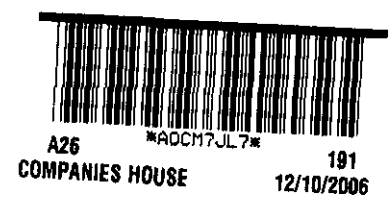




PURLEY PARK TRUST LIMITED
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2006

Company Number: 989820

Registered Charity Number: 261726



PURLEY PARK TRUST LIMITED

Annual report and financial statements for the year ended 31 March 2006

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Governors

Mr J E Carlo (Appointed 19 April 2005)
Mr L D Jones OBE FCCA
Mr C Meredith (Retired 18 October 2005)
Mr P L Side FRICS
Mr D C Tovey BA, Dip.Ed.Man., Cert.Ed.
Professor D M Warburton B.Sc., A.M., Ph.D., F.Br.Psy.S., FRSA, C.Psychol
Mr R J Watsham
Mr D L Watts FRICS (Retired 18 October 2005)

Secretary and registered office

Mr M R Lett, Purley Park Trust, 12 Huckleberry Close, Purley-on-Thames, Reading, RG8 8EH

Company number

989820

Auditors

James Cowper, Reading

Bankers

National Westminster Bank Plc, Pangbourne

Solicitors

Field Seymour Parkes, Reading

PURLEY PARK TRUST LIMITED

Annual report and financial statements for the year ended 31 March 2006

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PURLEY PARK TRUST LIMITED

Chairman's statement

Although most of us still remember the environment prior to the re-development of Purley Park, and although it is barely two years since we occupied our new accommodation, the upheaval seems now to be a very distant memory, so successful has the re-development been. The benefits and advantages that were foreseen have proven to be no illusion, and already our thoughts are turning to further re-development.

This year was the first full financial year operating in the new structure, and the experience has taught us a number of useful lessons:

- Foremost, we have learned that it works well.
- We have had to make some adjustments to our management and administration procedures, both of which areas have become busier, but our core activity of care delivery has benefited enormously from the advantages of the re-development.
- The main beneficiaries, of course, have been the Residents but the Staff have also gained – for them the changes have meant more congenial working conditions, more structured line management, better career prospects and greater rewards.
- We have learned also, however, that all this comes at a price. The increase in staffing costs was greater than anticipated and this together with the uncertainty in future utility costs will remain a major factor in our budgeting and financial control.

Occupancy levels rose during the year to full capacity, and on the occasions when vacancies do occur it is not long before a new referral arrives. In my Statement last year I said that the quality of the new homes had helped to increase occupancy, but that the professionalism of the Care Staff was the main reason. This is truer now than ever before, and I say it not from smug self-assessment but from reviews, inspections and comments from Care Managers in Social Services Departments of Local Authorities, the Commission for Social Care Inspection and the Accreditation Monitoring Unit of West Berkshire Council, health professionals and not least the relatives and friends of Residents. We have achieved this reputation not by accident, but through rigorous recruitment, training and management processes and constant quality control. I am very grateful to the Management for their continuing efforts to not simply maintain standards but to improve them, and to the Staff for their continuing hard work and dedication to the welfare of the Residents.

Prudent financial management again resulted in a surplus (before depreciation) for the year. The substantial increases in some costs, the necessary expansion of the staff complement and the ever-increasing regulatory measures that involve expenditure meant that the surplus was modest in comparison with earlier years when the operating climate was much more benign. Applying the lessons that the year's performance has taught us will require discipline and attention to detail, but the foundations are solid and the financial position healthy. It is clear that the demand for our brand of product will continue to be strong and that maintaining its delivery to our high standards will ensure our future viability.

Just as there are always changes in the regulations governing the care sector, new Government policies and social services initiatives, so the Trust evolves and adapts. This year two long-serving Governors retired; between them they gave over 21 years of dedicated service to the Trust. I am pleased to say that the Board welcomed the appointment of a new Governor, who will bring a wealth of business experience, and we have just elected another Governor who has many years experience in the care sector, latterly as a Registered Manager. This process of constant renewal demonstrates that the good governance of the Trust remains of the utmost importance to us and ensures that the composition of the Board is relevant, its counsel wise and its direction sound. I am grateful to my fellow Governors for their support during the year and I look forward to continuing as their Chairman, as together with the Staff we look not to how much we have done but to how much there is yet to do.

David Tovey

David Tovey
Chairman

1st July 2006

PURLEY PARK TRUST LIMITED

Report of the Governors (Trustees)

The Governors (the Trustees) submit their report and the financial statements for the year ended 31st March 2006. The Governors confirm that the accounts comply with the Companies Act 1985 and the Charities (Accounts and Reports) Regulations 1995, have been prepared in accordance with the Statement of Recommended Practice – 'Accounting by Charities' issued in 2005 and comply with the Company's Memorandum and Articles of Association which is the Trust's governing document.

Company law requires the Governors to prepare financial statements that give a true and fair view of the state of affairs of the Charity and of the surplus or deficit for the financial year. In so doing the Governors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonably prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in business

The Governors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable objects

What we aim to do

- To provide a safe and comfortable home for adults with learning disabilities who are unable to lead fully independent lives (the Residents).
- To meet the care needs of those whose home is Purley Park and support them in their daily lives.
- To enable the Residents to lead constructive and rewarding lives, affording them the opportunity to fulfil the potential of their abilities.

How we do it

- We have eight houses at Purley Park that are home to a total of 53 Residents; they are all purpose built, but vary in size and style with between five and eight Residents in each. Each house is domestic in scale and furnished to a high standard, but with appropriate specialised equipment and facilities. We also have a house in Purley-on-Thames village with two Residents who benefit from the Supported Living concept of care.
- Our Staff are all trained and skilled, with a high proportion having many years experience and advanced qualifications, in all aspects of residential care. The staffing levels in our homes vary and reflect the different levels of need of our Residents – from total dependence to the ability to do quite a lot for themselves.
- We encourage and enable our Residents to take part in a wide range of activities – educational, recreational and therapeutic. Our Day Care Staff, together with other organisations, provide opportunities of all kinds for the Residents to develop their life skills to help them to lead as independent and inclusive lives as their abilities allow.

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

Description of our organisation

How we are regulated

Purley Park Trust Limited is governed by its Memorandum and Articles of Association. It is registered with, and its delivery of care services is regulated by, the Commission for Social Care Inspection under the Care Standards Act 2000 and the Care Homes Regulations 2001. Purley Park Trust Limited is a charity registered with the Charity Commission, number 261726. It is limited by guarantee and does not have share capital (company number 989820).

How we organise ourselves

Our Trustees

The strategic direction of Purley Park Trust Limited is the responsibility of the Board of Governors, who are the Trustees of the Charity. (We call them Governors for historical reasons – the Trust traces its history back to 1923, when its founder started a school for boys with learning disabilities.) The Governors are people whose experience and qualifications are such that they can make a valuable contribution to the strategy and overall management of Purley Park Trust, and all have a deep interest in learning disability. Potential Governors are identified usually through personal contacts amongst current Governors and Staff, or approaches from interested parties. In considering suitability, Governors will look at the individual's professional experience, qualifications and skills in relation to the need for the Trust to have a broad range of expertise relevant both to the charitable aims of the Trust and the proper conduct of its affairs as a company limited by guarantee.

A prospective Governor will apply formally in writing to be elected as a Member of Purley Park Trust Limited and then to be considered for election to the Board. He or she will submit a Curriculum Vitae and explain why they wish to become a Member and Governor, and saying what it is that they believe they will be able to contribute to the good governance of the Trust. All Governors will be sent copies of the application, which will be considered at a Board of Governors Meeting.

All prospective Governors who are not known personally by a current Governor will need to provide references and all Governors are subject to a Criminal Records Bureau check.

As the Governors are also Company Directors and Trustees of the Trust's group personal pension scheme, they must comply with the rules governing eligibility for appointment as company directors and trustees of pension schemes, in accordance with the requirements of the Companies Act 1985 and the Pensions Regulator. An Induction Pack is provided for all new Governors, and this includes guidance provided by the Charity Commission, the Pensions Regulator and professional advisers as well as details about the Trust. The Trust has also a "Governors Training Fund", a designated fund that is used to defray the costs of Governors' attendance at training courses, seminars, conferences and so on that are relevant to trustee duties, as well as subscriptions to governance periodicals.

The Trust is subject to the provisions of the Care Standards Act 2000 and the Care Homes Regulations 2001. Regulation 26 requires the Governors to carry out an inspection of the Trust's registered homes every month and a part of each Governor's responsibilities is to take part in a scheduled programme of inspection visits. As well as complying with the law, this enables Governors to maintain suitable oversight of the conduct of the Trust.

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

Our Management and Staff Structure

Overall responsibility for the Trust's day-to-day management is delegated to the Chief Executive, Mr Martin Lett. The care aspect is under the professional supervision of the Care Manager, Miss Rachel Keeling, who is supported by a Deputy Manager, Miss Alison Parfitt, who is also responsible for the Staff training programme. The Trust is accredited by 'Investors in People'. Each registered home has a Registered Manager who is responsible for the day-to-day conduct of the home. Direct personal care is provided through a team system within each home, each team having a leader and a number of care staff. A Day Care Team supports the care staff with pastoral and recreational activities. Other functions, such as finance, horticultural therapy and maintenance are carried out on a departmental basis. Each department has a manager and a dedicated budget. Currently we employ about 75 Members of Staff, the majority of whom directly deliver the care service to our Residents – we aim to keep our administrative function (and therefore costs) to a minimum.

The Board of Governors meets quarterly to receive reports from the Chief Executive and Care Manager, and to decide policy on matters as necessary; annually they consider and approve the budget proposals, approve the audited accounts and review the risk analysis. The Chief Executive reports between quarterly Board Meetings to the Chairman and the Governor who oversees the financial management of the Trust. An on-site inspection of the operation of the Trust is conducted by a Governor each month. The Chief Executive and the Care Manager work very closely together to ensure the smooth and efficient operation of the Trust within the policies and strategic plan agreed by the Governors and in accordance with legislative requirements and registration standards.

Review of the past year

What we have achieved

This year was the first full financial year operating in the accommodation that we occupied in May 2004 following the re-development of our site at Purley Park. The main objectives that we had set ourselves were:

- firstly, to establish ourselves firmly in the new setting and structures;
- secondly, to develop our Staff management and training;
- and, thirdly, to maximise the benefit for the Residents of the new accommodation and increase the availability to them of more opportunities, partly by the acquisition of an additional minibus.

In the event, the new accommodation (five houses and a recreational facility, the Club House) has proven to be very successful as far as the Residents are concerned; the houses are comfortable, well equipped and feel homely. This is undoubtedly a major factor in our success in achieving full occupancy; all 53 registered places were occupied for most of the year with only a short break between a place becoming available and a new Resident moving in.

For our Staff, too, the new accommodation has been beneficial. The environment is better, the houses more efficient and comfortable to work in, and the easier interaction between Staff and Residents is more conducive to a low-stress workplace. Our Staff recruitment position improved during the year, with a pleasing number of new Staff having been introduced by word of mouth by current Staff. The staffing requirements of the new houses, together with increases in needs-related staffing, made for more opportunities for preferment amongst current Staff. Our Staff training programme, by which we lay great store, continued to involve a wider syllabus and more Staff, with several achieving further qualifications. The range of activities enjoyed by our Residents, and the number of Residents enjoying them, increased during the year. The addition of another new wheelchair-adapted minibus to our fleet of vehicles (at a capital cost of some £23,000) allowed for more flexible arrangements and our Day Care Team continued to find new activities. Our collaboration with Thames Valley University (previously Reading College)

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

continued, with more Residents deriving benefit from the life skills sessions that the tutors run for us. Our association with Brookfields School (a special needs school) was extended to include, for example, the use of their swimming pool.

One very important measure of whether we are achieving what we set out to do is the view taken by the regulatory authorities, specifically the inspection programme conducted by the Commission for Social Care Inspection and the accreditation process carried out by the Social Services Department of West Berkshire Council. Both these bodies have inspected us and found us well up to standard.

The confidence of the Governors in the management of the Trust was retained, and the Governors acknowledge with gratitude the continuing work by the management and staff to maintain the standards and reputation of the Trust.

Future Plans

Our approach to our work

Our core activity shall remain essentially the same – changes in regulatory requirements, improvements in best practice and our own desire for excellence may mean some changes in our care delivery but the provision of residential care for adults with learning disabilities shall remain the Trust's main object. Current Government and Social Services' thinking is tending towards supported living models with "individualised budgets" and "extra care" being the popular flavour, but the demand for residential care shall remain strong as demographic trends indicate an increasing need in the next few years coinciding with a gradual reduction of provision over the past few years. We shall maintain a close watching brief on the trends, and although we may need to consider carefully the range of our current provision (Residential Care and Supported Living) as other models gain wider acceptance, no fundamental change is envisaged in the immediate to medium term.

Our residential homes

The demand for places in our residential care homes exceeds our current capacity. As this demand is expected to continue, we are considering further re-development of our site by replacing three five-bedroom houses built in the 1980s with modern eight bedroom houses. Planning permission will be sought in 2006 and if it is granted we shall begin detailed preparations.

Review of finances

How we have handled our money

The principle source of funding is the income from the fees that we charge for the provision of our care services to our Residents; this income comes predominantly from Central and Local Government through statutory, and therefore guaranteed, payment. The overwhelming majority of our income is spent on the Residents' welfare. It had been anticipated that the cost of operating in the new accommodation and with an increased Staff complement would impact on the Trust's financial position. This year, the first full financial year of operating the current structure, proved the predictions correct in general, but some expenses were higher than had been anticipated, notably staffing costs, utilities costs and maintenance. Although this resulted in a lower surplus than in some previous years, the Governors note that income from all sources exceeded total expenditure before depreciation. Income from trading, however, (that is, fee income alone) was

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

slightly less than total operational expenditure but this is not expected to be repeated now that we have experience of the new structure. Unsolicited donated income exceeded the amount prudently budgeted, but nevertheless for the second year running was disappointing.

The Statement of Financial Activities shows a deficit of £6,318 (including all income sources) before transfers (but after depreciation). In 2005 the deficit was £85,850. Operating costs rose by 3%, but total income was lower than operating costs by £5,818 (£85,850 in 2005). Direct charitable expenditure and support costs continued to account for the bulk of the total operating expenditure. Governance costs accounted for less than 2% of fee revenue.

With acquisitions during the year the net book value of the fixed assets at 31 March 2006 was £129,873. Our cash balances show a figure of £231,725, which is a decrease on last year of £11,653.

Reserves Policy

What we intend to do with our spare money

The policy of the Trust in previous years was to maintain free reserves sufficient to meet its liabilities in full at any time, and to be able to conduct an orderly wind-up in the unlikely event of this becoming necessary. The bulk of the Trust's incoming resources comprises fee income for Residents, and, as there is a statutory funding responsibility on central and local government, known income is assured for as long as there are Residents. Operating expenditure is normally expected to be within operating income and, as a result, operating reserves can be kept to the level needed to meet occasional cashflow fluctuations (the Trust does not have an overdraft facility nor borrowings) and statutory liabilities (staff redundancy) in the unlikely event of winding-up. It was not considered necessary to maintain free reserves equivalent to operating expenditure for a specified length of time as guaranteed income would cover operating costs.

However, the Governors recognise that it is desirable now to have a more comprehensive reserves policy. Accordingly they have determined that the Trust's reserves should equate to the average expenditure of one month. The Trust's reserves at 31 March 2006 were sufficient to meet this requirement as it stood at that point, but the Governors accept that the figure will be fluid as it will be affected by the Trust's trading position. They shall keep the situation under review and consider the position if the reserves fall below the average figure of one month's expenditure. The Governors also accept that the reserves may reduce with cashflow fluctuations but they are satisfied that this shall not imperil the Charity and expect that satisfactory progress towards restoring any temporary reduction will be made in normal trading conditions. The Governors consider the balance sheet position at 31 March 2006 to be satisfactory and believe that the Trust has adequate assets to meet its liabilities.

The Governors consider that the three Restricted Funds should be maintained:

- the Capital Appeal Fund, dormant since the closure of the Capital Appeal in December 2004, will be needed when another Capital Appeal is embarked upon (probably late 2006 if as expected planning consent is granted for further re-development);
- the Holiday Fund, although little used, still fulfils a valuable function;
- and the Minibus Fund must be maintained for as long as the assets have value.

Similarly, no changes to the Designated Funds are envisaged:

- the Governors Training Fund is expected to be used more with the costs of increased induction of

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

- Governors and familiarisation on governance issues;
- the Building Fund, exhausted last year by the new development, is now active again with the intention to re-develop the three older houses.

Investment Policy

Where we keep our spare money

The Trust has no stock or share investments nor any long-term cash investments. Cash reserves are invested with the Charity Offices Investment Fund (COIF) in accessible deposit accounts. This has allowed for development costs and capital expenditure to be handled on an as required basis whilst achieving some investment income. Cash reserves are deposited in low-risk managed accounts which generally avoid especially contentious issues. Fund performance in the year was competitive in a period of generally low interest returns. The Governors review the policy periodically, but no change is envisaged in the immediate term in view of the current level of cash reserves.

Risk Management

How we take care to avoid problems

The management pursues a continuous pro-active risk management strategy following identification by the Governors, as Trustees, of the major risks to which the Trust is exposed. These are reviewed formally at least annually by the Governors and systems to mitigate new risks, or changes to already identified risks, are established where they did not already exist.

Review of relationships with other organisations

The people with whom we work closely

The Duncan Trust

The freeholds of the properties that are operated as residential care homes are owned by The Duncan Trust which leases them to Purley Park Trust Limited for an annual rent. All four Members of the Committee (the Trustees) of the Duncan Trust are also Governors (Trustees) of the Purley Park Trust.

The Friends of Purley Park

The Friends of Purley Park is a voluntary body formed by supporters of Purley Park Trust primarily to help in fundraising activities and to promote the interests of the Trust. The Friends of Purley Park intend to identify specific projects that will benefit the Trust as a whole and help to bring these projects to fruition.

Amendments were made during the year to the Memorandum of Association of Purley Park Trust Limited with the approval of the Charity Commissioners to ensure that the fundraising activities of The Friends of Purley Park fell within permissible limits. Although a separate body The Friends of Purley Park operates under the guidance of the Governors (Trustees) of Purley Park Trust who retain responsibility for it. The Chairman of The Friends of Purley Park is a Governor (Trustee) of Purley Park Trust and the Honorary Treasurer is the Care Manager.

PURLEY PARK TRUST LIMITED

Report of the Governors (Continued)

Field Seymour Parkes

Mr R J Watsham is a partner in Field Seymour Parkes, the Trust's solicitors, who from time to time provide professional services to the Trust.

Governors

The Governors in office during the year were as follows:

Mr D C Tovey BA, Dip.Ed.Man., Cert.Ed. (Chairman)
Mr J E Carlo (Appointed 19 April 2005)
Mr L D Jones OBE FCCA
Mr C Meredith (Retired 18 October 2005)
Mr P L Side FRICS
Professor D M Warburton B.Sc., A.M., Ph.D., F.Br.Psy.S., FRSA, C.Psychol.
Mr R J Watsham
Mr D L Watts FRICS (Retired 18 October 2005)

Governors, who are also Trustees, are appointed by the existing Governors and confirmed at the Annual General Meeting. They serve for a term of three years, when they may submit themselves for re-election. The Chairman is elected by the Governors and may serve as Chairman for no more than two consecutive terms.

Bankers

The Trust's bankers during the period under review were the National Westminster Bank Plc, Pangbourne.

Solicitors

The Trust's solicitors during the period under review were Messrs. Field Seymour Parkes, Reading.

Auditors

A resolution passed at the Annual General Meeting appointed James & Cowper, 3 Wesley Gate, Reading, as auditors to the Trust for the financial year.

By order of the Board



Mr M R Lett
Secretary

18th July 2006

Address of Purley Park Trust Limited:

Purley Park Trust Limited
12 Huckleberry Close
Purley-on-Thames
Reading RG8 8EH

PURLEY PARK TRUST LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AS MEMBERS OF PURLEY PARK TRUST LIMITED

We have audited the financial statements of Purley Park Trust Limited for the year ended 31 March 2006, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the charity'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 charity'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 charity and the charity'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

As described in the Statement of Trustees' Responsibilities the trustees (who are also the directors of Purley Park Trust Limited for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Trustees' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

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

We planned and performed our audit so as to obtain all 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.

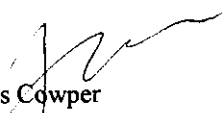
OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the charity's affairs as at 31 March 2006, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and

PURLEY PARK TRUST LIMITED

- have been properly prepared in accordance with the (Companies Act 1985); and
- the trustees report is consistent with the financial statements


James Cowper
Registered Auditors
3 Wesley Gate
Queens Road
Reading
RG1 4AP

Date.....

PURLEY PARK TRUST LIMITED

**STATEMENT OF THE FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	£ General Funds 2006 £	£ Designated Funds 2006 £	£ Restricted Funds 2006 £	£ Total Funds 2006 £	£ Total Funds 2005 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Donations and bequests		13,901	-	500	14,401	21,156
Capital appeal fundraising		-	-	-	-	21,000
Interest receivable	3	7,508	-	-	7,508	7,813
Incoming resources from charitable activities:						
Fees for residential care		1,858,942	-	-	1,858,942	1,705,025
Other income		30,845	-	-	30,845	14,623
TOTAL INCOMING RESOURCES		<u>1,911,196</u>	<u>-</u>	<u>500</u>	<u>1,911,696</u>	<u>1,769,617</u>
RESOURCES EXPENDED						
Cost of generating funds:						
Fund-raising and publicity		69	-	-	69	547
Cost of charitable (care) activities:		1,877,610	-	-	1,877,610	1,823,421
Governance Costs		39,835	-	-	39,835	31,499
TOTAL RESOURCES EXPENDED	2	<u>1,917,514</u>	<u>-</u>	<u>-</u>	<u>1,917,514</u>	<u>1,855,467</u>
Net Incoming/(Outgoing) Resources before transfers /net income for year		(6,318)	-	500	(5,818)	(85,850)
Transfer between funds		3,079	-	(3,079)	-	-
NET MOVEMENT IN FUNDS		<u>(3,239)</u>	<u>-</u>	<u>(2,579)</u>	<u>(5,818)</u>	<u>(85,850)</u>
Balances brought forward as at 1 April 2005		283,939	4,643	22,593	311,175	397,025
Balances carried forward as at 31 March 2006		<u>280,700</u>	<u>4,643</u>	<u>20,014</u>	<u>305,357</u>	<u>311,175</u>

The notes on pages 16 to 24 form part of these financial statements

PURLEY PARK TRUST LIMITED

**BALANCE SHEET
AT 31 MARCH 2006**

	Note	2006 £	2006 £	2005 £	2005 £
Fixed Assets					
Tangible Assets	7		129,873		150,864
Current Assets					
Debtors	8	49,256		87,327	
Cash at Bank and in hand		231,725		243,378	
		<u>280,981</u>		<u>330,705</u>	
Creditors: amounts falling due within one year	9	105,497		170,394	
Net Current Assets			175,484		160,311
Total assets less current liabilities			<u>305,357</u>		<u>311,175</u>
Reserves	10				
Accumulated fund			280,700		283,939
Designated funds:					
Governors training fund		4,643		4,643	
		<u>4,643</u>	4,643	<u>4,643</u>	4,643
Restricted funds:	11				
Minibus fund		15,000		18,079	
Holiday fund		4,514		4,514	
Building Fund		<u>500</u>		<u></u>	
			20,014		22,593
			<u>305,357</u>		<u>311,175</u>

Approved by the Governors on 18 July 2006

Chairman

David Toney

The notes on pages 16 to 24 form part of these financial statements

PURLEY PARK TRUST LIMITED

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2006 £	2006 £	2005 £	2005 £
Net cash inflow/(outflow) from operating activities	13		8,529		(119,469)
Returns on investments and servicing of finance					
Interest received		7,508		7,813	
		<u>7,508</u>		<u>7,813</u>	
Net cash inflow from returns on investments and servicing of finance			7,508		7,813
Capital expenditure and financial investment					
Payments to acquire tangible assets		(27,690)		(63,897)	
Receipts from sales of tangible assets		-		6,030	
		<u>(27,690)</u>		<u>(63,897)</u>	
Net cash outflow from capital expenditure and financial investment			(27,690)		(57,867)
Cash outflow before use of liquid resources and financing			(11,653)		(169,523)
Decrease in cash in the year			(11,653)		(169,523)
Reconciliation of net cash flow to movement in net funds					
Decrease in cash in year	14		(11,653)		(169,523)
Movement in net funds in the period			(11,653)		(169,523)
Net funds at 1 April 2005			243,378		412,901
Net funds at 31 March 2006	14		231,725		243,378

The notes on pages 16 to 24 form part of these financial statements

PURLEY PARK TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) 2005 issued in March 2005 by the Charity Commission and in accordance with other applicable accounting standards and the Companies Act 1985.

Governance Costs

Governance Costs include both direct and related support costs. Direct Costs include such items as Audit and accountancy, legal expenses and costs associated with constitutional and statutory requirements. Salaries included represent salaries of non-care management and admin staff, which cannot be directly allocated to specific cost headings, but without which the Charity would not be able to achieve its objectives.

Allocation of Overheads

Overheads are allocated specifically either to direct charitable expenditure or costs of generating funds.

Fees Receivable

Fees receivable for the provision of accommodation and related amenities are accounted for in the period to which they relate.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight-line basis:

Fixtures and fittings	-	20%
Plant and equipment	-	20%
Motor vehicles	-	25%
Garden equipment	-	25%

Recognition of Liabilities

Liabilities and related expenditure are recognised in full as soon as an obligation arises.

Donations, bequests and other receipts

Donations and bequests are accounted for on a receivable basis.

Legacy Income

Any legacy income is accounted for on a receivable basis.

Restricted Funds

Restricted funds received to be used for specifically nominated expenditure by the donor are credited to income in the year in which they are received. Where amounts are not specifically allocated against expenditure in that year the balance is added to the balance brought forward on the restricted funds and used in subsequent years in line with the restrictions placed by the donor.

Pension Costs

Pension costs are charged to the profit and loss account as incurred. See note 17.

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

2. TOTAL RESOURCES EXPENDED

2006	Staff Costs £	Depreciation £	Other Costs £	Total £
Costs of generating funds:				
Fund-raising and publicity	-	-	69	69
Cost of charitable activities:				
Residential care costs	1,373,832	48,681	349,830	1,772,343
Support costs	105,267	-	-	105,267
	1,479,099	48,681	349,830	1,877,610
Governance costs:				
Office expenses	-	-	20,211	20,211
Audit & accountancy	-	-	7,545	7,545
Legal & professional fees	-	-	2,742	2,742
Bank charges	-	-	2,037	2,037
Subscriptions	-	-	975	975
Governors training	-	-	325	325
Administration block rent	-	-	6,000	6,000
	-	-	39,835	39,835
2005	Staff Costs £	Depreciation £	Other Costs £	Total £
Costs of generating funds:				
Fund-raising and publicity	-	-	547	547
Cost of charitable activities:				
Donation to the Duncan Trust	-	-	114,525	114,525
Residential care costs	1,215,431	51,987	336,895	1,604,313
Support costs	104,583	-	-	104,583
	1,320,014	51,987	451,420	1,823,421
Governance costs:				
Office expenses	-	-	13,669	13,669
Audit & accountancy	-	-	8,050	8,050
Legal & professional fees	-	-	109	109
Bank charges	-	-	1,840	1,840
Subscriptions	-	-	1,052	1,052
Sundry expenses	-	-	268	268
Governors training	-	-	511	511
Administration block rent	-	-	6,000	6,000
	-	-	31,499	31,499

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

3. INTEREST RECEIVABLE

	2006 £	2005 £
National Westminster Bank plc	2,461	1,588
Charity Offices Investment Fund	5,039	6,207
Lloyds TSB Capital Appeal	8	18
	<u>7,508</u>	<u>7,813</u>

4. DEFICIT OF RESOURCES EXPENDED OVER INCOMING RESOURCES

Deficit of resources expended over incoming resources is stated after charging/(crediting)

	2006 £	2005 £
Audit fees	6,000	5,875
Pension scheme Auditors' Statements	450	587
Other fees – accountancy	1,670	1,588
Depreciation of fixed assets	48,681	51,987
Loss on disposal of fixed assets	-	(3,085)
Property rental payments	87,600	87,600
	<u>87,600</u>	<u>87,600</u>

5. GOVERNORS AND OTHER EMPLOYEES

	2006 £	2005 £
Permanent staff costs include the following:		
Wages and salaries	1,319,142	1,189,583
Social security costs	137,220	111,364
Other pension costs	22,737	19,067
	<u>1,479,099</u>	<u>1,320,014</u>

The average number of persons employed by the Charity during the year was as follows:

	2006	2005
Care	64	68
Administration	3	3
	<u>67</u>	<u>71</u>

No employees earn in excess of £60,000 per annum. The Governors received no emoluments or expenses during the year (2005: no emoluments or expenses). During the year fees amounting to £2,742 were paid to Field Seymour Parkes, the Charity's Solicitors. (2005: £nil). Mr R J Watsham, of the Governors, is a partner in this firm.

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

In view of the Company's charitable status, no liability to UK corporation tax arises on the surplus for the year.

7. TANGIBLE FIXED ASSETS

	Furnishings and fittings £	Office Equipment £	Workshop Garden Equipment and cars £	Total £
Cost				
At 1 April 2005	131,147	51,002	78,473	260,622
Additions	-	-	27,690	27,690
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	131,147	51,002	106,163	288,312
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2005	42,225	12,375	55,158	109,758
Charge for year	23,629	10,180	14,872	48,681
Eliminated on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	65,854	22,555	70,030	158,439
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 March 2006	65,293	28,447	36,133	129,873
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	88,922	38,627	23,315	150,864
	<hr/>	<hr/>	<hr/>	<hr/>

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

TANGIBLE FIXED ASSETS (Continued)

The net book value at 31 March 2006 represents fixed assets used for:

	Furnishings and fittings £	Office Equipment £	Workshop Garden Equipment and cars £	Total 2006 £	Total 2005 £
Direct charitable purposes	65,293	28,447	36,133	129,873	150,864
	<u>65,292</u>	<u>28,447</u>	<u>36,134</u>	<u>129,873</u>	<u>150,864</u>

8. DEBTORS

	2006 £	2005 £
Trade debtors (including Residents)	19,532	49,256
Other debtors	1,413	3,419
Prepayments and accrued income	28,311	34,652
	<u>49,256</u>	<u>87,327</u>

9. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Trade creditors (not including Residents)	37,332	40,544
Amount due to related party (note 19)	-	73,206
Other taxes and social security costs	34,657	31,066
Other creditors	19,751	11,638
Accruals and deferred income	13,756	13,940
	<u>105,497</u>	<u>170,394</u>

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

10. RESERVES

	Accumulated General Fund £	Governors Training Fund £	Restricted Funds £	Total £
At 1 April 2005	283,939	4,643	22,593	311,175
Surplus/(deficits) for the year	(6,318)	-	500	(5,818)
Transfer between reserves	3,079	-	(3,079)	(3,079)
At 31 March 2006	<u>280,700</u>	<u>4,643</u>	<u>20,014</u>	<u>305,357</u>

Designated funds:

The Governors Training Fund was set up to meet the costs of future training for Governors.

11. RESTRICTED FUNDS

	Balance at 1 April 2005 £	Incoming Funds £	Funds Used £	Balance at 31 March 2006 £
Minibus funds	18,079	-	(3,079)	15,000
Holiday fund	4,514	-	-	4,514
Building fund	-	500	-	500
	<u>22,593</u>	<u>500</u>	<u>(3,079)</u>	<u>20,014</u>

The Minibus Fund will be released over the economic life of the mini-bus, which was purchased by the fund.

The Holiday Fund was set up primarily to subsidise holidays for the residents. The majority of the residents can now afford holidays out of their own personal funds, but not all new residents come with sufficient personal funds and the holiday fund supports them. The original donor's representative has consented to the fund being used also for other leisure activities.

The Building Fund was set up as a designated fund from donations received without restriction to meet the cost of future building projects essential for the needs of the Residents and the aims of the Trust in accordance with modern philosophy on supporting adults with learning disabilities.

PURLEY PARK TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (Continued)**

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Designated Funds £	Restricted Funds £	Total 2006 £
Fund balances at 31 March 2006 are represented by:				
Tangible fixed assets	129,873	-	-	129,873
Bank accounts	207,068	4,643	20,014	231,725
Current assets	49,256	-	-	49,256
Current liabilities	(105,497)	-	-	(105,497)
	<u>280,700</u>	<u>4,643</u>	<u>20,014</u>	<u>305,357</u>

13. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating deficit	(58,073)	(145,399)
Capital appeal fundraising	-	21,000
Other operating income	44,746	30,736
Depreciation/impairment charges	48,681	51,987
(Profit)/loss on sale of tangible assets	-	(3,805)
Decrease/(increase) in stocks	-	2,727
Decrease in debtors	38,071	(36,445)
Increase/(decrease) in creditors	(64,896)	(40,270)
Net cash inflow/(outflow) from operating activities	<u>8,529</u>	<u>(119,469)</u>

14. ANALYSIS OF NET FUNDS

	At 1 April 2005 £	Cash Flows £	At 31 March 2006 £
Cash in hand and at bank	<u>243,378</u>	<u>(11,653)</u>	<u>231,725</u>

PURLEY PARK TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 (Continued)

15. FINANCIAL COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to expiry date of the leases:

	Land and Buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date: Within one year	-	-	-	-
Expiry Date: After five years	87,600	87,600	-	-

16. GUARANTEE

The liability of the company is limited by guarantee. In the event of the company being wound up, each member (or members who have ceased to be members for less than one year) undertakes to contribute to the assets of the company such amount as may be required, not exceeding £1.

17. PENSIONS

The company operates a *defined contribution scheme* in respect of certain of its employees. Contributions are charged in the financial statements as incurred and there were outstanding contributions as at the balance sheet date of £863 (2005 - £699). Pension costs charged in the year were £22,737 (2005 - £19,067).

18. INDEMNITY INSURANCE

Funds of the charity amounting to £992 (2005 - £992) have been used in the purchase of insurance to cover the liability of the members of the Board, which by virtue of any rule of law would otherwise attach to them in respect of negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust.

19. RELATED PARTIES AND TRANSACTIONS WITH TRUSTEES

The Charity has the following related parties:

The Duncan Trust

The properties are owned by The Duncan Trust which then leases them to Purley Park Trust Limited for an annual rent. All four Members of the Committee (the Trustees) are also Trustees of the Purley Park Trust Limited. Rent is paid to the Duncan Trust amounting to £87,600 (2005: £87,600). There were no balances outstanding in respect of these amounts at either year end.

Purley Park Trust Limited charges The Duncan Trust fees to cover the administration costs incurred on its behalf; these amounted to £5,000 (2005: £5,000). There were no balances outstanding at the year end, in this respect.

PURLEY PARK TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 (Continued)

RELATED PARTIES AND TRANSACTIONS WITH TRUSTEES (Continued)

The Friends of Purley Park

The Friends of Purley Park is the successor body to the League of Friends, which was formed in 1970 to raise funds with which to enhance the lives of the Residents. The constitution of the Friends of Purley Park is being drawn up and, although a separate body, it will operate under the guidance of the Governors (Trustees) of Purley Park Trust who will retain responsibility for it.

Field Seymour Parkes

Mr R J Watsham is a partner in Field Seymour Parkes, the Company's solicitors, which from time to time provides professional services to the Company. During the year, services totalling £2,742 were invoiced to the Trust (2005: £nil). There was no balance outstanding at the year end.

20. POST BALANCE SHEET EVENTS

There were no post balance sheet events.