



Hansel Foundation

Group Annual Report & Accounts

**For The Year Ended
31 March 2019**

Scottish Charity No: SC001514

Company Limited by Guarantee No: SC038440

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Our Purpose

The group carries out functions relevant to the provision of support to people with disabilities.

Our Mission

To assist people with disabilities to realise their potential in all spheres of their lives.

Hansel Foundation

Directors' Report for the year ended 31 March 2019

The Directors have pleasure in presenting the annual report together with the audited group accounts for the year ended 31 March 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102).

Our Purposes and Significant Activities

The principal object and activity of the group of Hansel charities is to assist with the development and promotion of opportunities, resources and services in support of people with disabilities.

In pursuance of the above Hansel Foundation continued its comprehensive fundraising programme to support the work of Hansel Alliance in particular and, generally, to support the enhancement of the prospects of opportunities for people with disabilities.

Hansel Alliance assists people with disabilities to realise their potential in all spheres of their lives through the practical provision of a wide and diverse range of community, residential and vocational resources and services.

Group Strategic Report

Achievements and performance

During the year under review key organisational objectives identified within Hansel Foundation's Strategic Plan adopted for the period 2013 to 2017, 'Personalisation: Resourcing Change, Delivering Choice', which had been extended through to 2018, were updated within a successor Plan being drafted for the period 2019 to 2024. Most notably, this new Strategic Plan being introduced supports a revised governance and management approach for the Hansel group of charities that separates operational activities into more outcome focused management and reporting structures.

Key strategic goals set out within the updated strategic plans continue to evidence Hansel's commitment to its vision to seek and promote creative ways of supporting and empowering people with disabilities, and helping them to remove the barriers they face. Integral to our strategic planning is the continuing and strongly held view that our values are intrinsic to how we engage with customers, carers, external agencies, supporters and team members. These values, which are based on respect, trust, team working, continuous improvement and diversity, determine how the organisation works, and embrace beliefs and behaviours considered fundamental in ensuring Hansel's vision is achieved.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

During the reporting period the subsidiary charity Hansel Alliance maintained its commitment to deliver and develop person-centred support choices as set out within its interim two year Management Plan entitled 'Fit for the Future: Reviewing and Optimising Operating Resources'. Within this Plan key short-term development objectives are identified for the period through to end of 2019, including: review of service structures, continuing commitment to sustaining the real living wage, investment in efficiency savings, employability activities development, and resourcing of effective team building.

Following on from a governance and management review conducted across the range of activities delivered within the Hansel group of charities, senior management and corporate support resources were transferred from Hansel Alliance to Hansel Foundation at the commencement of the reporting period. This restructuring of group support arrangements involved the transfer of contracts of employment for some 26 staff affected, as well as redistribution of assets supporting these employment posts. Payroll costs previously incurred by Hansel Alliance in respect of management and corporate services support was replaced during the reporting period by a management charge from Hansel Foundation.

The rationale for this transfer of management and corporate services resourcing is primarily to streamline governance and management processes to separate the continuing development of Alliance operations from the wider and overarching role that the Foundation Board of Directors has in steering the future development of group activities. Directors are pleased to report early benefits derived from this strategic decision, particularly where Board meeting agendas now allow for greater focus on each charity board's primary functions.

For the parent charity, five main organisational themes continue to be prioritised within its strategic planning: promoting customer participation, valuing and developing our people, developing community resources and networks, resourcing infrastructure, and promoting sustainability.

Of note, the following progress with key priorities was made during the year.

- Directors welcomed the opportunity to introduce 'meet and greet' social events facilitating introductions to and conversations with customers who access Hansel support through various services and activities. This has proved a most effective informal approach to engagement with Hansel's primary stakeholder group, and Directors anticipate building on this early success to more comprehensively ensure governance arrangements incorporate valuable contributions from people who experience support from the organisation.
- Following on from the decision taken in 2017/18 to strengthen numbers and skills on the Hansel boards Directors are pleased to report the appointment of new trustees during the year. In addition to appointments to the Foundation Board, the first appointment of an independent Director on the Hansel Alliance Board was progressed.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

- An ongoing priority for Directors is the provision of resourcing support to the subsidiary charity Hansel Alliance. Through the transfer at the start of the reporting period of senior management and corporate services functions into Hansel Foundation, Hansel Alliance's development agenda benefited from more focussed management support, with greater emphasis and concentration on planned operational development. In addition to the furtherance of redesign and restructure within a number of care services to deliver operational efficiencies and improved customer outcomes, management support was also provided to fully implement and 'bed in' remodelled staff resourcing of employment, enterprise and education activities.
- Financial challenges facing the organisation and the sector have been at unprecedented levels in recent years. Prior year operating deficits attributable to underfunding of services were to an extent addressed via settlements agreed with commissioning authorities in early 2017, though subsequent further upward pressure on wage and pension costs, combined with funding levels not always rising in line with increasing costs (and in some cases being cut), is likely to pose a continuing threat to sustainability of services. Critically, surplus generation and positive cash-flow over the next 4 year period will be necessary to contribute towards pension debt repayments linking to Hansel's withdrawal from the Strathclyde Pension Fund in March 2017.
- As reported in the previous financial year, and linked to an organisation-wide review and restructure of Hansel operations, investment in the development of Hansel's employment services has led to the formation of a new strategic business unit through which separate governance and management of employment, enterprise and education activities will be taken forward. During the year good progress was made in settling in the new team arrangements for this new strategic business approach, and this also facilitated a collaborative exercise, involving team member representatives, in identifying key aims and objectives to be set out within a 3 year development plan approved by the Board prior to the end of the financial year.
- Following contact from another voluntary sector organisation Directors endorsed a proposal to work in partnership to develop an early intervention service to better serve children with epilepsy/learning disability/additional support needs aged 0-5, and their parents/carers, by offering educational home-based supports using a Portage model. Directors are pleased to promote partnership ventures with established national charities, and look forward to updating on progress within the next annual report.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

- Prior to the conclusion of the reporting period Directors decided that Hansel's brand identity should be reviewed and refreshed given the advances in technology that have taken place since last being considered. Most notably, Hansel's current website and social media presence requires redesign to align with current hardware platforms, and maximising opportunities to extend our reach through technology is critical to ensure the organisation remains competitive within recruitment markets and continues to attract invaluable support from local communities, vital to ensure we maintain high standards within the services we deliver. Early planning to create 'Hansel Hubs' – resourcing local services and community engagement - within our primary operating areas of North Ayrshire and South Ayrshire was also underway, which would also benefit from review and strengthening of the Hansel brand. Again Directors anticipate providing an update on this important initiative in the next reporting period.

Returning to the subsidiary charity Hansel Alliance, the underlying funding climate across operational activity remained quite challenging during the year, this being exacerbated by vacancy levels within residential services and bookings for respite weeks proving more difficult to manage, with reduced income being difficult to address in the short-term. Withdrawal from a community-based service contract with East Ayrshire Council part way through the previous reporting period further explains the moderately reducing total income trend for care and support services over the last three financial years.

In spite of lower income levels Directors are pleased to report a financial out-turn that absorbs investment in redevelopment of lifestyle supports delivered through Hansel Alliance's Connect team, and also, cost of restructuring employability activities following the loss of delivery of the national employment contract supporting people facing barriers to work; formerly Work First and now Fair Start Scotland.

Although employment program funding was reduced in the reporting period as a result of Hansel Alliance's participation in unsuccessful consortia bids to deliver Fair Start Scotland within Ayrshire, loss of such external income, of the order of £100,000 annually, has been replaced by absorption of all group maintenance services into Hansel Alliance's employability team. Hansel Foundation continues to be the major 'customer' for this facilities and maintenance function though future business planning will target marketing and expansion of the service to external commercial and private customers.

Continuing compliance with Scottish Government's laudable commitment to the Real Living Wage as a minimum rate of pay for everyone working in care continues to be a significant and ongoing challenge for our sector. Since its introduction in October 2016, health and social care partnership funders have found the Real Living Wage impact on social work budgets most difficult to sustain given the relentless application of austerity policy within government spending. During the year under review the primary funding mechanism for care in the community within South Ayrshire delivered a funding cut for such service provision, so representations continue to be made locally and nationally in relation to the sustainability of this and other similar service contracts.

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Directors' Report for the year ended 31 March 2019 (cont'd)

Although a range of actions have been set in motion to ensure appropriate resources are in place to address current challenges, and prepare for anticipated future opportunities, there remains a significant and real threat to sustainability of services due to our expectation that funding pressures will likely prevail for some time. Work is ongoing to secure the longevity of the range of services offered by Hansel Alliance, including continuation of the service types described below.

Residential services - Demand for residential places continued to be encouraging through 2019/20 although processes to support new resident moves where vacancies arose took longer to finalise due to continuing financial pressures experienced with social work budgets. In total 42 residential places are available at Hansel's Broadmeadows estate, with a further 9 residents living within the Shawburn small group home located in Prestwick. Specialist accommodation is available for residents with complex health needs, or living with dementia, whilst other small group accommodation is better suited for residents living more independently.

Respite and short break supports provide positive respite experiences built around customer choice. Accommodation-based respite breaks at Broadmeadows (The Cabin), two caravans at Craig Tara Holiday Park, and council-owned Taigh Mor accommodation in Beith dipped below full capacity during the year. In total 20 weekly respite places are available through these accommodation-based services, with support for short breaks available to customers seeking alternative respite experiences. Once again, difficulties in maintaining 100% uptake of available respite weeks were brought about by financial pressures felt both by public sector budgets and private self-funded customers.

Supported living and care at home services - reflecting Hansel Alliance's commitment to providing community-based support services, Hansel Alliance supports, in North Ayrshire and in South Ayrshire approximately 90 people in their own tenancies with levels of support that reflect individual needs.

Connect lifestyle supports – Hansel Alliance provides supports in a wide variety of locations, providing day opportunities to around 150 people either in community settings, in their own homes, or within Broadmeadows estate. All support options have a community focus, with individual activities increasingly being a clear goal for people choosing this support option.

Employability activities encompassing the delivery of employability and social enterprise opportunities were subject to review and redesign at the commencement of the financial year, reflecting the unsuccessful consortia bids to be involved in local delivery of the Fair Start Scotland programme. Alternative employment programme funding sources were researched and explored with some success, and Hansel Alliance's own social enterprise activities (laundry, facilities & maintenance function, and Lindy's tearoom) all continued to contribute towards supporting individuals to realise their employment potential.

As noted above, provision of corporate support services delivered by established administration, HR, finance and IT teams was transferred to Hansel Foundation at the commencement of the financial year, along with Hansel's Senior Leadership Team. Continuing investment in these core functions to help deliver further cost efficiencies across all areas of operation will now be taken forward by the parent charity.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

Financial review

In terms of Hansel Foundation's financial performance for the year under review the level of surplus reported reflects substantial legacy income notified but not received prior to the end of the financial year. A break-even position for the year results if the impact of this accrued donated income is ignored.

Of significant note, the level of income reported for the year now includes the charging of senior management and corporate services resourcing support to the subsidiary charity Hansel Alliance. Payroll cost in respect of such team members who had contracts of employment transferred from Hansel Alliance to Hansel Foundation at the commencement of the financial year explains the corresponding increase in expenditure reported.

As a result of the matters noted above, the Statement of Financial Activities on page 21 shows that gross income increased in the year by 215% to £1,765k, whilst total expenditure increased by 241% to £1,485k. Total fund balances increased over the year by £280,328 (2018 increase of £203,823).

The charity's fundraising programme includes a calendar of events, functions and sponsored activities that contribute to generated funds, thanks to the contributions from many volunteers and supporters (including corporate bodies) who assist our Fundraising Team in either organising or participating in such activities. While over the course of the financial year there may be 20 or more volunteers helping plan, prepare for, or provide support at events, there are significantly more supporters of the organisation regularly attending and financially contributing through our fundraising programme. Directors would again take this opportunity to note our gratitude to our many loyal and committed supporters who make an invaluable contribution to Hansel's continuing success.

The Consolidated Statement of Financial Activities on page 20 shows that gross income reduced by 0.8% to £11.4m, whilst total expenditure increased by 1.3% to £11.2m.

Included within the overall reported group surplus of £249,021 the subsidiary company Hansel Alliance reported a deficit of £31,307.

Expenditure on Hansel Foundation's charitable activities, as referred to within the Consolidated Statement of Financial Activities on page 20, is subject to annual budgetary review, and the income streams from donations and other fundraising efforts are allocated across charitable activities in line with the strategic aims and objectives approved by the Board. The nature of these charitable activities is reported within note 9 to the Accounts, on page 30.

Investment Policy and Performance

The present investment policy is to maximise interest earned on short to medium term deposits offered by the charity's bankers. The Directors do not consider that current or projected levels of unrestricted cash reserves require a longer-term investment strategy.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

Investment income from bank funds of £2,381 was received in the year (2018: £707). Given the current economic climate the Directors are satisfied with the investment return in the year under review.

Reserves Policy and Going Concern

As the primary mechanism for addressing many of the potential threats facing the organisation, the Strategic Plan for Hansel Foundation identifies areas of service development for the organisation, together with envisaged contributions from supporting fundraising initiatives.

Capital costs are also identified within the strategic management plan, and from these sources overall funding commitments are estimated. Based on the outcome of this exercise, the Directors have forecast that the level of free reserves (those funds not tied up in fixed assets, designated reserves and restricted reserves) the Group will require would be £1.78m (circa. £1.27m for working capital purposes, and the balance for identified capital projects and various expenditure or funding shortfall provisions arising out of both Hansel Foundation and Hansel Alliance activities). Actual free reserves of the group, were approximately £1.24m as at 31 March 2019.

Hansel Foundation in its capacity as parent company provides security for borrowing utilised by its subsidiary Hansel Alliance, together with cross guarantees in respect of liabilities arising. Through a review of reserve levels for Hansel Alliance, the Directors have determined that it would be appropriate to maintain unrestricted funds at a level that equates to one month's operational costs, which approximates to £751k at 31 March 2019. As at that date Hansel Alliance reported a free reserves figure of £169k. The Directors have determined that the current level of free reserves held by Hansel Foundation should firstly be applied to fulfilling any potential commitment to cross guarantee arrangements with Hansel Alliance.

In order to make good the shortfall of circa. £539k in the level of group unrestricted free reserves required to meet development aims and objectives, the Directors have approved a cautious approach to the timing of future developmental projects, to ensure the cash demands on the organisation can in part be met through achievement of realistic fundraising targets over the next few years. Most critically, re-establishing satisfactory levels of reserves and liquid cash resources will be achieved by securing sustainable funding levels year on year for future service provision. Such sustainable funding terms are considered to be in place for 2019/20, and therefore, the Directors are of the view that the Hansel Group is a going concern.

Pensions

The financial statements as presented include full adoption of accounting standard FRS 102. The Hansel group of charities operated two schemes during the year:

1. a defined contribution scheme operated by Scottish Widows available to senior members of staff and former members of the Strathclyde Pension Fund, and,
2. a defined contribution 'auto-enrolment' scheme for all other eligible employees.

The charity remains committed to its pension obligations to employees, and pensions in general, as a key part of its remuneration package.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

Plans for future periods and principal risks and uncertainties

As noted above, Hansel Foundation's 'Personalisation: Resourcing Change, Delivering Choice' document overviewing the organisation's broad strategic direction was reviewed and updated by the Board during the year, and will now have relevance for the period 2019 through to 2024. The subsidiary charity Hansel Alliance's short-term management plan that sets out a range of immediate resourcing priorities and initiatives to optimise effectiveness and efficiency in delivery of care and support services is also due for review and replacement by a 3 year development plan for the period 2019 to 2021.

In terms of working with the revised group structure following transfer of senior management and corporate services resources to Hansel Foundation, finalisation of the updated strategic plan for Hansel Foundation will be augmented by three development plans for each of Hansel Foundation, and Hansel Alliance's two primary areas of operation; care and employability. Each development plan will identify core objectives for the next three years within each of the three defined areas of Hansel's work, and each plan will align with the direction set out by the overarching 5 year strategy for the Hansel group.

In relation to group-wide activities going forward, a key area of resourcing review will continue to focus on maintaining a fair wage structure across all job roles and functions. Whilst commitment to the Real Living Wage has brought a most welcome boost to rates of pay for front line care team members, longstanding pressures on funding levels, dating back to 2010, have incrementally called into question the validity of the pay structure applied across all management and corporate support posts within the organisation. Although partially addressed by pay awards processed during financial year 2018/19, this remains a sector wide challenge that will require further review of funding assumptions by service commissioners in order to secure and maintain equitable pay practices in the longer-term.

Hansel Foundation will continue to develop the role of public relations in respect of wider Group activities. This continues to be an important time to publicly reinforce Hansel's commitment to more closely involving people with support needs in the process of shaping the organisation's future development.

Statement of Directors' Responsibilities

The Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report incorporating the Group Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reference and Administrative Details, Trustees and Advisers

Hansel Foundation is a registered charity (No. SC001514) and a company (No. 38440) limited by membership guarantee.

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 SYMINGTON, Ayrshire, KA1 5PU

Tel. No. : 01563 830340
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Principal Professional Advisers

Bankers	-	The Royal Bank of Scotland 30 Sandgate AYR Ayrshire, KA7 1BY
Auditors	-	Hardie Caldwell LLP Chartered Accountants Citypoint 2 25 Tyndrum Street GLASGOW, G4 0JY

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Directors' Report for the year ended 31 March 2019 (cont'd)

Board of Directors

The Directors of the company, who are also charity trustees for the purposes of charity law, are:

Thomas P. McClements, Esq.,	(Chairman)
John M. Calder, Esq.,	
Adam Currie, Esq.,	
Alastair Dewar, Esq.,	
Ms Ruth Dorman,	
Robert Dow, Esq.,	(appointed 26 September 2018)
Mrs. Lorna K.M. Gibson,	(appointed 27 June 2018)
Gerald D. Lindsay, Esq.,	(Managing Director)
Derrick MacAllister, Esq.,	(resigned 26 June 2019)
Mrs. Blanche Nicolson MBE,	
Rev. Alexander C. Wark, Esq.	(appointed 25 April 2018)

Three Directors (Alastair Dewar, Gerry Lindsay, and Tom McClements) retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Key Management Personnel

Senior management of Hansel Foundation:

Gerry Lindsay	(Managing Director)
Roddy Wright	(Operations Director)
Ali Mundell	(Corporate Services Director)

Structure, Governance and Management

Governing document

Hansel Foundation (formerly Hansel Village) was founded in 1963, and on 29 April 1998 the company revised its Memorandum and Articles of Association, by which the company is governed, following the formation of its subsidiary company, Hansel Alliance, which assumed the role of care service provider.

Group structure

The Hansel group of charities comprises:

Hansel Foundation and its wholly owned subsidiary Hansel Alliance.

Hansel Foundation is a company limited by guarantee (no. 38440) and a registered Scottish Charity (no. SC001514). Hansel Alliance is a company limited by guarantee (no. 184374) and a registered Scottish Charity (no. SC027681).

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

Director appointment, induction and training

The Board of Directors is responsible for the overall governance of the Hansel group of charitable companies.

Directors are recruited to the Board where a skills gap has been identified, or where it is considered that Board numbers require to be augmented to broaden or strengthen the portfolio of business and care service-related experience of participating Members. New appointments are sought in a variety of ways involving exploration of the field of potential candidates, including advertising in local press and other media, and recommendation from existing Directors or other supporters of the organisation. In accordance with the Memorandum and Articles of Association, any Director appointed in the year by the Board must stand for election at the next Annual General Meeting. Directors serve terms of three years, and are eligible for re-election after that term.

New Directors are invited to attend a series of short information sessions to familiarise themselves with the charity and the context within which it operates. These sessions are hosted by the Managing Director and other members of the Senior Leadership Team, and cover:

- the obligations of Directors;
- the main documents which set out the operational framework for the charity including the Memorandum and Articles;
- resourcing and current financial position as set out in the latest published accounts; and
- future plans and objectives.

Presentations to Hansel Foundation's Board of Directors by the Senior Leadership Team, of Hansel Foundation and Hansel Alliance, and other management staff keep Directors abreast of current operational issues within the organisation, as well as informing the Board of governance and other legal issues that are relevant to the ongoing management of the organisation.

Organisation

The number of Directors permitted by the Articles of Association is a minimum of three, but not exceeding fifteen. The Board of Directors meet on six occasions during the year to review and agree major areas of policy, and monitor financial performance. The Board delegates to the Managing Director responsibility for day to day management of the charity's affairs and for implementing policies agreed by the Board of Directors. The Managing Director is assisted by a group of executive and senior managers.

Related Parties

The Board of Directors is comprised of non-executive and executive Directors. None of the non-executive Directors receives any remuneration or expenses in cash or in kind for their work as Directors of the organisation.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

The sole executive Director is the Managing Director who did not receive remuneration or expenses in cash or in kind in respect of his position as a Board Director. The remuneration received by the Managing Director relates to his management role within the organisation and is as shown at note 14 of the Notes to the Accounts.

As noted above the charity is the parent entity of Hansel Alliance.

Key management remuneration

The Directors consider the Board of Directors, who are the charity Trustees, and the senior management team, as named above, comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

Non-executive Directors give their time freely and receive no remuneration.

The remuneration policy applicable for all employees, including key management, aligns the skills, experience and qualification of each position with a salary framework approved by the Board of Directors. Periodically, and for any review to senior management pay, the salary framework is benchmarked with external market remuneration levels in the locality of the employment base.

People with Disabilities

Hansel Foundation being a "Disability Confident" employer has given its commitment to:

- actively looking to attract and recruit disabled people;
- offering an interview to all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on merit;
- providing a fully inclusive and accessible recruitment process;
- flexibility when assessing people so disabled applicants have the best opportunity to demonstrate they can do the job;
- proactively offering and making reasonable adjustments as required;
- making every effort when an employee become disabled to make sure they stay in meaningful employment; and
- annually reviewing these commitments and what has been achieved and preparing plans for future developments.

Risk management

The Directors have a risk management strategy which comprises:

- regular monitoring of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified through regular monitoring; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Hansel Foundation

Directors' Report for the year ended 31 March 2019 (cont'd)

This work had identified that financial sustainability continues to represent the most significant financial risk for the charitable group given the continuing pressures on public sector management of social care budgets, and unknown or uncertain commissioning approaches being planned or adopted by local health and social care partnerships.

Continuing upward pressure on employment costs due to Scottish Government's commitment to the Real Living Wage as a minimum rate of pay within social care will also present an ongoing challenge for third sector care providers; to maintain fair and equitable pay and conditions for staff where funding rates are predicated on less favourable, flatter pay structures.

A key element in the medium term management of financial risk will continue to be regular review and monitoring of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital is available. The critical nature of cash-flow monitoring and management for the Hansel Group is exacerbated by the introduction of the defined benefit pension debt repayment arrangement agreed in March 2017, which will entail annual instalments of £250,000 on behalf of the group through to financial year 2022/23.

Attention has also been focused on non-financial risks arising from fire, health and safety of staff, customers and volunteers. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place and regular awareness training for staff.

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

Hardie Caldwell LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

The Directors' Report incorporating the Strategic Report was approved by the Board of Directors in their capacity as company directors and trustees and signed on their behalf by:-



Gerald D. Lindsay
Director and Company Secretary

Dated: 21 August 2019

Report of the Independent Auditors to the Directors and Members of Hansel Foundation(Registered number: SC038440)

Opinion

We have audited the financial statements of Hansel Foundation Group and Charitable Company for the year ended 31 March 2019 which comprise the Consolidated and Parent Company Income and Expenditure Account, the Consolidated and Parent Company Statement of Financial Activities, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Cash Flows and the notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's and the charitable company's incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Report of the Independent Auditors to the Directors and Members of Hansel Foundation(Registered number: SC038440)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report (including Group Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (including Group Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (including Group Strategic Report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Directors and Members of Hansel Foundation(Registered number: SC038440)

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's directors (who are also the trustees of the charitable company for the purposes of charity law), as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and directors as a body, for our audit work, for this report, or for the opinions we have formed.



Marion Hopper (Senior Statutory Auditor)
for and on behalf of Hardie Caldwell LLP
Statutory Auditors
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

Date: 21 August 2019

Hansel Foundation Group Consolidated Income and Expenditure Account For the year ended 31 March 2019

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2019 £	Total 2018 £
INCOME					
Donations and legacies	3	-	427,118	427,118	103,122
Residential service funding	4	-	4,064,333	4,064,333	4,043,620
Domiciliary care & outreach service funding	4	-	6,195,462	6,195,462	6,427,430
Employability activities income	4	10,000	353,279	363,279	332,176
Property income	4	-	74,791	74,791	91,744
Other trading activities	5	-	275,010	275,010	312,357
Investment income	6	-	2,381	2,381	707
Corporate services income		-	15,000	15,000	-
Gain on property disposals		-	-	-	204,086
Total income		<u>10,000</u>	<u>11,407,374</u>	<u>11,417,374</u>	<u>11,515,242</u>
EXPENDITURE					
Raising funds	8	-	293,827	293,827	283,135
Charitable activities:					
• Direct costs		5,552	9,841,583	9,847,135	9,706,643
• Support costs		-	970,628	970,628	977,282
• Governance costs		-	55,016	55,016	56,379
• Interest payable	7	-	1,747	1,747	2,011
Total expenditure		<u>5,552</u>	<u>11,162,801</u>	<u>11,168,353</u>	<u>11,025,450</u>
Net income for year		<u>4,448</u>	<u>244,573</u>	<u>249,021</u>	<u>489,792</u>

Movements in the funds of the charitable group are as shown in the Consolidated Statement of Financial Activities on page 20.

None of the group's activities were acquired or discontinued during the above two financial years.

The notes form part of these Accounts.

Hansel Foundation Parent Company Income and Expenditure Account For the year ended 31 March 2019

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
INCOME					
Donations and legacies	3	10,000	427,118	437,118	103,122
Property income	4	-	122,291	122,291	171,744
Corporate services income	4	-	837,017	837,017	-
Service development funding	4	-	214,107	214,107	144,758
Fund-raising events income	5	-	97,729	97,729	142,755
Other trading activity	5	-	18,306	18,306	19,504
Investment income	6	-	38,481	38,481	34,579
Gain on property disposals		-	-	-	204,086
Total income		10,000	1,755,049	1,765,049	820,548
EXPENDITURE					
Raising funds	8	-	233,039	233,039	225,668
Charitable activities:					
• Direct costs		10,000	1,121,848	1,131,848	278,407
• Support costs		-	90,199	90,199	81,969
• Governance costs		-	29,198	29,198	30,170
• Interest payable	7	-	437	437	511
Total expenditure		10,000	1,474,721	1,484,721	616,725
Net income for year		-	280,328	280,328	203,823

Movements in the funds of the charitable company are as shown on the Statement of Financial Activities on page 21.

All activities are classed as continuing.

The notes form part of these Accounts.

Hansel Foundation Group Consolidated Statement of Financial Activities
For the year ended 31 March 2019

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income and endowments from					
Donations and legacies	3	-	427,118	427,118	103,122
Charitable activities:	4				
Residential service funding		-	4,064,333	4,064,333	4,043,620
Domiciliary care & outreach service funding		-	6,195,462	6,195,462	6,427,430
Employability activities income		10,000	353,279	363,279	332,176
Property income		-	74,791	74,791	91,744
Corporate services income		-	15,000	15,000	-
Other trading activities	5	-	275,010	275,010	312,357
Investment income	6	-	2,381	2,381	707
Gain on property disposals		-	-	-	204,086
Total income		10,000	11,407,374	11,417,374	11,515,242
Expenditure on					
Raising funds	8	-	293,827	293,827	283,135
Charitable activities:	9				
Residential service costs		5,552	3,820,576	3,826,128	3,710,949
Domiciliary care and outreach service costs		-	6,141,043	6,141,043	6,301,308
Employability activities costs		-	552,681	552,681	451,410
Property running costs		-	354,674	354,674	278,648
Total expenditure		5,552	11,162,801	11,168,353	11,025,450
Net income		4,448	244,573	249,021	489,792
Reconciliation of funds					
Funds brought forward		15,341	4,272,558	4,287,899	3,798,107
Funds carried forward		19,789	4,517,131	4,536,920	4,287,899

The Consolidated Statement of Financial Activities amplifies the Consolidated Income and Expenditure Account and provides the information regarding all movements in the funds of the charitable group.

The notes form part of these Accounts.

**Hansel Foundation Parent Company Statement of Financial Activities
For the year ended 31 March 2019**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income and endowments from					
Donations and legacies	3	10,000	427,118	437,118	103,122
Charitable activities:					
Property income	4	-	122,291	122,291	171,744
Corporate services income	4	-	837,017	837,017	-
Service development funding	4	-	214,107	214,107	144,758
Other trading activities	5	-	116,035	116,035	162,259
Investment income	6	-	38,481	38,481	34,579
Gain on property disposals		-	-	-	204,086
Total income		<u>10,000</u>	<u>1,755,049</u>	<u>1,765,049</u>	<u>820,548</u>
Expenditure on					
Raising funds	8	-	233,039	233,039	225,668
Charitable activities:					
Property running costs	10	-	354,673	354,673	268,449
Group services support	10	10,000	887,009	897,009	122,608
Total expenditure		<u>10,000</u>	<u>1,474,721</u>	<u>1,484,721</u>	<u>616,725</u>
Net income		-	280,328	280,328	203,823
Reconciliation of funds					
Funds brought forward		-	3,902,433	3,902,433	3,698,610
Total funds carried forward		<u>-</u>	<u>4,182,761</u>	<u>4,182,761</u>	<u>3,902,433</u>

The notes form part of these Accounts.

**Hansel Foundation Group Consolidated Balance Sheet
As at 31 March 2019**

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	19	<u>3,294,673</u>	<u>3,476,551</u>
Current assets			
Stock	20	11,356	9,559
Debtors	21	1,577,509	1,518,918
Cash at bank and in hand		<u>1,493,763</u>	<u>1,458,617</u>
		3,082,628	2,987,094
Creditors: Amounts falling due within one year	22	<u>(970,860)</u>	<u>(1,003,564)</u>
Net current assets		<u>2,111,768</u>	<u>1,983,530</u>
Total assets less current liabilities		5,406,441	5,460,081
Creditors: Amounts falling due after more than one year	23	<u>(869,521)</u>	<u>(1,172,182)</u>
Net assets		<u>4,536,920</u>	<u>4,287,899</u>
Funds			
Unrestricted			
General funds	27a	1,242,247	811,348
Designated Funds	27a	<u>3,274,884</u>	<u>3,461,210</u>
		4,517,131	4,272,558
Restricted funds	27b	<u>19,789</u>	<u>15,341</u>
		<u>4,536,920</u>	<u>4,287,899</u>

The Accounts on pages 18 to 44 were approved by the Board of Directors on 21 August 2019 and signed on their behalf by:

T.P. McClements



Director

G.D. Lindsay



Director

The notes form part of these Accounts.

**Hansel Foundation Parent Company Balance Sheet
As at 31 March 2019**

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	19	<u>3,109,730</u>	<u>3,237,831</u>
Current assets			
Debtors	21	464,251	136,721
Cast at bank and in hand		<u>1,113,923</u>	<u>1,115,442</u>
		1,578,174	1,252,163
Creditors: Amounts falling due within one year	22	<u>(165,143)</u>	<u>(127,561)</u>
Net current assets		1,413,031	1,124,602
Total assets less current liabilities		<u>4,522,761</u>	<u>4,362,433</u>
Creditors: Amounts falling due after more than one year	23	<u>(340,000)</u>	<u>(460,000)</u>
Net assets		<u>4,182,761</u>	<u>3,902,433</u>
Funds			
Unrestricted			
General funds	27a	1,073,031	664,602
Designated Funds	27a	<u>3,109,730</u>	<u>3,237,831</u>
		4,182,761	3,902,433
Restricted funds	27b	<u>-</u>	<u>-</u>
		<u>4,182,761</u>	<u>3,902,433</u>

The Accounts on pages 18 to 44 were approved by the Board of Directors on 21 August 2019 and signed on their behalf by:

T.P. McClements  Director

G.D. Lindsay  Director

The Notes on form part of these Accounts.

**Hansel Foundation Group Consolidated Statement of Cash Flows
For the Year Ended 31 March 2019**

	Notes	2019 £	2018 £
Cash from operating activities	28	<u>385,447</u>	<u>282,622</u>
Cash flows from investing activities			
Interest received		2,381	707
Interest paid		(7,628)	(7,859)
Payments to acquire tangible fixed assets		(44,931)	(194,587)
Proceeds on disposal of fixed assets		<u>989</u>	<u>695,310</u>
Cash (used in)/from investing activities		<u>(49,189)</u>	<u>493,571</u>
Cash flows from financing activities			
Repayment of pension scheme settlement		(250,000)	(250,000)
New hire purchase agreements		-	146,689
Hire purchase repayments		(31,112)	(21,446)
Repayment of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
Cash used in financing activities		<u>(301,112)</u>	<u>(144,757)</u>
Net increase in cash and cash equivalent		35,146	631,436
Cash and cash equivalents at the beginning of the year		1,458,617	827,181
Cash and cash equivalents at the end of the year		<u>1,493,763</u>	<u>1,458,617</u>
Cash and bank balances		<u>1,493,763</u>	<u>1,458,617</u>

**Hansel Foundation Parent Company Statement of Cash Flows
For the Year Ended 31 March 2019**

	Notes	2019 £	2018 £
Cash from/(used in) operating activities	28	<u>94,085</u>	<u>(34,995)</u>
Cash flows from investing activities			
Interest received		38,481	34,579
Interest paid		(437)	(511)
Purchase of tangible fixed assets		(13,648)	(21,854)
Proceeds on disposal of fixed assets		<u>-</u>	<u>679,735</u>
Cash from investing activities		<u>24,396</u>	<u>691,949</u>
Cash flows for financing activities			
Repayment of pension scheme settlement		(100,000)	(100,000)
Repayments of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
Cash used in financing activities		<u>(120,000)</u>	<u>(120,000)</u>
Net (decrease)/increase in cash and cash equivalents		(1,519)	536,954
Cash and cash equivalents at the beginning of the year		1,115,442	578,488
Cash and cash equivalents at the end of the year		<u>1,113,923</u>	<u>1,115,442</u>
Cash and bank balances		<u>1,113,923</u>	<u>1,115,442</u>

Hansel Foundation Group Notes to the Consolidated Accounts For the Year ended 31 March 2019

1. *Legal status of the group*

Both the charities comprising the group, see below, are companies limited by guarantee, incorporated and registered in Scotland, under company numbers SC038440 and SC184374 and have no share capital. The liability of each member in the event of winding up is limited to £1.

The registered charity numbers are SC001514 and SC027681.

The registered office is Murdoch House, Broadmeadows, Symington, Ayrshire, KA1 5PU.

2. *Accounting policies*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:-

Basis of accounting

The accounts of the group and of the charitable company have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The income and expenditure account is an adaptation of the formats laid down in the Companies Act 2006 in order to recognise the special nature of the group and the charitable company's activities and in order to give information in a manner beneficial to the members, as provided for in the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The accounts of Hansel Foundation and its wholly owned subsidiary charitable company, Hansel Alliance, are consolidated in the group accounts.

Going Concern

The Directors have considered the application of the going concern principle. Detailed budgets are presented to and approved by the Board of Directors with regular monitoring through review of management accounts. The Directors consider that adequate resources are available to fund the activities of the charitable group for the foreseeable future. On the basis of budgets and other financial procedures in place the Directors believe the going concern principle is appropriate to these financial statements. There are no known material uncertainties regarding the charity's ability to continue as a going concern.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income received in advance of service provision is deferred until the income recognition criteria are met.

Gifted assets

Any receipts of fixed assets by way of gift are capitalised and included in the balance sheet. The market value of the gifted asset is credited to the designated fund. This fund is debited over the useful life of the gifted assets by charging depreciation in accordance with the fixed asset accounting policy.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2019

2. Accounting policies (cont'd)

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of the laundry service, tearoom and shop, Hi Street gift shop and associated support costs and the costs of arranging fund raising events and seeking voluntary contributions from companies, individuals, trusts and other organisations.
- Expenditure on charitable activities includes the costs of activities to further the objects of the charity and associated support costs.

Expenditure, including staff costs, is allocated to charitable activities as detailed in notes 9 and 10. Support costs are functions that assist in the work of the charity but do not directly undertake charitable activities to include office costs, finance, personnel and governance costs. Governance costs are costs associated with meeting constitutional and statutory requirements such as the cost of Board meetings, the audit of the statutory accounts and staff costs associated with the strategic as opposed to the day to day management of the charity's activities and support to non-executive directors.

Capitalisation and depreciation of tangible fixed assets

All assets costing more than £500 are capitalised.

The cost or carrying value of heritable property, less the assessed residual value, is written off over the property's estimated useful life. This estimated useful life is re-assessed annually, and depreciation adjusted if necessary. Depreciation on heritable property is therefore provided at rates from 2% to 50%, on a straight-line basis.

Depreciation on all other assets is provided at the following rates in order to write off each asset over its estimated useful life:-

Furniture and fittings	10%	reducing balance basis
Motor vehicles	25%	reducing balance basis
Plant and equipment	10% - 30%	reducing balance basis

Furniture and fittings acquired for use in the provision of furnished residential accommodation are not capitalised but charged to 'resources expended' when purchased. This is because the useful life of such items is difficult to predict, and is considered relatively short due to a high level of wear and tear.

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Trade and other debtors are recognised at the settlement amount due with appropriate allowances for any irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short term of maturity from opening of the deposit or similar account.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)

For the Year ended 31 March 2019

2. Accounting policies (cont'd)

Creditors

Creditors, other creditors and accruals are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, other creditors and accruals are normally recognised at their settlement amount after allowing for any trade discounts due.

Hire Purchase and Lease Commitments

Assets obtained under Hire Purchase contracts are capitalised in the Balance Sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the Income and Expenditure Account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to income as they are incurred.

Employee benefits

Defined benefit scheme

The charity closed its membership of the Local Government Pension Scheme (defined benefit) during financial year ended 31 March 2017. Details of the exit debt arising are disclosed within note 25.

Defined contribution pension schemes

Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the charity in independently administered funds.

Taxation

Hansel Foundation and Hansel Alliance are both registered charities and are accordingly exempt from taxation on income which is applied for charitable purposes.

Funds

Funds are classified as unrestricted or restricted as follows:

Unrestricted funds are expendable at the discretion of the Directors in furtherance of the objects of the charities. Where part of the unrestricted fund is earmarked at the discretion of the Directors for a particular purpose it is designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the Directors' discretion to apply the fund.

Restricted funds are those subject to specific conditions as to the use that can be made of the funds imposed by the donor or by terms of the receipt. If expended on capital items these funds are reduced in line with the depreciation charge on the assets acquired with such funds (note 27b).

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

3. Donations and legacies

	2019		2018	
	Group £	Company £	Group £	Company £
Membership fees	9	9	6	6
Donations under £250	12,039	12,039	8,579	8,579
Trusts, donations and legacies over £250	415,070	425,070	94,537	94,537
	<u>427,118</u>	<u>437,118</u>	<u>103,122</u>	<u>103,122</u>

4. Charitable activities income

	2019		2018	
	Group £	Company £	Group £	Company £
Residential service funding	4,064,333	-	4,043,620	-
Domiciliary care and outreach service funding	6,195,462	-	6,427,430	-
Employability activities income	363,279	-	332,176	-
Property income	74,791	122,291	91,744	171,744
Corporate services income	15,000	837,017	-	-
Service development funding	-	214,107	-	144,758

Income from charitable activities in respect of residential services and domiciliary care and outreach services is generated by service provision to individual customers and is either funded by local authorities or the individual customers. Employability activities income is grant income received through the work choice programme and other employability funding.

Income from charitable activities in respect of property is generated from the rental of tenanted properties.

Corporate services income represents charges made to the subsidiary charity during the year in respect of senior management and corporate services support provided.

Service development funding represents contributions from the subsidiary charity towards investment in development and sustainability of group activities.

5. Other trading activities

	2019		2018	
	Group £	Company £	Group £	Company £
Fundraising events	97,729	97,729	142,755	142,755
Tearoom, shop sales and laundry services	177,281	18,306	169,602	19,504
	<u>275,010</u>	<u>116,035</u>	<u>312,357</u>	<u>162,259</u>

6. Investment income

	2019		2018	
	Group £	Company £	Group £	Company £
Bank interest received	2,381	2,381	707	579
Interest received from subsidiary undertaking	-	36,100	-	34,000
	<u>2,381</u>	<u>38,481</u>	<u>707</u>	<u>34,579</u>

7. Interest payable

	2019		2018	
	Group £	Company £	Group £	Company £
Hire purchase interest	5,881	-	5,848	-
Interest payable	1,747	437	2,011	511
	<u>7,628</u>	<u>437</u>	<u>7,859</u>	<u>511</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

8. Analysis of expenditure on raising funds

	2019		2018	
	Group £	Company £	Group £	Company £
Other costs : consumables for tearoom, shop sales, etc	74,707	13,919	71,626	14,159
Cost re fundraising event direct costs - staff	85,581	85,581	84,756	84,756
- other	127,120	127,120	120,351	120,351
Cost re fundraising event support	6,419	6,419	6,402	6,402
	<u>293,827</u>	<u>233,039</u>	<u>283,135</u>	<u>225,668</u>

9. Analysis of expenditure on Group charitable activities

	Direct Costs		Support costs and interest payable		Total 2019 £	Total 2018 £
	Staff costs £	Other costs £	Staff costs £	Other costs £		
Direct charitable expenditure;						
Residential service costs	2,812,302	638,015	207,187	168,624	3,826,128	3,710,949
Domiciliary care and outreach service costs	5,339,321	243,767	382,000	175,955	6,141,043	6,301,308
Employability activities costs	522,947	(50,530)	58,271	21,993	552,681	451,410
Property running costs	-	341,313	-	13,361	354,674	278,648
	<u>8,674,570</u>	<u>1,172,565</u>	<u>647,458</u>	<u>379,933</u>	<u>10,874,526</u>	<u>10,742,315</u>
Totals 2018	<u>8,629,511</u>	<u>1,077,132</u>	<u>565,069</u>	<u>470,603</u>		<u>10,742,315</u>

£5,552 of depreciation costs in respect of residential service costs were met from restricted funds (2018: £4,645).

Nil of property running costs were met from restricted funds (2018: £10,199).

The activities underlying the costs above, under each heading are:

Residential service costs – the provision of care services within registered residential and respite accommodation, located at the Broadmeadows site, Prestwick and in Beith.

Domiciliary care and outreach service costs – community based care services, supporting people to live independently in their own homes, and/or the provision of leisure and other social activities.

Employability activities costs – the delivery of various employability related services, including operation of the laundry, Lindy's tearoom and grounds maintenance small businesses based at the Broadmeadows site.

Property running costs – revenue expenditure linked to the development and maintenance of Hansel Foundation's property portfolio, for both tenanted accommodation and property made available to Hansel Alliance for its service delivery.

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019**

10. Analysis of expenditure on Parent company charitable activities

	Direct costs		Governance & Support		Total 2019 £	Total 2018 £
	Staff costs £	Other costs £	Staff costs £	Other costs £		
Direct charitable expenditure:						
Property running costs	-	341,312	-	13,361	354,673	268,449
Group services support	571,491	219,045	75,967	30,506	897,009	122,608
	<u>571,491</u>	<u>560,357</u>	<u>75,967</u>	<u>43,867</u>	<u>1,251,682</u>	<u>391,057</u>
Totals 2018	<u>15,469</u>	<u>262,938</u>	<u>-</u>	<u>112,650</u>		<u>391,057</u>

£10,000 of group service support costs was met from restricted funds (2018: £10,199).

The activities underlying the costs above, under each heading are:

Property running costs – revenue expenditure linked to the development and maintenance of Hansel Foundation's property portfolio, for both tenanted accommodation and property made available to Hansel Alliance for its service delivery.

Group services support – these costs relate to the provision of senior management and corporate services support across all Hansel group activity, as well as Hansel Foundation's overarching role in the shaping and review of group service provision, including the delivery of public relations and research and development functions, together with the commitment to subsidising costs of under-funded services during transitional periods. (2018 expenditure excludes the senior management and corporate services functions which were delivered through the subsidiary charity in that year).

11. Analysis of governance and support costs within Group direct charitable expenditure

	Staff costs £	Other Costs £	Governance Costs £	2019 Total £	2018 Total £
Charitable activity:					
Residential service costs	207,187	160,362	8,262	375,811	367,152
Domiciliary care and outreach costs	382,000	160,723	15,232	557,955	593,545
Employability activities costs	58,271	19,669	2,324	80,264	59,265
Property running costs	-	(15,837)	29,198	13,361	15,710
	<u>647,458</u>	<u>324,917</u>	<u>55,016</u>	<u>1,027,391</u>	<u>1,035,672</u>
Totals 2018	<u>565,069</u>	<u>414,224</u>	<u>56,379</u>		<u>1,035,672</u>

Governance costs above include staff costs of £11,418 (2018: £12,209).

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

12. Analysis of governance and support costs within Parent company direct charitable expenditure

	Support Costs £	Other Costs £	Governance Costs £	2019 Total £	2018 Total £
Charitable activity:					
Property running costs	-	13,361	-	13,361	5,511
Group service support	75,967	1,308	29,198	106,473	107,139
	<u>75,967</u>	<u>14,669</u>	<u>29,198</u>	<u>119,834</u>	<u>112,650</u>
2018	<u>82,480</u>	<u>82,480</u>	<u>30,170</u>		<u>112,650</u>

Governance costs include the internal costs of strategic planning, other support to non-executive directors and external audit.

13. Group net income/(expenditure)

Group net income / (expenditure) is stated after charging:

	2019 £	2018 £
Auditors' remuneration (net of VAT)		
- audit	13,600	13,200
- other services	800	800
Operating lease rentals		
- other plant & equipment	23,563	37,014
Depreciation		
- owned assets	183,205	189,130
- assets on hire purchase contracts	31,994	44,453
Interest payable	7,628	7,859
Gain on property disposals	-	(204,086)
Loss on disposal of other fixed assets	10,621	194

14. Analysis of staff costs, trustee remuneration and expenses, and cost of key management personnel

	2019		2018	
	Group £	Company £	Group £	Company £
Wages and salaries	8,432,214	578,553	8,371,016	86,742
Social security costs	646,656	70,951	644,294	7,037
Other pension costs	328,739	83,535	276,235	6,446
	<u>9,407,609</u>	<u>733,039</u>	<u>9,291,545</u>	<u>100,225</u>

The number of employees with employee benefits, excluding employer pension contributions, in excess of £60,000 was as follows:-

	2019		2018	
	Group No.	Company No.	Group No.	Company No.
£60,001 to £70,000	1	1	1	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	1	1	-

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

14. Analysis of staff costs, trustee remuneration and expenses, and cost of key management personnel (cont'd)

In 2018 one Director also held a senior management post within the organization prior to his contract of employment transferring from the subsidiary charity Hansel Alliance. The remuneration for his employment, not in respect of his position as charity trustee, was as follows;

	2019		2018	
	Gross Salary	Employer Pension	Gross Salary	Employer Pension
	£	£	£	£
Mr. Gerald D. Lindsay (Managing Director)	86,713	12,762	84,527	12,679

During the financial year a 2.6% increase in salaries was agreed by Hansel's Board of Directors for all management and corporate services personnel and implemented from 1 November 2018. Further variances in remuneration between reporting periods may arise due to Directors exercising their entitlement to buy or sell annual leave in accordance with the organisation's Annual Leave Policy, which is available to all employees. Variances may also be due to appointments or resignations within the financial year.

No payment was made to any Director in respect of reimbursement of expenses relative to their role as trustee in either 2019 or 2018. No other Director/trustee was in receipt of remuneration (2018: none).

The key management of the charitable group comprise the Managing Director named above, the Operations Director and the Corporate Services Director. The total employee benefits of the key management personnel, were £261,675 including pension costs and employer's National Insurance costs (2018: £251,985 paid by Hansel Alliance).

15. Staff numbers

The average weekly number of employees during the year was as follows:-

	2019		2018	
	Group No.	Company No.	Group No.	Company No.
Residential care staff	121	-	122	-
Domiciliary/outreach staff	220	-	236	-
Employability activities staff	35	-	36	-
Support service staff including fundraising	30	29	32	5
	406	29	426	5

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

16. Comparatives for the Consolidated Statement of Financial Activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2018 £
Income and endowments from			
Donations and legacies	-	103,122	103,122
Charitable activities:			
Residential service funding	10,199	4,033,421	4,043,620
Domiciliary care & outreach service			
Funding	-	6,427,430	6,427,430
Employability activities income	-	332,176	332,176
Property income	-	91,744	91,744
Other trading activities	-	312,357	312,357
Investment income	-	707	707
Gain on property disposals	-	204,086	204,086
Total income	<u>10,199</u>	<u>11,505,043</u>	<u>11,515,242</u>
Expenditure on			
Raising funds	-	283,135	283,135
Charitable activities:			
Residential service costs	4,645	3,706,304	3,710,949
Domiciliary care and outreach			
service costs	-	6,301,308	6,301,308
Employability activities costs	-	451,410	451,410
Property running costs	10,199	268,449	278,648
Total expenditure	<u>14,844</u>	<u>11,010,606</u>	<u>11,025,450</u>
Net (expenditure)/income	(4,645)	494,437	489,792
Reconciliation of funds			
Funds brought forward	19,986	3,778,121	3,798,107
Total funds carried forward	<u>15,341</u>	<u>4,272,558</u>	<u>4,287,899</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

17. Comparatives for the Parent Company Statement of Financial Activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2018 £
Income and endowments from			
Donations and legacies	-	103,122	103,122
Charitable activities:			
Property income	-	171,744	171,744
Other development funding	-	144,758	144,758
Other trading activities	-	162,259	162,259
Investment income	-	34,579	34,579
Gain on property disposals	-	204,086	204,086
Total income	-	820,548	820,548
Expenditure on			
Raising funds	-	225,668	225,668
Charitable activities:			
Property running costs	-	268,449	268,449
Group services support	10,199	112,409	122,608
Total expenditure	10,199	606,526	616,725
Net (expenditure)/income	(10,199)	214,022	203,823
Reconciliation of funds			
Funds brought forward	10,199	3,688,411	3,698,610
Total funds carried forward	-	3,902,433	3,902,433

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

18. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 2525 of the Taxation Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

19. Tangible fixed assets

Group	Heritable Property £	Furniture & Fittings £	Motor Vehicles £	Plant & Equipment £	Total £
Cost					
At 1 April 2018	7,095,997	192,100	236,554	682,279	8,206,930
Additions in year	3,420	-	-	41,511	44,931
Disposals in year	-	(76,701)	(22,160)	(351,013)	(449,874)
At 31 March 2019	7,099,417	115,399	214,394	372,777	7,801,987
Depreciation					
At 1 April 2018	3,865,702	146,821	97,137	620,719	4,730,379
Charge for year	156,685	4,182	33,868	20,464	215,199
Eliminated on disposals	-	(73,217)	(18,216)	(346,831)	(438,264)
At 31 March 2019	4,022,387	77,786	112,789	294,352	4,507,314
Net book value					
At 31 March 2019	3,077,030	37,613	101,605	78,425	3,294,673
At 31 March 2018	3,230,295	45,279	139,417	61,560	3,476,551

The net book value of fixed assets includes £100,013 (2018: £133,350) in respect of assets acquired under hire purchase contracts.

Company	Heritable Property £	Furniture & Fittings £	Motor Vehicles £	Plant & Equipment £	Total £
Cost					
At 1 April 2018	7,095,997	10,338	-	-	7,106,335
Transfer from subsidiary	-	2,828	9,995	52,149	64,972
Additions in year	3,420	-	-	10,228	13,648
At 31 March 2019	7,099,417	13,166	9,995	62,377	7,184,955
Depreciation					
At 1 April 2018	3,865,702	2,802	-	-	3,868,504
Transfer from subsidiary	-	2,252	2,499	37,656	42,407
Charge for year	156,685	811	1,874	4,944	164,314
At 31 March 2019	4,022,387	5,865	4,373	42,600	4,075,225
Net book value					
At 31 March 2019	3,077,030	7,301	5,622	19,777	3,109,730
At 31 March 2018	3,230,295	7,536	-	-	3,237,831

The depreciation charge for property would have been £285,450 if individual heritable property had not been subject to re-assessment of residual value and estimated useful life.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

20. Stock

	2019		2018	
	Group £	Company £	Group £	Company £
Raw materials	7,518	-	6,455	-
Finished goods	3,838	-	3,104	-
	<u>11,356</u>	<u>-</u>	<u>9,559</u>	<u>-</u>

21. Debtors

	2019		2018	
	Group £	Company £	Group £	Company £
Balance due from subsidiary undertaking	-	151,261	-	129,806
Trade debtors	1,216,571	-	1,430,849	-
Other debtors	312,990	312,990	6,915	6,915
Prepayments and accrued income	47,948	-	81,154	-
	<u>1,577,509</u>	<u>464,251</u>	<u>1,518,918</u>	<u>136,721</u>

22. Creditors: Amounts falling due within one year

	2019		2018	
	Group £	Company £	Group £	Company £
Trade creditors	54,333	-	54,020	-
Taxation and social security costs	170,092	24,696	165,526	1,815
Accruals	443,773	20,447	482,905	5,746
HP purchase creditor	32,662	-	31,113	-
Pension scheme settlement (see note 25)	250,000	100,000	250,000	100,000
Term loan (see note 23)	20,000	20,000	20,000	20,000
	<u>970,860</u>	<u>165,143</u>	<u>1,003,564</u>	<u>127,561</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

23. Creditors : Amounts falling due after more than one year

	2019		2018	
	Group £	Company £	Group £	Company £
HP creditor	79,521	-	112,182	-
Term loan	40,000	40,000	60,000	60,000
Pension scheme settlement (see note 25)	750,000	300,000	1,000,000	400,000
	<u>869,521</u>	<u>340,000</u>	<u>1,172,182</u>	<u>460,000</u>

	2019 £	2018 £
Analysis of total repayments:-		
Amounts repayable by installments due:		
within one year	302,662	301,113
between one and two years	304,211	302,662
between two and five years	565,310	719,520
after five years	-	150,000
	<u>1,172,183</u>	<u>1,473,295</u>
Included in creditors: amounts falling due within one year	<u>(302,662)</u>	<u>(301,113)</u>
	<u>869,521</u>	<u>1,172,182</u>

The term loan from The Royal Bank of Scotland is secured by a bond and floating charge over the whole property and the undertaking of Hansel Foundation and Hansel Alliance. Interest is charged on a reducing balance basis at the rate of 2.0% per annum over base rate.

24. Leasing commitments

The charity has entered into a number of non-cancellable operating leases as lessee with various remaining minimum lease periods. The total future minimum lease payments under non-cancellable operating leases are payable as follows:

Other operating leases which expire:	2019		2018	
	Group £	Company £	Group £	Company £
Within one year	13,602	13,602	16,148	-
Later than one year but within five years	12,612	12,612	26,213	-
	<u>26,214</u>	<u>26,214</u>	<u>42,361</u>	<u>-</u>

Leasing commitments transferred to the guarantor parent charity and are now reported as a commitment of Hansel Foundation.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2019

25. Pension schemes

During the year the Hansel Foundation Group operated two defined contribution schemes with contributions made to administered funds for the benefit of the employees.

During the year ended 31 March 2017 the charity negotiated an exit from membership of the Local Government Superannuation (Scotland) Scheme (LPGS), a defined benefit pension scheme. An exit settlement of £1,500,000 repayable interest free over a six year period was agreed to discharge any future pension liability (see notes 22 and 23).

Contributions to the schemes during the year were as follows:	31 March 2019		31 March 2018	
	Group £	Company £	Group £	Company £
Defined contribution schemes	328,739	83,535	276,235	6,446

26. Analysis of net assets between funds

Group	Tangible fixed assets £	Net Current assets £	Liabilities > 1 year £	Total 2019 £	Total 2018 £
Unrestricted Funds	3,274,884	2,111,768	(869,521)	4,517,131	4,272,558
Restricted Funds	19,789	-	-	19,789	15,341
	<u>3,294,673</u>	<u>2,111,768</u>	<u>(869,521)</u>	<u>4,536,920</u>	<u>4,287,899</u>
Company					
Unrestricted Funds	3,109,730	1,413,031	(340,000)	4,182,761	3,902,433
Restricted Funds	-	-	-	-	-
	<u>3,109,730</u>	<u>1,413,031</u>	<u>(340,000)</u>	<u>4,182,761</u>	<u>3,902,433</u>

Comparatives for analysis of net assets between funds

Group	Tangible fixed assets £	Net Current assets £	Liabilities > 1 year £	Total 2018 £
Unrestricted Funds	3,461,210	1,983,530	(1,172,182)	4,272,558
Restricted Funds	15,341	-	-	15,341
	<u>3,476,551</u>	<u>1,983,530</u>	<u>(1,172,182)</u>	<u>4,287,899</u>
Company				
Unrestricted Funds	3,237,831	1,124,602	(460,000)	3,902,433
Restricted Funds	-	-	-	-
	<u>3,237,831</u>	<u>1,124,602</u>	<u>(460,000)</u>	<u>3,902,433</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

27. *Analysis of charitable funds*

(a) *Unrestricted funds*

Group	Balance at 1 April 2018 £	Income £	Expended £	Transfers £	Balance at 31 March 2019 £
Designated funds:					
Tangible fixed assets fund	3,461,210	-	-	(186,326)	3,274,884
	<u>3,461,210</u>	<u>-</u>	<u>-</u>	<u>(186,326)</u>	<u>3,274,884</u>
General reserve	811,348	11,407,374	(11,162,801)	186,326	1,242,247
	<u>4,272,558</u>	<u>11,407,374</u>	<u>(11,162,801)</u>	<u>-</u>	<u>4,517,131</u>

Transfers represented by;

Asset additions in year	44,931
Disposal of assets	(11,610)
Restricted funds adjustment	(4,448)
Less depreciation	(215,199)
	<u>(186,326)</u>

Company	Balance at 1 April 2018 £	Income £	Expended £	Transfers £	Balance at 31 March 2019 £
Designated funds:					
Tangible fixed assets fund	3,237,831	-	-	(128,101)	3,109,730
	<u>3,237,831</u>	<u>-</u>	<u>-</u>	<u>(128,101)</u>	<u>3,109,730</u>
General reserve	664,602	1,755,049	(1,474,721)	128,101	1,073,031
	<u>3,902,433</u>	<u>1,755,049</u>	<u>(1,474,721)</u>	<u>-</u>	<u>4,182,761</u>

Transfers represented by;

Transfer of assets from subsidiary	22,565
Asset additions in year	13,648
Less depreciation	(164,314)
	<u>(128,101)</u>

The tangible fixed assets fund has been set up to assist in identifying those funds that are not free funds. It represents the net book value of tangible fixed assets, including those assets acquired with restricted funds.

The general reserve fund represents the “free reserves” after allowing for all designated funds.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

27. *Analysis of charitable funds (cont'd)*

(b) <i>Restricted funds</i>	Balance at 1 April 2018 £	Income £	Expenditure and Transfers £	Balance at 31 March 2019 £
Donations over £250	-	10,000	(10,000)	-
Company total	-	10,000	(10,000)	-
Storage, racking & shelving	89	-	(9)	80
Market gardens equipment	29	-	(9)	20
Equipment for residential unit	5,427	-	(1,085)	4,342
Vehicles for residential unit	1,270	-	(318)	952
Vehicle for respite services	877	-	(219)	658
Vehicle for residential unit	7,649	-	(1,912)	5,737
Commercial washing machine	-	10,000	(2,000)	8,000
Group total	15,341	10,000	(5,552)	19,789
Represented by :				
Cash at bank	-			-
Fixed assets	15,341			19,789
	<u>15,341</u>			<u>19,789</u>

Restricted funds represent grants and donations that have been received for the purpose of providing residential accommodation, or for specific capital/project expenditure.

Comparatives for analysis of charitable funds

(a) *Unrestricted funds*

Group	Balance at 1 April 2017 £	Income £	Expended £	Transfers £	Balance at 31 March 2018 £
Designated funds:					
Tangible fixed assets fund	3,521,529	-	-	(60,319)	3,461,210
Job Evaluation	30,761	-	-	(30,761)	-
	<u>3,552,290</u>	-	-	<u>(91,080)</u>	<u>3,461,210</u>
General reserve	<u>225,831</u>	<u>11,505,043</u>	<u>(11,010,606)</u>	<u>91,080</u>	<u>811,348</u>
	<u>3,778,121</u>	<u>11,505,043</u>	<u>(11,010,606)</u>	<u>-</u>	<u>4,272,558</u>

Transfers represented by;

Asset additions in year less depreciation	60,319
Release of fund for job evaluation	30,761
	<u>91,080</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

27. *Comparatives for analysis of charitable funds (cont'd)*

Company	Balance at 1 April 2017 £	Income £	Expended £	Transfers £	Balance at 31 March 2018 £
Designated funds:					
Tangible fixed assets fund	3,383,909	-	-	(146,078)	3,237,831
Job Evaluation	30,761	-	-	(30,761)	-
	<u>3,414,670</u>	-	-	<u>(176,839)</u>	<u>3,237,831</u>
General reserve	<u>273,741</u>	<u>820,548</u>	<u>(606,526)</u>	<u>176,839</u>	<u>664,602</u>
	<u>3,688,411</u>	<u>820,548</u>	<u>(606,526)</u>	<u>-</u>	<u>3,902,433</u>

Transfers represented by;

Asset additions in year less depreciation	146,078
Release of fund for job evaluation	30,761
	<u>176,839</u>

A planned job evaluation exercise to review the staffing structure within all services and departments was set aside during 2017/18 in favour of an internal review utilising external benchmarking data. As such the funds previously earmarked for the job evaluation exercise were released to "free reserves".

(b) <i>Restricted funds</i>	Balance at 1 April 2017 £	Income £	Expenditure and Transfers £	Balance at 31 March 2018 £
Residential accommodation	10,199	-	(10,199)	-
Company total	<u>10,199</u>	<u>-</u>	<u>(10,199)</u>	<u>-</u>
Storage, racking & shelving	99	-	(10)	89
Market gardens	42	-	(13)	29
Equipment for residential unit	6,783	-	(1,356)	5,427
Vehicles for residential unit	1,693	-	(423)	1,270
Vehicle for respite services	1,170	-	(293)	877
Vehicle for residential unit	-	10,199	(2,550)	7,649
Group total	<u>19,986</u>	<u>10,199</u>	<u>(14,844)</u>	<u>15,341</u>
Represented by :				
Cash at bank	10,199			-
Fixed assets	<u>9,787</u>			<u>15,341</u>
	<u>19,986</u>			<u>15,341</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

28. Note to the statement of cash flows

Group

Reconciliation of net movement in funds to net cash flow from operating activities

	2019	2018
	£	£
Net movement in funds (as per the statement of financial activities)	249,021	489,792
Adjustment for items not regarded as operating activities for cash flow statement:		
Deduct interest income shown in investing activities	(2,381)	(702)
Add back interest expenditure shown in investing activities	7,628	7,859
Add back depreciation	215,199	233,583
Gain on property disposals	-	(204,086)
Loss on disposal of other fixed assets	10,621	194
(Increase)/decrease in stock	(1,797)	136
(Increase)/decrease in debtors	(58,591)	218,310
Decrease in creditors	(34,253)	(462,459)
Net cash from activities	<u>385,447</u>	<u>282,622</u>

Company

Reconciliation of net movement in funds to net cash flow from operating activities

	2019	2018
	£	£
Net movement in funds (as per the statement of financial activities)	280,328	203,823
Adjustment for items not regarded as operating activities for cash flow statement:		
Deduct interest income shown in investing activities	(38,481)	(34,579)
Add back interest expenditure shown in investing activities	437	511
Add back depreciation	164,314	166,265
Gain on properties held for sale	-	(204,086)
Loss on disposal of fixed assets	-	1,667
Transfer of assets from subsidiary charity	(22,565)	-
Increase in debtors	(327,530)	(127,396)
Increase/(decrease) in creditors	37,582	(41,200)
Net cash from/(used in) operating activities	<u>94,085</u>	<u>(34,995)</u>

29. Commitments : Group and Company

There were no capital commitments, contracted or not contracted, at the end of the financial year (£nil as at 31 March 2018).

Hansel Foundation has provided cross guarantee arrangements in respect of its subsidiary company, Hansel Alliance. As at 31 March 2019 Hansel Alliance had no bank borrowings (2018: £Nil).

30. Related party disclosures

The company has taken advantage of the exemption from disclosing transactions with its subsidiary entity, Hansel Alliance, on the grounds that it is included in the consolidated accounts of Hansel Foundation.

There were no related party transactions between the charity and those deemed related parties for the year ended 31 March 2019, with the exception of matters addressed at note 14.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2019

31. *Contingent liability*

National living wage and sleepover shifts

At the date of signing the annual report and accounts there is some uncertainty as to whether there may be an historic liability concerning the application of national minimum/living wage (NMW/NLW) regulations to non-contractual sleepover hours for support workers. Whilst payments to staff going forward meet both opposing case law interpretations of NMW/NLW requirements, there may be an exposure to understatement of pay prior to June 2015. Although the Court of Appeal has ruled that support workers being available for work during a sleepover shift does not constitute working time, this decision has been appealed to the Supreme Court and will be heard late 2019/early 2020. Due to the uncertainty of this liability arising, and limitations over the ability to assess and reliably measure the value of potential liabilities, Directors do not consider that the regulatory criteria for making a provision within the accounts has been met.

Appendix

Hansel Foundation - Charitable Trusts and other Donations etc. of £250 and over Receivable in year ended 31 March 2019

	Unrestricted Funds £	Restricted Funds £
Trusts, donations and legacies as per the accounts includes the following:		
Ayrshire Classics Car Club	250	
Sainsburys	278	
Hansel Day – bake sale	288	
Langholm Christmas Grotto	290	
Global Quantum Ltd	297	
Global Quantum Ltd	315	
Jayline Bearings Ltd	395	
Margurite Ross	400	
Struthers Memorial Church	411	
Tower Tools	500	
The Glasgow Ayrshire Society	500	
P.J. Stewart	500	
Hansel – Rock at the Cabin	638	
West Kilbride Community Choir	655	
Newton Wallacetown Church	910	
Saints & Sinners	1,000	
E.M. Brewis	1,000	
Etek Europe Ltd	1,000	
M.V. Hillhouse Trust	1,000	
South Ayrshire Council	1,000	
The Sylvia Aitken Charitable Trust	1,500	
The Ronald Miller Foundation	1,750	
Mr David Bell	2,500	
Charitable Giving	2,500	
Rowallan Winter Fayre	2,675	
Galleon Curling Club	3,900	
Derek F. Hale’s Will Trust	4,233	
Mrs M.H. McMillan’s Charitable Trust	4,500	
W.A. Cargill Fund	5,000	
Mr Alan McLaughlan	6,000	
Galleon Curling Club	6,200	
Hugh & Mary Miller Bequest Fund	7,000	
Mr Neil Melrose Garland’s Estate	7,167	
Mr Ian (Sandy) Anderson’s Estate	8,515	
The John Scott Trust	10,000	
The Bailey Thomas Charitable Trust		10,000
Miss Lorna A.M. Taylor’s Estate	25,003	
Miss Margaret Muir Swanson’s Estate	35,000	
Miss Jean Richardson’s Estate	270,000	
	415,070	10,000

