

TRUST STATUS

Company limited by guarantee	148906
Registered Charity	211234
Registered Social Landlord	LH1648

Papworth Trust
Report and Accounts
31 March 2012

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Papworth Trust

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Registration Number

TRUST STATUS

A registered charity	211234
A company limited by guarantee	148906
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REPORT OF THE BOARD OF TRUSTEES

The Trustees of 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 2012

OBJECTIVES AND ACTIVITIES

The trustees confirm they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission when reviewing the charity's aims and objectives and in planning future activities

The Trustees are confident that the activities of Papworth Trust are carried out for the benefit of others as is detailed in the rest of the information within the Trustees report

Papworth Trust's Mission, Vision and Values

Papworth Trust's Mission is for disabled people to have equality, choice and independence.

Our Mission is about disabled people, meaning any disability as defined in prevailing law, including physical disability, learning disability, mental ill health, and sensory impairment possessing equality, choice and independence

Our Vision is that, by 2017, disabled people value our services and the way in which we deliver them.

We will know that we have achieved our Vision because

- Customers will not only use, but directly shape our pace-setting projects and standards
- We will be known for addressing people's unmet needs and aspirations
- Policy makers and opinion leaders will seek out and respect our insights into disability

Our Values are that we are respectful; we are challenging; we are informed; and we are pioneering.

By being respectful we listen with an open mind to the views of everyone we work with We respect their rights and seek to develop trust and strive for people to be empowered in the choices they make

As we challenge ourselves and those with whom we work, we constantly find ourselves uncomfortable with the status quo because our work matters to us, we are always passionate about achieving change for the better

To make sure we are informed, we base our work on sound knowledge and experience and we have a track record of delivering real outcomes across a range of competencies We use this as the basis for future development

To ensure we are pioneering we always aim to be far-sighted and creative by coming up with new ways of doing things and making them happen We invest our own energy and resources to encourage others to achieve their ambitions

Principal Activities

There are five distinct areas of activity that the Trust will pursue as we head towards our centenary in 2017 My Care, My Home, My Leisure, My Services and My Work

REPORT OF THE BOARD OF TRUSTEES

Papworth Trust's strength will continue to be that we work with people of almost all ages and disabilities

Achievements and Performance

At 31 March 2012 we employed 530 staff, of whom 16% declared they have a disability. We have a fantastic and dedicated group of around 220 volunteers working with us on a regular basis in a wide variety of different roles. Together, our staff and volunteers serve over 20,000 disabled people each year.

In 2011-2012 we spent £20m delivering high quality services across the Eastern region, North London and Northamptonshire. We have 650 homes, most of which are wheelchair accessible, and about 25 centres and staff offices.

Much of our current income is earned through Local Authority and Government contracts and rents from tenants, with other funding coming from insurance companies, endowments, fundraising and investments.

My Work

The service helps people prepare for, choose, secure, retain and develop in work in whatever form is appropriate for them. During 2011-12 the Trust started to deliver the Work Programme contract in East Midlands and East of England. The Trust aims to develop a range of services to address gaps in state provision for disabled people to enhance their employment prospects. During the year 7,899 people were assisted by My Work teams (2011 7,779).

Vocational Rehabilitation

A specialist part of My Work, Vocational Rehabilitation is a nationwide service helping people who have acquired a disability through an accident, illness or injury to get a job or be ready for work. The service works with people who have a wide range of physical disabilities.

My Leisure

This service focuses on helping people prepare for and make the best choices about enjoying their lives and leisure time. We are working to develop a range of leisure and learning activities and to deliver more services, particularly for younger disabled people to ensure they can enjoy their leisure time and prepare for an independent adult life.

Around 600 people attended our Papworth Trust Centres during the year (2011 500).

My Services

This service helps disabled people live as independently as they choose to by complementing or supporting the delivery of training, advice and guidance support services. 2,826 people used the service in 2011-12 (2011 2,503) and the aim is to provide supporting activities to more disabled people, their families and carers.

My Home

This service helps people to find or remain in homes that are accessible, safe and allow them to live as independently as possible.

In addition to providing 650 homes, most of which are wheelchair accessible, we provide a Home Improvement Agency service to Local Authorities in Essex, Hertfordshire and North East London together with handyperson services in these areas. A new service in Leicestershire will commence in 2012-13.

REPORT OF THE BOARD OF TRUSTEES

My Care

My Care helps people to maintain, obtain or achieve levels of independence that they want whilst ensuring that they can have a high quality of life and meet their stated goals. This can be from supporting people with personal care through to helping them live independently in their own home. We aim to deliver these services to a high quality valued by both customers and commissioners.

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

Objective set out in last year's Report	Progress to date
<ul style="list-style-type: none">• Offer Personal Support packages funded by individual budgets linked to accommodation owned by us	<ul style="list-style-type: none">• We have made some progress on working together between My Home and My Care
<ul style="list-style-type: none">• Consolidate Transitions services and expand the services to provide work experience programmes	<ul style="list-style-type: none">• Our young people's services have grown well during the year. We now run Youth Clubs in Cambridgeshire, Suffolk, Northamptonshire, Bedfordshire and Essex and Holiday Clubs in Cambridgeshire, Essex and Northamptonshire
<ul style="list-style-type: none">• Develop personalised services available to people using individual Budgets so that each person we work with can choose how their services are delivered	<ul style="list-style-type: none">• We now deliver personalised services to people using individual budgets
<ul style="list-style-type: none">• Deliver the Work Programme as a subcontractor throughout our existing geographical areas plus any neighbouring counties	<ul style="list-style-type: none">• We won contracts for delivery of Work Programme in East Midlands and East of England
<ul style="list-style-type: none">• Develop remote support services within the Rehabilitation business	<ul style="list-style-type: none">• Some progress has been made, but more work is being undertaken to evaluate these services

OBJECTIVES FOR THE COMING YEAR

As part of our strategy to take us up to 2017 we want to work with younger disabled people, with growing numbers of older disabled people and with the increasing number of people with mental health issues. We want to provide more high quality services for more disabled people in more areas new to Papworth Trust. We acknowledge the challenge of delivering more high quality services for more disabled people in

REPORT OF THE BOARD OF TRUSTEES

challenging economic times At the heart of our new strategy is our passion for moving towards delivering one-fifth of all that we do through donations, fundraising and volunteering

Our key objectives for the coming year are

- The launch of a wider range of services for people with Personal Budgets
- Piloting of a peer mentoring scheme for young and older carers
- Establishing an adaptations service to help people stay in their homes for longer
- Piloting holiday support services as our customers have told us that they need help to take holidays
- Securing funding to sustain and develop our evening, weekend and holiday activities for young people
- Raising the profile of volunteering across the organisation to increase volunteer numbers to 400 by the end of the year

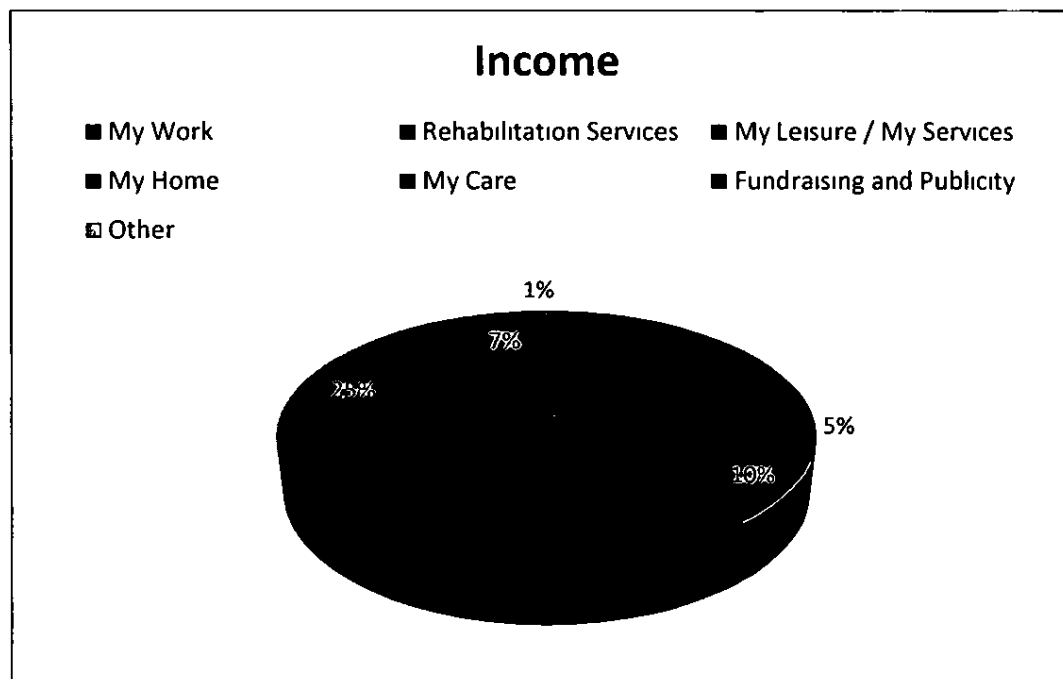
FINANCIAL REVIEW

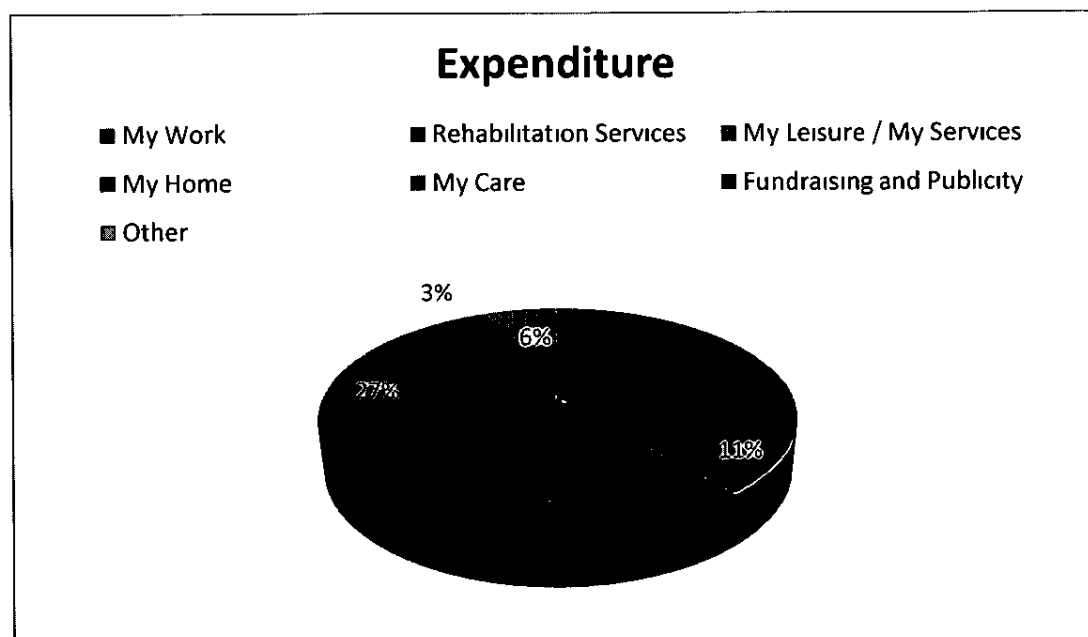
Income and Expenditure

Despite the difficult economic climate, all services reported growth in the year Incoming resources for the year increased by 9%, to £20,501k (2011 £18,835k)

Expenditure increased by 1%, to £20,204k (2011 £18,769)

The financial results by service area are set out below





Fundraising

As last year, the fundraising team faced many challenges in the tough economic conditions, but increased income from fundraising and donations to £1,498k from £1,220k

We would like to thank all who have helped to fund Papworth Trust's work in the financial year, in particular our regular volunteers and the many people who have given up their time to raise money through sponsored events and to help to support the valuable services we offer

Investment Income

Investment income was £3k compared to £9k last year Investments are held on a Total Return basis

Balance Sheet

Fixed assets are £37.7 million compared to £36.2 million last year The market value of our investments has increased by £0.3 million during the year

Net assets have increased to £24.2m from £23.6m

Post Balance Sheet Event

There are no significant post balance sheet events to report this year

Reserves Policy

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

Papworth Trust sets money aside where a purpose is specified by the donor This may permit Papworth Trust to spend the income generated by a donated investment (known

Papworth Trust

REPORT OF THE BOARD OF TRUSTEES

as an Endowment), or it may permit Papworth Trust to spend the amount donated (known as a Restricted Reserve)

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

The Property Fund represents Papworth Trust's funds that are invested in tangible fixed assets, net of loans, grants and donations received to specifically finance such assets 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 for whom Papworth Trust is already committed, a Contingency Fund has been established, representing between two and four month's expenditure on such committed programmes plus additional specific exposures to be assessed each year

The General Funds represent Papworth Trust's available free funds. Movements between funds are approved annually by the Finance Committee, and are set out in Note 15 to these accounts

Investment Policy

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Status

The charity is constituted as a company limited by guarantee and is therefore governed by its 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 Trust 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. The election or appointment of Trustees is detailed in the Articles of Association.

Trustees meet six times a year to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Leadership Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees, and is shown on page 9. 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 is 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).

Papworth Trust

REPORT OF THE BOARD OF TRUSTEES

Trustees and Leadership Team members are asked to complete an annual Disclosure Statement to notify Papworth Trust of any involvement in any other organisations. This was most recently completed in March 2012.

Trustees Liabilities

Papworth Trust has indemnified the Trustees of Papworth Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year.

Risk Management

The Board of Trustees has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. The Trustees recognise that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve the organisation's objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned objectives and outcomes are achieved. This will also give reasonable assurance about the reliability of financial and operational information and the safeguarding of Papworth Trust's assets and reputation.

Papworth Trust also maintains a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which address these risks can be assessed.

The principal risks and uncertainties have been identified as

KEY RISK	MITIGATING ACTIONS
Government austerity measures The economic climate and restraints on government spending may impact on current income forecasts	<ul style="list-style-type: none">Financial forecasts and the progress of our operations are regularly reviewed through Quarterly Business Reviews
Availability of finance Loan finance is more difficult to source in the current financial climate, which may result in insufficient capital to achieve the housing development programme	<ul style="list-style-type: none">Maintaining strong relationships with existing lenders and ensuring that all existing loan covenants are metInvestigation of other sources of funding, not reliant on banks
Underperformance of employment contracts The number of job outcomes is uncertain in a challenging job market (and may remain so) which could have a material impact on future income	<ul style="list-style-type: none">The lifetime performance of the contract is being closely managedThe Varrier Jones Foundation has agreed to underwrite certain future losses should they arise
Failure to attract customers to our personalised services The provision of services to customers with personal budgets is a key part of our strategy. Failure in this area may limit growth and affect the viability of some services	<ul style="list-style-type: none">Operations are continually reviewed to ensure that we can offer services to meet our customers' needsCosts are continually reviewed and monitored to make our services as competitive as possible

REPORT OF THE BOARD OF TRUSTEES

KEY RISK	MITIGATING ACTIONS
<p>The investment to deliver sustainable growth in fundraising income does not result in the planned increases in revenue</p> <p>A significant programme of investment is being launched to increase our fundraising income over the longer term. Plans may be affected if economic conditions remain poor.</p>	<ul style="list-style-type: none">• The success of fundraising campaigns is closely monitored ensuring that future plans can be adjusted accordingly.

Key elements of the control framework and the system for reviewing the effectiveness of the system of internal control are as follows

Planning and approval

Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, this generates a comprehensive review of risks.

Committees

Committees take a more detailed interest in specific areas of Papworth Trust's activities, and monitor performance against key performance indicators.

Finance Committee

The Finance Committee has delegated responsibility for the oversight of key issues such as treasury management, financial appraisal of new projects and prevention and detection of fraud. The Finance Committee is also responsible for reporting to the Board of Trustees on the effectiveness of internal controls. At each meeting the Finance Committee reviews the major risks, and assesses the effectiveness of actions in managing those risks. This includes a discussion over whether there is a need to use internal audit activities to assess the effectiveness of controls. The Finance Committee submits minutes of its meetings to the Board of Trustees for approval.

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 and Trustees review the reports in detail.

Papworth Trust's regular Quarterly Business Reviews allow operational teams the opportunity to share performance results and changes to the risk map, and to plan corrective action if targets are not being met.

NHF Code of Governance

We are pleased to report that the Trust complies with the principal recommendations of the NHF Code of Governance (revised).

HEALTH AND SAFETY

The Board is aware of its responsibilities on all matters relating to health and safety. Papworth Trust has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

REPORT OF THE BOARD OF TRUSTEES

DISABLED EMPLOYEES

Papworth Trust 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 Trust's policy wherever possible to provide continuing employment and to provide training and career development to employees wherever appropriate

Currently 16% of Papworth 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. A communications network has been set up to provide a weekly exchange of information. Regular meetings are held between managers and staff teams to allow a free flow of information, we use our intranet site to share information with staff, and we hold Staff Conferences to update staff on strategy and other major developments

USER INVOLVEMENT

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

Trustee User Representatives are elected by our service users and influence decisions made by attending trustee meetings

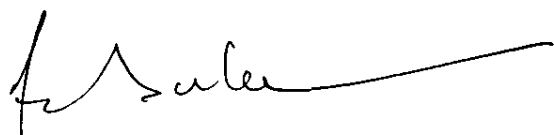
STAFF, VOLUNTEERS AND TRUSTEES

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

EXTERNAL AUDITORS

The Trustees have decided to conduct a tender process for the appointment of auditors of the Trust and a resolution to appoint is to be proposed at the forthcoming Annual General Meeting

The report of the Board of Trustees was approved by the Board on 27 September 2012 and signed on its behalf by



A.H. Duberly
Chairman of Trustees

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

The Board is responsible for preparing the Report of the Board of Trustees and financial statements in accordance with applicable law and regulations

Company law requires the Board to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of Papworth Trust for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers (2010), have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Papworth Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board of Trustees is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers (2010).

Disclosure of information to auditors

At the date of making this report each of the Trustees, as set out on page 39, confirm the following:

- so far as each Trustee is aware, there is no relevant information needed by the Trust's auditors in connection with preparing their report of which the Trust's auditors are unaware;
- each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant information needed by the Trust's auditors in connection with preparing their report and to establish that the Trust's auditors are aware of that information.

Papworth Trust

Independent auditor's report to the members of the Papworth Trust (registered company no 148906)

We have audited the financial statements of Papworth Trust for the year ended 31 March 2012 which comprise the principal accounting policies, the statement of financial activities, the summary income and expenditure account, the note of historical gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Papworth Trust

Independent auditor's report to the members of the Papworth Trust (registered company no 148906)

Matters on which we are required to report by exception

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

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



Richard Chaplin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge, England

27 September 2012

Papworth Trust

ACCOUNTING POLICIES

for the year ended 31 March 2012

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 principal accounting policies remain unchanged from previous years, except for depreciation of housing properties set out below.

The accounts are prepared in accordance with applicable accounting standards and the Statements of Recommended Practice: Accounting for Registered Social Housing Providers Update 2010 and for Charities (2005).

Going Concern

The Board has a reasonable expectation that adequate resources exist for the Trust to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Gross income

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

Certain up front attachment fees received under the Work Programme contract have been deferred to future periods. An element of the fees has been recognised as a payment in respect of contract start-up costs and the balance as part of the payment for supporting customers for a period of up to 2 years.

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

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

The Trust separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated economic life.

Where Social Housing Grant has been allocated to a component, the depreciable amount is arrived at on the basis of original cost, less the proportion of Social Housing Grant and other grants attributable to the component, less residual value.

The Trust depreciates the major components of its housing properties over the following economic lives:

Structure	80 years
Roof	50 years
Windows and Doors	30 years
Kitchens	15 years
Bathrooms	20 years
Electrical Installation	40 years

Papworth Trust

ACCOUNTING POLICIES

for the year ended 31 March 2012

Heating, ventilation and plumbing	30 years
Boilers	15 years

Other Tangible Fixed Assets

Freehold business properties	25 years
Leasehold improvements	Over the life of the lease
Plant, machinery and fixtures	3-15 years
Office equipment, except for personal computers	5-10 years
Motor vehicles	6 years

Tangible fixed assets which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Trust. Any such write down is charged to operating surplus.

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared Ownership properties

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

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

If housing properties are disposed of, Social Housing Grant becomes repayable but can be recycled for use against qualifying projects.

Donated land

Land donated by local authorities and others is added to the cost of housing properties at the market value of the land at the time of the donation.

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.

Papworth Trust

ACCOUNTING POLICIES

for the year ended 31 March 2012

True and fair override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet. This is a departure from the rules under the Companies Act 2006 but, in the opinion of the Board, is a relevant accounting policy, comparable to that adopted by other registered social landlords that has been adopted in order to present a true and fair view.

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

Papworth Trust operates a defined contribution scheme for all new employees and a defined benefit scheme, both of which require contributions to be made to separately administered funds. Papworth Trust also contributes to The NHS Pension Scheme for relevant staff who have transferred under TUPE.

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 Papworth Trust.

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 central governance costs and the costs of other strategic management of Papworth Trust. Central governance costs includes auditors fees, costs of holding Trustees Board and sub-committee meetings and costs of recruiting new Trustees.

Reserves

The reserves policy is set out on pages 6 and 7.

Papworth Trust

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2012

	Notes	UNRESTRICTED		RESTRICTED		Total 2012	Total 2011 Restated *
		General funds	Designated funds	General funds	Endowment funds		
		£'000	£'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES							
Incoming resources from generated funds							
Donations and gifts		1,230	-	268	-	1,498	1,220
Investment income	4	-	-	-	3	3	9
Income from primary purpose							
charitable activities	1/2	17,196	-	-	-	17,196	15,861
Grants receivable	1/2	-	-	1,185	-	1,185	1,394
Other income	1/2	88	-	-	-	88	321
Gain on sale of fixed assets		-	531	-	-	531	30
TOTAL INCOMING RESOURCES		18,514	531	1,453	3	20,501	18,835
RESOURCES EXPENDED							
Costs of generating funds							
Fund raising and publicity		605	-	-	-	605	381
Charitable activities							
Operating costs of primary purpose							
charitable activities	1/2	14,077	387	1,510	2	15,976	15,207
Support costs of primary purpose							
charitable activities	1/2	2,301	-	-	-	2,301	1,796
Interest payable	1/5	631	-	-	-	631	634
Governance costs							
Central governance costs	1/2	49	-	-	-	49	53
Other strategic management costs	1/2	716	-	-	-	716	673
Operating costs of other activities		(74)	-	-	-	(74)	25
TOTAL RESOURCES EXPENDED		18,305	387	1,510	2	20,204	18,769
NET INCOMING/ (OUTGOING) RESOURCES							
BEFORE TRANSFERS	15	209	144	(57)	1	297	66
Transfers between funds	15	293	(293)	-	-	-	-
NET INCOMING/ (OUTGOING) RESOURCES							
BEFORE OTHER RECOGNISED	6	502	(149)	(57)	1	297	66
NET MOVEMENT IN FUNDS							
Fund balances at 1 April 2011		7,129	12,273	4,043	203	23,648	22,933
Fund balances at 31 March 2012		7,631	12,428	3,986	203	24,248	23,648

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 comparatives for the year ended 31 March 2011 have been restated as Papworth Trust has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010. Further details can be found in note 24 to these financial statements

Papworth Trust

SUMMARY INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2012

		2012	2011
	Notes	£'000	Restated £'000
OPERATIONS			
Gross income			
Continuing operations		19,970	18,805
Total expenditure			
Continuing operations		20,204	18,769
NET INCOME/ (DEFICIT) BEFORE ASSET DISPOSALS			
Continuing operations		(234)	36
Gains on sale of tangible fixed assets		531	30
NET INCOME FOR THE YEAR	1/6	297	66

NOTE OF HISTORICAL COST GAINS AND LOSSES

	2012	2011
	£'000	Restated £'000
Reported net income for the year	297	66
Difference between gains and losses on sale of investments on historical cost basis and market basis	-	-
Historical cost surplus for the year	297	66

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

Papworth Trust

BALANCE SHEET at 31 March 2012

		2012	2011
	Notes	£'000	Restated £'000
FIXED ASSETS			
Tangible assets			
Freehold housing properties		43,499	41,928
Less Social Housing Grants		(19,705)	(19,650)
Other property, plant and equipment	7	23,794	22,278
	7	5,859	6,166
Investments	8	29,653	28,444
Endowment fund assets	9	7,849	7,570
		203	203
		37,705	36,217
CURRENT ASSETS			
Debtors due within one year	10	3,152	3,072
Cash at bank and in hand		36	499
		3,188	3,571
CREDITORS:			
amounts falling due within one year	11	(3,673)	(3,896)
NET CURRENT LIABILITIES		(485)	(325)
TOTAL ASSETS LESS CURRENT LIABILITIES		37,220	35,892
CREDITORS:			
amounts falling due after more than one year	12	(12,669)	(11,889)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(303)	(355)
		24,248	23,648

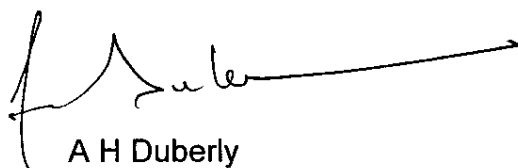
The accompanying accounting policies and notes form part of these financial statements

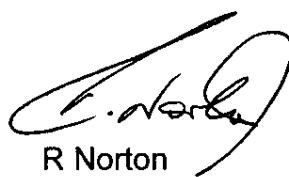
Papworth Trust

BALANCE SHEET (CONTINUED) at 31 March 2012

	Notes	2012 £'000	2011 Restated £'000
RESTRICTED FUNDS			
ENDOWMENT FUNDS	15	203	203
GENERAL FUNDS			
Capital funds	15	3,751	3,894
Income funds	15	235	149
		<u>3,986</u>	<u>4,043</u>
UNRESTRICTED FUNDS			
DESIGNATED FUNDS	15	12,428	12,273
GENERAL FUNDS			
Contingency fund	15	7,631	7,129
		<u>7,631</u>	<u>7,129</u>
TOTAL FUNDS	15	<u>24,248</u>	<u>23,648</u>

The financial statements were approved by the Board of Trustees on 27 September 2012 and are signed on its behalf by


A H Duberly
Trustee


R Norton
Trustee

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

Papworth Trust

CASH FLOW STATEMENT for the year ended 31 March 2012

		2012	2011
	Notes	£'000	Restated £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	854	2,365
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Dividends and interest received		3	9
Interest paid		(631)	(634)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(628)	(625)
APPEAL INCOME FOR CAPITAL PROJECTS		268	49
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Construction and improvement of housing properties		(2,288)	(999)
Capital grants received in respect of housing properties		80	196
Acquisition of other tangible fixed assets		(491)	(452)
Proceeds of sale of land and property		928	-
NET CASH OUTFLOW ON CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,771)	(1,255)
NET CASH (OUTFLOW)/ INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES		(1,277)	534
FINANCING			
Drawings under housing loan	C	1,000	-
Repayment of housing loans	C	(211)	(216)
NET INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		789	(216)
(DECREASE)/INCREASE IN CASH	B	(488)	318

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

Papworth Trust

CASH FLOW STATEMENT (CONTINUED) at 31 March 2012

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

	2012	2011
	£'000	Restated £'000
Net incoming resources	297	66
Gain on sale of land and other tangible fixed assets	(531)	(30)
Dividends and interest receivable	(3)	(9)
Interest payable	631	634
Appeal income for restricted purposes	(268)	(49)
Depreciation charges	1,100	970
Increase in debtors	(80)	(994)
Increase in creditors	(292)	1,777
NET CASH INFLOW FROM OPERATING ACTIVITIES	854	2,365

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

	2012	Change in year	2011	Change in year	2010
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	36	(463)	499	316	183
Disability Services Fund	36	(463)	499	316	183
Endowment Fund (Note 9)	-	(25)	25	2	23
	146	-	146	-	146
	182	(488)	670	318	352

C. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Housing loans	Other loans	Total
	£'000	£'000	£'000
At 1 April 2011	11,540	574	12,114
Drawings under housing loan	1,000	-	1,000
Repayment of housing loan	(211)	-	(211)
At 31 March 2012	12,329	574	12,903
At 1 April 2010	11,756	574	12,330
Drawings under housing loan	-	-	-
Repayment of housing loan	(216)	-	(216)
At 31 March 2011	11,540	574	12,114

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

1. INCOME AND EXPENDITURE ON OPERATIONS BEFORE INVESTMENT ASSET DISPOSALS - 2012

	<i>Income</i>	<i>Grants</i>	<i>Cost of Sales</i>	<i>Support Costs</i>	<i>Total Cost</i>	<i>Interest Payable</i>	<i>2012</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>Restated</i>
			(Note 2)	(Note 2)				<i>£'000</i>
My Work	4,795	4	(3,801)	(510)	(4,311)	-	488	18
Rehabilitation Services	986	-	(1,039)	(172)	(1,211)	-	(225)	292
My Leisure / My Services	1,985	15	(1,828)	(272)	(2,100)	-	(100)	177
My Home	4,408	1,166	(4,325)	(524)	(4,849)	(631)	94	(398)
My Care	4,903	-	(4,632)	(674)	(5,306)	-	(403)	(332)
Advisory Services	119	-	(195)	(41)	(236)	-	(117)	(111)
Research and Policy	-	-	(156)	(21)	(177)	-	(177)	(116)
Sub Total								
– charitable Activities	17,196	1,185	(15,976)	(2,214)	(18,190)	(631)	(440)	(470)
Fundraising and Publicity	-	-	(605)	(63)	(668)	-	(668)	(434)
Investment Management Fees	-	-	-	(2)	(2)	-	(2)	-
Sub Total								
– Generating Funds	-	-	(605)	(65)	(670)	-	(670)	(434)
Central governance costs	-	-	(49)	-	(49)	-	(49)	(53)
Other strategic management costs	1	-	(716)	(22)	(738)	-	(737)	(682)
Sub Total								
– Governance	1	-	(765)	(22)	(787)	-	(786)	(735)
Other activities	87	-	74	-	74	-	161	125
Totals	17,284	1,185	(17,272)	(2,301)	(19,573)	(631)	(1,735)	(1,514)
Donation and Gifts							1,498	1,220
Investment Income							3	9
Acquisitions							-	321
Gain on sale of Fixed Assets							531	30
Net Surplus For The Year Before Investment Asset Disposals							297	66

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

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

All income arises in the UK

Analysis of revenue grant and other grants receivable

	2012 £'000	2011 £'000
WORKSTEP grant	4	725
Revenue grants	1,181	669
	<u>1,185</u>	<u>1,394</u>

Particulars of income and expenditure from lettings

	2012 £'000	2011 <i>Restated</i> £'000
INCOME		
Rents receivable	2,851	2,645
Service charges receivable	791	770
	<u>3,642</u>	<u>3,415</u>
Gross rents receivable		
Less rent losses from voids	(71)	(112)
	<u>3,571</u>	<u>3,303</u>
Net rents receivable		
Other revenue from Local Authorities	1,166	552
Housing Advisory Services	837	897
	<u>5,574</u>	<u>4,752</u>
Total income from lettings		
EXPENDITURE		
Expenditure on letting activities		
Services	482	843
Management	534	505
Routine maintenance	780	812
Major repairs (revenue element)	59	383
Depreciation	301	291
Housing Advisory Services	2,074	1,596
	<u>4,230</u>	<u>4,430</u>
Total expenditure on lettings		
OPERATING SURPLUS ON LETTING ACTIVITIES	<u>1,344</u>	<u>322</u>

	No	No
Units in management		
General housing	176	183
Supported housing	462	472
	<u>638</u>	<u>655</u>

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
On bank loans, overdrafts and other loans Repayable wholly or partly in more than five years	631	634
	<u>631</u>	<u>634</u>

6. NET INCOME FOR THE YEAR

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

	2012 £'000	2011 <i>Restated</i> £'000
Depreciation Tangible owned fixed assets	1,100	973
Fees payable to the Trust's auditors		
- for the audit of the financial statements	24	19
- for non-audit services relating to taxation	1	11
Operating leases		
Land and buildings	281	249
Property and equipment	72	44
Gain on disposal of fixed assets	531	30
	<u>531</u>	<u>30</u>

(b) Emoluments of the Leadership Team comprise

	2012 £000	2011 £000
Emoluments	502	532
	<u>502</u>	<u>532</u>

The amounts in respect of the Chief Executive, who was the highest paid member of the Leadership Team, are as follows

	2012 £000	2011 £000
Emoluments		
The Chief Executive	99	97
	<u>99</u>	<u>97</u>
Trust contributions paid to defined benefits schemes		
The Chief Executive	19	19
	<u>19</u>	<u>19</u>

Other staff paid in excess of £60,000 during the year ended 31 March 2012 were as follows

	2012	2011
£60,000 – £89,999	4	4
	<u>4</u>	<u>4</u>

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

3. EMPLOYEE INFORMATION

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

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

	2012 Total No	2011 Total No
Supported placements	5	6
My Work	100	72
Rehabilitation	13	11
My Leisure / Services	85	56
My Home	63	47
My Care	196	177
Advice	3	5
Central services	60	62
	<u>525</u>	<u>436</u>

The number of people employed at the year end was

Full time	366	317
Part time	164	155
	<u>530</u>	<u>472</u>

Staff costs comprise

	2012 £'000	2011 £'000
Wages and salaries	10,122	8,799
Social security costs	862	711
Other pension costs (Note 19)	624	789
	<u>11,608</u>	<u>10,299</u>

4. INVESTMENT INCOME

	2012 £'000	2011 £'000
Income from listed investments	3	9
	<u>3</u>	<u>9</u>

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
On bank loans, overdrafts and other loans Repayable wholly or partly in more than five years	631	634
	<u>631</u>	<u>634</u>

6. NET INCOME FOR THE YEAR

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

	2012 £'000	2011 <i>Restated</i> £'000
Depreciation Tangible owned fixed assets	1,100	973
Fees payable to the Trust's auditors		
- for the audit of the financial statements	24	19
- for non-audit services relating to taxation	1	11
Operating leases		
Land and buildings	281	249
Property and equipment	72	44
Gain on disposal of fixed assets	531	30
	<u>531</u>	<u>30</u>

(b) Emoluments of the Leadership Team comprise

	2012 £000	2011 £000
Emoluments	502	532
	<u>502</u>	<u>532</u>

The amounts in respect of the Chief Executive, who was the highest paid member of the Leadership Team, are as follows

	2012 £000	2011 £000
Emoluments		
The Chief Executive	99	97
	<u>99</u>	<u>97</u>
Trust contributions paid to defined benefits schemes		
The Chief Executive	19	19
	<u>19</u>	<u>19</u>

Other staff paid in excess of £60,000 during the year ended 31 March 2012 were as follows

	2012	2011
£60,000 – £89,999	4	4
	<u>4</u>	<u>4</u>

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

6. NET INCOME FOR THE YEAR (Continued)

(c) Indemnity insurance

Papworth Trust takes out insurance cover against management risks which includes professional indemnity and Management Liability (including Trustee liability), to protect Papworth 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

	<i>At 1 April 2011 £'000 Restated</i>	<i>Additions £'000</i>	<i>Disposals £'000</i>	<i>Transfer £'000</i>	<i>Charge for year £'000</i>	<i>At 31 March 2012 £'000</i>
Gross cost	44,066	2,288	(597)	15	-	45,772
Depreciation	(2,138)	-	175	(9)	(301)	(2,273)
Net depreciated cost	41,928	2,288	(422)	6	(301)	43,499
Social housing grant	(17,783)	-	-	-	-	(17,783)
Disability facility grant	(25)	-	25	-	-	-
Other housing grants	(1,842)	(80)	-	-	-	(1,922)
Total grants	(19,650)	(80)	25	-	-	(19,705)
Net book value	22,278	2,208	(397)	6	(301)	23,794

Included in gross cost at 31 March 2012 are building projects under construction totalling £969,000 (2011 £16,000) against which Social Housing Grant of £80,000 (2011 £nil) has been received

During the year expenditure capitalised in respect of existing properties amounted to £851,000 (2011 £523,000)

Included within the depreciation charge for this year is an impairment of assets totalling £nil (2011 £29,000)

Included in the gross costs at 31 March 2012 are shared ownership schemes totalling £298,113 (2011 £298,113)

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

7. TANGIBLE FIXED ASSETS (Continued)

Other property, fixtures, office equipment and motor vehicles

	<i>Short leasehold improvements</i>	<i>Other freehold land & buildings</i>	<i>Other Fixed Assets</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
COST				
At 1 April 2011	348	7,344	3,826	11,518
Additions	-	11	480	491
Disposals	-	-	(378)	(378)
Transfers	-	-	(15)	(15)
At 31 March 2012	348	7,355	3,913	11,616
DEPRECIATION				
At 1 April 2011	184	2,589	2,579	5,352
Charge for the year	18	217	564	799
Disposals	-	-	(385)	(385)
Transfers	-	-	(9)	(9)
At 31 March 2011	202	2,806	2,749	5,757
Net book value:				
At 31 March 2012	146	4,549	1,164	5,859
At 1 April 2011	164	4,755	1,247	6,166

Included within the depreciation charge for this year is an impairment of internally developed software totalling £145,000 (2011 £Nil)

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

8. FIXED ASSETS INVESTMENTS

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

	2012 £'000	2011 £'000
MARKET VALUE		
INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE		
Other share holdings (Cost £6,744– 2011 £6,744)	7,849	7,545
UNINVESTED CASH		
Instant access deposits £Nil (2011 £25,000 restricted)	-	25
	<u>7,849</u>	<u>7,570</u>
MOVEMENT IN YEAR – INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE		
At 1 April 2011	7,545	6,902
Revaluation to market value	304	643
	<u>7,849</u>	<u>7,545</u>
At 31 March 2012		

9. ENDOWMENT FUND ASSETS

	2012 £'000	2011 £'000
ASSETS		
COIF Investment Fund units at market value (Cost £ 5,000– 2011 £5,000)	57	57
Cash deposits	146	146
	<u>203</u>	<u>203</u>
	<i>Capital</i> £'000	<i>Income</i> £'000
MOVEMENT IN YEAR		<i>Total</i> £'000
At 1 April 2011	78	203
Investment income and interest for year	-	3
Maintenance expenditure	-	(3)
	<u>78</u>	<u>203</u>
At 31 March 2012		

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

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

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

<i>Interest rate</i>	<i>First capital repayment due</i>	<i>Final repayment due</i>	<i>£'000</i>
Fixed 4 28%	April 2019	April 2018	1,000
Fixed 3 38%	April 2019	July 2038	1,000
Fixed 3 38%	April 2019	July 2038	1,000
			<u>3,000</u>

The housing development loans fall due as follows

	<i>2012 £'000</i>	<i>2011 £'000</i>
In one year or less	235	225
Between one and two years	243	228
Between two and five years	1,325	647
In more than five years	10,527	10,440
	<u>12,330</u>	<u>11,540</u>
Less amounts due within one year	(235)	(225)
	<u>12,095</u>	<u>11,315</u>

13. OBLIGATIONS UNDER OPERATING LEASES

	<i>2012 £'000</i>	<i>2011 £'000</i>	<i>2012 £'000</i>	<i>2011 £'000</i>
	<i>Land and Buildings</i>	<i>Land and Buildings</i>	<i>Other</i>	<i>Other</i>
Operating leases which expire				
In one year or less	17	44	66	42
Between one and two years	206	9	2	-
Between two and five years	26	169	5	3
In more than five years	39	26	-	-
	<u>288</u>	<u>248</u>	<u>73</u>	<u>45</u>

Operating leases include

Premises which are leased from a related party, The Varrier Jones Foundation, in Pendrill Court provide office and workshop space for staff and clients, a café and learning centre

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>2012 £'000</i>	<i>2011 £'000</i>
At 1 April 2011	355	-
Provision in year	275	355
Utilised in year	(327)	-
	<u>303</u>	<u>355</u>
At 31 March 2012		

As at 31 March 2012 the provisions comprise expected future losses from employment contracts which have been terminated. A provision of £275,000 has been made in respect of the WorkChoice contract, which will now end in October 2012 following the serving of six months' notice

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

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

	2012 £'000	2011 £'000
Housing and development loans	12,330	11,540
Jobcentre Plus grants	574	574
	<u>12,904</u>	<u>12,114</u>
Less amounts due within one year	(235)	(225)
Amounts due after one year	<u>12,669</u>	<u>11,889</u>
<i>Housing development loans</i>		
	2012 £'000	2011 £'000
Orchardbrook Limited	557	563
National Westminster Bank plc	8,773	8,977
Barclays Bank	3,000	2,000
	<u>12,330</u>	<u>11,540</u>

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

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 Papworth Trust. Details are as follows

Interest rate	First capital repayment due	Final repayment due	£'000
Fixed 7.02%	May 2005	November 2024	395
Fixed 7.09%	September 2004	September 2024	1,122
Fixed 5.64%	March 2009	March 2019	1,087
Fixed 6.01%	July 2008	July 2024	788
Fixed 6.65%		July 2026	400
Fixed 6.04%	August 2008	August 2023	1,100
Fixed 5.61%	July 2006	September 2021	1,005
Fixed 4.24%		February 2027	1,000
Fixed 6.05%		March 2028	976
Fixed 3.51%		March 2027	900
			<u>8,773</u>

Papworth Trust

NOTES TO THE ACCOUNTS

at 31 March 2012

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

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

<i>Interest rate</i>	<i>First capital repayment due</i>	<i>Final repayment due</i>	<i>£'000</i>
Fixed 4 28%	April 2019	April 2018	1,000
Fixed 3 38%	April 2019	July 2038	1,000
Fixed 3 38%	April 2019	July 2038	1,000
			<u>3,000</u>

The housing development loans fall due as follows

	<i>2012 £'000</i>	<i>2011 £'000</i>
In one year or less	235	225
Between one and two years	243	228
Between two and five years	1,325	647
In more than five years	10,527	10,440
	<u>12,330</u>	<u>11,540</u>
Less amounts due within one year	(235)	(225)
	<u>12,095</u>	<u>11,315</u>

13. OBLIGATIONS UNDER OPERATING LEASES

	<i>2012 £'000</i>	<i>2011 £'000</i>	<i>2012 £'000</i>	<i>2011 £'000</i>
	<i>Land and Buildings</i>	<i>Land and Buildings</i>	<i>Other</i>	<i>Other</i>
Operating leases which expire				
In one year or less	17	44	66	42
Between one and two years	206	9	2	-
Between two and five years	26	169	5	3
In more than five years	39	26	-	-
	<u>288</u>	<u>248</u>	<u>73</u>	<u>45</u>

Operating leases include

Premises which are leased from a related party, The Varrier Jones Foundation, in Pendrill Court provide office and workshop space for staff and clients, a café and learning centre

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>2012 £'000</i>	<i>2011 £'000</i>
At 1 April 2011	355	-
Provision in year	275	355
Utilised in year	(327)	-
	<u>303</u>	<u>355</u>
At 31 March 2012		

As at 31 March 2012 the provisions comprise expected future losses from employment contracts which have been terminated. A provision of £275,000 has been made in respect of the WorkChoice contract, which will now end in October 2012 following the serving of six months' notice

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

15. STATEMENT OF MOVEMENT OF FUNDS

Papworth Trust's Reserves Policy is set out in the Report of the Trustees on pages 6 and 7 of these accounts. Movements on funds are set out below.

	Opening Balance 1 April 11 Restated £'000	Net incoming resources £'000	Resources expended £'000	Transfers £'000	Gain/ (loss) on investments £'000	Closing Balance 31 March 12 £'000
RESTRICTED						
ENDOWMENT FUNDS	203	3	(2)	-	(1)	203
RESTRICTED CAPITAL FUNDS						
Macfarlane Grieve House conversion fund	291	-	(26)	-	-	265
West Suffolk DRC fund	126	13	(26)	-	-	113
Supported housing fund	784	62	(25)	-	-	821
Progression centres	446	-	(11)	-	-	435
Foundations for Living	1,703	-	(72)	-	-	1,631
Ipswich & East Suffolk Rehabilitation	232	-	(13)	-	-	219
Rehabilitation	262	1	(50)	-	-	213
Other	50	4	-	-	-	54
	3,894	80	(223)	-	-	3,751
RESTRICTED INCOME FUNDS						
Revenue Grants	-	1,181	(1,181)	-	-	-
Grants from Employment Service	-	4	(4)	-	-	-
Rehabilitation	13	-	-	-	-	13
Transitions	91	14	(22)	-	-	83
Other Restricted Revenue Funds	-	25	-	-	-	25
HIA Funds	20	90	(44)	-	-	66
Learning for Life and Work	15	59	(26)	-	-	48
Supported Housing	10	-	(10)	-	-	-
	149	1,373	(1,287)	-	-	235
TOTAL RESTRICTED FUNDS	4,246	1,456	(1,512)	-	(1)	4,189
UNRESTRICTED DESIGNATED FUNDS						
Disability Services fund	1,659	531	(387)	(1,417)	304	690
Property fund	10,614	-	-	1,124	-	11,738
	12,273	531	(387)	(293)	304	12,428
UNRESTRICTED GENERAL FUNDS						
Contingency fund	7,129	-	-	502	-	7,631
General fund	-	18,514	(18,305)	(209)	-	-
	7,129	18,514	(18,305)	293	-	7,631
TOTAL UNRESTRICTED FUNDS	19,402	19,045	(18,692)	-	304	20,059
TOTAL FUNDS	23,648	20,501	(20,204)	-	303	24,248

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NOTES TO THE ACCOUNTS at 31 March 2012

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 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 Papworth 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

	2012 £'000	2011 £'000
At 1 April 2011	1,659	2,168
<i>Incoming resources</i>		
Dividends and interest	-	6
Unrealised profit on investments	304	643
Gain on sale of tangible fixed assets	531	30
	835	679
Revenue expenditure	(387)	(987)
Transfer from Property fund – investment in tangible fixed assets	(1,124)	629
Transfer to contingency fund	502	(781)
Transfers (to)/from other reserves	(795)	(49)
At 31 March 2012	690	1,659

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2012

	Unrestricted (general) funds £'000	Unrestricted (designated) funds £'000	Restricted revenue funds £'000	Restricted capital funds £'000	Restricted endowment funds £'000	Total £'000
Fund balances at 31 March 2012 are represented by						
Tangible fixed assets	-	25,902	-	3,751	-	29,653
Investments	7,631	(17)	235	-	203	8,052
Current assets	-	3,188	-	-	-	3,188
Current liabilities	-	(3,673)	-	-	-	(3,673)
Long-term liabilities	-	(12,669)	-	-	-	(12,669)
Provisions	-	(303)	-	-	-	(303)
	7,631	12,428	235	3,751	203	24,248
Unrealised gains included above	-	1,106	-	-	51	1,157

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS – 2012 (Continued)

Reconciliations of movements in unrealised gains on investments

Unrealised gains at 31 March 2011	-	802	-	-	52	854
Add revaluations during the year	-	304	-	-	(1)	303
Unrealised gains at 31 March 2012	-	1,106	-	-	51	1,157

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.

19. PENSION COMMITMENTS

Papworth Trust operates both a defined benefit and a defined contribution pension scheme for its employees. Papworth Trust also contributes to The NHS Pension Fund for former NHS staff that transferred to Papworth Trust's employment under TUPE. The assets of Papworth Trust's schemes are held separately from those of Papworth Trust in independently administered funds. The unpaid contributions outstanding at the year end, included in "other creditors" (note 11) are £64,000 (2011 £77,000). Contributions to the group personal pension scheme in the year were £22,713 (2011 £6,000), to the NHS Pension fund £86,913 (2011 £125,000) and to the defined benefit scheme, £250,929 (2011 £300,000).

Defined benefit scheme

- 1 The Papworth Trust participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.
- 2 It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
- 3 The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

Papworth Trust

NOTES TO THE ACCOUNTS

at 31 March 2012

- 4 The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.
- 5 The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.
- 6 The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

20. RELATED PARTIES

During the year the Trust purchased service in the normal course of business from The Varrier-Jones Foundation, an organisation with common trustees, for £158,700 (2011 £132,000). The Trust made sales to the Varrier-Jones Foundation of £98,700 (2011 £39,000).

At the balance sheet date the amount due from the Varrier-Jones Foundation was £Nil (2011 £Nil). At the balance sheet date the amount due to The Varrier-Jones Foundation was £Nil (2011 £Nil).

The Varrier-Jones Foundation is committed to providing funding for Papworth Trust on an on-going basis. In the year ended 31 March 2012 The Varrier-Jones Foundation contributed £1,105,000 (2011 £1,000,000).

The Varrier-Jones Foundation has agreed to formally underwrite specific future losses of up to £4.2 million incurred by Papworth Trust in relation to a certain employment contract should they arise.

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 (2011 £Nil). Amounts paid to Trustees in reimbursement of travelling expenses were £2,567 (2011 £1,523).

22. CAPITAL COMMITMENTS

Amounts contracted but not provided in the accounts amounted to £106,335 with grants of £Nil receivable against them (2011 respectively £3,218,000 and £1,222,000). Amounts authorised by the Trustees but not contracted for were £655,000 with grants of £Nil receivable against them (2011 respectively £1,999,000 and £608,000).

23. TRUST STATUS

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. Papworth Trust is governed by a Memorandum and Articles of Association, copies of which are available on request.

Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2012

24. PRIOR YEAR ADJUSTMENT

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms that housing properties always comprise several components

Papworth Trust has determined that its properties include major components as set out in the accounting policies notes on Pages 16 and 17 SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciation purposes

The effect of this change in accounting policy is to decrease the surplus for the year ended 31 March 2011 by £87,000

The cumulative effect on the Trust's reserves is £456,000

	Cumulative prior year adjustments to 31 March 2010 £'000	Prior year adjustment 2010/11 £'000	Cumulative prior year adjustments to 31 March 2011 £'000
Income and expenditure account			
Operating costs - depreciation charge	2,045	260	2,305
Capitalised expenditure written off	(2,414)	(347)	(2,761)
Impact on operating surplus	(369)	(87)	(456)
Balance Sheet			
Housing Properties cost net of grant			
At 31 March as previously stated	24,735		27,177
Capitalised expenditure written off	(2,414)	(347)	(2,761)
At 31 March as restated	22,321		24,416
Housing Properties depreciation			
At 31 March as previously stated	(3,435)		(4,443)
On capitalised expenditure written off	501	61	562
Reduced depreciation charge	1,544	199	1,743
At 31 March as restated	(1,390)		(2,138)
Unrestricted Reserves			
At 31 March as previously stated	18,957		19,858
Impact on operating surplus	(369)	(87)	(456)
Revenue reserves at 31 March as restated	18,588		19,402

Papworth Trust

PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

PATRON

Her Royal Highness The Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A M Barnes	Mr N H M Chancellor	Lady S Marshall
Mrs M E Thomas CBE	Mr G R W Wright	Mr A Bridgewater
Mr A Dasgupta MBE		

CHAIRMAN OF THE TRUSTEES

Mr A H Duberly, CBE • □

VICE-CHAIRMAN OF THE TRUSTEES

Mr R Hammond □

HON. TREASURER

Mr R Norton • ☆

OTHER TRUSTEES

Mrs J P B G Pearson □
Mrs J A Millns * ☆
Mrs J Womack • +
Mrs A Scott *
Mr N J Atkinson * ☆ ~
Mr A R Thompson MBE • + ~
Mr P Agar ~
Mr A Dixon ~
Mr R O'Shaughnessy *
Ms D Sorkin □
Mr R Upadhyaya (appointed May 2012) □

TRUSTEE USER REPRESENTATIVES

Miss A Copping
Mr P Johnson
Miss L White

LEADERSHIP TEAM

Mr A Bagg	Chief Executive Officer
Mr T Coleman	Director of Human Resources
Ms M Davies	Director of Fundraising
Mr M Lester	Director of Operations (Work and Learning)
Mr P McCay	Director of Operations (Independent Living)
Mr D Martin	Director of Strategy and Marketing
Mr A Osborne	Director of Finance and Central Services

The names of honorary personnel and senior management are as at September 2012

Papworth 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 Papworth Trust.

The register of members is maintained at the registered office

- Member of the Finance Committee
- Member of the Independent Living Committee
- * Member of the Work and Learning Committee
- ☆ Member of the Governance Committee
- ~ Member of the Marketing and Fundraising Committee
- + Member of the Investment Committee

(continued over)

Papworth Trust

PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

COMPANY SECRETARY

Mr A E Osborne

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Russell Funds Management
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London
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SOLICITORS

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BANKERS

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Vision Park
Histon
Cambridge
CB4 9DE

Royal Bank of Scotland plc
Housing Finance
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London
EC2M 4RB

PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
Verity House
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LS11 5BQ

The Defined Contribution Scheme

IFG Life and Pensions Limited
Trinity House
Anderson Road
Swavesey
Cambridgeshire
CB24 4UQ