

Report of the Trustees and
Consolidated Financial Statements for the Year Ended 31 March 2018
for
HALIFAX OPPORTUNITIES TRUST



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HALIFAX OPPORTUNITIES TRUST

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Charity was established in 2001 as a membership organisation with the following objects registered and approved by the Charity Commission:

To promote any charitable purpose for the benefit of the inhabitants of the metropolitan district of Calderdale in the county of West Yorkshire and surrounding areas within a radius of 30 miles from Halifax Town Hall, including but not exclusively the area known as Park Ward in the Metropolitan Borough of Calderdale to ensure the regeneration of those areas for the public benefit of the community, by all or any of the following means:

- a) the relief of poverty in such ways as may be thought fit;
- b) the relief of unemployment;
- c) the advancement of education, training, or re-training, particularly among unemployed people and providing work experience for the unemployed;
- d) the provision of financial assistance, technical assistance, business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help in setting up their own business or to existing businesses;
- e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;
- f) the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances, have need of such facilities;
- g) the protection or conservation of the environment;
- h) the provision of childcare;
- i) the promotion of public safety and prevention of crime; and
- j) the provision of public health and well-being activities; and
- k) such other means as may from time to time be determined subject to the prior consent of the Charity Commission.

The trustees, in making decisions about planning and delivery of activities, have had due regard to the commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. The approach to public benefit is described in summary below and in more detail throughout this report.

The Charity's purpose as described in its Strategic Plan is to 'work to make a vibrant multi-cultural and self-sustaining community'. In order to achieve this, the Trust carries out the following activities:

- provides office space and support for business and enterprise development through two business centres.
- provides opportunities for learning via a range of apprenticeships, ESOL provision, life skills and integration for new arrivals to the UK.
- provides assistance for job seekers, by working with employers and through employment support initiatives.
- provides childcare and family support through the Upper and Central Calderdale Children's Centres, Little Gems nursery and other projects.
- provides support for physical and mental wellbeing by running social activities, networks and community groups which encourage socialisation, healthy lifestyles and take up of new hobbies and activities.
- provides healthy eating opportunities via the Outfront school meals service and the Outback community kitchen garden.

**Report of the Trustees
for the Year Ended 31 March 2018**

The Board reviews the Charity's objectives and areas of operation periodically. For the year under review (2017 - 18) it is agreed that priority interventions should continue to fall into five main areas over the next year:

- Supporting enterprise, business start-up and growth
- Helping community members into employment
- Supporting and delivering training and personal development
- Supporting families through a range of activities within the local Children's Centres
- Supporting and promoting health and wellbeing

In the longer term, the board have asked the Trust's SMT to explore acquisition of new property (to support the areas above and also to support the Trust's sustainability). Trustees are also considering redevelopment of Hanson Lane Business Centre, subject to long-term lease renewal. Housing is another area of potential future development for the Trust as it is a key issue in Park Ward and across Calderdale.

The trustees believe the strategy for achieving these objectives should continue to be through programme and project delivery using a social enterprise model and that this should be achieved on either a contracted full cost recovery basis or through our own commercial trading operations, thereby allowing the infrastructure of the Charity to be maintained whilst achieving the designated charitable objectives. In recent years with the continued pressure being felt by communities as a result of public spending cuts, the trustees have re-affirmed the aims and objectives and the method the Charity should use to achieve them.

Significant activities

The Charity's main programmes, projects and services are:

(1) Supporting enterprise, business start-up and growth

This is mainly achieved through activities at Hanson Lane Enterprise Centre and Elsie Whiteley Innovation Centre. Both facilities offer business accommodation; office space and meeting rooms at Elsie Whiteley and light industrial units at Hanson Lane. The Charity offers an 18 month grant to start up and early trading businesses which subsidises their rent. The business centres also act as a focal point for physical regeneration and community cohesion in Park Ward, with a regular business networking event being held at Elsie Whiteley.

(2) Helping community members into employment

The Trust provides practical and holistic support to people looking for employment, especially those who are disadvantaged in the labour market. The Trust provides this through a key worker model which allows for support to be customised around an individual's needs and delivered on a one to one basis. An important part of the service is the work being done to engage local employers to source vacancies to assist unemployed people back into work.

(3) Education and Training

The Trust delivers a range of certificated and non-certificated training programmes including employment related short courses, ESOL and citizenship training, apprenticeships and work-based learning programmes especially for those working in the childcare profession and schools. This training is mostly delivered from Hanson Lane Enterprise Centre, learners' workplaces and other community venues. There are four training rooms at Hanson Lane Enterprise Centre, two of which are multi-purpose rooms equipped with ICT training aids. There are an additional five training and conference rooms at the Elsie Whiteley Innovation Centre.

OBJECTIVES AND ACTIVITIES

(4) Childcare and Family Support

The Charity has developed and delivered a range of community-based services for families with young children in the Central Halifax area for many years. These services, operating from a range of neighbourhood Children's Centres and community venues, have mostly been delivered in partnership with Calderdale Council. From July 2014 this has been in the form of a contract which the Trust won via a competitive tender process. The Centres are busy and informative venues and are well used by parents in the community. The Centres support families in many ways helping them improve their health, parenting, employability, their education, family safety and provide excellent childcare. The Trust also runs its own nursery - Little Gems - which is based at Hanson Lane and provides childcare for 2-year olds. All the nurseries run by the Trust have been received Outstanding inspection results from OFSTED and all the Children's Centre nurseries have achieved the Food for Life Early Years Award.

(5) Wellbeing Activities

In addition to the wellbeing support offered to families with young children in the past year, the Trust continues to develop services through its Staying Well programme specifically aimed at adults in the community, especially those who are experiencing isolation and loneliness as a result of their age, mild mental ill-health or limiting medical conditions.

Health outcomes for residents of Park Ward and other disadvantaged areas of Calderdale compare badly with those of the more prosperous parts of the borough. In response to this inequality, the Charity has increasingly been developing activities which help improve social connections, nutrition & lifetime eating and physical activity. Much is done in the Children's Centres to educate parents and families about breastfeeding and healthy eating. The Outback community garden and kitchen helps people engage with healthy, nutritious food for families on a budget in a fun way. The Trust also ran the Outfront during 2017/18, a healthy school meals service for infant and primary school aged children, to ensure every child had at least one nutritious meal during the day. The Trust is continuing its 'greening' activity on its Children's and business centres, by planting flowers, vegetables and fruit which are made available to business tenants and local people.

Public benefit

The trustees confirm that they have each complied with their duty under section 4 of the Charities Act 2006 to have due regard to the guidance on public benefit published by the Charity Commission when carrying out their role and duties.

HOT operates specifically in deprived areas, providing multiple economic, social, and environmental benefits to individuals in those areas. The trustees believe that public benefit has been achieved through the provision of support to local businesses, individuals, community members and families via this diverse programme. This has provided multiple economic, social, and environmental benefits to the individuals reached by the Charity's activities. Details of our support are set out in this report.

ACHIEVEMENT AND PERFORMANCE

Review of Activities for the Year

The Trust has met all of its contractual objectives as specified by the various funding bodies in the year and in many cases has overachieved. Our main objectives for the year, strategies for achieving the objectives, and activities were as follows:

(1) Supporting enterprise, business start-up and growth

The Trust runs two business centres offering good quality business accommodation. To meet one of its charitable objects the Trust provides an 18-month rent subsidy (50% for 9 months, 25% for the next 9 months) to new local businesses that rent space in one of the centres.

Elsie Whiteley Innovation Centre is the charity's high-quality office and conference space located on the edge of Park Ward boundary and adjacent to Halifax Town Centre.

The office accommodation and the meeting and conferencing facilities are a well-established and important part of the Centre's offer to the town, bringing in a diverse mix of tenants, conference and training participants daily. The focal point of the building is the atrium and the lively bistro, Café No 5. This free and open meeting space has evolved over the years and is now a buzzing market place for business and community. Food and flower produce from the Trust's Outback Garden are regularly on sale and the Centre also stocks loaves from Love Bread CIC each Thursday. This contributes to the communal and community feel of the Centre.

Office occupancy during 17/18 was 80%, with the Centre continuing to make a good financial contribution to the group. We have helped 13 new start businesses with a rent subsidy grant at the Elsie Whiteley Innovation Centre this year.

Hanson Lane Enterprise Centre is located at the very centre of Park Ward and is where the charity was first established. The Enterprise Centre was converted from a cluster of redundant BT engineering workshops in the late 1990's with the aim to bring economic vibrancy to the area, particularly encouraging start-up businesses.

As well as being a base for commercial businesses and social enterprises, much of the charity's own work takes place from the Hanson Lane Enterprise Centre. All tenants pay rent at commercial rates but new businesses are offered a discount for the first 18 months of their trading and businesses and charities benefiting the community are also often given consideration for rent subsidy. This year 3 companies have benefitted from reduced rent. The occupancy rate is 92%. During the period under review, the centre was extensively redecorated; new carpets were laid and new photographs of the Trusts activities were hung. Vinyl stickers of the Trust's values were also used on the walls to accentuate the purpose and approach of the charity.

Across both business centres we had 75 tenants and £18,104 was provided to 16 new start businesses in the form of grants towards rent subsidies.

HOT Networking In 2017 we established monthly HOT Networking sessions at the Elsie Whiteley Centre. This was enabled by a generous donation from Calderdale Business Trust, which wound up its affairs during the year. We ran 5 sessions in the year under review, including topics such as online tax, motivation, financial planning and marketing. 123 people have attended these events.

Creative Calderdale has much reduced activity this year due to a significant reduction in funding several years ago (it now has no dedicated funding). We continue to update the Creative Calderdale website and social media feeds with news, events, jobs and information about the creative industries in the borough. This contributes to business collaboration and peer support across the creative sector.

ACHIEVEMENT AND PERFORMANCE

Review of Activities for the Year

(2) Helping community members into employment

A key aspect of our service delivery at HOT is the support we provide to the unemployed in Park Ward and the wider Calderdale and Kirklees area, concentrating on helping those who are most disadvantaged in the labour market find work. This is primarily funded through sub contract arrangements with one of the 'primes'; this year it is PLUSS who have secured the 'Right Steps to Work' tender for Calderdale, Kirklees and Wakefield commissioned by the Department of Work and Pensions (DWP) and the Leeds city region Local Enterprise Council utilising European Structural Investment Funds (ESIF). Other activity focused around those individuals with more complex barriers towards moving into employment has been funded by the Hopeful Families project. Families, this again has been secured through sub contract arrangements with PLUSS and is ESIF and Big Lottery funded.

Out of the 2 contracts Right Steps to Work has proved to be more challenging to deliver due to the much stricter eligibility criteria in terms of who can be supported through the project, this after a considerable amount of time has been relaxed and we are beginning to see an increase in referrals and people being supported to move towards and into employment.

Hopeful Families on the other hand has proved to be immensely popular as it has delivered a wide range of interventions to support unemployed people across Calderdale to move towards a more positive place in their lives and ultimately secure employment. Through a holistic approach intensive support has been provided for people to overcome their barriers such as low confidence, mental ill health, and debt and family issues.

Both of the above contracts have provided the Charity with an opportunity to sustain its important work in supporting disadvantaged unemployed individuals move towards and secure employment. Hopeful Families is funded until November 2019. Referrals to Right Steps to Work are expected to stop in November 2018 with up to another year to work with people on the programme.

The statistics for these two programmes are as follows:

Right Steps to Work:

| <u>April 2017 - March 2018</u> | <u>% against target to date</u> |
|--------------------------------|---------------------------------|
| Referrals = 158 | 75% |
| Job Starts = 29 | 61% |

Hopeful Families:

| <u>April 2017 - March 2018</u> | <u>% against target for this period</u> |
|--------------------------------|---|
| Referrals = 63 | 90% |
| Into Employment = 15 | 166% |
| Into Education = 21 | 123% |
| Inactive into Job Search = 5 | 41% |

During the period under review we turned down the opportunity to deliver the new Work and Health programme as we felt the expectations regarding targets were too high, and therefore the financial risk associated with the programme was too high.

ACHIEVEMENT AND PERFORMANCE
Review of Activities for the Year

(3) Education and Training

Our apprenticeship and work-based programmes continue to perform well even though this year has been a challenging one as the government has introduced a number of changes the way apprenticeships are funded and delivered. These have included the introduction of an Apprenticeship Levy in spring 2017 requiring businesses with annual wage bill of £3m or more to pay 0.5pc of their payroll cost into a training fund. Establishing a register of training providers which all training providers wishing to deliver apprenticeships have to be listed on and have to pass a stringent qualification process to do so; we have successfully met this. A limiting of sub-contracting delivery arrangements which has meant we can no longer secure any new funding via West Yorkshire Learning Providers (WYLP) network to deliver apprenticeship programmes. This means we can deliver to larger levy paying employers, as they are funded directly by the government, but not to the smaller non-levy employers. To secure funding to work with smaller non-levy paying employers we have recently entered into sub-contracting arrangement with Hertford College.

Our team has responded very well to the above challenges and our delivery model has been and continues to be adapted and refined to ensure we can make the necessary adjustments, enhance and expand our apprenticeship offer in an ever changing funding and delivery environment as we move into 2018/19. In March 2018 we were reassessed for the MATRIX kite mark, this is the industry quality standard for those giving career advice and guidance. The inspection outcome was very positive for the Trust and our accreditation has been renewed for another 3 years. This achievement also re-emphasises our focus on quality and placing our service users at the heart of all our delivery. Although out-of-scope of the time-period covered by this report, the Trust also received a monitoring visit from OFSTED in July 2018 to review our apprenticeship provision and received the best report possible.

We have been working with migrant communities, both settled and new arrivals since 2000 and our integration and language support work continues to make a positive impact on the community around Park ward and Calderdale as a whole. Over the last year we have delivered 3 projects which have helped over 130 people improve their English communication skills, better understand key aspects of life in the UK, fit into the local environment, feel empowered and provide opportunities for people from diverse backgrounds to come together to better understand each other. We currently have funding in place to continue this type of work until June 2019, thereafter the status of funding is uncertain.

(4) Childcare and Family Support

Improving outcomes for young children and their families, with a particular focus on the most disadvantaged families, in order to reduce inequalities and so Halifax Opportunities Trust focuses on early years via its children's centres, nurseries and out-of-school children's activities.

The Trust has provided services and activities for families and children for most of its existence and in 2014 these were formalised under a contractual arrangement with Calderdale council. The Trust provides services in 9 Children's Centres in Calderdale ranging from Todmorden in the west to Southowram in the east, along with four nurseries which are based in the Centres. The Trust also runs Little Gems nursery, which is not part of the contract and is based at our business centre at Hanson Lane. The achievements from the year under review are described below:

Children's Centres Core Service

To achieve a good Ofsted Judgement, the centres are required to know between 80-96% of families in the reach area and to have 65-79% of target families registered. During 2017/18:

- 85% of families are known to the Children's Centres with 85% registered from target area. This is an increase of 6% across the area compared with the same time last year
- 5,188 families have been supported via our Children's Centres spanning 44 different languages spoken
- 91% of parents/carers are happy with the opportunities to be involved with their Children's Centre

ACHIEVEMENT AND PERFORMANCE

Review of Activities for the Year

Nursery Provision

The nursery provision was restructured in 2017-18 with changes to hours, sessions and opening times. Halifax Opportunities Trust has been successful in increasing the quality of the nursery provision and has achieved "outstanding in all areas" judgements for all five of their nurseries. Four nurseries hold the Food for Life award.

During 2017/18 488 children attended our nurseries and 88% of parents told us that attending our Early Years activities had a positive impact on their child's development and school readiness.

Family Support

240 referrals for family support were received over the course of the last year. The reasons for referral to family support remains the same year on year, however there has been an increase for referrals for families with mental health issues during the year under review. The average waiting time across Halifax Opportunities Trust during 2017-18 was 9 weeks from receipt of referral to the case being picked up by one of the Family Support Team. 257 Family Support cases were closed during 2017-18, for the following reasons:

- 9% of these cases escalated;
- 52% de-escalated;
- 39% remained the same;
- 1% was referred on to Children's Social Care.

Of those cases that stayed the same, the reasons identified are that families do not wish to engage with the service or that the families still have an additional agency involved meaning the case could not be closed at a lower tier.

98% of people who attended our Family Support Drop-Ins/Pop-Ins told us that the service had met their needs.

(5) Wellbeing Activities

The Outfront is the Trust's manufacturing kitchen which is based at Hanson Lane Enterprise Centre. During the 2017/18 period under review, it provided c. 500 healthy school meals a day for infant and primary school children in the local area for whom lunch may be the only nutritious meal. Meals provided were halal and non-halal and prepared to the highest standards. Unfortunately, in March 2018 HOT trustees took the decision that the school meals provision should be closed as it was not able to cover its costs. The impact of the Food for Life programme in Calderdale also meant that the quality of school meals was improving in the borough and the trustees felt that HOT could therefore not justify use of charitable funds to subsidise the meals. At the time of writing we are exploring the development of a meals service for older and isolated people to be run from the Outfront kitchen.

The pan-Calderdale programme Staying Well supports people to engage in social activities and health services in the community to reduce their loneliness and social isolation and improve their overall health and well-being. We are one of three hubs in Calderdale and our geographical area has been recently extended from Park ward only to now covering the whole of Central Halifax which includes Skircoat Green, Sowerby Bridge and Town wards. The service is primarily funded by Calderdale Council with some additional funding being provided by the Calderdale Community Foundation via the Isolation Fund. Staying Well funding is renewed annually by the Council and this is now in place for 18/19.

Over the last year our hub team has received 151 referrals (an increase of 35% on the previous year) and has continued to successfully support individuals and community groups, including via weekly sessions promoting positive wellbeing activities. There has been a significant increase in referrals from Warley and Town wards. Activities have been numerous and wide ranging and have included; arts and crafts workshops, gentle exercise sessions, a tea party in Siddal, working with local care homes to explore how we could support their residents with social activities locally, running a diabetes's awareness pilot specifically aimed at South Asian men who are at greater risk of contracting diabetes.

ACHIEVEMENT AND PERFORMANCE

Review of Activities for the Year

The Outback, our community organic garden and straw bale kitchen has been well used and busy over the year. It has housed everything from 'Cook and Taste' and 'Cooking on a Budget' classes to picnics, parties and educational visits. This is a wonderful community facility which is now generating income in its own right via rental of the space and sale of produce in children's centres and business centres. As obesity and ill health linked to poor diet are a priority in Park Ward, the Outback kitchen and garden are a focal point for linking nutrition to health and we have plans to increase our work around growing, cooking and healthy eating over the next year. 975 people visited The Outback during 2017/18.

General

The Trust has built up an excellent reputation over the past 18 years as a high quality and reliable community-based delivery partner in the field of regeneration and local service delivery. The Trust is pro-actively approached as a preferred partner for public and private sector partnership programmes. This quality delivery sits alongside a robust framework of financial management, reporting and tracking.

During 2017/18 there has been a continued focus on organisational development, systems improvement and quality assurance to ensure that the Trust operates as effectively and efficiently as possible. The run-up to the introduction of the new data protection regulations saw significant effort within the Trust to ensure data is acquired, stored and used in line with GDPR regulations. A Quality & Systems Lead was appointed to oversee implementation and adherence to all systems (including data) and across the Trust staff have undergone online and face-to-face training about data protection and a 'total quality management' approach to the Trusts work. The focus on quality has been externally recognised: all the Trust's nurseries have been assessed as Outstanding by Ofsted; we kept our Matrix award for the 7th year in a row; the Outfront Kitchen received 5-star assessment; all four Children's Centre nurseries are Food for Life accredited; and we received a very positive monitoring visit from Ofsted for our apprenticeship provision.

The Marketing team kept up the profile of the Trust and also introduced the HOT Networking sessions for HOT tenants and other local businesses. After a slow start, these have built to become popular events which provide practical B2B advice in addition to networking opportunities for local businesses. The branding and communications for the Children's Centres has been a priority over the year, with a range of posters, flyers, banners and newsletters created to promote the Centres' activities and childcare offer. The HOT website was significantly redesigned, and now reflects HOTs strategic map; emphasises HOTs values and provides updates on our activities and services. We also produced new folders and HOT promo material; a new sign for Hanson Lane describing the activities that take place there each week and improved the external signage on the Elsie Whiteley Innovation Centre.

During 2017/18, HOT saw a change in its most senior finance post and there was a period of several months where we had a freelance Finance Director, until Sabha Nazar was appointed in August 2017. Despite this change of personnel during the audit period, the finance team coped very well and has now been merged with the HR team to create a central team focussed on personnel and finance. The team is now based in one office which makes communication and delivery smoother and more integrated.

During 2017, the Trust carried out a staff restructure in response to the council's decision to cut the budget for the Children's Centres nursery provision and a reduction in national funding for early years provision. This was a difficult process which resulted in a decision by Calderdale council to retain funding levels until the end of the current contract. It also involved the Trust in extensive negotiations with the three unions which are recognised on behalf of HOT staff who were transferred under TUPE arrangements to the Trust in 2014. This was a learning curve for the Trust and has resulted in an improved and more systematic approach to staff and union engagement.

Open recruitment was carried out during the year for directors for the Trusts two trading subsidiary companies. Successful appointments were made to the two boards and the recruitment process also provided several excellent candidates for HOTs board.

During 2017/18 Trust members agreed to amend the Memorandum and Articles of Association to enable broader geographical working and to more specifically state the wellbeing object of the Trust. Minor amendments to the membership categories were also made.

**Report of the Trustees
for the Year Ended 31 March 2018**

ACHIEVEMENT AND PERFORMANCE

Future Commitments

The Children's Centre contract may result in future commitments/liabilities for the Charity in relation to staff and pension costs. The contract is due to finish on 31st March 2019 but Calderdale council will be re-procuring the service, via a competitive tender, towards the end of 2018, with delivery on the new contract starting on April 1st 2019. The valuation of the pension scheme for employer contribution purposes has shown the pension fund to be in surplus and the employer contributions have therefore been significantly reduced. HOT has met the level of required pension contributions since it took on the contract in 2014 and therefore has met all its obligations in terms of keeping the scheme adequately financed.

As at 31 March 2018 under the FRS 102 (LGPS funded benefits) disclosure requirement, the Charity has recognised a pension liability on the balance sheet of £1,016,000 in relation to the Children's Centre contract (see note 20 of the financial statements for further details). This is the difference between the fair value of the assets and the present value of the defined benefit obligation as valued under FRS 102 and using the assumptions presented to the Trustees in the actuary's report.

Having received advice that there will be a re-tender during the latter half of 2018, as the successful current provider the Board believe HOT would be well placed to win any new contract. If we were unsuccessful then both the staff and pension obligations would pass to the new contract holders.

Aside from the annual accounting valuation under FRS 102, the pension scheme is also valued on an ongoing basis every three years. A valuation on this basis was carried out during the course of this financial year relating to the year ended 31 March 2016. The results show that the scheme is in surplus by £17,000. The Trustees have been informed that there will be no additional contributions to make as a result of this valuation and as of April 2018 employer contributions were reduced as the scheme was valued to be in surplus.

The recognition of the pension scheme deficit in the Balance Sheet has resulted in the Charity itself showing a deficit of reserves at 31 March 2018. As mentioned above this pension deficit is not payable within the foreseeable future (12 months from date of this Report) and the Charity will be able to continue operating as normal during this period and the accounts have therefore been prepared on a going concern basis.

FINANCIAL REVIEW

Review of the year

The Group is reporting net operating income of £238,607 for the year ended 31 March 2018, before movement on the pension scheme.

Following recognition of the actuarial movement on the defined benefit pension schemes, the Group is showing a total net expenditure position of £341,607.

The Group receives funding from a range of sources including local and national government contracts, local and national government grants, grant income from Trusts and Foundations as well as generation of its own income via the two trading subsidiary companies. One strategy the Trustees have adopted to mitigate the risks around sustainable income sources in the sector is through this diversification of income streams.

Details of the specific grants received by the Group are included in note 2 of the accounts and the results of the two trading subsidiaries are included in note 14 of the accounts. The income sources of the Charity's restricted funds are included in note 19 of the accounts.

FINANCIAL REVIEW

Investment policy and objectives

Under the Memorandum and Articles of Association the trustees have the power to make any investment they see fit. During the year under review the trustees have chosen to hold the surplus funds of the Charity in the bank account with Unity Trust Bank PLC. These are held in current accounts in order to facilitate the day to day operations of the Charity.

In August 2018 the Trustees agreed to place £400,000 of the Trust's funds into a 90-day access investment account and £500,000 in an interest-bearing current account with Unity, in order to maximise income and to meet the fiduciary requirement of the trustee board.

Reserves policy

Reserves are required by the Charity because there is a need to match variable future income with fixed commitments, grants are often received after the relevant expenditure has been paid out, and the Trust at times supports certain projects beyond the life of specific funding or bridges between contracts. In March 2018, Trustees agreed to a new reserves policy. This was based on concern that the previous policy was less nuanced than it could be and resulted in a high reserves figure (c. £2m) which called into question whether the trustees were meeting their fiduciary duty to maximise use of financial resources for the benefit of the charity. The policy agreed in March is described below:

The HOT Board have agreed to determine the target level of reserves using the following approach:

- + 50% of high-risk income
- + 50% of annual salary costs
- + All current contractual payment commitments

The reserves levels will be reviewed each year when budgeting is being carried out and will therefore fluctuate as risk increases/decreases; salary costs increase/decrease; and contractual commitments increase/decrease.

Using this approach, the reserves level for 2018/19 has been set at £1,160,396

Unrestricted reserves, excluding pension scheme deficits, as of 31st March 2018 were £842,096.

The trustees have not designated the use of any of these reserves and therefore they are general reserves to support the ongoing operation of the charity.

Going concern

The Charity's liabilities currently exceed its assets however this includes the recognition of a defined benefit pension scheme deficits of £1,016,000. The Trustees have given, detailed consideration to this situation as noted in this report.

Although this deficit represents a material uncertainty, the Trustees believe that this position will not have any significant impact of the Charity's ability to operate.

FUTURE PLANS

(1) Supporting business start-up and growth

The Trust intends to continue with provision of business, office and meeting space via its two enterprise centres. It will also continue the networking sessions that it runs. The grants for new businesses which the Charity has offered towards the rent of its business premises have been an important part of Elsie Whiteley Innovation Centre and Hanson Lane Enterprise Centre's direct offer of support to business and it is planned that this should continue. These grants are given to the businesses by the Charity from its reserves.

Negotiations are still ongoing with the Calderdale council to attain new extended leases agreed for both the Elsie Whiteley Innovation Centre and the Hanson Lane Enterprise Centre bringing them in line with other asset transfers in the borough which have been granted 125 years. It was hoped that this would be concluded in 2017/18 but negotiations are still ongoing, some 5 years after they began.

The HOT board and the Hanson Lane Enterprise Centre board have both agreed to plan for the redevelopment of the Centre, subject to satisfactory conclusion of the lease negotiations and the agreement of Calderdale council. The space at Hanson Lane was originally built as a servicing depot and is not really fit for purpose for its current use as a nursery, training rooms, offices and computer suite. There is scope to increase the size of the centre and reinterpret it to be a community hub with excellent facilities for the local area. Planning for this will begin in 2018. Following a condition survey carried out subsequent to the year end, it has also been identified that significant work needs to be undertaken on the site.

(2) Helping people into employment and training

Halifax Opportunities Trust has over the last 15 years has established a formidable track record in delivering employability and training focused contracts. In particular the Trust has considerable experience of working with a number of prime contractors (i.e. large companies which directly contract to national government) and being part of their supply chains in delivering a range of DWP employability-focused payment by results contracts. This has put the Trust in a very strong position to respond to employability-related tendering opportunities. We will continue to run Right Steps to Work and Hopeful Families throughout 2018/19 and are hopeful that the LEP will extend both these programmes which are both now delivering well. The government's announcement that it would guarantee EU funding agreed prior to Brexit until 2020 is welcome, however there is uncertainty regarding post-EU funding for employment schemes (provisionally entitled the Shared Prosperity Fund). We continue to seek opportunities to remain able to deliver employment support and are building partnerships that should stand us in good stead in future years.

The Trusts work-based learning delivery which includes apprenticeships and vocational qualifications has continued to gradually expand as our service is now well established and works closely with a range of schools, childcare settings and local businesses. We have successfully transitioned from an intermediary contract to a direct contractual relationship to deliver apprenticeships and are working with employers via the Apprenticeship Levy funding. We will continue to promote our apprenticeship offer to new employers in order to grow this area of our business. We will also seek to work as a sub-contractor to larger providers, building on our recent agreement with Hertford College.

Funding for our ESOL and Integration work is secured through the next financial year, although once again, uncertainty about post-EU funding makes it less clear about income for 2019/20. We are hopeful that our increased provision via Calderdale Adult Learning will continue and we will also continue to provide ESOL via the Children's Centre contract - assuming we are successful with the re-tender in 2019.

(3) Childcare and family support

The new Children's Centre tender is expected in late autumn of 2018 at which point we will decide whether to apply. If we do not continue to run the service, it will have a significant effect on the scale and reach of the Trust's activities and would significantly reduce the size of the staff team. As the Trust has run some form of children and families service for most of its existence, it would also be a blow to lose an important part of our history and, our long-standing and skilled staff so it is not a situation we hope to be in, but we must plan for the eventuality.

If we are again successful, we look forward to continue to run this fundamental element of our provision locally and have various plans regarding innovation within delivery and expansion/added value which we would introduce from 2019 onwards.

(4) Wellbeing

Staying Well will continue to run over the next financial year and we are hopeful that it will continue to be supported financially after 2019. During the year under review, it has successfully attracted further funding (via Calderdale Community Foundation) and the Staying Well partners have joint plans to bid for further funding to expand the remit of the scheme. The aim over the next few years is to establish new activities and groups, and also to support existing groups to become independent and self-sufficient so that they can plan their future direction, apply for funding and build confidence. In 2018/19 we will be setting up small grants pots for groups to bid into, with local residents comprising the decision-making panels. The Staying Well team at HOT will also increasingly raise awareness around specific health conditions such as diabetes and bowel cancer amongst the communities we work with and to connect people to access relevant information and support. Finally, we are seeking to increase understanding of and referrals from GPs in the area we cover and ensure that Staying Well is fully integrated into the Calderdale Cares model that is being developed for central part of the borough.

The Trust is in talks with Community Transport Calderdale regarding the provision of meals for older people in the borough via a Meals on Wheels service and provision of communal meals in community settings.

We have plans to significantly increase the work that the Trust does around nutrition and healthy eating, and connect this to the Outback so that we make the link between growing, cooking and eating. We are submitting funding bids to scale up our work, with a view to then develop sustainable ways to maintain this provision once grant funding has ended.

Negotiations are ongoing to get a formal lease agreed on the Outback with the Local Authority bringing it in line with other asset transfers in the Borough which have a 125-year lease. It is expected that this will be brought to a satisfactory conclusion in 2018/19.

(5) New areas of delivery

In the Trustee Report for 2016/17 we reported that the Trust had identified a site, near to Park Ward, which it is interested in acquiring and redeveloping. Possible uses for the site include office space for Trust staff, a retail outlet for Trust produce and products; a café; housing; offices to rent. The site is privately owned and neglected and over 2017/18 the Trust has been in regular meetings with Calderdale council to keep abreast of the authority's liaison with the site's owners and the potential for acquisition. We do not expect this to progress quickly but there may be movement towards the end of 2018/19. There is also early stage interest in the Trust in provision for housing for local people, an area that other regeneration charities have successfully moved into in other parts of Yorkshire and for which there are various successful models to examine and possibly adopt. Both these initiatives will require robust feasibility studies and business modelling before being taken forward, but both could provide much-needed new services for local people (in keeping with the Trust's charitable objects) and financial under-pinning for the organization as it moves towards its 20th year of operation in 2020. The Trust has had early discussions with potential partners around bringing empty homes back into use in the Park ward area of Halifax.

(6) Management and Governance plans

A board strategic planning session is planned for February 2019 at which the trustees and senior staff will discuss plans for 2020 onwards and also agree an impact framework which captures the effect that the work of the Trust has on the local community. The board itself has a stable membership at present so there are no specific plans to recruit new trustees. Likewise, the HOT senior management team is functioning well and there are no plans for significant change at present.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Halifax Opportunities Trust (HOT), was incorporated in 2000, achieved charitable status in 2002 and has been operational since April 2002. It was established as the successor body for a Government funded regeneration programme in the Park Ward area of Calderdale.

HOT is a membership organisation. Its trustees are elected from its membership as laid out in the Memorandum and Articles of Association.

HOT's charitable work was for its first few years primarily focused on the Park Ward area of Calderdale but it is now operating across the whole of the borough building working relationships with private, public, voluntary and community sector organisations to provide services in other communities. The Memorandum of Association was formally updated during 2017/18 to reflect the increase in geographical remit of the Trust.

HOT has two commercial properties on long term peppercorn leases from the local council. They are used as a base for HOT's charitable activities and are also let to local businesses to promote and encourage local business growth. The property interests are managed by two wholly owned subsidiary companies, Hanson Lane Enterprise Centre Ltd and Elsie Whiteley Innovation Centre Ltd. For this reason, HOT produces consolidated accounts.

Governance

HOT is a registered charity and a company limited by guarantee. Board members are therefore both trustees of the Charity and company directors. There are currently fourteen trustees.

Elected trustees serve for a maximum of fifteen years and the co-opted trustees are co-opted annually. Elected trustees are elected by the HOT membership at the AGM. Co-opted trustees are appointed by the Board. All new trustees receive an induction pack and complete a register of interest document. They are also provided with opportunities for governance and sector specific training and development.

The Charity's Board and the subsidiary boards meet quarterly. In addition to these meetings there is a Finance and HR Sub Committee and special purpose task and finish groups are formed to meet specific needs. These meetings take place between formal board meetings to explore issues in depth and help trustees and directors better understand the changing environment in which the organisation operates. Any such groups report back to the full Board.

An annual away day is held for trustees and staff at which future direction and priorities are agreed and specific strategic tasks such as development of impact measurement is covered.

Management

There is an experienced senior management team of seven at the core of the organisation that meets monthly to plan pan-organisational operational activity. The team is led by the Chief Executive. The Chief Executive and the senior managers report directly to the Board at the quarterly charity and subsidiary board meetings. They produce written exception and recommendation reports for these meetings and attend to respond to questions and provide further information as required. The senior team attend regular training and personal development opportunities to ensure they are keeping their professional development up to date.

Risk management

The trustees agreed a Risk Management Plan for 2017/18 and have agreed the plan for the forthcoming year 2018/19. The Plan describes HOT's approach to risk management and assesses the strategic risks for the organisation, based on Charity Commission guidelines and using a RAG system. Red (high level) risks are dealt with immediately, with Amber being dealt with as soon as possible. Risks highlighted for 2017/18 were all mitigated or negated within the year under review.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Company limited by guarantee

Halifax Opportunities Trust is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such an 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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04089288 (England and Wales)

Registered Charity number

1086183

Registered office

Hanson Lane Enterprise Centre
Hanson Lane
Halifax
West Yorkshire
HX1 5PG

Service address

Elsie Whiteley Innovation Centre
Hopwood Lane
Halifax
West Yorkshire
HX1 5ER

Trustees

| | | |
|------------------|------------|----------------------|
| A Ali | | |
| S Baines MBE | | - resigned 24.5.17 |
| H J Barber | Vice Chair | |
| R K Bostan | | |
| R J Craven | | - appointed 21.12.17 |
| R P Earnshaw | | - resigned 21.9.17 |
| F Farooq | | - resigned 9.11.17 |
| D Foster | | - appointed 24.5.17 |
| | | - resigned 9.7.18 |
| M A Gaffaney | | - resigned 20.9.17 |
| J Harkness | | - appointed 21.12.17 |
| R Hemblys | Treasurer | |
| S Hussain | | |
| T Male | | - appointed 21.6.18 |
| S E Morrell | Chair | |
| M P E Nash | | |
| M J Payne | | - resigned 5.4.18 |
| R Rehman | | |
| K R Saeed | | |
| F Shoukat | | - appointed 20.9.18 |
| H J Walker-Lynch | | - resigned 20.9.17 |
| H L Wright | | - appointed 21.12.17 |

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Riley & Co Limited
Statutory Auditor Chartered Accountants
52 St Johns Lane
Halifax
West Yorkshire
HX1 2BW

Bankers

Unity Trust Bank
9 Brindleyplace
Birmingham
B1 2HB

Solicitors

Finn Gledhill
1 - 4 Harrison Road
Halifax
West Yorkshire
HX1 2AG

Chief Executive

A Haskins

Senior Management team

| | |
|--------------|---|
| J Bell | - Business Services Manager |
| C Parkinson | - Area Manager, Upper and Central Calderdale Children's Centres |
| M Ciewiernia | - Quality and Systems Lead |
| A Hussain | - Operations Manager |
| S Nazar | - Finance and HR Manager |
| H Peevers | - Marketing Manager |

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

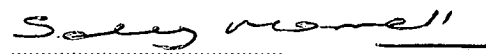
In so far as the trustees are aware:

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

AUDITORS

The auditors, Riley & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on16/11/2018..... and signed on its behalf by:



S E Morrell - Trustee

**Report of the Independent Auditors to the Members of
Halifax Opportunities Trust (Registered number: 04089288)**

Opinion

We have audited the financial statements of Halifax Opportunities Trust (the parent 'charitable company') and its subsidiaries for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 23 to the financial statements, 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 uncertainty relating to going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, concerning the ability of the group, and parent charitable company, to continue as a going.

The parent charitable company's liabilities exceed its assets by £279,583, however the liabilities include £1,016,000 in respect of defined benefit pension scheme. This pension liability is based on a professional actuarial valuation as required under FRS 102. The liability is not expected to crystallise in the foreseeable future and the charitable company can make up the deficit by increased contributions over a number of years. This figure is also subject to large changes depending on investment performance year on year. The Trustees have prepared detailed financial plans which demonstrate that the charitable company is able to meet its liabilities as they fall due and therefore, they consider that the group and charitable company can continue as a going concern.

The negative reserves represent a material uncertainty which may cast significant doubt over the charitable company and group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company and group were unable to continue as a going concern.

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 Report of the Independent Auditors thereon.

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

**Report of the Independent Auditors to the Members of
HALIFAX OPPORTUNITIES TRUST (Registered number: 04089288)**

Other information

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**Report of the Independent Auditors to the Members of
HALIFAX OPPORTUNITIES TRUST (Registered number: 04089288)**

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Atkinson BA FCA (Senior Statutory Auditor)
for and on behalf of Riley & Co Limited
Statutory Auditor Chartered Accountants
52 St Johns Lane
Halifax
West Yorkshire
HX1 2BW



Date: 18 December 2018

HALIFAX OPPORTUNITIES TRUST
Statement of Consolidated Financial Activities
(Incorporating a Consolidated Income and Expenditure Account)
for the Year Ended 31 March 2018

| | | Unrestricted funds | Restricted funds | 31.3.18 Total funds | 31.3.17 Total funds |
|--|-------|-----------------------|---------------------|------------------------|------------------------|
| | Notes | £ | £ | £ | £ |
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 18,626 | 78,373 | 96,999 | 88,330 |
| Charitable activities | 4 | | | | |
| Provision of employment, education and training services | | 459,714 | - | 459,714 | 314,459 |
| Provision of childcare and family support services | | 3,106,042 | 516,840 | 3,622,882 | 3,572,299 |
| Promoting health and wellbeing | | 192,685 | 150 | 192,835 | 166,580 |
| Management, administration and membership | | 31,390 | 6,561 | 37,951 | 163,941 |
| Other trading activities | | 628,744 | - | 628,744 | 554,201 |
| Investment income | 3 | 66 | - | 66 | 269 |
| Total | | 4,437,267 | 601,924 | 5,039,191 | 4,860,079 |
| EXPENDITURE ON | | | | | |
| Charitable activities | 5 | | | | |
| Provision of employment, education and training services | | 435,805 | 30,992 | 466,797 | 307,548 |
| Provision of childcare and family support services | | 2,717,668 | 516,840 | 3,234,508 | 3,415,842 |
| Promoting health and wellbeing | | 273,724 | 48,983 | 322,707 | 326,937 |
| Management, administration and membership | | 301,767 | - | 301,767 | 225,884 |
| Governance costs | | 9,248 | - | 9,248 | 12,423 |
| Other trading activities | | 449,474 | - | 449,474 | 455,423 |
| Total | | 4,187,686 | 596,815 | 4,784,501 | 4,744,057 |
| NET INCOME | | 249,581 | 5,109 | 254,690 | 116,022 |
| Taxation | 9 | (16,083) | - | (16,083) | 5,639 |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains/losses on defined benefit schemes | | 103,000 | - | 103,000 | (290,000) |
| Net movement in funds | | 336,498 | 5,109 | 341,607 | (168,339) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | (510,402) | - | (510,402) | (342,063) |
| TOTAL FUNDS CARRIED FORWARD | | (173,904) | 5,109 | (168,795) | (510,402) |

The notes form part of these financial statements

HALIFAX OPPORTUNITIES TRUST (REGISTERED NUMBER: 04089288)


Group and Charity Balance Sheet

At 31 March 2018

| | Notes | GROUP 31.3.18 £ | GROUP 31.3.17 £ | CHARITY 31.3.18 £ | CHARITY 31.3.17 £ |
|--|-------|-----------------------|-----------------------|-------------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible Assets | 13 | 125,965 | 73,761 | 24,084 | 55,346 |
| Investments | 14 | - | - | 101 | 101 |
| | | 125,965 | 73,761 | 24,185 | 55,447 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 500,630 | 261,732 | 686,490 | 346,032 |
| Cash at bank and in hand | | 1,012,880 | 917,819 | 695,513 | 719,937 |
| | | 1,513,510 | 1,179,551 | 1,382,003 | 1,065,969 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 17 | (773,939) | (642,466) | (669,771) | (554,751) |
| PROVISION FOR LIABILITIES | 18 | (18,331) | (2,248) | - | - |
| NET CURRENT ASSETS | | 721,240 | 534,837 | 712,232 | 511,218 |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITY | | 847,205 | 608,598 | 736,417 | 566,665 |
| DEFINED BENEFIT PENSION SCHEME LIABILITY | 21 | (1,016,000) | (1,119,000) | (1,016,000) | (1,119,000) |
| NET LIABILITIES | | (168,795) | (510,402) | (279,583) | (552,335) |
| FUNDS | | | | | |
| Unrestricted funds | | | | | |
| - General Fund | 20 | 842,096 | 584,472 | 632,967 | 474,809 |
| - Designated fund: Kitchen | 20 | - | 24,126 | - | 24,126 |
| Pension reserve | 20 | (1,016,000) | (1,119,000) | (1,016,000) | (1,119,000) |
| | | (173,904) | (510,402) | (383,033) | (620,065) |
| Restricted funds | 20 | 5,109 | - | 103,450 | 67,730 |
| TOTAL FUNDS | | (168,795) | (510,402) | (279,583) | (552,335) |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 16/11/2018 and were signed on its behalf by:



S E Morrell -Trustee

The notes form part of these financial statements

HALIFAX OPPORTUNITIES TRUST
Consolidated Cash Flow Statement
for the Year Ended 31 March 2018

| | Notes | 31.3.18 £ | 31.3.17 £ |
|---|-------|------------------|-----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | 219,008 | 384,635 |
| Tax paid | | <u>(16,083)</u> | <u>5,639</u> |
| Net cash provided by (used in) operating activities | | <u>202,925</u> | <u>390,274</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (107,930) | (17,485) |
| Interest received | | <u>66</u> | <u>269</u> |
| Net cash provided by (used in) investing activities | | <u>(107,864)</u> | <u>(17,216)</u> |
| Change in cash and cash equivalents in the reporting period | | 95,587 | 373,058 |
| Cash and cash equivalents at the beginning of the reporting period | | <u>917,819</u> | <u>544,761</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>1,012,880</u> | <u>917,819</u> |

The notes form part of these financial statements

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2018

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | | |
|---|-----------------------|-----------------------|
| | 31.3.18 | 31.3.17 |
| | £ | £ |
| Net income for the reporting period (as per the statement of financial activities) | 254,690 | 116,022 |
| Adjustments for: | | |
| Depreciation charges | 55,726 | 44,950 |
| Interest received | (66) | (269) |
| (Increase)/decrease in debtors | (238,898) | 196,932 |
| Increase in creditors | <u>147,556</u> | <u>27,000</u> |
| Net cash provided by (used in) operating activities | <u><u>219,008</u></u> | <u><u>384,635</u></u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Preparation of the accounts on a going concern basis

Following the valuation of the pension schemes under FRS 102 the Charity has recognised pension scheme deficits of £1,016,000 on the Balance Sheet. This has resulted in a deficit on the Charity's total reserves of £279,583 as at 31 March 2018.

Notwithstanding the deficit on reserves the Trustees have prepared the accounts on a going concern basis. This pension scheme deficit relates to a contract that currently ends on 31 July 2019. The charity has re-tendered for this contract and is expecting the result to be known in December 2018/January 2019.

There are two possible scenarios:

- 1) The charity is successful in the re-tender and the staff and pension obligations remain with the charity.
- 2) The charity is unsuccessful in the tender and the staff and pension obligations are TUPE'd to the new provider.

The outcome is not known at the date of signing these accounts and on this basis the Trustees believe that the Charity will be able to continue operating as normal and meeting all its liabilities as they fall due. Therefore, the Trustees consider that the going concern basis is appropriate.

Group financial statements

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. The Charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA or Income and Expenditure Account have been presented for the Charity alone as permitted by section 230 of the Companies Act 2006 and paragraph 327 of the SORP.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

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 specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grants, including government grants, are credited to deferred income. Grants towards capital expenditure are released to the SoFA over the expected useful life of the assets. Grants towards revenue expenditure are released to the SoFA as the related expenditure is incurred.

Income from investments is included in the year in which it is receivable.

Income from activities for generating funds relates to property management income generated by the charity's trading subsidiaries.

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trusts artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

Redundancy costs

Redundancy costs are charged in the Statement of Financial Activities in the year in which the employees leave employment.

Tangible fixed assets

The charity capitalises all asset purchases over £2,000. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|--------------------|---------------|
| Office equipment | - 15% on cost |
| Computer equipment | - 33% on cost |

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds have been designated for specific purposes by the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of any restricted fund is included in the notes to the financial statements.

ACCOUNTING POLICIES - continued

1.

Pension costs and other post-retirement benefits

The charity participates in two defined benefit pension schemes for its employees. The assets of the schemes are held separately from those of the charity in independently administered funds.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resources expended categories in the statement of financial activities. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount as other finance cost or income. Net pension finance costs are allocated to appropriate resources expended categories in the SoFA. Actuarial gains and losses are recognised based on the latest actuarial valuation.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme deficit is recognised in full on the balance sheet.

Defined contribution pension schemes

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

DONATIONS AND LEGACIES

2.

Grants

Grants received, included in the above, are as follows:

| | | | | | |
|---|--------|---------|--------|---------|--------|
| Calderdale Business Trust | 16,000 | 31.3.18 | £ | 31.3.17 | £ |
| ESOL: Syrian Families | 25,801 | 2,621 | 4,473 | 10,558 | 7,469 |
| National Milk Grant Scheme | 2,621 | 6,276 | 60,813 | 5,017 | 88,330 |
| Neighbourhood Learning for Deprived Communities | 46,296 | 5 | 5,017 | 88,330 | 88,330 |
| Staying Well Project | 5 | 5 | 5,017 | 88,330 | 88,330 |
| Tinder Foundation | 96,999 | 96,999 | 88,330 | 88,330 | 88,330 |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

3. INVESTMENT INCOME

| | 31.3.18 | 31.3.17 |
|--------------------------|-----------|------------|
| | £ | £ |
| Bank interest receivable | 66 | 269 |
| | <u>66</u> | <u>269</u> |

4. INCOME FROM CHARITABLE ACTIVITIES

| | 31.3.18 | 31.3.17 |
|--|------------------|------------------|
| | £ | £ |
| <u>Charitable activities income</u> | | |
| Provision of employment, education and training services | 459,714 | 314,459 |
| Provision of childcare and family support services | 3,622,882 | 3,572,299 |
| Promoting health and wellbeing | 192,835 | 166,580 |
| Management, administration and membership | 37,951 | 163,791 |
| <u>Membership income</u> | | |
| Management, administration and membership | - | 150 |
| | <u>4,313,382</u> | <u>4,217,279</u> |

5. CHARITABLE ACTIVITIES COSTS

| | Direct costs (See note 6) £ | Support costs (See note 7) £ | Totals £ |
|--|-----------------------------------|------------------------------------|------------------|
| Provision of employment, education and training services | 466,797 | - | 466,797 |
| Provision of childcare and family support services | 3,234,508 | - | 3,234,508 |
| Promoting health and wellbeing | 322,707 | - | 322,707 |
| Management, administration and membership | 190,496 | 111,271 | 301,767 |
| Governance costs | - | 9,248 | 9,248 |
| | <u>4,214,508</u> | <u>120,519</u> | <u>4,335,027</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 31.3.18 | 31.3.17 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Staff costs | 3,210,565 | 3,334,991 |
| Rates and water | 4,513 | 12,360 |
| Insurance | 19,408 | 19,515 |
| Light and heat | 30,322 | 34,528 |
| Telephone | 56,371 | 37,524 |
| Postage and stationery | 77,093 | 73,241 |
| Advertising | 15,478 | 6,343 |
| Sundries | 14,761 | 16,930 |
| Rent and room hire | 96,280 | 54,510 |
| Repairs and maintenance | 208,190 | 218,287 |
| Course costs | 34,295 | 20,448 |
| Training and conferences | 13,545 | 11,185 |
| Staff and volunteer costs | 74,605 | 24,671 |
| Trips and outings | 2,339 | - |
| Counselling support | 2,385 | - |
| Daycare provision | 583 | - |
| Management fees paid - Project | 26,856 | - |
| Motor and travel expenses | 38,932 | 45,636 |
| Trustee costs | 50 | 330 |
| Bad debts | 661 | 1,194 |
| Surestart costs | 175,494 | 175,458 |
| Irrecoverable VAT | 13,406 | 15,628 |
| Legal and professional fees | 36,534 | 26,660 |
| Bookkeeping and accountancy | 13,919 | 8,232 |
| Bank charges | 1,632 | 1,275 |
| Depreciation | 46,291 | 33,684 |
| | <u>4,214,508</u> | <u>4,172,630</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

7. SUPPORT COSTS

| | Management | Finance | Governance costs | Totals |
|---|---------------|---------------|------------------|----------------|
| | £ | £ | £ | £ |
| Management, administration & membership | 52,190 | 59,081 | - | 111,271 |
| Governance costs | - | - | 9,248 | 9,248 |
| | <u>52,190</u> | <u>59,081</u> | <u>9,248</u> | <u>120,519</u> |

Included within the other support costs, social security heading, is the HMRC national insurance rebate for each financial year.

Support costs, included in the above, are as follows:

Management

| | 31.3.18 Management, administration and membership | 31.3.17 Total activities |
|-----------------|---|-----------------------------|
| | £ | £ |
| Wages | 46,478 | 23,390 |
| Social security | 5,233 | 2,631 |
| Pensions | 479 | 677 |
| | <u>52,190</u> | <u>26,698</u> |

Finance

| | 31.3.18 Management, administration and membership | 31.3.17 Total activities |
|-----------------|---|-----------------------------|
| | £ | £ |
| Wages | 52,884 | 68,121 |
| Social security | 4,903 | 6,207 |
| Pensions | 1,294 | 531 |
| | <u>59,081</u> | <u>74,859</u> |

Other

| | 31.3.18 Total activities | 31.3.17 Total activities |
|-----------------|-----------------------------|-----------------------------|
| | £ | £ |
| Wages | - | 4,625 |
| Social security | - | (2,652) |
| Pensions | - | 51 |
| | <u>-</u> | <u>2,024</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

7. SUPPORT COSTS - continued

Governance costs

| | 31.3.18 | 31.3.17 |
|------------------------|------------------|------------------|
| | Governance costs | Total activities |
| | £ | £ |
| Auditors' remuneration | 6,300 | 7,035 |
| Legal fees | 2,773 | 5,318 |
| Trustee costs | <u>175</u> | <u>70</u> |
| | <u>9,248</u> | <u>12,423</u> |

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 31.3.18 | 31.3.17 |
|---|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | 6,300 | 7,035 |
| Auditors' remuneration – Elsie Whiteley Innovation Centre Ltd | 1,854 | 1,965 |
| Auditors' remuneration – Hanson Lane Enterprise Centre Ltd | 1,854 | 1,965 |
| Depreciation - owned assets | <u>55,726</u> | <u>44,950</u> |

The auditor's remuneration for Elsie Whiteley Innovation Centre Ltd and Hanson Lane Enterprise Centre Ltd is included within other trading activities costs.

9. TAXATION

Analysis of tax charge/(credit):

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

| | 31.3.18 | 31.3.17 |
|--------------------|---------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | - | - |
| Deferred tax | <u>16,083</u> | <u>(5,639)</u> |
| | <u>16,083</u> | <u>(5,639)</u> |

The tax charge relates to the activities of the subsidiary companies, Hanson Lane Enterprise Centre and Elsie Whiteley Innovation Centre.

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

Trustees' expenses

Trustees expenses of £175 (2017: £70) were paid to one trustee in the year, relating to the reimbursement of childcare costs for attendance at meetings.

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

11. STAFF COSTS

| | 31.3.18 | 31.3.17 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 2,981,164 | 3,074,694 |
| Social security costs | 194,782 | 204,870 |
| Other pension costs | <u>145,890</u> | <u>159,008</u> |
| | <u><u>3,321,836</u></u> | <u><u>3,438,572</u></u> |

The average monthly number of employees during the year was as follows:

| | 31.3.18 | 31.3.17 |
|-----------------------|-------------------|-------------------|
| Charitable activities | 186 | 154 |
| Administrative | 18 | 18 |
| Governance | <u>1</u> | <u>1</u> |
| | <u><u>205</u></u> | <u><u>173</u></u> |

No employees received emoluments in excess of £60,000.

The key management personnel of the charity have been identified as the Chief Executive, Finance & HR Manager, Operations Manager, Area Manager - Upper and Central Calderdale Children's Centres, Business Services Manager and Marketing manager.

The aggregate employment benefits, including employer's national insurance and pension contributions, for these key management personnel for the year was £239,737 (2017 - £229,202). The salaries of the key management are set by the trustees, and then reviewed by the trustees.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|--|----------------------------|--------------------------|------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 9,491 | 78,839 | 88,330 |
| Charitable activities | | | |
| Provision of employment, education and training services | 314,459 | - | 314,459 |
| Provision of childcare and family support services | 2,908,298 | 664,001 | 3,572,299 |
| Promoting health and wellbeing | 166,503 | 77 | 166,580 |
| Management, administration and membership | 163,941 | - | 163,941 |
| Other trading activities | 554,201 | - | 554,201 |
| Investment income | <u>269</u> | <u>-</u> | <u>269</u> |
| Total | 4,117,162 | 742,917 | 4,860,079 |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|--|----------------------------|--------------------------|------------------|
| EXPENDITURE ON | | | |
| Charitable activities | | | |
| Provision of employment, education and training services | 289,520 | 18,028 | 307,548 |
| Provision of childcare and family support services | 2,769,416 | 646,426 | 3,415,842 |
| Promoting health and wellbeing | 266,049 | 60,888 | 326,937 |
| Management, administration and membership | 225,884 | - | 225,884 |
| Governance costs | 12,423 | - | 12,423 |
| Other trading activities | <u>455,423</u> | <u>-</u> | <u>455,423</u> |
| Total | <u>4,018,715</u> | <u>725,342</u> | <u>4,744,057</u> |
| NET INCOME | 98,447 | 17,575 | 116,022 |
| Transfers between funds | 17,575 | (17,575) | - |
| Taxation | <u>5,639</u> | <u>-</u> | <u>5,639</u> |
| Other recognised gains/(losses) | | | |
| Actuarial gains/losses on defined benefit schemes | <u>(290,000)</u> | <u>-</u> | <u>(290,000)</u> |
| Net movement in funds | (168,339) | - | (168,339) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | (342,063) | - | (342,063) |
| TOTAL FUNDS CARRIED FORWARD | <u>(510,402)</u> | <u>-</u> | <u>(510,402)</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

13. TANGIBLE FIXED ASSETS

GROUP

| | Kitchen equipment £ | Office equipment £ | Fixtures and fittings £ | Computer equipment £ |
|-----------------------|---------------------------|--------------------------|-------------------------------|----------------------------|
| COST | | | | |
| At 1 April 2017 | 99,308 | 106,978 | 97,083 | 67,433 |
| Additions | - | - | 97,244 | 10,686 |
| At 31 March 2018 | <u>99,308</u> | <u>106,978</u> | <u>194,327</u> | <u>78,119</u> |
| DEPRECIATION | | | | |
| At 1 April 2017 | 64,546 | 84,323 | 83,425 | 64,749 |
| Charge for year | <u>33,091</u> | <u>8,693</u> | <u>8,107</u> | <u>5,834</u> |
| At 31 March 2018 | <u>97,637</u> | <u>93,016</u> | <u>91,532</u> | <u>70,583</u> |
| NET BOOK VALUE | | | | |
| At 31 March 2018 | <u>1,671</u> | <u>13,962</u> | <u>102,795</u> | <u>7,536</u> |
| At 31 March 2017 | <u>34,762</u> | <u>22,655</u> | <u>13,658</u> | <u>2,684</u> |

| | Long leasehold £ | Total £ |
|-----------------------|---------------------|----------------|
| COST | | |
| At 1 April 2017 | 91,996 | 462,798 |
| Additions | - | 107,930 |
| At 31 March 2018 | <u>91,996</u> | <u>570,728</u> |
| DEPRECIATION | | |
| At 1 April 2017 | 91,996 | 389,037 |
| Charge for year | - | 55,726 |
| At 31 March 2018 | <u>91,996</u> | <u>444,763</u> |
| NET BOOK VALUE | | |
| At 31 March 2018 | - | <u>125,965</u> |
| At 31 March 2017 | - | <u>73,761</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

13. TANGIBLE FIXED ASSETS - continued

CHARITY

| | Kitchen equipment £ | Office equipment £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|---------------------------|--------------------------|-------------------------------|----------------------------|-------------|
| COST | | | | | |
| At 1 April 2017 | 99,308 | 51,613 | 19,330 | 67,433 | 237,684 |
| Additions | - | - | 4,343 | 10,686 | 15,029 |
| At 31 March 2018 | 99,308 | 51,613 | 23,673 | 78,119 | 252,713 |
| DEPRECIATION | | | | | |
| At 1 April 2017 | 64,546 | 33,713 | 19,330 | 64,749 | 182,338 |
| Charge for year | 33,091 | 6,715 | 651 | 5,834 | 46,291 |
| At 31 March 2018 | 97,637 | 40,428 | 19,981 | 70,583 | 228,629 |
| NET BOOK VALUE | | | | | |
| At 31 March 2018 | 1,671 | 11,185 | 3,692 | 7,536 | 24,084 |
| At 31 March 2017 | 34,762 | 17,900 | - | 2,684 | 55,346 |

14. FIXED ASSET INVESTMENTS

| | GROUP Shares in group undertakings £ | CHARITY Shares in group undertakings £ |
|-----------------------------------|---|---|
| MARKET VALUE | | |
| At 1 April 2017 and 31 March 2018 | - | 101 |
| NET BOOK VALUE | | |
| At 31 March 2018 | - | 101 |
| At 31 March 2017 | - | 101 |

There were no investment assets outside the UK. The company's investments at the balance sheet date in the share capital of companies include the following:

Hanson Lane Enterprise Centre Limited

Nature of business: Property management and associated services

Class of share: % holding

Ordinary 100

Summary of trading results

| | | |
|----------------------------|----------------|----------------|
| Turnover | 154,705 | 139,655 |
| Total Expenditure | (150,027) | (111,909) |
| Other Income | - | 4 |
| Taxation | 416 | (7,909) |
| Donation to parent charity | (6,581) | (23,293) |
| | <u>(1,487)</u> | <u>(3,452)</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

14. FIXED ASSET INVESTMENTS - continued

Summary of assets and liabilities

| | | |
|-------------|------------|--------------|
| Assets | 65,770 | 80,562 |
| Liabilities | (64,832) | (78,137) |
| | <u>938</u> | <u>2,425</u> |

Elsie Whiteley Innovation Centre Limited

Nature of business: Provision of high-quality modern workspace.

Class of share: % holding

Ordinary 100

| | |
|---------|---------|
| 31.3.18 | 31.3.17 |
| £ | £ |

Summary of trading results

| | | |
|--------------------------------------|---------------|--------------|
| Turnover | 491,794 | 435,611 |
| Total Expenditure | (373,319) | (361,955) |
| Other Income | 418 | 5,159 |
| Interest payable and similar charges | (1,440) | (1,440) |
| Taxation | (16,499) | (2,270) |
| Donation to parent charity | (30,611) | (67,730) |
| | <u>70,343</u> | <u>7,375</u> |

Summary of assets and liabilities

| | | |
|-------------|----------------|---------------|
| Assets | 413,183 | 256,529 |
| Liabilities | (303,232) | (216,921) |
| | <u>109,951</u> | <u>39,608</u> |

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | GROUP 31.3.18 £ | GROUP 31.3.17 £ | CHARITY 31.3.18 £ | CHARITY 31.3.17 £ |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors | 395,777 | 167,421 | 307,275 | 61,004 |
| Amounts owed by group undertakings | - | - | 287,496 | 204,269 |
| Other debtors | 104,853 | 94,311 | 91,719 | 80,759 |
| | <u>500,630</u> | <u>261,732</u> | <u>686,490</u> | <u>346,032</u> |

Included within amounts owed by group undertakings is £48,000 (2017: £60,000), of which £36,000 (2017: £48,000) is due after more than one year, from Elsie Whiteley Innovation Centre Limited. This amount is repayable in instalments over a ten-year period which commenced at 31 March 2013. An interest rate of 2% of the outstanding balance applies to this loan.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31.3.18 £ | 31.3.17 £ |
|----------------------------|---------------|---------------|
| Within one year | 31,623 | 33,820 |
| Between one and five years | 29,447 | 38,999 |
| In more than five years | <u>26</u> | <u>33</u> |
| | <u>61,096</u> | <u>72,852</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | GROUP 31.3.18 | GROUP 31.3.17 | CHARITY 31.3.18 | CHARITY 31.3.17 |
|-------------------------------------|------------------|------------------|--------------------|--------------------|
| | £ | £ | £ | £ |
| Trade creditors | 65,645 | 38,740 | 55,596 | 29,876 |
| Amounts owing to group undertakings | - | - | 14,767 | - |
| Social security and other taxes | 42,743 | 45,289 | 42,743 | 45,289 |
| Wages control account | 28,392 | - | 28,392 | - |
| VAT | 31,689 | 35,508 | 27,860 | 31,663 |
| Pension schemes | 13,734 | 16,947 | 13,734 | 16,947 |
| Accruals and deferred income | 584,864 | 505,982 | 486,679 | 430,976 |
| Other creditors | 6,872 | - | - | - |
| | <u>773,939</u> | <u>642,466</u> | <u>669,771</u> | <u>554,751</u> |

18. PROVISIONS FOR LIABILITIES

| | GROUP 31.3.18 | GROUP 31.3.17 | CHARITY 31.3.18 | CHARITY 31.3.17 |
|--------------|------------------|------------------|--------------------|--------------------|
| | £ | £ | £ | £ |
| Deferred tax | <u>18,331</u> | <u>2,248</u> | <u>-</u> | <u>-</u> |

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| | Unrestricted funds | Restricted funds | 31.3.18 Total funds | 31.3.17 Total funds |
|---------------------|-----------------------|---------------------|------------------------|------------------------|
| | £ | £ | £ | £ |
| Fixed assets | 125,965 | - | 125,965 | 73,761 |
| Current assets | 1,508,927 | 5,109 | 1,514,036 | 1,179,551 |
| Current liabilities | (792,796) | - | (792,796) | (644,714) |
| Pension liability | <u>(1,016,000)</u> | <u>-</u> | <u>(1,016,000)</u> | <u>(1,119,000)</u> |
| | <u>(173,904)</u> | <u>5,109</u> | <u>(168,795)</u> | <u>(510,402)</u> |

20. MOVEMENT IN FUNDS

| | At 1.4.17 £ | Net movement £ | At 31.3.18 £ |
|---|--------------------|-------------------|--------------------|
| Unrestricted funds | | | |
| General fund | 584,472 | 257,624 | 842,096 |
| Designated fund - Kitchen | 24,126 | (24,126) | - |
| Pension reserve | <u>(1,119,000)</u> | <u>103,000</u> | <u>(1,016,000)</u> |
| | <u>(510,402)</u> | <u>336,498</u> | <u>(173,904)</u> |
| Restricted funds | | | |
| ESOL: Syrian Families | - | 1,011 | 1,011 |
| Neighbourhood Learning for Deprived Communities | - | 74 | 74 |
| Staying Well Project | <u>-</u> | <u>4,024</u> | <u>4,024</u> |
| | <u>-</u> | <u>5,109</u> | <u>5,109</u> |
| TOTAL FUNDS | <u>(510,402)</u> | <u>341,607</u> | <u>(168,795)</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|--|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 4,437,267 | (4,179,643) | - | 257,624 |
| Designated fund - Kitchen | - | (24,126) | - | (24,126) |
| Pension reserve | - | - | 103,000 | 103,000 |
| | <u>4,437,267</u> | <u>(4,203,769)</u> | <u>103,000</u> | <u>336,498</u> |
| Restricted funds | | | | |
| Daycare Centres - Jubilee Nursery | 220,022 | (220,022) | - | - |
| Daycare Centres - Siddal Nursery | 112,990 | (112,990) | - | - |
| Daycare Centres - Sowerby New Road Nursery | 90,818 | (90,818) | - | - |
| Daycare Centres - Todmorden Nursery | 93,010 | (93,010) | - | - |
| ESOL: Syrian Families | 25,801 | (24,790) | - | 1,011 |
| Neighbourhood Learning for Deprived Communities | 6,276 | (6,202) | - | 74 |
| Staying Well Project | 53,007 | (48,983) | - | 4,024 |
| | <u>601,924</u> | <u>(596,815)</u> | <u>-</u> | <u>5,109</u> |
| TOTAL FUNDS | <u>5,039,191</u> | <u>(4,800,584)</u> | <u>103,000</u> | <u>341,607</u> |

Comparatives for movement in funds

| | At 1.4.16 £ | Net movement in funds £ | Transfers between funds £ | At 31.3.17 £ |
|---------------------------|------------------|-------------------------------|---------------------------------|------------------|
| Unrestricted Funds | | | | |
| General fund | 430,201 | 136,696 | 17,575 | 584,472 |
| Designated fund - Kitchen | 56,736 | (32,610) | - | 24,126 |
| Pension reserve | (829,000) | (290,000) | - | (1,119,000) |
| | <u>(342,063)</u> | <u>(185,914)</u> | <u>17,575</u> | <u>(510,402)</u> |
| Restricted Funds | | | | |
| Little Gems Nursery | - | 17,575 | (17,575) | - |
| | - | 17,575 | (17,575) | - |
| TOTAL FUNDS | <u>(342,063)</u> | <u>(168,339)</u> | <u>-</u> | <u>(510,402)</u> |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

20. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|--|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 4,117,162 | (3,980,466) | - | 136,696 |
| Designated fund - Kitchen | - | (32,610) | - | (32,610) |
| Pension reserve | - | - | (290,000) | (290,000) |
| | <u>4,117,162</u> | <u>(4,013,076)</u> | <u>(290,000)</u> | <u>(185,914)</u> |
| Restricted funds | | | | |
| Daycare Centres - Jubilee Nursery | 232,439 | (232,439) | - | - |
| Daycare Centres - Siddal Nursery | 94,325 | (94,325) | - | - |
| Daycare Centres - Sowerby New Road Nursery | 70,747 | (70,747) | - | - |
| Daycare Centres - Todmorden Nursery | 116,314 | (116,314) | - | - |
| ESOL : Syrian Families | 10,558 | (10,558) | - | - |
| Little Gems Nursery | 150,176 | (132,601) | - | 17,575 |
| Neighbourhood Learning for Deprived Communities | 7,469 | (7,469) | - | - |
| Staying Well Project | 60,889 | (60,889) | - | - |
| | <u>742,917</u> | <u>(725,342)</u> | <u>-</u> | <u>17,575</u> |
| TOTAL FUNDS | <u><u>4,860,079</u></u> | <u><u>(4,738,418)</u></u> | <u><u>(290,000)</u></u> | <u><u>(168,339)</u></u> |

Daycare Centres: Our daycare centres receive Early Education Funding (EEF) from the Local Authority in order to provide free places at nursery for 2- and 3-year olds. The funding agreement also provides specific funding by way of Quality Supplements, Deprivation Supplements and Early Years Pupil Premium to assist particular children. Per the terms of this agreement, it is a requirement that these funds are ring fenced and they are therefore classified as restricted in our accounts.

Elsie Whiteley Innovation Centre: Under the terms of the agreement with the Local Authority, any surplus generated from the Elsie Whiteley Innovation Centre is classified in the accounts as restricted. This can be used for a wide range of purposes including maintaining the fabric of the building and supporting business enterprise in the local area.

ESOL - Syrian Families: Support for Syrian Refugees in Calderdale is being delivered by the Halifax Opportunities Trust (HOT) ESOL team under the Syrian Resettlement Programme managed and funded by Calderdale Council. They have commissioned HOT to design and deliver an ESOL programme which reflects the language needs of Syrian families.

Neighbourhood Learning for Deprived Communities: HOT has been granted funding by the Local Authority to deliver a number of courses to facilitate adult learning in Calderdale. Under the terms of this agreement it is noted that this grant should be classified in the accounts as restricted.

Staying Well Project: HOT has been granted funding from the Local Authority to provide and support bespoke community-based interventions for isolated individuals to positively impact on their health and well-being. The services provided under this grant are tailored to the needs of the individuals and run from the Staying Well hub operating from Hanson Lane Enterprise Centre.

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

21. EMPLOYEE BENEFIT OBLIGATIONS

The charity is a member of a defined benefit scheme with The West Yorkshire Pension Fund.

The West Yorkshire Pension Fund Scheme is funded and contracted out of the state scheme. The last tri-annual valuation of the scheme took place at 31 March 2016 and was undertaken by professionally qualified actuaries, AON Hewitt, using the projected unit method. The Charity has paid for a valuation of its scheme as at 31 March 2018 and the figures below are based on that valuation.

The charity became a participating employer in the scheme on 1 July 2014 and acquired net liabilities of £528,000 on that date.

The notional value of the assets of the charity's share of the scheme at 31 March 2018 was £3,369,000; the present value of liabilities was £4,385,000 leaving a net pension liability of £1,016,000 at 31 March 2018.

Contributions

The employer contributions made to the scheme during the year were £116,000 (2017: £133,000). £Nil was unpaid at the year end.

The employer's regular contributions to the Fund for the accounting period ending 31 March 2018 are estimated to be approximately £119,000.

Key assumptions

The latest actuarial valuation of the Charity's liabilities took place as at 31 March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

| | <u>31 March 2018</u> | <u>31 March 2017</u> |
|---|----------------------|----------------------|
| | (%) | (%) |
| Discount rate | 2.60 | 2.60 |
| Inflation - RPI | 3.10 | 3.10 |
| Inflation - CPI | 2.00 | 2.00 |
| Pension increases | 2.00 | 2.00 |
| Pension accounts revaluation rate | 2.00 | 2.00 |
| Rate of general increase in salaries ** | 2.64 | 3.25 |

Expected return on assets

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS 102.

The charity employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2016.

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

| | <u>Asset split at</u> <u>31 March 2018</u> | <u>Asset split at</u> <u>31 March 2017</u> |
|-------------------------------|---|---|
| | (%) | (%) |
| Equities | 71.2 | 77.2 |
| Property | 4.4 | 4.3 |
| Government bonds | 11.0 | 10.1 |
| Corporate bonds | 3.7 | 3.9 |
| Cash | 1.9 | 1.2 |
| Other | 7.8 | 3.3 |
| Average Return / Total | 100.00 | 100.0 |

Reconciliation of funded status to Balance Sheet

| | <u>Value as at</u> | <u>Value as at</u> |
|--|--------------------|--------------------|
| | 31 March 2018 | 31 March 2017 |
| Fair value of assets | 3,369 | 3,132 |
| Present value of funded liabilities | 4,385 | (4,239) |
| Pension asset / (liability) before consideration of paragraph 41 | (1,016) | (1,107) |
| Unrecognised asset due to limit in paragraph 41 | - | - |
| Net pension asset/(liability) | (1,016) | (1,107) |

Analysis of profit and loss charge

Operating cost:

| | |
|--|------------|
| Current service cost | 205 |
| Past service cost | - |
| Interest cost | - |
| Curtailment cost | - |
| Settlement cost | - |
| Financing cost: Interest on net defined benefit liability / (asset) | 27 |
| Expense recognised | 232 |

Changes to the present value of the defined benefit obligation

| | |
|---|--------------|
| Opening defined benefit obligation | 4,239 |
| Current service cost | 205 |
| Interest cost | 110 |
| Contributions by participants | 42 |
| Actuarial (gains) / losses on liabilities | (177) |
| Net benefits paid out | (34) |
| Past service cost | - |
| Net increase in liabilities from disposals / acquisitions | - |
| Curtailments | - |
| Settlements | - |
| Closing present value of liabilities | 4,385 |

HALIFAX OPPORTUNITIES TRUST
Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

| | Period ending 31 March 2018 |
|--|--------------------------------|
| | £000's |
| <u>Changes to the fair value of assets</u> | |
| Opening fair value of assets | 3,132 |
| Expected return on assets | 83 |
| Actuarial gains / (losses) on assets | 30 |
| Contributions by the employer | 116 |
| Contributions by participants | 42 |
| Net benefits paid out | (34) |
| Net increase in assets from disposals and acquisitions | - |
| Settlements | - |
| Closing fair value of assets | 3,369 |

22. CONTINGENT LIABILITIES

As a member of a VAT group with its subsidiaries, the charity is jointly and severally liable for the VAT debts of any of the VAT group members.

23. RELATED PARTY DISCLOSURES

Transactions with group

The charitable company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions with Trustees

Khalid Saeed, a trustee, has provided IT support to the charity during the year through his company GNS (Halifax) Limited.

| | 2018 £ | 2017 £ |
|-----------|-----------|-----------|
| Debtor | - | - |
| Purchases | 18,684 | 14,945 |
| Creditor | 28 | 396 |

24. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

25. ULTIMATE CONTROLLING PARTY

The charity is under the control of the board of trustees.