

# **Community Transport for Town and County**

## **Annual Report and Financial Statements**

31 March 2019

Company Limited by Guarantee  
03282640 (England and Wales)

Charity Registration Number 1060048

## Reference and administrative details of the charity, its trustees and advisers

<b>Trustees</b>	Mrs A E Bentley Mrs A Kenworthy Mr J Smart Mr M F Usherwood Mrs T Vickers
<b>Company secretary</b>	Mr J Smart
<b>Registered office</b>	272 Derby Road Marehay Ripley DE5 8JN
<b>Company registration number</b>	03282640 (England and Wales)
<b>Charity registration number</b>	1060048
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Yorkshire Bank 28 St Peter's Street Derby DE1 1SL  Unity Trust Bank plc Nine Brindley Place Birmingham B1 2HB

## Contents

### Reports

Trustees' report	Error! Bookmark not defined.
Independent auditor's report	9

### Financial statements

Statement of financial activities (including income and expenditure account)	12
Statement of financial position	13
Statement of cash flows	14
Principal accounting policies	15
Notes to the financial statements	20

The trustees, who are directors of the charity, present their report together with the consolidated financial statements for the year ended 31 March 2019. This trustees' report, has been prepared in accordance with the Charities Act 2011 and is also the report of the directors for purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies as set out later in this document and comply with the charity's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **Objectives and activities**

The objects of the Charity as set out in its governing document are to maintain, on a non-profit making basis, a community transport service for the benefit of the inhabitants of Derbyshire and its surrounding counties, and in particular the advancement of education and the relief of poverty, sickness, isolation and distress through the provision of such transport services.

#### ***An explanation of the Charity's main objective for the year***

##### *Volunteers*

Neither Community Transport for Town and Country ('CT4TC') nor any other charity, could survive without the invaluable assistance of volunteers. CT4TC has been able to maintain a volunteer base and we would like to place on record our appreciation for all the hard work of our volunteers. Typically, about 20 volunteers assist with the community car scheme, passenger assistance, minibuss driving and office duties. All trustees, apart from the Chief Executive, are also volunteers.

##### *Fleet of Vehicles*

In the year ended 31 March 2019, CT4TC operated 49 vehicles. Currently 26 vehicles are based at Chesterfield, 20 at Ripley, one at Wirksworth and two at Retford.

##### *Fund raising activities*

The Board wishes to acknowledge all those who gave donations or otherwise supported CT4TC during the year.

#### ***Summary of the main activities of the Charity in relation to its objectives***

The Charity's main activities can be summarised as follows: The provision of door-to-door transport for older people and those with disabilities who cannot easily use conventional public transport. The provision of services to villages and isolated settlements which have no or minimal public transport. The provision of transport for community activities, either regular or for one-off journeys.

### ***Employment of staff***

The Board wishes to thank all members of staff for their contribution to CT4TC's work and continued success. As at 31 March 2019, CT4TC employed 116 people (10 full time and 106 part time). In addition, CT4TC, from time to time, utilises the services of 50 people as paid drivers, passenger assistants and clerical support on a casual basis.

Very good communication links have been established with all staff, including the formation of a Staff Council (consisting of representatives of employees, management and trustees). The Board reviews the salaries of all staff, including the Managing Director, every year.

CT4TC is an equal opportunities employer. The Charity's policy is to ensure that no employee or job applicant receives less favourable treatment on the grounds of race, colour, creed, nationality, ethnic origin, religious belief, political opinion or affiliation, sex, marital status, sexual orientation, age or disability. The Charity's selection criteria and procedures are regularly reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity to progress within the organisation.

CT4TC does not trade with any parties related to the trustees or key staff members.

### ***Public benefit***

The report takes account of the requirement for Trustees to report annually on public benefit and the Trustees have had regard to the Charity Commission's guidance on public benefit.

### ***Achievements and performance***

The merger of the charity with HCT Group on 2 April 2018 enabled the organisation to achieve a degree of operational and fiscal stability. The Trustees are most grateful to HCT Group for this assistance. An additional trustee from HCT Group was co-opted on the Board to help manage the merger. Following the merger, the working relationship between HCT Group and CT4TC evolved as the latter sought to implement the former's systems policies and procedures, where relevant.

In November 2018, following an incident with one vehicle, VOSA undertook a detailed inspection of the charity's operational processes and standards. The VOSA report in turn triggered a Public Inquiry by the Office of the Traffic Commissioners on 18 February 2019. A full report of the Traffic Commissioner's findings can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/786473/Written\\_Decision.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786473/Written_Decision.pdf).

## **Financial review**

### ***Reserves policy***

As at 31 March 2019 the level of unrestricted funds uncommitted was a deficit of £229,144 (2018: surplus of £18,527) and restricted fund £nil (2018: £nil). The Board of Trustees recognise that this was an insufficient level of reserves. At the balance sheet date the company had the support of HCT Group and therefore could call upon their reserves as required. The subsequent de-merger from HCT Group has led to the write off of the intra group loan (being the major creditor of CT4TC) and as at the date of signing the accounts the reserves are positive and the trustees are confident we are in a position to continue to trade. The trustees will continue to keep the reserves policy under review.

We have done a revised forecast of income and cash based on current knowledge of Covid-19 and will continue to do this as required.

Post balance sheet developments including Covid-19 and the reorganisation following the demerger from HCT Group have created a material uncertainty in connection with the future finances and operations of the charity. Although the charity has taken steps to reorganise and reforecast, income levels and the level of surpluses over the next 12 months cannot be predicted with a high degree of certainty.

### ***Financial position***

Compared to the previous financial year total expenditure increased by 16.3%, whilst total income increased by 8.5%. As a result, there was a net expense in the year ended 31 March 2019 of £247,671 (2018: £117,290). This was an unsatisfactory financial result. However, in view of the demerger from the HCT Group on 24 January 2020, the position has been stabilised as intercompany balances have been waived on leaving the Group. The Trustees and Management have taken further steps to bring the charity back to a position of generating a surplus:

- ◆ The Charity has returned a significant number of unprofitable contracts to the county council and will in the future focus on contracts and other revenue streams that deliver a sufficient margin to rebuild our reserves.
- ◆ Other additional steps to stabilise the Charity are being progressed, such as robust management accounting practices, reducing headcount, improving back-office efficiencies through technology, and better utilisation of our fleet, & disposing of old and unreliable surplus vehicles.
- ◆ Longer-term and once the Covid-19 threat has passed, there is an ambition to generate alternative funding streams, such as marketing services to care homes and local employers.

The Statement of financial activities shows net expenditure for the year of £247,671 (2018: £117,290). The total reserves as at 31 March 2019 stand at a deficit of £229,144 (2018: surplus of £18,527).

### ***Principal funding sources***

The Principal funding source for CT4TC is contracts with the Derbyshire County Council. The second largest proportion of the Charity's revenue is derived one – off bookings by local clubs and societies.

### ***Plans for future periods***

Following Mr Dawson's retirement, interim management of the Charity was provided by HCT Group until August 2019 when Mrs Elizabeth Esnouf was appointed as the Managing Director.

Pursuant of the Traffic Commissioner's findings, the Trustees and interim management successfully sought to bring the operational and engineering standards of the Charity to a satisfactory level. The Trustees are most grateful to HCT Group's interim management for their expertise in this regard.

In April 2019, the Charity extended its operations into High Peak, Derbyshire, pursuant of new adult social care contracts in that locale. Following a review in June 2019, the Charity's operations in Bassetlaw, Nottinghamshire ceased.

Working with HCT Group from September 2019 onwards, Mrs Esnouf and the Trustees sought to undertake a full review of all operations and prepare a long-term plan to ensure the Charity's sustainability, without financial support from HCT Group. Consequent to this review the Charity;

- ◆ De-merged from the HCT Group on 24 January 2020 and returned to its previous status as a small independent local charity, and company limited by guarantee; the Trustees being the sole members. At the point of de-merger, HCT Group irrevocably waived any claim and released the Company from any liability that arose from the merger.
- ◆ Secured a long-term loan from 'Future Journeys' funded by the Esmée Fairbairn Foundation and the Foundation for Integrated Transport <sup>1</sup>. This loan provides the 'financial standing' of the organisation, as required by the Office of the Traffic Commissioners.
- ◆ In March 2020, significantly reduced the volume of local authority funded contract work. Where possible, staff were transferred to the new providers under TUPE regulations. The vehicle fleet was thus reduced in size from circa 42 to 16 vehicles.
- ◆ Put all management and administrative staff at risk of redundancy, pending a full review of the Charity's managerial requirements for 2020-21.
- ◆ Officially changed its name to 'Derbyshire Community Transport' on 19 March 2020 and adopted a new memorandum and articles of association to meet current and future needs.

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<sup>1</sup> ([http://hctgroup.org/about\\_us/innovation\\_and\\_change\\_20/future\\_journeys\\_3](http://hctgroup.org/about_us/innovation_and_change_20/future_journeys_3))

***Plans for future periods (continued)***

It was acknowledged by the Board of Trustees that some members had served for significant periods beyond the tenure set out in the company's articles. Consequently, the following Trustees chose to resign their positions;

- ♦ Peter Binks, May 2019
- ♦ John Beswarick, December 2019
- ♦ Richard Booth, December 2019
- ♦ Ann Galloway, March 2020.

The Board wishes to thank all these ex-colleagues for their contributions and commitment. In September 2019, John Smart, already the Company Secretary, joined the Board as a Trustee and in July 2019 Pamela Kenworthy joined the Board. Moving forward, the Board is actively engaged in identifying new Trustees who can assist us with our charitable purposes and help guide the organisation through the current difficult times.

Looking to the future for the trading period April 2020 - March 2021, the Trustees and management are seeking to:

- ♦ consolidate the new reduced management team and operation;
- ♦ introduce new operating procedures to create greater efficiency, including an app-based booking and operations management system. A small grant from 'Future Journeys' will fund this development;
- ♦ promote the Charity across a wider range of local community groups and organisations; and
- ♦ expand services, ideally diversifying away from an over-reliance on local authority contract work.

The Trustees are seriously concerned about the financial, operational and social impact of Covid-19 and will seek to draw on the financial support from HM Treasury, and other bodies, as this becomes available to maintain such services as are required within their community. The Trustees equally recognise that the contribution of third sector organisations is essential at times of national crisis and as such will seek to act within our local communities; working with our commissioners, staff and passengers to plan and organise the charity as the situation unfolds. As always, the safety of our staff and passengers is our first priority.

**Structure, governance and management**

CT4TC is governed by the Memorandum & Articles of Association and the terms and conditions of its charitable registration.



***Methods adopted for the recruitment and appointment of new trustees***

The Board is responsible for controlling governance. This means that it works to ensure that CT4TC's income and property is used for the purposes set out in the company's Memorandum & Articles of Association and for no other purpose. Directors have a duty to act reasonably and prudently in all matters relating to the charity and have a responsibility to act in the best interests of CT4TC.

The Board implements an induction, training and mentoring programme for new Directors.

Following the merger in April 2018, in accordance with HCT Group practice, the post of Chief Executive is no longer classed as a Director. The then Chief Executive Officer, Mr Patrick Dawson, stepped down as a trustee and company director. His role was re-designated as that of Managing Director. Mr Dawson, retired from his post on 31 March 2019 after 15 years of service with the Charity. The Trustees note Mr Dawson's contribution to the organisation.

CT4TC seeks to recruit new Directors from diverse backgrounds to bring additional skills to the Board. Whilst the Memorandum of Articles stipulates that the term of office for the Directors is up to 4 years in the first instance with the possibility of further extensions up to a maximum continuous service of 7 years, the Board concluded that continuity of Directors was essential throughout the period of the merger and subsequent trading period. Mr Michael Bishop resigned as a director and trustee on 21 June 2018.

***The organisational structure and how decisions are made***

CT4TC's Board is responsible for setting strategic direction, monitoring performance and the approval of both the annual accounts and budgets. The Managing Director is responsible for the day to day operational management and is accountable to the Board.

***The major risks to which the charity is exposed and reviews and systems to mitigate risks***

The Directors examine the major risks that CT4TC faces each financial year when preparing the budgets and up-dating the Charity's strategic plan. Furthermore, CT4TC has developed systems to monitor and control these risks on a regular basis and to mitigate any impact that they may have on the charity in the future.

***Managing Director***

The Managing Director to whom day to day management of the Charity is delegated to by the Trustees, was Mr. Patrick Dawson until his retirement on 31 March 2019.

***Principle activity***

The principle activity of the Charity is to provide passenger transport for individuals or organisations who have a difficulty in accessing conventional public transport.

***Events after the end of the reporting period***

Particulars of events after the reporting date are detailed in note 25 to the financial statements.

Additionally, 'Plans for Future Periods' and "Financial Position" above sets out the events and circumstances that the organisation has faced since the end of the accounting period.

**Trustees' responsibilities statement**

The Trustees, who are also Directors for the purposes of company law, are responsible for preparing the trustees' 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- ◆ make judgments and accounting estimates that are reasonable and prudent;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditor**

Each of the persons who is a trustee at the date of approval of this report confirms that:

- ◆ so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

**Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's' exemption.

The trustees' annual report was approved on 27 March 2020 and signed on behalf of the board of trustees by:

A handwritten signature in black ink, appearing to read 'M Usherwood', written in a cursive style.

M Usherwood

Trustee

**Independent auditor's report to the trustees and members of Community Transport for Town and County**

**Opinion**

We have audited the financial statements of Community Transport for Town and County (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2019 and of 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 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.

**Material uncertainties in relation to going concern**

We draw attention to the accounting policy on page 16 of the financial statements regarding going concern, which indicates that the Coronavirus pandemic is an inherent material uncertainty regarding the charity's ability to continue as a going concern because it is not possible to predict the outcome of this unprecedented event.

There is also a material uncertainty due to the recent demerger from HCT Group and the subsequent restructuring of the operations of the charity. The demerger has occurred in the last 3 months and therefore the forecasts prepared by the trustees for 2020/21 are currently untested and, combined with the uncertainties in relation to the Coronavirus pandemic noted above, there is inherently more risk that these will not be achieved.

Our opinion is not modified in respect of this matter.

### **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 trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, 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 trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, 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 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 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 located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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.



Hugh Swainson, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date:

# Statement of financial activities (including the income and expenditure account)

Year to 31 March 2019

	Notes	Total 2019 funds £	Total 2018 funds £
<b>Income from:</b>			
Donations	1	15,095	228,511
Charitable activities	2	1,527,884	1,193,650
Investment income	3	25	8
<b>Total income</b>		<b>1,543,004</b>	<b>1,422,169</b>
<b>Expenditure on:</b>			
Charitable activities	4,5	1,790,675	1,539,459
<b>Total expenditure</b>		<b>1,790,675</b>	<b>1,539,459</b>
<b>Net expenditure and net movements in funds</b>		<b>(247,671)</b>	<b>(117,290)</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward at 1 April 2018		18,527	135,817
<b>Total funds carried forward at 31 March 2019</b>		<b>(229,144)</b>	<b>18,527</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**Statement of financial position** 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible fixed assets	12		6,525		20,649
<b>Current assets</b>					
Debtors	13	190,781		154,946	
Cash at bank and in hand	14	21,087		981	
		<u>211,868</u>		<u>155,927</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(447,537)</u>		<u>(148,520)</u>	
<b>Net current (liabilities) assets</b>			<u>(235,668)</u>		<u>7,407</u>
<b>Total asset less current liabilities</b>			<u>(229,144)</u>		<u>28,056</u>
Creditors: amounts falling due after more than one year	16		—		(9,529)
<b>Net (liabilities) assets</b>			<u>(229,144)</u>		<u>18,527</u>
<b>Funds of the charity</b>					
Unrestricted funds			<u>(229,144)</u>		<u>18,527</u>
<b>Total charity funds</b>	18		<u>(229,144)</u>		<u>18,527</u>

These financial statements were approved by the board of trustees and authorised for issue and are signed on behalf of the board by:



M Usherwood

Trustee

Date: 27 March 2020



# Statement of cash flows Year to 31 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities:</b>		
Net expenditure	(247,671)	(117,290)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	14,257	42,925
Other interest receivable and similar income	(25)	(8)
Interest payable and similar charges	—	2,907
Gains on disposal of heritage assets	—	(24,605)
Profit on disposal of fixed assets	(2,580)	—
<b>Changes in:</b>		
(Increase) in trade and other debtors	(35,835)	(19,417)
Increase (decrease) in trade and other creditors	400,095	(169)
Cash generated from operations	128,241	(115,657)
Interest paid	—	(2,907)
Interest received	25	8
<b>Net cash used in operating activities</b>	<b>128,266</b>	<b>(118,556)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(133)	—
Proceeds from sale of tangible assets	2,580	19,502
Proceeds from sale of heritage assets	—	24,605
<b>Net cash from investing activities</b>	<b>2,447</b>	<b>44,107</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	—	30,550
Payments of finance lease liabilities	(20,733)	(6,931)
<b>Net cash used in financing activities</b>	<b>(20,733)</b>	<b>23,619</b>
<b>Net decrease in cash and cash equivalents</b>	<b>109,980</b>	<b>(50,830)</b>
<b>Cash and cash equivalents at 1 April 2018</b>	<b>(88,893)</b>	<b>(38,063)</b>
<b>Cash and cash equivalents at 31 March 2019</b>	<b>B 21,087</b>	<b>(88,893)</b>

## **Principal accounting policies** Year to 31 March 2019

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 272 Derby Road, Marehay, Ripley, DE5 8JN.

### **Statement of compliance**

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

### **Debtors and creditors receivable / payable within year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

### **Capital grants**

The board of trustees consider that in order to comply with the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commissioners for England & Wales (effective October 2005), gifts of tangible fixed assets or grants of a capital nature given for specific purposes and fully utilised in the furtherance of the objects of the charity should be credited to the relevant fixed asset fund after the sums have been properly expended on the restricted purpose. The related asset is shown in the balance sheet at the full cost of acquisition or subsequent revaluation. As the assets are depreciated, a transfer is made from the fixed asset fund to unrestricted revenue reserves to reflect the diminution in the asset.

If the assets are subject to restrictions by the grant making organisation on their use or disposal, then these restrictions are noted in the fixed asset section of these accounts. The fixed asset fund created is treated as a restricted asset fund.

If the related assets are not subject to restrictions by the grant making organisation on their use or disposal, the fixed asset fund is treated as a designated fund.

**Going concern**

The Company incurred a net loss of £247,671 during the year ended 31 March 2019 and the Company has net liabilities of £229,144. Therefore working capital remains under severe pressure.

The subsequent de-merger from HCT Group has led to the write off of the intra group loan (being the major creditor of CT4TC) and as at the date of signing the accounts the reserves are positive and the trustees are confident we are in a position to continue to trade. In addition the steps outlined in the Trustees' Report to secure the future of the charity highlight how we believe we can achieve this.

The Trustees are seriously concerned about the financial, operational and social impact of Covid-19 and will seek to draw on the financial support from HM Treasury, and other bodies, as this becomes available to maintain such services as are required within their community. The Trustees equally recognise that the contribution of third sector organisations is essential at times of national crisis and as such will seek to act within our local communities; working with our commissioners, staff and passengers to plan and organise the charity as the situation unfolds. As always, the safety of our staff and passengers is our first priority.

Post balance sheet developments including Covid-19 and the reorganisation following the demerger from HCT Group have created a material uncertainty in connection with the future finances and operations of the charity. Although the charity has taken steps to reorganise and reforecast, income levels and the level of surpluses over the next 12 months cannot be predicted with a high degree of certainty.

Accordingly the financial statements have been prepared on a going concern basis.

**Judgements and key sources of estimation uncertainty**

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the trustees have made the following judgements:

***Depreciation and residual values***

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

***Recoverability of trade debtors***

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

**Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the purposes of the charity.

Designated funds are unrestricted funds earmarked by the trustees for specific purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

**Income**

All income is included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Gifts donated for resale are included as incoming resources within activities for generating funds when they are sold.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Income from bank deposits is included on an accruals basis.

**Expenditure**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

**Expenditure** (continued)

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Within support costs, governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

- ♦ Leasehold property - Straight line over the life of the lease
- ♦ Fixtures and fittings - 33% straight line
- ♦ Motor vehicles - Straight line over lower of 7 years or term of associated grant
- ♦ Plant, machinery and equipment – 20% straight line

**Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

**Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

**Financial instruments** (continued)

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

**Defined contribution pension**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

**Redundancy policy**

A liability is recognised for termination benefits at the point where the charity is committed to making the payments in return for employee redundancy.

**Company status**

Community Transport for Town & County is a company limited by guarantee and accordingly does not have a share capital. There are 9 members of the company at the year end (2018: 9 members) Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

## 1 Donations and legacies

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Donations	183	—	183
<b>Grants</b>			
. Derbyshire County Council Grant	5,100	—	5,100
. Other local authority grants	9,812	—	9,812
. Community Car Scheme	—	—	—
. Other Grants	—	—	—
. Big Lottery Fund	—	—	—
<b>2019 Total funds</b>	<b>15,095</b>	<b>—</b>	<b>15,095</b>

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Donations	37,622	—	37,622
<b>Grants</b>			
. Derbyshire County Council Grant	142,534	—	142,534
. Other local authority grants	13,511	—	13,511
. Community Car Scheme	26,737	—	26,737
. Other Grants	8,300	—	8,300
. Big Lottery Fund	(193)	—	(193)
<b>2019 Total funds</b>	<b>228,511</b>	<b>—</b>	<b>228,511</b>

## 2 Charitable activities

	Unrestricted	
	2019 Total funds £	2018 Total funds £
Primary purpose trading	1,524,576	1,191,035
Other trading activity	3,308	2,615
	<b>1,527,884</b>	<b>1,193,650</b>

## 3 Investment income

	Unrestricted	
	2019 Total funds £	2018 Total funds £
Bank interest receivable	25	8
	<b>25</b>	<b>8</b>

**4 Expenditure on charitable activities by fund type**

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Community Transport	508,953	—	<b>508,953</b>
Community Car Scheme	—	—	—
Support costs	1,281,722	—	<b>1,281,722</b>
	<b>1,790,675</b>	<b>—</b>	<b>1,790,675</b>

  

	Unrestricted funds £	Restricted funds £	2018 Total funds £
<i>Community Transport</i>	<i>493,399</i>	<i>—</i>	<i>493,399</i>
<i>Community Car Scheme</i>	<i>11,751</i>	<i>—</i>	<i>11,751</i>
<i>Support costs</i>	<i>1,034,309</i>	<i>—</i>	<i>1,034,309</i>
	<b>1,539,459</b>	<b>—</b>	<b>1,539,459</b>

**5 Expenditure on charitable activities by activity type**

	Activities undertaken directly £	Support costs £	2019 Total funds £
Community Transport	508,953	1,153,514	<b>1,662,467</b>
Community Car Scheme	—	—	—
Governance costs	—	128,208	<b>128,208</b>
	<b>508,953</b>	<b>1,281,722</b>	<b>1,790,675</b>

  

	Activities undertaken directly £	Support costs £	2018 Total funds £
<i>Community Transport</i>	<i>493,399</i>	<i>895,684</i>	<i>1,389,083</i>
<i>Community Car Scheme</i>	<i>11,751</i>	<i>82,178</i>	<i>93,929</i>
<i>Governance costs</i>	<i>—</i>	<i>56,477</i>	<i>56,477</i>
	<b>505,150</b>	<b>1,034,309</b>	<b>1,539,459</b>



## 6 Analysis of support costs

	Community Transport £	Community Car Scheme £	Governance costs £	2019 Total funds £
Staff costs	1,059,794	—	—	1,059,794
Premises	45,961	—	—	45,961
Communications and IT	9,849	—	—	9,849
General office	26,222	—	—	26,222
Finance costs	11,688	—	—	11,688
Governance costs	—	—	128,208	128,208
	<b>1,153,514</b>	<b>—</b>	<b>128,208</b>	<b>1,281,722</b>

	Community Transport £	Community Car Scheme £	Governance costs £	2018 Total funds £
Staff costs	821,052	75,331	—	896,383
Premises	41,190	3,779	—	44,969
Communications and IT	9,802	899	—	10,701
General office	19,029	1,746	—	20,775
Finance costs	4,611	423	—	5,034
Governance costs	—	—	56,447	56,447
	<b>895,684</b>	<b>82,178</b>	<b>56,447</b>	<b>1,034,309</b>

Support costs have been split on a percentage of income basis.

## 7 Net expenditure

Net expenditure is stated after charging (crediting):

	2019 Total funds £	2018 Total funds £
Depreciation of tangible fixed assets	<b>14,257</b>	42,925
Gains on disposal of heritage assets	—	(24,605)
Profit on disposal of fixed assets	<b>2,580</b>	—
Impairment of trade debtors	—	90
Operating lease rentals	<b>37,026</b>	34,535

## 8 Auditor's remuneration

	2019 Total funds £	2018 Total funds £
Fees payable for the audit of the financial statements	<b>8,625</b>	5,250
Other non-audit services	—	580

## 9 Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019 Total funds £	2018 Total funds £
Wages and salaries	1,008,414	907,347
Social security costs	36,960	27,171
Employer contributions to pension plan	14,423	11,806
	<b>1,059,797</b>	<b>946,324</b>

During the year, redundancy payments to one member of staff totalling £25,862 were made (2017: £15,932 to two members).

The average head count of employees during the year was 125 (2017: 64). The average number of full-time equivalent employees during the year is analysed as follows

	2019 No.	2018 No.
Charitable activity – drivers, passenger assistants and office staff	109	58
Governance	1	1
	<b>110</b>	<b>59</b>

One employee received employee benefits of between £70,001 - £80,000 during the year (2018: none).

### **Key management personnel**

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling activities of the charity. The total compensation paid to key management personnel for services provided to the charity, including employees NI and pension was £77,819 (2018: £49,940).

## 10 Trustee remuneration and expenses

During the year the Chief Executive, Patrick Dawson, received total remuneration of £77,819 (2018: £49,940). This included £45,479 gross salary, £25,862 severance payment, £5,114 employers national insurance and £1,364 pension contributions. No amounts remained outstanding at the year end (2018: £nil). One trustee (2018: one) had benefits accruing under a defined contribution scheme.

During the year four trustees (2018: three) claimed travel expenses totalling £1,452 (2018: £1,013). At 31 March 2019 and 2018 all expenses had been reimbursed.

Non-executive trustees are not remunerated, but are entitled to claim travel expenses.

## 11 Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	<b>243,649</b>
<b>Amortisation</b>	
At 1 April 2018 and 31 March 2019	<b>243,649</b>
<b>Carrying amount</b>	
At 31 March 2019	—
At 31 March 2018	—

The net assets of Chesterfield & District Community Transport were acquired for the consideration of £1 on 1 July 2010. The book value of the net assets acquired was £340,345. The trustees subsequently revalued the purchased assets and liabilities to their deemed fair values.

## 12 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 April 2018	9,669	20,565	622,396	11,845	<b>664,475</b>
Additions	—	—	133	—	<b>133</b>
At 31 March 2019	9,669	20,565	622,529	11,845	<b>664,608</b>
<b>Depreciation</b>					
At 1 April 2018	9,669	16,306	606,006	11,845	<b>643,826</b>
Charge for the year	—	2,740	11,517	—	<b>14,257</b>
At 31 March 2019	9,669	19,046	617,523	11,845	<b>658,083</b>
<b>Carrying amount</b>					
At 31 March 2019	—	1,519	5,005	—	<b>6,525</b>
At 31 March 2018	—	4,259	16,390	—	<b>20,649</b>

## 13 Debtors

	2019 £	2018 £
Trade debtors	<b>92,214</b>	115,012
Prepayments and accrued income	<b>25,772</b>	28,661
Other debtors	<b>72,795</b>	11,273
	<b>190,781</b>	154,946

#### 14 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019 £	2018 £
Cash at bank and in hand	21,087	981
Bank loans and overdrafts	(9,817)	(89,874)
	<b>11,270</b>	<b>(88,893)</b>

#### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	9,817	110,895
Trade creditors	26,822	18,336
Accruals and deferred income	36,187	8,938
Social security and other taxes	13,614	8,211
Other creditors	7,744	2,140
Amounts owed to group undertakings	353,353	—
	<b>447,537</b>	<b>148,520</b>

The loan with Northern Impact Fund Delivery Company Limited is over a 24 months period with 5 months remaining as at 31 March 2019. Interest is charged at a rate of 6.5%.

The overdraft is secured by a debenture from Unity Trust Bank PLC dated 8 October 2014.

At 31 March 2019 the total amount of secured creditors due in less than one year was £nil (2018: £87,545).

#### 16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	—	9,529

At 31 March 2019 the total amount of secured creditors greater than one year was £nil (2018: £nil).

#### 17 Pension and other post-retirement benefits

##### **Defined Contributions Plans**

The amount recognised in income or expenditure as an expense in relation to the defined contribution plans was £14,423 (2018: £11,806). The liability at the year end of £7,743 (2018: £989) is split between unrestricted and restricted funds based on an employee by employee basis.

## 18 Analysis of charitable funds

	At 1 April 2018 £	Income £	Expenditure £	At 31 March 2019 £
<b>Unrestricted funds</b>				
General funds	18,527	1,543,004	(1,790,675)	<b>(229,144)</b>

## 19 Analysis of net assets between funds

	Unrestricted	
	Total funds 2019 £	Total funds 2018 £
Tangible fixed assets	6,525	20,649
Current assets	211,868	155,927
Creditors less than 1 year	(447,537)	(148,520)
Creditors greater than 1 year	—	(9,529)
<b>Net assets</b>	<b>(229,144)</b>	<b>18,527</b>

## 20 Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Cash at bank and in hand	21,087	981
Trade debtors	92,214	115,012
	<b>113,301</b>	<b>115,993</b>
<b>Financial liabilities measured at amortised cost</b>		
Bank overdraft	(9,817)	(89,874)
Trade creditors	(26,822)	(18,336)
Other creditors	(7,744)	(11,078)
	<b>(44,383)</b>	<b>(119,288)</b>

## 21 Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than 1 year	224,493	63,750
Later than 1 year and not later than 5 years	565,543	122,980
	<b>790,036</b>	<b>186,730</b>

## 22 Related parties

Trustee A Bentley's husband J Bentley works as a driver for the charity. During the year he received total remuneration of £nil (2018: £46).

**23 Parent company**

From 3 April 2018 until 24 January 2020, HCT Group became the sole member of the charity. HCT Group is a social enterprise in the transport industry, safely providing a range of transport services - from London red buses to social services transport, from school transport to whole bus networks, from community transport to education and training. HCT Group have a registered company number of 1747483 and registered charity number of 1091318. The results for the year are included in their consolidated financial statements.

**24 Taxation**

The Charities activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in their accounts.

**25 Post balance sheet events**

From 24 January 2020, the charity demerged from HCT Group and the trustees became the members of the charity.

The Trustees are seriously concerned about the financial, operational and social impact of Covid-19 and will seek to draw on the financial support from HM Treasury, and other bodies, as this becomes available to maintain such services as are required within their community. The Trustees equally recognise that the contribution of third sector organisations is essential at times of national crisis and as such will seek to act within our local communities; working with our commissioners, staff and passengers to plan and organise the charity as the situation unfolds. As always, the safety of our staff and passengers is our first priority.