

**CHARITY COMMISSION
COPY**

HCT Group

**Annual Report and
Financial Statements**

31 March 2016

Company Limited by Guarantee
01747483 (England and Wales)

Charity Registration Number 1091318

CHARITY COMMISSION
FIRST CONTACT

27 JUL 2016

ACCOUNTS
RECEIVED

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

Trustees	P Brennan C Hewitt A Levitt J Moseley OBE (Chair) A Ross A Whitehead J Winter
Chief Executive Officer	D Powell OBE
Secretary	J Smart
Registered office	1 st Floor 141 Curtain Road London EC2A 3BX
Company registration number	01747483 (England and Wales)
Charity registration number	1091318
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Canada Place Canary Wharf London E14 5AH
Solicitors	Bates Wells & Braithwaite LLP 10 Queen Street Place London EC4R 1BE

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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 Park and Ride, from community transport to education and training.

We reinvest the profits from our commercial work into high social impact transport services or projects in the communities we serve, and into providing training opportunities for people who are long-term unemployed – making a real difference to people's lives.

HCT Group exists to tackle the social isolation and social exclusion in our society caused by poor access. These are significant issues on a national scale and this provides an imperative for growth. The year to March 2016 sees the Group ready for the next phase of expansion.

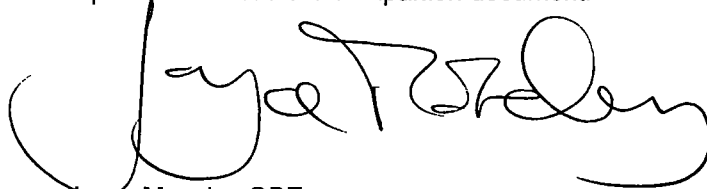
Investment is a prerequisite for sustainable growth, thus a highlight of the financial year 2015/16 has been the successful conclusion in November of our second fundraising round. This is one of the largest transactions in the social enterprise sphere, bringing together investment or facilities from social investors, mainstream investors, a high street bank – plus charitable trusts and a social enterprise investing their reserves. It has led to a total of £10m funds being raised or made available, giving us the balance sheet strength to work on the next phase of growth and the social impact that we deliver.

The other key component of growth is business success and the current financial year has seen a strong business development performance, with significant contract wins that point towards profitable growth in 2016/17. Most notable of these are contracts for two further Transport for London (TfL) red bus routes – Routes 26 and W19, and the SEN transport contract for the London borough of Wandsworth.

I would like to thank the Board of Directors, the management team and staff across the organisation for their work over the past year, in often challenging circumstances. One of the strengths of HCT Group is the values we have and these values are shared by many of the organisations we work with and the authorities where we work.

I would also like to thank our partners in these organisations and authorities for supporting the delivery of services and development of ideas which help to improve people's lives.

At the same time as we publish this report we are also launching the group's Social Impact Report which sets out in far more detail the impact that we have delivered and the positive changes we have been able to make to people's lives. I encourage all readers of this report to also read the companion document.



Joyce Moseley OBE
Chair

HCT Group has had another positive year, cementing the turnaround in performance reported over the two previous financial years. Work still remains to be done, as we were not able to reach our budgeted expectations, but we have positioned the Group for further profitable expansion in the future.

A highlight of the year has been the successful conclusion in November of our second fundraising round. This has led to a total of £10m funds being raised or made available. This is one of the largest transactions in the social enterprise sphere and gives us the balance sheet strength to work on the next phase of growth. The fundraise not only included loans from social investors, but also included bank facilities to reduce the need to keep cash on the balance sheet. This allows us to put all the cash raised to work growing the Group and the social impact that we deliver.

In July 2015 we published our 2015 Social Impact Report. In addition to our annual results this edition included the results for the whole of the last investment round. At the start of the investment period in 2010, we agreed a framework of social impact targets with our investors. I'm delighted to report that we achieved or beat every one of those targets. We have agreed revised targets for the 2015-2020 period and I look forward to reporting a similar achievement in 2020.

2015 has also been a strong year for business development, with significant contract wins that point towards profitable growth. Most notable of these are contracts for another two Transport for London (TfL) routes. These will move the Ash Grove depot to full capacity and allow us to start operations at our new Walthamstow Avenue depot. This increase in capacity use will improve the overall margin percentage from TfL contracts.

Our Channel Islands business has performed well during the year. We have successfully implemented our revised contract in Guernsey, delivering significant growth in ridership. In Jersey we have again attracted more passengers to the bus service as a result of providing a high quality service at an attractive price.

The most significant challenge to our financial performance this year has been the impact of traffic on our London red bus services – in common with most London bus operators. The contracts with Transport for London (TfL) include a performance incentive/penalty regime and our income has been reduced as a direct result of the traffic congestion. As the construction of the Cycle Superhighway and Crossrail 1 come to an end, we are hoping that the traffic situation in East London may ease. We have, however, taken a cautious approach to the budget for the coming year.

HCT Group exists to have a positive social impact – helping to break down the barriers to access for the most vulnerable in our society. In 2015/16 our high-social impact services have made a real contribution to our communities.

Individual transport: The most vulnerable in our society are the most likely to be affected by poor access. Across the UK, people with mobility difficulties make 42%¹ fewer trips

¹ Department for Transport (2015) National travel survey: 2014, ONS

than people with no mobility difficulties. HCT Group provides a range of individual transport services to help older and disabled people to get out and about. In 2015/16 these services provided a total of 242,960 passenger trips. A clear majority (63%) of these service users said that their independence had improved as a consequence.

Group Transport: HCT Group support a wonderfully diverse range of community groups by providing Group Transport – the subsidised, accessible minibuses we have operated since our inception in 1982. The social impact of community groups is extraordinary and each has a story to tell. By providing transport we are a part of that story, acting as a critical enabler for the social impact of others. In 2015/16 these services provided a total of 174,058 passenger trips. Nearly four out of five (79%) of our Group Transport users said that their ability to get out and about had improved as a consequence.

Learning Centre: Our Learning Centre's primary goal is to support people who are unemployed in building the skills and confidence to move into sustainable employment, creating a step change in their life chances. Working with some of the hardest to reach groups in education, in 2015/16 98% of the Learning Centre's learners completed their courses, with 95% attaining a qualification – leading to 203 known job outcomes – a job outcome rate of 46%.

On a final note, on 31 March 2016, Jude Winter retired as Deputy Chief Executive after over 20 years of service in that position. Her contribution to the Group has been immeasurable. I am delighted that she has now been appointed to the Board of Trustees where her skills and experiences will continue to benefit the Group.



Dai Powell OBE

Chief Executive

The trustees, who are directors of the charity, present their report together with the consolidated financial statements for the year ended 31 March 2016. 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 set out on pages 17 to 21 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), effective from accounting period commencing 1 April 2015.

Principal aims and objectives

HCT Group, the charity, is a social enterprise with a strong commitment to equal opportunities that operates community transport, other types of passenger transport and other related services.

The objects of HCT Group are for such purposes as may be charitable in law but in particular:

- a) to provide community transport services for people who are in need of such services because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public transport; and
- b) the relief of unemployment for public benefit through the provision of training programmes.

The objects of HCT Group are carried out by the holding company and its eight direct subsidiary companies.

Structure, governance and management

HCT Group, is a registered charity and is incorporated as a company limited by guarantee and governed by its Memorandum and Articles of Association. It is managed by its Board of Trustees who are the trustees and directors of the charity. New trustees and directors are selected and appointed for a fixed term of office by the Board.

Board members are proposed by the HCT Group's Governance Committee which seeks to ensure that the Board of Trustees has a broad range of appropriate skills and experience. The board meets at least six times a year.

New trustees are provided with an induction to the charity, which includes an induction pack introducing the organisation and its activities, and outlines the rights and responsibilities of charity trustees. Prior to the first meeting a trustee is introduced to senior staff within the HCT Group, requested to sign the Code of Conduct and to make a declaration concerning conflicts of interest. Trustees are invited to visit the organisation whilst services are in operation, and are encouraged to do so throughout their term of office.

Structure, governance and management (continued)

Following a governance review it was decided that the Regional Advisory Committees could be replaced with a different arrangement to more effectively engage with communities. In order to keep the social mission at the forefront of our business decisions, we have a rolling programme of direct stakeholder outreach in each of our operating regions. We meet regularly with local community leaders, elected officials and head of community groups to understand local priorities.

We also conduct direct outreach with service users to better understand their needs – through surveys, focus groups and open user or passenger meetings. These enable us to remain accountable to passengers or service users, take feedback, listen to concerns and explore new ideas.

There are two sub-committees of the Board, the Governance and Remuneration Committee which meets once a year and the Audit Committee which meets twice a year.

In addition there is a Social Impact Advisory Committee, which meets twice a year to review our social impact.

The Chief Executive Officer is Dai Powell OBE. He has been supported during the year by the Deputy Chief Executive Officer, Jude Winter, the Chief Financial Officer, John Smart and the Operations Director, Jane Desmond. These four postholders are known as the Chief Officers and they form the core of the senior management team, together with the heads of department and project managers. On the 31 March Jude Winter retired from her executive position as Deputy Chief Executive Officer.

The Board of Trustees make strategic decisions and the day-to-day operations of the charity are managed by the Chief Officers of HCT Group, delegated to other staff members, as appropriate.

Trustees

The trustees in office during the year were as follows:

	From/To
D Barron	To 21/09/2015
P Brennan	
C Hewitt	
J Heath	To 21/09/2015
A Levitt	
J Moseley	
A Ross	To 21/09/2015 and subsequently from 25/01/2016
A Whitehead	
J Winter	From 04/04/2016

None of the trustees has or had any beneficial interest in the charity or its subsidiaries.

Key management personnel

The key management personnel have been classified as the four chief officers who served during the year. They are ably supported by the Senior Management Team which comprises of the four Regional Managers and heads of service from Business

Key management personnel (continued)

Development, Communications, Engineering, Training and Education, Finance, HR and Innovation.

The remuneration of the chief officers is determined by the Governance Committee giving due regard to current market rates and delivery of the business plan.

Objectives and activities

The primary objectives of HCT Group are to provide a community transport services who are in need of such services because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public transport, and also the relief of unemployment for public benefit through the provision of training programmes.

HCT Group pursues its primary objectives by securing income on a continuing basis that allows it to provide services which fulfil the criteria set down in its Memorandum and Articles of Association, as stated in the previous paragraph. Income is secured from three primary sources; commercial contracts (via its trading subsidiaries), grant funding and under service level agreements with local authorities and other government agencies. The commercial contracts are with public sector bodies under which HCT Group aims to deliver a service that offers best value, in terms of quality and price, to both service users and its contractors.

The Group is committed to providing a proportion of any profit generated in each of the areas in which it operates to provide services in that area.

The activities of the Group are set out in the Strategic Report.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Statement of trustees' responsibilities (continued)

- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Employees

HCT Group is committed to equal opportunities in its employment practices and encourages the employment of people with disabilities.

Signed on behalf of the board of trustees:



A Whitehead
Trustee

Approved by the board on: 27 June 2016

Statement of public benefit

When setting the objectives and planning the work of the charity for the year the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The HCT Group Social Impact Report gives full details of the work that we do, including statistics of benefits provided to the communities. Rather than re-iterate the text of the Social Impact Report here readers are asked to refer to that document.

Achievements and performance

The charity and group's achievements and performance for the year are set out in the Chair's report and the Chief Executive's report on pages 2 and 3.

Financial review

In the year to 31 March 2016, there were net income of £389,175 (2015 – £642,064) before net actuarial gains on final salary pension schemes. After the actuarial gains on the defined benefit pension schemes of £48,000 (2015 – actuarial losses of £320,000) the total net movement of funds was a surplus of £437,175 (2015 – surplus of £322,064). The results are set out in the consolidated statement of financial activities on page 14 the notes thereto.

Reserves

The charity has four reserves funds.

The restricted funds represent monies received by the charity which are subject to restrictions on their use, but which have not yet been expended.

The fixed asset fund represents the net book value of those assets held at the balance sheet date which are not readily realisable into liquid funds less the related finance lease and loan obligations.

The general fund represents the free working capital of the charity which enables it to plan and operate its services.

The pension reserve represents the net pension assets in respect of the final salary pension schemes.

Reserves policy

At 31 March 2016 the balance of the charity's reserves was £3.9m (2015 – £3.4m). None of these reserves were held for restricted purposes (2015 - £6,181).

The balance on the charity's pension reserve as at 31 March 2016 was a deficit of 186,000 (2015 – deficit of £185,000). The charity maintains a designated fund representing all the general funds that have been invested in tangible fixed assets and therefore are not readily available for working capital purposes. The balance on the designated fund at 31 March 2016 was £1.6m (2015 - £1.8m).

Financial review (continued)

Reserves policy (continued)

After deducting the funds mentioned above, the balance on the charity's general reserves as at 31 March 2016 was £2.4m (2015 - £1.8m). The charity is reliant on a number of income streams and is also subject to fluctuations in the cost of its activities. The charity needs to maintain a level of reserve so that it can continue its operations in the event that an unforeseen shortfall in voluntary income or increase in costs creates an imbalance of funding.

The trustees have taken a risk based approach in calculating the amount that is required to be held in reserves.

In assessing the amount of reserves required to be held the risk of a shortfall in income or an increase in cost is estimated and a sum held to cover the potential shortfall for each element of the charity's income and expenditure. The risk weightings range from 3% to 10% depending on the nature of the activities.

Based on these calculations, the trustees estimate that a total of £2.7m (2015 - £2.5m) is required representing approximately 3 weeks of budgeted spend for the year 2016/17. The charity's reserves are therefore broadly in line with the requirement identified by the trustees.

The trustees will continue to build the reserves in order to accommodate expansion of the charity, by improving the profitability of commercial contracts which it operates through its subsidiaries and retaining those profits in the charity.

Plans for the future

The group's business plan identifies the need to grow in order to deliver increased social impact. The conclusion of the fund-raising in the year gives the group the financial footing to achieve that growth.

Risk management

The trustees have made an assessment of the risks to which the charity and its subsidiaries are exposed, particularly with respect to finance, staff, premises and governance. The major risks to which the charity is exposed have been identified and the trustees are satisfied that systems are in place to mitigate those risks.

Risk management (continued)

The key risks identified by the trustees, and the procedures in place to mitigate them are as follows:

Risk	Procedures to mitigate risk
The group is unable to meet its budget due to cost increases or reduction in income.	We have invested in management capacity and capability to ensure both delivery and financial monitoring are robust.
Substantial loss of contracted or commissioned income and failure to win tenders for existing or new work, resulting in failure to continue to deliver key impact services in regions.	We will strengthen our Business Development Unit bidding team and Develop closer working relationships with existing procurers to add value to existing contracts. We prioritise new contracts in existing areas to reduce reliance on one source of contractual income in a region. The Business Development Strategy identifies clear priorities for future development.
Failure to develop and maintain a sufficiently skilled management workforce to discharge core functions across the group.	Succession planning and management development programme is part of our new draft HR Strategy, which will be rolled out over the next 3 years.
The high standards of safety expected by our passengers is not achieved	We carry out regular health and safety checks on our vehicles and premises, the results of which are considered regularly by the Board of Trustees. We also ensure that all our staff are trained to the highest relevant standard.

Financial instruments

The charity's principal financial instruments include bank overdrafts, loans and bonds of various forms, the main purpose of which is to raise finance for the charity's operations. In addition, the charity has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Liquidity risk

The charity manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the charity has sufficient liquid resources to meet the needs of its operations.

Risk management (continued)

Credit risk

Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Signed on behalf of the board of trustees:

A handwritten signature in black ink, appearing to be 'AICE' with a flourish at the end.

Trustee

Approved by the board on: 27 June 2016

Independent auditor's report to the members of HCT Group

We have audited the financial statements of HCT Group for the year ended 31 March 2016 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes. 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 FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements including the strategic report. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the groups' and the parent charitable company's affairs as at 31 March 2016 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

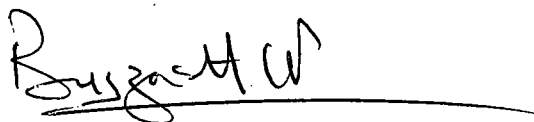
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements. Also in our opinion, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the Trustees' report.

Matters on which we are required to report by exception

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

- ◆ the information given in the trustees report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.



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

6 July 2016

Buzzacott LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

Consolidated statement of financial activities 31 March 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
Income from:					
Donations	1	266,102	260,928	527,030	487,096
Investments		—	—	—	28,445
Charitable activities					
. Income from transport services	2	43,667,200	—	43,667,200	44,873,830
Other income					
. Surplus on disposal of tangible fixed assets	7	(1,918)	—	(1,918)	28,948
Total income		43,931,384	260,928	44,192,312	45,418,319
Expenditure on:					
Charitable activities					
. Community transport	3	2,943,557	6,181	2,949,738	3,322,850
. Public sector contracts	3	39,614,168	175,000	39,789,168	40,243,284
. Training programmes	3	1,152,939	85,928	1,238,867	1,210,121
Total expenditure		43,710,664	267,109	43,977,773	44,776,255
Net gains on investments	8	174,636	—	174,636	—
Net income (expenditure) for the year	6	395,356	(6,181)	389,175	642,064
Other recognised gains/(losses):					
Actuarial gains (losses) on pension schemes	16	48,000	—	48,000	(320,000)
Net movement in funds		443,356	(6,181)	437,175	322,064
Total funds brought forward at 1 April 2015		3,409,445	6,181	3,415,626	3,093,562
Total funds carried forward at 31 March 2016		3,852,801	—	3,852,801	3,415,626

All of the group's activities in the above two financial years derived from continuing operations.

Group and charity balance sheets 31 March 2016

	Notes	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
Fixed assets					
Tangible fixed assets	7	12,423,666	12,241,485	4,192,092	3,134,854
Investment property	8	260,000	—	260,000	—
		<u>12,683,666</u>	<u>12,241,485</u>	<u>4,452,092</u>	<u>3,134,854</u>
Current assets					
Stock		500,704	572,927	—	—
Debtors	9	4,010,058	3,578,289	4,156,647	3,475,662
Short-term deposits		—	900,000	—	900,000
Cash at bank and in hand		2,591,195	1,618,450	351,379	774,261
Total current assets		<u>7,101,957</u>	<u>6,669,666</u>	<u>4,508,026</u>	<u>5,149,923</u>
Liabilities					
Creditors: amounts falling due within one year	10	(5,401,856)	(6,425,955)	(2,910,847)	(3,894,070)
Net current assets		<u>1,700,101</u>	<u>243,711</u>	<u>1,597,179</u>	<u>1,255,853</u>
Total asset less current liabilities		<u>14,383,767</u>	<u>12,485,196</u>	<u>6,049,271</u>	<u>4,390,707</u>
Creditors: amounts falling due after more than one year	11	(10,163,512)	(8,522,428)	(5,855,728)	(3,313,060)
Provisions for liabilities	15	(181,454)	(362,142)	—	—
Net assets excluding pension liabilities		<u>4,038,801</u>	<u>3,600,626</u>	<u>193,543</u>	<u>1,077,647</u>
Net pension liabilities	16	(186,000)	(185,000)	—	—
Net assets including pension liabilities		<u>3,852,801</u>	<u>3,415,626</u>	<u>193,543</u>	<u>1,077,647</u>
The funds of the group:					
Restricted funds	17	—	6,181	—	6,181
Unrestricted funds:					
· Designated fund	18	1,642,281	1,754,055	—	—
· General fund		2,396,520	1,840,390	193,543	1,071,466
· Pension reserve	16	(186,000)	(185,000)	—	—
Total group funds		<u>3,852,801</u>	<u>3,415,626</u>	<u>193,543</u>	<u>1,077,647</u>

Approved by the directors of HCT Group, Company Registration Number 01747483 (England and Wales) and signed on their behalf by:



Trustee

Approved by the board on: 27 June 2016

Consolidated Statement of cash flows Year to 31 March 2016

	Notes	2016 £	2015 £
Cash outflow from operating activities:			
Net cash provided by operating activities	A	2,108,069	3,692,485
Cash outflow from investing activities:			
Dividends and interest from investments		367	28,670
Proceeds from the disposal of tangible fixed assets		1,441,500	126,196
Purchase of tangible fixed assets		(3,430,018)	(632,239)
Net cash used in investing activities		(1,988,151)	(477,373)
Cash inflow from financing activities:			
Repayments of borrowing		(3,722,173)	(4,785,951)
Cash inflows from new borrowing		3,675,000	1,575,000
Net cash used in financing activities		(47,173)	(3,210,951)
Change in cash and cash equivalents in the year		72,745	4,161
Cash and cash equivalents at 1 April 2015	B	2,518,450	2,514,289
Cash and cash equivalents at 31 March 2016	B	2,591,195	2,518,450

Notes to the statement of cash flows for the year to 31 March 2016.

A Reconciliation of net income to net cash flow provided by operating activities

	2016 £	2015 £
Net income (as per the statement of financial activities)	389,175	642,064
Adjustments for:		
Depreciation charge	1,690,976	1,933,738
Unrealised gain on investment property	(174,636)	—
Pension charge (credit)	45,000	26,000
Net interest received from pension scheme	4,000	(28,000)
Deficit (surplus) on disposal of tangible fixed assets	29,997	(28,948)
Interest receivable	(367)	(28,670)
Interest payable	1,066,238	730,136
Decrease (increase) in stocks	72,229	(136,440)
Increase in debtors	(431,775)	(108,096)
(Decrease) increase in provisions	(180,688)	133,353
(Decrease) increase in creditors	(402,080)	557,348
Net cash provided by operating activities	2,108,069	3,692,485

B Analysis of cash and cash equivalents

	2016 £	2015 £
Short-term deposits	—	900,000
Cash at bank and in hand	2,591,195	1,618,450
Total cash and cash equivalents	2,591,195	2,518,450

Principal accounting policies Year to 31 March 2016

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 March 2016.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with 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) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the provision against doubtful and bad debts in respect to income from charitable activities;
- ◆ the allocation of overheads and governance costs between charitable expenditure categories;
- ◆ estimates in respect to accrued expenditure;
- ◆ estimates applied in calculating the self-insurance provision; and
- ◆ actuarial assumptions used in calculation the defined benefit pension liability.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2017, the most significant areas that affect the level of reserves held by the charity is the performance on transport services contracts (see the risk management section of the trustees' report for more information).

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of HCT Group and its subsidiaries, Transport Co-ordination Centre Hackney Limited, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, Knowsley Community Transport, Lambeth and Southwark Community Transport, Leeds Alternative Travel Limited, Bristol Community Transport, CT Plus Guernsey Limited and CT Plus Jersey Limited made up at the balance sheet date as HCT group either owns the entire share capital of the subsidiary or assumes control of the entity.

Income recognition

Income is recognised in the period in which the charity is entitled to the income, the amount of income can be measured reliably and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it, for example contractual income, or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given or with greater freedom of use, for example monies for core funding.

No separate statement of financial activities has been presented for HCT Group alone, as permitted by s408 of the Companies Act 2006 and paragraph 24.36 of SORP 2015.

HCT Group had total income of £2,117,689 (2015 – £2,475,352) and net expenditure of £1,058,740 for the year ended 31 March 2016 (2015 - £46,826).

Expenditure recognition and the basis of apportioning costs

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure comprises direct costs and support costs, including any attributable VAT which cannot be recovered. All expenses are allocated or apportioned to the applicable expenditure headings.

Expenditure comprises the following:

- a. The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report.

Such costs include:

- ◆ staff costs
- ◆ premises costs, equipment and utilities
- ◆ professional fees.

The majority of costs are directly attributable to specific activities. Certain shared support costs are apportioned to charitable activities.

- b. Indirect costs are apportioned on a basis which reflects the overall activity of head office.
- c. Office costs and property related costs are allocated in the same proportion as directly attributable staff costs.
- d. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life of more than one year are capitalised.

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates based on the estimated useful life of the assets as follows:

- | | |
|---|--|
| ◆ Motor vehicles – buses and large mini-buses | straight line basis over periods between 10 and 17 years |
| ◆ Motor vehicles – other | straight line basis over 7 years |
| ◆ Fixtures and fittings | 25% reducing balance |
| ◆ Plant and equipment | 25% reducing balance |
| ◆ IT equipment | straight line basis over 3 years |
| ◆ Portacabins | straight line basis over 3 years |

Principal accounting policies Year to 31 March 2016

Fund accounting

The reserves of the charity are as follows:

Restricted funds comprise monies set aside for particular projects or purposes in accordance with the instructions of the grantor.

Designated funds represent the net book value of tangible fixed assets held at the balance sheet date which are not readily realisable into liquid funds less the related finance lease obligations and loans.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the lease term.

Assets held under finance leases are capitalised and depreciated over their useful lives. The corresponding lease obligation is treated in the balance sheet as a liability. The interest element is charged against income over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Stock

Stock represents the cost, net of VAT, as at 31 March 2016 of diesel, vehicle parts, oils/lubricants and other vehicle related consumables.

Term deposits

Term deposits comprise monies held in short-term deposits with maturity periods of more than 24 hours.

Taxation

The parent charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the parent charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

The subsidiary companies are not normally liable for corporation tax as they gift aid any taxable profits arising during the year to the parent charity.

Notes to the Financial Statements Year to 31 March 2016

1 Donations

Group	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Community Transport Grants				
. Investment and Contract Readiness Fund	—	—	—	57,000
. Transport for London – vehicle upgrade grant	—	175,000	175,000	—
. London Borough of Hackney grant - Neighbourhood renewal Fund	100,000	—	100,000	80,000
. Knowsley Community Transport grant	—	—	—	183,995
. Big Lottery Fund grant	—	85,928	85,928	—
. Bristol City Council - grant	166,102	—	166,102	166,101
2016 Total funds	266,102	260,928	527,030	487,096
2015 Total funds	166,101	320,995	487,096	

2 Income from transport services

The analysis of income from charitable activities, all of which is derived from the UK is as follows:

Group	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Public Sector Contracts				
. Bus Operations	34,657,433	—	34,657,433	35,519,052
. Home to School Transport	5,480,686	—	5,480,686	5,427,892
Community Transport				
. Contracts	386,028	—	386,028	341,114
. Group Transport	1,259,572	—	1,259,572	1,356,915
. ScootAbility	152,960	—	152,960	140,059
Other				
. Other	654,973	—	654,973	596,978
Training Programmes				
. Training	1,075,548	—	1,075,548	1,491,820
2016 Total funds	43,667,200	—	43,667,200	44,873,830
2015 Total funds	44,873,830	—	44,873,830	

Notes to the Financial Statements Year to 31 March 2016

3 Total expenditure

	Basis of allocation	Community transport £	Public sector contracts £	Training programmes £	Total 2016 £	Total 2015 £
Costs directly allocated to activities						
Provision of transport services						
. Bus operations	Direct	—	30,432,419	—	30,432,419	31,814,242
. Home to school transport	Direct	—	5,850,048	—	5,850,048	5,052,655
. Contracts	Direct	239,351	—	—	239,351	210,913
. Group transport	Direct	2,031,228	—	—	2,031,228	2,237,466
. ScootAbility	Direct	74,506	—	—	74,506	63,760
. Community Bus Service	Direct	93,758	—	—	93,758	290,196
. Other	Direct	346,486	—	—	346,486	373,285
Training Programmes						
. Driver training programmes	Direct	—	—	1,138,287	1,138,287	1,085,783
Support costs allocated to activities						
Governance costs	Turnover	4,089	72,121	2,501	78,711	92,536
Finance, Human Resources and general office staff	Turnover	42,552	911,702	26,032	980,286	830,272
Management staff	Turnover	34,913	748,040	21,359	804,313	863,355
Premises costs	Turnover	14,311	306,628	8,755	329,694	328,974
Office costs	Turnover	2,112	163,153	1,292	166,557	158,554
Other costs	Turnover	54,805	1,040,458	33,528	1,128,792	1,135,020
Legal and professional fees	Turnover	7,096	167,525	4,341	178,962	99,195
Depreciation	Turnover	4,531	97,074	2,772	104,377	140,049
2016 Total funds		2,949,738	39,789,168	1,238,867	43,977,773	44,776,255

4 Governance costs

Group	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Professional fees	69,300	—	69,300	88,564
Other governance costs	9,411	—	9,411	3,972
	78,711	—	78,711	92,536

5 Staff costs

Group	2016 £	2015 £
Wages and salaries	23,413,311	23,117,018
Social security	1,898,657	1,974,231
Pension costs	707,281	740,327
	26,019,249	25,831,576
Agency staff	457,203	463,858
	26,476,452	26,295,434

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2016 Number	2015 Number
£60,001 - £70,000	4	3
£70,001 - £80,000	3	2
£80,001 - £90,000	2	2
£110,001 - £120,000	3	2
£120,001 - £130,000	1	—
£130,001 - £140,000	—	1
£140,001 - £150,000	—	1
	13	11

The total remuneration paid to the key management personnel in the year was £436,450 (2015 - £516,000).

The trustees received no remuneration for their services during the year (2015 – none). Trustees were reimbursed for travel expenses of £925 (2015 – £2,011).

Charity and charity trustees' indemnity insurance has been purchased to protect the charity from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity for the year totalled £2,026 (2015 – £1,961) and provides cover of up to a maximum of £2,000,000 (2015 – £2,000,000).

The average number of employees during the year was 941 (2015 – 946):

	2016 £	2015 £
Operations	837	844
Engineering (infrastructure)	17	22
Transport unit	6	5
Management and finance	70	65
Training	11	10
	941	946

6 Net income (expenditure)

This is stated after charging/ (crediting):

Group	2016 £	2015 £
Depreciation	1,690,976	1,933,738
Surplus on disposal of tangible fixed assets	134,639	28,948
Auditor's remuneration		
. Audit fees		
.. Current year	51,250	55,015
. Other services	10,300	22,550
Other auditor's remuneration	7,750	10,999
Bank deposit interest	3,665	(28,327)
Interest payable in respect of finance leases	324,315	149,297
Interest payable in respect of loans	340,363	580,839

7 Fixed assets

Group	Freehold land and buildings £	Leasehold improve- ments £	IT and office equipment £	Plant and equipment £	Motor vehicles £	Modular buildings £	Total £
Opening cost	2,639,999	259,098	906,982	810,587	16,371,985	564,467	21,553,118
Additions	984,678	79,564	73,873	306,507	1,736,537	84,223	3,265,382
Disposals	(231,240)	—	—	—	(1,549,553)	—	(1,780,793)
Transfers (note 8)	(85,364)	—	—	—	—	—	(85,364)
Closing cost	3,308,073	338,662	980,855	1,117,094	16,558,969	648,690	23,952,343
Opening depreciation	—	156,480	729,022	422,305	7,736,264	267,562	9,311,633
Depreciation on disposals	—	—	—	—	(473,932)	—	(473,932)
Charge for the year	—	35,824	94,058	135,968	1,388,797	36,329	1,690,976
Closing depreciation	—	192,304	823,080	558,273	8,651,129	303,891	10,528,677
Net book value 2016	3,308,073	146,358	157,774	558,821	7,907,840	344,799	12,423,666
Net book value 2015	2,639,999	102,618	177,960	388,282	8,635,721	296,905	12,241,485

7 Fixed assets (continued)

Charity	Freehold land and buildings £	Leasehold improve- ments £	IT and office equipment £	Plant and equipment £	Motor vehicles £	Modular buildings £	Total £
Cost							
At 1 April 2015	2,408,759	165,933	610,771	117,608	756,289	564,467	4,623,827
Additions	984,678	16,698	35,109	—	327,045	—	1,363,530
Disposals	—	—	—	—	(95,146)	—	(95,146)
Transfer (note 8)	(85,364)	—	—	—	—	—	(85,364)
At 31 March 2016	<u>3,308,073</u>	<u>182,631</u>	<u>645,880</u>	<u>117,608</u>	<u>988,188</u>	<u>564,467</u>	<u>5,806,847</u>
Depreciation							
At 1 April 2015	—	65,244	502,367	85,885	567,915	267,562	1,488,973
Depreciation on disposals	—	—	—	—	(80,380)	—	(80,380)
Charge for the year	—	29,646	49,947	7,931	90,415	28,223	206,162
At 31 March 2016	<u>—</u>	<u>94,890</u>	<u>552,314</u>	<u>93,816</u>	<u>577,950</u>	<u>295,785</u>	<u>1,614,755</u>
Net book value							
At 31 March 2016	<u>3,308,073</u>	<u>87,741</u>	<u>93,566</u>	<u>23,792</u>	<u>410,238</u>	<u>268,682</u>	<u>4,192,092</u>
At 31 March 2015	<u>2,408,759</u>	<u>100,689</u>	<u>108,404</u>	<u>31,723</u>	<u>188,374</u>	<u>296,905</u>	<u>3,134,854</u>

Finance Leases

The net book value of tangible fixed assets of the group includes an amount of £4,436,727 (2015 - £6,507,183) in respect of assets held under finance leases on which the depreciation charge for the year was £616,261 (2015 - £1,107,130).

Borrowings

HSBC Bank plc has a floating charge over all current and future assets of HCT Group, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, CT Plus Guernsey Limited and CT Plus Jersey Limited with respect to its overdraft and borrowing facilities.

Esmee Fairbairn Foundation, Bridge House Estates, Big Issue Invest Social Enterprise Investment Fund II LP, Big Issue Invest Limited, Social and Sustainable Capital LLP, The Phone Co-op Limited and FSE Social Impact Accelerator have a floating charge over all current and future assets of HCT Group, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, CT Plus Guernsey Limited and CT Plus Jersey Limited.

8 Investment property

Group and charity	£
As at 1 April 2015	—
Reclassification of functional property as investment property	85,364
Unrealised gain on investment property revaluation	174,636
Total value as at 31 March 2016	260,000

The transmission mast was reclassified as an investment property due to being held for sale and was revalued in 2015/16 at £260,000. The valuation for this was based on the offers received when the asset was held for sale.

9 Debtors

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	1,844,288	1,801,140	222,278	105,974
Amount due from CT Plus Community Interest Company	—	—	2,288,637	1,939,636
Amount due from CT Plus Jersey Limited	—	—	500,000	—
Amount due from LAT Community Interest Company	—	—	504	—
Amount due from Lambeth and Southwark Community Transport	—	—	25,285	191,467
Amount due from LaSCoT Limited	—	—	124,517	124,517
Amount due from Islington Community Transport	—	—	2,664	2,664
Amount due from Bristol Community Transport	—	—	(927)	23,351
Amount due from TCCH	—	—	4,893	—
Amount due from West Hull Community Transport	—	—	104,854	104,044
Prepayments	494,029	357,677	682,197	142,056
Other debtors	1,671,741	1,419,472	201,745	841,953
	4,010,058	3,578,289	4,156,647	3,475,662

10 Creditors: amounts falling due within one year

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	1,840,957	1,834,985	901,474	504,207
Amount due to C T Plus Community Interest Company	—	—	101,914	70,656
Amount due to E & HCT Limited	—	—	—	3,679
Amount due to BCT	—	—	137,922	120,717
Amount due to BCT Community Interest Company	—	—	64,813	64,813
Amount due to CT Plus Jersey Limited	—	—	1,044,674	1,194,769
Amount due to Leeds Alternative Travel Limited	—	—	—	95,082
Amount due to Lambeth and Southwark Community Transport	—	—	300,000	—
Amount due to TCCH	—	—	—	30,000
Amount due to CT Plus Guernsey	—	—	157,272	5,647
Taxation and social security	733,428	699,568	89,999	91,196
Other creditors	1,182,187	1,478,731	(181,447)	470,360
Obligations under finance leases (note 13)	835,654	927,271	—	—
Accruals	767,411	447,670	252,034	219,769
Loans (note 12)	42,219	1,037,730	42,219	1,023,175
	5,401,856	6,425,955	2,910,874	3,894,070

Details of the security for the loans are set out in note 12.

11 Creditors: amounts falling after more than one year

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Obligations under finance leases (note 13)	4,307,783	5,070,502	—	—
Loans (note 12)	5,855,729	3,451,926	5,855,728	3,313,060
	10,163,512	8,522,428	5,855,728	3,313,060

Details of the security for the loans are set out in note 12.

12 Loan commitments

The future loan obligations to which the group is committed are as follows:

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Within one year	42,219	1,037,730	42,219	1,023,175
Between two and five years	5,439,184	244,459	5,439,184	180,874
Over five years	416,545	3,207,467	416,545	3,132,186
	5,897,948	4,489,656	5,897,948	4,336,235

£5,250,000 of the loans are secured (see note 7) and either have a fixed rate of interest (4.75%) or have a rate of interest that varies depending on the turnover of the business. £1,113,060 of the loans are secured by a fixed charge on the property at Walthamstow. Interest rates are variable at 2% above base rate with a minimum of 2.5%.

13 Finance lease commitments

The future finance lease obligations to which the group is committed are as follows:

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Within one year	835,654	927,271	—	—
Between two and five years	2,365,910	2,652,887	—	—
Over five years	1,941,873	2,417,615	—	—
	5,143,437	5,997,773	—	—

14 Operating lease commitments

At 31 March 2016 the group had the following total commitments under non-cancellable operating leases:

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Motor vehicles				
Operating lease payments which fall due:				
Within one year	848,756	1,021,356	—	—
Between two and five years	818,374	1,661,515	—	—
	1,667,130	2,682,871	—	—
Land and buildings				
Operating lease payments which fall due:				
Within one year	278,257	369,807	144,889	165,480
Between two and five years	1,045,744	918,591	825,350	564,829
After five years	—	405,410	—	405,410
	1,324,001	1,693,808	970,239	1,135,719
Equipment				
Operating lease payments which fall due:				
Within one year	20,484	20,484	—	—
Between two and five years	27,312	—	—	—
	47,796	20,484	—	—

15 Self insurance provision

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Provision at the beginning of the year	362,142	228,790	—	—
Utilised during the year	(388,427)	(219,287)	—	—
New provision for 2015/16	207,739	352,639	—	—
Provision carried forward	181,454	362,142	—	—

Self insurance provisions are made to meet the costs of ongoing claims where a small proportion of the liability falls upon HCT Group. The majority of these claims relate to the current year and are expected to be settled within the next year.

16 Pension commitments

Group pension liabilities	2016 £	2015
a) The London Borough of Waltham Forest Pension Scheme	(75,000)	(93,000)
b) Avon Pension Fund	(111,000)	(92,000)
	(186,000)	(185,000)

a) The London Borough of Waltham Forest Pension Scheme

The London Borough of Waltham Forest pension fund is a defined benefit scheme.

Certain employees of CT Plus CIC were transferred under Transfer of Undertakings (Protection of Employment) Regulations from the London Borough of Waltham Forest on 1 May 2004. Up until 31 August 2011 CT Plus CIC's liability as an admitted employer under the scheme was capped. CT Plus CIC won another seven year contract with the London Borough of Waltham Forest and became fully liable for the defined benefit scheme for the relevant employees as from 1 September 2011.

Contributions payable by CT Plus Community Interest Company are determined on the basis of triennial valuations carried out by a qualified actuary using the projected unit method. The employer contributions for the year were £30,000 (2015: £31,000).

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2013
Actuarial method	Ongoing
Average inflation per annum	2.6%
Salary increases per annum	4.1%
Market value of assets of Whole Scheme at date of last valuation	£600m
Proportion of members' accrued benefits covered by the actuarial value of the assets	60%

The information above is provided as for the London Borough of Waltham Forest Pension Fund as a whole. As at 1 September 2011 the proportion of members' accrued benefits covered by the actuarial value of the assets was 100%.

The employer has contributed at a rate of 16%. Members have paid contributions in line with the rates outlined in Scheme documentation.

16 Pension commitments (continued)

a) The London Borough of Waltham Forest Pension Scheme (continued)

The financial assumptions used to calculate Scheme liabilities under FRS 102 are as follows:

	At 31 March 2016 % pa	At 31 March 2015 % pa
Inflation	2.1	2.1
Discount rate	3.7	3.4
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment	2.1	2.1

The mortality assumptions used were as follows:

	2016 years	2015 years
Longevity at age 65 for current pensioners		
. Men	23.2	23.1
. Women	25.6	25.5
Longevity at age 65 for future pensioners		
. Men	25.5	25.4
. Women	28.0	27.9

The assets in the scheme and the expected rate of return.

	Value at 31 March 2016 £'000	Value at 31 March 2015 £'000
Property	67	96
Equities	873	913
Other bonds	201	205
Cash	54	14
Other	148	137
Total market value of assets	1,343	1,365
Present value of Scheme liabilities	(1,418)	(1,458)
Surplus (deficit) in the Scheme	(75)	(93)

16 Pension commitments (continued)

a) The London Borough of Waltham Forest Pension Scheme (continued)

Total expenditure recognised in the Statement of Financial Activities

	2016 £'000	2015 £'000
Current service cost	17	41
Interest cost	49	50
Expected return on scheme assets	(47)	(71)
Total expenditure recognised in SOFA	19	20

Reconciliation of opening and closing balances of the present value of the charity's share of scheme liabilities

	2016 £'000	2015 £'000
Scheme liabilities at 1 April 2015	1,458	1,035
Current service cost	47	41
Interest cost	49	50
Contributions by scheme participants	12	13
Actuarial losses (gains)	(116)	322
Benefits/Transfers paid	(32)	(3)
Scheme liabilities at 31 March 2016	1,418	1,458

Contributions

The total contributions made by the employer in the year have been £31,000 (2015: £34,000). The level of contribution will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2016.

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 March 2016 is £31,000.

Reconciliation of opening and closing balances of the fair value of the charity's share of the scheme assets:

	2016 £'000	2015 £'000
Fair value of scheme assets at 1 April 2015	1,365	1,196
Expected return on scheme assets	47	71
Actuarial (losses) gains	(79)	54
Administration expenses	(1)	—
Contributions by employer	31	34
Contributions by scheme participants	12	13
Benefits/Transfers paid	(32)	(3)
Fair value of scheme assets at 31 March 2016	1,343	1,365

16 Pension commitments (continued)

a) The London Borough of Waltham Forest Pension Scheme (continued)

The actual return on the scheme assets for the year ended 31 March 2016 was a loss of £79,000.

	2016 %	2016 £	2015 %	2015 £
Difference between the expected and actual return on scheme assets:				
. Amount		(79,000)		(54,000)
. Percentage of scheme assets	5.9		4.0	
Experience gains and losses on scheme liabilities:				
. Amount		116,000		322,000
. Percentage of the present value of the scheme liabilities	8.2		40.0	
Total amount recognised in statement of total recognised gains and losses:				
. Amount		37,000		268,000
. Percentage of the present value of the scheme liabilities	2.6		33.0	

b) Avon Pension Fund

The Avon pension fund is a defined benefit scheme.

Contributions payable by Bristol Community Transport are determined on the basis of triennial valuations carried out by a qualified actuary using the projected unit method. The employer contributions for the year were £nil (2015 – £4,000).

16 Pension commitments (continued)

b) Avon Pension Fund (continued)

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2013
Actuarial method	Ongoing
Investment returns per annum	4.8%
Average inflation per annum (CPI)	2.6%
Salary increases per annum – long term	4.1%
Salary increases per annum – short term	1.0%
Market value of assets at date of last valuation	£3,146m
Proportion of members' accrued benefits covered by the actuarial value of the assets	78%

The information above is provided as for the Avon Pension Fund as a whole. As at 1 July 2012 the relevant employees were transferred to a separate section of the Avon Pension Fund. At 1 July 2012 the proportion of members' accrued benefits covered by the actuarial value of the assets was 100%.

The employer has contributed at a rate of 17.6% of pensionable salaries for the period from 1 July 2012 to date. Members have paid contributions in line with the rates outlined in Scheme documentation.

The financial assumptions used to calculate Scheme liabilities under FRS 17 are as follows:

	At 31 March 2016 % pa	At 31 March 2015 % pa
Inflation	2.0	2.0
Discount rate	3.5	3.2
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment	2.0	2.0

The mortality assumptions used were as follows:

	2016 years	2015 years
Longevity at age 65 for current pensioners		
. Men	23.5	23.4
. Women	26.0	25.9
Longevity at age 65 for future pensioners		
. Men	25.9	25.8
. Women	28.9	28.8

The assets in the scheme and the expected rate of return.

16 Pension commitments (continued)

b) Avon Pension Fund (continued)

	Value at 31 March 2016 £'000	Value at 31 March 2015 £'000
Property	65	60
Equities	380	423
Government bonds	56	101
Other bonds	87	63
Cash	9	17
Other	107	55
Total market value of assets	704	719
Present value of Scheme liabilities	(815)	(811)
Deficit in the Scheme	(111)	(92)

Total expenditure recognised in the Statement of Financial Activities:

	2016 £'000	2015 £'000
Current service cost	28	23
Interest cost	25	30
Expected return on scheme assets	(23)	(37)
Total expenditure recognised in SOFA	30	16

Reconciliation of opening and closing balances of the present value of the CT Plus Community Interest Company's share of scheme liabilities.

	2016 £'000	2015 £'000
Scheme liabilities at 1 April 2015	811	691
Current service cost	28	23
Interest cost	25	30
Contributions by scheme participants	5	5
Actuarial (gains) losses	(43)	104
Benefits / Transfers paid	(11)	(42)
Scheme liabilities at 31 March 2016	815	811

16 Pension commitments (continued)

b) Avon Pension Fund (continued)

Contributions

The total contributions made by the employer for the year to 31 March 2016 have been £nil (2015: £4,000). The level of contribution will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2016.

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 March 2016 is £nil.

Reconciliation of opening and closing balances of the fair value of the charity's share of the scheme assets.

	2016 £'000	2015 £'000
Fair value of scheme assets at 1 April 2015	719	663
Expected return on scheme assets	23	37
Actuarial (losses) gains	(32)	52
Contributions by employer	—	4
Contributions by scheme participants	5	5
Benefits / transfers paid	(11)	(42)
Fair value of scheme assets at 31 March 2016	704	719

The actual return on the scheme assets in the year ended 31 March 2016 was £23,000.

	2016 %	2016 £	2015 %	2015 £
Difference between the expected and actual return on scheme assets:				
. Amount		(32,000)		(52,000)
. Percentage of scheme assets	4.5		7.0	
Experience gains and losses on scheme liabilities:				
. Amount		43,000		104,000
. Percentage of the present value of the scheme liabilities	5.3		12.8	
Total amount recognised in statement of total recognised gains and losses:				
. Amount		11,000		156,000
. Percentage of the present value of the scheme liabilities	1.3		19.2	

17 Taxation

No provision has been made in these financial statements for income or corporation tax because the charitable activities of HCT Group qualify for exemption under Section 505 of ICTA 1986. Islington Community Transport, West Hull Community Transport and Lambeth and Southwark Community Transport, as registered charities, and Leeds Alternative Travel Limited, as an exempt charity, also qualify for exemption under Section 505 of ICTA 1986. The subsidiary companies, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, Knowsley Community Transport, LaSCoT Limited, Transport Co-ordination Centre Hackney Limited, Bristol Community Transport and BCT Community Interest Company donate their taxable profits, if any, to HCT Group each year. E & HCT Limited, a joint venture with Ealing Community Transport Limited, donates its taxable profits, if any, to HCT Group and Ealing Community Transport Limited each year.

18 Restricted funds

Group and charity	At 1 April 2015 £	Income £	Expenditure £	At 31 March 2016 £
Transport for London	—	175,000	(175,000)	—
Big Lottery Fund	—	85,928	(85,928)	—
Investment and Contract Readiness Fund	6,181	—	(6,181)	—
	6,181	260,928	267,109	—

Transport for London – A grant was awarded to meet the costs of vehicle upgrade on London buses.

Big Lottery Fund – A grant was awarded to assist with the start up cost of travel training programme.

Investment and Contract Readiness Fund – A grant was provided in order to assist with the successful refinancing in the year.

19 Unrestricted funds

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Fixed assets fund	1,642,281	1,754,055	—	—
General fund	2,396,520	1,840,390	193,516	1,071,466
Pension reserve	(186,000)	(185,000)	—	—
	3,852,801	3,409,445	193,516	1,071,466

The fixed assets fund represents the net book value of those assets held at the balance sheet date that are not readily realisable into liquid funds less the related finance lease and loan obligations.

20 Status

HCT Group is registered in England and Wales, limited by guarantee and has no share capital. The liability of the members is limited to £1 each. HCT Group is registered with the Charity Commission for England and Wales (Charity Registration Number 1091318 and Company Registration number 01747483).

CT Plus Community Interest Company is registered in England and Wales (Company Registration Number 04137890). It has Authorised Share Capital of 1,000 × £1 shares, of which HCT Group owns the single allotted, called up and fully paid issued share. Details of transactions undertaken by CT Plus Community Interest Company are set out in note 21.

CT Plus (Yorkshire) Community Interest Company is registered in England and Wales (Company Registration Number 05629152). It has Authorised Share Capital of 1,000 × £1 shares, of which CT Plus Community Interest Company owns the single allotted, called up and fully paid issued share. Details of transactions undertaken by CT Plus (Yorkshire) Community Interest Company are set out in note 22.

Knowsley Community Transport (KCT) is registered in England and Wales (Company Registration Number 08964168) and is a wholly owned subsidiary of HCT Group. Details of transactions undertaken by KCT are set out in note 24.

Lambeth and Southwark Community Transport (LaSCoT) is registered in England and Wales, limited by guarantee and has no share capital. The liability of the members is limited to £1. Lambeth and Southwark Community Transport is registered with the Charity Commission for England and Wales (Charity Registration Number 1091621 and Company Registration Number 04352550). Details of transactions undertaken by Lambeth and Southwark Community Transport are set out in note 25.

Transport Co-ordination Centre Hackney Limited is registered in England and Wales, limited by guarantee and has no share capital (Company Registration Number 03689127). Details of transactions undertaken by Transport Co-ordination Centre Hackney Limited are set out in note 27.

Leeds Alternative Travel Limited is an Industrial and Provident Society (Industrial and Provident Society Registration Number IP28657R) with three allotted, called up and fully paid issued shares that are owned by HCT Group, CT Plus Community Interest Company and CT Plus (Yorkshire) Community Interest Company. Details of transactions undertaken by Leeds Alternative Travel Limited are set out in note 28.

Bristol Community Transport is registered in England and Wales, limited by guarantee and has no share capital (Company Registration Number 04749030). Details of transactions undertaken by Bristol Community Transport are set out in note 31.

20 Status (continued)

CT Plus Jersey Limited is registered in Jersey limited by guarantee and has no share capital (Company registration number 110804). It is registered as a charity in Jersey. Details of transactions undertaken by CT Plus Jersey Limited are set out in note 33.

CT Plus Guernsey Limited is registered in Guernsey (Company registration number 54761) It has a share capital of £1. Details of transactions undertaken by CT Plus Guernsey Limited are set out in note 34.

21 Related party transactions

Transactions between the charity and its wholly controlled subsidiaries are not disclosed, as permitted by the exemptions set out in FRS 8.

HCT Group appoints one trustee as a representative of the investors. A Ross is on the Board of Bridges Ventures, which provides loan finance to HCT Group. A Ross does not take part in any of the trustee meeting discussions surrounding financing decisions and all of the loans have been arranged on an arm's length basis. The total amount owing to Bridges Ventures as at 31 March 2016 was £nil (2015 - £500,000).

22 Analysis of net assets between funds

Group	Designated fund £	General fund £	Restricted funds £	Total £
Fund balances at 31 March 2016 are represented by:				
Tangible fixed assets	12,423,666	—	—	12,423,666
Investment property	260,000	—	—	260,000
Stock	—	500,704	—	500,704
Debtors	—	4,010,058	—	4,010,058
Cash at bank and in hand	—	2,591,195	—	2,591,195
Creditors: amounts falling due within one year	(877,873)	(4,523,983)	—	(5,401,856)
Creditors: amounts falling due after one year	(10,163,512)	—	—	(10,163,512)
Provisions for liabilities	—	(181,454)	—	(181,454)
Pension liability	—	(186,000)	—	(186,000)
	<u>1,642,281</u>	<u>2,210,520</u>	<u>—</u>	<u>3,852,801</u>

The total unrealised gains as at 31 March 2016 constitute a revaluation reserve as defined by the Companies Act 2006. Movements in unrealised gains during the year were as follows:

	2016 £	2015 £
Unrealised gains included above:		
On investment properties	174,636	—
Reconciliation of movements in unrealised gains:		
Unrealised gains at 1 April 2015	—	—
Unrealised gains on investment properties arising in the year	174,636	—
Total unrealised gains at 31 March 2016	174,636	—

22 Analysis of net assets between funds (continued)

Charity	Designated fund £	General fund £	Restricted funds £	Total £
Fund balances at 31 March 2016 are represented by:				
Tangible fixed assets	4,192,092	—	—	4,192,092
Investment property	260,000	—	—	260,000
Debtors	1,445,855	2,710,792	—	4,156,647
Cash at bank and in hand	—	351,379	—	351,379
Creditors: amounts falling due within one year	(42,219)	(2,868,628)	—	(2,910,847)
Creditors: amounts falling due after one year	(5,855,728)	—	—	(5,855,728)
	—	193,543	—	193,543

23 CT Plus Community Interest Company

HCT Group holds 100% of the issued share capital of CT Plus Community Interest Company, a company registered in England and Wales.

The following is a summary of the financial statements of CT Plus Community Interest Company for the year ended 31 March 2016, which have been included in the consolidated financial statements.

	2016 £	2015 £
Turnover	22,353,503	24,674,703
Cost of sales	(21,555,183)	(24,380,472)
Operating profit	798,320	294,231
Interest payable	(123,221)	(242,303)
Gift aid	(97,446)	—
Net profit for the year	577,653	51,928
Movement in pension fund	48,000	(320,000)
Profit for the year	625,653	(268,072)
Retained profit at 1 April 2015	299,958	568,029
Retained profit at 31 March 2016	925,611	299,957
Called up share capital	1	1
At 31 March 2016	925,612	299,958

24 CT Plus (Yorkshire) Community Interest Company

CT Plus Community Interest Company holds 100% of the issued share capital of CT Plus (Yorkshire) Community Interest Company, a company registered in England and Wales.

The following is a summary of the financial statements of CT Plus (Yorkshire) Community Interest Company for the year ended 31 March 2016, which have been included in the consolidated financial statements.

24 CT Plus (Yorkshire) Community Interest Company (continued)

	2016 £	2015 £
Turnover	3,437,407	3,389,016
Cost of sales	(3,391,598)	(3,386,245)
Operating profit	45,809	2,771
Gift aid	(54,824)	—
Net loss for the year	(9,015)	2,771
Retained profit at 1 April 2015	19,824	17,053
Retained profit at 31 March 2016	10,809	19,824
Called up share capital	1	1
At 31 March 2016	10,810	19,825

25 Knowsley Community Transport

Knowsley Community Transport is a company limited by guarantee and wholly controlled by HCT Group.

The following is a summary of the financial statements of Islington Community Transport for the year ended 31 March 2016, which have been included in the consolidated financial statements.

	2016 £	2015 £
Income	—	187,636
Expenditure	—	(187,621)
Net income	—	15
Fund balances at 1 April 2015	15	—
Fund balances at 31 March 2016	15	15

26 Lambeth and Southwark Community Transport

Lambeth and Southwark Community Transport became a wholly controlled subsidiary of HCT Group on 1 April 2006.

The following is a summary of the financial statements of Lambeth and Southwark Community Transport for the year ended 31 March 2016, which have been included in the consolidated financial statements.

	2016 £	2015 £
Income	953,999	498,831
Expenditure	(762,942)	(694,605)
Net income (expenditure)	191,057	(195,774)
Fund balances at 1 April 2015	(190,587)	5,187
Fund balances at 31 March 2016	470	(190,587)

27 Transport Co-ordination Centre Hackney Limited

Transport Co-ordination Centre Limited is a company limited by guarantee and wholly controlled by HCT Group.

The following is a summary of the financial statements of Transport Co-ordination Centre Limited for the year ended 31 March 2016, which have been included in the consolidated financial statements.

	2016 £	2015 £
Income	373,556	386,201
Expenditure	(358,549)	(388,508)
Net income (expenditure)	15,007	(2,307)
Gift aid	—	—
Net movement in funds	15,007	(2,307)
Fund balances at 1 April 2015	5,880	8,187
Fund balances at 31 March 2016	20,887	5,880

28 Leeds Alternative Travel Limited

Leeds Alternative Travel Limited is an Industrial and Provident Society wholly controlled by HCT Group.

The following is a summary of the financial statements of Leeds Alternative Travel Limited for the year ended 31 March 2016 which have been included in the consolidated financial statements.

	2016 £	2015 £
Income	451,447	420,445
Expenditure	(560,353)	(473,887)
Net expenditure	(108,906)	(53,442)
Fund balances at 1 April 2015	55,892	109,334
Fund balances at 31 March 2016	(53,014)	55,892
Called up share capital	3	3
At 31 March 2016	(53,011)	55,895

29 Bristol Community Transport

Bristol Community Transport is a company limited by guarantee and joined the group on 1 December 2011.

The following is a summary of the financial statements of Bristol Community Transport for the year to 31 March 2016.

	2016 £	2015 £
Income	459,385	528,088
Expenditure	(562,568)	(517,771)
Net (expenditure) income	(103,183)	10,317
Gift aid	(103)	—
Net movement on funds	(103,286)	10,317
Fund balances at 1 April 2015	503,226	492,909
Fund balances at 31 March 2016	399,940	503,226

30 CT Plus Jersey Limited

CT Plus Jersey Limited is registered in Jersey and is limited by guarantee. CT Plus Jersey Limited became a wholly controlled subsidiary of HCT Group on 30 May 2012.

The following is a summary of the financial statements of CT Plus Jersey Limited for the period ended 31 March 2016, which have been included in the consolidated financial statements.

	2016 £	2015 £
Income	9,262,142	8,623,448
Expenditure	(8,234,619)	(7,935,044)
Operating profit for the year	1,027,523	688,404
Gift aid	(224,804)	—
Net income	802,719	688,404
Fund balances at 1 April 2015	1,549,645	861,241
Transfer to parent charity	500,000	—
Fund balances at 31 March 2016	2,352,364	1,549,645

31 CT Plus Guernsey Limited

HCT Group holds 100% of the issued share capital of CT Plus Guernsey Limited, a company registered in Guernsey.

The following is a summary of the financial statements of CT Plus Guernsey Limited for the period ended 31 March 2015, which have been included in the consolidated financial statements.

	2016 £	2015 £
Turnover	4,904,552	4,053,466
Cost of sales	(4,375,210)	(3,823,934)
Operating profit for the year	529,342	229,532
Gift aid	(121,646)	—
Net profit (loss) for the year	407,696	229,532
Retained funds at 1 April 2015	106,327	(123,205)
Funds at 31 March 2016	514,023	106,327

32 Social Investment

The Group has received a number of investments from social investors as set out in note 12. These investments take the form of either fixed rate loan notes or variable rate investments where the coupon is determined by various performance aspects of the group. The latter category of investment is akin more to an equity instrument. Under current accounting standards we are required to categorise these investments as loans. However if they were classified as equity then the balance sheet would be as set out below.

32 Social Investment (continued)

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Fixed assets				
Tangible fixed assets	12,423,666	12,241,485	4,192,092	3,134,854
Investment property	260,000	—	260,000	—
	<u>12,683,666</u>	<u>12,241,485</u>	<u>4,452,092</u>	<u>3,134,854</u>
Current assets				
Stock	500,704	572,927	—	—
Debtors	4,010,058	3,578,289	4,156,647	3,475,662
Short-term deposits	—	900,000	—	900,000
Cash at bank and in hand	2,591,195	1,618,450	351,379	774,261
	<u>7,101,957</u>	<u>6,669,666</u>	<u>4,508,026</u>	<u>5,149,923</u>
Creditors: amounts falling due within one year	<u>(5,401,856)</u>	<u>(6,425,955)</u>	<u>(2,910,847)</u>	<u>(3,894,070)</u>
Net current assets	<u>1,700,101</u>	<u>243,711</u>	<u>1,597,179</u>	<u>1,255,853</u>
Total assets less current assets	<u>14,383,767</u>	<u>12,485,196</u>	<u>6,049,271</u>	<u>4,390,707</u>
Creditors: amounts falling due after more than one year	<u>(6,763,512)</u>	<u>(7,389,094)</u>	<u>(2,455,728)</u>	<u>(2,179,726)</u>
Self insurance provision	(181,454)	(362,142)	—	—
Net assets excluding pension liabilities	<u>7,438,801</u>	<u>4,733,960</u>	<u>—</u>	<u>2,210,981</u>
Net pension liabilities	(186,000)	(185,000)	—	—
Net assets including pension assets	<u>7,252,801</u>	<u>4,548,960</u>	<u>3,593,543</u>	<u>2,210,981</u>
Reserves				
Social Investment	3,400,000	1,133,334	3,400,000	1,133,334
Restricted funds	—	6,181	—	6,181
Unrestricted funds:				
. Designated fund	1,642,281	1,754,055	—	2,076,880
. General fund	3,396,520	1,840,390	193,543	(1,005,414)
. Pension reserve	(186,000)	(185,000)	—	—
Total funds	<u>7,252,801</u>	<u>4,548,960</u>	<u>3,593,543</u>	<u>2,210,981</u>