for general welfare needs and special accommodation requirements.

11. STOCKS

	<i>1997</i> £'000	<i>1996</i> £'000
Raw materials	157	171
Work in progress	123	191
Finished goods	60	62
Other	10	13
	<u>350</u>	<u>437</u>

12. DEBTORS: amounts falling due within one year

	<i>1997</i> £'000	<i>1996</i> £'000
Trade debtors	910	814
Social Housing Grants receivable	2	2
Other debtors	112	69
Prepayments and accrued income	467	207
	<u>1,491</u>	<u>1,092</u>

Included within the above are amounts relating to housing activities of £14,000 of which £7,000 are rent arrears.

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

13. CREDITORS: amounts falling due within one year

	1997 £'000	1996 £'000
Housing and development loans (note 15)	5	4
Obligations under finance leases	-	3
Trade creditors	399	569
Other creditors ;	54	78
Other taxes and social security costs	142	130
Accruals	577	575
Deferred income (note 15)	143	143
Planning obligations in respect of land sales	201	-
	<u>1,521</u>	<u>1,502</u>

Included within the above are creditors and accruals relating to housing activities amounting to £115,000.

14. DEBTORS: amounts falling due after more than one year

	1997 £'000	1996 £'000
Deferred instalments of proceeds of land sale	460	-
The instalments are due as follows:		
In one year or less	230	-
Between one and two years	230	-
Between two and five years	230	-
	<u>690</u>	<u>-</u>
Less: amounts due within one year	230	-
	<u>460</u>	<u>-</u>

15. CREDITORS: amounts falling due after more than one year

	1997 £'000	1996 £'000
Housing and development loans	611	615
Obligations under finance leases	-	3
Other loans	670	670
Deferred income	486	571
Planning obligations in respect of land sales	249	-
	<u>2,016</u>	<u>1,859</u>
Less: amounts due within one year	148	150
Amounts due after one year	<u>1,868</u>	<u>1,709</u>

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

15. CREDITORS: amounts falling due after more than one year (continued)

Housing loans

Housing loans from the Housing Corporation and local authorities are secured by specific charges on the Trust's housing properties and are repayable at fixed rates of interest in instalments due as follows:

	1997 £'000	1996 £'000
In one year or less	5	4
Between one and two years	6	5
Between two and five years	21	19
In five years or more	579	587
	<hr/> 611	<hr/> 615
Less: amounts due within one year	5	4
Amounts due after one year	<hr/> 606	<hr/> 611

During the year the loans bore interest at rates between 4% and 14.75% per annum.

Other loans

Other loans comprise advances (interest free) from the Employment Service. These are for assistance towards the cost of approved capital expenditure on industrial buildings in connection with supported employment. Provided the conditions upon which the advances are made continue to be observed they have no fixed time of repayment.

Deferred income

Deferred income comprises interest free advances from the Employment Service towards the cost of approved expenditure on plant, machinery and equipment in connection with supported employment. Provided the conditions upon which the advances are made continue to be observed for a period of five years from date of acquisition they are non-refundable. The advances are credited to the income and expenditure account in accordance with the depreciation policy in respect of the item to which they relate.

	1997 £'000	1996 £'000
In one year or less	143	143
Between one and two years	126	126
Between two and five years	154	230
In more than five years	63	72
	<hr/> 486	<hr/> 571
Less: amounts due within one year	143	143
Amounts due after one year	<hr/> 343	<hr/> 428

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
At 1 April 1996	41	42
Utilised in year	4	1
At 31 March 1997	<u>37</u>	<u>41</u>

The above provision is in respect of certain ex gratia pensions to be borne by the Trust that were agreed on the establishment of a formal pension scheme in respect of the past service of certain senior employees. Other pension provisions are outlined in note 21.

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS at 31 March 1997

17. STATEMENT OF MOVEMENTS ON FUNDS - 1997

	<i>Balance 1 April 1996 £'000</i>	<i>Net incoming resources £'000</i>	<i>Transfers £'000</i>	<i>Gain/(loss) on investments £'000</i>	<i>Balance 31 March 1997 £'000</i>
CAPITAL FUNDS					
ENDOWMENT FUNDS	121	-	7	5	133
RESTRICTED FUNDS					
Bradbury Progression Centre fund	189	27	(21)	-	195
Macfarlane Grieve House conversion fund	494	167	(13)	-	648
Adaptive computer technology fund	14	25	(31)	-	8
Special needs bungalows fund	1	66	-	-	67
Regional Progression centres	-	199	-	-	199
Other capital funds	4	-	-	-	4
Social Housing Grant	-	128	(128)	-	-
Interest-free advances from Employment Service					
- for industrial buildings	-	171	(171)	-	-
- for industrial plant	-	-	-	-	-
	702	783	(364)	-	1,121
INCOME FUNDS					
RESTRICTED FUNDS					
Housing repair fund	79	-	5	-	84
Special Needs Management Allowance	-	49	(49)	-	-
Disability research funds	-	10	(10)	-	-
Deficiency grants from Employment Service	-	563	(563)	-	-
Other revenue funds	-	11	(11)	-	-
	79	633	(628)	-	84
TOTAL RESTRICTED FUNDS	781	1,416	(992)	-	1,205
DESIGNATED FUNDS					
Disability Services Fund	7,440	1,188	(707)	639	8,560
UNRESTRICTED FUNDS	2,799	(1,725)	1,692	-	2,766
TOTAL FUNDS	11,141	879	-	644	12,664

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

17. STATEMENT OF MOVEMENTS ON FUNDS (continued) - 1996

	<i>Balance 1 April 1995 £'000</i>	<i>Net incoming resources £'000</i>	<i>Transfers £'000</i>	<i>Gain/(loss) on investments £'000</i>	<i>Balance 31 March 1996 £'000</i>
CAPITAL FUNDS					
ENDOWMENT FUNDS	108	-	7	6	121
RESTRICTED FUNDS					
Progression Centre fund	175	24	(10)	-	189
Macfarlane Grieve House conversion fund	8	116	370	-	494
Adaptive computer technology fund	-	25	(11)	-	14
Special needs bungalows fund	-	1	-	-	1
Other capital funds	-	4	-	-	4
Housing Association Grant	-	118	(118)	-	-
Interest-free advances from Employment Service	-	-	-	-	-
- for industrial buildings	-	-	-	-	-
- for industrial plant	-	208	(208)	-	-
	183	496	23	-	702
INCOME FUNDS					
RESTRICTED FUNDS					
Housing repair fund	77	-	2	-	79
Special Needs Management Allowance	-	11	(11)	-	-
Rehabilitation research funds	-	5	(5)	-	-
Deficiency grants from Employment Service	-	577	(577)	-	-
	77	593	(591)	-	79
TOTAL RESTRICTED FUNDS	260	1,089	(568)	-	781
DESIGNATED FUNDS					
Disability Services Fund	6,422	1,133	(972)	857	7,440
UNRESTRICTED FUNDS	2,728	(1,462)	1,533	-	2,799
TOTAL FUNDS	9,518	760	-	863	11,141

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

17. STATEMENT OF MOVEMENTS ON FUNDS (continued)

The transfer into the Housing Repair Fund of £5,000 (1996 - £2,000) has been made in accordance with section 55(3) of the Housing Act 1988.

Further details of the movements on the designated funds can be found in note 18, designated funds.

18. DESIGNATED FUNDS

The Disability Services Fund has been established by the Trustees as a designated fund to provide, on a charitable basis, those progression, development, rehabilitation and employment services required by disabled people but which cannot wholly be funded through other means. The Fund is constituted from the proceeds of sale of land formerly owned in Papworth Everard, net of related costs of sale, and from income earned on the assets represented by the Fund.

Income earned from the Fund is budgeted each year, following which the Trust plans the level of services it is able to provide. Where capital projects are deemed necessary to provide adequate services, assets from the Fund are sometimes released as launch-funding for public appeals. However, since income from the Fund supports the provision of services, Trustees will not use the assets of the Fund to underwrite wholly such capital projects.

The overall level of the Fund is managed to enable the Trust to carry out those activities projected in its Corporate Plan. This Plan incorporates assumptions on fee levels, required expenditures, amounts which are likely to be raised through appeals and the possibility of raising funds through further land sales.

During the year the following movements took place on the Fund:

		£'000
Balance at 1 April 1996		7,440
Income from underlying investments:		
Dividends and interest	444	
Realised gains on sale	(27)	
Unrealised gains	666	1,083
		8,523
Gain on sale of land		775
		9,298
Expenditure in support of projects and programmes for disabled people:		
Supported employment		(428)
Assessment, training, occupational and rehabilitation services		(280)
		8,590
Village development expenditure		(30)
Balance at 31 March 1997		8,560

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS at 31 March 1997

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS - 1997

	<i>Unrestricted funds £'000</i>	<i>Designated funds £'000</i>	<i>Restricted funds income £'000</i>	<i>Restricted funds capital £'000</i>	<i>Endowment funds £'000</i>	<i>Total £'000</i>
Fund balances at 31 March 1997 are ; represented by:						
Tangible fixed assets	4,355	-	-	834	-	5,189
Investments	-	8,296	-	-	133	8,429
Current assets	1,588	53	84	287	-	2,012
Current liabilities	(1,521)	-	-	-	-	(1,521)
Long-term debtors	-	460	-	-	-	460
Long-term liabilities	(1,619)	(249)	-	-	-	(1,868)
Provisions	(37)	-	-	-	-	(37)
	<u>2,766</u>	<u>8,560</u>	<u>84</u>	<u>1,121</u>	<u>133</u>	<u>12,664</u>
Unrealised gains/(losses) included above on investments	<u>-</u>	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>1,323</u>
Reconciliation of move- ments in unrealised gains on investments						
Unrealised gains at 31 March 1996	-	907	-	-	36	943
Less: disposals during year	-	(291)	-	-	-	(291)
	<u>-</u>	<u>616</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>652</u>
Add: net gains arising on revaluations during year	-	666	-	-	5	671
Unrealised gains at 31 March 1997	<u>-</u>	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>1,323</u>

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued) - 1996

	<i>Unrestricted funds £'000</i>	<i>Designated funds £'000</i>	<i>Restricted funds income £'000</i>	<i>Restricted funds capital £'000</i>	<i>Endowment funds £'000</i>	<i>Total £'000</i>
Fund balances at 31 March 1996 are represented by:						
Tangible fixed assets	4,172	-	-	697	-	4,869
Investments	151	7,440	-	-	121	7,712
Current assets	1,728	-	79	5	-	1,812
Current liabilities	(1,502)	-	-	-	-	(1,502)
Long-term liabilities	(1,709)	-	-	-	-	(1,709)
Provisions	(41)	-	-	-	-	(41)
	<u>2,799</u>	<u>7,440</u>	<u>79</u>	<u>702</u>	<u>121</u>	<u>11,141</u>
Unrealised gains/(losses) included above on investments	-	907	-	-	36	943
Reconciliation of movements in unrealised gains on investments						
Unrealised gains at 31 March 1995	-	207	-	-	30	237
Less: disposals during year	-	14	-	-	-	14
	-	<u>193</u>	-	-	<u>30</u>	<u>223</u>
Add: net gains arising on revaluations during year	-	714	-	-	6	720
Unrealised gains at 31 March 1996	-	<u>907</u>	-	-	<u>36</u>	<u>943</u>

20. CONTINGENT LIABILITIES

SEPACS grants may be refundable if all the conditions of the advances are not observed.

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

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

21. PENSION SCHEMES

In addition to the ex-gratia pension payments shown in Note 16, the Trust operates a defined contribution scheme and participates in a defined benefit, contracted-out scheme managed by The Pensions Trust, a not-for-profit organisation.

Contributions to the defined contribution scheme in the year were £13,000 (1996 - £22,000) and to the defined benefit scheme, £77,000 (1996 - £75,000).

Participation in The Pensions Trust scheme ("the new scheme") commenced on 1 April 1995, when the assets and accrued liabilities of the previous scheme, known as The Papworth and Enham Pension Scheme (1978) ("the old scheme"), were transferred to the new scheme. At the last actuarial valuation of the assets and liabilities of the old scheme carried out before the transfer to the new scheme, a surplus of approximately £368,000 existed. Substantially all of this surplus was utilised, as of 1 April 1995, to secure the significantly enhanced retirement benefits applicable under the new scheme. The resulting actuarially determined surplus at that date (based on the projected unit method of funding) was £19,000.

On 1 April 1997 the nature of the defined contribution pension scheme was changed to a Group Personal Pension Plan.

The assets of the defined contribution and defined benefit pension schemes are held separately from those of the Trust in independently administered funds.

22. TRUSTEES' AND CHIEF EXECUTIVE'S EMOLUMENTS

Members of the Board of Trustees received no remuneration during the year (1996 - nil). The emoluments of the Chief Executive, including salary, pension contributions, health, medical and life insurance premiums, were £60,143 (1996 - £55,299).

23. CAPITAL COMMITMENTS

Amounts contracted but not provided in the accounts amounted to £190,000 with grants of £69,000 receivable against them (1996 - respectively £215,000 and £49,000). Amounts authorised by the Trustees but not contracted for were £230,000 with grants of £15,000 receivable against them (1996 - respectively £945,000 and £348,000).

24. POST BALANCE SHEET EVENTS

After the balance sheet date the Trust sold a parcel of development land in Papworth Everard for £2,450,000 (net of related costs and expenses). The net proceeds of sale will augment the Disability Services Fund, enabling the Trust to continue to expand its services to disabled people throughout the region.

As more fully explained in the Trustees' Report, the Trustees have decided to create a new charity to be called the Varrier Jones Foundation, to manage and develop those of its activities related to the village of Papworth Everard. Certain assets, which are directly tied to the village, and capital for the first year of operation will be transferred to the Foundation, which will be a separate organisation managed independently of The Papworth Trust. These changes are expected to commence in the Autumn of 1997.

25. TRUST STATUS

The Papworth Trust is a registered charity, a company limited by guarantee and is also registered with the Housing Corporation as a social landlord. The liability of each member is limited to £1. The Trust is governed by a Memorandum and Articles of Association, copies of which are available on request.

THE PAPWORTH TRUST

NOTES TO THE ACCOUNTS

at 31 March 1997

26. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	1997 £'000	1996 £'000
INCOME		
Rents receivable	743	646
Service charges receivable	101	42
Gross rents receivable	844	688
Less: Rent losses from voids	(15)	(5)
Net rents receivable	829	683
Revenue grants from the Housing Corporation	49	11
Total income from lettings	878	694
EXPENDITURE		
Expenditure on letting activities		
Services	164	109
Management	194	137
Routine maintenance	270	271
Depreciation	58	49
Other costs	145	71
Total expenditure on lettings	831	637
OPERATING SURPLUS ON LETTING ACTIVITIES	47	57
	No.	No.
Units in management:		
General housing	235	235
Supported housing	135	112
	370	347