



# **Hansel Foundation**

## **Group Annual Report & Accounts**

**For The Year Ended  
31 March 2022**

Scottish Charity NO: SC001514

Company Limited by Guarantee No: SC038440



# Hansel Foundation

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### Vision

**To give people of all abilities the freedom to live the life they choose.**

### Mission

**Ensuring we deliver empowering support so every person feels included and experiences equality, choice, dignity, compassion and respect.**

### Our Values

**We share a set of core values – respect, trust, team working, continuous improvement and inclusion – and they guide all that we do.**

## **Hansel Foundation**

### **Directors' Report for the year ended 31 March 2022**

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The Directors have pleasure in presenting the annual report together with the audited group accounts for the year ended 31 March 2022 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 for people with additional support needs. Hansel was established to make a positive difference to people's quality of life, and to enable them to lead lives of richness and meaning.

In pursuance of the above Hansel Foundation continued to invest in its fundraising capacity, and engagement with local communities, to support the work of Hansel Alliance in particular and, generally, to enhance opportunities for people requiring support.

Hansel Foundation's subsidiary charitable company, Hansel Alliance, assists people with additional support needs to realise their potential in all spheres of their lives through the provision of a wide and diverse range of community, residential and vocational services and resources.

#### **Group Strategic Report**

##### **Achievements and performance**

Over the course of financial year 2021/22 the global Covid-19 pandemic continued to materially impact on Hansel operations. The journey through this twelve month period witnessed a shift away from the pandemic posing as severe a threat to life or serious illness, resulting from the hugely successful national vaccination programme. However, the pressure on service delivery increasingly reflected the resourcing challenges faced by the social care sector generally, with pre-pandemic high levels of job vacancies being exacerbated by the need for self-isolation within the social care workforce when following Covid-19 Government guidance specific to care service delivery.

In recognition of the operating conditions described above, Directors would wish to firstly acknowledge the extraordinary commitment and resilience of the Hansel team in working through another most challenging year, particularly as this would now represent a full 24 months of supporting people, many being the most vulnerable in our society, through previously unimaginable circumstances. Hansel team members have not only risen to this challenge, but have done so with admirable professionalism that reflects the standards now expected within our highly regulated operating environment.

## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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During the year under review Hansel Foundation's senior management and corporate services teams supported the wider organisation through the continuing challenges presented by the Covid-19 pandemic.

The financial out-turn reported for the year again is reflective of the essential support mechanisms put in place by Scottish Government for social care services, enabling the subsidiary charity Hansel Alliance to continue to meet its contributions towards management and service development costs incurred by Hansel Foundation.

The Board of Directors also acknowledge support received from the two health and social care partnership organisations we work with in South and North Ayrshire, as this has been critical in ensuring resources are directed where most needed.

In anticipation of both opportunities and challenges that will follow on from Covid-19 pandemic recovery Directors reviewed and refreshed the organisation's key development priorities, as now set out within Hansel's overarching Strategic Road Map for the period 2021 to 2024. Progress was made within the reporting period to identify and begin planning of a number of important initiatives, more detail of which is provided within the 'plans for future periods' section below.

Through the launch of Hansel's new branding during the year, including updating of website and social media platforms, Directors welcome the stronger digital presence that will benefit the organisation. In tandem with this, external funding was received to appoint consultants to review Hansel's fundraising approach, and recommendations being shared at the conclusion of the reporting period will help deliver a culture shift in how support for the organisation is resourced and optimised. This will be necessary to target the levels of income generation required to meet the ambitions identified within updated strategic plans.

Turning to the subsidiary charity Hansel Alliance, over the course of the reporting period service provision was maintained as described within the following paragraphs.

*Residential services* – occupancy levels remained high across registered residential service accommodation through 2021/22. In total 38 residential places are offered within Hansel's Broadmeadows estate, with a further 9 resident places available within our Shawburn registered care home in Prestwick. Due to pandemic concerns specific to operating a smaller residential care home such as Shawburn, maximum occupancy was not achieved over the course of the reporting period. Also, given the increasingly dated accommodation environment ongoing consultation with residents and their families may well conclude that alternative living/housing options may be preferred, and that could continue to present a challenge for maximum occupancy if Shawburn is not viewed as a long term destination for new residents. Within Broadmeadows estate, 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. The demand for such places continues to be strong and so vacancies arising during the year were quickly filled.

## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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*Respite and short break supports* provide positive respite experiences built around customer choice. Accommodation-based respite breaks at Broadmeadows (The Cabin) were again subject to limited numbers during the year due to social distancing measures restricting the number of weekly visitors. This reduction in capacity continued to attract mobilisation plan 'top-up' funding to cover full service costs. During the reporting period four static caravans brought onto Broadmeadows estate last year to expand respite capacity were used on a limited basis, again due to Covid-19 restrictions on service provision. It is now anticipated that respite visitor numbers will begin to increase into the next reporting period with the greater capacity being more fully utilised.

*The Connect lifestyle service* delivers support in a wide variety of locations, and pre-pandemic providing day opportunities to around 120 people either in community settings, in their own homes, or within Broadmeadows estate. All support options have a community focus, with individual activities being a clear goal for people choosing this support option. Following brief closure of the service at the beginning of the pandemic, and due to Covid-19 restrictions on household mixing, group activities were moved to a virtual video platform using technology, and face to face support was very much on a reduced capacity. Service activity remained available to restricted numbers through 2021/22, but rising from 36 people supported weekly at the start of the reporting period, to 53 towards the end of the financial year. It is anticipated that numbers will rise further as Covid-19 restrictions are increasingly relaxed.

*Supported living and care at home services* - reflecting commitment to the provision of community-based support services, Hansel Alliance supports, in North Ayrshire and in South Ayrshire including within Broadmeadows estate, approximately 84 people in their own tenancies with levels of support that meet individual needs.

*Employability activities* encompassing the delivery of employment and social enterprise opportunities continued to recover during the year following the significant disruption experienced over the first 12 months of the Covid-19 pandemic. Lindy's tearoom remained open on a limited basis, prioritising internal catering demand including visits from residents' families. The Hansel Laundry gradually increased service volumes over the course of the year, mirroring the recovery within the hospitality sector which represents a significant proportion of the Laundry's external contracts. Continuation of DWP TEGS funding towards supported employee placements across all three social enterprises, including the grounds maintenance team, remained a crucial source of income to maintain the viability of Hansel Alliance's small business operations. Although not involved in mainstream Government employment programme delivery during the year, the employability team resumed delivery of the delayed stage 2 National Lottery Community Fund award; this funding aimed at a group of young disabled people aged between 16-24 years of age who are transitioning from school to college. This stage 2 project supports participants to develop horticulture and grounds maintenance skills that will hopefully lead to progression into positive destinations such as employment or volunteering.

## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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#### Financial review

In terms of Hansel Foundation's financial performance for the year under review the deficit reported reflects ongoing focus on investment in management reporting systems and corporate services support designed to introduce cost efficiency savings in the longer term.

As in the previous financial year, a significant proportion of income reported represents the charging of senior management and corporate services resourcing support to the subsidiary charity Hansel Alliance. The expenditure attributable to the generation of this income is reported within Direct Costs, as such dedicated resourcing is an essential element of the delivery of all charitable activities.

Reflecting matters noted above, the Statement of Financial Activities on page 23 shows that gross income for the charitable company decreased in the year by 0.75% to £1,399k, whilst total expenditure decreased by 0.63% to £1,403k. Total fund balances decreased over the year by £4,069 (2021 decrease of £2,276).

Prior to the impact of the Covid-19 pandemic the charity's fundraising programme included a range of events, functions and sponsored activities that contributed to generated funds. During the year such activities were once again curtailed due to pandemic restrictions on gatherings at events, and so the focus remained on generating alternative sources of income and investing for the future in systems, processes and other important resources; website, social media, and external fundraising audit as described above.

Directors would again take this opportunity to note our gratitude to the many loyal and committed supporters who make an invaluable contribution to Hansel's continuing success. This would include generous volunteer hours provided by individuals and companies who often contribute their specialist skills to progress unfunded projects and initiatives.

The Consolidated Statement of Financial Activities on page 22 shows that gross income reduced by 2.1% to £10.96m, whilst total expenditure also decreased by 2.1% to £10.86m.

Included within the overall reported group surplus of £102,242 the subsidiary company Hansel Alliance reported a surplus of £106,311, an out-turn which is considered to be below financial sustainability targets.

Expenditure on the Hansel Group's charitable activities, as referred to within the Consolidated Statement of Financial Activities on page 22, 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 10 to the Accounts, on page 33.



## **Hansel Foundation**

### **Directors' Report for the year ended 31 March 2022 (cont'd)**

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#### **Investment Policy and Performance**

The present investment policy maximises interest earned on short to medium term deposits offered by the charity's bankers. Given the prevalence of low interest rates the Directors undertook a review during the year of alternative investment strategies that would comply with guidance and good practice set out by OSCR, The Scottish Charity Regulator. Recommendations to adopt an ethical investment policy with the objective of at least maintaining value in real terms, and introducing a managed investment fund, were approved by the Board at the conclusion of the financial year, for implementation in the next reporting period.

Investment income from bank funds of £132 was received in the year (2021: £2,144).

#### **Reserves Policy and Going Concern**

A review of the level of reserves considered appropriate and necessary to pursue Hansel's stated aims and objectives is undertaken annually. This review is considered critical in order to align short to medium term commitments with the level of financial resources available. Commitments include monetary obligations arising from existing operational activities as well as anticipated levels of investment for future projects identified through strategic planning mechanisms.

Ongoing fiscal challenges facing health and social care partnership funders will continue to exert financial pressure on social care budgets, and consequently the subsidiary charity Hansel Alliance's service income streams. Scottish Government's pledge in guaranteeing Scottish Living Wage (SLW) as a minimum rate of pay for everyone working in care, whilst a most laudable and welcome policy, continues to exacerbate pressures felt within public sector budgets. Furthermore, disruption to Hansel's wider activities, attributable to Covid-19 pandemic impact, will likely give rise to uncertainties around levels of operational activity and implications for public sector funding resources for some time to come.

As the primary mechanism for addressing many of the potential threats facing the organisation strategic management planning identifies areas of service development for the organisation, together with envisaged contributions from supporting fundraising initiatives.

Capital costs are also identified within the assessment of strategic priorities, and from this information overall funding commitments are estimated. Based on the outcome of this exercise, mindful of continuing risk associated with the Covid-19 pandemic, the Directors have forecast that the level of free reserves (that is those funds not tied up in fixed assets, designated reserves and restricted reserves) the Hansel Group should target would be £1.87m (circa. £1.53m 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 £1.65m as at 31 March 2022.



## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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Through a review of reserve levels for Hansel Alliance, also taking account of continuing Covid-19 impact, 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 £868,000 at 31 March 2022. As at that date Hansel Alliance reported an unrestricted reserves figure of £471,683, of which the designated tangible fixed asset fund is £165,687, resulting in a general reserve of £305,996. 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. £220k 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.

Based on reserves review at March 2022, and updated budgets prepared for 2022/23 including cash flow projections, Directors consider that adequate resources are available to fund the activities of the charitable company for the foreseeable future and are of the view that Hansel Foundation is a going concern.

### Pensions

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 2022 (cont'd)**

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**Plans for future periods and principal risks and uncertainties**

As noted above, Directors undertook a further review and refresh of the strategic development priorities for both Hansel Foundation and subsidiary Hansel Alliance during the year, as now set out within Hansel's overarching Strategic Road Map for the period 2021 to 2024. This updating of development objectives will drive both service consolidation and new development over the short to medium term.

Whilst management of operations around the Covid-19 pandemic has diluted available time to progress development work during the year under review, investment in additional senior management resources planned for financial year 2022/23 should help deliver a range of positive outcomes linked to the updated strategic priorities.

Of particular note, the following specific objectives for Hansel Foundation feature within the 3 Year Strategic Road Map for the period 2021 to 2024;

<u>Key Strategic Aim</u>	<u>Objective</u>
Sustainability:	<ul style="list-style-type: none"><li>• Grow group reserves beyond essential levels determined in Annual Reserves Review – target £2M free reserves.</li><li>• Create a more streamlined care service management infrastructure, adopting a locality model.</li><li>• Redesign Connect service as a sustainable model, preserving fundamental principles of person-centredness and choice.</li><li>• Implement a marketing strategy for 3e activities, to grow business and service volumes.</li><li>• Increase proportion of skilled staff in 3e social enterprises to enhance productivity.</li></ul>
Responding to Changing Environment	<ul style="list-style-type: none"><li>• Develop and resource volunteer opportunities across all operations and activities.</li><li>• Ensure care and support service accommodation is fit for purpose.</li><li>• Research and develop new care and support service models, and broaden our customer base.</li></ul>

## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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<u>Key Strategic Aim</u>	<u>Objective</u>
Development of Our Market Position:	<ul style="list-style-type: none"><li>• Understand our carbon footprint and investigate the possibility of becoming carbon neutral.</li><li>• Instill 'excellence in technology' mantra to enhance the support we provide.</li><li>• Develop social care accredited learning centre.</li><li>• Implement updated fundraising and communications strategy to maximise support from local community.</li></ul>
Key Relationships:	<ul style="list-style-type: none"><li>• Implement succession planning and people development across all Hansel resources.</li><li>• Promote positive team culture and individual/collective wellbeing.</li><li>• Develop Hansel Hub locations in North and South Ayrshire.</li><li>• Develop mechanisms to optimise recruitment and retention outcomes.</li></ul>
Developing our Service Models:	<ul style="list-style-type: none"><li>• Ensure Shawburn accommodation is for for purpose for resident group.</li><li>• Produce a business case for new-build respite accommodation.</li><li>• Design and market new affordable and sustainable short-break options.</li><li>• Review and redesign core business activity for Lindy's tearoom.</li></ul>
Governance:	<ul style="list-style-type: none"><li>• Continuous improvement of governance resourcing and processes.</li><li>• Develop effective and resilient mechanisms for engagement with all stakeholders.</li><li>• Produce a clear business case for decision making on Hansel 3e future development.</li></ul>

In relation to group-wide activities going forward, a key area of resourcing uncertainty will link with Scottish Government's commitment to maintaining a fair wage structure across all care sector job roles and functions. Whilst commitment to the Real Living Wage has brought a welcome rise 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 posts within the organisation, including management and corporate support roles.

## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

Although partially addressed by significantly higher than inflation-linked pay awards processed in recent years, this remains a sector wide challenge, for recruitment and retention, which will require further review of funding calculations by service commissioners in order to secure and maintain equitable pay practices in the longer-term. Following the financial cost associated with governments tackling the Covid-19 crisis, further or at least continuing pressure on public finances is to be anticipated.

#### 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.

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.

## Hansel Foundation Directors' Report for the year ended 31 March 2022 (cont'd)

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### Reference and Administrative Details, Trustees and Advisers

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

Registered Office: - Murdoch House, Broadmeadows  
Symington, Ayrshire, KA1 5PU  
Tel. No. : 01563 830340  
Email : [info@hansel.org.uk](mailto:info@hansel.org.uk)

### Principal Professional Advisers

Bankers: - The Royal Bank of Scotland  
30 Sandgate  
Ayr, Ayrshire, KA7 1BY

Auditors: - Anderson Anderson & Brown Audit LLP  
Chartered Accountants  
Citypoint 2, 25 Tyndrum Street  
Glasgow, G4 0JY

### Board of Directors

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

Lisa C. Neilson	(appointed 30 June 2021, Chair from 15 December 2021, resigned 3 August 2022)
Dr. Robert M. Reekie	(interim Chair, from 3 August 2022)
Alastair H. Dewar	(resigned 15 December 2021, Chair to date of resignation)
David G. Chalmers	
Stephen Croke	(appointed 27 April 2022)
Adam Currie	(deceased 9 July 2022)
Ruth Dorman	
Robert Dow	
Lorna K.M. Gibson	(resigned 30 June 2021)
Gerald D. Lindsay	(Managing Director)
James W. McIntyre	
Christopher McMail	(resigned 15 December 2021)
Rev. Alexander C. Wark	(resigned 30 June 2021)

In accordance with the Articles of Association the terms of office for three Directors (Robert Dow, David Chalmers and Robert Reekie) end in December 2022. Each Director is however eligible to serve for a further term.

### Key Management Personnel

Senior management of Hansel Foundation:

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

# Hansel Foundation

## Directors' Report for the year ended 31 March 2022 (cont'd)

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### 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 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).

#### 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, Directors serve terms of three years, and under normal circumstances for no more than three terms.

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 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.

## **Hansel Foundation**

### **Directors' Report for the year ended 31 March 2022 (cont'd)**

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#### **Organisation**

The number of non-executive Directors permitted by the Articles of Association is a minimum of three, but not exceeding fifteen. The Board of Directors meet at least on four 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.

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 15 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.

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.

#### **Employee Engagement**

In pursuance of Hansel's strategic commitment to being a provider and employer of choice in social care and employability support, communication and engagement with team members continues to be a key priority for The Board of Directors.

On an informal basis, Directors look forward to re-engaging with people both employed and supported by the organisation through 'meet and greet' sessions. Once again this has unfortunately not been possible during the year under review due to pandemic restrictions. Ordinarily this form of engagement is considered an invaluable opportunity for open conversation with key stakeholders, and to identify issues of importance that may not otherwise be communicated through more formal reporting mechanisms.



## Hansel Foundation

### Directors' Report for the year ended 31 March 2022 (cont'd)

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During the year the staff consultation group bringing representation from all services and departments, Hansel Team Matters, provided important focus for engagement, consultation, discussion and feedback on all relevant issues relating to employment with Hansel.

Although the present bridge between this representative group and the Board of Directors is provided by the Senior Leadership Team, the intention going forward is to facilitate direct contact with Director Members of Hansel's People, Policy and Remuneration Committee, thereby adopting a more structured approach to the Board's ongoing engagement with team members.

Through investment in new HR and learning & development IT platforms Directors are confident that communication with team members will be greatly enhanced. This improvement in the quality of automated reporting on all matters relating to employment, will better inform decisions being taken that directly impacts on the working experience with Hansel.

### 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 2022 (cont'd)

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This work had identified that financial sustainability continues to represent the most significant risk for the charitable group given the continuing pressures on public sector management of social care budgets, unknown or uncertain future commissioning approaches or strategies being planned by local health and social care partnerships, and prevailing uncertainties introduced through Covid-19 pandemic disruption to care and support services.

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.

The financial pressures noted above, exacerbated by settlement terms negotiated in 2017 to exit Hansel's membership of a defined benefit pension scheme, will entail ongoing careful monitoring of working capital and cash-flow. The final instalment of this pension debt falls due in March 2023.

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

Anderson Anderson & Brown Audit 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

Dated: 6 September 2022

## **Opinion**

We have audited the financial statements of Hansel Foundation Group and Charitable Company for the year ended 31 March 2022 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 2022 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.

### **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.

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with management with the oversight of the Trustees.

Based on our understanding of the charity and industry, discussions with management and trustees we identified financial reporting standards and Companies Act 2006 and Charity SORP as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the charity's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the charity's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review, where applicable, of the Board of Trustees' minutes;
- enquiry of management, about litigations and claims and inspection of relevant correspondence
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates, including the carrying value of accruals, provisions, stock impairment, recoverability of trade debtors and revenue recognition;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business;

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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](http://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.

Angus McCuaig (Senior Statutory Auditor)  
for and on behalf of Anderson Anderson & Brown 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:



## Hansel Foundation Group Consolidated Income and Expenditure Account For the year ended 31 March 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2022 £	Total 2021 £
<b>INCOME</b>					
Donations and legacies	3	-	70,605	70,605	88,879
Residential service funding	4	-	4,072,035	4,072,035	4,135,470
Domiciliary care & outreach service funding	4	-	5,874,820	5,874,820	5,485,966
Employability activities income	4	38,705	280,271	318,976	301,881
Property income	4	-	80,337	80,337	73,316
Other trading activities	5	-	98,783	98,783	23,699
Investment income	6	-	132	132	2,144
Corporate services income		-	12,000	12,000	4,500
Other trust/grant funding	4	-	27,443	27,443	-
Covid-19 Government Funding	7	-	407,780	396,059	1,075,142
<b>Total income</b>		<u>38,705</u>	<u>10,924,206</u>	<u>10,962,911</u>	<u>11,200,497</u>
<b>EXPENDITURE</b>					
Raising funds	9	-	159,903	159,903	175,483
Charitable activities:					
• Direct costs		20,338	9,536,645	9,556,983	9,769,064
• Support costs		-	1,076,336	1,076,336	1,087,046
• Governance costs		-	67,319	67,319	60,759
• Bank Interest payable	8	-	128	128	548
<b>Total expenditure</b>		<u>20,338</u>	<u>10,840,331</u>	<u>10,860,669</u>	<u>11,092,900</u>
<b>Net income for year</b>		<u>18,367</u>	<u>83,875</u>	<u>102,242</u>	<u>107,597</u>

Movements in the funds of the charitable group are as shown in the Consolidated Statement of Financial Activities on page 22.

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 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
<b>INCOME</b>					
Donations and legacies	3	-	70,605	70,605	88,879
Property income	4	-	126,947	126,947	115,016
Corporate services income	4	-	852,385	852,385	848,454
Service development funding	4	-	257,971	257,971	223,189
Other trust/grant funding	4	-	27,443	27,443	-
Fund-raising events income	5	-	24,527	24,527	407
Investment income	6	-	34,632	34,632	36,644
Covid-19 Government Funding	7	-	4,812	4,812	97,393
<b>Total income</b>		<u>-</u>	<u>1,399,322</u>	<u>1,399,322</u>	<u>1,409,982</u>
<b>EXPENDITURE</b>					
Raising funds	9	-	127,723	127,723	154,914
Charitable activities:					
• Direct costs		-	1,139,746	1,139,746	1,124,645
• Support costs		-	97,481	97,481	99,738
• Governance costs		-	38,392	38,392	32,824
• Bank Interest payable	8	-	49	49	137
<b>Total expenditure</b>		<u>-</u>	<u>1,403,391</u>	<u>1,403,391</u>	<u>1,412,258</u>
<b>Net expenditure for year</b>		<u>-</u>	<u>(4,069)</u>	<u>(4,069)</u>	<u>(2,276)</u>

Movements in the funds of the charitable company are as shown on the Statement of Financial Activities on page 23.

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 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
<b>Income and endowments from</b>					
Donations and legacies	3	-	70,605	70,605	88,879
Charitable activities:	4				
Residential service funding		-	4,072,035	4,072,035	4,135,470
Domiciliary care & outreach service funding		-	5,874,820	5,874,820	5,485,966
Employability activities income		38,705	280,271	318,976	301,881
Property income		-	80,337	80,337	73,316
Corporate services income		-	12,000	12,000	4,500
Other trust/grant funding		-	27,443	27,443	-
Other trading activities	5	-	98,783	98,916	23,699
Investment income	6	-	132	132	2,144
Covid-19 Government Funding	7	-	407,780	407,780	1,075,142
<b>Total income</b>		<b>38,705</b>	<b>10,924,206</b>	<b>10,962,911</b>	<b>11,200,497</b>
<b>Expenditure on</b>					
Raising funds	9	-	159,903	159,903	175,483
Charitable activities:	10				
Residential service costs		4,523	3,998,283	4,002,806	3,932,831
Domiciliary care and outreach service costs		-	5,824,866	5,824,866	6,083,960
Employability activities costs		15,815	505,076	520,891	557,295
Property running costs		-	352,203	352,203	343,331
<b>Total expenditure</b>		<b>20,338</b>	<b>10,840,331</b>	<b>10,860,669</b>	<b>11,092,900</b>
<b>Net income</b>		<b>18,367</b>	<b>83,875</b>	<b>102,242</b>	<b>107,597</b>
<b>Reconciliation of funds</b>					
Funds brought forward		31,606	4,510,709	4,542,315	4,434,718
Funds carried forward		49,973	4,594,584	4,644,557	4,542,315

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 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
<b>Income and endowments from</b>					
Donations and legacies	3	-	70,605	70,605	88,879
Charitable activities:					
Property income	4	-	126,947	126,947	115,016
Corporate services income	4	-	852,385	852,385	848,454
Service development funding	4	-	257,971	257,971	223,189
Other trust/grant funding	4	-	27,443	27,443	-
Other trading activities	5	-	24,527	24,527	407
Investment income	6	-	34,632	34,632	36,644
Covid-19 Government Funding	7	-	4,812	4,812	97,393
<b>Total income</b>		-	<b>1,399,322</b>	<b>1,399,322</b>	<b>1,409,982</b>
<b>Expenditure on</b>					
Raising funds	9	-	127,723	127,723	154,914
Charitable activities:					
Property running costs	11	-	352,203	352,203	343,331
Group services support	11	-	923,465	923,465	914,013
<b>Total expenditure</b>		-	<b>1,403,391</b>	<b>1,403,391</b>	<b>1,412,258</b>
<b>Net expenditure</b>		-	<b>(4,069)</b>	<b>(4,069)</b>	<b>(2,276)</b>
<b>Reconciliation of funds</b>					
Funds brought forward		-	4,126,970	4,126,970	4,129,246
<b>Total funds carried forward</b>		-	<b>4,122,901</b>	<b>4,122,901</b>	<b>4,126,970</b>

The notes form part of these Accounts.

## Hansel Foundation Group Consolidated Balance Sheet As at 31 March 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	20	<u>2,963,547</u>	<u>3,024,073</u>
<b>Current assets</b>			
Stock	21	9,045	21,553
Debtors	22	1,160,464	1,321,418
Cash at bank and in hand		<u>1,644,060</u>	<u>1,651,104</u>
		2,813,569	2,994,075
<b>Creditors:</b> Amounts falling due within one year	23	<u>(1,132,559)</u>	<u>(1,215,326)</u>
<b>Net current assets</b>		<u>1,681,010</u>	<u>1,778,749</u>
<b>Total assets less current liabilities</b>		4,644,557	4,802,822
<b>Creditors:</b> Amounts falling due after more than one year	24	<u>-</u>	<u>(260,507)</u>
<b>Net assets</b>		<u>4,644,557</u>	<u>4,542,315</u>
<b>Funds</b>			
<b>Unrestricted funds</b>			
General funds	28a	1,648,120	1,518,244
Designated funds	28a	<u>2,946,464</u>	<u>2,992,465</u>
		4,594,584	4,510,709
<b>Restricted funds</b>	28b	<u>49,973</u>	<u>31,606</u>
		<u>4,644,557</u>	<u>4,542,315</u>

The Accounts on pages 20 to 45 were approved by the Board of Directors on 6 September 2022 and signed on their behalf by:

Dr. R.M. Reekie Director

D.G. Chalmers Director

The notes form part of these Accounts.

**Hansel Foundation Parent Company Balance Sheet  
As at 31 March 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	20	<u>2,780,777</u>	<u>2,894,629</u>
<b>Current assets</b>			
Debtors	22	195,033	232,900
Cast at bank and in hand		<u>1,350,136</u>	<u>1,277,376</u>
		1,545,169	1,510,276
<b>Creditors:</b> Amounts falling due within one year	23	<u>(203,045)</u>	<u>(177,935)</u>
<b>Net current assets</b>		1,342,124	1,332,341
<b>Total assets less current liabilities</b>		<u>4,122,901</u>	<u>4,226,970</u>
<b>Creditors:</b> Amounts falling due after more than one year	24	<u>-</u>	<u>(100,000)</u>
<b>Net assets</b>		<u>4,122,901</u>	<u>4,126,970</u>
<b>Funds</b>			
<b>Unrestricted</b>			
General funds	28a	1,342,124	1,232,341
Designated funds	28a	<u>2,780,777</u>	<u>2,894,629</u>
		4,122,901	4,126,970
<b>Restricted funds</b>	28b	<u>-</u>	<u>-</u>
		<u>4,122,901</u>	<u>4,126,970</u>

The Accounts on pages 20 to 45 were approved by the Board of Directors on 6 September 2022 and signed on their behalf by:

Dr. R.M. Reekie Director

D.G. Chalmers Director

The Notes on form part of these Accounts.

**Hansel Foundation Group Consolidated Statement of Cash Flows  
For the Year Ended 31 March 2022**

	Notes	2022 £	2021 £
<b>Cash from operating activities</b>	29	<u>437,407</u>	<u>493,834</u>
<b>Cash flows from investing activities</b>			
Interest received		132	2,144
Interest paid		(1,357)	(3,331)
Payments to acquire tangible fixed assets		(143,161)	(89,825)
Proceeds on disposal of fixed assets		<u>5,750</u>	<u>6,403</u>
<b>Cash (used in) investing activities</b>		<u>(138,636)</u>	<u>(84,609)</u>
<b>Cash flows from financing activities</b>			
Repayment of pension scheme settlement		(250,000)	(500,000)
Hire purchase repayments		(35,815)	(34,211)
Repayment of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
<b>Cash used in financing activities</b>		<u>(305,815)</u>	<u>(554,211)</u>
<b>Net (decrease)/increase in cash and cash equivalent</b>		(7,044)	(144,986)
Cash and cash equivalents at the beginning of the year		1,651,104	1,796,090
Cash and cash equivalents at the end of the year		<u>1,644,060</u>	<u>1,651,104</u>
Cash and bank balances		<u>1,644,060</u>	<u>1,651,104</u>

## Hansel Foundation Parent Company Statement of Cash Flows For the Year Ended 31 March 2022

	Notes	2022 £	2021 £
<b>Cash from operating activities</b>	29	<u>196,830</u>	<u>268,091</u>
<b>Cash flows from investing activities</b>			
Interest received		34,632	36,644
Interest paid		(49)	(137)
Purchase of tangible fixed assets		<u>(38,653)</u>	<u>(83,496)</u>
<b>Cash from investing activities</b>		<u>(4,070)</u>	<u>(46,989)</u>
<b>Cash flows for financing activities</b>			
Repayment of pension scheme settlement		(100,000)	(200,000)
Repayments of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
<b>Cash used in financing activities</b>		<u>(120,000)</u>	<u>(220,000)</u>
<b>Net increase in cash and cash equivalents</b>		72,760	1,102
Cash and cash equivalents at the beginning of the year		1,277,376	1,276,274
Cash and cash equivalents at the end of the year		<u>1,350,136</u>	<u>1,277,376</u>
Cash and bank balances		<u>1,350,136</u>	<u>1,277,376</u>



## Hansel Foundation Group Notes to the Consolidated Accounts For the Year ended 31 March 2022

### 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**

In light of Covid-19 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. We would refer you to our Reserves Policy and Going Concern section of the Directors' Report on pages 8 and 9. 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 2022

### 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, 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 10 and 11. 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 group and 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 2022

### 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 26.

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 28b).

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**3. Donations and legacies**

	2022		2021	
	Group £	Company £	Group £	Company £
Donations under £250	11,853	11,853	5,731	5,731
Trusts, donations and legacies over £250	58,752	58,752	83,148	83,148
	<u>70,605</u>	<u>70,605</u>	<u>88,879</u>	<u>88,879</u>

**4. Charitable activities income**

	2022		2021	
	Group £	Company £	Group £	Company £
Residential service funding	4,072,035	-	4,135,470	-
Domiciliary care and outreach service funding	5,874,820	-	5,485,966	-
Employability activities income	280,271	-	301,881	-
Property income	80,337	126,947	73,316	115,016
Corporate services income	12,000	852,385	4,500	848,454
Service development funding	-	257,971	-	223,189
Other grant/trust funding	<u>27,443</u>	<u>27,443</u>	<u>-</u>	<u>-</u>

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**

	2022		2021	
	Group £	Company £	Group £	Company £
Fundraising events	24,527	24,527	407	407
Tearoom, shop sales and laundry services	74,256	-	23,292	-
	<u>98,784</u>	<u>24,527</u>	<u>23,699</u>	<u>407</u>

Due to the Covid-19 pandemic fundraising efforts during the year concentrated on grant applications and project specific donors, the income for which is included under donations and legacies (note 3).

**6. Investment income**

	2022		2021	
	Group £	Company £	Group £	Company £
Bank interest received	132	132	2,144	2,144
Interest received from subsidiary undertaking	-	34,500	-	34,500
	<u>132</u>	<u>34,632</u>	<u>2,144</u>	<u>36,644</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**7. Covid-19 Government Funding**

	2022		2021	
	Group £	Company £	Group £	Company £
HMRC Job Retention Scheme	38,987	4,513	625,540	83,432
Other funding income	368,792	299	446,602	13,961
	<u>407,780</u>	<u>4,812</u>	<u>1,075,142</u>	<u>97,393</u>

Other funding income is received through Scottish Government Support for care service business interruption, additional costs for technology to enable staff to work from home and additional personal protective equipment (PPE) expenditure incurred.

**8. Interest payable**

	2022		2021	
	Group £	Company £	Group £	Company £
Hire purchase interest	1,229	-	2,783	-
Bank interest payable	128	49	548	137
	<u>1,357</u>	<u>49</u>	<u>3,331</u>	<u>137</u>

**9. Analysis of expenditure on raising funds**

	2022		2021	
	Group £	Company £	Group £	Company £
Other costs : consumables for tearoom, shop sales, etc	32,180	-	20,569	-
Costs re fundraising event direct costs - staff	66,430	66,430	83,481	83,481
- other	56,311	56,311	65,172	65,172
Costs re fundraising event support	4,982	4,982	6,261	6,261
	<u>159,903</u>	<u>127,723</u>	<u>175,483</u>	<u>154,914</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)  
For the Year ended 31 March 2022**

**10. Analysis of expenditure on Group charitable activities**

	Direct Costs		Support costs and interest payable		Total 2022	Total 2021
	Staff costs	Other costs	Staff costs	Other costs		
	£	£	£	£	£	£
Direct charitable expenditure;						
Residential service costs	3,021,536	531,531	219,577	230,162	4,002,806	3,932,831
Domiciliary care and outreach service costs	5,001,331	232,043	351,323	240,169	5,824,866	6,083,960
Employability activities costs	459,527	(25,121)	56,463	30,022	520,891	557,295
Property running costs	-	336,137	-	16,066	352,203	343,331
	<u>8,482,394</u>	<u>1,074,590</u>	<u>627,363</u>	<u>516,419</u>	<u>10,700,766</u>	<u>10,917,417</u>
Totals 2021	<u>8,823,936</u>	<u>888,084</u>	<u>711,303</u>	<u>494,094</u>		<u>10,917,417</u>

£4,523 of depreciation costs in respect of residential service costs was restricted (2021: £3,364), and £15,815 of restricted fund income was utilised for the Bridging the Gap (Horticultural) Project. No property running costs were met from restricted funds (2021: Nil).

**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.

**11. Analysis of expenditure on Parent company charitable activities**

	Direct costs		Governance & Support		Total 2022	Total 2021
	Staff costs	Other costs	Staff costs	Other costs		
	£	£	£	£	£	£
Direct charitable expenditure:						
Property running costs	-	336,137	-	16,066	352,203	343,331
Group services support	538,323	265,286	89,040	30,816	923,465	914,013
	<u>538,323</u>	<u>601,423</u>	<u>89,040</u>	<u>46,882</u>	<u>1,275,668</u>	<u>1,257,344</u>
Totals 2021	<u>620,801</u>	<u>503,844</u>	<u>90,502</u>	<u>42,197</u>		<u>1,257,344</u>

No group service support costs were met from restricted funds (2021: Nil).

**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.

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

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

	Staff costs £	Other Costs £	Governance Costs £	2022 Total £	2021 Total £
Charitable activity:					
Residential service costs	219,577	220,037	10,125	449,739	462,393
Domiciliary care and outreach costs	351,323	223,970	16,199	591,492	635,582
Employability activities costs	56,463	27,419	2,603	86,485	92,784
Property running costs	-	16,066	-	16,066	14,638
	<u>627,363</u>	<u>487,492</u>	<u>28,927</u>	<u>1,143,782</u>	<u>1,205,397</u>
Totals 2021	<u>711,303</u>	<u>435,093</u>	<u>59,001</u>		<u>1,205,397</u>

Governance costs above include staff costs of £12,372 (2021: £12,885).

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

	Support Costs £	Other Costs £	Governanc e Costs £	2022 Total £	2021 Total £
Charitable activity:					
Property running costs	-	16,066	-	16,066	14,638
Group service support	89,040	(7,575)	38,392	119,858	118,061
	<u>89,040</u>	<u>8,491</u>	<u>38,392</u>	<u>135,923</u>	<u>132,699</u>
2021	<u>90,502</u>	<u>9,373</u>	<u>32,824</u>		<u>132,699</u>

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

**14. Group net (expenditure)/income**

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

	2022 £	2021 £
Auditors' remuneration (net of VAT)		
- audit	15,620	14,200
- other services	935	850
Operating lease rentals		
- other plant & equipment	15,287	14,564
Depreciation		
- owned assets	181,502	172,974
- assets on hire purchase contracts	19,023	17,754
Interest payable	1,357	3,331
(Gain)/loss on disposal of other fixed assets	<u>(2,588)</u>	<u>1,102</u>



## Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2022

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

	2022		2021	
	Group £	Company £	Group £	Company £
Wages and salaries	8,152,300	536,940	8,561,125	632,242
Social security costs	665,730	73,502	689,847	77,657
Other pension costs	358,157	83,351	367,748	84,885
	<u>9,176,187</u>	<u>693,793</u>	<u>9,618,720</u>	<u>794,784</u>

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

	2022		2021	
	Group No.	Company No.	Group No.	Company No.
£60,001 to £70,000	1	1	1	1
£70,001 to £80,000	1	1	1	1
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	1	1	1	1

In 2022 one Director also held a senior management post within the organisation. The remuneration for his employment, not in respect of his position as charity trustee, was as follows;

	2022		2021	
	Gross Salary £	Employer Pension £	Gross Salary £	Employer Pension £
Managing Director	98,232	14,189	95,654	13,814

During the financial year frontline care service staff received a pay increase of 4.2% in April 2021, and a further 1.2% in December 2021, both percentage increases in line with Scottish Government's commitment to support improved pay and conditions within the sector. All non-frontline staff, including Executive Directors, received a 2.15% increase in pay effective from October 2021. Further variances in remuneration between reporting periods may arise due to Executive 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 Executive Director in respect of reimbursement of expenses relative to their role as trustee in either 2022 or 2021. No other Non-Executive Director/trustee was in receipt of remuneration (2021: 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 £307,713 including pension costs and employer's National Insurance costs (2021: £297,392).

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**16. Staff numbers**

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

	2022		2021	
	Group No.	Company No.	Group No.	Company No.
Residential care staff	112	-	114	-
Domiciliary/outreach staff	178	-	194	-
Employability activities staff	29	-	31	-
Support service staff including fundraising	24	23	30	26
	<u>343</u>	<u>23</u>	<u>369</u>	<u>26</u>

**17. Comparatives for the Consolidated Statement of Financial Activities**

	Restricted Funds £	Unrestricted Funds £	Total Funds 2021 £
<b>Income and endowments from</b>			
Donations and legacies	-	88,879	88,879
Charitable activities:			
Residential service funding	-	4,135,470	4,135,470
Domiciliary care & outreach service			
Funding	-	5,485,966	5,485,966
Employability activities income	19,500	291,881	311,381
Property income	-	73,316	73,316
Corporate services income	-	4,500	4,500
Other trading activities	-	23,699	23,699
Investment income	-	2,144	2,144
Covid-19 Government Funding	-	1,075,142	1,075,142
<b>Total income</b>	<u>19,500</u>	<u>11,180,997</u>	<u>11,200,497</u>
<b>Expenditure on</b>			
Raising funds	-	175,483	175,483
Charitable activities:			
Residential service costs	3,364	3,929,467	3,932,831
Domiciliary care and outreach service costs	-	6,083,960	6,083,960
Employability activities costs	-	557,295	557,295
Property running costs	-	343,331	343,331
<b>Total expenditure</b>	<u>3,364</u>	<u>11,089,536</u>	<u>11,092,900</u>
<b>Net income</b>	16,136	91,461	107,597
<b>Reconciliation of funds</b>			
Funds brought forward	15,470	4,419,248	4,434,718
<b>Total funds carried forward</b>	<u>31,606</u>	<u>4,510,709</u>	<u>4,542,315</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)  
For the Year ended 31 March 2022**

**18. Comparatives for the Parent Company Statement of Financial Activities**

	Restricted Funds £	Unrestricted Funds £	Total Funds 2021 £
<b>Income and endowments from</b>			
Donations and legacies	-	88,879	88,879
Charitable activities:			
Property income	-	115,016	115,016
Corporate services income	-	848,454	848,454
Other development funding	-	223,189	223,189
Other trading activities	-	407	407
Investment income	-	36,644	36,644
Covid-19 Government Funding	-	97,393	97,393
<b>Total income</b>	<b>-</b>	<b>1,409,982</b>	<b>1,409,982</b>
<b>Expenditure on</b>			
Raising funds	-	154,914	154,914
Charitable activities:			
Property running costs	-	343,331	343,331
Group services support	-	914,013	914,013
<b>Total expenditure</b>	<b>-</b>	<b>1,412,258</b>	<b>1,412,258</b>
<b>Net income</b>	<b>-</b>	<b>(2,276)</b>	<b>(2,276)</b>
<b>Reconciliation of funds</b>			
Funds brought forward	-	4,129,246	4,129,246
<b>Total funds carried forward</b>	<b>-</b>	<b>4,126,970</b>	<b>4,126,970</b>

**19. 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.

## Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2022

### 20. Tangible fixed assets

Group	Heritable Property £	Plant & Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April 2021	7,187,615	401,052	105,994	191,323	7,885,984
Additions in year	22,941	94,230	-	25,990	143,161
Disposals in year	-	-	-	(9,995)	(9,995)
At 31 March 2022	7,210,556	495,282	105,994	207,318	8,019,150
<b>Depreciation</b>					
At 1 April 2021	4,321,489	324,986	80,532	134,904	4,861,911
Charge for year	143,596	34,568	2,547	19,814	200,525
Eliminated on disposals	-	-	-	(6,833)	(6,833)
At 31 March 2022	4,465,085	359,554	83,079	147,885	5,055,603
<b>Net book value</b>					
At 31 March 2022	2,745,471	135,728	22,915	59,433	2,963,547
At 31 March 2021	2,866,126	76,066	25,462	56,419	3,024,073

The net book value of fixed assets includes £39,817 (2021: £56,418) in respect of assets acquired under hire purchase contracts.

Company	Heritable Property £	Plant & Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April 2021	7,187,615	79,199	3,761	9,995	7,280,570
Additions in year	22,941	15,712	-	-	38,653
Disposals in year	-	-	-	-	-
At 31 March 2022	7,210,556	94,911	3,761	-	7,319,223
<b>Depreciation</b>					
At 1 April 2021	4,321,489	54,773	2,846	6,833	4,285,941
Charge for year	143,596	8,026	92	791	152,505
Eliminated on disposals	-	-	-	-	-
At 31 March 2022	4,465,085	62,799	2,938	7,624	4,538,446
<b>Net book value</b>					
At 31 March 2022	2,745,471	32,112	823	2,371	2,780,777
At 31 March 2021	2,866,126	24,426	915	3,162	2,894,629

The depreciation charge for property would have been £289,900 if individual heritable property had not been subject to re-assessment of residual value and estimated useful life.

### 21. Stock

	2022		2021	
	Group £	Company £	Group £	Company £
Raw materials	7,559	-	19,144	-
Finished goods	1,486	-	2,409	-
	9,045	-	21,553	-

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**22. Debtors**

	2022		2021	
	Group £	Company £	Group £	Company £
Balance due from subsidiary undertaking	-	125,097	-	142,925
Trade debtors	820,346	-	902,662	-
Other debtors	69,936	69,936	89,975	89,975
Prepayments and accrued income	270,182	-	328,781	-
	<u>1,160,464</u>	<u>195,033</u>	<u>1,321,418</u>	<u>232,900</u>

**23. Creditors: Amounts falling due within one year**

	2022		2021	
	Group £	Company £	Group £	Company £
Trade creditors	52,508	-	26,839	-
Taxation and social security costs	155,028	20,545	160,860	19,986
Accruals	665,266	82,500	672,562	37,949
RBS Bounceback Loan	-	-	50,000	-
HP purchase creditor	9,757	-	35,065	-
Pension scheme settlement (see note 26)	250,000	100,000	250,000	100,000
Term loan (see note 24)	-	-	20,000	20,000
	<u>1,132,559</u>	<u>203,045</u>	<u>1,215,326</u>	<u>177,935</u>

The Directors had decided to repay the RBS Bounceback Loan before its first anniversary therefore no interest charges were payable.

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

**24. Creditors : Amounts falling due after more than one year**

	2022		2021	
	Group £	Company £	Group £	Company £
HP creditor	-	-	10,507	-
Pension scheme settlement (see note 26)	-	-	250,000	100,000
	-	-	<u>260,507</u>	<u>100,000</u>

Analysis of total Group repayments:-

	2022 £	2021 £
Amounts repayable by installments due:		
within one year	-	355,065
between one and two years	-	260,507
between two and five years	-	-
	-	<u>615,572</u>
Included in creditors: amounts falling due within one year	-	<u>(355,065)</u>
	-	<u>260,507</u>

## Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2022

### 25. *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:	2022		2021	
	Group £	Company £	Group £	Company £
Within one year	13,424	12,164	1,260	571
Later than one year but within five years	52,376	48,655	4,981	2,571
	<u>65,800</u>	<u>60,819</u>	<u>6,241</u>	<u>3,142</u>

### 26. *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 23 and 24).

Contributions to the schemes during the year were as follows:	31 March 2022		31 March 2021	
	Group £	Company £	Group £	Company £
Defined contribution schemes	<u>359,248</u>	<u>83,351</u>	<u>368,706</u>	<u>84,885</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**27. Analysis of net assets between funds**

<b>Group</b>	<b>Tangible fixed assets £</b>	<b>Net Current assets £</b>	<b>Liabilities &gt; 1 year £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Unrestricted Funds	2,913,574	1,681,010	-	4,594,584	4,510,709
Restricted Funds	49,973	-	-	49,973	31,606
	<u>2,963,547</u>	<u>1,681,010</u>	<u>-</u>	<u>4,644,557</u>	<u>4,542,315</u>
<b>Company</b>					
Unrestricted Funds	2,780,777	1,342,124	-	4,122,901	4,126,970
Restricted Funds	-	-	-	-	-
	<u>2,780,277</u>	<u>1,342,124</u>	<u>-</u>	<u>4,122,901</u>	<u>4,126,970</u>

**Comparatives for analysis of net assets between funds**

<b>Group</b>	<b>Tangible fixed assets £</b>	<b>Net Current assets £</b>	<b>Liabilities &gt; 1 year £</b>	<b>Total 2021 £</b>
Unrestricted Funds	2,992,467	1,778,749	(260,507)	4,510,709
Restricted Funds	31,606	-	-	31,606
	<u>3,024,073</u>	<u>1,778,749</u>	<u>(260,507)</u>	<u>4,542,315</u>
<b>Company</b>				
Unrestricted Funds	2,894,629	1,332,341	(100,000)	4,126,970
Restricted Funds	-	-	-	-
	<u>2,894,629</u>	<u>1,332,341</u>	<u>(100,000)</u>	<u>4,126,970</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**28. Analysis of charitable funds**

**(a) Unrestricted funds**

<b>Group</b>	<b>Balance at 1 April 2021 £</b>	<b>Income £</b>	<b>Expended £</b>	<b>Transfers £</b>	<b>Balance at 31 March 2022 £</b>
<b>Designated funds:</b>					
Tangible fixed assets fund	2,992,465	-	-	(46,001)	2,946,464
	<u>2,992,465</u>	<u>-</u>	<u>-</u>	<u>(46,001)</u>	<u>2,946,464</u>
<b>General reserve</b>	1,518,244	10,924,206	(10,840,331)	46,001	1,648,120
	<u>4,510,709</u>	<u>10,924,206</u>	<u>(10,840,331)</u>	<u>-</u>	<u>4,594,584</u>

**Transfers represented by;**

Disposal of assets	(3,162)
Asset additions in year	143,161
Restricted funds adjustment	14,525
Less depreciation	<u>(200,525)</u>
	<u>(46,001)</u>

<b>Company</b>	<b>Balance at 1 April 2021 £</b>	<b>Income £</b>	<b>Expended £</b>	<b>Transfers £</b>	<b>Balance at 31 March 2022 £</b>
<b>Designated funds:</b>					
Tangible fixed assets fund	2,894,629	-	-	(113,852)	2,780,777
	<u>2,894,629</u>	<u>-</u>	<u>-</u>	<u>(113,852)</u>	<u>2,780,777</u>
<b>General reserve</b>	1,232,341	1,399,322	(1,403,391)	113,852	1,342,124
	<u>4,126,970</u>	<u>1,399,322</u>	<u>(1,403,391)</u>	<u>-</u>	<u>4,122,901</u>

**Transfers represented by;**

Loss on disposal of assets	-
Asset additions in year	38,653
Less depreciation	<u>(152,505)</u>
	<u>(113,852)</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, excluding 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 2022**

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

(b) <i>Restricted funds</i>	Balance at 1 April 2021 £	Income £	Expenditure and Transfers £	Balance at 31 March 2022 £
<b>Company total</b>	-	-	-	-
Storage, racking & shelving	65	-	(7)	58
Market gardens equipment	10	-	(3)	7
Equipment for residential unit	2,779	-	(556)	2,223
Vehicles for residential unit	535	-	(134)	401
Vehicle for respite services	370	-	(92)	278
Vehicle for residential unit	3,227	-	(807)	2,420
Commercial washing machine	5,120	-	(1,024)	4,096
Horticultural project	10,000	38,705	(15,815)	32,890
Commercial washing machine	9,500	-	(1,900)	7,600
<b>Group total</b>	<b>31,606</b>	<b>38,705</b>	<b>(20,338)</b>	<b>49,973</b>
Represented by :				
Cash at bank	19,500			32,890
Fixed assets	12,106			17,083
	<u>31,606</u>			<u>49,973</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 2020 £	Income £	Expended £	Transfers £	Balance at 31 March 2021 £
<b>Designated funds:</b>					
Tangible fixed assets fund	3,117,009	-	-	(124,544)	2,992,465
	<u>3,117,009</u>	-	-	(124,544)	<u>2,992,465</u>
<b>General reserve</b>	1,302,239	11,180,997	(11,089,536)	124,544	1,518,244
	<u>4,419,248</u>	<u>11,180,997</u>	<u>(11,089,536)</u>	<u>-</u>	<u>4,510,709</u>

**Transfers represented by;**

Disposal of assets	(7,505)
Asset additions in year	89,825
Restricted funds adjustment	(16,136)
Less depreciation	(190,728)
	<u>(124,544)</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

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

<b>Company</b>	<b>Balance at 1 April 2020 £</b>	<b>Income £</b>	<b>Expended £</b>	<b>Transfers £</b>	<b>Balance at 31 March 2021 £</b>
<b>Designated funds:</b>					
Tangible fixed assets fund	2,973,581	-	-	(78,952)	2,894,629
	<u>2,973,581</u>	<u>-</u>	<u>-</u>	<u>(78,952)</u>	<u>2,894,629</u>
<b>General reserve</b>	1,155,665	1,409,982	(1,412,258)	78,952	1,232,341
	<u>4,129,246</u>	<u>1,409,982</u>	<u>(1,412,258)</u>	<u>-</u>	<u>4,126,970</u>

**Transfers represented by;**

Loss on disposal of assets	(5,552)
Asset additions in year	83,496
Less depreciation	(156,896)
	<u>(78,952)</u>

<b>(b) Restricted funds</b>	<b>Balance at 1 April 2020 £</b>	<b>Income £</b>	<b>Expenditure and Transfers £</b>	<b>Balance at 31 March 2021 £</b>
<b>Company total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Storage, racking & shelving	72	-	(7)	65
Market gardens	14	-	(4)	10
Equipment for residential unit	3,474	-	(695)	2,779
Vehicles for residential unit	714	-	(179)	535
Vehicle for respite services	493	-	(123)	370
Vehicle for residential unit	4,303	-	(1,076)	3,227
Commercial washing machine	6,400	-	(1,280)	5,120
Horticultural project	-	10,000	-	10,000
Commercial washing machine	-	9,500	-	9,500
<b>Group total</b>	<u>15,470</u>	<u>19,500</u>	<u>(3,364)</u>	<u>31,606</u>
Represented by :				
Cash at bank	-			19,500
Fixed assets	15,470			12,106
	<u>15,470</u>			<u>31,606</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)**  
**For the Year ended 31 March 2022**

**29. Note to the statement of cash flows**

**Group**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Net movement in funds (as per the statement of financial activities)	102,242	107,597
<b>Adjustment for items not regarded as operating activities for cash flow statement:</b>		
Deduct interest income shown in investing activities	(132)	(2,144)
Add back interest expenditure shown in investing activities	1,357	3,331
Add back depreciation	200,525	190,728
(Gain)/loss on disposal of other fixed assets	(2,588)	1,102
Increase in stock	12,508	(6,649)
(Decrease)/increase in debtors	160,954	(81,916)
Increase/(decrease) in creditors	(37,459)	281,785
Net cash from operating activities	<u>437,407</u>	<u>493,834</u>

**Company**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Net movement in funds (as per the statement of financial activities)	(4,069)	(2,276)
<b>Adjustment for items not regarded as operating activities for cash flow statement:</b>		
Deduct interest income shown in investing activities	(34,632)	(36,644)
Add back interest expenditure shown in investing activities	49	137
Add back depreciation	152,505	156,896
Gain on disposal of fixed assets	-	5,552
Decrease in debtors	37,867	126,994
Increase/(decrease) in creditors	45,110	17,432
Net cash from operating activities	<u>196,830</u>	<u>268,091</u>

**30. 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 2021).

Hansel Foundation has provided cross guarantee arrangements in respect of its subsidiary company, Hansel Alliance. As at 31 March 2022 Hansel Alliance had no bank borrowings (2021: £Nil).

**31. 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 2022, with the exception of matters addressed at note 15.

## Appendix

### Hansel Foundation - Charitable Trusts and other Donations etc. of £250 and over Receivable in year ended 31 March 2022

	<b>Unrestricted Funds £</b>
<b>Trusts, donations and legacies as per the accounts includes the following:</b>	
Charities Trust	250
CV Labels Ltd	250
Adapt & Thrive	334
Just Giving	330
Brenda Laird	357
J. Matthewman	450
R & A Wilson	650
Westcott Credit Services	708
Arnold Clark	1,000
Arnold Clark Automobiles	1,000
Amazon, Charitable Giving	1,000
Groundwork UK, TE GWUK	1,000
M V Hillhouse Trust	1,000
Mr George Gordon	1,000
Worksmart Solutions	1,375
UPM Kymmene	1,535
Saints & Sinners	1,900
Executors of the late Mrs Brewis	3,000
Stewart Investors	3,000
Cabin Ben Nevis climb	3,424
M H McMillan Charitable Trust	3,500
W A Cargill Fund	5,000
The Ayr Gaiety CRF	10,983
The John Scott Trust	20,000
Adjustment to previously accrued legacy income	-4,294
	<hr/> <b>58,752</b> <hr/>