



Wheatsheaf
Trust

Trustees' Report and financial statements
for the year ended 31 March 2017

Company Limited by Guarantee
Registered Number 3958960
Registered Charity Number 1082889

Wheatsheaf Trust

Trustees' Report and financial statements

<i>Contents</i>	<i>Page</i>
Trustees' Report	1
Statement of Trustees' Responsibilities	14
Auditor's Report	15
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

Secretary and Registered Office

J Lennard
Suite 1, Empress Heights
College Street
Southampton
SO14 3LA

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 Morgan LLP
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 2017.

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 and the Isle of Wight. This can include the provision of open access 'drop in' services and outreach in the community as well as targeted interventions for specific funded programme groups, for example young offenders, people with health barriers, lone parents, over-50s.

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:

G M Rubins (resigned 7 June 2016)	S M Siddall (Chair)
A Esser	P Chapman
S Lent	C Longhurst
H S Dovey (resigned 12 April 2017)	R Jones
T Houghton	E Brunel-Cohen (appointed 8 June 2016)
C Williams	J Grattrick (appointed 19 July 2017)

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 and Risk, Remuneration and Appointments, Quality and Compliance and Information Security. These groups are planned to 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. The Board actively considers background when recruiting new Trustees and continues to make efforts to increase diversity in ongoing recruitment efforts.

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 and the performance is monitored against specific agreed targets.

Key Management Personnel

During the year the Trust employed a senior management team consisting of the Trust's Chief Executive, Finance Manager, Operations Manager and Contracts Manager. A tier of operational Project Managers and functional managers reports directly to this group. The pay and remuneration of the Chief Executive is set by the Board and this role is reviewed directly at Board level. The pay and remuneration of other members of the senior management team are set by the Remuneration and Appointments Committee on recommendation from the Chief Executive. Pay and remuneration levels of the wider management team structure are determined by the senior management team and reviewed by the Remuneration and Appointments Committee.

Management (and indeed all staff) pay and remuneration may be benchmarked from time to time across similar-sized organisations within the wider sector and within the specific 'welfare to work' environment in which the Trust operates.

Subsidiary

The charity is connected to one subsidiary organisation: Wheatsheaf Enterprises Ltd, a company limited by shares.

Wheatsheaf Enterprises Ltd is wholly controlled by the Trust, which is the sole member of the company. The results of Wheatsheaf Enterprises 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 subsidiaries was not carried out.

Wheatsheaf Trust acquired a 100% share in Wheatsheaf Enterprises Ltd on 1 April 2013 (formerly Green Enterprises Ltd, a joint venture arrangement with Groundwork Solent Ltd). The company is used to support the charitable objectives of the Trust in creating intermediate jobs around cleaning, grounds maintenance and painting and decorating.

The decision was taken in 2015/16 to voluntarily wind up Wheatsheaf Services Ltd, which ceased trading some years previously. The company was formally dissolved on 31 January 2017 and its remaining assets were transferred to the parent charity.

Details of related party transactions are shown in Note 28 of the accounts.

Political and Economic Context

The impact of the vote to leave the European **Union, Government's continued** austerity cuts and the historically high employment rates have been key issues for the employment support sector this year and are set to resonate into 2017/18 and beyond.

The working-age employment rate rose to a high of 74.6% (31.76 million) in Oct-Dec 2016, following steady recovery since the low of 70.2% in early 2010 and is the highest employment rate since 1971. As of March 2017 the unemployment rate is 4.8% (1.62 million), down from 5.1% last year.

Whilst ostensibly this is good news for everyone who believes that employment is the key to personal stability and progress, debate rages as to the quality of some of the jobs created in recent years and noise around the buoyant labour market has also masked the reality for many who continue to be left behind by a stable, if cautious, economy.

The Disability Employment Gap

Despite some recent progress, disabled people still have much lower employment rates than those without disabilities and the UK has a disability employment gap above the European Union average.

In mid-2016 in the UK, 49% of disabled people aged 16–64 were in work, compared with 81% of non-disabled people. The disability employment gap—the difference between the employment rates of disabled and non-disabled people—therefore stood at 32 percentage points. The conservative manifesto of 2015 pledged to halve the Disability Employment Gap by 2020 and whilst we applaud this ambition there are significant questions as to how this will be achieved against the back-drop of a major reduction in government spending on employment support programmes.

The Work & Health Programme will begin in January 2018, focussed primarily on supporting those who are unemployed due to a health condition or disability, but with a budget representing only 20% of the Work Programme and Work Choice contracts combined, which it is replacing. Initiatives such as the Solent Jobs Programme are welcome additions, but only represent relatively short-lived and modestly funded projects and so we call upon the government both locally and nationally to invest further in targeted employment support for people disadvantaged in the labour market by virtue of their health.

The Youth Employment Gap

Although youth unemployment is at its lowest since 2005, there is also still a youth employment gap. The employment rate for 16-24 year olds currently (Mar 17) stands at 55.8%, 18.8% lower than the overall employment rate. Latest figures estimate that there are just over 7.1 million people aged 16-24 in the UK labour market.

The unemployment rate for 16-24 year olds is 7.7%% (555,000), down from 9.2% a year ago. NEET rates for 16-24 year olds were 11.3% (671,000) in Oct-Dec 2016, compared to 11.6% a year ago. Amongst young people (18-24 year olds), 17.7% (79,000) have been unemployed for over 6 and up to 12 months, and 18.1% (81,000) for over 12 months.

Drilling down further to look at how vulnerable groups of young people are faring, we see greater disparities. In December 2015 the Department for Business, Innovation and Skills published their **'Skills Support for Care Leavers' strategy and from this we know that only 6% of care leavers enter higher education**, compared with 47% of the general population. Furthermore, 38% of care leavers are not in education, employment or training (NEET), compared with 11% of all young people.

Similar rates of unemployment/drop-out are suffered by young people with an offending background and other complex issues. Sadly however, whilst there has been a big expansion in apprenticeship provision, government investment in programmes designed to support young people to prepare for and access those opportunities and others has also dropped dramatically.

Against this setting of significant need for support amongst the most vulnerable, juxtaposed with a dearth of commissioning and contract opportunities, providers are finding the funding environment increasingly competitive. Our income diversification strategy has therefore seen us reach out to new funders who recognise the impact of our work on their priorities, including the Police and Crime Commissioner and Children in Need. In future we also hope to be working closer with Health agencies as we impact positively on their priorities by getting people into appropriate, sustainable employment which evidence suggests has a positive impact on both physical and mental health

Hardest to Reach - the referral and engagement challenge for 'Payment by **Results**' contracts

With a buoyant labour market offering opportunities to many of those either capable of finding work independently, requiring only a little support from the job centre and others who employers, by necessity, are now willing to give a chance to; the audience for out-sourced employment programmes at this time are those most distant from the labour market. Typically with significant challenges, requiring intensive and enduring support in order to return to work this is a group of people Wheatsheaf is here to support and we are pleased to be delivering impactful programmes that are targeted toward those most distant.

Data-sharing protocols prevent JobCentre Plus (JCP) from sharing the contact details of this cohort with external providers however, meaning that when a programme requires a significant volume of referrals to succeed then JCP has to be the principal source. What we have seen in 2016/17 though, particularly when expecting referrals onto the Solent Jobs Programme, is that JCP are struggling to reach this cohort to encourage them to join voluntary provision as they have only been able to spend limited time with them to date and often lack the depth of relationship required to encourage someone to make the leap of faith to join a voluntary programme.

When, as a Provider, you are delivering a pure 'Payment by Results' (PBR) contract this clearly raises significant issues for cash-flow and earning potential, which unfortunately has been our experience of delivering the Solent Jobs Programme (aimed specifically at people two years plus unemployed due to a health condition or disability) in 2016/17. Referral numbers have been low and slow to improve since the programme began and, along with Southampton City Council, we are continuing to both lobby the Department for Work & Pensions and to suggest innovations that will improve this situation.

The prospect of low referrals onto PBR programmes is a major risk that both commissioners (principally), and providers need to be aware of and prepare for however, and as we expect the upcoming Work and Health Programme to also be both PBR and voluntary, the risk of low referrals is an issue that needs to be given a high priority by all concerned.

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.

In 2016/17 our activity has focussed on:

- delivering contracts in hand for the benefit of our clients across the region
- consolidating our work on the Isle of Wight with new Programmes for both young people and adults
- seeking to maximise opportunities from the much delayed and reduced ESF Commissioning round

Programme Delivery:

Throughout this period the approach we've taken to delivering our work has consistently remained true to the fundamental ethos of our maintaining a client-centred approach that puts our beneficiaries at the heart of all that we deliver.

Youth Programmes

Supported Traineeships Engagement and Participation (STEP)

In August 2016 Hampshire County Council won the STEP programme competition and decided to **transition our existing 'Future All' contract into a sub-contract on STEP**. This will allow the Authority to increase the duration of the programme utilising the mix of Skills Funding Agency (SFA) and European Social Fund (ESF) funding that fuels STEP. As the name implies, STEP has targets around **increasing young people's uptake of Traineeships along with other recognised progressions such as** starting apprenticeships, recognised college courses or starting work with training. With the welcome news of a greater budget and longer programme however, came new types of outcome target, defined by the SFA, that are associated with the number of hours a provider needs to spend supporting a young person in either regulated or non-regulated training before they achieve a Progression. As the hours must be achieved in order for the money to be drawn down this has prompted our needing to take a new approach with the delivery model and means the Programme is now unsuitable for the hardest to reach young people. It has proven to be a difficult transition from a cash-flow perspective in the first 6 months, which has worsened the financial results for 2016/17, albeit we are confident the model is now sound and will see improved levels of contribution in 2017/18.

BIG Mentoring - Better Relationships, I'm in control and Growing in confidence

Born from our 'enhanced traineeship' and mentoring programme for young offenders, BIG Mentoring has gone from strength to strength in 2016/17 and (at least in Southampton so far) has seen us be able to continue to work with those young people with the greatest challenges who don't fit the STEP model.

The Blgrave Trust has continued to support BIG Mentoring this year and we have also been able to secure funding from both the Police and Crime Commissioner and Children in Need, which will come on stream in 2017/18 and allow us to extend this programme to Gosport and Havant too. We are also actively seeking funding to bring BIG Mentoring to the Isle of Wight.

Adult Programmes

This year has seen us both continue to deliver on some contracts in hand and to be successful in starting a number of new initiatives. Continuation activity included -

The Work Programme (delivered as sub-contractor to PeoplePlus) took on its final new referrals in March 2017. It has diminished substantially in size this year, commensurate with the national drop in unemployment rates, although the rate of reduction has out-paced what was expected by our Prime – PeoplePlus and a drop-off in our expected earnings. We remain 100% committed to delivering the best service possible for those remaining on the programme however, who can broadly be characterized as having been long-term unemployed and facing significant barriers, including a growing percentage of people with disabilities and health conditions.

We have also had our contract with CfBT Advice & Guidance to deliver the National Careers Service extended which, whilst modestly funded, means the Trust has a baseline offer for all unemployed people to benefit from the expertise of our qualified Advisors.

Our partnership with Gosport Borough Council focussed on improving clients' Health and Well-Being (Programme), as a pre-cursor to employment has also been continued this year. With a focus on socialisation, reducing isolation, healthy eating and low impact health-related activities such as walking groups; this programme is run by both volunteer and paid mentors.

With a continued focus on supporting the most vulnerable our new initiatives have come in a variety of forms –

In June we were successful in winning the long anticipated Solent Jobs Programme (SJP) contract with Southampton City Council, which began delivery in August. SJP is specifically targeted at people who have been long term unemployed due to a health condition or disability and offers clients personalised one to one support as well as opportunities to join group activities associated with improving well-being and managing health conditions. The programme is also able to pay for a client to undertake a paid work placement for up to 6 months, giving both clients and **employers the chance to 'try before you buy'**.

In October we won and delivered two 6 week Flexible Support Fund projects, one in Southampton and another in Portsmouth/Gosport. These were specific projects commissioned by the local JCP team to help support clients who have been adversely impacted by the Benefits Cap.

November also saw us win another significant project when our bid to run the Lottery managed **'Building Better Opportunities' contract** was successful. We have named the project Bridge2Work (B2W) and it has a similar model to SJP, incorporating a paid work placement opportunity, but entry criteria for the programme is broader, reaching out to people with other significant issues such as housing/homelessness problems, an offending background, debt issues, have caring responsibilities, leaving the care system etc. Unlike SJP we can also work with 16-18 year olds on B2W providing a good opportunity for young people on STEP or BIG Mentoring to progress to B2W and enjoy the benefit of a paid work placement.

During December we also won 2 ESF Community Grants to launch two further new projects - Springboard and Stepping Stones.

Springboard sees us delivering employment support from a cluster of GP practices in Gosport. The intention with Springboard is to pilot a way of working more closely with colleagues in Health, giving GPs an option to refer patients to Springboard who they believe would benefit from a dedicated programme aimed at getting people into positive social and volunteering activities with a view to progressing them back to employment. This is a local initiative, proposed by Wheatsheaf, which seeks to emulate some of the national **work being undertaken by Govt's 'Work and Health Unit'**.

Stepping Stones is delivered in Southampton and sees us continue the work began under the Flexible Support Fund project and to offer further support to people impacted detrimentally by the **Govt's welfare reforms, particularly the Benefits Cap**.

In February we were also awarded a sub-contract on the Skills Support for the Unemployed programme via a new Prime Contractor, CSW. Whilst delivery of this project will largely happen during 17/18 we have developed a model which sees us work with clients to gain core employability skills and to undertake vocational training such as Customer Service, CSCS (for the construction industry) and SIA badges (for security work). The contract will also reward us when participants gain and sustain work thanks to our intervention.

As the year drew to a close (February 2017) we also secured an additional ESF Community Grant to deliver My Horizons – Newport which involves our employing 2 Community Mentors to recruit unemployed residents of the local area to join our programme of positive activities and dedicated employment support aimed at moving economically inactive clients toward re-joining the labour market.

The final piece of new work won this year in March was a project designed in response to significant changes to how the social housing sector is funded. Caps on the rent they can charge has seen social landlords come to terms with reduced incomes and growing concern that Universal Credit (*a new style of unified benefit payment*), which will see unemployed claimants have housing benefit paid directly to them instead of going to their landlord, will result in a rise in arrears. At a time therefore when many social landlords would like to support their unemployed residents they are having to reduce their internal employment support programmes and, in many cases, cease that activity altogether. Working in partnership with local organisations such as ourselves however

is something many Social Housing providers are now keen to do. This is therefore an opportunity for Wheatsheaf to forge a new market for our services and the first example is another project (coincidentally) named Horizons which we will deliver in 2017/18 for Hyde Housing.

Summary

Whilst 2016/17 has proven to be a successful year in terms of new business won with c£2.3m of grants and Payment By Results contracts awarded (63% grants), the timing of the procurement, which started much later than anticipated, and issues around referrals from JCP (noted above) have contributed to the disappointing financial results for 2016/17. The charity does however now hold a strong portfolio of projects for delivery in 2017/18.

Social Enterprise

Our social enterprise activity has continued to grow and evolve this year. In addition to maintenance, cleaning and decorating jobs delivered by Wheatsheaf Enterprises Limited we have **also opened an exciting new venture 'Fleek'**, a hair and beauty salon. Fleek operates out of our premises in Millbrook Southampton and is partnership endeavour with a local resident, Tracy McLaughlin. Fleek is offering subsidised chair rental rates to a number of local residents who are keen to get back to work and a variety of work experience opportunities for people of all ages on Wheatsheaf Programmes.

Performance

Support for Individuals

At the end of the year we,

- had enrolled 1026 adults and 198 young people,
- achieved job entries for 202 clients

Client Statistics

The Trust has two main areas of service – young people (mainly 16-18 year olds) and adults (19+) although some of our projects include both groups. In 2016-17 the work for these groups happened in Southampton, Gosport, Havant, Eastleigh, and the Isle of Wight (mainly in Newport and Ryde) with outreach in Fareham. Our services were focused in Employment Access Centres in Southampton, in Gosport, and in Havant with outreach work in the other areas.

Summary

Output	2016-17 achieved
Adults engaged on programme of support	1026
Young People (16 – 18 yrs) engaged on programme of support	198
Provide Information, advice and guidance interview sessions to adults	688
Clients finding work following assistance	202

Note: Clients engaged on programme of support does not include Young People engaged on programme of support.

Breakdown of new adult clients by area

Southampton: 469

Havant: 316

Gosport and Fareham: 211

Isle of Wight: 30

Sample demographics

The following statistics are a sample from a selection of projects that operate across the Trust's geographical areas, and are indicative of the client base with which we work.

Age group	Percentage	2011 Census (percentages across the groups WT works with)
<16	0.00%	1.80%
16-17	16.80%	7.67%
18-24	18.00%	12.00%
25-30	15.10%	10.14%
31-40	15.70%	18.27%
41-50	16.80%	19.31%
51-60	14.10%	16.44%
60+	3.50%	14.37%

Ethnicity	%	WT figs in census categories	2011 Census figs (across the areas)
Asian or Asian British - Any other Asian background	0.90%	2.70%	3.80%
Asian or Asian British - Bangladeshi	0.00%		
Asian or Asian British - Indian	1.40%		
Asian or Asian British - Pakistani	0.40%	4.00%	1.20%
Black or Black British - African	3.10%		
Black or Black British - any other Black background	0.50%		
Black or Black British - Caribbean	0.40%	1.10%	1.80%
Mixed - any other Mixed background	0.20%		
Mixed - White and Asian	0.20%		
Mixed - White and Black African	0.70%	5.10%	4.80%
Mixed - White and Black Caribbean	0.00%		
White - Any other White background	5.20%		
White - Irish	0.00%	83.10%	86.90%
White - British	83.10%		
Chinese	0.00%	1.10%	1.50%
Any other	1.10%		
Not known/ Not provided	2.90%	2.90%	0.00%

Disability

Clients with a stated health issue / disability made up 17.59% of the client base and those with a learning difficulty were 7.54% of the client base. This compares with 16.87% of the population having a stated health issue / disability at the 2011 census.

Analysis of client demographics

The Board of Trustees is conscious of the importance of the Trust continuing to reach out to all parts of the local community. Careful analysis of the statistics detailed above will inform any actions the Trust may choose to take in order to ensure compliance with our own Equal Opportunities policy and Plan, including: the potential for pro-active recruitment of members of BME communities and people with disabilities onto the Board and reaching out to representative groups from the voluntary sector to both highlight the Wheatsheaf offer and to understand where any unwitting barriers to beneficiaries accessing services may be occurring.

Financial Results

2016/17 proved to be an extremely challenging year across the 'Welfare to Work' Sector, with some notable organisational 'casualties' receiving national publicity. For Wheatsheaf Trust, the year was the third in a funding cycle fraught with many difficulties and uncertainties, with a particular impact felt from the contraction of referrals for information, advice and guidance activities and unexpected delays in procurement for new government contracts. The Trust continues to operate with a significant reliance on 'payment by results' contracts. When setting a budget in March 2016, the Trustees had been acutely conscious of considerable uncertainties in the funding environment and the risk of delay in government procurement processes throughout 2016. Within this context, the Trustees authorised a deficit budget, which demonstrated a commitment to draw upon further reserves in order to retain staff capacity whilst tendering for new contracts.

Final results were significantly adrift from planned deficits, which illustrates both a considerable (and unexpected) dropping off of referrals to major contract activities and the impact of exposure to pure 'payment by results' contracting without a historical 'cushion' provided by diverse funding sources (eg grant, trusts and foundations income).

The final draw on reserves resulted in a consolidated deficit of £357,363 which breaks down into an unrestricted deficit (after fund transfers) of £428,226 and a restricted surplus of £70,863. The charity continues to rely heavily on funding from public sources in the form of grants, performance-related contracts and service level agreements (approximately 93% of total income).

Grant income includes £95,850 from JobCentre Plus to work with adults at risk from the benefits cap; £52,760 from Big Lottery / European Social Fund (ESF) to develop and commence activity on the 'Bridge2Work' Programme to provide support and work placements; £44,888 from Hampshire and Isle of Wight Community Foundation under the ESF Community Grants Programme; £28,755 from Blagrove Trust and £12,368 from BBC Children in Need to work with young offenders in Southampton; £15,000 from Hyde Housing Association to provide employment support to Gosport residents of social housing; £12,500 from Eastleigh Borough Council to work with young people 'Not in Education, Employment or Training' (NEET); and £7,269 from Gosport Borough Council to provide health and wellbeing courses for local residents.

'Payment by Results' contracts account for 60% of total funding (2016: 77%), and were connected with both adult information, advice and guidance and youth services. Overall funding in this area decreased by around 46% on the previous year and includes DWP Work Programme (£396,509), National Careers Service (£49,961), Solent Jobs Programme (£87,658) and 'STEP' (£62,350), funded by the Skills Funding Agency through Hampshire County Council. 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. 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.

Costs associated with governance of the charity were 2.8% of the total resources expended (2016: 2%). This reflects the proportion of senior management time spent on strategic and policy work. The costs associated with applications for, and negotiations around, voluntary and performance-related contract income were around 10% of total expenditure (2016: 10%). This cost reflects activities to seek new funds associated with a number of contracts coming towards their natural end, notably Work Programme which will tail off and ultimately finish in 2018.

Coming out of the 2016/17 financial year, the Trustees are mindful that substantial long-term 'payment by results' contracts 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 application of 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, and is set to further develop social enterprise activities through the charity's trading subsidiary in 2017/18.

Turnover increased by 12% on the previous year on activity conducted through the wholly owned subsidiary, Wheatsheaf Enterprises Ltd and the company finished the year with a deficit of £3.6k on a turnover of £60k. How we use the subsidiary as an effective social enterprise to grow jobs for our clients and achieve a return for the parent continues to be the subject of detailed review and planning.

The Trust's wholly owned subsidiary, Wheatsheaf Services Ltd remained dormant in 2016/17 and the company was formally dissolved in January 2017.

The Consolidated Statement of Financial Activities on page 17 shows the Group results for the year and related notes disclose more detail on subsidiary company results.

The Trust would like to acknowledge with gratitude the financial support of the following organisations in 2016/17: BBC Children in Need, Big Lottery Fund, Blagrove Trust, CfBT Advice & Guidance, Eastleigh Borough Council, European Social Fund, Gosport Borough Council, Hampshire County Council, Havant Borough Council, Hampshire & Isle of Wight Community Foundation, Hyde Housing Association, Isle of Wight Council, JobCentre Plus, PeoplePlus Group Ltd, South East Local Enterprise Partnership, Skills Training UK Ltd, Southampton City Council, UK 200 Group.

Charity Policies

Reserves

The Trustees are committed to reviewing **the Trust's reserves policy** on an annual basis, and in particular are mindful of the factors that determine the requirement for achieving and maintaining **certain levels of 'free' reserves. It has been agreed that reserve requirements should** continue to 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 exceed this target level.
- **intermediate level to allow for the continuation of 'core' activities** for a 3-6 month period in the event of significant reductions in funding. Based on current 2017/18 budgetary

projections, it is estimated that this reserve represents 4.5 months' running costs. The reader should note that there is an overlap between 'winding up' costs and 'running costs' in terms of target reserves levels.

- **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 22 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 have a formal policy 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. This formal investment policy was reviewed in October 2016.

Risk Management

The Trustees review and update the Charity's risk register on an annual basis and discuss issues around risk at Finance Committee meetings 4-5 times per year. The Trust's wider management team undertook project management training using the PRINCE2 methodology during the early part of 2015, and continue to develop a practical set of risk assessment tools which can be embedded within the Trust's business processes.

The Trustees last reviewed the principal risks and uncertainties facing the charity in October 2016, and these are summarised as follows:

Risk	Mitigating Actions
Delays in procurement or failure to secure key target programmes impacts the ability to achieve a balanced budget in 2016/17	<ul style="list-style-type: none"> • Seek alternative funding opportunities to compliment core targets • Seek to influence local procurement timetables • Seek strategic partnerships to reduce competition
Failure to achieve budgeted deficit in 2016/17	<ul style="list-style-type: none"> • Seek and win additional contracts • Maintain detailed forecasts for Board

Reduction in Reserves due to multiple deficit years	<ul style="list-style-type: none"> • Detailed modelling and planning to be regularly refreshed • Cost base reduction to be undertaken where appropriate
Failure to deliver contractual outputs	<ul style="list-style-type: none"> • Strict monitoring via weekly operations reports • Performance management • Regular work reviews of staff
Inability to bid for contracts due to insufficient working capital	<ul style="list-style-type: none"> • Review each contract opportunity in detail to model cash flow implications • Explore options for social investment to meet short term funding gaps • Explore collaboration to share financial burden and reduce back-office costs
Staff / management capacity insufficient to deal with high level of change in the market place	<ul style="list-style-type: none"> • Review the structure of teams to ensure fit for purpose • Explore new collaborations • Ensure requisite resource and expertise to engage new types of commissioner
Competition from providers winning contracts that target the same client group as the Trust	<ul style="list-style-type: none"> • Bid for contracts that have a high degree of 'crossover' with client groups on other successful Trust bids • Lobby commissioning bodies for 'common sense' decisions on client eligibility • Engage with contract winners directly to discuss strategic approaches
Significant decline in client numbers impacts the Trust's funding / activities	<ul style="list-style-type: none"> • Review staff capacity and encourage flexibility • Redundancy and redeployment • Monitor labour market intelligence

Normal good practice has been observed in taking out relevant insurance cover on office risks, and the Trust also carries professional and trustee indemnity insurance.

The Trust's Strategic Plan 2016 - 2019

Three Year Goals

After 12 months of delivery against the Three Year Strategic Plan (2016-19) a lot has been achieved. The objectives below have been colour-coded to show **green** as completed, **amber** where some progress has been made and **red** where more work is required during 17/18 to either progress these Goals or to re-assess them:

Public Service Contracting (core activity)

- 1) **To be delivering a proportion of the Work and Health Programme**
- 2) **To be delivering a proportion of the National Offender Management Service/Transforming Rehabilitation contracts (working with ex-offenders)**
- 3) **To identify opportunities in neighbouring territories (beyond the SHIP area), on a needs-led basis, where Wheatsheaf can increase its social impact across a broader geographic area**
- 4) **To be the leading provider of services for young people who are NEET (Not in Education Employment or Training) in the Solent region**
- 5) **To be delivering a proportion of the Solent Jobs Programme**

- 6) **To be delivering the Lottery's Building Better Opportunities Programme in the Solent region**

Social Enterprise

- 1) To have a successful social enterprise arm accounting for 30% of Group turnover
- 2) To build on the success to date of Wheatsheaf Enterprises
- 3) **To start new ventures designed to create 'stepping-stone' jobs and training opportunities**

Growing charitable funding streams and CSR contributions

- 1) To have 20% of annual funding coming from charitable sources
- 2) To have raised the profile of Wheatsheaf to the business community across the Solent and to have gained in-kind or cash donations from a private sector partner

Innovation

- 1) Evaluation - To be making a demonstrable difference to the life-chances of our target beneficiaries that is measured and evaluated in a robust manner and presented in report form to demonstrate both the differences made to **beneficiaries' lives and also the 'costs avoided' by the public purse**
- 2) To be delivering a programme part or fully-funded through Health budgets
- 3) **To be delivering a programme supporting beneficiaries to achieve 'in-work' progression, addressing the barriers faced by working beneficiaries who are on low-pay and are still benefit dependant**
- 4) To foster **relationships with 'social investors' to ensure that options exist should** Wheatsheaf wish to share the risk of taking on a new Payment by Results contract or developing social enterprise
- 5) To build effective partnerships with agencies with shared aims to: deliver programmes of significant scale, investigate opportunities for Joint Ventures, **create contract specific 'Special Purpose Vehicles' and to explore the prospect of** Mergers and/or Acquisitions

Addendum

In relation to the strategic priorities of "*To be delivering a proportion of the Work and Health Programme*" and "*To foster relationships with 'social investors'...*" the Trustees are pleased to report that the Trust will be a subcontractor to The Pluss Organisation CIC for the delivery of the Work & Health programme commencing January 2018. The Trust has also won support from a social investor in order to fund the working capital needs created by the Trust's participation in the Work & Health Programme.

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;
- observe the methods and principles of the charity SORP;
- 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.

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.

By order of the Board

S M Siddall
Chair

19 December 2017

*Suite 1, Empress Heights
College Street
Southampton
SO14 3LA*

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 2017 which are set out on pages 17 to 33. 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 above, 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. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2017** 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.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the report of the trustees.

Paul Underwood, Senior Statutory Auditor

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

Station House
North Street
Havant
Hampshire PO9 1QU

.....

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 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income and Endowments from:					
Donations and Legacies	3	2,731	-	2,731	473
Charitable Activities:					
Information, Advice & Guidance	4	689,967	67,157	757,124	933,686
Youth Services	4	59,461	53,623	113,084	340,659
Other Charitable Activities	4	17,248	52,760	70,008	51,584
Other trading activities	5	48,411	-	48,411	46,074
Investments	6	2,084	-	2,084	4,930
Other		-	-	-	-
Total		819,902	173,540	993,442	1,377,406
Expenditure on:					
Raising Funds	10	135,021	-	135,021	174,058
Charitable Activities:					
Information, Advice & Guidance	10	577,086	19,435	596,521	917,105
Youth Services	10	207,866	57,203	265,069	329,575
Other Charitable Activities	10	316,985	37,209	354,194	229,262
Other		-	-	-	-
Total		1,236,958	113,847	1,350,805	1,650,000
Net (Expenditure) / Income before transfers		(417,056)	59,693	(357,363)	(272,594)
Transfers					
Gross transfers between funds	22	(11,170)	11,170	-	-
Net Movement in Funds for the Year	22	(428,226)	70,863	(357,363)	(272,594)
Total Funds brought forward		708,617	22,185	730,802	1,003,396
Total Funds carried forward		280,391	93,048	373,439	730,802

All incoming resources and resources expended derive from continuing activities.

Wheatsheaf Trust Group

Consolidated Balance Sheet as at 31 March 2017

	Note	Charity		Group	
		2017 £	2016 £	2017 £	2016 £
Fixed Assets					
Tangible fixed assets	14	126,684	148,818	129,400	155,054
Programme Related Investments	15	5,000	25,000	5,000	25,000
Investment in Subsidiary Undertaking	15	<u>3,308</u>	<u>3,308</u>	<u>-</u>	<u>-</u>
		134,992	177,126	134,400	180,054
Current Assets					
Stock	16	1,665	2,306	1,879	2,949
Debtors	17	217,923	230,409	211,997	221,924
Cash at bank and in hand	21	<u>144,524</u>	<u>435,210</u>	<u>144,730</u>	<u>440,744</u>
		364,112	667,925	358,606	665,617
Creditors: Amounts falling due within one year	18	<u>(114,963)</u>	<u>(109,427)</u>	<u>(119,567)</u>	<u>(114,869)</u>
Net Current Assets		249,149	558,498	239,039	550,748
Total Assets less Current Liabilities		384,141	735,624	373,439	730,802
Net Assets		<u><u>384,141</u></u>	<u><u>735,624</u></u>	<u><u>373,439</u></u>	<u><u>730,802</u></u>
Reserves					
Unrestricted Funds	22,23				
General Funds		283,630	380,796	272,928	370,811
Designated Funds	22,23	<u>7,463</u>	<u>337,806</u>	<u>7,463</u>	<u>337,806</u>
		291,093	718,602	280,391	708,617
Restricted Funds	22,23	<u>93,048</u>	<u>17,022</u>	<u>93,048</u>	<u>22,185</u>
		<u><u>384,141</u></u>	<u><u>735,624</u></u>	<u><u>373,439</u></u>	<u><u>730,802</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 19 December 2017 and were signed on its behalf by

S M Siddall, Chair

Wheatsheaf Trust, Registered in England No. 3958960

Wheatsheaf Trust Group

Statement of Cash Flows at 31 March 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	20	(339,661)	28,497	(311,164)	(109,079)
Cash flows from investing activities:					
Proceeds from the sale of plant & equipment		-	-	-	337
Purchase of plant and equipment		(4,850)	-	(4,850)	(171,827)
Proceeds from the sale of investments		20,000	-	20,000	-
Net cash provided by (used in) investing activities		15,150	-	15,150	(171,490)
Change in cash and cash equivalents in reporting period		(324,511)	28,497	(296,014)	(280,569)
Cash and cash equivalents at the beginning of reporting period		418,559	22,185	440,744	721,313
Cash and cash equivalents at the end of reporting period	21	<u>94,048</u>	<u>50,682</u>	<u>144,730</u>	<u>440,744</u>

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 of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The Trustees consider that there are no material uncertainties regarding the charitable company's ability to continue as a going concern.

Group Financial Statements

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

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

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 Enterprises 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 5.24, performance-related 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 general principles of income recognition within the SORP, Paragraphs 5.8 and 5.9.

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 explains the basis for apportioning support and governance costs across charitable activities.

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 single fixed assets costing over £500 or where grouped together when assets are considered to be of a portable or desirable nature. 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

Stocks are valued at the lower of historical cost or net realisable value, after making allowance for obsolete or slow moving items.

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 Trust has one wholly owned subsidiary (Wheatsheaf Enterprises Ltd) which acts as a trading subsidiary, engaging in mainly charitable trading activities in support of the Trust's charitable objects.

3 Donations and Legacies

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
<i>Donations and similar incoming resources</i>				
Miscellaneous	2,731	-	2,731	473
	<u>2,731</u>	<u>-</u>	<u>2,731</u>	<u>473</u>

4 Income from Charitable Activities

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
<i>Information, Advice & Guidance</i>				
Contracts	534,130	-	534,130	853,021
Service Level Agreements	-	-	-	23,500
Grants	155,837	67,157	222,994	57,165
	<u>689,967</u>	<u>67,157</u>	<u>757,124</u>	<u>933,686</u>
<i>Youth Services</i>				
Contracts	59,461	-	59,461	275,904
Grants	-	53,623	53,623	64,755
	<u>59,461</u>	<u>53,623</u>	<u>113,084</u>	<u>340,659</u>
<i>Other Charitable</i>				
Grants	-	52,760	52,760	-
Letting Income	10,102	-	10,102	17,319
Other	7,146	-	7,146	34,265
	<u>17,248</u>	<u>52,760</u>	<u>70,008</u>	<u>51,584</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 25).

5 Income from other trading activities (Wheatsheaf Enterprises Ltd)

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Landscaping & Horticulture	1,906	-	1,906	2,230
Grounds Maintenance	8,745	-	8,745	31,357
Cleaning	-	-	-	2,065
Fencing	-	-	-	-
Internal Maintenance	143	-	143	4,200
Painting & Decorating	37,124	-	37,124	6,222
Hair & Beauty Salon	493	-	493	-
	<u>48,411</u>	<u>-</u>	<u>48,411</u>	<u>46,074</u>

6 Investment Income

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Interest on Bank Deposit Accounts	2,084	-	2,084	4,930
	<u>2,084</u>	<u>-</u>	<u>2,084</u>	<u>4,930</u>

7 Net outgoing resources attributable to parent charity

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Gross incoming resources	775,000	173,540	948,540	1,332,945
Expenditure on Charitable Activities	1,113,915	113,847	1,227,762	1,484,031
Fundraising Costs	72,261	-	72,261	113,983
Net outgoing resources before transfers	<u>(411,176)</u>	<u>59,693</u>	<u>(351,483)</u>	<u>(265,069)</u>
Transfers between funds	<u>(11,170)</u>	<u>11,170</u>	-	-
Net movement in funds	(422,346)	70,863	(351,483)	(265,069)
Total Funds Brought Forward	713,439	22,185	735,624	1,000,693
Total Funds Carried Forward	<u>291,093</u>	<u>93,048</u>	<u>384,141</u>	<u>735,624</u>
Represented by:				
Unrestricted	283,630	-	283,630	380,796
Designated	7,463	-	7,463	337,806
Restricted Funds	-	93,048	93,048	17,022
	<u>291,093</u>	<u>93,048</u>	<u>384,141</u>	<u>735,624</u>

8 Summary of results of wholly owned subsidiary
(Wheatsheaf Enterprises Ltd, company number 6703523)

The company's main area of business is grounds maintenance, cleaning, landscaping horticulture.

The following is a summary of the results of the subsidiary company:

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Turnover				
Landscaping & Horticulture	1,906	-	1,906	2,230
Grounds Maintenance	8,803	-	8,803	31,357
Cleaning	12,403	-	12,403	10,412
Internal Maintenance	143	-	143	4,200
Painting and Decorating	37,124	-	37,124	6,222
Hair & beauty Salon	493	-	493	-
	<u>60,872</u>	<u>-</u>	<u>60,872</u>	<u>54,421</u>
Cost of Sales	(49,628)	-	(49,628)	(36,637)
Gross Profit	<u>11,244</u>	<u>-</u>	<u>11,244</u>	<u>17,784</u>
Administrative Expenses	(14,815)	-	(14,815)	(25,195)
Operating (Loss) / Profit	<u>(3,571)</u>	<u>-</u>	<u>(3,571)</u>	<u>(7,411)</u>
Interest Payable and similar charges	(120)	-	(120)	(114)
(Loss) / Profit on Ordinary Activities before Taxation	<u>(3,691)</u>	<u>-</u>	<u>(3,691)</u>	<u>(7,525)</u>
Taxation on Profit on Ordinary Activities	-	-	-	-
(Loss) / Profit for the Financial Year	<u>(3,691)</u>	<u>-</u>	<u>(3,691)</u>	<u>(7,525)</u>
Retained Loss at 1 April	(26,217)	-	(26,217)	(18,692)
Retained Losses carried forward	<u>(29,908)</u>	<u>-</u>	<u>(29,908)</u>	<u>(26,217)</u>
			Total Funds	Total Funds
			2017	2016
			£	£
Fixed Assets			3,280	6,800
Current Assets			8,019	5,830
Liabilities under one year			(5,131)	(5,772)
Total Assets less current liabilities			<u>6,167</u>	<u>6,858</u>
Liabilities over one year			(13,000)	(10,000)
Net Assets			<u>(6,833)</u>	<u>(3,142)</u>
Capital and Reserves				
Called Up Share Capital			-	-
Members Equity			(3,142)	4,383
(Deficit) / Surplus on Income and Expenditure			(3,691)	(7,525)
			<u>(6,833)</u>	<u>(3,142)</u>

Wheatsheaf Enterprises 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.

Wheatsheaf Services Ltd remains a wholly owned subsidiary of Wheatsheaf Trust but was a dormant company in the 2015/16 financial year. Some of the activities previously run through Wheatsheaf Services were transferred to Wheatsheaf Enterprises Ltd which became a wholly owned subsidiary of Wheatsheaf Trust on 1 April 2013. A resolution was passed in 2015 by the Wheatsheaf Services Board to voluntarily wind up the company. The company was formally dissolved in September 2016 and its remaining assets were gifted to the parent charity.

The charity had loaned an amount of £3000 to Wheatsheaf Enterprises Ltd in 2014, repayable no later than 4 April 2016 at an interest rate of 5%. The amount outstanding on the loan at the year end was £2000. In addition, the charity loaned a further amount of £8000 to the subsidiary in 2015 on an interest-free basis, with original repayment terms of no later than 4 April 2016. The balance on this loan at the year end was £8000. A further short term (non interest bearing) facility for cash flow purposes was approved by the parent in April 2016 - £3000 was outstanding on this facility at the year end.

The parent charity agreed in 2016 that it would not call on outstanding amounts under loan agreements for the foreseeable future as a way of demonstrating its intention to support the subsidiary in developing its work and generating profits in support of the parent's charitable objectives.

9 Comparatives for the Statement of Financial Activities

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and Endowments from:			
Donations and Legacies	473	-	473
Charitable Activities:			
Information, Advice & Guidance	923,008	10,678	933,686
Youth Services	275,904	64,755	340,659
Other Charitable Activities	51,584	-	51,584
Other trading activities	46,074	-	46,074
Investments	4,930	-	4,930
Other	-	-	-
Total	<u>1,301,973</u>	<u>75,433</u>	<u>1,377,406</u>
Expenditure on:			
Raising Funds	174,058	-	174,058
Charitable Activities:			
Information, Advice & Guidance	899,922	17,183	917,105
Youth Services	266,935	62,640	329,575
Other Charitable Activities	228,140	1,122	229,262
Governance	-	-	-
Other	-	-	-
Total	<u>1,569,055</u>	<u>80,945</u>	<u>1,650,000</u>
Net Income / (Expenditure) before transfers	(267,082)	(5,512)	(272,594)
Transfers			
Gross transfers between funds	<u>(23,769)</u>	<u>23,769</u>	
Net Movement in Funds for the Year	(290,851)	18,257	(272,594)
Total Funds brought forward	999,468	3,928	1,003,396
Total Funds carried forward	<u><u>708,617</u></u>	<u><u>22,185</u></u>	<u><u>730,802</u></u>

All incoming resources and resources expended derive from continuing activities.

10 Group Resources Expended

	Fundraising Costs	Trading Costs	Information, Advice & Guidance	Youth Services	Other Charitable	Governance Costs	Support Costs	Total	Total
	£	£	£	£	£	£	£	2017 £	2016 £
Staff Costs	52,507	36,656	368,514	174,713	218,683	16,417	118,516	986,006	1,144,682
Project Activities	6,010	21,144	11,098	13,213	9,068	896	-	61,429	138,200
Premises Costs	4,838	-	42,960	8,788	21,228	-	26,651	104,465	117,305
Depreciation	-	3,733	1,187	66	22,607	-	2,884	30,477	50,756
Audit & Accountancy Fees	-	-	-	-	13	8,053	2,072	10,138	10,158
Office Costs	2,440	1,710	65,896	14,991	34,117	12,731	26,405	158,290	188,899
	<u>65,795</u>	<u>63,243</u>	<u>489,655</u>	<u>211,771</u>	<u>305,716</u>	<u>38,097</u>	<u>176,528</u>	<u>1,350,805</u>	<u>1,650,000</u>
Support Costs Allocation	3,528	-	89,627	45,125	38,248	-	(176,528)	-	-
Governance Costs Allocation	2,455	-	17,239	8,173	10,230	(38,097)	-	-	-
	<u>5,983</u>	<u>-</u>	<u>106,866</u>	<u>53,298</u>	<u>48,478</u>	<u>(38,097)</u>	<u>(176,528)</u>	<u>-</u>	<u>-</u>
Total Resources Expended	<u><u>71,778</u></u>	<u><u>63,243</u></u>	<u><u>596,521</u></u>	<u><u>265,069</u></u>	<u><u>354,194</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,350,805</u></u>	<u><u>1,650,000</u></u>

Governance costs include a proportion of senior management time spent on strategy / policy related activities or in attendance at Board and committee meetings throughout the year, as well as audit fees and professional indemnity insurance. Governance costs are apportioned across the other (parent) charitable activities in relation to staff costs.

Support costs are made up of management staff costs and central resources, as well as costs not directly associated with specific charitable activities. All support costs are apportioned across the other charitable activities (with the exception of governance) on a direct (operational) staff full time equivalent basis.

11 Operating Charges (Parent Charity)

	2017 £	2016 £
Net income for the year is stated after charging:		
Auditor's remuneration (including VAT)		
Statutory Audit Services	8,040	8,040
Non Statutory Audit Services	-	-
Non audit services	-	-
Operating lease rentals - land & buildings	71,527	76,264
Depreciation - owned assets	30,477	50,756

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. Wheatsheaf Enterprises Ltd employed less than one full time equivalent staff member in the year.

	2017 No.	2016 No.
Management	4	3
Administration	1	4
Operating activities	21	31

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

	2017 £	2016 £
Wages and Salaries	803,929	918,728
Employer's National Insurance Contributions	66,929	78,077
Employer's Pension Contributions (see below)	84,210	121,381
	<u>955,068</u>	<u>1,118,186</u>

The charity offered a voluntary redundancy scheme which commenced in March 2016. The above figures include statutory redundancy payments of £35,594 and enhanced voluntary redundancy payments of £26,696 for 5.6 FTE staff.

In accordance with the SORP Paragraph 7.41, the charity has included the cost of accrued holiday entitlements for all employees not taken at the year end. The cost of this was £10,545 (2016: £13,163).

One member of staff is paid a salary between £60,000 and £70,000 per annum (2016: One, between £60,000 and £70,000). Pension contributions made by the charity in respect of this member of staff were £9,733 (2016: £6,960). No other members of staff received more than £60,000.

The Trust's key management personnel (4 persons; 2016: 3 persons) incurred total business expenses (excluding resources and other items purchased on behalf of the charity) of £1,064 (2016: £1,946). The total amount of employee benefits relating to key management personnel was £214,468 (2016: £199,951).

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 £84,210 (2016: £121,381).

13 Trustees Remuneration and Expenses

Reimbursed travel expenses of £633 were paid in the year to two Trustees (2016: £717, three Trustees). No Trustees received remuneration of any form (2016: none).

14 Tangible Fixed Assets

	Completed Leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 April 2016	212,290	293,626	505,916
Additions	1,190	3,660	4,850
Transfers	-	-	-
Disposals	-	(83)	(83)
At 31 March 2017	<u>213,480</u>	<u>297,203</u>	<u>510,683</u>
Depreciation and diminution in value			
At 1 April 2016	87,881	262,418	350,299
Charge for the year	11,032	19,445	30,477
Disposals	-	(56)	(56)
At 31 March 2017	<u>98,913</u>	<u>281,807</u>	<u>380,721</u>
Net Book Value			
At 31 March 2017	<u>114,567</u>	<u>15,396</u>	<u>129,963</u>
At 31 March 2016	<u>124,409</u>	<u>31,208</u>	<u>155,617</u>

All fixed assets are owned by the parent charity with the exception of ground maintenance, cleaning equipment and a vehicle owned by Wheatsheaf Enterprises Ltd (net book value £3,280).

The tangible fixed assets figure on the balance sheet includes 'negative goodwill' of £565 arising on acquisition of remaining shares in the subsidiary (see note 15 below).

15 Investment and Programme Related Investment Assets

	Investment in Subsidiary Undertaking Charity £	Investment in Subsidiary Undertaking Group £	Investment in Credit Union Charity £	Investment in Credit Union Group £
Carrying Value at 1 April 2016	3,308	(565)	25,000	25,000
Add: Additions to investments at cost	-	-	-	-
Less: Disposals at carrying value	-	-	-	-
Adjustments (see below)	-	-	(20,000)	(20,000)
Net gain / (loss) on revaluation	-	-	-	-
At 31 March 2017	<u>3,308</u>	<u>(565)</u>	<u>5,000</u>	<u>5,000</u>
At 31 March 2016	<u>3,308</u>	<u>(565)</u>	<u>25,000</u>	<u>25,000</u>

Investment in Credit Union represents an investment which commenced in March 2014 in a loan scheme for Wheatsheaf Trust clients, administered through Hampshire Credit Union. This investment was reduced by £20,000 in April 2016 following a review of the scheme.

The carrying value of the parent charity's investment in its wholly owned subsidiary, Wheatsheaf Enterprises Ltd, was adjusted at 31 March 2014 to reflect the net asset position of the subsidiary (see Note 8). The investment in the subsidiary is eliminated on consolidation so is not reported on the group balance sheet. 'Negative goodwill' arose on acquisition of the remaining shares in the subsidiary company - this shows as an adjustment in the group accounts.

16 Stock

	Charity 2017 £	Group 2017 £	Charity 2016 £	Group 2016 £
Raw materials and consumables	<u>1,665</u>	<u>1,879</u>	<u>2,306</u>	<u>2,949</u>

17 Debtors

	Charity 2017 £	Group 2017 £	Charity 2016 £	Group 2016 £
Trade debtors (fees)	4,163	7,363	555	857
Other debtors (grants, donations and other)	23,251	22,851	87,616	87,417
Amounts owed by group undertakings	13,007	-	10,050	-
Prepayments and accrued income	177,502	181,783	132,188	133,650
	<u>217,923</u>	<u>211,997</u>	<u>230,409</u>	<u>221,924</u>

All debtors are recoverable in less than one year.

18 Creditors: Amounts Falling Due within One Year

	Charity 2017 £	Group 2017 £	Charity 2016 £	Group 2016 £
Trade creditors	25,708	27,315	41,142	43,339
Other creditors	6,773	8,453	8,032	8,818
Social Security and other taxes	15,792	16,775	19,710	20,082
Accruals	25,565	25,899	35,543	37,630
Deferred Income (see note 19)	41,125	41,125	5,000	5,000
	<u>114,963</u>	<u>119,567</u>	<u>109,427</u>	<u>114,869</u>

19 Deferred Incoming Resources (Group)

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Balance at 1 April	5,000	-	5,000	14,442
Incoming resources deferred during the year	41,125	-	41,125	5,000
Amounts released from previous years	(5,000)	-	(5,000)	(14,442)
Balance at 31 March	<u>41,125</u>	<u>-</u>	<u>41,125</u>	<u>5,000</u>

Incoming resources were deferred in the year of £41,125 in respect of the STEP programme funded by Hampshire County Council, for which payments were received in advance of activity.

20 Reconciliation of Net Income / (Expenditure) to net cash flow from operating activities

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Net (expenditure) / income per SOFA	(428,226)	70,863	(357,363)	(272,594)
Adjusted for:				
Depreciation charges	30,477	-	30,477	50,757
Sale of fixed assets (plant and machinery)	27	-	27	(337)
Decrease / (Increase) in stocks	1,070	-	1,070	(652)
Decrease / (Increase) in debtors	52,293	(42,366)	9,927	105,708
Increase / (Decrease) in creditors	4,698	-	4,698	8,039
Net cash provided by (used in) operating activities	<u>(339,661)</u>	<u>28,497</u>	<u>(311,164)</u>	<u>(109,079)</u>

21 Group Analysis of Cash and Cash Equivalents

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Cash in Hand	79,767	50,682	130,449	250,408
Notice Deposits (less than 3 months)	12,467	-	12,467	13,343
Notice Deposits (more than 3 months)	1,814	-	1,814	176,993
Overdraft facility repayable on demand	-	-	-	-
Total Cash and Cash equivalents	<u>94,048</u>	<u>50,682</u>	<u>144,730</u>	<u>440,744</u>

22 Consolidated Funds

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
Restricted Funds					
i Migrant Impact Fund	2,807	-	-	(2,807)	-
ii Gosport Healthy Eating	-	7,269	10,078	2,809	-
iii Eastleigh NEETs	-	12,500	20,566	8,066	-
iv HIWCF Ford Partnership	6,000	-	4,537	-	1,463
v HIWCF Doris Campbell F'dation	4,512	-	3,306	-	1,206
vi ESFCG Stepping Stones	-	14,922	4,372	-	10,550
vii ESFCG Springboard	-	14,968	4,985	-	9,983
viii ESFCG MyHorizons	-	14,998	-	-	14,998
ix BBO Development Grant	-	7,741	10,843	3,102	-
x BBO Bridge2Work	-	45,019	26,365	-	18,654
xi BBC Children in Need	-	12,368	-	-	12,368
xii Hyde HA Grant	-	15,000	-	-	15,000
xiii Blagrove Trust	8,866	28,755	28,795	-	8,826
	<u>22,185</u>	<u>173,540</u>	<u>113,847</u>	<u>11,170</u>	<u>93,048</u>
Unrestricted Funds					
General Reserve	370,811	800,759	1,196,175	297,533	272,928
xii Designated Infrastructure Fund	17,418	19,143	28,088	(1,010)	7,463
xiii Designated Transition Contingency	320,388	-	12,695	(307,693)	-
	<u>708,617</u>	<u>819,902</u>	<u>1,236,958</u>	<u>(11,170)</u>	<u>280,391</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 Portsmouth City Council provided funding in the 2010/11 year to enable migrant workers from other EU countries to access vocational training. Support was provided to a staff leaver from a migrant community within the year to develop a self employment proposal and access appropriate training and resources.
- ii Gosport Borough Council Health and Wellbeing Group provided funding from June 2015 for the extension of a project focusing on promoting healthy eating and active lifestyles in the Town and Rowner wards of Gosport. The project employs Gosport residents as 'Community Champions' to engage and lead activities in the community.
- iii Funding was provided in the year by Eastleigh Borough Council to provide a full time youth worker on an outreach basis in the borough. The project will focus on engaging young people not in employment, education or training ('NEET') and will work with this client group to move them into college courses, informal learning or volunteering opportunities.
- iv Hampshire & Isle of Wight Community Foundation awarded the Trust a Ford Partnership grant of £6000 in March 2016 to support its ongoing work with young offenders by funding the provision of training incentives and associated activity costs.
- v Hampshire and Isle of Wight Community Foundation awarded the Trust a Doris Campbell Foundation Memorial Foundation grant of £6000 in December 2015 to support its ongoing work with young offenders by funding the provision of training incentives and associated activity costs.
- vi The Trust was awarded a one year European Social Fund Community Grant of £29,844 in December 2016 to provide an information, advice and guidance service to support Southampton participants affected by the 'benefit cap'. 50% of the grant was received on award and is administered by Hampshire & Isle of Wight Community Foundation.
- vii The Trust was awarded a one year European Social Fund Community Grant of £29,935 in December 2016 to provide an information, advice and guidance service to run in partnership with GP surgeries in Gosport. 50% of the grant was received on award and is administered by Hampshire & Isle of Wight Community Foundation.
- viii The Trust was awarded a one year European Social Fund Community Grant of £29,990 in March 2017 to provide a wellbeing and mentoring service on the Isle of Wight. The first tranche of the grant was received on award and is administered by Hampshire & Isle of Wight Community Foundation.
- ix Big Lottery Fund provided a grant of £7,741 within the year under the Building Better Opportunities (BBO) programme to enable the charity to develop a second stage bid for longer term funding. The BBO programme is part funded by European Social Fund and the Local Enterprise Partnership.
- x The charity was successful in being awarded a full grant of £1,159,100 under the BBO programme (see ix above) to run an Intermediate Labour Market programme in partnership with Portsmouth City Council and Solent Mind. Work on this programme commenced in January 2017 and will run until December 2019.
- xi BBC Children in Need confirmed an award of £81,877 in March 2017 to support the Trust's 'Big Mentoring' programme work with young people with an offending background. Work on this programme will commence in 2017/18 and will run for 2 years.
- xii Hyde Housing Association awarded a £15,000 one year grant in March 2017 to enable the charity to provide a peer mentoring and support service ('Horizons') for Gosport Hyde residents.
- xiii Blagrove Trust awarded the Trust a 3 year grant in July 2015 to support its ongoing work with young offenders by funding the salary and associated costs of a programme mentor.

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. Income to the fund in the year reflects the cost of new asset purchases made in the year to support the Trust's programmes.
- 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 three 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 2015/16, including building repairs and substantial alterations; (c) investment in the development of social enterprises within the group. The Trustees agreed in May 2017 to undesignate the remaining funds and transfer into the general fund.

23 Analysis of Funds (Group)

	Current Assets £	Current Liabilities £	Long Term Liabilities £	Tangible Fixed Assets £	Total Net Assets £
Restricted Funds	93,048	-	-	-	93,048
Unrestricted Funds	265,558	(119,567)	-	126,937	272,928
Designated Funds	-	-	-	7,463	7,463
	<u>358,606</u>	<u>(119,567)</u>	<u>-</u>	<u>134,400</u>	<u>373,439</u>

24 Commitments

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

	2017		2016	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Leases which expire:				
Within one year	3,000	-	-	-
In the second to fifth years	9,000	-	12,000	-
After more than five years	88,110	-	88,110	-
	<u>100,110</u>	<u>-</u>	<u>100,110</u>	<u>-</u>

25 Rental Income

Aggregate rental income from operating leases is as follows:

	2017	2016
Sub let of office premises	10,102	17,404
	<u>10,102</u>	<u>17,404</u>

'Letting income' as stated in note 4 also includes amounts recharged to sub-tenants in respect of repairs, maintenance and facilities management of the premises by the Trust.

26 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 £6,417 (2016: £7,068). In addition the charity holds professional indemnity insurance at an annual cost of £11,497 (2016: £8,480).

27 Contingent Liability

A lease (effective from July 2015) on new premises in respect of the Trust's main Southampton offices contains a dilapidations clause but this will not crystallise until the final year of a 15 year lease when a contingent liability may be disclosed.

28 Related Party Transactions

There were no related party transactions for the year ended 31 March 2017.