

**Charity Registration No. 1090163**

**Company Registration No. 3593418 (England and Wales)**

**THERA TRUST AND SUBSIDIARIES**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

## Thera Trust and Subsidiaries

### Legal and Administrative Information

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#### Trustees and Directors

Mr C C Blake, Chairman  
Mr W B Carter  
Mr S L Conway  
Ms J Garrigan  
Mrs J A Lawley (Appointed 16 December 2005)  
Mr K C E Lewis, OBE  
Mr M J Parsons (Appointed 19 August 2005)  
Miss G Shadlock  
Dr A E Stenner  
Mrs L Swinfield-Wells  
Mr D J Walker  
Mr D Armstrong (Resigned 30 November 2005)

#### Secretary

Mr S L Conway

#### Charity number

1090163

#### Company registration no.

3593418

#### Principal address

The West House  
Alpha Court  
Swingbridge Road  
Grantham  
Lincolnshire  
NG31 7XT

#### Registered office

134 Edmund Street  
Birmingham  
B3 2ES

#### Subsidiary undertakings

Thera North	Company registration no. 5343088
Thera East Anglia	5566295
Thera East Midlands	5566293
Thera Limited	4999446

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## HERA TRUST AND SUBSIDIARIES

### LEGAL AND ADMINISTRATIVE INFORMATION

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#### **Auditors**

Clarkson Hyde  
Chartered Accountants and  
Registered Auditors  
137-143 High Street  
Sutton  
Surrey  
SM1 1JH

#### **Bankers**

Barclays Bank plc  
43 High Street  
Sutton  
Surrey  
SM1 1DR

Bank of Scotland  
15 Queen Street  
Nottingham  
NG1 2BL

#### **Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

Richard Tinn Solicitors  
126 London Road  
Boston  
Lincolnshire  
PE21 7HB

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## THE RA TRUST AND SUBSIDIARIES

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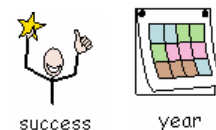
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# Thera Trust (Thera Group) Trustee Report for Accounts, 2005-06

## Thera has had Another Good Year

1. I am pleased again, on behalf of the Trustees, to report to you about Thera's successes in 2005-06.
2. It has been a momentous year for Thera - we:
  - i) supported over 400 people and continued to hear excellent news about their achievements;
  - ii) saw Thera North start supporting people in Cumbria in April, as our first fully trading subsidiary company;
  - iii) transferred responsibility for the majority of Thera's contracts to two new subsidiaries, Thera East Midlands and Thera East Anglia from January, 2006;
  - iv) continued to win new contracts to support more people, including some in new geographic areas;
  - v) saw turnover for the Thera Group increase by over £5 m. - an increase of 56% on the previous year.



## Good-Bye to Douglas

3. However, it is with great sadness that we said good-bye to Douglas Armstrong, Service Director for Thera Trust, in December. Doug has been employed as an executive director on Thera Trust's board since 1999 and has led the way for the organisation in its approach to the involvement of the people we support in the running of the organisation, from the perspective of someone who himself has a learning disability. Doug created Thera's "Being Heard" strategy for advocacy, created Thera's Quality Framework, which saw Doug and the Quality Team as finalists for the 2004 Community Care Awards; and he led our team of Quality Assessors. As part of Thera's executive director team, he met regularly with people supported by the organisation, and took part in the delivery of staff training and development. Doug was always prepared to challenge the Board to ensure that we keep Thera's vision for the involvement of people with a learning disability at the heart of our decision-making. He will be very greatly missed by all who worked of us with him.
4. Once again, I should like to thank the many people, those supported by Thera, staff and others who continue to help us keep Thera an exciting organisation.



Chris Blake

Chairman

## Where Thera's Companies Work

5. The Thera Group of companies supports people with a learning disability. Thera employs staff who support people in their own home, in their local community and for short breaks (respite). During 2005-06, Thera worked across the East Midlands, East Anglia and in Cumbria. Thera started supporting people during the year in Gloucestershire.



## People with a Learning Disability Help Manage Thera

6. People who are supported by Thera have a lot of influence on how their Thera company is directed and managed <sup>1</sup> as well as leading the design and delivery of their own support.



## Thera is 8 Years Old

7. Thera Trust was incorporated in July, 1998 as a not-for-profit company limited by guarantee. Thera started trading in August, 1998, supporting five people in Cambridgeshire. Thera was registered as a charity in January, 2002.

8  
eight

## There are 5 Thera Companies

8. Due to substantial success and significant growth and development. Thera Trust has established a group structure to continue delivery of support to people through a number of subsidiary companies.
9. Thera North started trading on 1 April, 2005. Thera East Anglia and Thera East Midlands were incorporated on 16th September, 2005 and started trading on 1 January, 2006. In addition, Thera Ltd. was dormant during the year to 31 March, 2006. All subsidiaries were wholly controlled by Thera Trust during the year.
10. Each company within the Thera Group now has a paid Service Director post on its Board, responsible for quality assurance and the design of new services as well as representing the views of people with a learning disability on the Board and ensuring their influence on the organisation's decisions. These are paid executive roles on the Board. Each Service Director is expected to bring their experience of having a learning disability to the way the Board leads the organisation.



## Thera Supports People with a Learning Disability

11. By 31 March, 2006, Thera supported over 400 people in Cambridgeshire, Derbyshire and Derby City, Essex, Leicestershire, Lincolnshire, Norfolk, Suffolk, Peterborough, Nottinghamshire, Cumbria and Gloucestershire. Most of this work is intensive 24 hour support, to people with complex support needs, in their own homes. Thera supports people to take an active part in their local community, access daytime pursuits and for short breaks.



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<sup>1</sup>Thera's charitable objects are " the relief of persons with learning disabilities, their families and carers by the provision of support services including services in the support of residential, respite and other suitable forms of care, education and work opportunities and to promote public awareness of the needs of such persons and to give support to their families " and " the promotion of the effective use of charitable resources for the benefit of the public by the provision of services to organisations involved in the relief of persons with learning disabilities, their families and carers."

12. At the end of the year, the Thera Group employed over 750 staff, the majority of whom are support workers.
13. Thera's income in 2005-06 came largely from contracts with Social Services Department or NHS bodies. However, an increasing amount of income is coming directly from individuals that Thera supports, who are taking advantage of the control that direct payments and ILF funding gives them.

## What Happened in 2005-06

14. 2005-06 saw significant development - in Thera's growth, organisational structure and the benefits it offered to individuals.
15. Below are some examples of the work that Thera has been doing during the year.

**2005**

2005

**2006**

2006

### ***Thera Helped People with a Learning Disability***

16. Thera has supported many people to move for the first time into their own property. This has been a major area of work for Thera during the year. Often these individuals have spent many years living in a hospital or other institution. The impact that this has had on so many lives has been immense, with people exploring for the first time the opportunity to live a "normal life" - to make friends with their neighbours, to go shopping, to go to the pub, to enjoy gardening or to have a job.
17. In particular, Thera supported the remaining people living in Aston Hall Hospital to move out and to take up tenancies with a local housing association. One comment from local staff illustrates the changes that have happen for people - " Since moving to his new home, Patrick has never looked back, he now is so relaxed, goes out supported daily, and has just started [going out] shopping for his food, clothes and even out for breakfast .... after knowing Patrick for 15 years I can honestly say this is the happiest and true Patrick we have ever seen."
18. Thera also supported most of the remaining people living on an old hospital site in Lincolnshire to move into new houses during the year. This has been a lengthy and challenging project; tenants, families and carers and staff have displayed enthusiasm and patience in seeing it through. Thanks are due to all of them, but in particular to our two local managers, Bev Payne and Yvonne Sandall.
19. People supported in Peterborough now enjoy the benefits of a new resource base associated with their local community centre. This offers the opportunity for people to travel independently, explore and interact with their local community more effectively and successfully and having access to a much wider range of opportunities
20. The year saw two young adults in Norfolk offered the opportunity for short breaks.
21. People supported by Thera in Skegness held a barbecue in June and raised money for Thera.
22. In Belper, people that Thera has supported for a number of years finally moved house after a long wait and are enjoying the chance to grow their own flowers and vegetables. Others in the same area have seen their house substantially refurbished



new



house



resource base

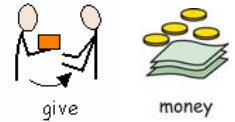


short breaks



barbeque

23. Others people moved house in Kelvedon, Essex and enjoyed their first Christmas with their friends.
24. The first people that Thera supported in Gloucestershire are enjoying their new life to the full - enjoying the comfort of their new house, listening to classical music and Abba, meeting new friends and neighbours, sailing and trampolining.
25. The Trustees made a number of monetary grants to individuals during the year to meet specific requests for financial support.



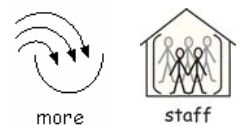
### ***People with a Learning Disability Helped Thera***

26. Roadshows held across the organisation during Autumn 2005 to talk to people about the Thera Group were attended by many people supported by Thera, families and carers and staff. This was an excellent opportunity to hear people's thoughts and comments about Thera and its future.
27. A range of people supported by Thera are members of the Communications Group, which is helping Thera to communicate better with people, to develop its website and to improve the quality of its policies and other documents.



### ***Thera has Lots More Staff***

28. By 31 March, Thera employed 11 people with a learning disability as quality assessors to further implement the Quality Framework. Thanks are due to Paul Stacey whose hard work supporting Douglas to manage and develop the quality team has been exceptional.
29. Thera extended its recruitment campaign in Poland during the year and intends to pursue further opportunities for overseas recruitment in the next two years.
30. A survey of staff throughout the organisation showed continued and increased satisfaction amongst Thera's staff.



Poland

### ***Thera Worked with Other Organisations***

31. Thera continues to work successfully in partnership with a range of housing organisations. We are grateful, in particular to the Progress Housing Group. They share our determination to put people with a learning disability first and have worked closely with us to enable a large number of people to move into their own house for the first time.
32. We were proud to find ourselves the subject of a "White Paper" on the Microsoft website, as a result of our project to equip all our managers with Microsoft Windows Mobile 5.0 enabled PDA's. Thera worked closely with East Anglian Computer Systems (EACS) to role out this technology as a means of improving communication and flexibility across the organisation.
33. We are also grateful to the various local authorities and NHS organisations with whom we work for making the transition to the Group structure administratively straightforward.

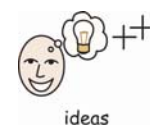


## Developments

34. 2005-06 saw a number of significant developments.

### ***What is Important for Thera***

35. Following extensive consultation with people supported by Thera and staff, Thera's vision has been simplified and sets out clearly Thera's philosophy of control and involvement by the people it supports :
- ✓ Thera will show that people with a learning disability can be leaders in society
  - ✓ Thera will be controlled by people with a learning disability
  - ✓ People supported by Thera can say how their Thera company is directed and managed
  - ✓ People with a learning disability will design the support they want from Thera
  - ✓ Thera will respect the rights and wishes of people at work, at home and in the community
  - ✓ People with a learning disability will check the quality of support from their Thera company
  - ✓ Thera Group will be led by a Charity



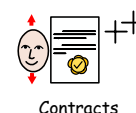
### ***There are More Thera Companies***

36. On 1 January, staff working in East Midlands and East Anglia transferred to their new Thera company under TUPE regulations. Thera East Midlands and Thera East Anglia took on responsibility for delivery of Thera Trust's contracts from that date.
37. In addition, Thera took the first steps to establishing Thera Quality, a company intended to be controlled by and employ Thera's Quality Assessors



### ***Thera Supported More People***

38. Whilst the majority of Thera's increased turnover in 2005-06 came from contracts won during the previous year, the year saw further contract wins in a number of areas that Thera works. In particular, Thera won a major new contract in Essex to provide community support in Colchester and Brentwood, as well as similar contracts in Suffolk and Norfolk.
39. Further extensions were also achieved to existing contracts, demonstrating the quality and value of Thera's work.



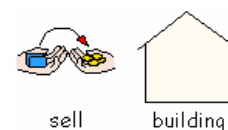
## Thera's Money

### ***Thera has Earned More Money***



40. Thera's accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Thera's memorandum and articles of association, applicable law and the requirements of the "Accounting and Reporting by Charities, Statement of Recommended Practice" issued in February, 2005.
41. Group turnover in 2005-06 was £14.4 m. (2005-06 £9.2 m), an increase of 56% on the previous year.
42. Thera's balance sheet was strengthened significantly during the year both as a result of contribution from the greater level of ongoing contracts and the release of certain provisions following successful conclusion of contract negotiations. Net assets at 31 March, 2006 were £765,843 (31 March, 2005 £239,755). Cash balances increased with net cash inflow of £580,539.
43. Thera's subsidiary companies are mandated to make a gift aid contribution of their annual surplus to Thera Trust each year. At the end of March, 2006, Thera East Anglia and Thera East Midlands had committed to make contributions totaling £253,465.
44. Cash was invested during the year on short term deposit. A broader treasury management policy be will introduced in 2006-07 to address the increased cash balances now available.

### ***Thera has Sold Two Properties***



45. During the year, Thera sold two properties, which it had purchased under the Framework Agreement with Progress Housing. Funds received were used in part to clear mortgage borrowing.

### ***Thera Uses its Money Well***

*(Reserves Policy and Social Investment Policy)*



46. Thera's Trustees approved a Reserves Policy in December, 2003. This aimed for the organisation to achieve balance sheet reserves of £625,000 within three years. This has now been achieved.
47. The Trustees will review the reserves policy during 2006-07 in the light both of substantial growth and new organisational structures. It is expected that target reserves for the whole Group will be set to grow to around £1.8 m. over a 3 year period. This will allow Thera to:
  - i) fulfill its charitable objectives;
  - ii) pay for emergencies and other events that it cannot plan for;
  - iii) make sure that there is flexibility in the running of the Group and for its development;
  - iv) provide money to pay for one off things, such as grants to people;
  - v) show to Commissioners that the Group is financially strong;
  - vi) provide support to companies in the Group should this be necessary.

48. Thera's reserves will not be too big or too small.
49. Thera Trust will keep enough reserves for the whole of the Thera Group.
50. In April, 2005, Thera Trust adopted a Social Investment policy, whereby Thera:
  - i) would make social investment by way of loan and grant of contracts in accordance with the strategy of Thera Trust for providing services to individuals with a learning disability, their families and carers within the Thera Group;
  - ii) would make loans available only to companies limited by guarantee of which Thera was the sole member after approval by the Trustees.
51. The Trustees will review and extend this policy during 2006-07, including the provision to make such grants to organisation outside of the Thera Group.

### **Voluntary Directors Decide Directors' Pay**

*(Remuneration Committee)*



Pay

52. Thera Trust has established a Remuneration Committee of three non-executive directors in order independently to determine the remuneration of executive directors of the organisation.

### **Thera's Voluntary Directors Check Thera's Money**

*(Audit Committee and Auditors)*



audit

53. Thera Trust has established an Audit Committee to oversee the Thera Group. The Audit Committee will be meeting with a number of potential audit firms during summer 2006 with a view to a possible change of auditor being proposed at the Annual General Meeting in December.

### **Thera Makes Sure that it has Good Directors**

*(Recruitment, Induction and Training of Trustees)*



good



directors

54. New Trustees are recruited either by open advert or personal recommendation. Recruitment follows a formal interview with existing Trustees and people supported by the organisation.
55. During 2005, a national recruitment campaign was held resulting in the appointment during 2006 of a number of additional Board directors.
56. Trustees and subsidiary board directors follow a formal induction process to ensure they are know the organisation and its aims and are aware of their responsibilities.

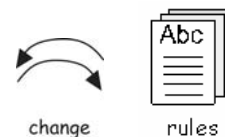
### **Hello to Jackie**

57. Jackie Lawley was appointed Development Director in December 2005.



hello

## The Charity Commission has Said that Thera can Change its Rules



58. Following a general review of its governing documents, Thera Trust was granted approval by the Charity Commission to amend its Memorandum of Association. These changes brought Thera Trust powers into line with those of its subsidiaries and, further, set requirements for the make up of Thera's Board of Trustees. In addition, Thera Trust amended its Articles of Association during the year to enhance and clarify the control of people with a learning disability over the organisation.
59. Thera companies are governed by an Intra-Group Agreement, which sets out the respective obligations of all companies within the Group. Key policies are set by Thera Trust for the whole Group.

## Hello to Karen

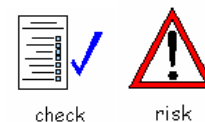
60. Karen Boyce-Dawson was appointed Managing Director of Thera East Midlands in July, 2005. Karen was also appointed as Acting Managing Director for Thera East Anglia in February, 2006.



## Thera's Directors Make Sure that they Manage Thera's Risks

*(Risk Management)*

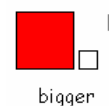
61. The Trustees have assessed the major risks to which Thera may be exposed through a risk management strategy and are satisfied that systems are in place to minimise the incidence and impact of these risks. this strategy will be reviewed fully during 2006-07.



## The Future

### ***Thera will get Bigger***

62. On the basis of current contract wins during 2005-06, the turnover for Thera Group is expected to exceed £16.7 m. in 2006-07 and may well exceed of £18 m. in 2007-08.
63. However, Thera faces the re-tender of one of its major contracts during 2006-07. If unsuccessful in this process, group turnover would be reduced by around £ 2m. per annum. Directors are considering the impact of this and are confident that plans will be in place to address this.



### ***Thera will do More Fund-Raising***

64. Trustees are expected to adopt a new fund-raising strategy during 2006.

## Hello Justen

65. Justen Schafer joined Thera in July, 2007 as Fund-Raising and PR Manager.



## **Group Structure**

### **People with a Learning Disability will be Members of Thera**

66. Thera's founding aim was to be "an organisation directly controlled by people with a learning disability". Over the next two years membership will be offered to all the people that Thera support, its staff and families/carers.



### **Thera will be More Thera Companies**

67. The Trustees intend to incorporate two further subsidiaries during 2006-07, to support people in new geographic areas.



68. A key focus of activity during 2006-07 will be the consolidation of the management and operations of the new Group structure.

### **Thera will Support People in Lots of Different Ways**

69. The Trustees intend to broaden the scope of Thera's activities in support of people with a learning disability. Direct support to people with a learning disability will continue to be delivered through its subsidiary companies. In particular, Thera will consider working with people with a learning disability in Poland and Hungary. The Trustees will further expand the scope of grant-making to individuals.



70. In addition, Thera will be interested to explore a range of partnership opportunities with other like-minded organisations.

71. Thera will also, through its "Your Thera" strategy, provide brokerage services to encourage people to benefit from the opportunities offered by individualised budgets.

## **THERA TRUST AND SUBSIDIARIES**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees are responsible for preparing the accounts of the charity and of the group in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources of the group, including its net income and expenditure for the year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

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

## **THERA TRUST AND SUBSIDIARIES**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THERA TRUST AND SUBSIDIARIES**

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We have audited the accounts of Thera Trust and subsidiaries for the year ended 31 March 2006 set out on pages 13 to 28. These accounts have been prepared under the accounting policies set out on pages 17 and 18.

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**

As described on page 10, the trustees, who are also the directors of Thera Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts, 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 with the group is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

#### **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 accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's and the group's circumstances, consistently applied and adequately disclosed.

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

## **THERA TRUST AND SUBSIDIARIES**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THERA TRUST AND SUBSIDIARIES**

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#### **Opinion**

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's and the group's affairs as at 31 March 2006 and of the group's incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the accounts.

#### **Clarkson Hyde**

Chartered Accountants

Registered Auditors

137-143 High Street

Sutton

Surrey

SM1 1JH

Dated: 27 October 2006

**THERA TRUST AND SUBSIDIARIES**

**STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	Group 2006 £	Group 2005 £
<b>Incoming resources</b>			
<i>Incoming resources from generating funds</i>			
Activities for generating funds	3	14,117,361	8,990,800
Investment income	4	91,104	117,323
		<u>14,208,465</u>	<u>9,108,123</u>
<i>Other incoming resources</i>	5	165,248	101,075
<b>Total incoming resources</b>		<u>14,373,713</u>	<u>9,209,198</u>
<b>Resources expended</b>			
<i>Charitable activities</i>			
Direct costs	6	13,362,202	8,811,089
<b>Total charitable expenditure</b>		<u>13,362,202</u>	<u>8,811,089</u>
<i>Governance costs</i>	6	485,423	293,345
<b>Total resources expended</b>		<u>13,847,625</u>	<u>9,104,434</u>
<b>Net income for the year/ Net movement in funds</b>		<b>526,088</b>	104,764
Fund balances at 1 April 2005		<u>239,755</u>	134,991
<b>Fund balances at 31 March 2006</b>		<u><u>765,843</u></u>	<u><u>239,755</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The trading subsidiary undertakings commenced their operations from 1 April 2005 (Thera North) and 1 January 2006 (Thera East Anglia and Thera East Midlands). Thera Limited remained dormant during the year.

The comparatives represent only the charity's result for the year ended 31 March 2005.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

**THERA TRUST AND SUBSIDIARIES**

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

	Notes	Charity 2006 £	Charity 2005 £
<b>Incoming resources</b>			
<i>Incoming resources from generating funds</i>			
Donations and legacies	2	253,465	-
Activities for generating funds	3	10,853,700	8,990,800
Investment income	4	90,478	117,323
		<u>11,197,643</u>	<u>9,108,123</u>
<i>Other incoming resources</i>	5	163,924	101,075
		<u>11,361,567</u>	<u>9,209,198</u>
<b>Total incoming resources</b>			
<b>Resources expended</b>			
<i>Charitable activities</i>			
Direct costs	6	10,146,482	8,811,089
		<u>10,146,482</u>	<u>8,811,089</u>
<b>Total charitable expenditure</b>		<u>10,146,482</u>	<u>8,811,089</u>
<i>Governance costs</i>	6	461,469	293,345
		<u>10,607,951</u>	<u>9,104,434</u>
<b>Total resources expended</b>		<u>10,607,951</u>	<u>9,104,434</u>
<b>Net income for the year/ Net movement in funds</b>		<b>753,616</b>	104,764
Fund balances at 1 April 2005		<u>239,755</u>	<u>134,991</u>
<b>Fund balances at 31 March 2006</b>		<u><b>993,371</b></u>	<u>239,755</u>

The statement of financial activities include all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities, the majority of which have been transferred to subsidiary undertakings with effect from 1 April 2006.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

**THERA TRUST AND SUBSIDIARIES**

**BALANCE SHEET  
AS AT 31 MARCH 2006**

	Notes	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
<b>Fixed assets</b>					
Tangible assets	9	<u>1,157,083</u>	<u>1,169,781</u>	<u>1,157,083</u>	<u>1,169,781</u>
<b>Current assets</b>					
Stocks		-	6,025	-	6,025
Debtors	11	<u>2,046,172</u>	<u>975,101</u>	<u>1,343,714</u>	<u>975,101</u>
Investments		-	327,636	-	327,636
Cash at bank and in hand		<u>983,060</u>	<u>402,521</u>	<u>504,853</u>	<u>402,521</u>
		<u>3,029,232</u>	<u>1,711,283</u>	<u>1,848,567</u>	<u>1,711,283</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,876,412)</u>	<u>(2,039,502)</u>	<u>(1,468,219)</u>	<u>(2,039,502)</u>
<b>Net current assets/(liabilities)</b>		<u>152,820</u>	<u>(328,219)</u>	<u>380,348</u>	<u>(328,219)</u>
<b>Total assets less current liabilities</b>		<u>1,309,903</u>	<u>841,562</u>	<u>1,537,431</u>	<u>841,562</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(544,060)</u>	<u>(601,807)</u>	<u>(544,060)</u>	<u>(601,807)</u>
<b>Net assets</b>		<u><u>765,843</u></u>	<u><u>239,755</u></u>	<u><u>993,371</u></u>	<u><u>239,755</u></u>
<b>Income funds</b>					
Unrestricted funds		<u>765,843</u>	<u>239,755</u>	<u>993,371</u>	<u>239,755</u>
		<u><u>765,843</u></u>	<u><u>239,755</u></u>	<u><u>993,371</u></u>	<u><u>239,755</u></u>

The accounts were approved by the Board on 27 October 2006

Mr S L Conway  
Trustee

Ms J Garrigan  
Trustee

**THERA TRUST AND SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	2006 £	2005 £
<b>Net cash inflow from operating activities</b>	<b>16</b>	<b>487,285</b>	473,633
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(92,887)	(1,153,688)	
Receipts from sales of tangible fixed assets	3,806	913	
<b>Net cash outflow from capital expenditure</b>		<b>(89,081)</b>	(1,152,775)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>398,204</b>	(679,142)
<b>Management of liquid resources</b>			
Disposal of current asset investment	327,636	-	
<b>Net cash inflow from management of liquid resources</b>		<b>327,636</b>	-
<b>Financing</b>			
Repayment of long term bank loan	(145,301)	623,902	
<b>Net cash (outflow)/inflow from financing</b>		<b>(145,301)</b>	623,902
<b>Increase/(decrease) in cash</b>	<b>17</b>	<b>580,539</b>	(55,240)

## Thera Trust and Subsidiaries

### Notes to the Accounts for the year ended 31 March 2006

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#### 1 Accounting policies

##### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

Due to the revised treatment of the classification of certain charitable expenses in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, some of the comparative figures in the Statement of Financial Activities have been restated. However, the retained funds as at 31 March 2005 have not been affected.

##### 1.2 Compliance with SORP and legislation

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

##### 1.3 Basis of consolidation

The consolidated statement of financial activities and the balance sheet include the financial statements of the charity and its subsidiary undertakings made up to 31 March 2006. The results of subsidiaries sold or acquired are included in the statement of financial activities up to, or from, the date control passes. Intra-group sales, profits and balances are eliminated fully on consolidation.

##### 1.4 Incoming resources

###### *Charitable trading activities*

Income from services rendered is included in incoming resources in the period in which the relevant service is provided.

###### *Donations and grants*

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- when donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.

- when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

###### *Interest receivable*

Interest is included when receivable by the charity.

##### 1.5 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

## Thera Trust and Subsidiaries

### Notes to the Accounts (Continued) for the year ended 31 March 2006

#### 1 Accounting Policies

(continued)

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings	4% straight line
Office equipment	33.3% straight line
Furniture and fittings	33.3% straight line
Motor vehicles	25% straight line

The basis of depreciation for certain tangible fixed assets has changed during the year. The Trustees believe that the new basis should reflect as fairly as possible the pattern in which the assets' economic benefits are consumed by the charity. This does not constitute a change of accounting policy.

##### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

##### 1.8 Investments

Current asset investments are stated at cost.

##### 1.9 Stock

Stock is valued at the lower of cost and net realisable value.

##### 1.10 Pensions

Three of Thera Trust's subsidiaries (Thera North, Thera East Anglia and Thera East Midlands) participate in the Pension Trust's Unitised Ethical Money Purchase Plan which is a defined contribution scheme. Thera Trust currently participates in the Pension's Trust's Social Housing Final Salary Scheme, but will also be joining the Pension Trust's Unitised Ethical Money Purchase Plan during 2006-07. One member of staff employed by Thera East Anglia is making personal AVCs.

Thera Trust also participated in the NHS Pension Scheme for those employees who have previously worked in the NHS. This scheme ceased on 31 December 2005 upon transfer of contracts to subsidiaries.

##### 1.11 Fund accounting

All funds held by the group are unrestricted general funds. These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

#### 2 Donations and legacies

	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Donations and gifts	-	-	253,465	-
	-	-	253,465	-

The charity received Gift Aid donations from its wholly controlled subsidiary undertakings, Thera East Midlands of £204,990 and Thera East Anglia of £48,475. These have been eliminated fully on consolidation.

**THERA TRUST AND SUBSIDIARIES**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

**3 Activities for generating funds**

The Group received income for supporting people with a learning disability from councils within the following geographical areas:

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
East Anglia	<b>5,247,215</b>	4,258,380	<b>3,839,670</b>	4,258,380
East Midlands	<b>8,558,465</b>	4,732,420	<b>6,541,936</b>	4,732,420
North	<b>270,976</b>	-	-	-
South West	<b>40,705</b>	-	<b>40,705</b>	-
Central support costs recharged to subsidiaries	-	-	<b>431,389</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Activities for generating funds</b>	<b>14,117,361</b>	8,990,800	<b>10,853,700</b>	8,990,800
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**4 Investment income**

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Rental income	<b>81,178</b>	106,544	<b>81,178</b>	106,544
Interest receivable	<b>9,926</b>	10,779	<b>9,300</b>	10,779
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>91,104</b>	117,323	<b>90,478</b>	117,323
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**5 Other incoming resources**

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Other income	<b>118,088</b>	119,759	<b>118,202</b>	119,759
Recharge income	<b>47,160</b>	(18,684)	<b>45,722</b>	(18,684)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>165,248</b>	101,075	<b>163,924</b>	101,075
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THERA TRUST AND SUBSIDIARIES**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

**6 Total resources expended**

<b>Group</b>	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>Grant funding</b>	<b>Total 2006</b>	<b>Total 2005</b>
	£	£	£	£	£	£
<b>Charitable activities</b>						
<u>Direct costs</u>						
Staff costs	10,521,510	-	-	-	10,521,510	6,434,121
Non staff costs	-	-	1,481,048	-	1,481,048	1,446,222
Central support costs	715,450	103,424	540,770	-	1,359,644	930,746
	<b>11,236,960</b>	<b>103,424</b>	<b>2,021,818</b>	<b>-</b>	<b>13,362,202</b>	<b>8,811,089</b>
Governance costs	324,000	-	161,423	-	485,423	293,345
	<b>324,000</b>	<b>-</b>	<b>161,423</b>	<b>-</b>	<b>485,423</b>	<b>293,345</b>
	<b>11,560,960</b>	<b>103,424</b>	<b>2,183,241</b>	<b>-</b>	<b>13,847,625</b>	<b>9,104,434</b>

Central support costs are provided and charged to subsidiaries.

Governance costs includes payments to the auditors of £38,499 (2005: £24,286) for audit fees and £13,267 (2005: £7,481) for other services.

<b>Charity</b>	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>Grant funding</b>	<b>Total 2006</b>	<b>Total 2005</b>
	£	£	£	£	£	£
<b>Charitable activities</b>						
<u>Direct costs</u>						
Staff costs	7,615,310	-	-	-	7,615,310	6,434,121
Non staff costs	-	-	1,239,118	-	1,239,118	1,446,222
Central support costs	704,568	103,424	484,062	-	1,292,054	930,746
	<b>8,319,878</b>	<b>103,424</b>	<b>1,723,180</b>	<b>-</b>	<b>10,146,482</b>	<b>8,811,089</b>
Governance costs	300,046	-	161,423	-	461,469	293,345
	<b>300,046</b>	<b>-</b>	<b>161,423</b>	<b>-</b>	<b>461,469</b>	<b>293,345</b>
	<b>8,619,924</b>	<b>103,424</b>	<b>1,884,603</b>	<b>-</b>	<b>10,607,951</b>	<b>9,104,434</b>

Central support costs are provided and charged to subsidiaries.

Governance costs includes payments to the auditors of £38,499 (2005: £24,286) for audit fees and £13,267 (2005: £7,481) for other services

## THERA TRUST AND SUBSIDIARIES

### NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

#### 7 Trustees

During the year, the executive trustees received remuneration and travelling and other expenses of £208,197 (2005: £153,930). Pension contributions of £22,936 (2005: £16,691) were also made during the year on behalf of the trustees.

#### 8 Employees

##### Number of employees

The average monthly number of employees during the year was:

	<b>Group 2006 Number</b>	Group 2005 Number	<b>Charity 2006 Number</b>	Charity 2005 Number
Management and administration	35	29	34	29
Direct and relief support work	478	458	345	458
	<u>513</u>	<u>487</u>	<u>379</u>	<u>487</u>

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Employment costs				
Wages and salaries	10,006,588	6,128,729	7,267,372	6,128,729
Social security costs	794,685	493,740	587,413	493,740
Other pension costs	421,519	259,466	326,936	259,466
Redundancy costs	100,013	-	100,013	-
	<u>11,322,805</u>	<u>6,881,935</u>	<u>8,281,734</u>	<u>6,881,935</u>

The number of employees whose annual emoluments were £60,000 or more were:

	<b>2006 Number</b>	2005 Number
Trustee's remuneration	<u>3</u>	<u>2</u>

THERA TRUST AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006

9 Tangible fixed assets

Group	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2005	1,064,651	202,444	24,675	1,291,770
Additions	-	92,887	-	92,887
Disposals	-	(2,161)	-	(2,161)
<b>At 31 March 2006</b>	<b>1,064,651</b>	<b>293,170</b>	<b>24,675</b>	<b>1,382,496</b>
<b>Depreciation</b>				
At 1 April 2005	-	100,354	21,635	121,989
On disposals	-	(960)	-	(960)
Charge for the year	37,886	63,458	3,040	104,384
<b>At 31 March 2006</b>	<b>37,886</b>	<b>162,852</b>	<b>24,675</b>	<b>225,413</b>
<b>Net book value</b>				
<b>At 31 March 2006</b>	<b>1,026,765</b>	<b>130,318</b>	<b>-</b>	<b>1,157,083</b>
At 31 March 2005	1,064,651	102,090	3,040	1,169,781
<b>Charity</b>				
	£	£	£	£
<b>Cost</b>				
At 1 April 2005	1,064,651	202,444	24,675	1,291,770
Additions	-	92,887	-	92,887
Disposals	-	(2,161)	-	(2,161)
<b>At 31 March 2006</b>	<b>1,064,651</b>	<b>293,170</b>	<b>24,675</b>	<b>1,382,496</b>
<b>Depreciation</b>				
At 1 April 2005	-	100,354	21,635	121,989
On disposals	-	(960)	-	(960)
Charge for the year	37,886	63,458	3,040	104,384
<b>At 31 March 2006</b>	<b>37,886</b>	<b>162,852</b>	<b>24,675</b>	<b>225,413</b>
<b>Net book value</b>				
<b>At 31 March 2006</b>	<b>1,026,765</b>	<b>130,318</b>	<b>-</b>	<b>1,157,083</b>
At 31 March 2005	1,064,651	102,090	3,040	1,169,781

## THERA TRUST AND SUBSIDIARIES

### NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

#### 10 Wholly controlled subsidiary undertakings

The Charity wholly controls the following companies:

Company	Country of registration or incorporation	
<b>Subsidiary undertakings</b>		
Thera North	England and Wales	Limited by guarantee
Thera East Anglia	England and Wales	Limited by guarantee
Thera East Midlands	England and Wales	Limited by guarantee
Thera Limited	England and Wales	Limited by guarantee

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year/period were as follows:

	Trading (loss)/profit for the year/period £	Gift aid transferred £	(Loss)/profit for the year/period £	Capital and reserves £
Thera North	(124,945)	-	(124,945)	(124,945)
Thera East Anglia	22,190	(48,475)	(26,285)	(26,285)
Thera East Midlands	281,288	(204,990)	(76,298)	(76,298)
Thera Limited	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The trading subsidiaries are wholly controlled by the Charity and undertake a range of activities in fulfillment of the Charity's objects. The profits of the subsidiaries for the period are gift aided to the Charity.

Thera Limited was dormant during the year.

11 Debtors	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Trade debtors	<b>1,013,572</b>	662,876	<b>97,324</b>	662,876
Amounts owed by group undertakings	-	-	<b>498,336</b>	-
Other debtors	<b>224,543</b>	43,191	<b>197,370</b>	43,191
Prepayments and accrued income	<b>808,057</b>	269,034	<b>550,684</b>	269,034
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>2,046,172</b>	975,101	<b>1,343,714</b>	975,101
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Debtors are shown after provision for doubtful debts of £89,181 in relation to the re-negotiation of a contract, the detail of which will only be finalised during 2006-07.

**THERA TRUST AND SUBSIDIARIES**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

**12 Creditors: amounts falling due within one year**

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Bank loans	<b>40,548</b>	128,102	<b>40,548</b>	128,102
Trade creditors	<b>454,078</b>	498,368	<b>365,519</b>	498,368
Provision for liabilities	<b>877,603</b>	512,142	<b>802,856</b>	512,142
Other creditors	<b>396,174</b>	205,511	<b>43,384</b>	205,511
Accruals	<b>1,108,009</b>	264,116	<b>215,912</b>	264,116
Deferred income	-	431,263	-	431,263
	<b>2,876,412</b>	2,039,502	<b>1,468,219</b>	2,039,502

**13 Creditors: amounts falling due after more than one year**

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Bank loans	<b>544,060</b>	601,807	<b>544,060</b>	601,807
<b>Analysis of loans</b>				
Wholly repayable within five years	<b>584,608</b>	729,909	<b>584,608</b>	729,909
Included in current liabilities	<b>(40,548)</b>	(128,102)	<b>(40,548)</b>	(128,102)
	<b>544,060</b>	601,807	<b>544,060</b>	601,807
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	<b>43,545</b>	31,350	<b>43,545</b>	31,350
In more than two years but not more than five years	<b>136,635</b>	109,049	<b>136,635</b>	109,049
In more than five years	<b>363,880</b>	461,408	<b>363,880</b>	461,408
	<b>544,060</b>	601,807	<b>544,060</b>	601,807

The loan is secured by a first legal charge over the freehold property. The interest is charged at 1.65% per annum over the bank base rate and the loan is repayable by 28 November 2024.

**14 Provisions for liabilities**

Provision for liabilities and charges include an amount of £374,288 in relation to ongoing contract negotiations, which are not now expected to be concluded until part way through 2006-07 financial year.

## Thera Trust and Subsidiaries

### Notes to the Accounts (Continued) for the year ended 31 March 2006

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#### 15 Pension costs

##### a) Social Housing Pension Scheme (SHPS)

- 15.1 Thera Trust participates in the Social Housing Pension Scheme (SHPS).
- 15.2 SHPS is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.
- 15.3 The 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 so that the Scheme can meet its pension obligations as they fall due.
- 15.4 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.
- 15.5 During the accounting period Thera Trust paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.
- 15.6 As at the balance sheet date there were 12 active members of the Scheme employed by Thera Trust. Thera Trust has closed the Scheme to new entrants with effect from 1 April 2006.
- 15.7 It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
- 15.8 The last formal valuation of the Scheme was performed as at 30 September 2002 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £650 million. The valuation revealed a shortfall of assets compared to liabilities of £117 million.
- 15.9 Thera Trust has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2005. This indicates an increase in the assets of the Scheme to £1,278 million and an increase in the shortfall of assets compared with liabilities to £283 million. This valuation, and any consequent alteration to future contribution rates, is currently the subject of consultation with participating employers and members. The outcome of this consultation will be made known in September 2006, and any consequent changes to contribution rates applied from 1 April 2007. The following notes therefore relate to the formal valuation of September 2002.
- 15.10 The financial assumptions underlying the valuation as at 30 September 2002 were as follows:
- |  | % p.a. |
|--|--------|
| - Rate of return on future contributions | 6.6    |
| - Rate of return on accumulated assets   | 7.2    |
| - Rate of salary increases               | 4.5    |
| - Rate of pension increases              | 2.5    |
| - Rate of price inflation                | 2.5    |
-

## THERA TRUST AND SUBSIDIARIES

### NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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#### 15 Pension costs (continued)

- 15.11 The valuation revealed a shortfall of assets compared with the value of liabilities of £117 million (equivalent to a past service funding level of 85%).
- 15.12 The long-term joint contribution rate required from employers and members to meet the cost of future benefit accrual was assessed at 15.0% of pensionable salaries.
- 15.13 Following consideration of the results of the actuarial valuation it was agreed that, with effect from 1 April 2004:
- 15.13.1 The standard employer contribution rate would be increased from 10.6% to 11.7% of pensionable salaries.
- 15.13.2 Member contributions would also be increased by 1.1% from 2.0-5.0% to 3.1-6.1% of pensionable salaries depending on age.
- 15.14 Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). This rate was increased from 15.0% to 17.3% of pensionable salaries with effect from 1 April 2004.
- 15.15 Employers that have closed the Scheme to new members are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.
- 15.16 A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.
- 15.17 New employers that joined the Scheme after 30 September 2002 without any past service liability pay an employer contribution rate of 9.4% of pensionable salaries. This rate will apply until 1 April 2007, after which it will change to the standard employer contribution rate per the actuarial valuation due to take place as at 30 September 2005.
- 15.18 If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 March 2017.
- 15.19 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.
- 15.20 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.
- 15.21 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.

**THERA TRUST AND SUBSIDIARIES**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

**15 Pension costs (continued)**

**b) NHS Pension Scheme**

15.22 For some employees, who have previously worked in the NHS, Thera Trust also participated in the NHS Pension Scheme, which is a defined benefit scheme. Contributions to this scheme, which are charged against net income, are set by the Government Actuary. The pension charge for the year in respect of this scheme was £ (2005: £181,411). Thera Trust ceased participating in the NHS scheme at 31 December 2005 upon consequent transfer of contracts to subsidiaries.

<b>16</b>	<b>Net cash inflow from operating activities</b>	<b>2006</b>	2005
		£	£
	Reconciliation to changes in resources		
	Changes in resources before revaluations	<b>526,088</b>	104,764
	Depreciation of tangible fixed assets	<b>103,424</b>	28,450
	(Profit)/loss on disposal of tangible fixed assets	<b>(1,645)</b>	31,924
	Decrease in stocks	<b>6,025</b>	2,234
	(Increase)/decrease in debtors	<b>(1,071,071)</b>	215,506
	Increase in creditors	<b>924,464</b>	90,755
		<u><b>487,285</b></u>	<u>473,633</u>

<b>17</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2006</b>	2005
		£	£
	<b>Increase/(decrease) in cash</b>	<b>580,539</b>	(55,240)
	Repayment of long term bank loan	<b>145,301</b>	(623,902)
	Movement in liquid resources	<b>(327,636)</b>	-
	<b>Movement in net funds/(debt)</b>	<b>398,204</b>	(679,142)
	<b>Net funds at 1 April 2005</b>	<b>248</b>	679,390
	<b>Net funds at 31 March 2006</b>	<u><b>398,452</b></u>	<u>248</u>

<b>18</b>	<b>Analysis of net cash less debt</b>			
		<b>At 1 April 2005</b>	<b>Cash flow</b>	<b>Non-cash changes</b>
		£	£	<b>At 31 March 2006</b>
				£
	Cash at bank and in hand	402,521	580,539	-
	Debt due within one year	(128,102)	145,301	(57,747)
	Debt due after one year	(601,807)	-	57,747
	Current asset investments	327,636	(327,636)	-
		<u><b>248</b></u>	<u><b>398,204</b></u>	<u><b>-</b></u>
				<u><b>398,452</b></u>

## Thera Trust and Subsidiaries

### Notes to the Accounts (Continued) for the year ended 31 March 2006

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#### 19 Commitments under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Other Group 2006 £</b>	Group 2005 £	<b>Other Charity 2006 £</b>	Charity 2005 £
Expiry date:				
Within one year	<b>16,780</b>	-	<b>16,780</b>	-
Between two and five years	<b>276,035</b>	-	<b>276,035</b>	-
	<u><b>292,815</b></u>	<u>-</u>	<u><b>292,815</b></u>	<u>-</u>

#### 20 Capital commitments

At 31 March 2006 the company had capital commitments as follows:

	<b>Group 2006 £</b>	Group 2005 £	<b>Charity 2006 £</b>	Charity 2005 £
Expenditure contracted for but not provided in the accounts - see below	240,000	-	<b>240,000</b>	-
	<u>240,000</u>	<u>-</u>	<u><b>240,000</b></u>	<u>-</u>

The charity is in the process of purchasing a property. The property is to be financed by a mortgage with Bank of Scotland. The purchase is due to be completed in July 2006.

#### 21 Legal status of the charity

The charity and its subsidiaries are companies limited by guarantee and have no share capital. The liability of each member in the event of winding-up is limited to £1.