



Hansel Alliance

Annual Report & Accounts

**For The Year Ended
31 March 2022**



Scottish Charity N0: SC027681

Company Limited by Guarantee No: SC184374

Hansel Alliance

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Vision

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

Mission

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

Our Values

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

Hansel Alliance

Directors' Report for the year ended 31 March 2022

The Directors have pleasure in presenting the annual report together with the audited accounts for the year ended 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102).

Our Purposes and Significant Activities

The principal object and activity of Hansel Alliance is to assist adults with additional support needs, for whom the organisation provides services, to realise their potential in all spheres of their lives. Hansel was established to make a positive difference to people's quality of life, and to enable them to lead lives of richness and meaning.

In pursuance of the above, Hansel Alliance provides a wide and diverse range of community, residential and vocational services.

Hansel Alliance's support options comprise three principal service categories (the financial results for which are separately reported within the Statement of Financial Activities on page 18), and a number of service sub classifications as follows;

- | | | |
|--------------------------------------|---|--|
| Residential services | - | registered residential care home services |
| | - | respite and short break supports |
| Domiciliary care & outreach services | - | care at home and supported living services |
| | - | lifestyle supports |
| Employability activities | - | employment programme delivery |
| | - | employability and employment opportunities through social enterprise activities. |

Strategic Report

Achievements and performance

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

As widely experienced across the care sector, the last quarter of the financial year proved the most difficult for all operational activity due to the Covid-19 Omicron variant having unprecedented impact on staffing resources, again due to necessary self-isolation requirements in addition to underlying job vacancies within services. It would be into the next reporting period that this pressure would begin to ease, however disruption to service provision towards the end of financial year 2021/22 introduced mounting pressure on expenditure levels as external agency staff were engaged, where available, at premium cost.

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

Over the course of the year Hansel Alliance services continued to maintain levels of support for most people through the pandemic journey, albeit not always following usual or normal support arrangements. The scaling back of some services and support continued to be necessary where the requirement for social distancing measures to control virus spread was not practicable, or had limited scope. Although the extent to which disruption to support and daily life varied quite considerably across operations, it was evident that impact of the pandemic had a detrimental effect on all services and individuals, to varying degrees, whether receiving support or in our employment.

The financial out-turn reported for the year again is reflective of the essential funding support mechanisms put in place by Scottish Government for social care services. Through local 'mobilisation plans', additional funding to address cost implications, and also loss of income where it was not possible to maintain support due to Covid-19 restrictions, proved vital again, as it did in the previous financial year. As reported within the Income and Expenditure Account, this government funding support for Hansel Alliance is close to £400k for the year, down on the £1M level of support in 2020/21 that included contribution from HMRC's CJRS furlough scheme.

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

Hansel Alliance

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

In anticipation of both opportunities and challenges that will follow on from Covid-19 pandemic recovery Directors worked alongside the parent charity's Board to further review and refresh Hansel Alliance's development objectives, with key priorities being set out within Hansel's overarching Strategic Road Map for the period 2021 to 2024. Progress was made within the reporting period to identify and begin planning of a number of important initiatives, more detail of which is provided within the 'plans for future periods' section below.

Over the course of the reporting period Hansel Alliance maintained service provision as described within the following paragraphs.

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

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

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

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

Hansel Alliance

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

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

Financial review

In terms of financial performance for the year under review, the Statement of Financial Activities set out on page 18 shows that gross income decreased by 1.75% to £10.7m whilst total expenditure decreased by 1.73% to £10.6m. Total funds therefore increased over the year by £106,311 (2021 increase of £109,873), an out-turn which is considered below financial sustainability targets for Hansel Alliance.

The decrease in gross income compared to the previous financial year reflects reduced capacity within the Connect service following furlough and subsequent staff redundancies during the previous financial year. This service downsizing has therefore lowered the cost base (number of employees) as well as income generating capacity for that service.

Reserves Policy and Going Concern

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

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

Hansel Alliance

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

In addition to anticipated challenges in maintaining sustainable care and support service delivery, Hansel's employment and enterprise activities - Hansel 3e - will continue to face funding uncertainties over the course of the next few years. A development plan for Hansel 3e approved by the Board of Directors in March 2019 identifies a range of development opportunities to secure sustainable enterprise activity and identify new employment work streams. This plan, now updated, will remain vital to future 3e development given the continuing impact of the Covid-19 pandemic.

Through a review of reserve levels required for Hansel Alliance's activities, mindful of continuing risk introduced by the Covid-19 pandemic, the Directors have determined that it would be desirable to maintain unrestricted funds at a level that approximates to one month's projected operational costs, estimated at £868,000 at 31 March 2022. As at that date Hansel Alliance's unrestricted reserves total £471,683, of which the designated tangible fixed asset fund is £165,687, resulting in a general reserve of £305,996. The Directors of Hansel Foundation have determined that the current level of free reserves held by Hansel Foundation should firstly be applied to fulfilling any potential commitment to cross guarantee arrangements with Hansel Alliance.

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

Pensions

Hansel Alliance operated two pension schemes during the year;

1. a defined contribution scheme operated by Scottish Widows available to senior members of staff and former members of the Strathclyde Pension Fund, and,
2. a defined contribution 'auto-enrolment' scheme for all other eligible employees.

The charity remains committed to its pension obligations to employees, and pensions in general, as a key part of its remuneration package.

Plans for future periods, and principal risks and uncertainties

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

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

Hansel Alliance

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

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

<u>Key Strategic Aim</u>	<u>Objective</u>
Sustainability:	<ul style="list-style-type: none">• Create a more streamlined care service management infrastructure, adopting a locality model.• Redesign Connect service as a sustainable model, preserving fundamental principles of person-centredness and choice.• Implement a marketing strategy for 3e activities, to grow business and service volumes.• Increase proportion of skilled staff in 3e social enterprises to enhance productivity.
Responding to Changing Environment:	<ul style="list-style-type: none">• Research and develop new care and support service models, and broaden our customer base.
Developing our Service Models:	<ul style="list-style-type: none">• Design and market new affordable and sustainable short-break options.• Review and redesign core business activity for Lindy's tearoom.

In relation to operations going forward, a key area of resourcing uncertainty will link with Scottish Government's commitment to maintaining a fair wage structure across all care sector job roles and functions. Whilst commitment to the Real Living Wage has brought a welcome rise to rates of pay for front line care team members, longstanding pressures on funding levels, dating back to 2010, have incrementally called into question the validity of the pay structure applied across all posts within the organisation, including management and corporate support roles.

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

Statement of Directors' Responsibilities

The Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

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

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

Reference and Administrative Details, Trustees and Advisers

Hansel Alliance is a registered charity (No. SC027681) and a company (No. 184374) limited by membership guarantee.

Registered Office: - Murdoch House, Broadmeadows
Symington, Ayrshire, KA1 5PU

Contact: - Tel. No. : 01563 830340
Email : info@hansel.org.uk

Principal Professional Advisers

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

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

Board of Directors

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

James W. McIntyre	(Chairman)
David G. Chalmers	
Adam Currie	(deceased 9 July 2022)
Alastair H. Dewar	(resigned 15 December 2021)
Carolann Lanigan	(resigned 15 December 2021)
Gerald D. Lindsay	(Managing Director)
Lisa C. Neilson	(resigned 3 August 2022)
Colin Young	

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

In accordance with the Articles of Association the term of office for David Chalmers ends in December 2022. Mr Chalmers is eligible to serve for a further term.

Key Management Personnel

Senior management employed through the parent charity Hansel Foundation:

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

Structure, Governance and Management

Governing document

Hansel Alliance is a company Limited by guarantee governed by its Memorandum and Articles of Association adopted on 24 March 1998. The Memorandum and Articles restrict the making of a distribution to its members, and in the event of the company being wound up each member will contribute an amount not exceeding one pound towards any deficit.

Group structure

The charity is a wholly owned subsidiary of Hansel Foundation. The parent charitable company provides senior management and corporate services support in relation to all group activities, carries out fundraising to provide the financial resources necessary to develop service provision, fund capital projects, and deliver other charitable services consistent with its strategic aims and objectives.

Director appointment, induction and training

The Board of Directors is responsible for the governance of Hansel Alliance. The Board is responsible to the parent charity, Hansel Foundation, for guiding Hansel Alliance's overall direction and for the development and implementation of its strategy. Responsibility for the appointment of Directors to the Board of Hansel Alliance rests with Hansel Foundation, and as such, recruitment of new Directors is undertaken in accordance with procedures adopted by Hansel Foundation.

New Directors are invited to attend a series of short information sessions to familiarise themselves with the charity and the context within which it operates. These sessions are hosted by the Managing Director and other members of the Senior Leadership Team, and cover:

- the obligations of Directors;
- the main documents which set out the operational framework for the charity including the Memorandum and Articles;
- resourcing and current financial position as set out in the latest published accounts; and
- future plans and objectives.

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

Presentations to Hansel Foundation's Board of Directors (as the parent charity, of which the majority of Hansel Alliance Directors are also members) by the Senior Leadership Team and other management staff keep Directors abreast of current operational issues within the organisation, as well as informing the Board of governance and other legal issues that are relevant to the ongoing management of the organisation.

Organisation

The number of non-executive Directors permitted by the Articles of Association is a minimum of three, but not exceeding fifteen. The Board of Directors meet on at least four occasions during the year to review and agree major areas of policy, and monitor financial performance. The Board delegates to the Managing Director responsibility for day to day management of the charity's affairs and for implementing agreed policies and decisions taken by the Board of Directors. The Managing Director is assisted by a group of executive and senior managers.

Related Parties

The Board of Directors is comprised of non-executive and executive Directors. None of the non-executive Directors receive any remuneration or expenses in cash or in kind for their work as Directors of the organisation.

The sole executive Director is the Managing Director who did not receive remuneration or expenses in cash or in kind in respect of his position as a Board Director. The remuneration received by the Managing Director relates to his management role within the organisation and is referred to in note 12 of the Notes to the Accounts.

As noted above the charity is a wholly owned subsidiary of Hansel Foundation.

Key management remuneration

The Directors consider the Board of Directors, who are the charity Trustees, and the senior management team as named above, comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

Non-executive Directors give their time freely and receive no remuneration.

The remuneration policy applicable to all employees, including key management, aligns the skills, experience and qualification of each position with a salary framework approved by the Board of Directors. Periodically, and for any review of senior management pay, the salary framework is benchmarked with external market remuneration levels in the locality of the employment base.

Employee Engagement

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

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

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

During the year the staff consultation group bringing representation from all services and departments, Hansel Team Matters, provided important focus for engagement, consultation, discussion and feedback on all relevant issues relating to employment with Hansel. Although the present bridge between this representative group and the Board of Directors is provided by the Senior Leadership Team, the intention going forward is to facilitate direct contact with Director Members of Hansel's People, Policy and Remuneration Committee, thereby adopting a more structured approach to the Board's ongoing engagement with team members.

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

People with Disabilities

Hansel Alliance being a "Disability Confident" employer has given its commitment to:

- actively looking to attract and recruit disabled people;
- offering an interview to all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on merit;
- providing a fully inclusive and accessible recruitment process;
- flexibility when assessing people so disabled applicants have the best opportunity to demonstrate they can do the job;
- proactively offering and making reasonable adjustments as required;
- making every effort when an employee become disabled to make sure they stay in meaningful employment; and
- annually reviewing these commitments and what has been achieved and preparing plans for future developments.

Risk management

The Directors have a risk management strategy which comprises:

- regular monitoring of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified through regular monitoring; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

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

Hansel Alliance

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

Continuing upward pressure on employment costs due to Scottish Government's commitment to the Real Living Wage as a minimum rate of pay within social care will also present an ongoing challenge for third sector care providers; to maintain fair and equitable pay and conditions for staff where funding rates are predicated on less favourable, flatter pay structures.

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

Attention has also been focussed on non-financial risks arising from fire, health and safety of staff, customers and volunteers. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place and regular awareness training for staff.

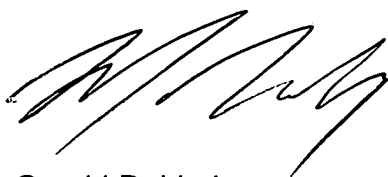
Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

Anderson Anderson & Brown Audit LLP have expressed their willingness to continue in office and re-appointment will be considered by the Board following completion of the audit for the year to 31st March 2022.

The Directors' Report incorporating the Strategic Report was approved by the Board of Directors in their capacity as company directors and trustees and signed on their behalf by:-



Gerald D. Lindsay
Director

Dated: 6 September 2022

Report of the Independent Auditors to the Directors and Members of Hansel Alliance (Registered number: SC184374)

Opinion

We have audited the financial statements of Hansel Alliance (the 'charitable company') for the year ended 31 March 2022 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Report of the Independent Auditors to the Directors and Members of Hansel Alliance (Registered number: SC184374)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report (including Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (including Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (including Strategic Report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditors to the Directors and Members of Hansel Alliance (Registered number: SC184374)

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

Our audit procedures included:

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

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

Report of the Independent Auditors to the Directors and Members of Hansel Alliance (Registered number: SC184374)

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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, and to the charitable company's directors (who are also the trustees of the charitable company for the purposes of charity law), as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson & Brown Audit LLP

Angus McCuaig (Senior Statutory Auditor)
for and on behalf of Anderson Anderson & Brown Audit LLP
Statutory Auditors
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

Date: 7 October 2022

Hansel Alliance Income and Expenditure Account

For the year ended 31 March 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME					
Residential service funding	3	-	4,072,035	4,072,035	4,135,470
Domiciliary care & outreach service funding	3	-	5,874,820	5,874,820	5,485,966
Employability activities income	3	38,705	280,271	318,976	311,381
Other trading activities	4	-	74,256	74,256	23,292
Covid-19 Government funding	5	-	402,968	402,968	977,749
Total income		<u>38,705</u>	<u>10,704,350</u>	<u>10,743,055</u>	<u>10,933,858</u>
EXPENDITURE					
Raising funds	7	-	32,180	32,180	20,569
Charitable activities					
• Direct costs		20,338	9,508,158	9,528,496	9,745,456
• Support costs		-	1,012,562	1,012,562	995,114
• Governance costs	10	-	28,927	28,927	27,935
• Interest payable		-	34,579	34,579	34,911
Total expenditure		<u>20,338</u>	<u>10,616,406</u>	<u>10,636,744</u>	<u>10,823,985</u>
Net income for year		<u>18,367</u>	<u>87,944</u>	<u>106,311</u>	<u>109,873</u>

Movements in the funds of the charitable company are shown on the Statement of Financial Activities on page 18.

All activities are classed as continuing.

The notes form part of these Accounts.

Hansel Alliance Statement of Financial Activities

For the year ended 31 March 2022

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Income and endowments from					
Charitable activities:					
Residential service funding	3	-	4,072,035	4,072,035	4,135,470
Domiciliary care & outreach service funding	3	-	5,874,820	5,874,820	5,485,966
Employability activities income	3	38,705	280,271	318,976	311,381
Other trading activities	4	-	74,256	74,256	23,292
Other income:					
Covid-19 Government funding	5	-	402,968	402,968	977,749
Total income		38,705	10,704,350	10,743,055	10,933,858
Expenditure on					
Raising funds	7	-	32,180	32,180	20,569
Charitable activities:	8				
Residential service costs		4,523	4,198,473	4,202,996	4,035,769
Domiciliary care & outreach service costs		-	5,904,232	5,904,232	6,204,605
Employability activities costs		15,815	481,521	497,336	563,042
Total expenditure		20,338	10,616,406	10,636,744	10,823,985
Net income		18,367	87,944	106,311	109,873
Reconciliation of funds					
Total funds brought forward		31,606	383,739	415,345	305,472
Total funds carried forward		49,973	471,683	521,656	415,345

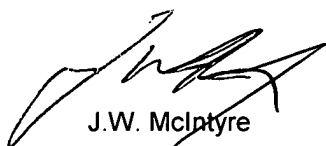
The Statement of Financial Activities amplifies the Income and Expenditure Account and provides the information regarding all movements in the funds of the charitable company.

The notes form part of these Accounts.

Hansel Alliance Balance Sheet As at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	16	182,770	129,444
Current assets			
Stock	17	9,045	21,553
Debtors	18	1,090,528	1,231,443
Cash at bank and in hand		293,924	373,728
		1,393,497	1,626,724
Creditors: Amounts falling due within one year	19	(1,054,611)	(1,180,316)
Net current assets		338,886	446,408
Total assets less current liabilities		521,656	575,852
Creditors: Amounts falling due after more than one year	20	-	(160,507)
Total net assets		521,656	415,345
The funds of the charity:			
Unrestricted			
General Funds	24a	305,996	285,901
Designated Funds	24a	165,687	97,838
		471,683	383,739
Restricted funds	24b	49,973	31,606
Total charity funds		521,656	415,345

The Accounts on pages 17 to 32 were approved by the Board of Directors on 6 September 2022 and signed on their behalf by:


J.W. McIntyre

Director


D.G. Chalmers

Director

The notes form part of these Accounts.

Hansel Alliance Statement of Cash Flows
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash from operating activities	25	<u>240,577</u>	<u>225,743</u>
Cash flows from investing activities			
Interest income		-	-
Interest expenditure		(35,808)	(37,694)
Purchase of tangible fixed assets		(104,508)	(6,329)
Sale of tangible fixed assets		<u>5,750</u>	<u>6,403</u>
Cash used in investing activities		<u>(134,566)</u>	<u>(37,620)</u>
Cash flows from financing activities			
Repayment of pension scheme settlement		(150,000)	(300,000)
Hire Purchase repayments		<u>(35,815)</u>	<u>(34,211)</u>
Cash used in financing activities		<u>(185,815)</u>	<u>(334,211)</u>
Net (decrease)/increase in cash and cash equivalents		(79,804)	(146,088)
Cash and cash equivalents at the beginning of the year		<u>373,728</u>	<u>519,816</u>
Cash and cash equivalents at the end of the year		<u>293,924</u>	<u>373,728</u>
Cash and bank balances		<u>293,924</u>	<u>373,728</u>

Hansel Alliance Notes to the Accounts

For the year ended 31 March 2022

1. *Legal Status of the charity*

The charity is a company limited by guarantee, incorporated and registered in Scotland, under company number SC184374 and has no share capital. The liability of each member in the event of winding up is limited to £1.

The charity's registered number is SC027681.

The registered office is Murdoch House, Broadmeadows, Symington, Ayrshire, KA1 5PU.

2. *Accounting policies*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:

Basis of accounting

The accounts of the charitable company have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The income and expenditure account is an adaptation of the formats laid down in the Companies Act 2006 in order to recognise the special nature of the company's activities and in order to give information in a manner beneficial to the members, as provided for in the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going Concern

In light of Covid-19 the Directors have considered the application of the going concern principle. Detailed budgets are presented to and approved by the Board of Directors with regular monitoring through review of management accounts. We would refer you to our Reserves Policy and Going Concern section of the Directors' Report on pages 5 and 6. The Directors consider that adequate resources are available to fund the activities of the charitable company for the foreseeable future. On the basis of budgets and other financial procedures in place the Directors believe the going concern principle is appropriate to these financial statements. There are no known material uncertainties regarding the charity's ability to continue as a going concern.

Income

Income from grants and funding in respect of the provision of residential and community-based services received from central and local government bodies is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income received in advance of service provision is deferred until the income recognition criteria are met.

Gifted assets

Any receipts of fixed assets by way of gift are capitalised and included in the balance sheet. The market value of the gifted asset is credited to the restricted fund. This Fund is debited over the useful life of the gifted assets by charging depreciation in accordance with the fixed asset accounting policy.

Hansel Alliance Notes to the Accounts (Cont'd)

For the year ended 31 March 2022

2. Accounting policies (cont'd)

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Cost of raising funds comprise the costs of the laundry service, tearoom and shop and associated support costs.
- Expenditure on charitable activities includes the costs of activities to further the objects of the charity and associated support costs.
- Other expenditure represents those items not falling into any other heading.

Expenditure, including staff costs, is allocated to charitable activities as detailed in note 8. Support costs are functions that assist in the work of the charity but do not directly undertake charitable activities to include office costs, finance, personnel and governance costs. Governance costs are costs associated with meeting constitutional and statutory requirements such as the cost of Board meetings, the audit of the statutory accounts and staff costs associated with the strategic as opposed to the day to day management of the charity's activities and support to non-executive directors.

Capitalisation and depreciation of tangible fixed assets

All assets costing more than £500 are capitalised.

Depreciation is provided at the following rates, in order to write off each asset over its estimated useful life:-

Furniture and fittings	10%	reducing balance basis
Motor vehicles	25%	reducing balance basis
Plant and equipment	10% - 30%	reducing balance basis

Furniture and fittings acquired for use in the provision of furnished residential accommodation are not capitalised but charged to 'resources expended' when purchased. This is because the useful life of such items is difficult to predict, and is considered relatively short due to a high level of wear and tear.

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Trade and other debtors are recognised at the settlement amount due with appropriate allowances for any irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short term of maturity from opening of the deposit or similar account.

Hansel Alliance Notes to the Accounts (Cont'd)

For the year ended 31 March 2022

2. Accounting policies (cont'd)

Creditors

Creditors, other creditors and accruals are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, other creditors and accruals are normally recognised at their settlement amount after allowing for any trade discounts due.

Hire Purchase and Lease Commitments

Assets obtained under Hire Purchase contracts are capitalised in the Balance Sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the Income and Expenditure Account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to income as they are incurred.

Employee benefits

Defined benefit scheme

The charity closed its membership of the Local Government Superannuation Scheme (defined benefit) in the financial year ended 31 March 2017. Details of the exit debt arising are disclosed within note 21.

Defined contribution pension schemes

Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the charity in independently administered funds.

Taxation

Hansel Alliance is a registered charity and is accordingly exempt from taxation on income which is applied for charitable purposes.

Funds

Funds are classified as unrestricted or restricted as follows:-

Unrestricted funds are expendable at the discretion of the Directors in furtherance of the objects of the charity. Where part of the unrestricted fund is earmarked at the discretion of the Directors for a particular purpose it is designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the Directors' discretion to apply the fund.

Restricted funds are those subject to specific conditions as to the use that can be made of the funds imposed by the donor or by terms of the receipt. If expended on capital items, these funds are reduced in line with the depreciation charge on the assets acquired with such funds (see note 24).

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

3. Charitable activities income	2022 £	2021 £
Residential service funding	<u>4,072,035</u>	<u>4,135,470</u>
Domiciliary care & outreach service		
Funding	<u>5,874,820</u>	<u>5,485,966</u>
Employability activities income	<u>318,976</u>	<u>311,381</u>

Income from charitable activities in respect of residential services and domiciliary care and outreach services is generated by service provision to individual customers and is either funded by local authorities or the individual customers. Employability activities income is grant income received through various streams, and internal charges to Hansel services in respect of laundry, catering and maintenance services. Employability income in 2022 includes restricted funds of £38,705 received towards the Bridging the Gap (Horticultural) Project.

4. Other trading activities	2022 £	2021 £
Tearoom, shop sales and laundry services	<u>74,256</u>	<u>23,292</u>
5. Covid-19 Government funding	2022 £	2021 £
HMRC Coronavirus Job Retention Scheme	34,474	545,108
Other funding income	<u>368,494</u>	<u>432,641</u>
	<u>402,968</u>	<u>977,749</u>

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

6. Interest payable	2022 £	2021 £
Hire purchase interest	1,229	2,783
Interest payable	<u>34,579</u>	<u>34,911</u>
	<u>35,808</u>	<u>37,694</u>

7. Analysis of expenditure on raising funds	2022 £	2021 £
Other costs: consumables for tearoom, shop sales, etc	<u>32,180</u>	<u>20,569</u>

Hansel Alliance Notes to the Accounts (Cont'd)

For the year ended 31 March 2022

8. Analysis of expenditure on charitable activities

	Direct Costs Staff costs £	Other costs £	Governance and support costs £	Total 2022 £	Total 2021 £
Direct charitable expenditure:					
Residential service costs	3,017,206	786,690	399,100	4,202,996	4,035,769
Domiciliary care and outreach service costs	4,994,403	326,595	583,234	5,904,232	6,204,605
Employability activities costs	458,413	(54,811)	93,734	497,336	563,042
	<u>8,470,022</u>	<u>1,058,474</u>	<u>1,076,068</u>	<u>10,604,564</u>	<u>10,803,416</u>
Totals 2021	<u>8,811,051</u>	<u>934,405</u>	<u>1,057,960</u>		<u>10,803,416</u>

The activities underlying the costs above, under each heading are:

Residential service costs – the provision of care services within registered residential and respite accommodation, located at the Broadmeadows site, Prestwick and in Stevenston (formerly Beith).

Domiciliary care and outreach service costs – community based care services, supporting people to live independently in their own homes, and/or the provision of leisure and other social activities.

Employability activities costs – the delivery of various employability related services, including operation of the laundry, Lindy's tearoom and grounds maintenance small businesses based at the Broadmeadows site.

£4,523 of depreciation costs in respect of residential service costs was restricted (2021: £3,364), and £15,815 of restricted fund income was utilised for the Bridging the Gap (Horticultural) Project.

9. Analysis of governance and support costs

	Staff costs £	Other costs £	Governance costs £	2022 Total £	2021 Total £
Charitable activity:					
Residential service costs	-	388,975	10,125	399,100	382,748
Domiciliary care and outreach service costs	-	567,035	16,199	583,234	583,138
Employability activities costs	-	91,131	2,603	93,734	92,074
	<u>-</u>	<u>1,047,141</u>	<u>28,927</u>	<u>1,076,068</u>	<u>1,057,960</u>
Total 2021	<u>-</u>	<u>1,030,025</u>	<u>27,935</u>		<u>1,057,960</u>

Senior management and corporate support personnel have their contracts of employment with the parent charity, Hansel Foundation. Such management and corporate service support is recharged to Hansel Alliance during the year and included within other costs.

Interest payable to Hansel Foundation of £34,579 (2021: £34,911) is included within other costs above.

10. Analysis of Governance costs

	2022 £	2021 £
Staff costs	12,372	12,885
External audit and accountancy services	16,555	15,050
	<u>28,927</u>	<u>27,935</u>

The audit fee is a recharge from Hansel Foundation.

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

11. Net income / (expenditure)

	2022	2021
	£	£
Net income / (expenditure) is stated after charging:-		
Auditor's remuneration (net of VAT)		
- audit	-	-
- other services	-	-
Operating lease rentals		
- other plant & equipment	1,959	588
Depreciation		
- owned assets	28,997	16,078
- assets on hire purchase contracts	19,023	17,754
Interest payable	35,808	37,694
Gain on disposal of fixed assets	<u>(2,588)</u>	<u>(4,450)</u>

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

	2022	2021
	£	£
Wages and salaries	7,615,360	7,928,883
Social security costs	592,228	612,190
Other pension costs	274,806	282,863
	<u>8,482,394</u>	<u>8,823,936</u>

During the year there were no employees who received benefits, excluding employer pension contributions, in excess of £60,000 (2021: none).

In 2022 one Executive Director also held a senior management post within the organisation, his contract of employment with the parent charity Hansel Foundation. The remuneration for this employment, not in respect of his position as charity trustee, is disclosed within the accounts of Hansel Foundation.

During the financial year frontline care service staff received a pay increase of 4.2% in April 2021, and a further 1.2% in December 2021, both percentage increases in line with Scottish Government's commitment to support improved pay and conditions within the sector. All non-frontline staff, including Executive Directors, received a 2.15% increase in pay effective from October 2021. Further variances in remuneration between reporting periods may arise due to Executive Directors exercising their entitlement to buy or sell annual leave in accordance with the organisation's Annual Leave Policy, which is available to all employees. Variances may also be due to appointments or resignations within the financial year.

No payment was made to any Executive Director in respect of reimbursement of expenses relative to their role as trustee in either 2022 or 2021. No other Non-Executive Director/trustee was in receipt of remuneration (2021: None).

The key management of the charitable company who have their contracts of employment with the parent charity Hansel Foundation comprise the Managing Director noted above, the Operations Director and the Corporate Services Director. The total employee benefits of the key management personnel are disclosed within the accounts of Hansel Foundation.

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

13. Staff numbers

The average weekly number of employees during the year was as follows:-	2022 No.	2021 No.
Residential care staff	112	114
Domiciliary/outreach care staff	178	194
Employability activities staff	29	31
Support service staff	1	1
	<u>320</u>	<u>340</u>

14. Comparatives for the Statement of Financial Activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2021 £
Income			
Charitable activities:			
Residential service funding	-	4,135,470	4,135,470
Domiciliary care & outreach service funding	-	5,485,966	5,485,966
Employability activities income	19,500	291,881	311,381
Other trading activities	-	23,292	23,292
Investment income	-	-	-
Other income:			
Covid-19 Government funding	-	977,749	977,749
Total income	<u>19,500</u>	<u>10,914,358</u>	<u>10,933,858</u>
Expenditure			
Raising funds	-	20,569	20,569
Charitable activities:			
Residential service costs	3,364	4,032,405	4,032,405
Domiciliary care & outreach service costs	-	6,204,605	6,204,605
Employability activities costs	-	563,042	563,042
Total expenditure	<u>3,364</u>	<u>10,820,621</u>	<u>10,820,621</u>
Net expenditure	16,136	93,737	109,873
Reconciliation of funds			
Total funds brought forward	<u>15,470</u>	<u>290,002</u>	<u>305,472</u>
Total funds carried forward	<u>31,606</u>	<u>383,739</u>	<u>415,345</u>

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

15. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 2525 of the Taxation Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

16. Tangible fixed assets

	Furniture & Fittings £	Motor Vehicles £	Plant & Equipment £	Total £
Cost				
As at 1 April 2021	102,233	181,328	321,853	605,414
Additions in year	-	25,990	78,518	104,508
Disposals in year	-	(9,995)	-	(9,995)
As at 31 March 2022	102,233	197,323	400,371	699,927
Depreciation				
As at 1 April 2021	77,686	128,071	270,213	475,970
Charge for year	2,455	19,023	26,542	48,020
Eliminated on disposals	-	(6,833)	-	(6,833)
As at 31 March 2022	80,141	140,261	296,755	517,157
Net book value				
As at 31 March 2022	22,092	57,062	103,616	182,770
As at 31 March 2021	24,547	53,257	51,640	129,444

The net book value of fixed assets includes £37,445 (2021: £53,091) in respect of assets acquired under hire purchase contracts.

17. Stock	2022 £	2021 £
Raw materials	7,559	19,144
Finished goods	1,486	2,409
	<u>9,045</u>	<u>21,553</u>

18. Debtors	2022 £	2021 £
Trade debtors	820,346	902,662
Prepayments and accrued income	270,182	328,781
	<u>1,090,528</u>	<u>1,231,443</u>

19. Creditors : Amounts falling due within one year	2022 £	2021 £
Trade creditors	52,508	26,839
Taxation and social security costs	134,483	140,874
Accruals	582,766	634,614
RBS Bounceback Loan (see note below)	-	50,000
Hire purchase creditor	9,757	35,064
Balance due to parent undertaking	125,097	142,925
Pension scheme settlement (see note 22)	150,000	150,000
	<u>1,054,611</u>	<u>1,180,316</u>

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

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

20. Creditors : Amounts falling due after more than one year

	2022 £	2021 £
HP purchase creditor	-	10,507
Pension scheme settlement (see note 22)	-	150,000
	<u>-</u>	<u>160,507</u>

Analysis of total repayments :-

	2022 £	2021 £
Amounts repayable by instalments due:		
within one year	159,757	235,064
between one and two years	-	160,508
between two and five years	-	-
after five years	-	-
	<u>159,757</u>	<u>395,572</u>
Less : included in creditors: amounts falling due within one year	<u>(159,757)</u>	<u>(235,065)</u>
	<u>-</u>	<u>160,507</u>

21. Leasing commitments

The charity has entered into a number of non-cancellable operating leases as lessee with various remaining minimum lease periods. The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2022 £	2021 £
Within one year	1,260	689
Later than one year but within five years	3,721	2,410
	<u>4,981</u>	<u>3,099</u>

22. Pension schemes

During the year to 31 March 2022 Hansel Alliance operated two defined contribution schemes with contributions made to administered funds for the benefit of the employees.

During the year to 31 March 2017 the charity negotiated an exit from membership of the Local Government Superannuation (Scotland) Scheme (LPGS), a defined benefit pension scheme. A cessation settlement of £900,000 repayable interest free over a six year period was agreed to discharge future pension liability (see notes 19 and 20).

Contributions to the schemes during the year were as follows:

	2022 £	2021 £
Defined contribution schemes	<u>275,897</u>	<u>283,821</u>

Hansel Alliance Notes to the Accounts (Cont'd) **For the year ended 31 March 2022**

23. Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Net long-term liabilities £	Total 2022 £	Total 2021 £
Unrestricted funds	132,797	338,886	-	471,683	383,739
Restricted funds	49,973	-	-	49,973	31,606
	<u>182,770</u>	<u>338,886</u>	<u>-</u>	<u>521,656</u>	<u>415,345</u>

Comparatives for analysis of net assets between funds

	£	£	£	Total 2021 £
Unrestricted funds	97,838	446,408	(160,507)	383,739
Restricted funds	31,606	-	-	31,606
	<u>129,444</u>	<u>446,408</u>	<u>(160,507)</u>	<u>415,345</u>

24. Analysis of charitable funds

(a) Analysis of movements in Unrestricted funds	Balance at 1 April 2021 £	Income £	Expended £	Transfers £	Balance at 31 March 2022 £
General reserve	285,901	10,704,350	(10,616,406)	(34,959)	338,886
Designated funds:					
Tangible fixed assets fund	97,838	-	-	34,959	132,797
	<u>383,739</u>	<u>10,704,350</u>	<u>(10,616,406)</u>	<u>-</u>	<u>471,683</u>

Name, description, nature and purposes of the fund

The general reserve fund represents the "free reserves" after allowing for all designated funds.

The tangible fixed assets fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets, excluding those assets acquired utilising restricted funds (see note 24b).

The transfer between unrestricted funds represents the net movement in unrestricted assets, being additions/disposals during the year, less depreciation adjustment.

(b) Analysis of movements in Restricted funds	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £
Storage, racking & shelving	65	-	(7)	58
Market gardens equipment	10	-	(3)	7
Equipment for residential unit	2,779	-	(556)	2,223
Vehicle for residential unit	535	-	(134)	401
Vehicle for respite services	370	-	(92)	278
Vehicle for residential unit	3,227	-	(807)	2,420
Commercial washing machine	5,120	-	(1,024)	4,096
Bridging the Gap (Horticultural) Project	10,000	38,705	(15,815)	32,890
Commercial washing machine	9,500	-	(1,900)	7,600
Total	<u>31,606</u>	<u>38,705</u>	<u>(20,338)</u>	<u>49,973</u>

Balance of funds at 31 March
is represented by :

Cash at bank	19,500	32,890
Fixed assets	<u>12,106</u>	<u>17,083</u>

Restricted funds as listed above represent grants that have been received for the purpose of meeting specific expenditure (as detailed in the fund name) incurred in Hansel Alliance services.

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

24. Comparatives for analysis of charitable funds

(a) Analysis of movements in Unrestricted funds	Balance at 1 April 2020 £	Income £	Expended £	Transfers £	Balance at 31 March 2021 £
General reserve	146,574	10,914,358	(10,820,621)	45,590	285,901
Designated funds:					
Tangible fixed assets fund	143,428	-	-	(45,590)	97,838
	<u>290,002</u>	<u>10,914,358</u>	<u>(10,820,621)</u>	<u>-</u>	<u>383,739</u>

(b) Analysis of movements in Restricted funds	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Storage, racking & shelving	72	-	(7)	65
Market gardens equipment	14	-	(4)	10
Equipment for residential unit	3,474	-	(695)	2,779
Vehicle for residential unit	714	-	(179)	535
Respite (Cabin) minibus	493	-	(123)	370
Vehicle for residential unit	4,303	-	(1,076)	3,227
Commercial washing machine	6,400	-	(1,280)	5,120
Bridging the Gap (Horticultural) Project	-	10,000	-	10,000
Commercial washing machine	-	9,500	-	9,500
Total	<u>15,470</u>	<u>19,500</u>	<u>(3,364)</u>	<u>31,606</u>

Balance of funds at 31 March

is represented by :

Cash at bank	-	19,500
Fixed assets	<u>15,470</u>	<u>12,106</u>

25. Notes to the statement of cash flows

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	106,311	109,873
Add back interest expenditure shown in investing activities	35,808	37,694
Add back depreciation	48,020	33,832
Gain on disposal of fixed assets	(2,588)	(4,450)
Decrease/(increase) in stock	12,508	(6,649)
Decrease/(increase) in debtors	140,915	(147,440)
(Decrease)/increase in creditors	(100,397)	202,883
Net cash from operating activities	<u>240,577</u>	<u>225,743</u>

26. Ultimate parent undertaking

The ultimate parent undertaking is Hansel Foundation, a company registered in Scotland.

Hansel Alliance Notes to the Accounts (Cont'd)
For the year ended 31 March 2022

27. *Commitments*

There were no capital commitments, contracted or not contracted, at the end of the financial year (£nil as at 31 March 2021).

A term loan from The Royal Bank of Scotland shown in the parent company accounts is secured by a bond and floating charge over the whole property and the undertaking of Hansel Foundation and Hansel Alliance. As at 31 March 2022 the balance outstanding on this loan due by Hansel Foundation was £Nil (2021- £20,000).

28. *Related party disclosures*

The company has taken advantage of the exemption from disclosing transactions with its parent entity, Hansel Foundation, on the grounds that it is included in the consolidated accounts of Hansel Foundation.

There were no other related party transactions between the charity and those deemed related parties for the year ended 31 March 2022, with the exception of matters addressed at note 12.