

WHEATSHEAF  
TRUST

Trustees' Report and financial statements  
for the year ended 31 March 2012

Company Limited by Guarantee  
Registered Number 3958960  
Registered Charity Number 1082889

## **Wheatsheaf Trust**

Trustees' Report and financial statements

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### **Secretary and Registered Office**

J Lennard  
Wheatsheaf House  
24 Bernard Street  
Southampton  
SO14 3AY

Copies of the consolidated financial statements can be obtained from the above address.

### **Auditors**

Morris Crocker Chartered Accountants  
Station House  
North Street  
Havant  
PO9 1QU

### **Solicitors**

Blake Laphorn  
New Kings Court  
Tollgate  
Chandler's Ford  
Eastleigh  
SO53 3LG

### **Bankers**

Natwest Bank  
12 High Street  
Southampton  
SO14 2BF

## TRUSTEES' REPORT

The Trustees present their annual report and the audited financial statements for the year ended 31 March 2012.

### Constitution and Objects

Wheatsheaf Trust is a charitable company limited by guarantee. Its objects and powers and other constitutional matters are set out in the Memorandum and Articles of Association. Its objects are "the relief of unemployment for the public benefit in such ways as may be thought fit including the provision of advice and assistance to find employment provided such objects are charitable". In practice, this means a range of interventions to promote social inclusion, economic development, and lifelong learning for communities in South Hampshire.

The Trustees have paid due regard to the Charity Commission guidance on public benefit with regard to its activities and how they are reported within the Annual Report.

### Trustees

The Trustees who served during the year were:

P B Church	G M Rubins (Vice Chair)
L Samuels	A W Smith (resigned 15 March 2012)
S M Siddall (Chair)	A Esser
P Chapman	S Takhar (resigned 7 March 2012)
K Loveridge (resigned 30 May 2012)	S Lent
Y Hussain	S Waring (appointed 27 September 2011)
M Pryor (appointed 11 June 2012)	

The Trustees are also directors for the purposes of company law. The Trustees are appointed by the members at the annual general meeting with one third retiring by rotation at each annual general meeting. The Trustees may co-opt additional Trustees to fill vacancies with the co-opted Trustee holding office until the next annual general meeting. The Trustees meet between six and eight times a year.

In addition, the Board delegates more detailed discussion and decision-making to three Committees encompassing Finance, Human Resources and Information Security / Infrastructure. These groups meet at least three times per year, and membership consists of a chair from the Board of Trustees plus one other Trustee, attendance from key members of the management team and external advisers where appropriate.

The Trust aims to appoint Directors who between them have a range of relevant educational, financial, legal, and commercial expertise and also reflect the demography of the areas that we serve. Where necessary, we invite observers who for legal reasons (eg. local authority rules) cannot serve as Directors. At May 2012, the composition of the Board (including observers) was:

Male	50%	Female	50%
White British	80%	Ethnic minorities	20%

There is an induction process in place similar to that used for new employees, and training is available where appropriate. Trustees are responsible for setting the broad policy parameters of the Trust, including strategic plans, annual budgets, staff policies and procedures, and financial policies and controls. Thereafter, day to day running of the organisation is delegated to the staff through the Chief Executive, Jonathan Cheshire, and the performance is monitored against specific agreed targets.

## **Subsidiary**

The charity is connected to one organisation, Wheatsheaf Services Ltd, a company limited by guarantee. Wheatsheaf Services Ltd is wholly controlled by the Trust, which is the sole member of the Company. The results of Wheatsheaf Services Ltd for the year were below the thresholds required for a statutory audit (and were immaterial to the group) so a separate audit of the subsidiary was not carried out.

Details of related party transactions are shown in Note 23 of the accounts.

## **Political and Economic Context**

2011/12 was yet another year of major change and challenge in the external environment. A stagnant and occasionally receding economy and a discouraging labour market have made our work even more difficult than previously. At the time of writing there are nearly 2.7 million unemployed people and about 460,000 vacancies in the UK economy. Even the most optimistic government advocates must realise that there are going to be large numbers of people out of work for longer periods over the next few years.

We applaud the Government's long term aim of simplifying the benefit system and smoothing out the long and difficult transition from welfare dependency to economic self-sufficiency. However, this sensible strategic goal is being undermined by a number of faddish and short-term tweaks to the tax and benefit systems. The most disadvantaged sectors of society, who make up the vast bulk of the Trust's clients, are facing an unprecedented squeeze on their living standards. Many of these changes are motivated by a concession to fairness – or at least the perception of it – but our long experience shows us that from a pragmatic point of view, coercion is not the most effective way of moving people into work and off benefits.

While our clients are suffering unprecedented pressure, Wheatsheaf Trust, ironically, has benefitted from changes in the Welfare to Work strategy. The Trust has been pioneering effective ways of helping disadvantaged groups into work for nearly 15 years, and for most of that time has had to struggle for financial support, which historically has been short term and subject to ever-changing government fashions. Finally, government departments, led by the Department of Work and Pensions, have acknowledged that the methods used by Wheatsheaf and other similar agencies are the most effective, and are starting to provide longer-term and clearer funding mechanisms.

The Work Programme, probably the most significant source of finance for us, is based on clear objectives and payment by results. On the negative side, the procurement process was extraordinarily inefficient and wasteful: because contracts are only available to organisations of our size through subcontracts with large national and international companies, we had to write 35 expressions of interest and 11 detailed bids in order to compete for this single piece of work. That pattern will have been repeated right across the country with numerous other small sub-contractors writing multiple abortive bids. It also puts us in a very vulnerable position if our Prime Contractor loses the contract, since the nature of sub-contracts is that they carry the risk of the prime contractor underperforming, over which we have no control.

## **Review of Activities**

The formal object of the Trust is “the relief of unemployment”. In practice, this can be broken down into three subsets:

- Short term help to move individuals into work.
- Longer term help for individuals further from the labour market to improve their employability, skill levels, or earning power.
- Contextual work in the wider economy to improve the general prospects for employment levels in our area of operation.

At the beginning of the year we were still waiting for decisions on a number of large funding applications and had to undergo a fairly major re-organisation and re-structuring, which sadly included the loss of some of our existing staff. Because of delays in DWP, the Work Programme started 3 months later than we had been advised, and we had a difficult decision to make over staffing. In the event, we decided to keep on the advisors whom we would need for the Programme and institute a period of intensive training while we were waiting for the contract to come through. This cost us a considerable sum but put us in a good position to get the Work Programme running in short order when the contract finally arrived.

Successful bids to other funders during the year have allowed us to expand our services again and to provide more comprehensive geographical coverage in South Hampshire. We now have centres in 5 local authority areas including 2 in Southampton and 2 in Havant. We have re-organised front line delivery into three main teams: one providing advice and guidance and employment support to adults; another supporting 16 – 19 year olds who are not in education, employment or training; and a third working with whole families facing a number of different disadvantages and barriers to employment.

Following the much-regretted closure of our in-house construction and landscaping activity after the withdrawal of the Future Jobs Fund, we are trying a new approach: in the year under review, we set up a joint venture company with another local charity, Groundwork Solent, in an experiment to provide small-scale ground maintenance, landscaping, and construction work on a commercial basis. If we can make this viable, we will later use it as a vehicle for employing young people and apprentices who need a stepping stone into the labour market.

## **Performance against Objectives**

Our objectives for the year were as follows

### *Support and advice to individuals*

In this area we aimed to enrol 2000 new adult clients and 90 young people; we aimed to achieve positive outcomes (employment, training, education, or volunteering) for 500 adults and 45 young people; and we undertook to provide 100 modules of pre-employment training in Southampton, Gosport, and Havant.

At the end of the year we had

- enrolled 2130 new adults and 148 young people,
- achieved positive outcomes for 579 adults (including 427 job entries) and 30 young people,
- run 115 training courses

## **Policy Development, Consultancy, and Work with Employers**

We continue to campaign on welfare reform, both on behalf of our client group and also in the area of public procurement. We are involved with a number of local and national groups through whom we can talk directly to local policy makers and government ministers and other politicians responsible for driving through the reforms. Our main preoccupation is pragmatic: so many changes to government policy in this area have unintended consequences which can have serious impacts on the lives of the poorest people.

We have also been working to persuade local authorities in Hampshire to improve their procurement procedures to ensure that small local charities and SMEs can realistically compete for contracts. We are not seeking special treatment for ourselves, so much as trying to ensure that public procurement buys additional social and economic benefit rather than chasing the lowest price. A recent private member's bill which went through Parliament and a draft EU directive are both tending in the same direction.

We continue to seek out employers who can see the benefit of taking on local labour and are prepared to offer opportunities to our clients. Most of our marketing effort continues to be devoted to this area. Other initiatives with employers such as our diversity events, have continued and were reorganised during the course of the year.

## **Finance & Funding**

Our target for the year was to maintain working capital of at least £300,000 and unrestricted reserves of £40,000. These slightly pessimistic targets were based on the anticipation of a very heavy drain on our cash-flow as the performance-related contracts came into play. In the event, cash-flow was considerably better than forecast, partly because of our performance on those contracts, but also thanks to substantial new funding received from charitable sources such as the John Paul Getty Charitable Trust and The Big Lottery Fund . At the end of the year our working capital was £929,367 and unrestricted reserves £387,557. We are still a little nervous as to the effects on our cash-flow of the flat labour market and the continued economic downturn, so we will continue to maintain substantial liquid reserves for the next year or so. In addition, the uncertainty and specific risks of the Work Programme contract will require ongoing working capital investment. Detailed financial information can be found on pages 15 - 26.

The Trust would like to acknowledge with gratitude the financial support of the following funders in 2011/12: A4e Limited, Babcock Enterprise, Barnardos, Big Lottery Fund, Cabinet Office, Condor Office Solutions Ltd, S Sooden, Eastleigh Borough Council, Everyclick, Friends of West Quay Park, Gosport Borough Council, Gosport Voluntary Action, Hampshire County Council, Havant Borough Council, JP Getty Jnr Charitable Trust, J K Sohal, Skills Funding Agency, S M Siddall, Southampton City Council, UK Online Centres, University of Southampton.

## **CLIENT STATISTICS**

The Trust has two main areas of service – young people (mainly 16-19 year olds) and adults (19+). In 2011-12 the work for these groups happened in Southampton, Gosport and Havant, with outreach in Eastleigh. Our services were focused in two Employment Access Centres in Southampton, one in Gosport, one in Havant plus a permanent presence in a community centre in the Leigh Park area of Havant. At the end of the year, we won a new contract to provide support to troubled families in Fareham.

## Summary

<b>Output</b>	<b>2011-12 target</b>	<b>2011-12 achieved</b>
Adult IAG registrations	2000	2130
Adult positive outcomes (employment, training, education, volunteering)	500	579
Young people engaged	90	148
Young people with positive outcomes	45	30
Adult job outcomes (included in positive outcomes above)	400	427
Adult training outcomes (included in positive outcomes above)	100	106
Employability training modules (JCP support contract)	100	115
Clients attending employability training modules (JCP support contract)		956

Note: IAG registrations do not include clients attending employability training modules (JCP support contract)

## Breakdown of registrations by area

### Southampton: 714 registrations

<b>Ethnicity</b>	<b>No.</b>	<b>%</b>	<b>Ethnicity</b>	<b>No.</b>	<b>%</b>
Asian or Asian British - Bangladeshi	7	0.98%	Not known	14	1.96%
Asian or Asian British - Indian	9	1.26%	Other Group	5	0.7%
Asian or Asian British - Other	14	1.96%	White - British	575	80.53%
Asian or Asian British - Pakistani	6	0.84%	White - Irish	4	0.56%
Black or Black British - African	24	3.36%	White - Other	21	2.94%
Black or Black British - Caribbean	6	0.84%	Prefer not to say	3	0.42%
Black or Black British - Other	11	1.54%			
Chinese	1	0.14%			
Mixed other	6	0.84%			
Mixed White + Asian	2	0.28%			
Mixed White + Black African	2	0.28%			
Mixed White + Black Caribbean	4	0.56%			

Age group	No.	%
16-19	35	4.9%
20-24	98	13.73%
25-30	104	14.56%
31-40	173	24.23%
41-50	185	25.91%
51-60	111	15.55%
61+	3	0.43%
Not known	5	0.7%

Number with a disability	%
184	25.77%

**Havant: 702 registrations**

Ethnicity	No.	%		Age group	No.	%
Asian or Asian British - Indian	2	0.28%		16-19	38	5.41%
Black or Black British - African	1	0.14%		20-24	120	17.09%
Black or Black British – Caribbean	2	0.28%		25-30	96	13.68%
Mixed - White and Black African	1	0.14%		31-40	152	21.65%
Mixed - White and Black Caribbean	1	0.14%		41-50	151	21.51%
Not known	6	0.85%		51-60	132	18.8%
Other Group	1	0.14%		61+	8	1.14%
White - British	677	96.44%		Not known	5	0.71%
White – Irish	4	0.57%				
White – Other	5	0.71%				
Prefer not to say	2	0.28%				

Number with a disability	%
215	30.63%



**Gosport: 616 registrations**

<b>Ethnicity</b>	<b>No.</b>	<b>%</b>
Asian or Asian British - Other	3	0.49%
Black or Black British - African	6	0.97%
Black or Black British – Caribbean	2	0.32%
Black or Black British - Other	3	0.49%
Chinese	2	0.32%
Mixed other	2	0.32%
Mixed White + Black African	1	0.16%
Mixed White + Black Caribbean	1	0.16%
Prefer not to say	7	1.14%
Other Group	4	0.65%
White - British	575	93.34%
White – Irish	7	1.14%
White - Other	3	0.49%

<b>Age group</b>	<b>No.</b>	<b>%</b>
16-19	51	8.28%
20-24	135	21.92%
25-30	102	16.56%
31-40	105	17.05%
41-50	124	20.13%
51-60	95	15.42%
Not known	4	0.65%

<b>Number with a disability</b>	<b>%</b>
125	20.29%

**Eastleigh: 98 registrations**

<b>Ethnicity</b>	<b>No.</b>	<b>%</b>
Asian or Asian British – Bangladeshi	1	1.02%
Asian or Asian British – Indian	3	3.06%
Asian or Asian British – Other	2	2.04%
Mixed White + Asian	1	1.02%
Prefer not to say	3	3.06%
White - British	84	85.71%
White – Irish	3	3.06%
White - Other	1	1.02%

Age group	No.	%
16-19	10	10.2%
20-24	11	11.22%
25-30	12	12.24%
31-40	14	14.29%
41-50	24	24.49%
51-60	26	26.53%
61+	1	1.02%

Number with a disability	%
16	16.33%

## Financial Results

The reader will no doubt notice the considerable reduction in incoming resources on last year's results. This is due to the cessation in March 2011 of the Department for Education's 'Youth Sector Development Fund' programme. Some 60% of the incoming resources for this programme passed through the Trust to two other organisations working in partnership with W heatsheaf Trust, which was the accountable body with the funder.

The Trust expected to run into a deficit of around £340k in 2011/12 as it entered a period of transition to new contracts, with some heavy investment in infrastructure and staffing. At the out-turn, performance in 2011/12 was slightly better than expected, and a consolidated deficit of £125,206 is reported. This breaks down into an unrestricted deficit (after fund transfers) of £18,471 and a restricted deficit of £106,735. Some 44% of the restricted funds going forward are held in connection with grant-funded fixed asset acquisitions and will be reduced in line with depreciation charges.

The Trust continues to rely heavily on funding from public sources in the form of grants, performance-related contracts and service level agreements (approximately 94% of total income).

Grant income includes the conclusion of the final phase of the Department for Work and Pensions (DWP) Future Jobs Fund (£126,723); £210,180 for the continuation of the JobCentrePlus Support Contract, supporting out of work adult clients in predominantly group-based training and confidence building activities; £114,712 from the Cabinet Office's Transition Fund which was used to re-organise some of the Trust's delivery, invest in new infrastructure and develop a social enterprise pilot; £60,000 from John Paul Getty Jnr Charitable Trust to work with 16-19 year olds, supporting progression into employment, education or training; and £41,947 from Big Lottery Fund to work with 'workless' families across Hampshire.

Performance-related contracts account for 60% of total funding, and were connected with both adult information, advice and guidance and youth services. Overall funding in this area decreased by around 10% on the previous year but includes some significant new longer term contracts, notably the DWP Work Programme and 'Phase 2', funded by the Skills Funding Agency through Barnardos. This type of funding has considerable advantages for the Trust in its flexibility, where the focus has shifted away from demonstrating cost efficiency towards achieving outcomes. It is also possible for some longer-term projects to over-achieve against targets within a particular financial year, a factor that has partly contributed to the Trust's prior year surpluses.

Costs associated with governance of the charity were 1.6% of the total resources expended (2011: 1.8%). This reduction is as a result of a review of the Trust's methodology for accounting for governance costs including the apportionment of indirect costs. A revised method will be used henceforward which the Trust and its auditors feel is more representative of the guidance provided by the Statement of Recommended Practice (SORP). The costs associated with applications for, and negotiations around, voluntary and performance-related contract income were around 47% less than they were in the previous year. Part of this decrease is explained by a rationalisation of how the 'business development' function is resourced within the Trust, and part by the very high costs of bidding for the Work Programme in the previous year

Coming out of the 2011/12 financial year, the Trustees are mindful that substantial long-term contracts such as the Work Programme will take time to convert client referrals into sustained job outcomes, and some further time to convert outcomes into positive cash flows. The accumulation of historical reserves should continually be viewed in this context, and the Trustees will pay close attention to the future designation of funds.

The Trust's longer term strategy continues to focus on finding ways to increase the proportion of income from more diverse sources such as fee-earning activities, social enterprise and corporate sponsorship.

The Trust ran some of its educational and vocational training and some fee-earning activities through the wholly owned subsidiary, Wheatsheaf Services Ltd. Most of these activities have historically been designed to make a small profit, which has been covenanted to the Trust and used to subsidize activities of a similar nature which attract grant funding. The decision was taken in the year to transfer these activities back to the Trust and to make the subsidiary company 'dormant' until further notice. The Trust will undertake a joint venture in 2012/13 to develop a social enterprise company (Green Insight Ltd) with Groundwork Solent Ltd. Much of the initial development work around this new vehicle was funded by a Transition Fund grant and it is hoped that the new venture will prove successful in providing an alternative funding source for its charitable investors in the future. The results of Wheatsheaf Services Ltd are separately disclosed in Notes 5 and 9 to the financial statements. The Consolidated Statement of Financial Activities on page 14 shows the Group results for the year.

## **Charity Policies**

### **Reserves**

The Trustees have recently reviewed the Trust's reserves policy, and in particular have looked at some of the factors that determine our requirements for achieving and maintaining certain levels of 'free' reserves. It has been agreed that reserve requirements should be monitored with reference to three levels:

- minimum level to cover the cost of 'winding up' the organization in the event of all funding coming to an end (this would include the cost of redundancies and meeting short term liabilities). Current reserves would already meet this requirement.
- intermediate level to allow for the continuation of 'core' activities for a 3-6 month period in the event of significant reductions in funding. The medium-term strategy of the Trust (3-5 years) is to achieve this level.
- higher level to provide access to 'free' funds which could be used to take advantage of opportunities for new work or expansion of services where full funding is not available. Achieving this level is a longer term strategy (5-10 years).

For the purposes of the second bullet point above, 'free' reserves are taken to include unrestricted funds and restricted funds to the extent that they support 'core' project activities and do not contravene funders' restrictions (see note 18 to the accounts).

The Trustees are always mindful of the fact that the Trust operates in a changing environment which is highly sensitive to shifts in government policy and priorities around employment and welfare benefits. With this in mind they will review annually the need to designate funds to cover short term reductions in funding, necessary changes to operational activities or organisational infrastructure and the transition to new funding arrangements which have an impact on short term cash flow.

## **Investments**

The Trustees have delegated the detailed review of investment strategy to the Finance Committee, which meets on a quarterly basis. The short term strategy of the Committee has been to continue to invest surplus cash in a combination of short notice deposit accounts (maximum 7 days) and 12 month accounts offering fixed interest rates, payable on maturity. The Trustees will also seek to mitigate risk by both spreading deposits across multiple banking institutions in order to take advantage of the Financial Services Compensation Scheme, and by staggering 12 months deposit account openings to take place at three monthly intervals.

This policy is continually under review, and the Trustees have also taken steps to consider the Trust's longer term strategy, including drawing up a policy statement on attitude to risk and the consideration of alternative investment vehicles, e.g. equities, bonds, property or social enterprise companies.

## **Risk Management**

The Trustees review and update the Charity's risk register on an annual basis and discuss issues around risk at twice-yearly strategy meetings. The Trustees last reviewed risk in May 2012 and are set to carry out a full 'refresh' of the risk register in October 2012. In addition, the charity has been active in further developing a business continuity strategy, part of which links into information security and IT 'disaster recovery'. Implementation of these policies and plans continue in the new year.

Normal good practice has been observed in taking out relevant insurance cover on office risks.

## **Future Developments**

We will continue to husband our cash resources until we are more confident that the new performance-related funding systems will support us adequately. Once we have this confidence, we will be happier to use our reserves rather more freely to invest in future services and experiment with areas of social enterprise. Specifically:

- We will continue and consolidate our service in southern Hampshire. We will be providing services in Fareham in the new year, and at some stage, should the opportunity arise, would hope to offer services in Portsmouth, which is the last big gap in our geographical footprint.
- We will continue to develop social enterprise on a trial basis. In the immediate future this will be focused on Green Insight, our joint venture with Groundwork.

- The renewal or replacement of our current Southampton headquarters, Wheatsheaf House, will absorb a certain amount of management time and effort. We would hope to have a reasonably clear plan by the end of the next financial year.
- We will explore the possibility of using some of our reserves to support better financial inclusion for our clients including the potential for setting up a small Credit Union to assist those with debt issues or an inability to open a bank account.

### **Auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution for the appointment of auditors of the company is to be proposed at the forthcoming Annual General Meeting.

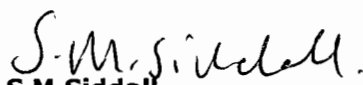
### **Disclosure of Information to Auditors**

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Small company disclosure**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Trustees confirm that this Report and Financial statements complies with current statutory requirements, the Statement of Recommended Practice: Accounting and Reporting by Charities (Revised 2005) and with the Charity's Memorandum and Articles of Association.

By order of the Board

  
**S M Siddall**  
Chair

Wheatsheaf House  
24 Bernard Street  
SOUTHAMPTON  
SO14 3AY

11 July 2012

## **Statement of Trustees' Responsibilities**

The law applicable to incorporated charities in England and Wales required the Trustees, who are also directors of the Company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its financial activities during the year. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the trustees must have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

## **Independent Auditor's Report to the Members of Wheatsheaf Trust**

We have audited the financial statements of Wheatsheaf Trust for the year ended 31<sup>st</sup> March 2012 which are set out on pages 15 to 26. 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). 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.

Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31<sup>st</sup> March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Richard Perry (Senior Statutory Auditor)**

For and on behalf of Morris Crocker  
Chartered Accountants  
Statutory Auditors  
Station House  
North Street  
Havant  
Hampshire  
PO9 1QU



Date: 11 July 2012



## Wheatsheaf Trust Group

Statement of Financial Activities (incorporating the Income and Expenditure Account and Statement of Total Recognised Gains and Losses) for the year ended 31 March 2012

	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<b>Incoming Resources</b>					
<i>Incoming Resources from Generated Funds</i>					
Voluntary Income	3	75,432	3,082	78,514	86,295
Investment income	4	14,766	-	14,766	6,081
Trading Income	5	10,520	-	10,520	19,829
<i>Incoming Resources from Charitable Activities</i>					
Information, Advice & Guidance	6	809,565	65,947	875,512	1,113,317
Youth Services	6	125,736	239,902	365,638	1,776,071
Other Charitable Activities	6	64,292	114,712	179,004	53,720
<b>Total Incoming Resources</b>		<b><u>1,100,311</u></b>	<b><u>423,643</u></b>	<b><u>1,523,954</u></b>	<b><u>3,055,313</u></b>
<b>Resources Expended</b>					
<i>Costs of generating funds</i>					
Fundraising Costs	10	16,782	-	16,782	31,615
Trading Costs	10	9,893	-	9,893	36,718
<i>Charitable Activities</i>					
Information, Advice & Guidance	10	901,077	41,763	942,840	694,576
Youth Services	10	55,786	354,818	410,604	1,767,317
Other Charitable Activities	10	118,952	122,781	241,733	81,631
Governance	10	27,308	-	27,308	48,776
<b>Total Resources Expended</b>		<b><u>1,129,798</u></b>	<b><u>519,362</u></b>	<b><u>1,649,160</u></b>	<b><u>2,660,633</u></b>
<b>Net Incoming / Outgoing Resources before transfers</b>		(29,487)	(95,719)	(125,206)	394,680
<b>Net Income / (Expenditure) for the year</b>		(29,487)	(95,719)	(125,206)	394,680
<b>Transfers</b>					
Gross transfers between funds	18	<u>11,016</u>	<u>(11,016)</u>		-
<b>Net Movement in Funds for the Year</b>	18	(18,471)	(106,735)	(125,206)	394,680
<b>Total Funds brought forward at 1 April</b>		948,648	165,502	1,114,150	719,470
<b>Total Funds carried forward at 31 March</b>		<b><u>930,177</u></b>	<b><u>58,767</u></b>	<b><u>988,944</u></b>	<b><u>1,114,150</u></b>

All incoming resources and resources expended derive from continuing activities.

The Group has taken advantage of the special provisions of paragraph 397 of the SORP 2005 not to produce a separate Statement of Financial Activities for the parent charity (see note 8).

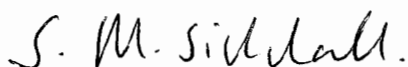
## Wheatsheaf Trust Group

Consolidated Balance Sheet as at 31 March 2012

	Note	Charity		Group	
		2012 £	2011 £	2012 £	2011 £
<b>Fixed Assets</b>					
Tangible fixed assets	14	56,123	51,418	56,123	51,418
<b>Current Assets</b>					
Stock	15	2,162	4,034	2,278	4,386
Debtors	16	263,791	396,574	265,028	390,457
Cash at bank and in hand		735,789	974,410	738,424	981,973
		<u>1,001,742</u>	<u>1,375,018</u>	<u>1,005,730</u>	<u>1,376,816</u>
<b>Creditors:</b> Amounts falling due within one year	17	<u>(72,375)</u>	<u>(314,478)</u>	<u>(72,909)</u>	<u>(314,084)</u>
<b>Net Current Assets</b>		929,367	1,060,540	932,821	1,062,732
<b>Total Assets less Current Liabilities</b>		985,490	1,111,958	988,944	1,114,150
<b>Net Assets</b>		<u><b>985,490</b></u>	<u><b>1,111,958</b></u>	<u><b>988,944</b></u>	<u><b>1,114,150</b></u>
<b>Reserves</b>					
Unrestricted Funds	18,19	384,103	388,492	387,557	390,682
Unrestricted Designated Funds	18,19	542,620	557,966	542,620	557,966
Restricted Funds	18,19	58,767	165,500	58,767	165,502
		<u><b>985,490</b></u>	<u><b>1,111,958</b></u>	<u><b>988,944</b></u>	<u><b>1,114,150</b></u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

These financial statements were approved by the Board of Directors on 11 July 2012 and were signed on its behalf by



**S M Siddall, Chair**

Wheatsheaf Trust, Registered in England No. 3958960

# Wheatsheaf Trust Group 2012

## Notes (forming part of the consolidated financial statements)

### 1 Accounting Policies

The following policies are applied consistently in respect of items considered material in relation to the Group's financial statements:

#### *Basis of Preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention. The financial statements incorporate the recommendations of the Statement of Recommended Practice (SORP): 'Accounting and Reporting by Charities' revised 2005 and in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The Group has taken advantage of the special provisions of the Companies Act (2006) and FRS 1: Cash Flow Statements relating to small companies, and has not produced a cash flow statement as part of the consolidated financial statements.

#### *Group Financial Statements*

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, Wheatsheaf Services Ltd, incorporated in England, on a line by line basis.

#### *Fund Accounting*

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the charity. General funds include any reserves of the wholly owned subsidiary, Wheatsheaf Services Ltd.

Designated funds are funds which the Trustees have agreed to set aside from general funds for a specific purpose in line with the Trust's strategic objectives, eg investment in infrastructure.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the charity for specific purposes.

#### *Incoming Resources*

All incoming resources are included in the Statement of Financial Activities (SOFA) on an accruals basis, except to the extent that grants receivable must be applied to future periods of expenditure, or are contingent on future requirements being fulfilled. In accordance with the SORP, Paragraph 98, unrestricted fee income invoiced in advance of the activity is deferred in the accounts until such time as the contract is fulfilled.

Gifts in kind and donated services / facilities are included in the Statement of Financial Activities at cost, as valued by the donor.

Grants receivable in respect of fixed assets are included in the SOFA in the period in which they are received in accordance with the SORP, Paragraph 111.

Wheatsheaf Services Ltd, the wholly-owned subsidiary, is used as a vehicle for the Trust's trading activities, such as:

- construction work
- multicultural training events
- consultancy and research projects
- brokerage of community volunteering opportunities for staff of companies and other institutions
- the provision of work-related learning opportunities for schools and other agencies

All income received is in support of this activity, and directly supports the objects of the parent charity.

#### *Expenditure*

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to transfer resources. All costs have been directly attributed to one of the functional categories of resources in the SOFA.

Apportionment of costs across headings of the SOFA is carried out in relation to claims for grant funding. A method based on the apportionment of staff time is used for revenue expenditure on direct project activities and management and administration costs. Capital expenditure relates to specific claims for funding, and so is apportioned accordingly.

Costs are allocated to the Governance category where they are identified as relating to Trustee activities or are of a strategic nature, eg statutory audit, insurance and legal expenses. Note 10 gives a detailed breakdown of support costs allocated / apportioned by activity.

### *Fixed Assets and Depreciation*

No depreciation is provided on assets in the course of construction, or not brought into use at year end. Depreciation is calculated on cost in all instances.

It is the policy of the Group to capitalise all fixed assets costing over £500. A full year's depreciation is charged in the year of purchase.

Depreciation is provided on a straight line basis for the following classes of assets:

Plant and machinery (including motor vehicles)	3 years
Completed leasehold improvements	Remaining life of the lease

### *Stocks of Raw Materials and Consumables*

Closing stocks of raw materials and consumables are valued at the lower of historical cost or net realisable value in accordance with SSAP 9: Stocks and Long Term Contracts.

### *Value Added Tax*

Expenditure subject to VAT which is not recoverable is shown inclusive of VAT.

### *Operating Lease Rentals*

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the SOFA over the period in which the cost is incurred. Income from sub- (operating) leases is credited to the SOFA over the period to which the income relates, and aggregate rentals received are disclosed in the notes to the accounts. Land and buildings leased on operating leases are not depreciated, but see above depreciation policy on completed leasehold improvements.

## **2 Status**

Wheatsheaf Trust is a company limited by guarantee and having no share capital. The liability of each member to contribute to the assets of the company is limited to £1. The wholly owned subsidiary acts as a trading subsidiary, engaging in mainly charitable trading activities in support of the Trust's charitable objects. All or a substantial portion of the subsidiary's profits will continue to be covenanted to the Charity with no liability to UK Corporation tax.

## **3 Voluntary Income**

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<i>Grants</i>				
Southampton City Council	74,548	-	74,548	74,548
	<u>74,548</u>	<u>-</u>	<u>74,548</u>	<u>74,548</u>
<i>Donations and similar incoming resources</i>				
Southampton City Council (In Kind)		3,082	3,082	11,207
Miscellaneous	884		884	540
	<u>884</u>	<u>3,082</u>	<u>3,966</u>	<u>11,747</u>
	<u>75,432</u>	<u>3,082</u>	<u>78,514</u>	<u>86,295</u>

#### 4 Investment Income

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Interest on Bank Deposit Accounts	14,760	-	14,760	6,075
Interest on Rental Deposits	6	-	6	6
	<b>14,766</b>	<b>-</b>	<b>14,766</b>	<b>6,081</b>

#### 5 Trading Income (Wheatsheaf Services Ltd)

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Diversity Awareness Training	8,690	-	8,690	7,587
Consultancy	-	-	-	500
Work Related Learning	-	-	-	2,574
Construction Jobs	1,830	-	1,830	9,168
	<b>10,520</b>	<b>-</b>	<b>10,520</b>	<b>19,829</b>

#### 6 Incoming Resources from Charitable Activities

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<i>Information, Advice &amp; Guidance</i>				
Contracts	788,290	-	788,290	984,489
Service Level Agreements	21,275	-	21,275	20,000
Grants	-	65,947	65,947	108,828
	<b>809,565</b>	<b>65,947</b>	<b>875,512</b>	<b>1,113,317</b>
<i>Youth Services</i>				
Contracts	125,736	-	125,736	25,095
Grants	-	239,902	239,902	1,750,976
	<b>125,736</b>	<b>239,902</b>	<b>365,638</b>	<b>1,776,071</b>
<i>Other Charitable</i>				
Grants	-	114,712	114,712	-
Letting Income	52,749	-	52,749	49,136
Other	11,543	-	11,543	4,584
	<b>64,292</b>	<b>114,712</b>	<b>179,004</b>	<b>53,720</b>
	<b>999,593</b>	<b>420,561</b>	<b>1,420,154</b>	<b>2,943,108</b>

Letting income includes rent, service charges and car parking fees payable by subtenants, and charges passed on for facilities management of shared premises where Wheatsheaf Trust acts as the lead tenant (see also note 21).

## 7 Deferred Incoming Resources (Group)

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Balance at 1 April	128,342	-	128,342	8,615
Incoming resources deferred during the year	10,112	-	10,112	128,342
Amounts released from previous years	(128,342)	-	(128,342)	(8,615)
Balance at 31 March	<u>10,112</u>	<u>-</u>	<u>10,112</u>	<u>128,342</u>

Incoming resources were deferred in the year in respect of (i) sub-letting income charged in advance of the year end and (ii) trading income invoiced in advance of the year end.

## 8 Net outgoing resources attributable to parent charity

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Gross incoming resources	1,093,701	423,643	1,517,344	3,059,755
Expenditure on Charitable Activities	1,079,812	519,911	1,599,723	2,584,683
Fundraising Costs	16,782	-	16,782	31,615
Governance Costs	27,307	-	27,307	48,776
<b>Net outgoing resources before transfers</b>	<u>(30,200)</u>	<u>(96,268)</u>	<u>(126,468)</u>	<u>394,681</u>
Transfers between funds	10,465	(10,465)		
Net movement in funds	(19,735)	(106,733)	(126,468)	394,681
Total Funds Brought Forward	946,458	165,500	1,111,958	717,277
<b>Total Funds Carried Forward</b>	<u>926,723</u>	<u>58,767</u>	<u>985,490</u>	<u>1,111,958</u>
<b>Represented by:</b>				
Unrestricted	384,103		384,103	388,492
Designated	542,620		542,620	557,966
Restricted Funds		58,767	58,767	165,500
	<u>926,723</u>	<u>58,767</u>	<u>985,490</u>	<u>1,111,958</u>

## 9 Summary of results of wholly owned subsidiary

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources				
Fees and other income	11,155	-	11,155	38,942
	<u>11,155</u>	<u>-</u>	<u>11,155</u>	<u>38,942</u>
Resources expended				
Project costs	(9,861)	-	(9,861)	(36,680)
Administrative expenses	(32)	-	(32)	(37)
	<u>(9,893)</u>	<u>-</u>	<u>(9,893)</u>	<u>(36,718)</u>
Net Profit / (Loss)	<u>1,262</u>	<u>-</u>	<u>1,262</u>	<u>2,225</u>
Aggregate net assets (Stated after covenant of net profit to Parent Charity)	2,192	-	2,192	2,192

Net income with the parent charitable company of £635 (2012) and £19,113 (2011) have been eliminated on consolidation.

## 10 Group Resources Expended

	Fundraising Costs	Trading Costs	Information, Advice & Guidance	Youth Services	Other Charitable	Governance Costs	Support Costs	<b>Total</b>	Total
	£	£	£	£	£	£	£	<b>2012</b> £	2011 £
Staff Costs	16,671	2,088	656,499	263,618	86,694	17,707	97,483	<b>1,140,760</b>	1,528,145
Project Activities	-	6,728	43,438	78,941	39,679	-	-	<b>168,786</b>	871,272
Premises Costs	-	459	73,437	13,048	54,326	-	22,582	<b>163,852</b>	151,183
Depreciation	-	-	-	-	21,580	-	10,112	<b>31,692</b>	29,996
Audit & Accountancy Fees	-	33	91	-	1,296	8,364	1,488	<b>11,272</b>	4,774
Office Costs	57	180	65,533	4,047	34,357	1,237	27,387	<b>132,798</b>	75,263
	<b>16,728</b>	<b>9,488</b>	<b>838,998</b>	<b>359,654</b>	<b>237,932</b>	<b>27,308</b>	<b>159,052</b>	<b>1,649,160</b>	<b>2,660,633</b>
Support Costs Allocation	54	405	103,842	50,950	3,801	-	(159,052)	-	-
Total Resources Expended	<b>16,782</b>	<b>9,893</b>	<b>942,840</b>	<b>410,604</b>	<b>241,733</b>	<b>27,308</b>	<b>-</b>	<b>1,649,160</b>	<b>2,660,633</b>

## 11 Operating Charges (Parent Charity)

	2012 £	2011 £
Net income for the year is stated after charging:		
Auditor's remuneration (including VAT)		
Statutory Audit Services	8,364	4,320
Non Statutory Audit Services	-	-
Non audit services	-	-
Operating lease rentals - land & buildings	100,829	94,843
Depreciation - owned assets	31,692	29,996

## 12 Staff Numbers and Costs

The average number of persons (full time equivalent) employed by the Trust during the year, analysed by category, was as follows. No staff were employed by Wheatsheaf Services Ltd during the year.

	2012 No.	2011 No.
Management	3	3
Administration	5	4
Operating activities	36	69

Operating Activities includes 9 trainees on short term work placements as part of the Future Jobs Fund programme (2011: 47).

The aggregate payroll costs of the above persons was as follows:

	2012 £	2011 £
Wages and Salaries	937,542	1,335,182
Employer's National Insurance Contributions	80,596	95,448
Employer's Pension Contributions (Defined Contribution Scheme)	72,444	47,297
	<u>1,090,582</u>	<u>1,477,927</u>

One member of staff is paid a salary between £70,000 and £80,000 per annum (2011: One). Pension contributions made by the charity in respect of this member of staff were £16,497 (2011: £6,272). No other members of staff received more than £60,000.

Members of the Trust's Management Team (3 persons) incurred total business expenses (excluding resources and other items purchased on behalf of the charity) of £5,145 (2011: £4,437)

## 13 Trustees Remuneration and Expenses

Reimbursed travel expenses of £239 were paid in the year to one Trustee (2011: £67, one Trustee). No Trustees received remuneration of any form (2011: none).



## 14 Tangible Fixed Assets

	Completed Leasehold improvements £	Plant and Machinery £	Total £
<b>Cost</b>			
At 1 April 2011	218,237	225,792	444,029
Additions	660	35,736	36,396
Transfers	-	-	-
Disposals	-	-	-
At 31 March 2012	<u>218,897</u>	<u>261,528</u>	<u>480,425</u>
<b>Depreciation and diminution in value</b>			
At 1 April 2011	189,501	203,110	392,611
Charge for the year	6,968	24,723	31,691
Disposals	-	-	-
At 31 March 2012	<u>196,469</u>	<u>227,833</u>	<u>424,302</u>
<b>Net Book Value</b>			
At 31 March 2012	<u>22,428</u>	<u>33,695</u>	<u>56,123</u>
At 31 March 2011	<u>28,736</u>	<u>22,682</u>	<u>51,418</u>

All fixed assets are held by the parent charity.

## 15 Stock

	Charity 2012 £	Group 2012 £	Charity 2011 £	Group 2011 £
Raw materials and consumables	<u>2,162</u>	<u>2,278</u>	<u>4,034</u>	<u>4,386</u>

## 16 Debtors

	Charity 2012 £	Group 2012 £	Charity 2011 £	Group 2011 £
Trade debtors (fees)	1,061	3,681	960	1,568
Other debtors (grants, donations and other)	41,151	41,151	89,237	88,052
Amounts owed by group undertakings	1,383	-	7,010	-
Prepayments and accrued income	220,196	220,196	299,367	300,837
	<u>263,791</u>	<u>265,028</u>	<u>396,574</u>	<u>390,457</u>

All debtors are recoverable in less than one year.

## 17 Creditors: Amounts Falling Due within One Year

	Charity 2012 £	Group 2012 £	Charity 2011 £	Group 2011 £
Trade creditors	-	-	-	403
Other creditors	28,644	28,643	95,742	94,558
Social Security and other taxes	22,390	22,390	40,752	40,752
Accruals	11,764	11,764	49,641	50,028
Deferred Income	9,577	10,112	128,343	128,343
	<b>72,375</b>	<b>72,909</b>	<b>314,478</b>	<b>314,084</b>

## 18 Consolidated Funds

	Balance at 1 April 2011 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2012 £
<b>Restricted Funds</b>					
i HBC Leigh Park	-	15,000	3,136		11,864
ii Future Jobs Fund	131,131	126,723	226,817	(31,037)	0
iii Migrant Impact Fund	2,897	-	90		2,807
iv SCC Care Leavers	-	56,261	68,364	12,103	0
v JP Getty	-	60,000	59,637	10,697	11,060
vi BLF Reaching Communities	-	41,947	34,674		7,273
vii Transition Fund	-	114,712	107,517	(2,779)	4,416
viii Eastleigh Work Club	-	9,000	6,999		2,001
ix Youth Capital Fund	2,977	-	640		2,337
x UK Online	7,804	-	3,135		4,669
xi Capital Grant Funded Assets	20,693	-	8,353		12,340
	<u>165,502</u>	<u>423,643</u>	<u>519,362</u>	<u>(11,016)</u>	<u>58,767</u>
<b>Unrestricted Funds</b>					
General Reserve	390,682	1,100,311	1,114,452	11,016	387,557
xii Designated Infrastructure Fund	64,179	-	15,346	-	48,833
xiii Designated Transition Contingency	493,787	-	-		493,787
	<u>948,648</u>	<u>1,100,311</u>	<u>1,129,798</u>	<u>11,016</u>	<u>930,177</u>

The transfers to restricted funds reflect the use of unrestricted income funds to set against expenditure which has been incurred in pursuit of the Trust's activity where restricted funds have not met the cost in full.

- i Havant Borough Council provided funding in the year in the form of £3k for capital items and a £12k discretionary Bursary Fund available for clients living in Leigh Park or Wecock Farm engaging with Warrants Trust employability programmes to aid progression into employment or sustainment of employment. The money will be used for training or other resources to help local residents back to work.
- ii Grant funding from the Department for Work and Pensions (DWP), administered by Hampshire County Council, was provided in the year to support the provision of 6 month work placements and support activities for unemployed people aged 18-24. 'Phase 1' of this grant funding commenced in October 2009 and continued into Phase 2 in the 2010/11 and 2011/12 financial years. Transfers into the fund in 2009/10 to reflect project losses have been balanced against surpluses made in 2011/12 - hence the fund transfer shown above.
- iii Portsmouth City Council provided funding in the 2010/11 year to enable migrant workers from other EU countries to access vocational training. This activity is ongoing.
- iv Southampton City Council will provide funding in 2011 for the Trust to work in partnership with Groundwork Solent, another local charity, to provide work placement, support and vocational training for young people leaving care. Although work started in January 2011, the bulk of these activities will take place between April and October 2011.
- v A grant from the John Paul Getty Jnr Charitable Trust (totalling £180k across 3 years) commenced in the year and will be used to enable 16-19 year olds to access activities that support progression into employment,
- vi BLF Reaching Communities awarded a 3 year grant (totalling £300k) which commenced in the year to support workless families across South Hampshire into employment
- vii The Cabinet Office provided a one year grant (administered through the Big Lottery Fund) to support the charity through a period of transition towards new activities and forms of funding. This money allowed the Trust to re-structure its staffing in some areas, invest in infrastructure and develop new social enterprise activities.
- viii This project is supported by First Wessex and Eastleigh Borough Council to deliver Work Clubs and added support in the Meadows Centre in central Eastleigh. Our support includes Information, advice and guidance on employment, education or training options as well as bespoke programmes including CV Workshops.
- ix The Youth Capital Fund (administered by Southampton City Youth Service) funded the refurbishment of an IT suite as part of the workshop facilities at Warrants Trust's main Southampton premises.
- x The UK Online fund relates to grant funding from the University for Industry for the development of IT facilities at the Trust's Southampton, Havant and Millbrook 'drop-in' centres. Newly acquired IT facilities include a server, computers and printers.
- xi The Capital Grant-Funded Assets Fund is used to fund leasehold improvements and plant & machinery acquisitions and associated depreciation . Funding was received in previous years from University for Industry, SEEDA Devolved Funding, Office of the Deputy Prime Minister and Department for Education.

#### **Designated Funds**

- xii The Trustees approved the creation of a designated 'Infrastructure Fund' in 2010 to enable the Trust to (a) develop and implement an organisation-wide information security policy, including a review of IT support processes, and to meet the requirements of funders as regards information security and IT infrastructure, (b) upgrade and develop existing IT and telecommunications to best support an expanded staffing and geographical base for the Trust, and to meet future challenges, and (c) to research the benefits of up to date technological solutions or the Trust's activities, eg in management information systems, data storage and communications technologies.
- xiii The Trustees agreed to designate an amount of money in 2010/11 in respect of the transition to new long term funding contracts from 2011/12 onwards and the transfer to new lease arrangements on its main Southampton premises from 2015. Specifically this fund encompasses two elements: (a) contingencies to cover the cashflow risk and working capital requirements of new long term contracts; (b) the estimated costs of transferring to new lease arrangements from 2011/12, including building repairs and substantial alterations. The Trustees have considered the continuing uncertainty around new 'payment by results' contracts and have agreed to maintain this fund at the 2010/11 levels. More certainty of ongoing performance in these areas will be achievable at the end of the 2012/13 year once the Trust has more actual performance data on which to assess future performance.

## 19 Analysis of Funds (Group)

	Current Assets £	Current Liabilities £	Long Term Liabilities £	Tangible Fixed Assets £	Total Net Assets £
Restricted Funds	39,004	(3,999)	-	23,762	58,767
Unrestricted Funds	438,031	(68,910)	-	18,436	387,557
Designated Funds	528,695	-	-	13,925	542,620
	<b><u>1,005,730</u></b>	<b><u>(72,909)</u></b>	<b><u>-</u></b>	<b><u>56,123</u></b>	<b><u>988,944</u></b>

## 20 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2012		2011	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Leases which expire:				
Within one year	5,000	-	-	-
In the second to fifth years	102,925	-	98,886	-
	<b><u>107,925</u></b>	<b><u>-</u></b>	<b><u>98,886</u></b>	<b><u>-</u></b>

## 21 Rental Income

Aggregate rental income from operating leases is as follows:

	2012	2011
Sub let of office premises	48,896	43,078
	<b><u>48,896</u></b>	<b><u>43,078</u></b>

'Letting income' as stated in note 6 also includes amounts recharged to sub-tenants in respect of repairs, maintenance and facilities management of the premises by the Trust.

## 22 Insurance

The charity carries insurance cover for contents, personal accident, trustee indemnity and public and employer's liability. The cost of this for the year was £12,820 (2011: £16,983). In addition the charity took out professional indemnity insurance commencing in February 2012 at an annual cost of £7,420.

## 23 Related Party Transactions

G Rubins, a director of the charitable company, was an employee at PricewaterhouseCoopers LLP (PwC) up to 31 January 2012. The charity had a number of transactions with PwC during the year:

£130,203 was paid to PwC in the year for rent and service charges in respect of the Trust's main Southampton premises (2011: £139,408).

Wheatsheaf Services Ltd undertook some construction work for the parents of S M Siddall (Director) in the year to a value of £900.