

Annual Report & Accounts 2008

April 2007 to March 2008



TRUST STATUS:

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

The Papworth Trust
Report and Accounts
31 March 2008

CONTENTS

	PAGE
Report of the Board of Trustees	2 - 11
Statement of Trustees' responsibilities in respect of the financial statements and the NHF Code of Governance	12 - 13
Independent Auditors' Report	14 - 15
Accounting policies	16 - 18
Statement of financial activities	19
Summary income and expenditure account	20
Note of historical cost gains and losses	20
Balance sheet	21 - 22
Cash flow statement	23 - 24
Notes to the accounts	25 - 44
Honorary personnel, trustees and senior managers	45
Principal advisers and general Trust information	46

*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 2008.

OBJECTIVES AND ACTIVITIES

Aims

Papworth Trust's Mission is

“for disabled people to have equality, choice and independence”

Long Term Objectives

Papworth Trust'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 services cover the areas of Employment, Vocational Rehabilitation, Learning for Life and Work, Housing and the Built Environment, Personal Support and Empowerment.

Employment

Papworth Employment Programmes help people move into part-time or full-time work. The level of support varies according to the needs of an individual, but can include work preparation, job tasters, job search and CV preparation, support at interview and support once people are in work. Our employment advisers can also help with benefits, equipment and adaptations in the workplace.

Vocational Rehabilitation

The Papworth Rehabilitation programme provides medical, vocational and life skills support to people who have acquired a disability as a result of an accident or illness.

The service can provide intensive and holistic support to people who may have been through a traumatic experience, often including becoming unemployed, financial issues, family and relationship issues.

Learning for Life and Work

This involves increasing an individual's opportunity to learn so that they are able to

- achieve ambitions and realise their potential
- improve their choice and independence
- increase options to obtain and retain rewarding employment
- develop personally and socially.

Housing and the Built Environment

Papworth Trust builds and manages independent and scheme-based supported housing that is fully wheelchair accessible as well as managing some general needs housing. In addition to bricks and mortar provision, Independent Living Advisers help people adjust to living in their own homes, often for the first time, and to deal with rent, benefits and accessing community facilities.

Papworth's Housing Advice Services (PHAS) provides specialist housing advice covering adaptations and helping people to move to more suitable accommodation where necessary. The service also provides an access audit service.

Personal Support

Personal Support comprises services that facilitate equality, choice and independence for disabled people in their daily living, for example washing, dressing, eating, shopping, assistance to access services and support with communication. These services enable an individual to live and participate in the community and to live independently.

Empowerment

Empowerment is about disabled people having greater equality, choice and independence in their everyday lives and having a bigger voice, increasing influence inside the organisation and in society.

The Papworth Trust has more than 12,000 service users. Our goal is for each of those people to be sufficiently empowered to have their say about what the Trust does, and how it does it, as the organisation involves service users at every stage of development and future planning. That might be as a member of the User Council or through a message board on the website – whatever way services users prefer to interact.

Well-informed service users are more empowered. The Trust intends to do more to make information advice and guidance more widely available to its users and also look to fill any gaps that exist.

ACHIEVEMENTS AND PERFORMANCE

Employment Services

Overall the number of people obtaining or retaining work through Papworth Trust's employment services was 607 compared with 618 last year. During the year there were enquires from 542 other people, all of whom received some service or were signposted to other services.

Vocational Rehabilitation

During the year 39 people were referred to the programme. This was the first time that this had been measured, but the number is expected to grow as the service expands.

REPORT OF THE BOARD OF TRUSTEES

Learning for Life and Work

2,607 people attended our Learning Centres (previously known as Progression Centres) during the year (2007: 288). Many of these were people attending courses at the Saxongate Community Learning Centre in Huntingdon.

Housing

The number of homes provided by Papworth Trust decreased from 582 in 2007 to 581 at 31 March 2008. The number of supported homes has stayed the same, but we have sold one of our General Needs properties which became vacant during the year. Since the year end we have completed construction of a further eight homes which we expected to complete in the financial year.

Papworth Home Solutions (previously known as Papworth Housing Advice Service) provided advice and other services to 2,247 people (2007: 1,200) during the year.

Personal Support

At 31 March 2008 134 people were using our Personal Support services.

Advice

The West Suffolk Disability Resource Centre received 6,654 visitors (2007: 7,244) during the year, and received 1,210 (2007: 1,190) general enquiries relating to disabilities and disability issues.

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">• Complete our Strategy Review and draw up our Business Plan	The new Strategy was approved by the Board of Trustees in July 2007 and the Business Plan was approved by the Board of Trustees in November 2007.
<ul style="list-style-type: none">• Complete our Governance Review and implement any changes needed	Our new Board manual was approved by the Board of Trustees in September 2007 and issued to all Trustees, Trustee User Representatives and Executives.
<ul style="list-style-type: none">• Implement our Strategy once it is completed	We were able to start implementation of many actions set out in the Strategy ahead of schedule.
<ul style="list-style-type: none">• Maintain our finances within our budget for the year.	Our financial surplus for the year before impairment write-downs was better than budget.

REPORT OF THE BOARD OF TRUSTEES

OBJECTIVES FOR THE COMING YEAR

Our plans for the coming year are to:

- Implement the Bedfordshire and Suffolk Personal Support contracts
- Implement the Pathways contract in Cambridgeshire and Suffolk
- Complete the expansion of the Vocational Rehabilitation service in Papworth Everard
- Launch our Inclusive Design consultancy
- Research and launch a Disability Advisory service across all of our centres.

FINANCIAL REVIEW

Income and Expenditure

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

	Income £'000	Expenditure (inc grants) £'000	2008 Surplus/ (deficit) £'000	2007 Surplus/ (deficit) £'000
Employment	2,476	2,114	362	351
Rehabilitation	360	477	(117)	(146)
Learning for Life and Work	1,424	1,629	(205)	(241)
Housing	3,156	3,676	(520)	(180)
Personal Support	495	512	(17)	(107)
Care Home (Discontinued)	-	131	(131)	(35)
Empowerment	134	173	(39)	(36)
Research	25	92	(67)	(78)
	<u>8,070</u>	<u>8,804</u>	<u>(734)</u>	<u>(472)</u>
Strategic and Governance costs	-	499	(499)	(524)
Fundraising and publicity	1,412	430	982	949
Investment	252	31	221	183
Other activities	-	38	(38)	(11)
Net operating surplus for the year before sales of fixed assets	<u>9,734</u>	<u>9,802</u>	<u>(68)</u>	<u>125</u>
Gain on sale of fixed assets			<u>151</u>	<u>-</u>
Net operating surplus for the year			<u>83</u>	<u>125</u>

The net operating surplus for the year was £83,000 compared to £125,000 in the previous financial year. This was after charging £428,500 in impairment charges on fixed assets. We have written down values of properties where our use of the asset has changed and this has had an effect on the Balance Sheet value of the asset.

REPORT OF THE BOARD OF TRUSTEES

Appeals Income

Appeals income has increased from £1,283,000 last year to £1,413,000.

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

Alan W Barrell	Mills & Reeve
Alchemy Foundation	Price Bailey LLP
Audrey Martin Will Trust	Suffolk Life Charitable Foundation
Greene King Plc	Taylor Vinters
Haymills Charitable Trust	The Hasluck Charitable Trust
Hill Partnerships Limited	The John Ellerman Foundation
Maxine Lester Residential Lettings	The Varrier Jones Foundation

We have also been grateful to receive generous donations from anonymous donors, and would like to thank the many people who have given up their time to raise money through sponsored events.

Investment Income

Investment income was £252,000 compared to £214,000 last year. Cash flow has been stronger during the year and we have benefited from bank interest when surplus funds were placed on deposit.

Balance Sheet

Fixed assets were £31.2 million compared to £31.6 million last year. The market value of our investments has fallen by £0.5 million during the year.

We have reduced our long term borrowing from £9.9 million to £9.7 million, so that fixed assets remain more than 3 times long term borrowing.

Current assets (£4.1 million) are more than 1.5 times current liabilities (£2.6 million).

The Papworth Trust

REPORT OF THE BOARD OF TRUSTEES

Reserves Policy

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

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

The 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 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 three 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, and are set out in Note 15 to these accounts. The current allocation of reserves is summarised as follows.

	2008 £'000	2007 £'000
Set aside for purposes specified by the donors (Endowment and Restricted Funds)	4,615	4,380
Set aside for purposes specified by the Trustees (Disability Services Fund)	4,460	4,371
Already invested in property and equipment for our charitable activities (Property Fund)	10,162	10,314
Held as a contingency (Contingency Fund)	3,763	4,439
Free reserves (General Funds)	0	0
<u>Total</u>	<u>23,000</u>	<u>23,504</u>

REPORT OF THE BOARD OF TRUSTEES

Investment Policy

Investments are managed with full discretion by Papworth Trust'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 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.

Trustees are elected at a General Meeting, and one third of the Trustees retire each year. They may stand for re-election by the Members. At the Annual General Meeting on 18 September 2008 the Trustees retiring are Ashish Dasgupta, Joe Pajak and Elspeth Thomas. All will stand for re-election at the Annual General Meeting. They are eligible to do so within Papworth's rules.

Trustees can also co-opt additional Trustees to the Board, who must subsequently be elected by Members at the General Meeting. Angela Scott has been co-opted by the Board during the year and stands for formal election by the members at the Annual General Meeting.

Linda Hoggarth retired from the Board during the year. The Trustees thank her for her work as a Trustee, particularly her work in supporting the development of the Progression service.

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).

REPORT OF THE BOARD OF TRUSTEES

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 July 2008 and revealed no conflicts of interest.

Trustees Liabilities

The Trust has indemnified one or more of the Trustees of the Papworth Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. 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's assets and reputation. This approach includes the regular evaluation of the nature and extent of risks to which Papworth is exposed and is consistent with the principles incorporated in the Housing Corporation's circular R2-25/01: internal controls assurance.

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. Papworth 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.

Committees

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

Finance Committee

The Finance Committee is a sub-committee of the Board of Trustees, and reports directly to the Board. The Finance Committee's overall responsibility is to manage risk and oversee the control of risks. The Finance Committee reviews the major risks, and assesses the effectiveness of controls 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

REPORT OF THE BOARD OF TRUSTEES

Committee submits minutes of its meetings to the Board of Trustees for approval. These minutes have been received and noted by 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, The Leadership Team report on actions being taken to correct performance, and these reports are also considered and approved by the Trustees.

Papworth'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.

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 21% 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 use our intranet site to share information with staff, and we held an annual Staff Conference this year for the first time to update staff on strategy and other major developments.

USER INVOLVEMENT

During the year the two Trustee User Representatives have attended all meetings of the Board of Trustees and spoken on all matters affecting our clients and disabled people; they have also have taken part in the recruitment of key staff, which has expanded to people using our services being involved in the recruitment of new staff in the service they directly access. In April we contacted our service users regarding a re-launch of the User Council and we have over 60 people wishing to be involved in the organisation from across the Eastern region. In the coming year they will be involved in setting up the User Council and will be key in helping us to develop further models of involvement.

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

The Papworth Trust

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.

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

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 2008 which comprise the principal accounting policies, the statement of financial activities, the summary income and expenditure accounts, the note of historical 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 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 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 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we 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 directors' remuneration and other transactions is not disclosed.

We read other information contained in 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 judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

The Papworth Trust

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 company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, Schedule 1 of the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006, and
- the information given in the Trustees' Report is consistent with the financial statements.

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

Cambridge

The Papworth Trust

ACCOUNTING POLICIES for the year ended 31 March 2008

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 (2008) and for Charities (2005). 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	5-10 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.

ACCOUNTING POLICIES
for the year ended 31 March 2008

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. 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.

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

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.

ACCOUNTING POLICIES for the year ended 31 March 2008

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.

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.

Strategic and Governance costs

Strategic and Governance costs of the Trust 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 2008

	Notes	UNRESTRICTED		RESTRICTED		Total 2008 £'000	Total 2007 £'000
		<i>General funds £'000</i>	<i>Designated funds £'000</i>	<i>General funds £'000</i>	<i>Endowment funds £'000</i>		
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations and gifts		813	-	599	-	1,412	1,283
Investment income	4	37	207	-	8	252	214
Income from primary purpose charitable activities	1/2	6,486	-	-	-	6,486	5,862
Grants receivable	1/2	-	-	1,584	-	1,584	1,597
Gain on sale of fixed assets		-	151	-	-	151	-
TOTAL INCOMING RESOURCES		7,336	358	2,183	8	9,885	8,956
RESOURCES EXPENDED							
Costs of generating funds:							
Fund raising and publicity		430	-	-	-	430	334
Investment management costs	1/2	31	-	-	-	31	31
Charitable activities							
Operating costs of primary purpose charitable activities	1/2	4,166	885	1,948	3	7,002	6,171
Support costs of primary purpose charitable activities	1/2	1,049	118	-	-	1,167	1,132
Interest payable	1/5	635	-	-	-	635	626
Strategic and Governance costs	1/2	499	-	-	-	499	526
Operating costs of other activities		38	-	-	-	38	11
TOTAL RESOURCES EXPENDED		6,848	1,003	1,948	3	9,802	8,831
NET INCOMING/ (OUTGOING) RESOURCES							
BEFORE TRANSFERS		488	(645)	235	5	83	125
Transfers between funds	15	(1,164)	1,164	-	-	-	-
NET INCOMING/ (OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	6	(676)	519	235	5	83	125
Other recognised gains and losses:							
Gains on investments:							
Realised		-	(54)	-	-	(54)	(23)
Unrealised		-	(528)	-	(5)	(533)	525
NET MOVEMENT IN FUNDS		(676)	(63)	235		(504)	627
Fund balances at 1 April 2007		4,439	14,685	4,179	201	23,504	22,877
Fund balances at 31 March 2008		3,763	14,622	4,414	201	23,000	23,504

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 2008

	<i>Notes</i>	<i>2008</i> £'000	<i>2007</i> £'000
OPERATIONS			
Gross income:			
Continuing operations		9,734	8,956
Discontinued operations		-	-
		<u>9,734</u>	<u>8,956</u>
Total expenditure:			
Continuing operations		9,671	8,796
Discontinued operations		131	35
		<u>9,802</u>	<u>8,831</u>
NET INCOME/ (DEFICIT) BEFORE ASSET DISPOSALS			
Continuing operations		63	160
Discontinued operations		(131)	(35)
		<u>(68)</u>	<u>125</u>
Gains on sale of tangible fixed assets		151	-
		<u>83</u>	<u>125</u>
NET INCOME FOR THE YEAR	1/6	<u><u>83</u></u>	<u><u>125</u></u>

NOTE OF HISTORICAL COST GAINS AND LOSSES

	<i>2008</i> £'000	<i>2007</i> £'000
Reported net income for the year	83	125
Difference between gains and losses on sale of investments on historical cost basis and market basis	1,152	538
	<u>1,235</u>	<u>663</u>
Historical cost surplus for the year	<u><u>1,235</u></u>	<u><u>663</u></u>

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

The Papworth Trust

BALANCE SHEET at 31 March 2008

	<i>Notes</i>	<i>2008</i> £'000	<i>2007</i> £'000
FIXED ASSETS			
Tangible assets			
Freehold housing properties		36,219	35,354
Less: Social Housing Grants		(18,386)	(17,841)
		<hr/>	<hr/>
	7	17,833	17,513
Other property, plant and equipment	7	6,584	6,854
		<hr/>	<hr/>
		24,417	24,367
Investments	8	6,515	6,979
Endowment fund assets	9	201	201
		<hr/>	<hr/>
		31,133	31,547
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors due within one year	10	3,060	1,547
Debtors due after more than one year	10	170	1,745
Cash at bank and in hand		958	428
		<hr/>	<hr/>
		4,188	3,720
CREDITORS:			
amounts falling due within one year	11	(2,581)	(1,847)
		<hr/>	<hr/>
NET CURRENT ASSETS			
		1,607	1,873
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		32,740	33,420
CREDITORS:			
amounts falling due after more than one year	12	(9,710)	(9,879)
PROVISIONS FOR LIABILITIES AND CHARGES			
	14	(30)	(37)
		<hr/>	<hr/>
		23,000	23,504
		<hr/> <hr/>	<hr/> <hr/>

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

The Papworth Trust

BALANCE SHEET (CONTINUED) at 31 March 2008

	<i>Notes</i>	<i>2008 £'000</i>	<i>2007 £'000</i>
RESTRICTED FUNDS			
ENDOWMENT FUNDS	15	201	201
GENERAL FUNDS			
Capital funds	15	4,378	4,108
Income funds	15	36	71
		<u>4,414</u>	<u>4,179</u>
UNRESTRICTED FUNDS			
DESIGNATED FUNDS	15	14,622	14,685
GENERAL FUNDS			
Contingency fund	15	3,763	4,439
		<u>3,763</u>	<u>4,439</u>
TOTAL FUNDS	15	<u>23,000</u>	<u>23,504</u>

The financial statements were approved by the Board of Trustees on 21 July 2008 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 2008

	<i>Notes</i>	<i>2008</i> £'000	<i>2007</i> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	1,677	418
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Dividends and interest received		252	214
Interest paid		(635)	(626)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(383)	(412)
APPEAL INCOME FOR CAPITAL PROJECTS		599	486
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Construction and improvement of housing properties		(1,662)	(3,794)
Capital grants received in respect of housing properties		545	822
Acquisition of other tangible fixed assets		(475)	(1,223)
Receipts from disposal of tangible fixed assets		9	4
Proceeds of sale of land and property		199	16
Acquisition of fixed asset investments		(4,671)	(864)
Proceeds of sale of fixed asset investments		4,296	2,451
NET CASH OUTFLOW ON CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,759)	(2,588)
NET CASH INFLOW/ (OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES		134	(2,096)
FINANCING			
Drawings under housing loan	C	-	1,000
Repayment of housing loans	C	(106)	(110)
Repayment on loan received		250	200
Repayments on short term loan		-	(1)
NET INFLOW FROM FINANCING ACTIVITIES		144	1,089
INCREASE / (DECREASE) IN CASH	B	278	(1,007)

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 2008

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

	2008 £'000	2007 £'000
Net incoming resources	83	125
Gain on sale of land and other tangible fixed assets	(151)	-
Dividends and interest receivable	(252)	(214)
Interest payable	635	626
Appeal income for restricted purposes	(599)	(486)
Depreciation charges	1,516	870
Increase in debtors	(188)	(385)
Increase / (Decrease) in creditors	633	(118)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,677	418

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

	2008 £'000	<i>Change in year</i> 2008 £'000	2007 £'000	<i>Change in year</i> 2007 £'000	2006 £'000
Cash at bank and in hand	958	530	428	(322)	750
Disability Services Fund	176	(256)	432	(690)	1,122
Endowment Fund (Note 9)	140	4	136	5	131
	1,274	278	996	(1,007)	2,003

C. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Housing loans £'000	Other loans £'000	Total £'000
At 1 April 2007	9,394	574	9,968
Drawings under housing loan	-	-	-
Repayment of housing loan	(106)	-	(106)
At 31 March 2008	9,288	574	9,862
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	9,394	574	9,968

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

1. INCOME AND EXPENDITURE ON OPERATIONS BEFORE INVESTMENT ASSET DISPOSALS - 2008

	<i>Income</i>	<i>Grants</i>	<i>Cost of Sales</i>	<i>Support Costs</i>	<i>Total Cost</i>	<i>Interest Payable</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
			(Note 2)	(Note 2)				
Employment Services	1,366	1,110	(1,658)	(456)	(2,114)	-	362	351
Rehabilitation Services	360	-	(400)	(77)	(477)	-	(117)	(146)
Learning for Life & Work	1,314	110	(1,427)	(202)	(1,629)	-	(205)	(241)
Housing Services	2,792	364	(2,667)	(374)	(3,041)	(635)	(520)	(180)
Personal Support	495	-	(481)	(31)	(512)	-	(17)	(107)
Care Home - Discontinued	-	-	(131)	-	(131)	-	(131)	(35)
Advice Services	134	-	(146)	(27)	(173)	-	(39)	(36)
Research	25	-	(92)	-	(92)	-	(67)	(78)
Sub Total - charitable Activities	6,486	1,584	(7,002)	(1,167)	(8,169)	(635)	(734)	(472)
Fundraising and Publicity	-	-	(402)	(28)	(430)	-	(430)	(334)
Investment Management Fees	-	-	(23)	(8)	(31)	-	(31)	(31)
Sub Total - Generating Funds	-	-	(425)	(36)	(461)	-	(461)	(365)
Strategic and Governance costs	-	-	(499)	-	(499)	-	(499)	(524)
Other activities	-	-	(38)	-	(38)	-	(38)	(11)
Totals	6,486	1,584	(7,964)	(1,203)	(9,167)	(635)	(1,732)	(1,372)
Donation and Gifts							1,412	1,283
Investment Income							252	214
Gain on sale of Fixed Assets							151	-
Net Surplus For The Year Before Investment Asset Disposals							83	125

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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

	2008	2007
	£'000	£'000
WORKSTEP grant	1,044	975
Revenue grants	364	389
European Social Fund grants	176	233
	<u>1,584</u>	<u>1,597</u>

Particulars of income and expenditure from lettings

	2008	2007
	£'000	£'000
INCOME		
Rents receivable	2,169	1,996
Service charges receivable	654	521
	<u>2,823</u>	<u>2,517</u>
Gross rents receivable	2,823	2,517
Less: rent losses from voids	(111)	(100)
	<u>2,712</u>	<u>2,417</u>
Net rents receivable	2,712	2,417
Revenue grants from the Housing Corporation	55	78
Other revenue from Local Authorities	279	290
Housing Advisory Services	110	127
	<u>3,156</u>	<u>2,912</u>
EXPENDITURE		
Expenditure on letting activities:		
Services	688	715
Management	289	278
Routine maintenance	524	503
Major repairs (revenue element)	16	74
Depreciation	907	411
Other costs	-	-
Housing Advisory Services	617	484
	<u>3,041</u>	<u>2,465</u>
Total expenditure on lettings	3,041	2,465
	<u>115</u>	<u>447</u>
OPERATING SURPLUS ON LETTING ACTIVITIES	115	447
	<u>115</u>	<u>447</u>
Units in management:	<i>No.</i>	<i>No.</i>
General housing	190	191
Supported housing	391	391
	<u>581</u>	<u>582</u>

NOTES TO THE ACCOUNTS
at 31 March 2008

**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:

	<i>2008</i>	<i>2007</i>	<i>%</i>
	<i>£</i>	<i>£</i>	<i>Increase</i>
Average weekly assured tenancy rentals, including service charge eligible for housing benefit, in respect of general needs and supported housing			
Rents	77.83	74.94	3.86
Service charges	22.85	20.43	11.85
Total	<u>100.68</u>	<u>95.37</u>	10.55

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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

Analysis of total resources expended

	<i>Staff costs £'000</i>	<i>Other costs £'000</i>	<i>Depre- ciation £'000</i>	<i>2008 Total £'000</i>	<i>2007 Total £'000</i>
Costs of generating funds:					
Fund raising and publicity	276	124	2	402	310
Investment management costs	-	23	-	23	31
Total costs of generating funds	<u>276</u>	<u>147</u>	<u>2</u>	<u>425</u>	<u>341</u>
Charitable activities:					
Employment services	820	827	11	1,658	1,662
Rehabilitation services	215	180	5	400	276
Learning for Life and Work	610	582	235	1,427	1,423
Housing services	588	1,172	907	2,667	2,060
Personal Support	352	127	2	481	494
Care Home Discontinued services	-	-	131	131	35
Advice services	38	85	23	146	143
Other support costs of charitable activities	895	109	199	1,203	1,176
Research	43	49	-	92	78
Interest payable	-	635	-	635	626
Total primary purpose activities	<u>3,561</u>	<u>3,766</u>	<u>1,513</u>	<u>8,840</u>	<u>7,973</u>
Strategic and Governance costs	327	171	1	499	506
Other activities	-	38	-	38	11
TOTAL RESOURCES EXPENDED	<u><u>4,164</u></u>	<u><u>4,122</u></u>	<u><u>1,516</u></u>	<u><u>9,802</u></u>	<u><u>8,831</u></u>

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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>2008 Total No.</i>	<i>2007 Total No.</i>
Supported placements	-	8	8	15
Employment	27	1	28	31
Rehabilitation	6	2	8	7
Learning for Life and Work	35	-	35	37
Housing Support & Management	28	-	28	30
Personal Support	22	1	23	23
Advice	2	-	2	2
Central services	30	11	41	42
	<u>150</u>	<u>23</u>	<u>173</u>	<u>187</u>
2008	150	23	173	187
2007	<u>131</u>	<u>56</u>	<u>187</u>	

The number of persons employed at the year end was:

Full time	141	20	161	134
Part time	<u>38</u>	<u>9</u>	<u>47</u>	<u>42</u>
	<u>179</u>	<u>29</u>	<u>208</u>	<u>176</u>

Staff costs comprise:

	<i>2008 £'000</i>	<i>2007 £'000</i>
Wages and salaries	3,570	3,640
Social security costs	290	293
Other pension costs (Note 19)	304	242
	<u>4,164</u>	<u>4,175</u>

4. INVESTMENT INCOME

	<i>2008 £'000</i>	<i>2007 £'000</i>
Interest receivable from bank and other deposits	38	10
Income from listed investments	214	204
	<u>252</u>	<u>214</u>

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than five years	635	626

6. NET INCOME FOR THE YEAR

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

	2008 £'000	2007 £'000
Depreciation: Tangible owned fixed assets	1,516	870
Auditors' remuneration: In capacity as auditors	20	20
In respect of other services		-
Operating leases: Land and buildings	47	47
Property and equipment	10	10
Gain on disposal of housing properties	151	-

(b) Emoluments of the Leadership Team comprise:

	2008 £000	2007 £000
Emoluments	450	441

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

	2008 £000	2007 £000
Emoluments		
The current Chief Executive	100	56
The previous Chief Executive	-	45
Trust contributions paid to defined benefits schemes		
The current Chief Executive	14	7

Other staff paid in excess of £60,000 during the year ended 31 March 2008 were as follows:

£60,000 – £69,999	1	-
-------------------	---	---

(c) Indemnity insurance

£7,000 (2007: £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.

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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 2007 £'000</i>	<i>Additions £'000</i>	<i>Disposals £'000</i>	<i>Transfer £'000</i>	<i>Charge for year £'000</i>	<i>At 31 March 2008 £'000</i>
Gross cost	37,143	1,677	(44)	(3)	-	38,773
Depreciation	(1,789)	-	12	3	(780)	(2,554)
Net depreciated cost	<u>35,354</u>	<u>1,677</u>	<u>(32)</u>	<u>-</u>	<u>(780)</u>	<u>36,219</u>
Social housing grant	(17,299)	(487)	-	-	-	(17,786)
Disability facility grant	(25)	-	-	-	-	(25)
Other housing grants	(517)	(58)	-	-	-	(575)
Total grants	<u>(17,841)</u>	<u>(545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,386)</u>
Net book value	<u>17,513</u>	<u>1,132</u>	<u>(32)</u>	<u>-</u>	<u>(780)</u>	<u>17,833</u>

Included in gross cost at 31 March 2008 are building projects under construction totalling £1,816,000 (2007: £252,000) against which Social Housing Grant of £422,000 (2007: £ Nil) has been received.

During the year expenditure capitalised in respect of existing properties amounted to £274,000 (2007 - £374,000).

Included within the depreciation charge for this year is an impairment of assets totalling £260,000 (2007 £Nil).

Included in the gross costs at 31 March 2008 are shared ownership schemes totalling £286,373 (2007 £Nil).

NOTES TO THE ACCOUNTS
at 31 March 2008

7. TANGIBLE FIXED ASSETS (Continued)

Other property, plant and equipment:

	<i>Short leasehold improvements</i>	<i>Other freehold land & buildings</i>	<i>Plant & machinery</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
COST				
At 1 April 2007	323	6,961	3,265	10,549
Additions	-	256	219	475
Disposals	-	-	(122)	(122)
Transfers	-	3	-	3
At 31 March 2008	323	7,220	3,362	10,905
DEPRECIATION				
At 1 April 2007	110	1,783	1,802	3,695
Charge for the year	18	311	407	736
Disposals	-	-	(113)	(113)
Transfers	-	3	-	3
At 31 March 2008	128	2,097	2,096	4,321
Net book value: At 31 March 2008	195	5,123	1,266	6,584
At 1 April 2007	213	5,178	1,463	6,854

Included within the depreciation charge for this year is an impairment of assets totalling £126,000 (2007 £Nil).

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

8. FIXED ASSETS INVESTMENTS

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

	2008 £'000	2007 £'000
MARKET VALUE		
INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE		
Other share holdings (Cost £6,044 – 2007 £4,572,000)	6,339	6,547
UNINVESTED CASH		
Instant access deposits (£5,000 2007: £8,000 restricted)	176	432
	<u>6,515</u>	<u>6,979</u>

MOVEMENT IN YEAR – INVESTMENTS LISTED ON THE LONDON STOCK EXCHANGE

At 1 April 2007	6,547	7,637
Additions	4,671	864
Disposals	(4,353)	(2,476)
Revaluation to market value	(526)	522
	<u>6,339</u>	<u>6,547</u>
At 31 March 2008	<u>6,339</u>	<u>6,547</u>

9. ENDOWMENT FUND ASSETS

	2008 £'000	2007 £'000
ASSETS		
COIF Investment Fund units at market value (Cost £6,000 - 2007: £6,000)	61	65
Cash deposits	140	136
	<u>201</u>	<u>201</u>

	<i>Capital</i> £'000	<i>Income</i> £'000	<i>Total</i> £'000
MOVEMENT IN YEAR			
At 1 April 2007	86	115	201
Investment income and interest for year	-	8	8
Maintenance expenditure	-	(3)	(3)
Revaluation to market value	(5)	-	(5)
	<u>81</u>	<u>120</u>	<u>201</u>
At 31 March 2008	<u>81</u>	<u>120</u>	<u>201</u>

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

10. DEBTORS

Amounts falling due within one year

	2008 £'000	2007 £'000
Trade debtors	1,003	773
Other debtors	7	6
Other prepayments and accrued income	377	518
Amount due from sale of property	1,575	250
Amount due from Shared Ownership scheme	98	-
	<u>3,060</u>	<u>1,547</u>

Included within trade debtors are amounts relating to housing activities of £191,000 (2007: £432,000) of which £60,000 (2007: £94,000) 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. £1,575,000 was received during this year.

	2008 £'000	2007 £'000
Between 1 and 2 years	170	1,575
Between 2 and 5 years	-	170
	<u>170</u>	<u>1,745</u>

11. CREDITORS: amounts falling due within one year

	2008 £'000	2007 £'000
Housing and development loans (note 12)	152	89
Trade creditors	494	499
Other creditors	233	136
Other taxes and social security costs	224	203
Accruals	1,478	920
	<u>2,581</u>	<u>1,847</u>

Included within the above are creditors and accruals relating to housing activities amounting to £915,000 (2007: £692,000).

At 31 March 2007, the Trust had an average of 21 days (2007: 15 days) purchases outstanding in trade creditors.

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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

	2008 £'000	2007 £'000
Housing and development loans	9,288	9,394
Jobcentre Plus grants	574	574
	<hr/>	<hr/>
	9,862	9,968
Less: amounts due within one year	(152)	(89)
	<hr/>	<hr/>
Amounts due after one year	9,710	9,879
	<hr/> <hr/>	<hr/> <hr/>
<i>Housing development loans</i>		
	2008 £'000	2007 £'000
Orchardbrook Limited	576	582
National Westminster Bank plc	8,712	8,809
Other housing loans	-	3
	<hr/>	<hr/>
	9,288	9,394
	<hr/> <hr/>	<hr/> <hr/>

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:

<i>Interest rate</i>	<i>First capital repayment due</i>	<i>Final repayment due</i>	<i>£'000</i>
Fixed 6.98%	May 2005	November 2024	461
Fixed 7.10%	September 2004	September 2024	1,334
Fixed 5.60%	March 2019	March 2019	1,200
Fixed 5.97%	July 2009	July 2014	988
Fixed 6.61%	July 2010	July 2011	453
Fixed 4.91%	July 2005	July 2008	1,100
Fixed 5.97%	February 2009	February 2009	1,000
Fixed 5.57%	July 2009	July 2021	1,200
Variable	March 2027	December 2028	976
			<hr/>
			8,712
			<hr/> <hr/>

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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

The housing development loans fall due as follows:

	2008 £'000	2007 £'000
In one year or less	152	89
Between one and two years	227	153
Between two and five years	689	698
In more than five years	8,220	8,454
	<u>9,288</u>	<u>9,394</u>
Less: amounts due within one year	(152)	(89)
Amounts due after one year	<u>9,136</u>	<u>9,305</u>

13. OBLIGATIONS UNDER OPERATING LEASES

	2008 £'000	2007 £'000	2008 £'000	2007 £'000
	<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	-	-	2	-
Between two and five years	21	-	8	10
In more than five years	26	47	-	-
	<u>26</u>	<u>47</u>	<u>2</u>	<u>10</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 2011, which will be terminated at this date. A full provision has been made in this year's accounts.
- 3) Premises are leased from a related party, The Varrier Jones Foundation, in Pendrill Court to provide office and workshop space for staff and clients, a café and progression facilities.

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
At 1 April 2007	37	37
Utilised in year	(7)	–
	<hr/>	<hr/>
At 31 March 2008	30	37
	<hr/> <hr/>	<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 Papworth Trust's Reserves Policy is set out in the Report of the Trustees on page 7 of these accounts. Movements on funds are set out below.

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

	<i>Opening Balance 1 April 07 £'000</i>	<i>Net incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Transfers £'000</i>	<i>Gain/ (loss) on investments £'000</i>	<i>Closing Balance 31 March 08 £'000</i>
RESTRICTED ENDOWMENT FUNDS	201	8	(3)	-	(5)	201
RESTRICTED CAPITAL FUNDS						
Macfarlane Grieve House conversion fund	396	-	(27)	-	-	369
West Suffolk DRC fund	185	-	(20)	-	-	165
Supported housing fund	717	100	(16)	-	-	801
Progression centres	517	-	(29)	-	-	488
Foundations for Living	1,987	1	(72)	-	-	1,916
Ipswich & East Suffolk	283	-	-	-	-	283
Other	23	12	(3)	-	-	32
Rehabilitation	-	363	(39)	-	-	324
	4,108	476	(206)	-	-	4,378
RESTRICTED INCOME FUNDS						
Social Housing	-	334	(334)	-	-	-
European Social Fund	-	176	(176)	-	-	-
WORKSTEP grant	-	1,044	(1,044)	-	-	-
Saxongate	-	92	(92)	-	-	-
Rehabilitation	12	25	(1)	-	-	36
Research & Policy	59	-	(59)	-	-	-
Others	-	36	(36)	-	-	-
	71	1,707	(1,742)	-	-	36
TOTAL RESTRICTED FUNDS	4,380	2,191	(1,951)	-	(5)	4,615
UNRESTRICTED DESIGNATED FUNDS						
Disability Services fund	4,371	358	(1,003)	1,316	(582)	4,460
Property fund	10,314	-	-	(152)	-	10,162
	14,685	358	(1,003)	1,164	(582)	14,622
UNRESTRICTED GENERAL FUNDS						
Contingency fund	4,439	-	-	(676)	-	3,763
General fund	-	7,336	(6,848)	(488)	-	-
	4,439	7,336	(6,848)	(1,164)	-	3,763
TOTAL UNRESTRICTED FUNDS	19,124	7,694	(7,851)	-	(582)	18,385
TOTAL FUNDS	23,504	9,885	(9,802)	-	(587)	23,000

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

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 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:

	2008 £'000	2007 £'000
At 1 April 2007	4,371	6,046
<i>Incoming resources:</i>		
Dividends and interest	207	197
Realised loss on sale of investments	(54)	(23)
Unrealised (loss) / profit	(528)	522
Gain on sale of tangible fixed assets	151	-
	(224)	696
Revenue expenditure	(1,003)	(662)
Transfer from other reserves	1,316	(1,709)
At 31 March 2008	4,460	4,371

The Papworth Trust

NOTES TO THE ACCOUNTS at 31 March 2008

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2008

	<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 2008 are represented by:						
Tangible fixed assets	–	20,039	–	4,378	–	24,417
Investments	2,019	4,460	36	–	201	6,716
Current assets	4,188	–	–	–	–	4,188
Current liabilities	(2,429)	(152)	–	–	–	(2,581)
Long-term liabilities	–	(9,710)	–	–	–	(9,710)
Provisions	(30)	–	–	–	–	(30)
	<u>3,748</u>	<u>14,637</u>	<u>36</u>	<u>4,378</u>	<u>201</u>	<u>23,000</u>
Unrealised gains included above	-	295	-	-	55	350
	<u>-</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>350</u>

Reconciliations of movements in unrealised gains on investments

Unrealised gains at 31 March 2007	–	1,975	–	–	60	2,035
Less: disposals during the year	–	(1,152)	–	–	–	(1,152)
Add: revaluations during the year	–	(528)	–	–	(5)	(533)
Unrealised gains at 31 March 2008	-	295	-	-	55	350
	<u>-</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>350</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.

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 £49,000 (2007: £nil). Contributions to the group personal pension scheme in the year were £5,000 (2007: £5,000) and to the defined benefit scheme, £284,000 (2007: £222,000).

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 14.1%. Member contributions varied between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were 89 active members of the Scheme employed by The Papworth Trust. The Papworth Trust continues to offer membership of the Scheme to its employees.

19. PENSION COMMITMENTS (continued)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, 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 2007. 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 £1,760 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209 million, equivalent to a past service funding level of 89%. 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.

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 31 March 2007. As of this date the estimated employer debt for The Papworth Trust was £4.746 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 £17,000 (2007: £67,000). The Trust made sales to the Varrier-Jones Foundation of £21,000 (2007: £27,000). The price charged was the normal market price in the case of each individual purchase.

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 £1,745,000 (2007: £1,995,000). At the balance sheet date the amount due to The Varrier-Jones Foundation was £nil (2007: £nil).

The Varrier-Jones Foundation is committed to providing funding for The Papworth Trust on an ongoing basis. In the year ended 31 March 2008 The Varrier-Jones Foundation contributed £750,000 (2007: £750,000).

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 (2007: £nil). Amounts paid to Trustees in reimbursement of travelling expenses were £414 (2007: £352).

NOTES TO THE ACCOUNTS
at 31 March 2008

22. CAPITAL COMMITMENTS

Amounts contracted but not provided in the accounts amounted to £7,420,000 with grants of £4,576,000 receivable against them (2007: respectively £5,203,000 and £2,848,000). Amounts authorised by the Trustees but not contracted for were £2,246,000 with grants of £1,023,000 receivable against them (2007: respectively £5,077,000 and £2,986,000).

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 Dasgupta • + ☆

OTHER TRUSTEES

Mr A Barnes MBE ◻

Mr A W Barrell • (resigned 20/9/07)

Mrs L M Hoggarth * (resigned 15/11/07)

Dr J S Pajak *

Mrs J P B G Pearson ◻

Mrs M E Thomas CBE, DL * ☆

Mrs J Womack • +

Mrs A Scott * (appointed 17/01/08)

TRUSTEE USER REPRESENTATIVES

Mr P Tatt *

Mr B Wall ◻

LEADERSHIP TEAM

Mr A Bagg

Mr A Carter (resigned 22/2/08)

Ms S Coward

Mr J P Garner (resigned 11/6/07)

Ms W A Godfrey

Mr M Lester

Mr P McCay (started 30/6/08)

Mr D Martin (started 11/6/07)

Mr D J Oldham FCA

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 Housing and Progression

Director of Strategy and Marketing

Director of Finance and Central Services

The names of the honorary personnel and senior management are given as at June 2008.

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 Independent Living Committee
- * Member of the Work and Learning Committee
- ☆ Member of the Governance Committee
- + Member of the Investment Committee

PRINCIPAL ADVISERS AND GENERAL TRUST INFORMATION

COMPANY SECRETARY

Mr D J Oldham FCA

REGISTERED OFFICE

Bernard Sunley Centre
Papworth Everard
Cambridge
CB23 3RG
Telephone: (01480) 357200
www.papworth.org.uk
info@papworth.org.uk

AUDITORS

Grant Thornton UK LLP
Byron House
Cambridge Business Park
Cambridge
CB4 0WZ

INVESTMENT MANAGERS

Russell Investments Ltd
Russell Funds Management
Rex House
10 Regent Street
London
SW1Y 4PE

N W Brown Investment Management Ltd
Richmond House
16-20 Regent Street
Cambridge
CB2 1DB

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 4DP

BANKERS

Barclays Bank plc
Mortlock House
Vision Park
Histon
Cambridge
CB4 9DE

Royal Bank of Scotland plc
Housing Finance
5th 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

The Papworth Trust
Bernard Sunley Centre
Papworth Everard
Cambridge CB23 3RG

Information Helpline: 0800 952 5000
Telephone: 01480 357200
Email: info@papworth.org.uk
www.papworth.org.uk

This document can be provided in alternate formats
such as large print or audio, and also alternate languages
on request.

Registered Charity number: 211234
Registered Social Landlord: LH1648
Company Registration number: 148906 England