

**HF Trust Limited**

**Annual Report and Consolidated Financial Statements  
for the year ended 31 March 2019**

Company Registration No. 734984  
Charity Registration No. 313069



## REFERENCE AND ADMINISTRATIVE DETAILS

<b>ROYAL PATRON</b>	HRH The Princess Royal
<b>TRUSTEES</b>	Baroness Judith Jolly (Chair) Ian Cooper (Vice Chair) Amanda Bunce Simon Jones Werner White Brandon James Paul Morgan Briony Horvath John Devapriam
<b>EXECUTIVE MANAGEMENT</b>	Hilary Crowhurst (Executive Director of Operations and Development) Chris Hughes (Executive Director of Environments) Louisa McCann (Executive Director of Finance and Company Secretary) Jacqui Roynon (Executive Director of People and Communications) Vanessa Edwards (Director of Fundraising)
<b>PRINCIPAL BANKERS</b>	Lloyds Bank plc Canons House Canons Way Bristol BS1 5LL
<b>AUDITORS</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
<b>SOLICITORS</b>	TLT Solicitors 1 Redcliff Street Bristol BS1 6TP
<b>INVESTMENT MANAGERS</b>	Investec 2 Gresham Street London EC2V 7QN
<b>REGISTERED OFFICE</b>	5/6 Brook Office Park Folly Brook Road Emerson's Green Bristol BS16 7FL
<b>REFERENCE DETAILS</b>	HF Trust Limited often uses the abbreviation "Hft". The company is registered charity number 313069. The company is registered in England and Wales as company number 734984.
<b>WEBSITE</b>	Website address is: <a href="http://www.hft.org.uk">www.hft.org.uk</a>

## REPORT OF THE COUNCIL

The Council submits its Annual Report and the Financial Statements for the year ended 31 March 2019.

The Annual Report and Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Statement of Recommended Practice 'Accounting and Reporting by Charities' ('FRS102'), and the Charities Act 2011.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution and status

HF Trust Limited ("Hft") is a company limited by guarantee and is registered in England and Wales under Registration No. 734984. It is also a registered charity and its charity registration No. is 313069. The company's governing document is the Memorandum and Articles of Association, dated 19 October 2018. Hft is a membership organisation and the liability of each member is £1. Trustees of Hft are either elected or nominated from the membership and members of the Council of Trustees are the Directors of the Company.

### Organisational structure and governance

#### Council

The Council is made up of the Trustees of Hft appointed from the membership.

There are two categories of Trustee:-

- a) Elected:** A minimum of four and a maximum of seven members are elected by the members of Hft to serve as Elected Trustees for a maximum of two three year terms. An Elected Trustee must then take a break from office for a period of one year following the conclusion of his or her second period of office of three years and may only be appointed for a third or further period of office with the agreement of the Chair and the unanimous consent of the Council.
- b) Nominated:** A minimum of four and a maximum of seven members can be appointed by the Council for their expertise to serve for a maximum of two three year terms. A Nominated Trustee must then take a break from office for a period of one year following the conclusion of his or her second period of office of three years and may only be appointed for a third or further period of office with the agreement of the Chair and the unanimous consent of the Council.

In addition, a member can be co-opted by Council to fill a Trustee vacancy during the year. Co-opted Trustees, if they wish to continue, have to either seek election at the first Annual General Meeting after their appointment or shall be eligible for appointment as a Nominated Trustee by the Council following such Annual General Meeting.

The total number of Trustees cannot be less than eight or more than fourteen. The Council of Trustees meets at least 4 times a year, and also holds an Annual General Meeting for members. The Executive Management team members also attend the Council meetings, together with other members of the senior staff management team as appropriate.

Trustees cannot also be members of staff and Trustees do not receive any remuneration or any other benefits from Hft other than payment of reasonable expenses.

#### Council Committees

The Council of Trustees delegates some of its powers and functions to standing Committees, each of which covers specific aspects of the Trust's work.

Each Committee has its own terms of reference, and their reports and minutes are standing agenda items for the main Council meetings. Each Committee is chaired by a Trustee and includes appropriate members of the senior executive management. The Committees are as follows:

#### **Operations Committee – meets at least four times a year**

- Reviews current and proposed Government policy, standards and practice relevant to Hft's operations
- Monitors the overall quality of the services delivered by Hft
- Reviews all aspects of Hft's resources, finances, properties, investments and people
- Oversees Hft's marketing strategy in response to the changing demands of the marketplace in which we operate
- Oversees the current and proposed developments in Hft, and ensures Hft's on-going financial stability
- Reviews all aspects of the Trust's fundraising strategy and operations

**Nominations, Governance and Remuneration Committee – meets at least three times a year**

- Ensures that Hft has an up to date governance model, which maximises the overall effectiveness of the Trust
- Responsible for the recruitment, evaluation, induction and on-going training of Trustees, with a prime objective of ensuring an appropriate balance of skills and experience on the Council of Trustees. All new Trustees undergo a detailed induction programme and sign up to a Trustees' Code of Conduct. Trustees participate in the detailed work of the Council's committees in line with their skills and experience
- Regularly assesses on-going Trustee training needs and ensures these are met accordingly
- Reviews and determines the remuneration levels of the senior management of the Trust by regularly benchmarking remuneration levels with other similar organisations.

**Audit & Risk Committee – meets at least three times a year**

- Responsible for reviewing Hft's Annual Report and Financial Statements prior to their approval by Council
- Oversees Hft's relationship with the external auditors
- Responsible for ensuring that Hft has adequate and appropriate systems of financial control
- Oversees internal audit and risk management both financial and non-financial
- Reviews and updates Hft's risk register in detail regularly

Other committees and working parties are established from time to time, in order to address specific issues (for example pensions and investments). In addition the Voices to Be Heard Advisory Group (V2bH) meets three times a year.

The Trustees who have served on Council and its Committees during the financial year and at the date of this report are as follows:

Name	Committees	Status	(Re) Appointed	Resigned
Baroness Judith Jolly (Chair)	-	Nominated	29/01/2016	
Simon Llewellyn (Vice Chair)	N	Nominated	22/09/2015	30/09/2018
Amanda Bunce	N	Nominated	01/02/2018	
Ian Cooper (Vice Chair)	O, A, N	Nominated	23/07/2016	
Madeleine Cowley	O, N	Elected	26/09/2015	19/10/2018
Prof Anthony Holland CBE	O	Nominated	23/07/2016	20/06/2019
Simon Jones	O, A	Elected	20/10/2017	
Barbara McIntosh	N	Nominated	20/06/2015	01/07/2018
Martin Taylor	N	Nominated	23/07/2016	01/04/2019
Dr. Rowena Tye OBE	O, A	Elected	26/09/2015	19/10/2018
Ros Wells	A	Elected	26/09/2015	19/10/2018
Werner White	O, A	Elected	20/10/2017	
Brandon James	O	Nominated	01/11/2018	
Rajiv Patel *	A	Nominated	09/01/2019	24/04/2019
Paul Morgan	O	Elected	19/10/2018	
Briony Horvath	A, N	Elected	19/10/2018	
John Devapriam	O	Nominated	20/06/2019	
Durdana Achakzai *	-	Nominated	01/04/2019	25/06/2019

**Key to Committees:**

N = Nominations, Governance & Remuneration Committee

A = Audit & Risk Committee

O = Operations Committee

\* Rajiv Patel and Durdana Achakzai resigned as Trustees for personal reasons related to the time commitment required from Trustees. In August 2019 Robert Longley-Cook resigned as Chief Executive for personal reasons after nine years leading Hft.

**Operational structure**

Operational management of service delivery is focussed through four geographical divisions into twenty six regions made up of clusters of operating units which provide care services. Housing services are provided centrally along with all other support services. Fundraising operates as a separate division within the same corporate structure.

**Related parties and subsidiaries**

At the balance sheet date and throughout the year, Hft had two active wholly owned subsidiary companies, which are both incorporated in the United Kingdom. Hft Trading Limited undertakes non-primary purpose trading activities, whilst Hft Property Limited held one lease which terminated before the start of the financial year. Hft Property has made no commercial transactions during the year.

In addition, Hft is the parent company of Luv2meetU Community Interest Company, which is incorporated in the United Kingdom and undertakes the activities of the friendship agencies.

## **STRATEGIC REPORT OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT**

### **Aims and objectives**

Hft's principal objectives, as stated in the Memorandum and Articles of Association, are as follows:

- To enable and support people with learning disabilities to experience fulfilling lives in ways which maximise their involvement in the community and participation as citizens, and to exercise choice.
- To offer advice to and support for those who care for people with learning disabilities.

### **Principal activities**

The principal activities of Hft in support of these objectives are as follows:

- Day to day care, support and personal development of adults with learning disabilities. Hft is delivering care packages supporting over 2,900 people with learning disabilities in a variety of ways. Hft provides care and support in over 490 locations across the UK. Services are designed and delivered in accordance with each person's individual care plan, and include registered care, supported living care, day services, domiciliary care and other services.
- We deliver care through providing personalised care packages based on our Fusion model of support. At the centre of the model, and everything we do, are the people we support and our commitment to a person centred active support approach. Everything we do is based on their view of what a 'best life possible' looks like; all the support we offer is aimed at helping them to live with more independence and choice. Surrounding the people we support in the model are eight segments that reflect everything we believe is necessary for providing excellent person-centred support. These segments also include some of the ethical and moral things that we want to do when providing services. Supporting these segments are three important themes: 'care about' runs through everything we do ensuring we provide 'quality' services that are 'continually improving'.
- Most of our operations are now based in smaller community based supported living services and individualised flexible services funded by personal budgets. We are continuing to review the position of our remaining campus sites to ensure we have robust plans for the future.
- We are increasing our service provision for those with more complex needs and challenging behaviour, alongside our traditional model of providing services for people with low to moderate needs.
- We actively engage the support and encourage the involvement of family members in developing and delivering services. Furthermore, we have developed a local and national support network for carers of people with learning disabilities. The Family Carer Support Service (FCSS) is available for any carer to access (free of charge), and provides online and telephone help, support and signposting for carers, together with other resources, such as guides to new care legislation and guides to state benefit changes.
- Hft is exploring new, transformational models of care to ensure that services for people who have challenging behaviour achieve evidenced outcomes and are financially sustainable.

### **Public benefit**

Hft's Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Hft's aims and objectives, and in developing plans for future activities.

Hft is committed to using a combination of fundraised money and reserves in order to fund the vital charitable services and projects which are provided, over and above the day to day delivery of care services on behalf of local authorities.

The 3 principal projects which fall under the "charitable projects" umbrella are the Family Carer Support Service (see above); the Personalised Technology Project and the Luv2meetU project (see note 6).

## ACHIEVEMENTS AND PERFORMANCE

### Strategic plan and key drivers

Hft's aspiration is to be a leading provider of adult learning disability services in the UK, particularly for those with the most complex and challenging needs. We want the best life possible for all of the people we support and to achieve this we recognise that efficiency and productivity continue to be critical, and that investment in staff and technology are key to long-term sustainability.

Our strategic plan which runs from 2019 to 2024 is reviewed at appropriate intervals. It is underpinned by 12 key drivers which we believe remain robust to the current Learning Disability sector environment, namely:

- We will 'get the basics right' for all our service delivery to deliver and evidence both the Best Life Possible for all those we support and to achieve a minimum of 'Good' as rated by CQC ; we aspire to achieving a rating of 'Outstanding'. We ended this year with 82% of our CQC services rated as good or outstanding.
- All our services will be financially sustainable. We will invest in the processes, systems, culture and capability to ensure we are robust to a low fee and rising wage environment. Operating contribution declined during the year due to stagnation in fee income combined with rising employment costs following further unfunded increases in the National Living Wage (NLW) and increase pension contributions required. We offset this with cuts in central overheads and further efficiencies from the roll out of new systems.
- We will develop and retain the skills, processes, resources and systems to be able to recruit, train, motivate, deploy, reward and retain staff to exactly fulfil our contracted services in an optimal way. To reduce the time to recruit and mitigate agency spend we have ;
  - invested in our rostering and time and attendance systems
  - improved our application and on boarding process
  - recruited HR Business Partners and Resourcing Coordinators
  - created comprehensive and impactful recruitment campaign messages driving a 24% increase in applications
- We will optimise our central support functions to gain data and insight from our systems and achieve the productivity gains they offer. We continue to implement against our prescribed operating model and invest in complementary systems which will enhance performance and decision making. During the year we implemented and rolled out;
  - finance system enhancing analysis of financial performance
  - online expenses system and processes enhancing efficiency
  - HR portal enabling staff to review and amend their HR information, and view payslips and HMRC related documents
- We will deliver consistent and sustainable Complex Needs services. The Expert Practitioner model will reach the end of it's two year pilot and we are already seeing much improved outcomes for the people we support in these services.
- We will continue to focus on growth opportunities – organic growth, strategic growth (services for people with complex needs and challenging behaviours) and exploring opportunities for future sector consolidation. We achieved growth during the year with;
  - an exciting first service in Wales with a contract for the provision of all day services in Flintshire
  - opening of a new transition service in Bedfordshire
  - new service under Transforming Care initiative in Preston taking a single client from Calderstones Hospital
- We will be excellent at acquiring (buy or lease), designing, constructing, managing, maintaining and finally exiting and /or selling property. During the year;
  - our like for like housing income increased by 4.35%
  - we disposed of heritage sites which no longer provided suitable accommodation for our clients
  - we capitalised on small areas of land in monetising access rights
  - our strategy for property ownership was further enhanced with a comprehensive analysis of our portfolio with a specific focus on long term appropriateness for service provision
  - we finalised our strategy and plans for Fire Safety for all occupational building related issues

- We will maintain our Tone of Voice: deeply knowledgeable, rational/logic driven approach, solutions focused, innovative approach, passionate about those we support and campaigning with them not for them. Specific campaigns we delivered this year included ;
  - “Walk in our Shoes” which delivered a custom made pair of shoes to the Prime Minister asking her to understand more fully the concerns of people with Learning Disabilities
  - the publication of a Sector Pulse Check offering a snapshot of the financial health of the Social Care sector.
- We will undertake a root and branch review of fundraising in order to maximise income potential to support activity designed to provide best lives possible for the people we support.
  - We received investment assets of £774k from The Extra Special Trust which provides funds to clients for exceptional items to enhance their lives.
- We will support our Charity projects to make best use of our investment in them to have the biggest impact on those with learning disabilities. Our success this year includes;
  - the Personalised Technology team won several contracts to provide expert services and goods to a number of Local Authorities as well as providing ongoing support to the people we support
  - the restructure of our support for Voices to be Heard Advisory Group which increased involvement from 10 to 100 people we support, including clients with profound disabilities. In this way we aim to capture the experience and wishes of a complete and diverse client group.
- We will develop the right Organisational Design, Competence and Capability.
- We will increase diversity and continue to develop a strong governance culture in line with our FusionGov model of governance.

We have maintained the momentum to reevaluate our business processes and systems and target further efficiencies in support and back office activities, whilst keeping focused on achieving Good and Outstanding ratings with CQC in our front line services.

We faced some ongoing challenges in 2018-19:

- Recruitment issues worsened during the year with some regions experiencing severe challenges to ongoing service provision. Comparative low wage rates to other sectors and other providers caused staff vacancy levels to rise and agency usage and costs to rise. Fee rate calculations from local authorities only allow for National Living Wage (NLW) rates to be paid.
- NLW sleep-in issues remained unresolved following further appeal litigation.
- Local Authority fees continue to be cut in real terms and in cash terms.
- The increase in NLW to £7.83/hour was positive news for staff but, without similar increases in fees, this was a real challenge to service sustainability.
- We faced an inability to keep differentials between grades of support worker which affected morale.
- We had to implement the fourth year of pay freeze in all non-service departments leading to issues in recruiting staff into the organisation.

Externally the key themes were funding, sleep-ins and recruitment, and the continuing downward pressure on fees with increased costs lead us to the point where we handed back a small number of unsustainable services. Culturally this is totally at odds with how Hft has previously operated and was extremely difficult for staff and people we have supported for much of their lives. As difficult as this is, when funding is insufficient to run a service to our care standards and to continue risks the sustainability of the whole organisation we will continue to hand services back to the Local Authorities.

Sleep-ins, and the changes in the interpretation of the law, continued to consume significant time and resource this year and Hft has continued to be at the cutting edge of this process. We continued to support the sector in ensuring a fair and equitable outcome for staff, those we support, the charity and the sector as a whole at the cost of a significant time commitment at a senior level within the organisation, both management and Trustees. We



completed calculations for self-correction which were approved by HMRC when the Social Care Compliance Scheme closed at the end of 2018. Having previously accelerated the sale of property assets and held back on investments in new services in order to ensure we had the funds to cover any liabilities, we ensured that we had funds available to satisfy any consideration required.

In July 2018, the Court of Appeal gave a Judgement that sleep-ins were not working time which would have enabled us to release these funds for development of key initiatives including reviewed pay structures and services development. Following the subsequent appeal to the Supreme Court we chose to retain the contingent liability and resources on our balance sheet so as to ensure we are robust to any further changes.

Despite the severity and scale of the funding and sleep-in issues, and the need for a Government led national solution, the political scene has been dominated by Brexit. Social care remains in crisis, and there does not appear to be the bandwidth in Westminster to address the issue and the Green Paper is now several years overdue.

The labour market has been impacted by the implementation of the NLW in April 2016 which by April 2018 had increased wages to £7.83/hr and further to £8.21/hr for the start of April 2019. An increase in inflation has also continued to squeeze the value of pay for everyone, particularly those at the lowest levels. With some Local Authorities still yet to fund the increase in the NLW, any differentials the care sector has managed to achieve have been reduced. This has added to the recruitment challenge that the whole sector faces due to low rates of funding for support workers with Regional Cluster Manager and Support Worker vacancies at unprecedented rates at the end of the year. The spend of £6.6m on agency staff in the year is one of the most critical issues for Hft given related issues with consistency and quality of life for the people we support. The issue is being addressed with Resourcing Coordinators to tackle specific areas of criticality, and pay structure reviews are underway to ensure that all solutions are being considered. We are also undertaking reviews of the Employer Brand proposition to ensure that the benefits of working for Hft are being fully advertised, and ensuring that our technology makes it as easy as possible to apply for roles with Hft whether that is online, on mobile telephones, or in person.

We have made progress in developing and implementing the systems and processes which will support the organisation to become financially sustainable in the future. These are designed to both improve productivity and provide the data and insight we need to enhance decision making and keep improving both care and business performance.

We delivered a surplus in the year based on profits from asset disposal and investment income; underlying service delivery did not generate a surplus due to ongoing pressures on fees and the rising costs of salaries and increased reliance on agency staff where recruitment issues are critical.

## **Fundraising**

In the year to 31 March 2019, Hft's Fundraising Department continued to secure philanthropic funds from a range of supporters to support its work and to enhance the lives of thousands of people with learning disabilities.

We aim to comply with all standards set by the Fundraising Regulator in its Code of Fundraising Practice and have a quarterly review to measure our compliance with the Code. In particular, where professional fundraisers and fundraising agencies are engaged and working on our behalf, we ensure that the solicitation statements are in place and that their activities are monitored. We also adhere to the Code as it relates to treating people fairly and, in particular vulnerable adults, to ensure that they may be protected and not subjected to unreasonable pressure to give a donation.

The Operations Committee also reviews our fundraising activity at regular meetings to ensure we are acting responsibly within fundraising regulations particularly relating to vulnerable adults. They also monitor the performance of fundraising activity to ensure we deliver value for money for our supporters. We value our relationship with supporters and donors and are therefore pleased that the year to 31 March 2019 saw only 0.05% complaints about our fundraising activity which is a reduction on the previous year.

We would like to express our thanks to the following organisations, trusts and individuals who have supported us in the year to 31 March 2019, as well as those who prefer not to be named:

ABF, The Soldiers' Charity  
The National Lottery Community Fund  
The Blair Foundation  
The Helen Roll Charity  
The Patrick & Helena Frost Foundation  
The Princess Anne's Charities Trust  
The Simon and Elizabeth Batey Charitable Trust  
Wade's Charity  
West Chilton Friends of Hft

**Wates Family Enterprise Trust (must be shown as restricted)**

Regine Kalchstein  
Cecilia and Rodney Gillington  
The Gerald and Gail Ronson Family Foundation  
The Melton Building Society  
Sir Stuart Hampson CVO DL  
Darwin Escapes  
Miss J Barnett  
Mrs L Bird  
Mrs S Newlands  
Mr A Chambers  
Treadwell Family  
Mrs A Deakin  
Mrs C Crouch  
Mr J Chick  
Miss M Hoyle  
Miss I Cotgrove  
Miss S Geach  
Froxfield Trust  
Gina Kalchstein

**People and Communications**

In addition to ongoing challenges with NLW Sleep-Ins, recruitment and retention challenges we have been proactively engaged in the design, delivery and support of the FusionBiz transformation project recognising that new systems and processes must be supported by confident, trained and engaged employees. This ongoing change programme aims to deliver measurable benefits by 2020.

We have continued to focus on attracting and retaining good quality staff during the year with the addition of Resource Coordinator roles to focus on recruitment in areas with particular issues and have seen positive results from this investment. Our staff turnover ratios are lower than sector averages which we attribute, in part, to the excellent training and support we provide to our employees; however, we still suffer the sector-wide pressure to use increasingly expensive agency staff.

Considerable resource has been applied to the issue of NLW back pay on sleep-ins and we have modelled payments required as a part of the self-correction agreed when we entered the Social Care Compliance Scheme in November 2017 as well as working with HMRC, and the Pensions Regulator on the payment methodology and rationale.

We have worked during the year to understand how we are best able to support our staff in using the £260k we have invested in the Apprenticeship Levy in order to deliver focussed developmental training to enhance skills and better support our customers.

The Communications and Marketing team has followed up the Fusion-focussed messaging framework, with the business support project, FusionBiz, continuing to champion our unique approach to service delivery and the support in place to enable that delivery.

**Gender Pay Reporting**

Hft's gender pay gap report provides a snapshot of our data on 5 April 2019. At this time our total workforce consisted of 790 men and 2,361 women, meaning we employ around three times as many women as we do men – a circumstance that is not unusual in the social care sector.

**Pay quartiles by gender**

Quartile	Male	Female
A (upper)	25.8%	74.2%
B (upper middle)	22.6%	77.4%
C (lower middle)	27.3%	72.7%
D (lower)	28.3%	71.7%

#### Hft's gender pay gap

- Mean hourly gender pay gap % = 3.0% (women lower)
- Median hourly gender pay gap % = 2.8% (women higher)
- Mean bonus gender pay gap % = 27.1% (women higher)
- Median bonus gender pay gap % = 16.7% (women lower)
- % of males receiving bonus = 0.7%
- % of females receiving bonus = 0.6%

While Hft's gender pay gap is far smaller than the national average, we remain committed to eliminating it altogether.

- The mean hourly rate shows that we pay 3% less to female workers
- The median hourly rate show that we pay 2.8% more to female workers

We have changed our payroll systems and are now in the process of rolling out a rota management system across the organisation. The complex rota system we currently use for example, makes obtaining specific hourly rates challenging as, for the purposes of this report, we have had to average overtime/sleep in payments. This means that the data we have presented is an average, rather than an exact figure.

These system changes will improve our ability to report against key indicators such as our gender pay gap, and with better reporting in place, Hft will be better placed to implement plans to further reduce the gap.

#### Bonuses

- The mean bonus rate shows we have paid 21% more to female employees
- The median bonus rate shows we have paid 16.7% more to male employees

At Hft everyone has the same opportunities to undertake job-related training, and bonuses have been paid to our support staff when they pass relevant qualifications. We also pay one-off bonuses for staff that have taken a developmental role and lead in certain areas, such as Health and Safety, or where staff have taken on extra responsibilities within their role.

We continue to review, monitor and improve our pay systems to diminish the pay gap between men and women, and improve our organisation. Hft remains committed to equal opportunities, welcoming job applications from all sections of the community, and treating people equally and without discrimination.

#### Investments

Hft's investments outperformed the benchmark this year with a growth of 10.7% against a benchmark of 6.3% with a final valuation at March 2019 of £5.5m. Hft has a prudent investment strategy which balances potential returns with an appropriate level of risk.

#### Environmental policy

Hft is fully committed to safeguarding the environment. In this respect it will specifically endeavour to:

- Encourage the reduced consumption of natural resources and energy. This is achieved through a rolling capital improvement programme addressing both building fabric and installed plant and equipment upgrades where economically viable.
- Operate a Purchasing Policy that avoids the use of environmentally damaging products whenever feasible.
- Prevent environmental pollution arising from its own operations.
- Try to safeguard natural habitats and species and preserve the nature and character of the countryside and gardens and grounds associated with our built environment.
- Provide information and support to both the service users and staff to encourage interest in environmental matters and soon proposed mandatory staff energy awareness training.
- Continue to employ a part time Energy Manager.
- Encourage economical and environmentally sound use of its vehicles, this is continually reviewed through policy, which has set reduced benchmarks for company vehicles in terms of harmful emissions allowances from 160g/km to 131g/km in the last 5 years.

### **Equality and Diversity Policy**

Hft's policy states that;

"We value people equally without discrimination with regard to gender, sexual orientation, age, race, beliefs, culture, chosen lifestyle or disability. This approach applies to the people we support, their families, Hft staff and others with whom we have contact."

We ensure that the policy is implemented through clear statements in our recruitment advertisements and reinforced in the induction training. Specific training is given to any member of staff in a managerial or recruiter position ensuring that they are aware of the law and Hft's policies.

There are policies in place to :

- Give full and fair consideration to applications for employment with Hft made by disabled persons having regard to their particular aptitudes and disabilities
- Continue the employment of, and arrange appropriate training for employees of the company who have become disabled persons during their employment
- Support the training, career development and promotion of disabled persons employed by the company

### **Employee Consultation**

Hft entered into a Partnership Agreement with all employees in 2013. The purpose of the Agreement is to provide a framework for the Management and the Employees to participate in joint planning and decision-making processes, working as partners to jointly drive the organisation forward and solve problems. The parties in the Agreement have given a commitment to work together to promote a positive and effective relationship with the following principles;

- Joint commitment to the success of the organisation
- Joint recognition of each other's legitimate interests
- Joint commitment to employment security
- Joint focus on the quality of working life
- Joint commitment to operating in a transparent manner
- Joint commitment to add value to the arrangement

The implementation of the Partnership Agreement is facilitated through the Partnership Forum. Representatives from all areas of the organisation receive training and support to act on behalf of all employees at a local or national level.

### **Modern Slavery Statement**

The Modern Slavery Act 2015 came into force on 29 October 2015 and introduced changes in UK law focused on increasing transparency in recruitment and supply chains. It sets out a duty on larger organisations to publicly report steps they have taken to ensure their operations and supply chains are trafficking and slavery free. As such any organisation, including charities, which supply goods or services and have a minimum annual turnover of £36 million, are required to produce an annual Anti-Slavery and Human Trafficking Statement that is approved at the highest level in the organisation and is made available on the organisation's website. Our statement can be found at [www.hft.org.uk/ModernSlaveryActStatement](http://www.hft.org.uk/ModernSlaveryActStatement).

## FINANCIAL REVIEW

### Income

Total income from organisational activities declined to £83.5m compared to the previous year as there was a reduced capital disposal programme during the year. Enhanced disposals in 17/18 were a reflection of the requirement to raise funds for the National Living Wage back pay scheme, and raised £3.7m more than the current year. Fundraising income was also lower in the year as a reflection of reduced activity. Both of these were offset with increases in income from Charitable activities due to increased fees and full year impact of growth.

Income from charitable activities includes service fee income, special projects and community interest company income. In addition to this are trading activities, fundraising, and investment income. Service income delivered 96% of total income as it was in 2017 before the capital disposal programme. All other sources of income remained marginal and relatively static over the year.

Service income from the provision of residential and supported living care services to Local Authorities in the UK in the year of £80.3m represents an increase of 4.2% on 2017/18: £77.1m. This growth reflects the full year impact of new and closed services from the previous year and services opened and closed in the year together with fee uplifts including sleep-in top ups received during the year.

Income from donations and legacies was £2.0m which is £0.4m down on the previous year being the difference in receipts from major trusts.

The asset disposals during the year (2018:£4.1m) included the sale of two properties and generated a profit of £0.5m.

Hft was the beneficiary of a closing asset transfer from the Extra Special Trust of £774k in the form of an investment portfolio.

### Expenditure

Total expenditure in the year to 31 March 2019 of £82.9m is a £4.2m and 5.3% increase on the prior year expenditure of £78.7m.

Increased costs in the delivery of charitable services mainly revolve around staff provisions including increase in NLW, increase in statutory pension contributions and an increased requirement for the usage of agency personnel due to critical recruitment issues. Of particular impact was the costs of providing sleep in services which Hft continued to pay at national living wage rates throughout the year.

The income and costs and surpluses of the core operational services are as follows:

	2019 £'000	2018 £'000
Services income (note 3)	79,185	77,147
Services direct costs (note 8)	(70,687)	(67,877)
Services surplus before support costs	8,498	9,270
Support costs	(8,545)	(7,146)
Services (deficit) / surplus after support costs	(47)	2,124

During 2019 due to widening gaps between increase in costs of delivering care and lower rates of fees being received, more services are being highlighted as financially unsustainable and are under review. Significant additional resource is being applied to reducing agency through enhanced recruitment and pay structures are being reviewed at a local level to ensure that all available resources can be applied to attract staff.

Financial performance is measured at a service level to measure resources required to maintain sustainable services and in addition, there are non-financial KPI's which are adopted throughout the organisation. Throughout the year the following key performance indicators are monitored and reported monthly, these are the annual comparisons;

	2019	2018
Fee Income per day (£k)	219	211
Occupancy rates (%)	94	93
Total Employment Costs (TEC) as % income	74	73
Agency costs as % Total Employment Costs	11	9
Operating Contribution as % Income	11	13
Overheads as % Income	10	10

### **Trading activity**

The principal component of trading activities is the sale of seasonal cards and gifts. The total trading surplus in 2019 amounted to £nil (2018: £12k surplus). Hft recharges costs as incurred to this trading subsidiary.

### **Charity projects**

The net expenditure on special projects in the year to 31 March 2019 of £1.4m is a £0.1m reduction on the 2017/18 net cost of £1.5m in direct response to the decrease in project income of £0.4m. Special projects include the public benefit projects such as FCSS, Luv2meetU and the Personalised Technology project. The decrease in net expenditure is due to reduced funding, efficiency savings and the generation of income from providing chargeable Personalised Technology services.

### **Balance Sheet**

Reserves have increased by £0.6m as a result of the year's activities; the main changes in the balance sheet during the year are as follows:

Intangible assets value declined by £0.2m as a result of additional computer systems project capitalisations (£0.2m) offset with the depreciation of those costs (£0.4m).

Tangible fixed assets decreased by £2.0m to £62.2m which includes;

- Net book value of disposals of £1.5m
- Impairment of £0.5m relating to Forest of Dean where one house will be closed early in the new financial year and will be held as an Investment Property available for commercial rental.

### **Current Assets**

- Fee debtors have increased due to the timing of invoices raised and should be viewed in conjunction with the income accrual, the net increase is £1.4m.
- Trade creditors increased marginally in the year and creditors for both social security and pension costs increased in line with increases in both of the base costs.
- Loans have reduced by £40k of scheduled capital repayments.
- The pension fund surplus (unrecognised) in the closed final salary pension scheme has increased from £2.6m to £2.7m.

### **Reserves**

At 31 March 2019 the total funds of the charity were £76.1m of which £17.6m were restricted leaving a total of unrestricted funds of £59.5m.

As explained in the note to the accounts the Trustees have designated £48.9m of funds for fixed assets and capital projects, the reduction of £1.5m reflects the disposal of land and buildings during the period. The Trustees will continue to manage the undesignated balance available for general charitable activity.

The general reserve policy was last reviewed in November 2018 and it was agreed to maintain the level of general reserves sufficient to cover 6 weeks payroll (2019: £6.8m). At the year-end the general reserve balance was £10.6m (see notes 21 & 22) which is more than the requirement.

This level of general reserve would be sufficient to cover payroll costs and provide working capital support for major projects.

### **Investment powers, policy and objectives**

Investment powers are governed by the Articles of Association, which permit the funds to be invested in the manner shown in note 12 to the financial statements. The Trustees intend that the real value of Hft's investments be maintained and enhanced over the long term by investment in a portfolio comprising common investment funds, unit trusts and equities (quoted on a recognised international stock exchange). Hft employs professional investment managers to advise on and invest the portfolio in accordance with the investment policy and mandate which is given to them.

## **PLANS FOR FUTURE PERIODS**

Our plans for 2019/20 reflect a continued focus on key strategic drivers (see page 6) and the resolution of key challenges. We have developed plans for growth which will be actioned should resolution to issues of financial sustainability be resolved through fee negotiations, improvement in staff recruitment and retention through pay progress initiatives, and finalisation of the sleep in back pay case.

### **Growth**

The demand for learning disability services continues to grow and the complexity of many of those services is increasing. We will continue strengthening our position within existing regions, pursue our strategy of growing and developing services for people with more complex needs, and explore opportunities for sector consolidation, when these arise.

### **Building capacity**

We will continue to invest in accommodation for people we support given appropriate levels of return and will continue to review the portfolio to ensure the most relevant fit for the needs of those we support.

We will continue to invest heavily in upkeep and maintenance of our housing estate whilst working proactively to design affordable and sustainable cutting edge housing to support people with complex needs.

### **Developing Caring Performance Culture and Efficient Central Support**

The Fusion Model of Support is our strategic approach to delivering support across all Hft services and remains at the heart of Hft. It has become fully integrated and is "the way we do things around here". This has been evidenced in both our liP achievements and also through independent staff surveys.

Given the nature of the People We Support (PWS) and our role as lifelong carers for those who no longer have family to actively support them, our obligation to remain sustainable is both moral and financial. Given ongoing funding challenges, we implemented a review of our operating model in order to be as efficient as possible in the delivery of excellent care. This review includes all systems and processes and will deliver its objective through the FusionBiz transformation project, building on the success of Fusion.

We have capitalised on the success of the model with developments into our approach to the business model for Hft and also statements on how the Trust is governed through FusionGov. Both FusionBiz and FusionGov programmes are work in progress and will be developed and integrated throughout the year.

### **Keep Innovating - Expert Practitioner Model**

Previously we stated that we believe that the current model of commissioning by hours - 'the input model' - is ineffective, particularly when commissioning services for people with complex needs and challenging behaviour. A paradigm shift in thinking and approach is needed to transform the commissioning and delivery of services in the sector and we proposed that the Hft Expert Practitioner Model could deliver this change by creating a transformation via three different routes.

- Evidencing outcomes – underpinned by the Fusion Model of Support
- Development of highly skilled, graduate level professional teams
- Creating financial efficiencies through investment in working practise, productivity and technology

We have now completed a 2 year pilot of the model in a transition service for young adults with very complex needs and challenging behaviour, in partnership with a Local Authority. We partnered with Bangor University in a post graduate qualification and recruited our first tranche of Trainee Expert Practitioners.

Initial measurement of outcomes is positive for the people we support, however, without a change in the commissioning model the model struggles with financial sustainability.

### **Charitable Services**

The cuts in funding for services and challenges around Fundraising means that we are reviewing the delivery models for our key charitable services: FCSS, Personalised Technology, Luv2meetU and our Volunteering as well as other activity which we have provided in the past and which is explicitly unfunded by Local Authorities.

We are fully committed to these activities and believe they offer significant benefits to all those with a learning disability and their families. We need to ensure that they are properly funded, sustainable for the future, offer the kind of services that people want for the future, and have greater scalability.

### **Fundraising**

We restricted our donor recruitment activity while confidence in Fundraising was low over the last two years. With a change in senior fundraising personnel we will review all opportunities to increase fundraising income whilst ensuring that our current and future donors have a satisfying experience supporting us.

### **Developing Hft's Voice**

We have worked to maintain a voice of reason during this stressful and chaotic year and will continue to champion sensible change and reform to benefit the whole sector as well as the people we support.

### **RISK MANAGEMENT**

The Trustees identify key areas of risk and seek to mitigate these through established reporting and monitoring systems. The Audit & Risk Committee regularly reviews Hft's detailed risk register and receives reports from management of key areas of risk to the Trust. The risk register is a comprehensive list of the major internal and external risks which Hft faces in the short term and long term, including risks such as market risk, reputational risk and systems risks. Each risk has a named risk owner and identified mitigating strategies.

During the year Hft used a combination of internal auditors and external risk assurance experts to ensure the integrity and efficacy of key financial processes and controls in services and in the Central Support Finance Department. These teams worked closely with the health and safety advisors/auditors and the Operations Quality Assurance and Compliance team. The following statements summarise Hft's policies in managing identified forms of financial risk:

#### **Price and cost risk**

The fees we receive from our Local Authority purchasers are set by agreement with the purchasers, by reference to an assessed level of hours of support needed and the Local Authority framework hourly rate. This price setting mechanism provides us with an income "envelope" in which we have to fit our costs. Our principal costs are salaries and wages (and associated on-costs). Salary levels are set by reference to prevailing market rates and are communicated to staff each year during the annual salary review process. Other costs are controlled by contract negotiations and competitive tendering with suppliers. Over time, we expect this income "envelope" to be squeezed even more than it has been to date, as a result of the future upward cost pressures which has been exacerbated by the National Living Wage.

#### **Credit risk**

Counterparty risk on amounts owed to Hft by its customers is low, as the majority of debtors are Local Authorities. We have a good track record of working with Local Authority care/finance/contract teams to get invoices paid on a timely basis. The critical fee issue we have with funders is getting an appropriate and acceptable fee level agreed at the inception of a service, and also getting the fee subsequently changed as the service changes over time (for example more hours of support needed to help someone as they age and their needs become more complex.)

#### **Liquidity risk**

The company has no long term borrowings (other than the mortgages listed in note 19), and will make use of its short term overdraft facility when required. During 2019 the overdraft facility remained at £1m (unsecured). If necessary, the investment portfolio could be realised at short notice.

#### **Interest rate cash flow risk**

Historically, the company placed surplus funds on short term deposit with a selection of major UK banks and building societies. There have been minimal surpluses in the year as we have invested in capital projects. In the event of planned asset disposals being delayed, we will utilise the full bank facility in order to be able to maintain our investment programme in the short to medium term.

#### **Non-financial risk**

Non-financial risks which are documented on Hft's risk register include;

- Risk of death or serious injury of a person we support, staff or third party
- Serious abuse of people we support
- Environmental non compliance
- Poor quality service provision
- Systems outage and cyber threat
- Failure to recruit and retain staff
- Changes to government policy
- Implications of Brexit

Following the Grenfell fire all fire authorities have focussed significant attention on fire policies and Hft have been working with Dorset Fire Authority to secure their support as a Primary Authority. In doing this we have reviewed all fire safety policies, procedures, approaches and activity. We now understand a significant shift is risk to Hft with new statements from Fire Authorities on the actions they will take in the event of a fire and their expectations of Hft staff in those same circumstances.



Each risk is assigned an Executive lead individual to manage and report on the risk and the associated risk mitigation strategies. The risk register captures both short term operational risks, as well as longer term strategic risks. The risk register is reviewed at its monthly meetings by the Executive management, and periodically by Trustees. The risk register feeds into our short term operational and long term strategic planning processes.

**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The group has insurance to cover Trustees' and Officers' liability, as permitted by the Companies Act 2006 at a cost of £13k (2018 £13k).

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of HF Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Going Concern

The Trustees have reviewed the groups and the charity's forecasts and projections covering a period exceeding 12 months from the date of signing of the financial statements.

Based on the level of existing cash and estimated levels of income and expenditure, the Trustees are satisfied that the group has adequate levels of reserves to continue in operation for the foreseeable future.

Accordingly, the going concern basis has been used in preparing these financial statements. Trustees also consider there to be no material uncertainties in the operating environment.

### Statement on Disclosure of Information to the Auditor

So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware.

Each Trustee has taken all the steps (such as making enquiries of other Trustees and any other steps required by the Trustee's duty to exercise due care, skill and diligence) that he or she ought to have taken in his duty as a Trustee in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Report of the Council and Incorporated Strategic Report were approved and signed on behalf of the Council by:

**Ian Cooper**  
Vice Chair

Date .....

19 September 2019.

## **Independent Auditors' report to the members of HF Trust Limited**

### **Opinion**

We have audited the financial statements of HF Trust Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Council and the incorporated Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Council and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council and the incorporated Strategic Report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

*RSM UK Audit LLP*

NICHOLAS SLADDEN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
25 Farringdon Street, London, EC4A 4AB

Date: *17 October 2019*

**Consolidated Statement of Financial Activities**

(including Consolidated Income and Expenditure Account)

**for the year ended 31 March 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>					
Donations and legacies	3	1,297	1,472	2,769	2,414
Charitable activities	3	79,574	-	79,574	77,833
Other trading activities		86	-	86	113
Investments		122	-	122	315
Other	7	551	-	551	4,343
<b>Total</b>		<b>81,630</b>	<b>1,472</b>	<b>83,102</b>	<b>85,018</b>
<b>Expenditure on:</b>					
Raising funds	8	1,171	-	1,171	1,173
Charitable activities	8	80,206	710	80,916	76,620
Other	8	818	-	818	914
<b>Total</b>	8	<b>82,195</b>	<b>710</b>	<b>82,905</b>	<b>78,707</b>
Net gains/(losses) on investments	12	393	-	393	(216)
<b>Net income/(expenditure)</b>	9	<b>(172)</b>	<b>762</b>	<b>590</b>	<b>6,095</b>
<b>Other recognised gains/(losses):</b>					
Re-measurement of defined benefit pension scheme	24	-	-	-	(75)
<b>Net movement in funds</b>		<b>(172)</b>	<b>762</b>	<b>590</b>	<b>6,020</b>
Total funds brought forward	20	58,481	17,628	76,109	70,089
<b>Total funds carried forward</b>	20	<b>58,309</b>	<b>18,390</b>	<b>76,699</b>	<b>76,109</b>

**Balance Sheets as at 31 March 2019**

	Notes	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
<b>Fixed assets</b>					
Intangible assets	11 (a)	1,450	1,594	1,450	1,594
Tangible assets	11 (b)	62,163	64,121	62,163	64,121
Investments	12	6,318	5,060	6,318	5,060
<b>Total fixed assets</b>		<b>69,931</b>	<b>70,775</b>	<b>69,931</b>	<b>70,775</b>
<b>Current assets</b>					
Stocks	13	8	8	-	-
Debtors: amounts falling due within one year	14	7,786	6,357	7,986	6,477
Cash at bank and in hand	15	6,478	6,975	6,240	6,844
<b>Total current assets</b>		<b>14,272</b>	<b>13,340</b>	<b>14,226</b>	<b>13,321</b>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	16	6,888	7,393	6,844	7,386
<b>Net current assets</b>		<b>7,384</b>	<b>5,947</b>	<b>7,382</b>	<b>5,935</b>
<b>Total assets less current liabilities</b>		<b>77,315</b>	<b>76,722</b>	<b>77,313</b>	<b>76,710</b>
<b>Creditors</b>					
Amounts falling due after more than one year	16	400	440	400	440
Provisions for liabilities	17	216	173	216	173
<b>Net assets</b>		<b>76,699</b>	<b>76,109</b>	<b>76,697</b>	<b>76,097</b>
<b>The funds of the group/company</b>					
<b>Restricted funds</b>	20/23	<b>18,390</b>	17,628	<b>18,390</b>	17,628
General reserve	20	9,423	8,257	9,421	8,245
Designated funds	20/22	48,885	50,224	48,885	50,224
Unrestricted funds excluding pension liability	20	58,309	58,481	58,306	58,469
Pension reserve		-	-	-	-
<b>Unrestricted funds</b>		<b>58,309</b>	<b>58,481</b>	<b>58,306</b>	<b>58,469</b>
<b>Total funds</b>	21/22	<b>76,699</b>	<b>76,109</b>	<b>76,697</b>	<b>76,097</b>

As permitted by s408 Companies Act 2006, the Charity has not presented its own Income and Expenditure and related notes. The Charity's surplus for the year was £600k (2018 - surplus £6.02m).

The financial statements on pages 20 to 46 were approved and authorised for issue by the Council and signed on its behalf by:

**Ian Cooper**  
Vice Chair

Date .....

12 September 2019.

**Cash Flow Statement  
for the year ended 31 March 2019**

	Notes	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Cash flows from operating activities:</b>					
Net cash provided by operating activities		<u>(381)</u>	<u>1,122</u>	<u>(487)</u>	<u>1,119</u>
<b>Cash flows from investing activities:</b>					
Proceeds from assets held for disposal		2,218	9,109	2,218	9,109
Purchase of property, plant and equipment		(1,293)	(1,528)	(1,293)	(1,528)
Purchase of intangible assets		(228)	(582)	(228)	(582)
Purchase of assets held for resale		-	-	-	-
Proceeds from sale of investments		-	814	-	814
Purchase of investments		(774)	(985)	(774)	(985)
Gift aid received from subsidiaries		-	-	-	-
Net cash used in investing activities		<u>(77)</u>	<u>6,828</u>	<u>(77)</u>	<u>6,828</u>
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		(40)	(40)	(40)	(40)
Net cash used in financing activities		<u>(40)</u>	<u>(40)</u>	<u>(40)</u>	<u>(40)</u>
Change in cash and cash equivalents in the reporting period		<u>(498)</u>	<u>7,910</u>	<u>(604)</u>	<u>7,907</u>
Cash and cash equivalents at the beginning of the reporting period		<u>6,976</u>	<u>(934)</u>	<u>6,844</u>	<u>(1,063)</u>
Cash and cash equivalents at the end of the reporting period		<u>6,478</u>	<u>6,976</u>	<u>6,240</u>	<u>6,844</u>
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>					
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>		<b>590</b>	<b>6,095</b>	<b>600</b>	<b>6,098</b>
<b>Adjustments for:</b>					
Depreciation and amortisation charges	11	1,440	1,263	1,440	1,263
Investment management charges	12	31	28	31	28
(Losses)/gains on investments	12	(349)	216	(349)	216
Returns on investment and servicing of finance		(167)	(145)	(167)	(145)
Profit on the sale of tangible fixed assets		(551)	(4,143)	(551)	(4,143)
Fixed asset impairment	11 (b)	526	120	526	120
(Increase) / decrease in stocks		-	5	-	-
(Increase)/decrease in debtors		(1,429)	2,673	(1,509)	2,636
Increase/(decrease) in creditors		(515)	(4,893)	(551)	(4,857)
Increase/(decrease) in provisions		43	(22)	43	(22)
Non-actuarial decrease in liability	24	-	(75)	-	(75)
Net cash provided by operating activities		<u>(381)</u>	<u>1,122</u>	<u>(487)</u>	<u>1,119</u>
<b>Analysis of cash and cash equivalents</b>					
Cash at bank and in hand		<u>6,478</u>	<u>6,976</u>	<u>6,240</u>	<u>6,844</u>
<b>Total cash and cash equivalents</b>		<u>6,478</u>	<u>6,976</u>	<u>6,240</u>	<u>6,844</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019**

### **1. PRINCIPAL ACCOUNTING POLICIES**

Hf Trust Limited is a private company limited by guarantee (registration number 734984) and registered charity regulated by the Charity Commission (registered number 313069) with a registered address at 5/6 Brook Office Park, Folly Brook Road, Emerson's Green, Bristol.

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, 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) – (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Hft meets the definition of a public benefit entity under FRS 102.

A summary of the more important group accounting policies, which have been applied consistently, is set out below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments to market value and on a going concern basis. There are no material uncertainties about going concern. The Trustees have reviewed and approved the future plans and financial forecasts underpinning the going concern assumption. The core business model is operating at high levels of occupancy and with fee levels from purchasers in excess of the costs of service delivery and associated support costs, and this is expected to continue to be the case for the foreseeable future

#### **Basis of consolidation**

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the company and its subsidiaries made up to 31 March 2019. Intra group transactions and profits are eliminated fully on consolidation.

The results of the subsidiary undertakings are shown in the consolidated statement of financial activities within income and expenditure. The assets and liabilities of the subsidiary undertakings are combined with those of the company in the consolidated balance sheet and consolidated cash flow statement on a line by line basis. A separate statement of financial activities for the company is not presented as permitted by section 408 of the Companies Act 2006.

#### **Income**

Income from all sources is included in the statement of financial activities at its fair value on a receivable basis, subject to the following specific criteria:

- Donations are recognised as soon as there is evidence of entitlement, subject to any conditions attached it is probable that the income will be received and the amount can be measured reliably.
- Legacies are recognised on receipt of income or on formal notification of entitlement to the income within a short timeframe where the income is reliably measureable.
- No amounts are included in the financial statements in respect of services donated by volunteers.

#### **Income from charitable activities**

Fees receivable and charges for services and projects are accounted for in the period in which the service is provided or the project undertaken.

#### **Other income**

Other income is credited to the statement of financial activities in the year in which it is receivable.

#### **Grant income**

Grant income is recognised when recognition criteria are fulfilled, and deferred into future periods if it is a multi-period grant.

#### **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. All irrecoverable VAT on costs is charged as a cost against the activity for which the expenditure was incurred.



### **Expenditure on raising funds**

Expenditure incurred on raising funds does not include the costs of promoting or marketing the charity and is apportioned to individual restricted funds on the basis of funds raised during the year.

### **Expenditure on charitable activities**

Service costs comprise the direct and indirect costs, including staff, attributable to the delivery of front line care services for service users.

### **Apportionment of support costs**

Support costs are apportioned to activities, based on the relative income of the activities.

### **General reserve**

The general reserve comprises the working capital operating reserve of the group.

### **Designated funds**

The designated capital project fund comprises unrestricted funds that have been set aside by the Council to be expended on specific current capital development commitments. The aim and use of each designated fund is set out in the notes to the financial statements.

The designated fixed asset fund represents the aggregate net book value of tangible fixed assets acquired or constructed partly or fully from unrestricted funds, less associated mortgage liabilities.

### **Restricted funds**

The restricted project fund comprises funds, which are to be used in accordance with specific restrictions imposed by donors, or which have been raised by the charity for particular purposes. The cost of raising such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

The restricted fixed asset fund represents the aggregate net book value of tangible fixed assets acquired or constructed partly or fully from restricted funds.

### **Intangible fixed assets**

Intangible fixed assets represent the cost of purchasing, configuring and bringing to operational readiness significant computer software applications, which have an anticipated life of between 5 to 10 years. These assets are amortised on a straight line basis over their estimated lives, once they are fully operational.

### **Tangible fixed assets**

All tangible fixed assets are included in the financial statements on initial recognition at cost or fair value. Individual assets with a cost below £2,500 are not capitalised unless they form part of a series of purchases in respect of the fitting out of a new service or project. Irrecoverable VAT incurred on the purchase of fixed assets is included in the capitalised cost.

### **Depreciation**

The depreciation being applied to freehold buildings was reviewed during the year and a range of rates was extended to cover different categories of buildings based on their expected useful lives and residual values. Accordingly buildings which are substantially residential properties in good order and with residual values that exceed historical cost no longer have a requirement to be depreciated. The impact of this change in estimation is further disclosed under "Critical accounting judgements and judgements and key sources of estimation uncertainty" on page 26.

Depreciation is calculated to write off the cost of buildings, plant and equipment over their expected useful lives at the following rates, on a straight line basis:

	2019	2018
Assets due for disposal	Nil	Nil
Freehold land	Nil	Nil
Freehold buildings and additions	0-5% pa on cost	0-5% pa on cost
Cyclical refurbishment of buildings	15% pa on cost	15% pa on cost
Equipment	8 - 15% pa on cost	8 - 15% pa on cost
Computers	33⅓% pa on cost	33⅓% pa on cost
Motor vehicles	25% pa on cost	25% pa on cost

### **Operating leases**

Income and costs in respect of operating leases are respectively credited and charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### **Provisions**

- **Dilapidation**  
Provisions for dilapidations are recognised on a lease by lease basis and are based on the best estimate of the likely committed expenditure.
- **Onerous leases**  
Hft provides for all future lease costs where there is no reasonable expectation of future operating income relating to the leased asset.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

### **Taxation**

No provision for Corporation Tax has been made in these financial statements as the company, a registered charity, is entitled to certain exemptions on its charitable activities. Taxation recoverable represents amounts deducted at source in respect of gift aid donations from individuals.

### **Investments**

Listed investments are valued at fair value based on bid price at the balance sheet date. Realised and unrealised gains or losses on revaluation or disposal are combined in the Consolidated Statement of Financial Activities. Income from these investments is recognised in the year in which it arises.

### **Pension scheme arrangements**

During the year, the group operated eleven pension schemes (see note 24):

- a defined benefit pension scheme (The HFT Retirement Benefits Scheme or "RBS"). The RBS is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being agreed by the actuary. In the intervening years the actuary reviews the continuing appropriateness of these rates. The RBS ceased accepting new members from 25 January 1996 and on 26 October 2005 the company ceased contributions to this scheme in respect of future accruals. Consequently, there are now no active members of this scheme.
- the HF Trust Limited group personal pension plan provided by Aegon: with effect from the date of commencement of automatic enrolment in to The Peoples Pension Scheme (see below), this pension plan closed to new members.
- contributions have been made into either the National Health Service Pension Fund or the West Yorkshire Pension Fund (part of the Local Government Pension Scheme), in respect of staff who transferred to Hft under the Bradford day services contract.
- contributions have been made into the Oxford County Council Pension Fund (part of the Local Government Pension Scheme); in respect of staff who transferred to Hft under the Oxford Vale contract.
- from April 2013, contributions have been made into the Care Fund Limited group personal pension plan, in respect of staff joining Hft on the acquisition of the Care Fund group; with effect from the date of commencement of automatic enrolment in to The Peoples Pension Scheme (see below), the Group Personal Pension Plan closed to new members.
- from April 2013, contributions have been made into a Scottish Equitable personal pension plan, in respect of staff joining Hft on the acquisition of the Care Fund group. This pension plan is closed to new members.
- from April 2013, contributions have been made into a Friends Provident personal pension plan, in respect of staff joining Hft on the acquisition of the Care Fund group. This pension plan had one member who left in the year and the scheme is now closed.
- following the commencement of automatic enrolment, from November 2013 contributions have been made into The Peoples Pension Scheme. This is the only pension scheme offered to new members of staff.
- from April 2013, contributions have been made into a Standard Life personal pension plan, in respect of staff joining Hft on the acquisition of the Care Fund group. This pension plan is closed to new members.

- from April 2016, contributions have been made into a Nest pension plan, in respect of staff joining Hft on the acquisition of The Edward Lloyd Trust. This pension plan is closed to new members.
- from April 2016, contributions have been made into a Legal & General pension plan, in respect of staff joining Hft on the acquisition of The Edward Lloyd Trust. This pension plan is closed to new members.
- from February 2018, contributions have been made into the Clwyd pension scheme in respect of staff joining Hft on the acquisition of Flintshire day services contract.

### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Depreciation and the remaining useful life of fixed assets:

The remaining useful life and expected residual values of the group's freehold buildings is a key area of estimation.

Provisions for dilapidations and leases are in relation to liabilities existing in respect of land and buildings held under operating leases. They are held at a value of the expected remaining charge on the lease and costs in association with bringing the relevant property into an acceptable state as agreed by both parties.

## **2. PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
<b>Income and endowments from:</b>			
Donations and legacies	1,178	1,236	2,414
Charitable activities	77,833	-	77,833
Other trading activities	113	-	113
Investments	315	-	315
Other	4,343	-	4,343
<b>Total</b>	<b>83,782</b>	<b>1,236</b>	<b>85,018</b>
<b>Expenditure on:</b>			
Raising funds	1,173	-	1,173
Charitable activities	75,557	1,063	76,620
Other	914	-	914
<b>Total</b>	<b>77,644</b>	<b>1,063</b>	<b>78,707</b>
Net gains/(losses) on investments	(216)	-	(216)
<b>Net income/(expenditure)</b>	<b>5,922</b>	<b>173</b>	<b>6,095</b>
Other recognised gains/(losses):			
Re-measurement of defined benefit pension scheme	(75)	-	(75)
Net movement in funds	5,847	173	6,020
Total funds brought forward	52,634	17,455	70,089
Total funds carried forward	58,481	17,628	76,109

**3. INCOME AND ENDOWMENTS****(a) Donations and legacies**

Group and Company	2019 £'000	2018 £'000
Strategic Partnerships	607	1,219
Regional & community	259	121
Donor marketing	254	304
Acquisition transfer	-	-
Grants	-	200
Extra Special Trust	774	-
Donations	1,894	1,844
Legacies	875	570
Total donations and legacies	2,769	2,414

Included within donations is £58k of Gift Aid reclaimed (2018: £63k). Income from Friends Groups of £32k (2018: £70k) is included in donations and includes amounts held by groups.

The expenditure incurred by the Friends Groups has declined during the year (2018: £20k included in cost of raising funds) and is now not material to results based on management estimates. It has not proved practical to obtain expenditure records from individual Friends Groups, however, the Council does not consider that the effect is material and it has no effect on the net incoming resources for the year (2018: no effect).

**(b) Income from Charitable Activities**

Group and Company	2019 £'000	2018 £'000
Service income	79,185	77,147
Special projects	333	616
Community Interest Company income	56	70
Total	79,574	77,833

**4. HFT TRADING LIMITED**

Hft has a wholly owned trading subsidiary, which is incorporated in England and Wales, with a registered office at 5/6 Brook Office Park, Folly Brook Road, Emersons Green, Bristol. Hft Trading Limited (company registration 02764761) undertakes non-primary purpose trading activities, namely the retail sale of Hft branded cards and gifts. The distributable net profit is distributed to Hft. A summary of the trading results of the subsidiary is shown below. Audited financial statements have been filed with the Registrar of Companies.

	2019 £'000	2018 £'000
Turnover	86	98
Cost of sales	(78)	(74)
Gross profit	8	24
Administration	(8)	(12)
Profit before Gift Aid payment	-	12
Gift Aid payment to the company	-	(12)
Retained losses brought forward	-	-
Retained in subsidiary	-	-
Analysis of net assets / liabilities:		
Current assets	105	44
Current liabilities	(105)	(44)
Net assets	-	-

**5. HFT PROPERTY LIMITED**

Hft has a wholly owned property subsidiary, which is incorporated in the England and Wales, with a registered office at 5/6 Brook Office Park, Folly Brook Road, Emersons Green, Bristol. Hft Property Limited (company registration 03216502) develops property to provide residential accommodation for people with learning disabilities. The company distributes its taxable profits to HF Trust Limited. A summary of the trading results is shown below. Audited financial statements have been filed with the Registrar of Companies.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation	-	-
Administration	-	(3)
Net expenditure	-	(3)
Deferred capital grant credited to profit and loss account	-	-
Lease income from HF Trust Limited	-	24
Rent payable to HF Trust Limited	-	(9)
Profit before dividend payment	-	12
Gift Aid payment	-	(12)
Retained profits/ loss brought forward	-	-
Retained in subsidiary	-	-
Analysis of net assets:		
Tangible fixed assets	-	-
Current assets	6	16
Current liabilities	(6)	(16)
Net assets	-	-

**6. LUV2MEETU COMMUNITY INTEREST COMPANY**

Hft is the sole member of a company limited by guarantee. Luv2meetU Community Interest Company (company registration 07399511) is incorporated as a Community Interest Company and is registered in England and Wales, with a registered office at Listonshiels Resource Centre, Bierley Lane, Bierley, Bradford, West Yorkshire. A summary of the trading results is shown below. Audited financial statements have been filed with the Registrar of Companies.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	56	70
Operating expenditure	(68)	(84)
Net income	(12)	(14)
Retained profit brought forward	1	15
Retained in subsidiary	(11)	1
Current assets	(11)	90
Current liabilities	11	(89)
Net assets	-	1

**7. OTHER INCOME**

Other income comprises:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	-	-
Insurance Claim funds	-	200
Gains on disposal of tangible fixed assets	551	4,143
Total other income	551	4,343

**8. EXPENDITURE**

<b>a) Analysis of expenditure</b>	<b>Direct staff costs £'000</b>	<b>Other direct costs £'000</b>	<b>Support costs £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Raising funds	718	245	208	1,171	1,173
Charitable activities:					
Service costs	59,410	11,737	8,337	79,484	75,023
Special projects	566	798	-	1,364	1,510
Community Interest company costs	68	-	-	68	84
Property subsidiary expenditure	-	-	-	-	3
	<u>60,044</u>	<u>12,535</u>	<u>8,337</u>	<u>80,916</u>	<u>76,620</u>
Other:					
Marketing and publicity costs	317	185	-	501	492
Trading activities costs	-	86	-	86	146
Investment management fees	-	24	-	24	28
Merger and acquisition costs	-	-	-	-	62
Governance	141	66	-	207	186
	<u>458</u>	<u>361</u>	<u>-</u>	<u>818</u>	<u>914</u>
<b>Total expenditure</b>	<u><b>61,220</b></u>	<u><b>13,140</b></u>	<u><b>8,545</b></u>	<u><b>82,905</b></u>	<u><b>78,707</b></u>

Special project costs relate to projects funded from charitable sources and the purchase of specific items of equipment for services. All activities are carried out directly by the company.

<b>b) Analysis of support costs</b>	<b>Raising funds costs £'000</b>	<b>Service costs £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Operations	37	1,493	1,530	1,365
Human Resources	53	2,124	2,177	1,936
Finance and Company Secretary	27	1,097	1,124	1,103
Estates	48	1,933	1,981	1,533
Information Technology	37	1,482	1,519	1,017
Corporate Management	6	208	214	192
<b>Total support costs</b>	<u><b>208</b></u>	<u><b>8,337</b></u>	<u><b>8,545</b></u>	<u><b>7,146</b></u>

<b>c) Analysis of professional and trustee costs</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Allocation of staff and other costs	-	-
Internal assurance	62	75
External audit	53	52
Legal, professional & consultancy fees	36	26
Trustee expenses and meeting costs	15	16
Trustee training	1	2
Trustee liability and other insurance costs	12	12
AGM costs	2	1
<b>Total professional and trustee costs</b>	<u><b>181</b></u>	<u><b>184</b></u>

**9. NET INCOME/ (EXPENDITURE)**

	2019 £'000	2018 £'000
Net income/(expenditure) is stated after charging:		
Operating lease charges:		
Land & buildings	1,342	1,304
Motor vehicles	659	680
Auditor's remuneration (company £41k; 2018: £46k)	43	45
Auditor's remuneration – tax advice, assurance reports	10	2
Impairment of fixed assets	526	120
Depreciation	1,069	1,130
Amortisation	373	253
Profit on the sale of fixed assets	549	4,143

**10. EMPLOYEES**

The average number of persons employed by the group & parent charity during the year and their salary and wages costs were:

	Number	2019 £'000	Number	2018 £'000
Salaries:				
Fundraising & Trading	21	718	27	663
Services & Projects	3,303	47,387	3,240	46,318
Special Projects	33	567	35	574
Support & Governance	170	4,456	145	4,157
Acquisition		-	-	-
	<u>3,527</u>	<u>53,128</u>	<u>3,447</u>	<u>51,712</u>
Other staff costs:				
National Insurance costs		3,915		3,843
Pension costs		1,269		1,043
		<u>58,312</u>		<u>56,598</u>

The total emoluments of employees earning more than £60k (including benefits in kind, but excluding employer's pension contributions) fall within the following bandings:

	2019 No.	2018 No.
£60,001 - £70,000	3	5
£70,001 - £80,000	-	1
£80,001 - £90,000	3	1
£90,001 - £100,000	1	3
£130,001- £140,000	1	1

For those staff whose emoluments exceed £60k per annum, pension contributions amounting to £30k (2018:£31k) were paid for the provision of money purchase benefits. All of these staff benefits accruing under the Group Personal Pension Plan and, in addition, two have accrued benefits under the defined benefit pension scheme (prior to the closure of the scheme).

Key management personnel are deemed to be the Trustees together with the Executive Management team. The total emoluments of the Executive Management team were as follows.

Group and parent	2019 £'000	2018 £'000
Emoluments	577	570
Employers national insurance contributions	65	65
Employers pension fund contributions	26	32
	<u>668</u>	<u>667</u>

No member of the Executive management team received any other remuneration such as long term incentive schemes, shares or compensation for loss of office. No member of the Executive Management team waived any emoluments.

Included within the employment costs above are redundancy and termination payments totalling £179k (2018: £218k). These payments are recognised as soon as the liability to the charity crystallises under the terms of the agreement with the employee.

The Trustees received no emoluments during the year (2018: £nil). The aggregate amount of expenses incurred by Trustees during the year amounted to £13k (2018: £12k). These were in respect of 14 Trustees (2018:13) and represented reimbursement of travel and subsistence expenditure and the costs of meetings and visits.

#### 11. (a) INTANGIBLE FIXED ASSETS

Group and company		Computer software £'000
Cost:	At 1 April 2018	1,848
	Additions	228
	Transfer from tangible fixed asset	-
	At 31 March 2019	<u>2,076</u>
Amortisation:	At 1 April 2018	253
	Charge for the year	<u>373</u>
	At 31 March 2019	<u>626</u>
Net book value:	At 31 March 2019	<u>1,450</u>
	At 31 March 2018	<u>1,594</u>

Included within the computer software is £67k (2018: £568k) of assets in the course of construction.



**11. (b) TANGIBLE FIXED ASSETS**

		Freehold land & buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Company</b>					
Cost:	At 1 April 2018	77,818	2,209	869	80,896
	Additions	1,206	87	-	1,293
	Disposals	(2,305)	-	-	(2,305)
	Transfers	-	-	-	-
	At 31 March 2019	76,719	2,296	869	79,884
<b>Depreciation:</b>					
	At 1 April 2018	15,212	836	727	16,775
	Charge for the year	659	333	75	1,067
	Impairment loss	526	-	-	526
	Disposals	(647)	-	-	(647)
	At 31 March 2019	15,750	1,169	802	17,721
<b>Net book value:</b>					
	At 31 March 2019	60,969	1,127	67	62,163
	At 31 March 2018	62,606	1,373	142	64,121
<b>Group</b>					
Cost:	At 1 April 2018	78,175	2,209	869	81,253
	Additions	1,206	87	-	1,293
	Disposals	(2,305)	-	-	(2,305)
	Transfers	-	-	-	-
	At 31 March 2019	77,076	2,296	869	80,241
<b>Depreciation:</b>					
	At 1 April 2018	15,569	836	727	17,132
	Charge for the year	659	333	75	1,067
	Impairment loss	526	-	-	526
	Disposals	(647)	-	-	(647)
	At 31 March 2019	16,107	1,169	802	18,078
<b>Net book value:</b>					
	At 31 March 2019	60,969	1,127	67	62,163
	At 31 March 2018	62,606	1,373	142	64,121

In the opinion of the Trustees there is no material difference between the carrying value of the land and buildings above, and the market value.

Impairment charges are shown as a cost to Charitable Activities in the SOFA.

**12. FIXED ASSET INVESTMENTS**

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Market value:				
At 1 April 2018	5,060	4,988	5,060	4,988
Income reinvestment	167	145	167	145
Additions via gift	774	985	774	985
Disposals	-	(814)	-	(814)
Net gain/(loss) on investment assets	348	(216)	348	(216)
Investment management charges	(31)	(28)	(31)	(28)
At 31 March 2019	6,318	5,060	6,318	5,060

Investments are represented by:

	Cost 2019 £'000	Market value 2019 £'000	2018 £'000	Gross income 2019 £'000	2018 £'000
Investments listed in the UK:					
Common investment funds	60	61	61	-	(3)
Fixed Interest	1,269	1,290	807	46	26
Equity shares	1,685	2,077	1,552	85	58
Property and other funds	1,051	1,383	1,223	41	44
Cash	184	184	400	1	1
Interest	-	18	3	-	-
	<u>4,249</u>	<u>5,013</u>	<u>4,046</u>	<u>173</u>	<u>126</u>
Investments listed outside the UK:					
Equity shares	<u>950</u>	<u>1,305</u>	<u>1,014</u>	<u>23</u>	<u>15</u>
Company & Group	<u>5,199</u>	<u>6,318</u>	<u>5,060</u>	<u>196</u>	<u>141</u>

There are no particular investments which are considered to be individually material in the context of the overall investment portfolio, in either year. Hft owns the whole of the issued share capital of Hft Trading Limited: 100 ordinary shares of £1 each issued at par. Hft Trading Limited is registered in England and Wales.

Hft owns the whole of the issued share capital of Hft Property Limited: two ordinary shares of £1 each issued at par registered in England and Wales. In addition, as the sole member of a company limited by guarantee, Hft wholly controls Luv2meetU Community Interest Company. Luv2meetU Community Interest Company is incorporated as a Community Interest Company and registered in England and Wales.

### 13. STOCKS

Stocks comprise bought in items for Hft Trading Limited.

### 14. DEBTORS

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Due within one year:				
Loan due from Hft Trading Limited	-	-	10	10
Other amounts due from subsidiary				
-Hft Trading Limited	-	-	53	25
-Hft Property Limited	-	-	2	12
-Luv2meetu CIC	-	-	151	83
Loan due from Dimensions (UK) Ltd	42	42	42	42
Fees and grants	5,098	3,269	5,082	3,259
Other debtors	1,000	428	1,000	428
Prepayments	653	640	653	640
Accrued income	993	1,978	993	1,978
	<u>7,786</u>	<u>6,357</u>	<u>7,986</u>	<u>6,477</u>

The loan due from Hft Trading Limited is unsecured and renewable annually. Interest is charged at the base lending rate of Lloyds Bank plc.

The loan due from Dimensions (UK) Limited represented an advance for the purchase of a property and was secured against this property. The loan was repayable only on the sale of the property, together with specified proportions of the excess of the sale proceeds over the advance. The loan carried no interest.

**15. CASH AT BANK AND IN HAND**

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash and bank balances	<u>6,478</u>	<u>6,976</u>	<u>6,240</u>	<u>6,844</u>
	<b>6,478</b>	<b>6,976</b>	<b>6,240</b>	<b>6,844</b>

**16. CREDITORS**

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Due within one year:				
Mortgage loans (see note 19)	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Interest free loans (see note 18)	<u>158</u>	<u>165</u>	<u>158</u>	<u>165</u>
Trade creditors	<u>1,007</u>	<u>1,980</u>	<u>944</u>	<u>1,980</u>
Taxation and social security payable	<u>1,077</u>	<u>998</u>	<u>1,077</u>	<u>998</u>
Other creditors	<u>225</u>	<u>801</u>	<u>225</u>	<u>801</u>
Accruals	<u>3,993</u>	<u>2,936</u>	<u>4,012</u>	<u>2,929</u>
Deferred income	<u>388</u>	<u>473</u>	<u>388</u>	<u>473</u>
	<b>6,888</b>	<b>7,393</b>	<b>6,844</b>	<b>7,386</b>
Due after more than one year:				
Mortgage loans (see note 19)	<u>400</u>	<u>440</u>	<u>400</u>	<u>440</u>
	<b>400</b>	<b>440</b>	<b>400</b>	<b>440</b>

**Mortgage loans – repayable after more than one year:**

Between one and two years	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Between two and five years	<u>110</u>	<u>120</u>	<u>110</u>	<u>120</u>
In more than five years	<u>250</u>	<u>280</u>	<u>250</u>	<u>280</u>
	<b>400</b>	<b>440</b>	<b>400</b>	<b>440</b>

	Group	Company
	£'000	£'000
Deferred income reconciliation		
At 1 April 2018	4,012	4,012
Released during year	(4,012)	(4,012)
Provided during year	<u>388</u>	<u>388</u>
At 31 March 2019	<b>388</b>	<b>388</b>

**17. PROVISIONS FOR LIABILITIES**

We have provided for a lease which has a termination date of July 2019, this was brought forward from previous years and £67k was released during the year against rental payments made during the year before making this years' provision. In the year to 31<sup>st</sup> March 2019 we reviewed all leases and found no additional need for lease provisions.

	At 1 April 2018	Movement	At 31 March 2019
	£'000	£'000	£'000
Group & Company - Movement during the year			
Lease provision	<u>84</u>	<u>40</u>	<u>124</u>
Repairs provision	<u>89</u>	<u>3</u>	<u>92</u>
	<b>173</b>	<b>43</b>	<b>216</b>

**18. INTEREST FREE LOANS**

The interest free loans are repayable on demand. At 31 March 2019, the interest free loans were wholly covered by cash and investments.

**19. MORTGAGE****Mortgage loans**

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cornwall County Council	250	250	250	250
People 2000 Limited	190	230	190	230
	<u>440</u>	<u>480</u>	<u>440</u>	<u>480</u>

- (a) The mortgage loan of £250k is an interest free loan secured by a first charge on the freehold property of the Cornwall Day Centre which is held in the books with a net book value of £673k. The loan will become repayable if Hft should terminate the agreement, dated January 1992, with Cornwall County Council for the provision by Hft of accommodation and services for individuals with learning disabilities. In addition, the loan will become repayable if Hft should sell, lease or cease to use the day centre for individuals with learning disabilities.
- (b) The mortgage loan of £190k is a 10 year amortising loan from People 2000 Limited, to fund developments in St Austell and is secured on three properties in Devon which are held in the books with a combined net book value of £669k. The loan carries an interest rate of 2% above base rate, subject to a minimum rate of 2.5% and a maximum of 7.5%.

**20. STATEMENT OF FUNDS**

	Restricted Funds £'000	General Reserve £'000	Designated Funds £'000	Pension Reserve £'000	Total Unrestricted Funds £'000	Total Funds £'000
<b>Company</b>						
At 1 April 2018	17,628	8,245	50,224	-	58,469	76,097
Income	1,472	81,486	-	-	81,486	82,958
Expenditure	(710)	(81,448)	(593)	-	(82,041)	(82,751)
Other recognised gains / (losses)	-	393	-	-	393	393
Fixed asset transfers	-	746	(746)	-	-	-
At 31 March 2019	18,390	9,422	48,885	-	58,306	76,697
At 1 April 2017	17,455	(3,139)	55,758	-	52,619	70,074
Income	1,236	83,614	-	-	83,614	84,850
Expenditure	(1,063)	(76,788)	(760)	75	(77,473)	(78,536)
Other recognised gains / (losses)	-	(216)	-	(75)	(291)	(291)
Fixed asset transfers	-	4,774	(4,774)	-	-	-
At 31 March 2018	17,628	8,245	50,224	-	58,469	76,097
<b>Group</b>						
At 1 April 2018	17,628	8,257	50,224	-	58,481	76,109
Income	1,472	81,630	-	-	81,630	83,102
Expenditure	(710)	(81,602)	(593)	-	(82,196)	(82,905)
Other recognised gains / (losses)	-	393	-	-	393	393
Fixed asset transfers	-	746	(746)	-	-	-
At 31 March 2019	18,390	9,424	48,885	-	58,309	76,699
At 1 April 2017	17,455	(3,124)	55,758	-	52,634	70,089
Income	1,236	83,782	-	-	83,782	85,018
Expenditure	(1,063)	(76,959)	(760)	75	(77,644)	(78,707)
Other recognised gains / (losses)	-	(216)	-	(75)	(291)	(291)
Fixed asset transfers	-	4,774	(4,774)	-	-	-
At 31 March 2018	17,628	8,257	50,224	-	58,481	76,109

**Restricted funds**

Comprises the project fund and the fixed asset fund (see note 23).

**Unrestricted funds**

The general reserve represents the working capital operating reserve of the group. The designated fund comprises the capital project fund and the fixed asset fund (see note 22).

**Transfers**

The fixed asset transfers reflect the net funds expended on tangible fixed assets during the year. Land and buildings acquired from restricted funds are held in the restricted fixed asset fund.

The fund transfer of £nil (2018: £Nil) from the general reserve to designated funds reflects the designation of funds towards capital development commitments. There has been no transfer during the year in order to establish the agreed level of general reserves and contingent liabilities.

**21. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS****Representation of fund balances**

	Restricted Funds £'000	General Reserve £'000	Designated Funds £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
<b>Group</b>					
Tangible & intangible assets	12,946	1,343	49,324	63,613	65,715
Fixed asset investments	-	6,318	-	6,318	5,060
Cash and bank balances	5,444	1,034	-	6,478	6,975
Other current assets	-	7,794	-	7,794	6,365
Current liabilities	-	(6,848)	(40)	(6,888)	(7,393)
Long-term liabilities	-	-	(400)	(400)	(440)
Provision for liabilities and charges	-	(216)	-	(216)	(173)
<b>Net assets</b>	<b>18,390</b>	<b>9,425</b>	<b>48,884</b>	<b>76,699</b>	<b>76,109</b>
<b>Company</b>					
Tangible & intangible assets	12,946	1,343	49,324	63,613	65,715
Fixed asset investments	-	6,318	-	6,318	5,060
Cash and bank balances	5,444	795	-	6,240	6,844
Other current assets	-	7,986	-	7,986	6,477
Current liabilities	-	(6,804)	(40)	(6,844)	(7,386)
Long-term liabilities	-	-	(400)	(400)	(440)
Provision for liabilities and charges	-	(216)	-	(216)	(173)
<b>Net assets</b>	<b>18,390</b>	<b>9,422</b>	<b>48,884</b>	<b>76,697</b>	<b>76,097</b>

**Prior year Representation of fund balances**

	Restricted Funds £'000	General Reserve £'000	Designated Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
<b>Group</b>					
Tangible & intangible assets	13,417	1,594	50,704	65,715	64,804
Fixed asset investments	-	5,060	-	5,060	4,988
Cash and bank balances	4,211	2,765	-	6,976	(934)
Other current assets	-	6,365	-	6,365	14,193
Current liabilities	-	(7,353)	(40)	(7,393)	(12,287)
Long-term liabilities	-	-	(440)	(440)	(480)
Provision for liabilities and charges	-	(173)	-	(173)	(195)
<b>Net assets</b>	<b>17,628</b>	<b>8,257</b>	<b>50,224</b>	<b>76,109</b>	<b>70,089</b>
<b>Company</b>					
Tangible & intangible assets	13,417	1,594	50,704	65,715	64,804
Fixed asset investments	-	5,060	-	5,060	4,988
Cash and bank balances	4,211	2,633	-	6,844	(1,064)
Other current assets	-	6,478	-	6,478	14,264
Current liabilities	-	(7,346)	(40)	(7,386)	(12,243)
Long-term liabilities	-	-	(440)	(440)	(480)
Provision for liabilities and charges	-	(173)	-	(173)	(195)
<b>Net assets</b>	<b>17,628</b>	<b>8,245</b>	<b>50,224</b>	<b>76,097</b>	<b>70,074</b>

## 22. DESIGNATED FUNDS - GROUP

Designated funds comprise the following individual funds:

	At 1 April 2018	Expend- iture	Fixed asset transfers	Fund transfers	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Designated fixed asset fund	<u>50,224</u>	<u>(593)</u>	<u>(746)</u>	<u>-</u>	<u>48,885</u>

The fixed asset fund represents the net book value of all unrestricted tangible fixed assets, less associated mortgage liabilities.

**23. RESTRICTED FUNDS – GROUP AND COMPANY**

	At 1 April 2018	Income	Expend- iture	Fixed asset transfers	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000
<b>General service restrictions:</b>					
Gloucestershire	32	131	(14)	-	149
Sheffield	24	1	(2)	-	23
The Wirral	23	6	(2)	-	27
Kent South	19	31	(23)	-	27
South Oxfordshire	121	20	(15)	-	126
Herts & Essex	56	9	(4)	-	61
Devon East	42	4	(2)	-	44
Devon North East legacy	312	-	-	-	312
Leeds	35	23	(2)	-	56
Bedfordshire	17	42	(6)	-	53
Arden Vale	47	35	(17)	-	65
Cornwall	3	18	(12)	-	9
Cornwall (RMH)	17	-	-	-	17
Kingston-upon-Thames	34	44	(6)	-	72
North Oxfordshire	38	6	(0)	-	44
Bristol	4	4	(1)	-	7
Bradford	63	13	0	-	76
Kent North	117	95	0	-	212
Sussex	123	104	(13)	-	214
Shropshire	24	11	(1)	-	34
Leicestershire	20	2	0	-	22
London	16	13	(12)	-	17
Wiltshire	114	5	(1)	(1)	117
Lancashire	0	2	0	(1)	1
Newcastle	11	5	0	-	16
Forest of Dean	8	2	-	-	10
Other project grants: L2MU, PT	216	-	(33)	-	183
Newcastle Edward Lloyd Trust	877	-	-	-	877
<b>Other restrictions:</b>					
Edenbridge legacy	645	-	-	-	645
Extra Special Trust	-	774	-	-	774
Tiverton Drop-In Centre	57	-	-	-	57
Design for Life - East Midlands	408	-	-	-	408
Design for Life - Lancashire	53	-	-	-	53
West Sussex - Community Fund	137	72	(72)	-	137
Others Grants & Donations	498	-	-	-	498
Restricted project fund	4,211	1,471	(238)	(2)	5,445
Restricted fixed asset fund	13,417	-	(472)	1	12,946
Total restricted funds	17,628	1,471	(710)	(1)	18,390

General Service restrictions: Funds donated specifically for services which comprises of donations to be spent locally on people we support and larger donations to be spent on building works.

Edenbridge Legacy: A specific donation of £1m from Mrs Potts for general use benefitting the people we support in Kent North – funds have been used to develop the hostel on site.

Tiverton Drop-in Centre: In 2009 Sea Mead Charitable Trust donated £408k to support development of the Tiverton Drop-in Centre and to support an individual in his woodwork craft.

Design for Life - East Midlands: For the building and furnishing of 8 apartments in Kibworth Leicestershire.



**Design for Life – Lancashire:** A long term appeal headed primarily by Andrew Collinge and Joan McClarnon to refurbish buildings at Stanley Grange, Preston. The majority of these funds were transferred with the sale of Stanley Grange in the year ending 31st March 2016.

**West Sussex - Community Fund:** Since 2011 the Gerald Micklem Charitable Trust has donated £458k primarily for day services at Walberton concentrating mainly on Sussex Orchards. Money is given annually for the coming financial year.

**Extra Special Trust –** donated £774k for the income to be used to provide people we support with exceptional items to enhance their lives.

**Other grants & donations:** This includes individual smaller donations of less than £30k.

## 24. PENSION COMMITMENTS

### (a) Home Farm Trust Retirement Benefits Scheme

During the year, the group operated a defined benefits pension scheme (the "RBS"). On 26 October 2005 the company ceased contributions to this scheme in respect of future accruals. The members of the scheme were offered membership of the new Group Personal Pension Plan with effect from 1 November 2005, as detailed in (b) below.

The scheme is administered by the Trustees of the scheme and provides benefits based on final pensionable salary. The assets of the fund are held independently from those of the group and are invested with Legal & General Investment Management, M&G Investments and Newton Investment Management. Contributions are assessed on the advice of an independent qualified actuary on the basis of valuations using the projected unit method. The most recent full valuation of the scheme was as at 31 March 2017.

In July 2008 the company granted the RBS a £1m floating charge over its assets. The costs to the group of funding the RBS are accounted for in accordance with the rules on accounting for defined benefit pension schemes in FRS102.

### FRS 102 - assumptions, asset, liability and reserves disclosures

The full valuation of the scheme as at 31 March 2019 was performed by the scheme actuary, an employee of Capita plc.

### Employee benefit obligations

The assets and liabilities of the scheme on an FRS102 basis were:

	2019 £'000	2018 £'000
<b>Group and Company</b>		
Fair value of scheme assets	16,063	15,837
Present value of defined benefit obligation	(13,347)	(13,203)
<b>Surplus in scheme</b>	2,716	2,634
Restriction on asset limit under paragraph 28.22 FRS 102	(2,716)	(2,634)
<b>Defined benefit asset/(liability) recognised in the balance sheet</b>	-	-

### Expense Recognised in the Statement of Financial Activities

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2019 £'000	2018 £'000
<b>Group and Company</b>		
Net interest on defined benefit liability	-	-
Restriction on net interest due to paragraph 28.22 FRS 102 asset limit	-	-
<b>Total recognised in statement of financial activities</b>	-	-

### Amounts taken to Other Comprehensive Income

	£'000	£'000
<b>Group and Company</b>		
Actual return on scheme assets – gains and (losses)	978	91
Less: amounts included in net interest on the defined benefit liability	(394)	(347)
Return on scheme assets excluding interest income	584	(256)
Actuarial gains and (losses)	(515)	859
Changes to the asset restriction under paragraph 28.22 FRS 102	(69)	(678)
<b>Re-measurement loss recognised in Consolidated SoFA</b>	0	(75)

**Changes in the present value of the defined benefit obligation  
Group and Company**

	2019	2018
	£'000	£'000
Opening defined benefit obligation	13,203	14,619
Benefits paid	(752)	(904)
Interest cost	328	347
Remeasurement (gains) and losses	515	(859)
Past service costs	53	-
Closing defined benefit obligation	13,347	13,203

**Changes in the fair value of scheme assets  
Group and Company**

	2019	2018
	£'000	£'000
Fair value of scheme assets at beginning of period	15,837	16,575
Interest income	394	347
Re-measurement gains and (losses)	584	(256)
Return on scheme assets excluding interest income		
Contributions by employer	0	75
Benefits paid including expenses	(752)	(904)
Closing fair value of scheme assets	16,063	15,837

The major categories of scheme assets as a percentage of total scheme assets :

	2019	2018
Equities and other growth assets	19.70%	19.00%
Government bonds	51.30%	52.30%
Corporate bonds	27.50%	26.70%
Insured annuities	1.30%	1.30%
Cash	0.20%	0.70%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Pension costs are allocated solely against unrestricted reserves.

**Principal actuarial assumptions**

Group and Company	2019	2018
		Per annum
Discount rate	2.30%	2.55%
Retail prices index (RPI) inflation	3.35%	3.20%
Consumer prices index (CPI) inflation	2.35%	2.20%
Future increases in deferred pensions	2.35%	2.20%
Rate of increase to pensions in payment	2.35%	2.20%
RPI (max 5% pa)	3.15%	3.05%
Discretionary increase (per 6/4/1997 pension)	none	none

Post retirement mortality

S2PA tables with CMI 2013 projections subject to a long term improvement of 1.25%.

Cash commutation	2019	2018
Members assumed to commute pensions benefits for tax free cash at retirement equal to 75% of the maximum permitted		
Future life expectancy of male aged 65 at balance sheet date	22	22.1
Future life expectancy of male achieving age 65 20 years after balance sheet date	23.4	23.5
Future life expectancy of female aged 65 at balance sheet date	23.9	24.0
Future life expectancy of female achieving age 65 20 years after balance sheet date	25.4	25.5

**(b) Group Personal Pension Plan**

During the year, the company operated a Group Personal Pension Plan provided through Scottish Equitable plc. With effect from the date of commencement of automatic enrolment in to The Peoples Pension Scheme (see below), the Group Personal Pension Plan closed to new members.

The company contributions to this plan are dependent on individual contracts of employment, varying between 3% and 9% of earnings. Members of this plan will contribute a minimum percentage of earnings as defined by government policy.

The assets of the plan, which are held separately from those of the company, are invested with Aegon Plc. The pension charge for the year was £265k (2018: £244k). The charge for the year includes £125k (2018: £114k) contributed under an employee salary sacrifice scheme. An amount of £20k was owing to the plan in respect of contributions as at 31 March 2019 (2018: £19k).

Contributions paid and costs incurred, by the company, are charged as expenditure in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes in FRS 102.

**(c) NHS Pension Scheme**

Contributions have been made to the NHS Pension Scheme in respect of staff transferred to the company under the Bradford day services contract (since February 2012) and Oxford Vale contract (since September 2012).

The NHS Pension Scheme is an approved multi-employer defined benefit scheme. Hft is unable to identify its share of the assets and liabilities of the scheme at the balance sheet date and as such is treated as a defined contribution scheme in accordance with FRS102.

Contributions to the scheme are charged to the SOFA in the period in which they fall due. The current contribution rate is 14.3% as determined by Government Actuary using the Projected Unit Method. The amount charged to the SOFA was £232k (2018: £382k) and contributions owing to the scheme as at 31 March 2019 were £17k (2018: £30k).

**(d) Local Government Pension Scheme**

The company is classified as an admitting body for the West Yorkshire Pension Fund and Oxford County Council Pension Fund following the transfer of staff under the Bradford day services and Oxford Vale contracts.

The share of the deficit on each of these schemes attributable to the company has been calculated by the scheme actuaries and in the opinion of the Trustees is not material individually or in total. The schemes are accordingly accounted for as defined contribution schemes and contributions to the scheme are charged to the SOFA in the period in which they fall due.

The company's contribution rate payable to the West Yorkshire Pension Fund is 15.7% and to the Oxford County Council Pension Fund is 19.9% of earnings, as determined by the scheme actuary in each case.

The amount charged to the SOFA in respect of both schemes was £50k (2018: £76k) and contributions owing to the schemes as at 31 March 2019 were £4k (2018: £6k).

In respect of the NHS pension scheme, and the West Yorkshire Pension Fund and the Oxford County Council Pension Fund, the main contributory bodies to these 3 schemes are publically funded statutory bodies. Hft is responsible, under the agreements by which it provides pensions from these 3 pensions funds to its staff, for the contributions in respect of those employees only, and has no liability for any other participating entities' obligations in respect of the schemes.

As a part of the new service in Flintshire Hft pays into the Clwyd Pension Fund. Contributions into the scheme are 20.7% and totalled £171k (2018 £41k) during the year with £13k (2018 £19k) owing to the scheme in respect of contributions.

**(e) Care Fund Group Personal Pension Plan**

During the year, contributions have been made to the Care Fund Limited group personal pension plan in respect of employees transferred on acquisition of the Care Fund group. With effect from the date of commencement of automatic enrolment into The Peoples Pension Scheme (see below), the Group Personal Pension Plan closed to new members.

The group contributions to this plan are dependent on individual contracts of employment, varying between 3% and 13% of earnings and are calculated based on individual salaries at 1 April each year.

Contributions paid and costs incurred, by the group, are charged to expenditure in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes in FRS 102.

The assets of the plan, which are held separately from those of the group, are invested with Standard Life plc. The pension charge for the year was £38k (2018: 77k). An amount of £3k was owing to the plan in respect of contributions as at 31 March 2019 (2018: £6k).

**(f) The Peoples Pension Scheme**

To meet its legal obligations, from its staging date of 1 September 2013, the group commenced automatic enrolment of staff into The Peoples Pension Scheme; the scheme operates under a multi-employer Super Trust.

In addition to the statutory contribution levels of 1% of salary, which will rise in coming years, the group will contribute a maximum of a further 3% of salary, to match an employee's voluntary increase.

Contributions paid and costs incurred, by the group, are charged as expenditure in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes in FRS102.

The pension charge for the year was £630k (2018: £478k). An amount of £52k was owing to the plan in respect of contributions as at 31 March 2019 (2018: £41k).

**(g) Other pension schemes**

During the year, contributions have been made towards schemes in respect of employees transferred on acquisition of the Care Fund group and the Edward Lloyd Trust. The group contributions to this plan are fixed amounts, dependent on individual contracts of employment.

Contributions paid & costs incurred, by the group, are charged as expenditure in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes in FRS 102.

The assets of the plan, which are held separately from those of the group, are invested with Scottish Equitable plc, Friends Provident plc, Nest and Legal & General. The pension charge for the year was £10k (2018: £27k). An amount of £0.7k was owing to the plan in respect of contributions as at 31 March 2019 (2018: £3k).

**25. FINANCIAL COMMITMENTS**

	2019		2018	
Total minimum commitments for non-cancellable operating leases are as follows:	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Amounts payable within one year	840	736	760	625
Amounts payable between one and five years	2,638	1,457	2,574	1,390
Amounts payable in over five years	4,045	-	4,295	-
	<u>7,523</u>	<u>2,193</u>	<u>7,629</u>	<u>2,015</u>

**26. CAPITAL COMMITMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for and not provided	-	-
Authorised by the Council but not contracted for	-	1,800

The amounts authorised by the Council but not contracted for are based on the approved budgets and plans for 2018/19.

**27. CONTINGENT LIABILITIES**

In November 2017 we joined the Social Care Compliance Scheme (SCCS) and committed to calculate and pay salary arrears at National Minimum Wage for the period between November 2011 and January 2017 with sleep-in shifts as working hours. Whilst conversations regarding specific liabilities and calculations were ongoing with HMRC we estimated that the liability would amount to £4.84m in total, however following the impact of the Mencap case in February 2018 we believed that we had no further financial liability for back pay. The SCCS confirmed this situation in early 2019. We are currently awaiting the outcome of the Appeal against the Mencap judgement and, given change in timings and recalculation of liability, we now believe that we would have a liability of £2.9m. Until we have confirmation of the outcome of the appeal we will treat the amount of £2.9m as a Contingent Liability.

A grant of £0.29m was received in respect of the new property at the Calderstones service against the cost of developing the specialist property. The amount received equates to 54% of the cost of the land and buildings and a charge equivalent to this has been placed on the building.

**28. INCOME FROM THE DEVELOPMENT TRUST**

On 30 April 2017 the assets of The Development Trust were consolidated into HF Trust Limited. These consisted of £0.7m of cash and charges over properties in relation to grants which are repayable only if the beneficiaries fail to fulfil the conditions of the grants. Hft do not consider it probable that any of them will become repayable.

**29. RELATED PARTY TRANSACTIONS**

HF Trust Limited is the parent company within a group that prepares consolidated financial statements. The parent company has the following transactions with other group companies:

Hft leased a property from Hft Property Limited at an annual rent of £24k until February 2018, and there is an outstanding balance due from Hft Property Limited of £2k. No management charge was incurred by Hft Property Limited (2018: £500).

Hft has a loan of £10k due and an outstanding balance of £53k from Hft Trading Limited. This loan attracts interest in accordance with Lloyds bank base rate. A management charge of £1,550 is incurred by Hft Trading Limited (2018: £1,550)

Hft has an outstanding balance of £151k due from LUV2MEETU CIC. Costs of £68k were recharged to LUV2MEETU CIC (2018:£82k)

(a) Related transactions in parent company for year ending 31 March 2019:

	Sales	Purchases	Debtor	Creditor
	£'000	£'000	£'000	£'000
HFT Property Limited	-	-	2	-
HFT Trading Limited	-	-	63	-
Luv2meetU	-	-	151	-
Total	-	-	216	-

## (b) Related transactions in parent company for year ending 31 March 2018:

	Sales £'000	Purchases £'000	Debtor £'000	Creditor £'000
HFT Property Limited	9	24	12	-
HFT Trading Limited	2	-	25	-
Luv2meetU	-	-	83	-
<b>Total</b>	<b>11</b>	<b>24</b>	<b>121</b>	<b>-</b>

During the year, no Trustees of Hft were also Trustees of related parties.

**30. CAPITAL**

The charity is a parent company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the group to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 March 2019 is £1k (2018: £1k).

**31. FINANCIAL INSTRUMENTS**

The company's financial instruments are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Financial assets</b>				
<b>Debt instruments</b>				
Trade debtors	5,098	6,357	5,083	3,259
Accrued Income	993	1,978	993	1,978
Intercompany debtors	-	-	216	131
Loan due from Dimensions UK	42	42	42	42
Other debtors	1,000	428	1,000	428
	<b>7,133</b>	<b>8,805</b>	<b>7,334</b>	<b>5,838</b>
<b>Equity Investments</b>				
Listed investments	6,318	5,060	6,318	5,060
<b>Financial Liabilities</b>				
Mortgage loans	400	480	400	480
Interest free loans	158	165	158	165
Bank overdraft	-	-	-	-
Accruals	3,993	3,025	4,012	3,018
Trade creditors	1,007	1,998	944	1,980
Other creditors	225	801	225	801
	<b>5,783</b>	<b>6,469</b>	<b>5,739</b>	<b>6,444</b>

**Equity Instruments**

Equity instruments that are listed on a regulated stock exchange are measured at fair value using observable market inputs. The inputs used in valuing the instruments include indexes provided by these regulated markets.

**32. RESTRICTED FUNDS Prior year – GROUP AND COMPANY**

	At 1 April 2017 £'000	Income £'000	Expend- iture £'000	Fixed asset transfers £'000	At 31 March 2018 £'000
<b>General service restrictions:</b>					
Gloucestershire	13	161	(75)	(67)	32
Sheffield	20	9	(2)	(4)	24
The Wirral	9	20	(3)	(3)	23
Kent South	1	47	(28)	-	19
South Oxfordshire	108	34	(18)	(3)	121
Herts & Essex	59	14	(8)	(9)	56
Devon East	42	-	-	-	42
Devon North East legacy	211	213	(112)	-	312
Leeds	21	16	(2)	(0)	35
Bedfordshire	0	21	(3)	(1)	17
Arden Vale	46	37	(37)	-	47
Cornwall	4	19	(20)	-	3
Cornwall (RMH)	17	-	-	-	17
Kingston-upon-Thames	24	20	(10)	-	34
North Oxfordshire	31	8	(1)	-	38
Bristol	4	4	(4)	-	4
Bradford	51	18	(7)	-	63
Kent North	10	249	(143)	-	117
Sussex	144	114	(135)	-	123
Shropshire	22	10	(7)	-	24
Leicestershire	38	6	(2)	(21)	20
London	8	12	(4)	-	16
Wiltshire	122	2	(10)	-	114
Lancashire	1	5	(4)	(1)	0
Newcastle	5	11	(5)	-	11
Forest of Dean	8	-	-	-	8
Other project grants: L2MU, PT	84	188	(55)	-	216
Newcastle Edward Lloyd Trust	877	-	-	-	877
<b>Other restrictions:</b>					
Edenbridge legacy	645	-	-	-	645
Tiverton Drop-In Centre	57	-	-	-	57
Design for Life - East Midlands	408	-	-	-	408
Design for Life - Lancashire	53	-	-	-	53
West Sussex - Community Fund	137	-	-	-	137
Others Grants & Donations	498	-	-	-	498
Restricted project fund	3,778	1,236	(694)	(109)	4,211
Restricted fixed asset fund	13,677	-	(369)	109	13,417
Total restricted funds	17,455	1,236	(1,063)	-	17,628