



Trustees' Report and financial statements
for the year ended 31 March 2013

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 2013.

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 complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission, both with regard to the charity's 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	S M Siddall (Chair)
A Esser	P Chapman
S Lent	Y Hussain (resigned on 15 May 2013)
S Waring	M Pryor
A Thomson (appointed on 1 August 2012)	K Loveridge (resigned 30 May 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 five 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 2013, the composition of the Board (including observers) was:

Male	50%	Female	50%
White British	90%	Ethnic minorities	10%

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.

In addition, Wheatsheaf Trust entered into a joint venture arrangement with Groundwork Solent Ltd on 1 April 2012 to fund the development of Green Insight Ltd, a company used to support the charitable objectives of both organisations in and around construction, light landscaping and horticulture activities. With effect from 1 April 2013, Green Insight Ltd became a wholly owned subsidiary of Wheatsheaf Trust.

Details of related party transactions are shown in Note 25 of the accounts.

Political and Economic Context

The UK economy has shown very little sign of real recovery, although it did manage to just avoid a triple-dip recession. Headline unemployment remains largely the same, hovering just above 2.5 million, and the claimant count fell very slightly but remains very close to 1.5 million. More worrying for Wheatsheaf Trust's clients, long term unemployment has shown a gradual steady rise. Although the number of people in work has risen, this figure disguises a worrying growth in the number of people who are unwillingly working part-time and would want longer hours if they were on offer. Overall, the real value of wages has fallen steadily over the last ten years for those in the lower half of the scale, while company profits and senior executive salaries have seen an unprecedented growth in real value. This is unlikely to change in the near future. The public finances are not improving significantly, and the commitment to austerity measures seems unlikely to change soon. The early rounds of public sector cuts are now feeding through into job losses, and there is more to come.

Welfare policy, which is the area that affects the Trust and its clients most directly, is largely unchanged and measures such as the benefit cap and the introduction of universal credit are starting to come through the system. While we agree with the broad principles of welfare reform, i.e. simplification of the benefit system and the removal of perverse disincentives to move up the income scale, some of the more coercive elements of the rule changes are starting to cause real hardship to many of the most vulnerable members of society. If the purpose of reform is to make it easier and more attractive for people to go into work, very few would disagree with the argument. However for this to be effective, the economy needs to provide enough for unemployed people, and we are a long way from achieving that.

The government's flagship initiative, the Work Programme, has continued to receive a fair amount of negative publicity. A number of small providers, both charitable and commercial, have dropped out of delivery, and even the large national companies are struggling to hit the government targets. The latest performance figures for the programme, published at the end of June 2013,

show that Wheatsheaf Trust performed better than the national average job entry rates in all but one of the 8 Work Programme customer groups and some 5.6% better than the overall job entry rate for the regional 'Contract Package Area'. The Trust also performed significantly better (14%) than the Department for Work & Pensions expected minimum performance level (year 2) for job outcomes in the JSA 25 Plus customer group.

Contractual terms are pretty harsh, and the combined burden of cashflow and risk has made it a very difficult environment for small charities to survive. Wheatsheaf Trust has managed to use the Work Programme effectively, but only because we have strong finances and a number of other sources of income.

Elsewhere in the policy landscape, payment by results contracts, pioneered in the welfare to work sector, are spreading. The Ministry of Justice is rolling out a major programme of PBR contracts for the management of offenders. This growth has produced a new market in alternative financing arrangements such as social impact bonds and semi-equity arrangements with investors. This is still a very immature market but the Trust has been asked by a number of other charities to help them think through some of the implications and learn from our early experience of payment by results.

Review of Activities

The Trust delivers its formal objective, "the relief of unemployment", in three ways:

- 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 prospects for employment generally.

Last year, we reported on major restructuring of staff teams and investment in IT resources and other infrastructure. This work has largely been completed, and is beginning to bear fruit. We are very grateful in particular to our staff, who have stayed with us through a quite difficult and disruptive period. We managed to win a number of new funding contracts including Progress! (the government's initiative for families with "multiple problems") and the Youth Contract. Like the Work Programme, these contracts are based on payment by results and are very demanding to deliver. It is difficult to recover all of our costs from these sources alone, but because of our broad base of different funding streams, we hope to use them to enhance our existing services. In co-operation with Southampton City Council and the Partnership for Urban South Hampshire we initiated a pre-apprenticeship programme of targeted supported employment to young people (aged 16-18) who are 'Not in Employment, Education or Training (NEET)' with local businesses (SMEs), providing a pathway to a full apprenticeship.

We have also started a new version of what we used to call 'SWEAT', our supported work experience and training scheme, in partnership with Radian Housing association and the Rainbow Project. We place clients into paid employment with the two partners and help to subsidise wages in the first few months to share some of the risk with the employer. This is a model we have used very successfully over the past ten years and would like to expand. Unfortunately, government funding for this type of programme dried up with the public sector cuts, so we can only run a restricted service for now, in the hope that a more sensible long-term approach to investment in unemployed people will return before too long.

Our new joint venture with Groundwork Solent managed to win some useful grounds maintenance and landscaping contracts during the year, but we had to reduce the staffing towards the end of the year. Following this reduction, the company is trading at a lower level but showing a small

profit. We are negotiating with the City Council with the intention of setting up a more ambitious programme for a company carrying out energy conservation measures across Southampton.

Also during the year we launched a new website which has been very well received (www.wheatstheaftrust.org) and took our first cautious steps into the jungle of social media.

Performance against Objectives

The strategic plan set objectives for 2012-13 year as follows:-

Support for Individuals

We aimed to register 1500 new clients during the year, achieve 100 training outcomes and support 150 young people. We also set ourselves a target of 400 job entries for our clients across all of our activities and aim to run 100 training modules during the year.

At the end of the year,

- we had enrolled 1603 new adults and 197 young people, and
- achieved positive outcomes for 627 adults (including 545 job entries) and 60 young people.
- We ran 93 training courses

On our policy development side, we played an active role in the Partnership for Urban South Hampshire and Local Enterprise Partnership Employment and Skills Board; we helped to set up a working group with the Association of Chief Executives of Voluntary Organisations (ACEVO) to look at future proposals for Welfare to Work Programmes nationally; and we submitted a detailed critique of the Work Programme to date to the House of Commons Work and Pensions Select Committee where our Chief Executive also gave oral evidence.

Finance and Funding

Our stated target for the year was to maintain working capital of at least £300,000 and keep our unrestricted reserves above £420,000. In the event we finished the year with net current assets (working capital) of £825,515, and unrestricted reserves of £866,528 including a designated fund of £551,427 against infrastructure, investment and the transition to new 'payment by results' contracts. For more detailed information see pages 15 - 26.

In view of the preponderance of payment-by-results, it is more important than ever to maintain sufficient cash reserves against delays in payment and the risks of underperformance.

The Trust would like to acknowledge with gratitude the financial support of the following organisations in 2012/13: A4e Limited, Aurora New Dawn Limited, Barnardos, Babcock Enterprise, Big Lottery Fund, Bright Assessing, Care Services, Condor Office Solutions Ltd, Crofton School, E&D Community Engagement, Eastleigh Borough Council, First Wessex Housing, Gosport Borough Council, Groundwork Solent Ltd, Hampshire County Council, Havant Borough Council, JP Getty Jnr Charitable Trust, Local Giving, No Limits, Skills Funding Agency, Skills Training UK Ltd, Southampton Solent University, Southampton City Council, Stroke Association, Totton College, Wessex Consortium.

CLIENT STATISTICS

The Trust has two main areas of service – young people (mainly 16-19 year olds) and adults (19+). In 2012-13 the work for these groups happened in Southampton, Gosport and Havant, with outreach in Eastleigh and Fareham. 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 and a satellite office in Warren Park.

Summary

Output	2012-13 target	2012-13 achieved
Adult IAG registrations	1500	1603
Adult positive outcomes (employment, training, education, volunteering)	500	627
Young people engaged	150	197
Young people with positive outcomes	70	60
Adult job outcomes (included in positive outcomes above)	400	545
Adult training outcomes (included in positive outcomes above)	100	71
Employability training modules (JCP support contract)	100	93
Clients attending employability training modules (JCP support contract)		972

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

Breakdown of registrations by area

Southampton: 578 registrations

Ethnicity	No.	%	Ethnicity	No.	%
Asian or Asian British - Bangladeshi	1	0.2	Not known	34	5.9
Asian or Asian British - Indian	11	1.9	Other Group	2	0.3
Asian or Asian British - Other	6	1.0	White - British	462	79.9
Asian or Asian British - Pakistani	3	0.5	White - Irish	5	0.9
Black or Black British - African	15	2.6	White - Other	22	3.8
Black or Black British - Caribbean	4	0.7	Prefer not to say	2	0.3
Black or Black British - Other	4	0.7			
Chinese	1	0.2			
Mixed other	1	0.2			
Mixed White + Asian	1	0.2			
Mixed White + Black African	3	0.5			
Mixed White + Black Caribbean	1	0.2			

Age group	No.	%
16-19	23	4
20-24	113	19.6
25-30	100	17.2
31-40	119	20.6
41-50	126	21.8
51-60	80	13.9
61+	12	2
Not known	5	0.9

Number with a disability	%
181	31.3

Havant: 470 registrations

Ethnicity	No.	%		Age group	No.	%
Asian or Asian British – Bangladeshi	1	0.2		16-19	34	7.3
Asian or Asian British – Indian	2	0.4		20-24	101	21.5
Asian or Asian British – Other	1	0.2		25-30	62	13.2
Black or Black British - African	2	0.4		31-40	82	17.4
Black or Black British – other Black background	1	0.2		41-50	99	21
Mixed - White and Asian	2	0.4		51-60	79	16.9
Mixed – Other	2	0.4		61+	7	1.4
Not known	31	6.6		Not known	6	1.4
Other Group	1	0.2				
White - British	419	89				
White – Other	2	0.4				
Prefer not to say	6	1.2				

Number with a disability	%
140	29.8

Gosport: 417 registrations

Ethnicity	No.	%
Asian or Asian British - Other	1	0.2
Black or Black British - African	2	0.5
Black or Black British – Caribbean	1	0.2
Chinese	1	0.2
Mixed other	1	0.2
Other Group	2	0.5
White - British	375	89.9
White – Irish	4	1
White - Other	5	1.2
Not Known	21	5
Prefer not to say	4	1

Age group	No.	%
16-19	16	3.9
20-24	84	20.2
25-30	63	14.8
31-40	80	19.2
41-50	100	24.1
51-60	68	16.3
Not known	6	1.5

Number with a disability	%
118	28.3

Eastleigh: 138 registrations

Ethnicity	No.	%
Asian or Asian British – Pakistani	1	0.7
Asian or Asian British – Other	3	2.2
Black or Black British - African	3	2.2
Black or Black British – Caribbean	1	0.7
Mixed White + Asian	1	0.7
Not known	4	2.9
White - British	122	88.4
White - Other	3	2.2

Age group	No.	%
16-19	5	3.6
20-24	13	9.4
25-30	21	15.2
31-40	26	18.8
41-50	34	24.6
51-60	37	26.8
61+	2	1.5

Number with a disability	%
26	18.8

Financial Results

The Trust continues to operate in a difficult funding environment with a reliance on 'payment by results' contracts. At the out-turn, a consolidated deficit of £77,446 is reported. This breaks down into an unrestricted deficit (after fund transfers and inclusion of the results of the joint venture company) of £64,530 and a restricted deficit of £12,916. Some 31% 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. £41k of the movement on unrestricted funds relates to depreciation and equipment-related expenditure on infrastructure.

The Trust continues to rely heavily on funding from public sources in the form of grants, performance-related contracts and service level agreements (approximately 95% of total income).

Grant income includes £60,000 from John Paul Getty Jnr Charitable Trust to work with 16-19 year olds, supporting progression into employment, education or training; £94,188 from Big Lottery Fund to work with 'workless' families across Hampshire; £15,392 from Eastleigh Borough Council to provide employment support in the local borough; and £19,836 from Southampton City Council to provide apprenticeship pathways to 16-18 year olds 'Not in Education, Employment or Training' (NEET).

'Payment by Results' contracts account for 79% of total funding (2012: 60%), and were connected with both adult information, advice and guidance and youth services. Overall funding in this area increased by around 22% on the previous year and includes DWP Work Programme (£718,601), JobCentre Plus Support Contract (£214,827) and 'Phase 2' (£216,147), funded by the Skills Funding Agency through the Barnardos charity. 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 surpluses in previous years.

Costs associated with governance of the charity were 2.3% of the total resources expended (2012: 1.6%). Increases in professional indemnity insurance cover and a slight increase in senior management time spent on strategic and policy work are behind the overall increase in governance costs. The costs associated with applications for, and negotiations around, voluntary and performance-related contract income were around 1.4% of total expenditure (2012: 1%).

Coming out of the 2012/13 financial year, the Trustees are mindful that substantial long-term contracts such as the Work Programme will continue to 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's wholly owned subsidiary, Wheatsheaf Services Ltd remained dormant in 2012/13, with its previous activities transferred back to the Trust. The Trust entered into 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 Consolidated Statement of Financial Activities

on page 14 shows the Group results for the year, including the Trust's share of the loss in Green Insight Ltd in the joint venture company's first full year of operation.

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.
- 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 19 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 (FSCS), and by staggering 12 months deposit account openings to take place at three monthly intervals.

The Trustees keep investment policy under continual review, and drew up a formal policy statement in 2012 to consider the Trust's short term (reduction of counterparty risk not covered by the FSCS) and longer term strategy, including a 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 2013 and are set to carry out a more detailed review in July 2013.

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

Future Developments

We have completely overhauled our strategic plan, and for the years 2013-16 are prioritising the following:

- We wish to develop our expertise to better support marginalized client groups in a particularly harsh labour market
- We intend to continue to develop the quality of our work by staff training and learning from best practice elsewhere
- If an appropriate opportunity arises, we will expand our core delivery into at least one new local authority area
- We wish to carry out a detailed and comprehensive evaluation of the Trust's holistic services in a particular geographical area (as opposed to simply evaluating and monitoring individual contracts).
- As ever, we are keen to look for more diversified sources of income compatible with our core principles.
- We wish to do more work on developing our Management Information systems and in particular find ways of tracking our clients in their longer-term progress in employment
- 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 2013-14 financial year.

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

24 July 2013

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 31st March 2013 which are set out on pages 14 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 11, 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 affairs of the group's and parent charitable company's affairs as at 31st March 2013 and of the group's incoming 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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 Partner

For and on behalf of Morris Crocker Chartered Accountants, Statutory Auditor

Station House
North Street
Havant
Hampshire PO9 1QU

24 July 2013

Wheatsheaf Trust Group

Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account and Statement of Total Recognised Gains and Losses) for the year ended 31 March 2013

	Note	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources					
<i>Incoming Resources from Generated Funds</i>					
Voluntary Income	3	75,577	-	75,577	78,514
Investment income	4	13,458	-	13,458	14,766
Trading Income	5	-	-	-	10,520
<i>Incoming Resources from Charitable Activities</i>					
Information, Advice & Guidance	6	1,095,439	109,580	1,205,019	875,512
Youth Services	6	223,422	79,836	303,258	365,638
Other Charitable Activities	6	89,395	-	89,395	179,004
<i>less share of incoming resources of Joint Venture</i>	9	(25,119)		(25,119)	-
Total Incoming Resources		<u>1,472,172</u>	<u>189,416</u>	<u>1,661,588</u>	<u>1,523,954</u>
Resources Expended					
<i>Costs of generating funds</i>					
Fundraising Costs	11	24,389	-	24,389	16,782
Trading Costs	11	-	-	-	9,893
<i>Charitable Activities</i>					
Information, Advice & Guidance	11	1,075,300	141,806	1,217,106	942,840
Youth Services	11	192,301	63,749	256,050	410,604
Other Charitable Activities	11	181,002	9,446	190,448	241,733
Governance	11	39,187	-	39,187	27,308
Total Resources Expended		<u>1,512,179</u>	<u>215,001</u>	<u>1,727,180</u>	<u>1,649,160</u>
Net (Outgoing) / Incoming Resources before transfers		(40,007)	(25,585)	(65,592)	(125,206)
Net (Expenditure) / Income for the year		(40,007)	(25,585)	(65,592)	(125,206)
Net interest in results of Joint Venture		(11,854)	-	(11,854)	-
Transfers					
Gross transfers between funds	19	<u>(12,669)</u>	<u>12,669</u>		-
Net Movement in Funds for the Year	19	(64,530)	(12,916)	(77,446)	(125,206)
Total Funds brought forward at 1 April		931,058	58,767	989,825	1,114,150
Total Funds carried forward at 31 March		<u>866,528</u>	<u>45,851</u>	<u>912,379</u>	<u>988,944</u>

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 2013

		Charity		Group	
	Note	2013 £	2012 £	2013 £	2012 £
Fixed Assets					
Tangible fixed assets	15	86,299	56,123	86,299	56,123
Investment in Joint Venture	10	11,537	-	-	-
Share of gross assets	10	-	-	4,504	-
Share of gross liabilities	10	-	-	(3,939)	-
		<u>97,836</u>	<u>56,123</u>	<u>86,864</u>	<u>56,123</u>
Current Assets					
Stock	16	2,817	2,162	2,817	2,278
Debtors	17	342,065	263,791	343,686	265,028
Cash at bank and in hand		644,919	735,789	645,489	738,424
		<u>989,801</u>	<u>1,001,742</u>	<u>991,992</u>	<u>1,005,730</u>
Creditors: Amounts falling due within one year	18	<u>(166,477)</u>	<u>(72,375)</u>	<u>(166,477)</u>	<u>(72,909)</u>
Net Current Assets		823,324	929,367	825,515	932,821
Total Assets less Current Liabilities		921,160	985,490	912,379	988,944
Net Assets		<u><u>921,160</u></u>	<u><u>985,490</u></u>	<u><u>912,379</u></u>	<u><u>988,944</u></u>
Reserves					
Unrestricted Funds	19,20				
General Funds		323,883	384,103	326,074	387,557
Share of Equity in Joint Venture company		-	-	881	-
Share of Loss in Joint Venture company		-	-	(11,854)	-
		<u>323,882</u>	<u>384,103</u>	<u>315,101</u>	<u>387,557</u>
Unrestricted Designated Funds	19,20	551,427	542,620	551,427	542,620
Restricted Funds	19,20	45,851	58,767	45,851	58,767
		<u><u>921,160</u></u>	<u><u>985,490</u></u>	<u><u>912,379</u></u>	<u><u>988,944</u></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 24 July 2013 and were signed on its behalf by

S M Siddall, Chair

Wheatsheaf Trust, Registered in England No. 3958960

Wheatsheaf Trust Group 2013

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 Service 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.

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.

The charity operates a defined contribution group personal pension scheme which is available to all employees. The cost recognised in the accounts is equal to the contributions payable to the scheme in the accounting period. These pension costs are allocated across the relevant resources expended categories of the Statement of Financial Activities.

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

Wheatshaf 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 has historically been covenanted to the Charity with no liability to UK Corporation tax (see also Note 9).

3 Voluntary Income

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
<i>Grants</i>				
Southampton City Council	74,548	-	74,548	74,548
	74,548	-	74,548	74,548
<i>Donations and similar incoming resources</i>				
Southampton City Council (In Kind)	977	-	977	3,082
Miscellaneous	52	-	52	884
	1,029	-	1,029	3,966
	75,577	-	75,577	78,514

4 Investment Income

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Interest on Bank Deposit Accounts	13,453	-	13,453	14,760
Interest on Rental Deposits	5	-	5	6
	13,458	-	13,458	14,766

5 Trading Income (Wheatsheaf Services Ltd)

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Diversity Awareness Training	-	-	-	8,690
Consultancy	-	-	-	-
Work Related Learning	-	-	-	-
Construction Jobs	-	-	-	1,830
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,520</u>

6 Incoming Resources from Charitable Activities

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
<i>Information, Advice & Guidance</i>				
Contracts	1,071,939	-	1,071,939	788,290
Service Level Agreements	23,500	-	23,500	21,275
Grants	-	109,580	109,580	65,947
	<u>1,095,439</u>	<u>109,580</u>	<u>1,205,019</u>	<u>875,512</u>
<i>Youth Services</i>				
Contracts	223,422	19,836	243,258	125,736
Grants	-	60,000	60,000	239,902
	<u>223,422</u>	<u>79,836</u>	<u>303,258</u>	<u>365,638</u>
<i>Other Charitable</i>				
Grants	-	-	-	114,712
Letting Income	60,394	-	60,394	52,749
Share of Incoming Resources in Joint Venture	25,119	-	25,119	-
Other	3,882	-	3,882	11,543
	<u>89,395</u>	<u>-</u>	<u>89,395</u>	<u>179,004</u>
less share of incoming resources in joint	(25,119)		(25,119)	-
	<u>1,383,137</u>	<u>189,416</u>	<u>1,572,553</u>	<u>1,420,154</u>

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 22).

7 Deferred Incoming Resources (Group)

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Balance at 1 April	10,112	-	10,112	128,342
Incoming resources deferred during the year	9,442	-	9,442	10,112
Amounts released from previous years	(10,112)	-	(10,112)	(128,342)
Balance at 31 March	<u>9,442</u>	<u>-</u>	<u>9,442</u>	<u>10,112</u>

Incoming resources were deferred in the year in respect of sub-letting income charged in advance of the year end.

8 Net outgoing resources attributable to parent charity

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Gross incoming resources	1,472,172	189,416	1,661,588	1,517,344
Expenditure on Charitable Activities	1,448,603	215,001	1,663,604	1,599,723
Fundraising Costs	24,389	-	24,389	16,782
Governance Costs	39,187	-	39,187	27,307
Net outgoing resources before transfers	(40,007)	(25,585)	(65,592)	(126,468)
Transfers between funds	(12,669)	12,669		
Net movement in funds	(52,676)	(12,916)	(65,592)	(126,468)
Total Funds Brought Forward	927,985	58,767	986,753	1,111,958
Total Funds Carried Forward	875,309	45,851	921,160	985,490
Represented by:				
Unrestricted	323,882		323,882	384,103
Designated	551,427		551,427	542,620
Restricted Funds		45,851	45,851	58,767
	875,309	45,851	921,160	985,490

9 Summary of results of wholly owned subsidiary

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources				
Fees and other income	-	-	-	11,155
	-	-	-	11,155
Resources expended				
Project costs	-	-	-	(9,861)
Administrative expenses	-	-	-	(32)
	-	-	-	(9,893)
Net Profit / (Loss)	-	-	-	1,262
Aggregate net assets (Stated after covenant of net profit to Parent Charity)	2,192	-	2,192	2,192

Wheatsheaf Services Ltd remains a wholly owned subsidiary of Wheatsheaf Trust but was a dormant company in the 2012/13 financial year. Some of the activities previously run through Wheatsheaf Services were transferred to Green Insight Ltd, a joint venture company (see note 10). Wheatsheaf Services Ltd will remain as a dormant company for the foreseeable future and subject to the strategic intentions of the parent company.

10 Joint Venture Company

The charity entered into a joint venture arrangement with Groundwork Solent Ltd (company no. 6703523) for a 50% shareholding in Green Insight Ltd effective from 1 April 2012. The fixed asset investment on the charity's balance sheet reflects the charity's investment in this arrangement.

The company's main area of business is grounds maintenance, landscaping and light construction work.

The following is a summary of the charity's interest in the results of the joint venture company:

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £
Turnover			
Landscaping & Horticulture	13,051	-	13,051
Fencing	9,024	-	9,024
Insulation & Energy Improvements	3,045	-	3,045
	<u>25,119</u>	<u>-</u>	<u>25,119</u>
Cost of Sales	(17,169)	-	(17,169)
Gross Profit	<u>7,950</u>	<u>-</u>	<u>7,950</u>
Administrative Expenses	(19,804)	-	(19,804)
Loss on Ordinary Activities Before Taxation	<u>(11,854)</u>	<u>-</u>	<u>(11,854)</u>
Taxation on Profit on Ordinary Activities	-	-	-
Loss for the Financial Year	<u>(11,854)</u>	<u>-</u>	<u>(11,854)</u>
Retained Profits at 1 April	881	-	881
Retained Profits carried forward	<u>(10,972)</u>	<u>-</u>	<u>(10,972)</u>
			Total Funds 2013 £
Fixed Assets			100
Current Assets			4,405
Liabilities under one year			(2,439)
Total Assets less current liabilities			<u>2,065</u>
Liabilities over one year			(1,500)
Net Assets			<u>565</u>
Capital and Reserves			
Called Up Share Capital			11,537
Members Equity			881
Surplus / (Deficit) on Income and Expenditure			(11,854)
			<u>565</u>

Green Insight Ltd falls below the statutory audit threshold but its results are considered as part of the audit of Wheatsheaf Trust's consolidated accounts as the preparing company.

As of 1 April 2013, Green Insight Ltd became a wholly owned subsidiary of Wheatsheaf Trust and activity will continue in 2013.

The charity loaned an amount of £3000 to Green Insight Ltd in the year, repayable no later than 4 April 2014 at an interest rate of 5%.

11 Group Resources Expended

	Fundraising Costs	Trading Costs	Information, Advice & Guidance	Youth Services	Other Charitable	Governance Costs	Support Costs	Total	Total
	£	£	£	£	£	£	£	2013 £	2012 £
Staff Costs	22,515	-	788,425	172,521	51,052	22,114	141,714	1,198,341	1,140,760
Project Activities	13	-	87,293	32,868	10,199	-	-	130,373	168,786
Premises Costs	-	-	88,784	7,501	63,585	-	29,964	189,834	163,852
Depreciation	-	-	6,766	165	45,462	-	1,944	54,337	31,692
Audit & Accountancy Fees	-	-	-	-	1,227	7,623	103	8,953	11,272
Office Costs	1,054	-	84,284	2,238	11,531	9,450	36,785	145,342	132,798
	23,582	-	1,055,552	215,293	183,056	39,187	210,510	1,727,180	1,649,160
Support Costs Allocation	807	-	161,554	40,757	7,392	-	(210,510)	-	-
Total Resources Expended	24,389	-	1,217,106	256,050	190,448	39,187	-	1,727,180	1,649,160

12 Operating Charges (Parent Charity)

	2013 £	2012 £
Net income for the year is stated after charging:		
Auditor's remuneration (including VAT)		
Statutory Audit Services	7,623	8,364
Non Statutory Audit Services	-	-
Non audit services	-	-
Operating lease rentals - land & buildings	119,159	100,829
Depreciation - owned assets	54,337	31,692

13 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.

	2013 No.	2012 No.
Management	3	3
Administration	5	5
Operating activities	32	36

Operating Activities in the previous year included 9 trainees on short term work placements as part of the Future Jobs Fund programme. This project ended in 2012.

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

	2013 £	2012 £
Wages and Salaries	974,303	937,542
Employer's National Insurance Contributions	89,195	80,596
Employer's Pension Contributions (see below)	94,968	72,444
	<u>1,158,467</u>	<u>1,090,582</u>

One member of staff is paid a salary between £70,000 and £80,000 per annum (2012: One). Pension contributions made by the charity in respect of this member of staff were £15,327 (2012: £16,497). 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 £5,621 (2012: £5,145)

The charity operates a defined contribution group personal pension scheme which is available to all qualifying staff. The charity contributes a minimum of 5% of the employees salary into the scheme subject to a minimum 3% contribution from the employee. The cost of the scheme in the year was £94,968 (2012: £72,444).

14 Trustees Remuneration and Expenses

Reimbursed travel expenses of £816 were paid in the year to three Trustees (2012: £239, one Trustee). No Trustees received remuneration of any form (2012: none).

15 Tangible Fixed Assets

	Completed Leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 April 2012	218,897	261,528	480,425
Additions	35,170	49,343	84,513
Transfers	-	-	-
Disposals	-	(104,817)	(104,817)
At 31 March 2013	<u>254,067</u>	<u>206,054</u>	<u>460,121</u>
Depreciation and diminution in value			
At 1 April 2012	196,469	227,833	424,302
Charge for the year	16,117	38,220	54,337
Disposals	-	(104,817)	(104,817)
At 31 March 2013	<u>212,586</u>	<u>161,236</u>	<u>373,822</u>
Net Book Value			
At 31 March 2013	<u>41,481</u>	<u>44,818</u>	<u>86,299</u>
At 31 March 2012	<u>22,428</u>	<u>33,695</u>	<u>56,123</u>

All fixed assets are held by the parent charity. Adjustments to historic cost and accumulated depreciation are included above in respect of substantial telecoms and IT infrastructure changes over the previous 2-3 years and further to a full asset and estates audit carried out in 2012.

16 Stock

	Charity 2013 £	Group 2013 £	Charity 2012 £	Group 2012 £
Raw materials and consumables	<u>2,817</u>	<u>2,817</u>	<u>2,162</u>	<u>2,278</u>

17 Debtors

	Charity 2013 £	Group 2013 £	Charity 2012 £	Group 2012 £
Trade debtors (fees)	10,833	10,833	1,061	3,681
Other debtors (grants, donations and other)	3,510	3,510	41,151	41,151
Amounts owed by group undertakings	(1,621)	-	1,383	-
Prepayments and accrued income	329,343	329,343	220,196	220,196
	<u>342,065</u>	<u>343,686</u>	<u>263,791</u>	<u>265,028</u>

All debtors are recoverable in less than one year.

18 Creditors: Amounts Falling Due within One Year

	Charity 2013 £	Group 2013 £	Charity 2012 £	Group 2012 £
Trade creditors	93,553	93,553	-	-
Other creditors	8,818	8,818	28,644	28,643
Social Security and other taxes	25,609	25,609	22,390	22,390
Accruals	29,055	29,055	11,764	11,764
Deferred Income (see note 7)	9,442	9,442	9,577	10,112
	166,477	166,477	72,375	72,909

19 Consolidated Funds

	Balance at 1 April 2012 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2013 £
Restricted Funds					
i HBC Leigh Park	11,864	-	10,284	-	1,580
ii Migrant Impact Fund	2,807	-	-	-	2,807
iii JP Getty	11,060	60,000	61,066	-	9,994
iv BLF Reaching Communities	7,273	94,188	112,605	11,144	-
v SCC Pre Apprenticeships	-	19,836	2,683	-	17,153
vi Transition Fund	4,416	-	2,238	-	2,178
vii Eastleigh Work Club	2,001	15,392	18,918	1,525	-
viii Youth Capital Fund	2,337	-	595	-	1,742
ix UK Online	4,669	-	3,135	-	1,534
x Capital Grant Funded Assets	12,340	-	3,477	-	8,863
	58,767	189,416	215,001	12,669	45,851
Unrestricted Funds					
General Reserve	388,438	1,460,318	1,470,773	(62,882)	315,101
xi Designated Infrastructure Fund	48,833	-	41,406	50,213	57,640
xii Designated Transition Contingency	493,787	-	-	-	493,787
	931,058	1,460,318	1,512,179	(12,669)	866,528

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 2011 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 Wheatsheaf Trust employability programmes to aid progression into employment or sustainment of employment. The money was used for training or other resources to help local residents back to work.
- ii 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.
- iii 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,
- iv BLF Reaching Communities awarded a 3 year grant (totalling £300k) which commenced in the year to support workless families across South Hampshire into employment
- v Southampton City Council provided funding in the year for a new programme that will create opportunities for young people (aged 16-18) who are 'Not in Employment, Education or Training (NEET)' with local businesses (SMEs), providing a pathway to a full apprenticeship. In addition, the funding will provide 'scholarships' to subsidise the cost of an apprenticeship training wage for a period of up to 26 weeks. By supporting both the trainee and the employer the programme will help to progress young people onto full apprenticeships with local businesses.
- vi 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.
- vii 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.
- viii The Youth Capital Fund (administered by Southampton City Youth Service) funded the refurbishment of an IT suite as part of the workshop facilities at Wheatsheaf Trust's main Southampton premises.
- ix 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.
- x 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

- xi 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.
- xii 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'

20 Analysis of Funds (Group)

	Current Assets £	Current Liabilities £	Long Term Liabilities £	Tangible Fixed Assets £	Total Net Assets £
Restricted Funds	31,534	-	-	14,317	45,851
Unrestricted Funds	422,956	(122,761)	-	14,906	315,101
Designated Funds	537,502	(43,715)	-	57,640	551,427
	991,992	(166,476)	-	86,863	912,379

21 Commitments

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

	2013		2012	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Leases which expire:				
Within one year		-	5,000	-
In the second to fifth years	111,517	-	102,925	-
After more than five years	3,000	-	-	-
	114,517	-	107,925	-

22 Rental Income

Aggregate rental income from operating leases is as follows:

	2013	2012
Sub let of office premises	51,240	48,896
	51,240	48,896

'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.

23 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 £12,420 (2012: £12,820). In addition the charity holds professional indemnity insurance at an annual cost of £7,420 (2012: £7,420).

24 Contingent Liability

The charity's leases on its main Southampton premises are due to expire in September 2015 with a dilapidations clause. The exact amount of any final agreed dilapidations is not possible to determine with a high degree of certainty at this stage, and the final liability (if any) in respect of dilapidations will be subject to further negotiations with the charity's landlords.

The Trustees have taken the decision to disclose a contingent liability in respect of lease dilapidations and this should be considered alongside existing fund designations in the accounts (see note 19 xii).

25 Related Party Transactions

Y Hussain, a director of the charitable company, undertook some speaking engagements in the year on Diversity Training events, for which she was paid £120 (2012: £nil).

S Cheshire, the spouse of the charity's Chief Executive, was an employee of the charity in the year, and received earnings of between £20,000 - £30,000 including contributions to a group personal pension scheme (2012: £10,000 - £20,000).