

148906

**The Papworth Trust  
Report and Accounts  
31 March 2007**

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*Registration  
Number*

TRUST STATUS

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

REPORT OF THE BOARD OF TRUSTEES

The Trustees of The Papworth Trust, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 March 2007

**OBJECTIVES AND ACTIVITIES**

***Aims***

Papworth's Mission is

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

***Long Term Objectives***

Papworth's Vision is that by 2017 we will be sought after and respected for our insights into disability because

- Disabled people value our integrated and community based services,
- We address people's unmet needs and aspirations;
- We are known for our pacesetting projects and standards

***Principal Activities***

Our current activities cover five main services, namely Employment, Rehabilitation, Progression, Housing and Advice. We are currently in the process of a strategic review, which we expect to be completed in the near future, which will change the way in which we manage our activities in the future.

Employment Services help disabled people overcome the barriers to finding work. This can include coaching in job searching and interview techniques and support for those in work. It is funded mostly by the Department for Work and Pensions.

The Rehabilitation Service is an intensive vocational rehabilitation service delivered by a multidisciplinary team to support people with multiple or complex barriers to employment as a result of an acquired impairment, particularly those people with highly adverse psychological reactions to their new circumstances.

Progression Services provide training and development for disabled people to equip them with the skills and self-confidence to achieve their aims in life. This can include workplace skills, community volunteering, independent living skills such as cooking and domestic budgeting, and social activities such as music, photography or drama.

Housing Services provide rented housing and housing advice for disabled people. As well as being a registered charity, Papworth is a Registered Social Landlord which specialises in the provision of wheelchair accessible housing. We now have 391 supported housing properties and 191 general needs properties across the East of England. People who acquire a disability may need to make adaptations to their house or look for a more suitable property and the Papworth Housing Advice Service (PHAS) provides comprehensive and practical advice for people in this situation.

## REPORT OF THE BOARD OF TRUSTEES

Advice Services facilitate the provision of advice and information on disability issues. Papworth recognises the importance of advice and information to enable people to live independently, and the West Suffolk Disability Resource Centre provides a broad range of advice to people in West Suffolk. We also provide advice to employers and service providers to ensure they meet their obligations under the Disability Discrimination Act (DDA).

### **ACHIEVEMENTS AND PERFORMANCE**

#### ***Employment Services***

Overall the number of people obtaining or retaining work through Papworth's employment services was 618 compared with 606 last year. During the year there were enquires from 1,525 other people, all of whom received some service or were signposted to other services.

In June 2007 we organised an event at the House of Commons to launch "Overcoming Barriers", a new book featuring six Papworth clients who have overcome their impairments to return to work. The event was attended by the Minister of State for Employment and Welfare Reform as well as the Shadow Minister for Disabled People and the Shadow Minister for Welfare Reform.

#### ***Rehabilitation***

Following formal peer review, research into the outcomes of the service was published this year showing that 91% of the people who received vocational rehabilitation at Papworth were either in work (56%) or work ready (35%) at the end of their programme.

#### ***Progression***

288 people attended our Progression Centres during the year (2006: 300), of whom 111 (2006: 90) achieved qualifications having attended training courses and 26 (2006: 49) found volunteer placements in the wider community.

#### ***Housing***

The number of homes provided by Papworth increased from 539 in 2006 to 582 at 31 March 2007. This includes 39 (2006: 31) new homes built across the region at a capital investment of £5.5 million (2006: £3.6 million).

The Housing Advice Services provided advice and other services to 1,200 people (2006: 860) during the year.

#### ***Advice***

The West Suffolk Disability Resource Centre received 7,244 visitors (2006: 5,677) during the year, and received 1,190 (2006: 2,939) general enquiries relating to disabilities and disability issues.

## REPORT OF THE BOARD OF TRUSTEES

### **Corporate**

During the year we opened The Saxongate Centre, a Community Learning Centre in Huntingdon, which is accessible to all members of the community for advice, learning or meeting. The Centre is already used by a variety of organisations throughout the community in Huntingdon. The opening ceremony was the culmination of a fundraising appeal which raised over £2 million over a period of two years.

Rand Europe have been commissioned to evaluate the impact of the Foundation for Livings Project for service users and to capture learning for staff and the organisation and how we can effectively work in partnership to deliver the best outcomes for customers and stakeholders.

### ***Progress on objectives set out in last year's Trustees Report***

<b>Objective set out in last year's Report</b>	<b>Progress to date</b>
Apply for and win contracts to deliver Jobcentre Plus funded main employment programmes for disabled people beyond 31 March 2007	Current contracts have been extended until December 2007. We are currently bidding for new contracts, both as lead contractor and as sub-contractor.
Restructure our services in Papworth Everard to develop a Community Outreach Service which will be more flexible in the way it can support disabled people	This was implemented in July 2006.
Directly provide shared ownership schemes for disabled people	We bought our first Shared Ownership property in June 2007.
Extend the Papworth Housing Advice Service into Essex	We now deliver our services in Harlow, in addition to our previous presence in East Hertfordshire and Broxbourne.

### **OBJECTIVES FOR THE COMING YEAR**

Our plans for the coming year are to

- Complete our Strategy Review and draw up our Business Plan
- Complete our Governance Review and implement any changes needed
- Implement our Strategy once it is completed
- Maintain our finances within our budget for the year

# The Papworth Trust

## REPORT OF THE BOARD OF TRUSTEES

### FINANCIAL REVIEW

#### *Income and Expenditure*

An analysis of the financial results by service area is set out below

	Income £'000	Expenditure (inc grants) £'000	2007 Surplus/ (deficit) £'000	2006 Surplus/ (deficit) £'000
Employment services	2,642	2,286	356	235
Rehabilitation services	176	322	(146)	(46)
Progression and Community Services	1,117	1,408	(291)	(214)
Housing services	3,395	3,637	(242)	(122)
Care services (discontinued)	-	35	(35)	(303)
Advice services	127	163	(36)	(30)
Policy and Research	-	78	(78)	-
Total for direct charitable activities	7,457	7,929	(472)	(480)
Trustees costs		34	(34)	(84)
Other strategic management	2	492	(490)	(405)
Fundraising and publicity	1,283	334	949	785
Investment	214	31	183	313
Other activities	-	11	(11)	7
Net operating surplus for the year before sales of fixed assets	8,956	8,831	125	136
Gain on sale of fixed assets			-	2,750
Net operating surplus for the year			125	2,886

Net operating surplus for the year before sales of fixed assets was £125,000, compared with £136,000 for the year ended 31 March 2006. The result was in line with the budget for the year.

# The Papworth Trust

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## REPORT OF THE BOARD OF TRUSTEES

### ***Appeals income***

Appeals income has increased from £1,122,000 last year to £1,283,000. This was mostly thanks to a donation of £750,000 from The Varrier-Jones Foundation. This is the first grant received from the Foundation, and we look forward to continued support in the future.

We would like to thank all who have helped to fund Papworth's work in the financial year. In particular:

Abbey National Charitable Trust Ltd	Huntingdon Freeman's Charity
Alan W Barrell	Johnson Matthey Plc
Alchemy Foundation	Marshall of Cambridge (Holdings) Ltd
Bernard Sunley Charitable Foundation	Mills & Reeve
Bidwells	Simon Gibson Charitable Trust
Campbell Buchanan	Press Relief, The Newspaper Community Fund
CBI East of England	Taylor Vinters
David & Frederick Barclay Foundation	Tesco Charity Trust
Grosvenor	The Band Trust
Hedley Foundation	Trusthouse Charitable Foundation
Henry Smith Charity	Wolfson Foundation
Hill Partnerships Limited	

We have also been grateful to receive generous donations from anonymous donors.

### ***Investment Income***

Investment income was £214,000 compared to £334,000 last year. The reduction was caused by the withdrawal of monies to fund new developments.

### ***Balance Sheet***

Of our £31.6 million fixed assets, 55.5% (£17.5 million) is social housing, 21.7% (£6.9 million) is other buildings and equipment, and 22.8% (£7.2 million) is investments. Together they make more than three times our long term borrowing of £9.9 million.

Current assets (£3.7 million) are twice current liabilities (£1.8 million).

# The Papworth Trust

## REPORT OF THE BOARD OF TRUSTEES

### **Reserves**

Papworth has a policy of allocating reserves to planned new activities and to set aside prudent reserves to cover contingencies. Papworth's reserves are currently invested to provide income, which, along with fundraised income, helps to support existing projects and develop new ones.

The current allocation of reserves is summarised as follows:

	2007 £'000	2006 £'000
Set aside for purposes specified by the donors (Endowment and Restricted Funds)	4,380	4,100
Set aside for purposes specified by the Trustees (Disability Services Fund)	4,371	6,046
Already invested in property and equipment for our charitable activities (Property Fund)	10,314	8,522
Held as a contingency (Contingency Fund)	4,439	4,209
<b>Total</b>	<b><u>23,504</u></b>	<b><u>22,877</u></b>

Our funds are separated into the following categories:

### **Restricted Funds:**

**Endowment Funds** (£201,000) and **Other Restricted Funds** (£4,179,000) which can only be used in accordance with the wishes of the donors. The objectives of these funds are set out in note 15 to the accounts.

### **Unrestricted Funds:**

**Designated Funds** are funds allocated for specific purposes by the Trustees. We have two designated funds:

- (i) The Disability Services Fund (£4,371,000) represents funds set aside for the development of new centres and projects across the Eastern Region. The fund has reduced as we have invested our reserves in new projects during the year,
- (ii) The Property Fund represents funds which are invested in tangible fixed assets, net of grants and donations which have been given specifically for this purpose, and which are not therefore available to meet operating expenses. The fund has increased by £1,792,000 to £10,314,000 reflecting continued investment in both housing and operational centres.

**Other Unrestricted Funds** represent reserves for other purposes:

- (i) The Contingency Fund safeguards Papworth against shortfalls or changes in the funding of the services to which we are already committed. It represents six months' operating expenditure. The fund has increased by £230,000 to £4,439,000 which reflects our plans for future growth.



## REPORT OF THE BOARD OF TRUSTEES

### ***Investment Policy***

Investments are managed with full discretion by Papworth's investment advisers under the overall supervision of the Trust through its Investment Committee. The Committee monitors the performance of the investment advisers through formal quarterly review meetings.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### ***Legal Status***

The charity is constituted as a company limited by guarantee and is therefore governed by its Memorandum and Articles of Association. The liability of each member in the event of the company being wound up is £1. The company is a registered charity.

### ***Governance***

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

Trustees are elected for three years, after which they retire. They may stand for re-election by the Members. At the Annual General Meeting on 20th September 2007, the Trustees retiring are Alan Barrell, Judy Pearson and Tony Barnes. Judy Pearson and Tony Barnes are eligible to stand for re-election at the Annual General Meeting within Papworth's rules. Following a long period of illness, Alan Barrell has decided to retire as a Trustee. The Board would like to thank Alan for his contribution to the Trust, particularly his chairmanship of the Finance Committee and his help in creating and chairing the Development Board to support the Foundations for Living Appeal.

Trustees meet six times a year to review the management of the organisation. They employ managers to take on the day-to-day running of the activities. Trustees also meet managers in Committees to discuss the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees, and is shown on page 46. Minutes of all Committee meetings are subsequently circulated to the full Board.

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

Trustees do not receive a salary, but may claim expenses for attending meetings (see Note 21 to these accounts).

Trustees and Leadership Team members are asked to complete an annual Disclosure Statement to notify the Trust of any involvement in any other organisations. This was most recently completed in May 2007 and revealed no conflicts of interest.

## The Papworth Trust

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AND THE NHF CODE OF GOVERNANCE

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, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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, Schedule 1 to the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006. 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 Associations should make an open annual disclosure of areas 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 Papworth Trust

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REPORT OF THE BOARD OF TRUSTEES

**Monitoring and corrective action**

Financial reporting procedures include detailed budgets for the year ahead, detailed monthly management accounts, and longer-term financial plans used for strategic planning. The Leadership Team reviews the reports in detail and they are considered and approved by the Trustees. Where objectives are not being met, senior managers report on actions being taken to correct performance, and these reports are also considered and approved by the Trustees.

**DISABLED EMPLOYEES**

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

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

Currently 23% of the Trust's employees are disabled.

**EMPLOYEE INVOLVEMENT**

We are committed to providing our employees with information about our activities, consulting with them on major changes and generally developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information. We also use our intranet site to share information with staff.

**USER INVOLVEMENT**

During the year we have further developed the role of the User Council within the organisation. The User Council elects three Trustee User Representatives who attend all meetings of the Board of Trustees and speak on all matters affecting the Trust. During the past year the Trustee User representatives have also taken part in the Trust's Strategy Review and the recruitment of key staff.

**STAFF, VOLUNTEERS AND TRUSTEES**

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

A H Duberly  
Chairman of Trustees



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

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 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 of Board members and their date of appointment are not disclosed in the annual report. The Board considers that the disclosure of this information is unnecessary

## The Papworth Trust

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### REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE PAPWORTH TRUST

We have audited the financial statements of The Papworth Trust for the year ended 31 March 2007 which comprise the principal accounting policies, the statement of financial activities, the summary income and expenditure account, the note of historical cost gains and losses, the balance sheet, the cash flow statement and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and Auditors**

The responsibilities of the Trustees (who are also the directors of The Papworth Trust for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

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

## The Papworth Trust

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### REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE PAPWORTH TRUST

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 financial statements 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 financial statements.

#### Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2007.

  
**GRANT THORNTON UK LLP**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

Cambridge

**9 August 2007**

## The Papworth Trust

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### ACCOUNTING POLICIES

for the year ended 31 March 2007

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of accounting 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 for Charities. The true and fair override provisions of the Companies Act 1985 have been invoked, see "Social Housing Grant" 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.

#### ***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 business properties	25 years
Leasehold improvements	Over the life of the lease
Plant, machinery and fixtures	5-15 years
Office equipment, except for personal computers	5 years
Personal computers	3-5 years
Motor vehicles	6 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***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.



## The Papworth Trust

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### ACCOUNTING POLICIES

for the year ended 31 March 2007

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

#### ***Improvement costs***

The cost of works to housing properties that result in an enhancement of the economic benefit of those properties are capitalised and depreciated over their useful economic lives.

#### ***Grants from Jobcentre Plus***

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

#### ***Revenue-based grants***

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

#### ***Donations and gifts***

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

#### ***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 financial activities.

#### ***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.

## The Papworth Trust

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### ACCOUNTING POLICIES

for the year ended 31 March 2007

#### ***Leased assets***

All leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term

#### ***Governance costs***

Governance costs comprise Trustees costs and the costs of other strategic management of the Trust. Trustees costs includes auditors fees, costs of holding Trustees Board and sub-committee meetings and costs of recruiting new Trustees. Other Strategic Management includes expenditure on re-branding, business development and developing user involvement.

# The Papworth Trust

## STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2007

		UNRESTRICTED		RESTRICTED			
		General funds	Designated funds	General funds	Endowment funds	Total 2007	Total 2006
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from generated funds</b>							
Donations and gifts		797	-	486	-	1,283	1,122
Investment income	4	10	197	-	7	214	334
<b>Incoming resources from charitable activities</b>							
Income from primary purpose charitable activities	1/2	5,862	-	-	-	5,862	6,194
Grants receivable	1/2	-	-	1,597	-	1,597	1,303
<b>Other incoming resources</b>							
Other income	1	-	-	-	-	-	14
Gain on sale of fixed assets		-	-	-	-	-	2,750
<b>TOTAL INCOMING RESOURCES</b>		<b>6,669</b>	<b>197</b>	<b>2,083</b>	<b>7</b>	<b>8,956</b>	<b>11,717</b>
<b>RESOURCES EXPENDED</b>							
<b>Costs of generating funds</b>							
Fund raising and publicity		334	-	-	-	334	337
Investment management costs	1/2	31	-	-	-	31	21
<b>Charitable activities</b>							
Operating costs of primary purpose charitable activities	1/2	3,992	366	1,810	3	6,171	6,222
Support costs of primary purpose charitable activities	1/2	836	296	-	-	1,132	1,209
Interest payable	1/5	626	-	-	-	626	546
<b>Governance costs</b>							
Trustees costs	1/2	34	-	-	-	34	84
Other strategic management costs		492	-	-	-	492	405
	1/2						
<b>Operating costs of other activities</b>		<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>7</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>6,356</b>	<b>662</b>	<b>1,810</b>	<b>3</b>	<b>8,831</b>	<b>8,831</b>
<b>NET INCOMING/ (OUTGOING) RESOURCES</b>							
<b>BEFORE TRANSFERS</b>							
Transfers between funds	15	313 (83)	(465) 83	273 -	4 -	125 -	2,886 -
<b>NET INCOMING/ (OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>							
	6	230	(382)	273	4	125	2,886
<b>Other recognised gains and losses</b>							
Gains on investments							
Realised		-	(23)	-	-	(23)	104
Unrealised		-	522	-	3	525	1,316
<b>NET MOVEMENT IN FUNDS</b>		<b>230</b>	<b>117</b>	<b>273</b>	<b>7</b>	<b>627</b>	<b>4,306</b>
Fund balances at 1 April 2006		4,209	14,568	3,906	194	22,877	18,571
Fund balances at 31 March 2007		4,439	14,685	4,179	201	23,504	22,877

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities

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

# The Papworth Trust

## SUMMARY INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
<b>OPERATIONS</b>			
Gross income			
Continuing operations		8,956	8,678
Discontinued operations		-	289
		<u>8,956</u>	<u>8,967</u>
Total expenditure			
Continuing operations		8,796	8,239
Discontinued operations		35	592
		<u>8,831</u>	<u>8,831</u>
<b>NET INCOME/ (DEFICIT) BEFORE ASSET DISPOSALS</b>			
Continuing operations		160	439
Discontinued operations		(35)	(303)
		<u>125</u>	<u>136</u>
Gains on sale of tangible fixed assets		-	2,750
<b>NET INCOME FOR THE YEAR</b>	1/6	<u>125</u>	<u>2,886</u>

### NOTE OF HISTORICAL COST GAINS AND LOSSES

	2007 £'000	2006 £'000
Reported net income for the year	125	2,886
Difference between gains and losses on sale of investments on historical cost basis and market basis	538	255
Historical cost surplus for the year	<u>663</u>	<u>3,141</u>

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

# The Papworth Trust

## BALANCE SHEET at 31 March 2007

	Notes	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Freehold housing properties		35,370	32,325
Less Social Housing Grants		(17,841)	(17,019)
	7	17,529	15,306
Other property, plant and equipment	7	6,854	6,200
		24,383	21,506
Investments	8	6,979	8,759
Endowment fund assets	9	201	194
		31,563	30,459
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	1,547	1,112
Debtors due after more than one year	10	1,745	1,995
Cash at bank and in hand		428	750
		3,720	3,857
<b>CREDITORS:</b>			
amounts falling due within one year	11	(1,863)	(2,448)
<b>NET CURRENT ASSETS</b>		1,857	1,409
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		33,420	31,868
<b>CREDITORS:</b>			
amounts falling due after more than one year	12	(9,879)	(8,954)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(37)	(37)
		23,504	22,877

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

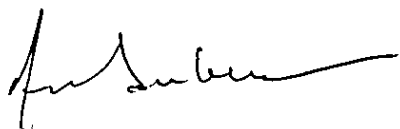
# The Papworth Trust

## BALANCE SHEET (CONTINUED) at 31 March 2007

	Notes	2007 £'000	2006 £'000
<b>RESTRICTED FUNDS</b>			
ENDOWMENT FUNDS	15	201	194
GENERAL FUNDS			
Capital funds	15	4,108	3,906
Income funds	15	71	-
		<u>4,179</u>	<u>3,906</u>
<b>UNRESTRICTED FUNDS</b>			
DESIGNATED FUNDS	15	14,685	14,568
GENERAL FUNDS			
Contingency fund	15	4,439	4,209
		<u>4,439</u>	<u>4,209</u>
<b>TOTAL FUNDS</b>	15	<u>23,504</u>	<u>22,877</u>

The financial statements were approved by the Board of Trustees on 25 July 2007 and are signed on their behalf by

A H Duberly  
Trustee



A Dasgupta  
Trustee



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

# The Papworth Trust

## CASH FLOW STATEMENT for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	A	418	86
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Dividends and interest received		214	334
Interest paid		(626)	(546)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		(412)	(212)
<b>APPEAL INCOME FOR CAPITAL PROJECTS</b>		486	1,113
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Construction and improvement of housing properties		(3,794)	(3,988)
Capital grants received in respect of housing properties		822	1,011
Acquisition of other tangible fixed assets		(1,223)	(1,933)
Receipts from disposal of tangible fixed assets		4	26
Proceeds of sale of land and property		16	587
Acquisition of fixed asset investments		(864)	(687)
Proceeds of sale of fixed asset investments		2,451	1,852
<b>NET CASH OUTFLOW ON CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(2,588)	(3,132)
<b>NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES</b>		(2,096)	(2,145)
<b>FINANCING</b>			
Drawings under housing loan	C	1,000	1,200
Repayment of housing loans	C	(110)	(119)
Repayment on loan received		200	1,600
Repayments on short term loan		(1)	(47)
<b>NET INFLOW FROM FINANCING ACTIVITIES</b>		1,089	2,634
<b>INCREASE / (DECREASE) IN CASH</b>	B	(1,007)	489

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

# The Papworth Trust

## CASH FLOW STATEMENT (CONTINUED) for the year ended 31 March 2007

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

	2007 £'000	2006 £'000
Net incoming resources	125	2,886
Gain on sale of land and other tangible fixed assets	-	(555)
Dividends and interest receivable	(214)	(334)
Interest payable	626	546
Appeal income for restricted purposes	(486)	(1,113)
Depreciation charges	870	716
Increase in debtors	(385)	(2,201)
Decrease in creditors	(118)	141
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>418</b>	<b>86</b>

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

	2007 £'000	Change in year 2007 £'000	2006 £'000	Change in year 2006 £'000	2005 £'000
Cash at bank and in hand	428	(322)	750	(159)	909
Disability Services Fund	428	(322)	750	(159)	909
Endowment Fund (Note 9)	432	(690)	1,122	645	477
	136	5	131	3	128
	<b>996</b>	<b>(1,007)</b>	<b>2,003</b>	<b>489</b>	<b>1,514</b>

### C. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Housing loans £'000	Other loans £'000	Total £'000
At 1 April 2006	8,504	574	9,078
Drawings under housing loan	1,000	-	1,000
Repayment of housing loan	(110)	-	(110)
At 31 March 2007	<b>9,394</b>	<b>574</b>	<b>9,968</b>
At 1 April 2005	7,423	574	7,997
Drawings under housing loan	1,200	-	1,200
Repayment of housing loan	(119)	-	(119)
At 31 March 2006	<b>8,504</b>	<b>574</b>	<b>9,078</b>



# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 1 INCOME AND EXPENDITURE ON OPERATIONS BEFORE INVESTMENT ASSET DISPOSALS - 2007

	<i>Income</i>	<i>Grants</i>	<i>Cost of Sales</i>	<i>Support Costs</i>	<i>Total Cost</i>	<i>Interest Payable</i>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
			(Note 2)	(Note 2)				
Employment Services	1,436	1,206	(1,884)	(402)	(2,286)	-	356	235
Rehabilitation Services	176	-	(276)	(46)	(322)	-	(146)	(46)
Progression and Community Services	1,117	-	(1,247)	(161)	(1,408)	-	(291)	(214)
Housing Services	3,006	389	(2,508)	(503)	(3,011)	(626)	(242)	(122)
Care Services - Discontinued	-	-	(35)	-	(35)	-	(35)	(303)
Advice Services	127	-	(143)	(20)	(163)	-	(36)	(30)
Research	-	-	(78)	-	(78)	-	(78)	-
<b>Sub Total</b> <b>- charitable Activities</b>	<b>5,862</b>	<b>1,595</b>	<b>(6,171)</b>	<b>(1,132)</b>	<b>(7,303)</b>	<b>(626)</b>	<b>(472)</b>	<b>(480)</b>
Fundraising and Publicity	-	-	(310)	(24)	(334)	-	(334)	(337)
Investment Management Fees	-	-	(31)	-	(31)	-	(31)	(21)
<b>Sub Total</b> <b>- Generating Funds</b>			<b>(341)</b>	<b>(24)</b>	<b>(365)</b>	<b>-</b>	<b>(365)</b>	<b>(358)</b>
Trustees costs	-	-	(34)	-	(34)	-	(34)	(84)
Other strategic management costs	-	2	(472)	(20)	(492)	-	(490)	(405)
<b>Sub Total</b> <b>- Governance</b>	<b>-</b>	<b>2</b>	<b>(506)</b>	<b>(20)</b>	<b>(526)</b>	<b>-</b>	<b>(524)</b>	<b>(489)</b>
Other activities	-	-	(11)	-	(11)	-	(11)	7
<b>Totals</b>	<b>5,862</b>	<b>1,597</b>	<b>(7,029)</b>	<b>(1,176)</b>	<b>(8,205)</b>	<b>(626)</b>	<b>(1,372)</b>	<b>(1,320)</b>
Donation and Gifts							1,283	1,122
Investment Income							214	334
Gain on sale of Fixed Assets							-	2,750
<b>Net Surplus For The Year Before Investment Asset Disposals</b>							<b>125</b>	<b>2,886</b>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 2 ANALYSIS OF INCOME FROM PRIMARY PURPOSE CHARITABLE ACTIVITIES, OTHER INCOME, GRANTS AND EXPENDITURE

All income is earned in the UK

#### *Analysis of revenue grant and other grants receivable*

	2007	2006
	£'000	£'000
WORKSTEP grant	975	1,008
Revenue grants	389	264
European Social Fund grants	233	31
	<u>1,597</u>	<u>1,303</u>

#### *Particulars of income and expenditure from lettings*

	2007	2006
	£'000	£'000
<b>INCOME</b>		
Rents receivable	1,996	1,798
Service charges receivable	1,017	933
	<u>3,013</u>	<u>2,731</u>
Gross rents receivable	3,013	2,731
Less rent losses from voids	(133)	(104)
	<u>2,880</u>	<u>2,627</u>
Net rents receivable	2,880	2,627
Revenue grants from the Housing Corporation	99	81
Other revenue from Local Authorities	290	183
Housing Advisory Services	127	97
	<u>3,396</u>	<u>2,988</u>
Total income from lettings	3,396	2,988
<b>EXPENDITURE</b>		
Expenditure on letting activities		
Services	1,155	1,042
Management	278	246
Routine maintenance	568	509
Major repairs (revenue element)	74	48
Depreciation	411	328
Other costs	41	27
Housing Advisory Services	484	364
	<u>3,011</u>	<u>2,564</u>
Total expenditure on lettings	3,011	2,564
<b>OPERATING SURPLUS ON LETTING ACTIVITIES</b>	<u>386</u>	<u>424</u>
	<u>386</u>	<u>424</u>
Units in management	No	No
General housing	191	190
Supported housing	391	349
	<u>582</u>	<u>539</u>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 2. ANALYSIS OF INCOME FROM PRIMARY PURPOSE CHARITABLE ACTIVITIES, OTHER INCOME, GRANTS AND EXPENDITURE (continued)

The following information is given in accordance with The Accounting Requirement for Registered Social Landlords (Amending) Determination 1998

	2007 £	2006 £	% Increase
<b>Average weekly assured tenancy rentals, including service charge eligible for housing benefit, in respect of general needs and supported housing</b>			
Rents	74 94	73 44	2 04%
Service charges	20 43	20 23	0 99%
Total	<u>95 40</u>	<u>93 67</u>	<u>1 85%</u>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 2. ANALYSIS OF INCOME FROM PRIMARY PURPOSE CHARITABLE ACTIVITIES, OTHER INCOME, GRANTS AND EXPENDITURE (continued)

#### *Analysis of total resources expended*

	Staff costs £'000	Other costs £'000	Depre- ciation £'000	2007 Total £'000	2006 Total £'000
<b>Costs of generating funds</b>					
Fund raising and publicity	207	101	2	310	315
Investment management costs	-	31	-	31	21
Total costs of generating funds	<u>207</u>	<u>132</u>	<u>2</u>	<u>341</u>	<u>336</u>
<b>Charitable activities:</b>					
Employment services	957	912	15	1,884	2,104
Rehabilitation services	162	107	7	276	221
Progression programs	584	485	178	1,247	1,088
Housing services	962	1,131	415	2,508	2,135
Care services					
Discontinued services	-	1	34	35	539
Advice services	40	78	25	143	135
Other support costs of charitable activities	938	48	190	1,176	1,249
Research	-	78	-	78	-
Interest payable	-	626	-	626	546
Total primary purpose activities	<u>3,643</u>	<u>3,466</u>	<u>864</u>	<u>7,973</u>	<u>8,017</u>
<b>Governance costs</b>					
Trustees costs		34		34	84
Other strategic management costs	325	143	4	472	387
Total governance costs	<u>325</u>	<u>177</u>	<u>4</u>	<u>506</u>	<u>471</u>
<b>Other activities</b>	-	11	-	11	7
<b>TOTAL RESOURCES EXPENDED</b>	<u><b>4,175</b></u>	<u><b>3,786</b></u>	<u><b>870</b></u>	<u><b>8,831</b></u>	<u><b>8,831</b></u>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 3. EMPLOYEE INFORMATION

The Trust seeks to employ a diverse workforce of disabled and non-disabled people throughout all of its operating activities

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

	<i>Non-disabled No</i>	<i>Disabled No</i>	<i>2007 Total No</i>	<i>2006 Total No</i>
Supported placements	-	15	15	31
Employment	29	9	38	35
Rehabilitation	5	2	7	7
Progression & Community Services	28	5	33	30
Housing Support & Management	41	9	50	58
Advice	2	-	2	2
Central services	26	16	42	40
2007	131	56	187	203
2006	154	49	203	

The number of persons employed at the year end was

Full time	95	39	134	156
Part time	32	10	42	42
	127	49	176	198

Staff costs comprise

	<i>2007 £'000</i>	<i>2006 £'000</i>
Wages and salaries	3,640	3,934
Social security costs	293	299
Other pension costs (Note 19)	242	228
	4,175	4,461

### 4. INVESTMENT INCOME

	<i>2007 £'000</i>	<i>2006 £'000</i>
Interest receivable from bank and other deposits	10	24
Income from listed investments	204	248
Interest on long term loan	-	62
	214	334

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £'000	2006 £'000
On bank loans, overdrafts and other loans Repayable wholly or partly in more than five years	626	546

### 6. NET INCOME FOR THE YEAR

(a) Net income for the year is stated after charging

	2007 £'000	2006 £'000
Depreciation Tangible owned fixed assets	870	716
Auditors' remuneration In capacity as auditors In respect of other services	20 —	18 —
Operating leases Land and buildings Property and equipment	47 10	47 6
Gain on disposal of housing properties	—	2,750

(b) Emoluments of the Leadership Team comprise

	2007 £000	2006 £000
Emoluments	441	433
Trust contributions paid to money purchase pension schemes	—	7

	2007 No	2006 No
Members of money purchase pension schemes	—	1

In September 2006 a new Chief Executive was appointed. The amounts in respect of the Chief Executive, who was the highest paid member of the Leadership Team, are as follows:

	2007 £000	2006 £000
Emoluments		
The current Chief Executive	56	—
The previous Chief Executive	45	76
Trust contributions paid to money purchase pension schemes		
The current Chief Executive	—	—
The previous Chief Executive	—	7
Trust contributions paid to defined benefits schemes		
The current Chief Executive	7	—
The previous Chief Executive	—	—

No employee earned in excess of £60,000 during the year ended 31 March 2007 and no employee other than the Chief Executive Officer as disclosed above, earned in excess of £60,000 during the year ended 31 March 2006.

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 6. NET INCOME FOR THE YEAR (continued) (c) Indemnity insurance

£8,000 (2006 £8,000) was paid in respect of indemnity insurance to protect the Trust from losses arising from the neglect or default of its Trustees, employees or agents and to indemnify the Trustees or other officers against the consequences of any neglect or default on their part

### 7. TANGIBLE FIXED ASSETS

Freehold housing properties, which are depreciated on a straight line basis over 50 years, on cost net of grants, are as follows

	<i>At 1 April 2006 £'000</i>	<i>Additions £'000</i>	<i>Disposals £'000</i>	<i>Transfer £'000</i>	<i>Charge for year £'000</i>	<i>At 31 March 2007 £'000</i>
Gross cost	33,804	3,366	(18)	(9)	–	37,143
Depreciation	(1,479)	–	2	–	(296)	(1,773)
Net depreciated cost	32,325	3,366	(16)	(9)	(296)	35,370
Social housing grant	(16,831)	(468)	–	–	–	(17,299)
Disability facility grant	(25)	–	–	–	–	(25)
Other housing grants	(163)	(354)	–	–	–	(517)
Total grants	(17,019)	(822)	–	–	–	(17,841)
Net book value	15,306	2,544	(16)	(9)	(296)	17,529

Included in gross cost at 31 March 2007 are building projects under construction totalling £252,000 (2006 £3,772,000) against which Social Housing Grant of £Nil (2006. £1,583,000) has been received

During the year expenditure capitalised in respect of existing properties amounted to £374,000 (2006 - £316,000)

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 7. TANGIBLE FIXED ASSETS (Continued)

Other property, plant and equipment

	<i>Short leasehold improvements</i>	<i>Other freehold land &amp; buildings</i>	<i>Plant &amp; machinery</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
<b>COST</b>				
At 1 April 2006	323	6,427	2,607	9,357
Additions	-	526	697	1,223
Disposals	-	-	(39)	(39)
Transfers	-	8	-	8
At 31 March 2007	323	6,961	3,265	10,549
<b>DEPRECIATION</b>				
At 1 April 2006	92	1,607	1,458	3,157
Charge for the year	18	176	380	574
Disposals	-	-	(36)	(36)
Transfers	-	-	-	-
At 31 March 2007	110	1,783	1,802	3,695
Net book value At 31 March 2007	213	5,178	1,463	6,854
At 1 April 2006	231	4,820	1,149	6,200



# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 8. FIXED ASSETS INVESTMENTS

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

	2007 £'000	2006 £'000
<b>MARKET VALUE</b>		
<b>INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE</b>		
Other share holdings (Cost £4,572,000 – 2006 £5,646,000)	6,547	7,637
	<u>6,547</u>	<u>7,637</u>
<b>UNINVESTED CASH</b>		
Instant access deposits (£5,000 2006 £8,000 restricted)	432	1,122
	<u>6,979</u>	<u>8,759</u>
<b>MOVEMENT IN YEAR – INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE</b>		
At 1 April 2006	7,637	7,393
Additions	864	687
Disposals	(2,476)	(1,749)
Revaluation to market value	522	1,306
	<u>6,547</u>	<u>7,637</u>
At 31 March 2007	<u>6,547</u>	<u>7,637</u>

### 9. ENDOWMENT FUND ASSETS

	2007 £'000	2006 £'000
<b>ASSETS</b>		
COIF Investment Fund units at market value (Cost £6,000 - 2006 £6,000)	65	63
Cash deposits	136	131
	<u>201</u>	<u>194</u>

	Capital £'000	Income £'000	Total £'000
<b>MOVEMENT IN YEAR</b>			
At 1 April 2006	83	111	194
Investment income and interest for year	-	7	7
Maintenance expenditure	-	(3)	(3)
Revaluation to market value	3	-	3
	<u>86</u>	<u>115</u>	<u>201</u>
At 31 March 2007	<u>86</u>	<u>115</u>	<u>201</u>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 10. DEBTORS

#### *Amounts falling due within one year*

	2007 £'000	2006 £'000
Trade debtors	773	562
Other debtors	6	7
Other prepayments and accrued income	518	343
Amount due from sale of property	250	200
	<u>1,547</u>	<u>1,112</u>

Included within trade debtors are amounts relating to housing activities of £432,000 (2006 £160,000) of which £94,000 (2006 £61,000) are rent arrears

#### *Amounts falling due after more than one year*

During the financial year ended 31 March 2006, the Trust sold properties for £2,870,000, £675,000 was received on completion, with the remainder being payable in instalments of which the following amounts are due after more than one year

	2007 £'000	2006 £'000
Between 1 and 2 years	1,575	250
Between 2 and 5 years	170	1,745
	<u>1,745</u>	<u>1,995</u>

### 11. CREDITORS: amounts falling due within one year

	2007 £'000	2006 £'000
Housing and development loans (note 12)	89	124
Trade creditors	499	629
Other creditors	136	206
Other taxes and social security costs	203	92
Accruals	936	1,397
	<u>1,863</u>	<u>2,448</u>

Included within the above are creditors and accruals relating to housing activities amounting to £692,000 (2006 £1,144,000)

At 31 March 2007, the Trust had an average of 15 days (2006 23 days) purchases outstanding in trade creditors

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 12. CREDITORS: amounts falling due after more than one year

	2007 £'000	2006 £'000
Housing and development loans	9,394	8,504
Jobcentre Plus grants	574	574
	<u>9,968</u>	<u>9,078</u>
Less amounts due within one year	(89)	(124)
	<u>9,879</u>	<u>8,954</u>
<b>Housing development loans</b>		
	2007 £'000	2006 £'000
Orchardbrook Limited	582	583
National Westminster Bank plc	8,809	7,916
Other housing loans	3	5
	<u>9,394</u>	<u>8,504</u>

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

#### **Jobcentre Plus grant**

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

The National Westminster Bank plc loan is part of a £10 million facility, and is secured by way of fixed charges over certain properties owned by the Trust. Details are as follows:

Interest rate	First capital repayment due	Final repayment due	£'000
Fixed 6.98%	May 2005	November 2024	475
Fixed 7.10%	September 2004	September 2024	1,390
Fixed 5.60%	March 2019	March 2019	1,200
Fixed 5.97%	July 2009	July 2014	1,000
Fixed 6.61%	July 2010	July 2011	468
Fixed 4.91%	July 2005	July 2008	1,100
Fixed 5.911%	November 2004	May 2007	976
Fixed 5.57%	July 2009	July 2021	1,200
Variable	March 2027	December 2028	1,000
			<u>8,809</u>

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

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

The housing development loans fall due as follows

	2007 £'000	2006 £'000
In one year or less	89	124
Between one and two years	153	75
Between two and five years	698	475
In more than five years	8,454	7,830
	<u>9,394</u>	<u>8,504</u>
Less amounts due within one year	(89)	(124)
Amounts due after one year	<u>9,305</u>	<u>8,380</u>

### 13. OBLIGATIONS UNDER OPERATING LEASES

	2007 £'000 <i>Land and</i>	2006 £'000 <i>Land and</i>	2007 £'000 <i>Other</i>	2006 £'000 <i>Other</i>
	<i>Buildings</i>	<i>Buildings</i>		
Operating leases which expire				
In one year or less	–	1	–	4
Between two and five years	–	–	10	2
In more than five years	47	46	–	–
	<u>47</u>	<u>46</u>	<u>10</u>	<u>6</u>

Operating leases include

- 1) A 20 year lease over West Suffolk DRC The Trust has the right to terminate the lease on 17 March 2010 after which a six month notice period must be served
- 2) A 9 year lease over East Herts PHAS offices The Trust has the right to terminate the lease on 19 June 2008 or 19 June 2011 and it terminates on 18 June 2014
- 3) Premises are leased from a related party, The Varner Jones Foundation, in Pendrill Court to provide office and workshop space for staff and clients training facilities, a café and progression facilities

## The Papworth Trust

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### NOTES TO THE ACCOUNTS at 31 March 2007

#### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	2007 £'000	2006 £'000
At 1 April 2006	37	37
Utilised in year	—	—
	<hr/>	<hr/>
At 31 March 2007	37	37
	<hr/>	<hr/>

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 19. The provision will be utilised in line with actuarial calculations, and reviewed annually.

#### 15. STATEMENT OF MOVEMENT OF FUNDS

The Trust has set aside funds to finance future developments of activities as follows

The Trust established a Disability Services Fund (note 16) to provide financial support for the development of new activities and services to support disabled people

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

To safeguard against unforeseen shortfalls or changes in the funding of the services and programmes for disabled clients to which the Trust is already committed, a Contingency Fund has been established, representing approximately six months' expenditure on such committed programmes plus additional specific exposures to be assessed each year

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

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

	Balance 1 April 2006 £'000	Net incoming resources £'000	Resources expended £'000	Transfers £'000	Gain/ (loss) on investments £'000	Balance 31 March 2007 £'000
<b>RESTRICTED ENDOWMENT FUNDS</b>	194	7	(3)	–	3	201
<b>RESTRICTED CAPITAL FUNDS</b>						
Macfarlane Grieve House conversion fund	423	–	(27)	–	–	396
West Suffolk DRC fund	200	–	(15)	–	–	185
Supported housing fund	733	–	(16)	–	–	717
Progression centres	542	–	(25)	–	–	517
Foundations for Living	1,688	341	(42)	–	–	1,987
Ipswich & East Suffolk	295	–	(12)	–	–	283
Other	25	–	(2)	–	–	23
	3,906	341	(139)	–	–	4,108
<b>RESTRICTED INCOME FUNDS</b>						
Social Housing						
Management Grant	–	390	(390)	–	–	–
European Social Fund	–	233	(233)	–	–	–
WORKSTEP grant	–	975	(975)	–	–	–
Saxongate	–	36	(36)	–	–	–
Rehabilitation	–	14	(2)	–	–	12
Research & Policy	–	94	(35)	–	–	59
	–	1,742	(1,671)	–	–	71
<b>TOTAL RESTRICTED FUNDS</b>	4,100	2,090	(1,813)	–	3	4,380
<b>UNRESTRICTED DESIGNATED FUNDS</b>						
Disability Services fund	6,046	197	(662)	(1,709)	499	4,371
Property fund	8,522	–	–	1,792	–	10,314
	14,568	197	(662)	83	499	14,685
<b>UNRESTRICTED GENERAL FUNDS</b>						
Contingency fund	4,209	–	–	230	–	4,439
General fund	–	6,669	(6,356)	(313)	–	–
	4,209	6,669	(6,356)	(83)	–	4,439
<b>TOTAL UNRESTRICTED FUNDS</b>	18,777	6,866	(7,018)	–	499	19,124
<b>TOTAL FUNDS</b>	22,877	8,956	(8,831)	–	502	23,504

## The Papworth Trust

### NOTES TO THE ACCOUNTS at 31 March 2007

#### 16. DISABILITY SERVICES FUND

The Disability Services Fund was established by the Trustees to provide, on a charitable basis, a range of services for disabled people in Papworth Everard and elsewhere in Eastern England that cannot be wholly funded by other means. The Fund is credited with the income earned on the underlying investments and makes contributions to enable the Trust to implement and/or carry on the programmes for disabled people established in its corporate plan.

During the year the following movements took place on the Fund

	2007 £'000	2006 £'000
At 1 April 2006	6,046	3,606
<i>Incoming resources</i>		
Dividends and interest	197	316
Realised profit on sale of investments	(23)	103
Unrealised profit	522	1,306
Gain on sale of tangible fixed assets	-	2,750
	696	4,475
Revenue expenditure	(662)	(426)
Capital expenditure	(1,709)	(1,609)
At 31 March 2007	4,371	6,046

# The Papworth Trust

## NOTES TO THE ACCOUNTS at 31 March 2007

### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2007

	<i>Unrestricted (general) funds £'000</i>	<i>Unrestricted (designated) funds £'000</i>	<i>Restricted revenue funds £'000</i>	<i>Restricted capital funds £'000</i>	<i>Restricted endowment funds £'000</i>	<i>Total £'000</i>
Fund balances at 31 March 2007 are represented by						
Tangible fixed assets	–	20,282	–	4,101	–	24,383
Investments	2,529	4,371	71	8	201	7,180
Current assets	3,720	–	–	–	–	3,720
Current liabilities	(1,774)	(104)	–	–	–	(1,878)
Long-term liabilities	–	(9,864)	–	–	–	(9,864)
Provisions	(37)	–	–	–	–	(37)
	<u>4,438</u>	<u>14,685</u>	<u>71</u>	<u>4,109</u>	<u>201</u>	<u>23,504</u>
Unrealised gains included above	<u>–</u>	<u>1,975</u>	<u>–</u>	<u>–</u>	<u>60</u>	<u>2,035</u>
Reconciliations of movements in unrealised gains on investments						
Unrealised gains at 31 March 2006	–	1,991	–	–	57	2,048
Less disposals during the year	–	(538)	–	–	–	(538)
Add revaluations during the year	–	522	–	–	3	525
Unrealised gains at 31 March 2007	<u>–</u>	<u>1,975</u>	<u>–</u>	<u>–</u>	<u>60</u>	<u>2,035</u>

### 18 CONTINGENT LIABILITIES

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



NOTES TO THE ACCOUNTS  
at 31 March 2007

**19. PENSION COMMITMENTS**

The Trust operates both a defined benefit and a defined contribution pension scheme for its employees. The assets of the schemes are held separately from those of the Trust in independently administered funds. The unpaid contributions outstanding at the year end, included in "other creditors" (note 11) are £nil (2006: £nil). Contributions to the group personal pension scheme in the year were £5,000 (2006: £10,000) and to the defined benefit scheme, £222,000 (2006: £199,000).

In addition to the ex-gratia pensions payments shown in note 14, the Trust sponsors a group personal pension plan.

***Defined benefit scheme***

The Papworth Trust participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Pension Scheme Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period The Papworth Trust paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were 82 active members of the Scheme employed by The Papworth Trust. The Papworth Trust continues to offer membership of the Scheme to its employees.

NOTES TO THE ACCOUNTS  
at 31 March 2007

**19. PENSION COMMITMENTS** (continued)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

With effect from 1 April 2007 the employer and employee contribution rates for The Papworth Trust will be 14.1% and 6.4% to 8.4% of pensionable salaries respectively.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

**19. PENSION COMMITMENTS (continued)**

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Papworth Trust has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt for The Papworth Trust was £5 225 million.

**20. RELATED PARTIES**

During the year, the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, an organisation with common trustees, for £67,000 (2006 £50,000). The Trust made sales to the Varrier-Jones Foundation of £27,000 (2006 £16,000). The price charged was the normal market price in the case of each individual purchase.

In addition The Varrier-Jones Foundation loaned the Trust £1,600,000. Total interest charged at standard bank rates was £29,000. The loan has been repaid in full by the transfer of equities amounting to £1,526,000 and cash of £74,000.

During the year ended 31 March 2006 the Trust sold land to the Varrier-Jones Foundation for £2,870,000.

At the balance sheet date the amount due from The Varrier-Jones Foundation was £1,995,000 (2006 £2,195,000). At the balance sheet date the amount due to The Varrier-Jones Foundation was £nil (2006 £148,000).

Details of transactions with trustees are disclosed in note 21.

**21. TRUSTEES' EMOLUMENTS**

Members of the Board of Trustees received no remuneration during the year (2006 £nil). Amounts paid to Trustees in reimbursement of travelling expenses were £352 (2006 £119).

## The Papworth Trust

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### NOTES TO THE ACCOUNTS at 31 March 2007

#### **22. CAPITAL COMMITMENTS**

Amounts contracted but not provided in the accounts amounted to £5,203,000 with grants of £2,848,000 receivable against them (2006 respectively £5,574,000 and £1,415,000) Amounts authorised by the Trustees but not contracted for were £5,077,000 with grants of £2,986,000 receivable against them (2006 respectively £522,000 and £126,000)

#### **23. 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

## PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

### PATRON

Her Royal Highness The Duchess of Gloucester, GCVO

### VICE-PRESIDENTS

Mrs S Marshall  
Dr K E Martin

Mrs J D Parish  
Mr E G Parker, DL

### CHAIRMAN OF THE TRUSTEES

Mr A H Duberly, CBE • ◻ ☆

### VICE-CHAIRMAN OF THE TRUSTEES

Mr A A Bridgewater ☆

### HON. TREASURER

Mr A W Barrell • ☆ +

### OTHER TRUSTEES

Mr A Barnes MBE ◻  
Mr A Dasgupta • + (appointed 27/07/06)  
Mrs L M Hoggarth \*  
Dr J S Pajak \*  
Mrs J P B G Pearson ◻ ☆  
Mrs M E Thomas CBE, DL \* ☆  
Mrs J Womack + (appointed 27/07/06)

### TRUSTEE USER REPRESENTATIVES

Mr P Tatt \*  
Mr B Wall ◻  
Mr D Wilkes \*

### LEADERSHIP TEAM

Mr A Bagg  
Mr A Carter  
Ms S Coward  
Mr D Martin  
Ms W A Godfrey

Chief Executive Officer  
Director of Housing and Progression  
Director of Development  
Director of Strategy and Marketing  
Director of Human Resources and  
Organisation Development  
Director of Employment and Rehabilitation  
Director of Finance and Central Services

Mr M Lester

Mr D J Oldham FCA

### ADMINISTRATION

Mr D J Oldham FCA

Company Secretary

The names of the honorary personnel and senior management are given as at June 2007

The Trust is a company limited by members' guarantee of £1 00 each. Vice-Presidents, the Chairman, Vice-Chairman, Honorary Treasurer and other Trustees (other than the Honorary Secretary) are the members of The Papworth Trust. The register of members is maintained at the registered office.

- Member of the Finance Committee
- ◻ Member of the Housing Committee
- \* Member of the Employment and Progression Committee
- ☆ Member of the Development Board
- + Member of the Investment Committee

# The Papworth Trust

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## PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

### REGISTERED OFFICE

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### AUDITORS

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### INVESTMENT MANAGERS

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London  
EC2R 6DA

N W Brown Investment Management Ltd  
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CB2 1DB

### SOLICITORS

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CB4 4DP

### BANKERS

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Vision Park  
Histon  
Cambridge  
CB4 9DE

Royal Bank of Scotland plc  
Housing Finance  
5<sup>th</sup> Floor  
135 Bishopsgate  
London  
EC2M 3UR

### PENSION MANAGERS/PROVIDERS

#### The Defined Benefit Scheme

The Pensions Trust  
Verity House  
6 Canal Wharf  
Leeds  
LS11 5BQ

#### The Defined Contribution Scheme

IFG Life and Pensions Limited  
Indemnity House  
Meadow Land  
St Ives  
Cambridgeshire  
PE17 4LG