

HCT Group

Annual Report and Financial Statements

31 March 2011

Company Limited by Guarantee
01747483 (England and Wales)

Charity Registration Number 1091318

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

Trustees	D Barron J Davis J Heath A Levitt S Maxwell J Moseley OBE (Chair) A Ross R Turner N Tyler A Whitehead
Chief Executive Officer	D Powell OBE
Secretary	D Downie
Registered office	Ash Grove Bus Depot Mare Street London E8 4RH
Company registration number	01747483 (England and Wales)
Charity registration number	1091318
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 99 Hatton Garden London EC1N 8DN
Solicitors	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS Baker & McKenzie 100 New Bridge Street London EC4V 6JA

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The trustees, who are directors of the charity, present their report together with the consolidated financial statements for the year ended 31 March 2011. This trustees' report has been prepared in accordance with Part VI of the Charities Act 1993 and is also the report of the directors for purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 24 and comply with the charity's Memorandum and Articles of Association, applicable laws, and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

Principal aims and objectives

HCT Group, the charity, is a non-profit making community transport organisation with a strong commitment to equal opportunities that operates transport and other related services. It has five direct subsidiary companies, two of which have further subsidiary companies themselves:

- ◆ Islington Community Transport, a charity.
- ◆ Lambeth and Southwark Community Transport, a charity. LaSCoT Limited is a subsidiary of Lambeth and Southwark Community Transport.
- ◆ CT Plus Community Interest Company, a trading company. CT Plus (Yorkshire) Community Interest Company is a wholly owned subsidiary of CT Plus Community Interest Company.
- ◆ Transport Co-ordination Centre Hackney, a company limited by guarantee.
- ◆ Leeds Alternative Travel Limited, an Industrial and Provident Society.

E & HCT Limited, a joint venture with Ealing Community Transport Limited, has also been treated as a subsidiary of HCT Group, as the charity has overall control.

CT Plus Humber Community Interest Company, a joint venture with Goodwin Development Trust, was incorporated on 30 March 2010. Its subsidiary, West Hull Community Transport, was created on 31 March 2010. These companies have been accounted for as subsidiaries of HCT Group, as the charity has overall control.

The primary objectives of HCT Group are to provide a community transport service for the inhabitants of the London Borough of Hackney and its neighbourhood who are in need of such services because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public transport, and also to provide driver training programmes with the aim of reducing unemployment.

Islington Community Transport is a non-profit making community transport organisation with a strong commitment to equal opportunities, operating transport and other related services. The primary objectives of the charity are to provide relief to the residents of Islington and its environs, who have need because of age, mental or physical disability and poverty, by means of a community transport service; and to assist the charitable work of organisations engaged in promoting such provision of services. These activities are now undertaken by HCT Group.

Principal aims and objectives (continued)

Lambeth and Southwark Community Transport's primary objective is to provide a community transport service for the inhabitants of Lambeth and Southwark and its neighbourhood who are in need of such a service because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public passenger service.

The principal activity of LaSCoT Limited, a subsidiary of Lambeth and Southwark Community Transport, is to support its parent company with associated activities.

CT Plus Community Interest Company's primary objective is to carry on any business as a general commercial company. Surpluses made by CT Plus Community Interest Company are generated with the intention of supporting the charitable objects of HCT Group. The company became a Community Interest Company on 20 April 2007.

The primary objective of CT Plus (Yorkshire) Community Interest Company, a subsidiary of CT Plus Community Interest Company, is to carry on activities which benefit the community within Yorkshire and in particular to provide transport to those who are in need of such services because of age, sickness, disability or poverty, or because of a lack of available or adequate safe public transport. Surpluses made by CT Plus (Yorkshire) Community Interest Company are generated with the intention of supporting the charitable objects of HCT Group.

Transport Co-ordination Centre Limited's principal activity is the co-ordination of transport to increase the provision available to elderly users, people with disabilities and those attending education and leisure facilities.

The primary objective of Leeds Alternative Travel Limited is to operate transport services in Leeds for the benefit of the community who are in need of such a service because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public passenger service.

The primary objective of E & HCT Limited is the provision of transport services in the East London area. Surpluses made by E & HCT Limited are generated with the intention of supporting the charitable objects of its parent entities.

CT Plus Humber Community Interest Company was incorporated on 30 March 2010 and registered as a Community Interest Company on 2 September 2010. Whilst the company is currently dormant its principal activity will be the provision of transport services in Hull and East Yorkshire. Surpluses made by CT Plus Humber Community Interest Company are generated with the intention of supporting the charitable objects of its subsidiary, West Hull Community Transport.

West Hull Community Transport, incorporated on 31 March 2010, is a limited company, wholly owned by CT Plus Humber Community Interest Company. The primary objective of West Hull Community Transport is to provide a community transport service for the inhabitants of Kingston-upon-Hull and its surrounding areas who are in need of such services because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public transport. The company commenced trading on 1 July 2010 following the transfer of the community transport activities of Goodwin Development Trust.

Structure, governance and management

HCT Group, is a registered charity and is incorporated as a company limited by guarantee and governed by its Memorandum and Articles of Association. It is managed by its Board of Trustees who are the trustees and directors of the charity. At every Annual General Meeting one third of the trustees must retire and may offer themselves for re-election. New members are also elected at the AGM.

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

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

In order to keep our social mission at the forefront of our business decisions, the HCT Group is in the process of establishing three Regional Advisory Committees (RACs) whose membership will include beneficiaries and service users in Yorkshire, South West London and North East London. These Committees of up to eight people will meet twice a year to develop and make recommendations on the allocation of HCT Group's social investment, highlight any regional-specific opportunities to increase our impact and advise on the operation of services in their regions.

RACs will be self-governing, with elected members who meet certain criteria - including residing in or working in the specific region. HCT Group staff members will not be eligible for membership.

There are two sub-committees of the Board, the Governance Committee and the Audit Committee, each of which meet twice a year.

The Chief Executive Officer is Dai Powell OBE. He is supported by the Deputy Chief Executive Officer, Jude Winter, the Chief Financial Officer, Douglas Downie and the Chief Operations Officer, Jon McColl. These four postholders are known as the Chief Officers and they form the core of the senior management team, together with the heads of department and project managers.

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

CT Plus Community Interest Company is a wholly owned subsidiary of HCT Group with an issued share capital of £1. Its directors are Joyce Moseley OBE, Andrew Whitehead (Chair and Treasurer of HCT Group respectively), John Davis, Janusz Heath, Adam Levitt, Robert Turner (trustees of HCT Group), and Dai Powell OBE, Jude Winter and Jon McColl.

Structure, governance and management (continued)

CT Plus (Yorkshire) Community Interest Company is a wholly owned subsidiary of CT Plus Community Interest Company with an issued share capital of £1. Its directors are Joyce Moseley OBE, Andrew Whitehead (Chair and Treasurer of HCT Group respectively), John Davis, Janusz Heath, Adam Levitt, Robert Turner (trustees of HCT Group) and Dai Powell OBE, Jude Winter and Jon McColl.

Islington Community Transport is a wholly controlled company limited by guarantee. Its directors are Joyce Moseley OBE, Andrew Whitehead (Chair and Treasurer of HCT Group respectively), John Davis, Janusz Heath, Adam Levitt, Stuart Maxwell, Robert Turner, and Nick Tyler (trustees of HCT Group).

Lambeth and Southwark Community Transport is a company limited by guarantee and the directors are Joyce Moseley OBE, Andrew Whitehead (Chair and Treasurer of HCT Group respectively) John Davis, Janusz Heath, Adam Levitt and Robert Turner.

LaSCoT Limited is a wholly owned subsidiary of Lambeth and Southwark Community Transport. Its directors are Dai Powell OBE and Jude Winter (Chief Executive and Deputy Chief Executive of HCT Group respectively).

Transport Co-ordination Centre Hackney Limited is a company limited by guarantee and its directors are Joyce Moseley OBE, Andrew Whitehead (Chair and Treasurer of HCT Group respectively), John Davis and Dai Powell OBE.

Leeds Alternative Travel Limited is a wholly owned subsidiary of HCT Group. It is an Industrial and Provident Society with HCT Group, CT Plus (Yorkshire) Community Interest Company and CT Plus Community Interest Company as its only members.

E & HCT Limited is a joint venture between HCT Group and Ealing Community Transport Limited that has been consolidated within these financial statements as a subsidiary as HCT Group has overall control. Its directors are Dai Powell OBE, Jon McColl, Anna Whitty and John Doran.

CT Plus Humber Community Interest Company is a joint venture between HCT Group and Goodwin Development Trust that has been consolidated within these financial statements as a subsidiary as HCT Group has overall control. Its directors are Dai Powell OBE, Jude Winter, Anthony Dearing and John Illingworth.

West Hull Community Transport, incorporated on 31 March 2010, is a limited company, wholly owned by CT Plus Humber Community Interest Company. Its directors are Dai Powell OBE, Jude Winter, Anthony Dearing and John Illingworth. As HCT Group has overall control of CT Plus Humber Community Interest Company, the financial statements of West Hull Community Transport have also been consolidated in these financial statements.

Structure, governance and management (continued)

Trustees

The trustees in office during the year were as follows:

	Appointed / Resigned
L Alden	Resigned 28 June 2010
D Barron	
E Cato	Resigned 28 June 2010
J Davis	
J Heath	
A Levitt	
S Maxwell	
J Moseley	Appointed 26 July 2010
A Ross	
R Turner	
N Tyler	
A Whitehead	
R Williams	Resigned 14 June 2011

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

Risk management

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

Financial instruments

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

Liquidity risk

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

Credit risk

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

Objectives and activities

The primary objectives of HCT Group are to provide a community transport service for the inhabitants of the London Borough of Hackney and its neighbourhood who are in need of such services because of age, sickness, disability (mental or physical) or poverty or because of a lack of availability of adequate and safe public transport, and also to provide driver training programmes with the aim of reducing unemployment.

Objectives and activities (continued)

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

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

The activities of the Group fall into three main areas: Community Transport, Public Sector Contracts, and Training Programmes.

Community Transport

Community Transport activities include the operation of Route 812 – a fixed route Hail-and-Ride service for people with mobility difficulties in the London borough of Islington; Group Transport – providing access to a fleet of minibuses (accessible and non-accessible) for community groups in the London Boroughs of Hackney, Lambeth, Southwark, Haringey and Islington, Leeds and Kingston-upon-Hull at a reasonable charge; and an accessible door-to-door community car service through our YourCar scheme.

Public Sector Contracts

These include the provision of mainstream scheduled bus services for Transport for London, home-to-school transport for pupils with special needs, door to door services, transport to and from day care centres, yellow school bus services, the bus services for a major building project and most recently Park and Ride services in Kingston-upon-Hull.

Training Programmes

The Training Programmes are provided to enable unemployed people in London and Leeds to gain qualifications and employability skills to enable them to obtain work, usually in the transport industry.

Statement of public benefit

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

Transport services

The charity provides the following community transport service for people with mobility needs:

◆ **YourCar**

HCT Group have provided a door-to-door transport service, in Hackney, for people with disabilities who find it difficult or impossible to use public transport since our inception in 1982. Re-launched in December 2009 as YourCar, services have been extended to Leeds, Haringey, Lambeth and Southwark.

Statement of public benefit (continued)

Transport services (continued)

◆ YourCar (continued)

YourCar operates as an accessible community car service that ensures beneficiaries can retain their independence in the community, access services and have an improved quality of life. Members do not have to be registered as disabled to use the service nor is there any age restriction.

The scheme also employs people who were unemployed via the Department for Work and Pensions' Future Jobs Fund, aiming to improve the life chances of its workforce through paid work experience and the opportunity to gain qualifications in road passenger transport.

HCT Group supports this service both financially through its Social Investment programme, investing in the accessible vehicles required to deliver the service and through providing substantial management resources.

Passenger journeys	2010/11	2009/10
YourCar	10,056	3,007

◆ Group Transport

HCT Group provides accessible, low-cost minibuses to a wide range of local community groups: from under 5s groups to over 60s clubs, faith groups, sports clubs, disabled groups, and many more. Group Transport enables people to access various social, cultural, faith-based, and healthy-living activities in Hackney, Leeds, Kingston-upon-Hull, Islington, Haringey, Lambeth and Southwark.

After joining as a member of one of our Group Transport programmes, community groups can book one of our fleet of accessible minibuses at a subsidised rate. We also provide low-cost minibus driver (MiDAS) training for groups to ensure they can get out and about.

The trustees monitor and set the level of the fees paid by the Group Transport members, the fees charged are lower than a conventional hire and cover direct costs and a proportion of overhead costs. The remainder of the costs are covered by the Group's Social Investment of its surpluses and the service is further supported by the contribution of extensive management resources. In Hackney and Haringey, the service is also supported by the Local Authority.

Statement of public benefit (continued)

Transport services (continued)

◆ Group transport (continued)

	2010/11	2009/10
Passenger trips provided to community groups	93,696	98,592
Individuals trained as minibus (MiDAS) drivers	374	799
Car journeys saved ¹	35,136	36,972

◆ Route 812 Community Bus Service

Route 812 Community Bus Service (previously known as PlusBus) is an innovative and successful transport service specifically provided for people who have difficulties using public transport.

Route 812 in Islington connects older people and people with disabilities with destinations that they consider important to them – including community resource centres, health services, major supermarkets, street markets, recreation centres and high density residential areas. The routes were developed with the local community to meet the specific needs of mobility impaired residents, yet are open to the whole community as a hail and ride route.

The service is let as a contract by the London Borough of Islington, however, the trustees agreed to fund extra services to increase the frequency of the service by one third. Consultation with service users shows that the increased frequency makes Route 812 a great deal more practical to use – removing barriers to access and independence. This funding is part of the Social Investment made by the Group.

In July 2010, HCT Group was able to introduce new vehicles onto the Route, via funding from Social Investment Business. This will ensure greater comfort, safety and reliability for service users, who were consulted at a special event on the layout of the new vehicles.

Passenger journeys	2010/11	2009/10
Route 812 Community Bus Service	38,450	34,926

¹ This calculation is based on an average Group Transport occupancy rate of 8 passengers per vehicle, and thus 8 individual journeys. Considering average car occupancy of 2 passengers, a saving of 6 individual trips has been made, or 3 car journeys, per Group Transport trip.

Statement of public benefit (continued)

Transport services (continued)

◆ ScootAbility

ScootAbility won the prestigious 2006 National Transport Award for project innovation. The scheme is a partnership between HCT Group and its funders who are the London Borough of Camden, the London Borough of Islington and Transport for London. The service is open to members who live in Camden and Islington. They are entitled to borrow mobility scooters and powerchairs free of charge.

We arrange for the scooters to be delivered to the door of the individual member and for collection. They can be borrowed for up to four days, dramatically improving service users' independence and quality of life through greater access to services and leisure activities.

Passenger journeys	2010/11	2009/10
Scooter loan programmes	4,280	2,300

Education services

Our training team's primary purpose is to support long term unemployed residents in our community to gain the skills and confidence they need to access sustainable employment in the transport industry. We are committed to providing a welcoming and supportive learning environment which reflects the diverse needs of our learners all of whom are able to access the training free of charge.

In partnership with development agencies and other organisations, the learning centres run training programmes to help the long term unemployed get back to work.

◆ Women into the Bus Industry – London

The Learning Centre runs London's flagship programme aiming to attract women into the bus industry, seeking to address the issue that only 6% of the Capital's bus drivers are women. This is a London wide programme, available to all women – particularly those who are unemployed or are at risk of unemployment. The programme is free and is followed up with ongoing support for learners in their job search.

◆ Women into the Bus Industry - Yorkshire

Funded by UK Commission for Employment and Skills (UKCES) this programme, similar to the London programme, aims to support women from long term unemployment into careers in the Transport industry.

◆ Transport Skills 2 Progress - Leeds

Funded by Leeds City Council, this programme is aimed towards helping people who are unemployed gain the skills, confidence and experience needed to start a rewarding career in the transport industry.

Statement of public benefit (continued)

Education services (continued)

- ◆ **The Kingsway Programme – London**
Delivered in partnership with and funded by Kingsway College, this programme enabled learners to be trained for their full PSV licence, required for a career as a bus driver. Learners without a driving licence had the opportunity to gain their qualification as a Passenger Assistant (PATs).
- ◆ **Road Passenger Transport NVQ Level 2 – London**
Delivered in partnership with, and funded by, City and Islington College, this programme developed learner's skills in road passenger transport, enabling them to achieve an industry standard qualification for a wide variety of transport job roles.
- ◆ **Other Learning Centre programmes – London**
The Learning Centre also offers a variety of other programmes as and when funding becomes available. During 2010/11 these have included programmes in Customer Service and in Health and Social Care.

Much of the cost associated with running the Learning Centres in London and Leeds is covered by the third party contracts and funding, although this activity is also subsidised by a Social Investment from the Group and the commitment of substantial management resource.

	2010/11	2009/10
No. of unemployed people who gained qualifications	392	374
No. of unemployed people who gained employment	74	117
No. of employed people who gained qualifications	63	77

Achievements and performance

The objectives and performance for the Group for 2010/11 were as follows.

Community transport activities

- ◆ Provide group transport services in our London boroughs of operation and in Leeds/Develop community transport provision in geographical areas where surpluses have been generated.

We have seen the beginning of the impact of local authority cutbacks in funding to the voluntary sector with the number of passenger trips provided by our Group Transport Services declining from 98,592 in 2009/10 to 93,696 in 2010/11. The addition of the West Hull Community Transport operation will further enhance our capability to provide Group Transport.

- ◆ Provide door to door services in Hackney and Leeds
The re-launch of our door to door services as YourCar, combining HCT Group social investment with Future Jobs Fund funding, has enabled the Group to extend coverage of door to door services to Haringey, Lambeth and Southwark.

Achievements and performance (continued)

Community transport activities (continued)

- ◆ Provide Community Bus Services in Islington
The Route 812 Community Bus Service in Islington has increased its ridership from 34,926 in 2009/10 to 38,450 in 2010/11. In July 2010, with support from a SEIF grant of £224,000 the Group was also able to introduce new buses onto the Route.
- ◆ Provide Minibus Driver Awareness training
We have seen the impact of local authority cutbacks in funding to the voluntary sector in our Midas training programs with the number of individuals receiving MiDAS training declining from 799 in 2009/10 to 374 in 2010/11.
- ◆ Provide scooter loan services in Camden, Islington and Haringey
Scooter loan services are ongoing in Camden and Islington.
- ◆ Provide training to enable unemployed people to obtain employment
During 2010/11, at our Learning Centres in London and Leeds, 392 people who were unemployed gained qualifications, with 74 known job outcomes.
- ◆ Provide Harm Reduction Services
Our Harm Reduction Services have been ongoing throughout 2010/11.

Expansion in commercial activities

- ◆ Increase provision of Transport for London red bus services
We have increased the number of mainstream London bus services we deliver from four routes to nine with a new contract awarded for route W5 commencing service in February 2011.
- ◆ Award of further public sector contracts to deliver transport
We were also awarded a contract to deliver bus services to Guys and St Thomas's Hospital from March 2011.
- ◆ Develop further operating depots
The Group has also acquired a site for a new depot in Walthamstow, north east London, to act as a hub for our growth in this area. The site was acquired on 1 April 2010 for £5m. We are currently going through the planning process to allow the depot to become operational.
- ◆ Look for mergers and acquisitions
West Hull Community Transport began to operate as a joint venture between Goodwin Development Trust and HCT Group, commencing operations in July 2010.

In addition, the Executive team have been active in seeking to identify appropriate acquisition opportunities, evaluating a number of commercial road passenger transport firms.

Financial review

The group achieved a surplus of £498,814 for the year ended 31 March 2011 (2010 – £854,015) after deducting the payments due to minority interests. The results are set out in the statement of financial activities on page 18 and the notes thereto.

On 1 April 2010 the charity acquired land at Walthamstow for £5.1m to allow the construction of a new bus depot, to allow us to expand the volume of work which we carry out for Transport for London (TfL), to allow us to re-locate the home to school work that we carry out for Waltham Forest and our other transport and training work in the area. The purchase was funded by loan funding totalling £5m and from internal resources. Once planning permission has been received it is intended to dispose of in excess of half the land to a third party, and reduce borrowings commensurately.

In November 2010 the charity received a second round of innovative funding totaling £1.545m from a range of funders to allow the business to continue to expand. This follows on from a first round of funding totaling £2.5m in February 2010. The funding in each case is structured as a mix of unsecured fixed rate borrowing at a rate of 5%, and so called social loan funding with an interest rate tied to the growth of the business. Both types of loan are repayable in a single lump sum 5 years after drawdown. These loans also carry a requirement to report upon delivering a range of social objectives to the funders. This loan funding is being used both to ensure liquidity is maintained in the business, and where appropriate to invest in the assets needed to allow it to expand its charitable and commercial activities.

During the year CT Plus Community Interest Company won a further Red Bus Route from TfL and also a two bus operation for Guys and St Thomas's, both commencing in the last quarter of the year. These contract wins meant that CT Plus Community Interest Company was required to obtain 10 new vehicles with a value of £1.1m. The vehicles were acquired using a leasing facility matched to the life of the contracts.

Reserves

The charity has three reserves funds.

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

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

The general fund represents the free working capital of the charity which enables it to plan and operate its services. At 31 March 2011 the surplus on the general fund amounted to £2,755,611 (2010 – £1,734,284).

Financial review (continued)

Reserves policy

At 31 March 2011 the balance on the general reserve fund was £2,755,611 (2010 – £1,734,284).

The charity is reliant on a number of income streams and is also subject to fluctuations in the cost of its activities. The charity needs to maintain a level of reserve so that it can continue its operations in the event that an unforeseen shortfall in voluntary income or increase in costs creates an imbalance of funding.

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

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

Based on these calculations, the trustees estimate that a total of £1.6m (2010 – £1.6m) representing approximately 3.6 weeks of budgeted spend for the year 2011/12.

The level of reserves held are considered to be adequate but are not excessive given the uncertainties of the current economic climate.

Plans for the future

In 2010/11 the Group has maintained its long-standing pattern of robust growth. The Group aims to maintain this pattern for the foreseeable future. This is not for growth's sake: not only does the Group operate in an industry that rewards scale, but also the greater the profit achieved the more social investment is available to reinvest into our mission and the communities that the Group serves.

The Group's plans for community transport activities include:

- ◆ Provide group transport services in Hackney, Haringey, Islington, Lambeth, Southwark, Leeds and, through West Hull Community Transport, in Hull.
- ◆ Provide door to door services, scooter services, community bus services and Minibus Driver Awareness training wherever our local circumstances and funding permit.
- ◆ Provide training to enable unemployed people to obtain employment.
- ◆ The plans for expansion in the commercial activities include the following opportunities:
 - ◆ Increase provision of Transport for London mainstream bus services.
 - ◆ Develop our new depot site in Walthamstow.
 - ◆ To aim for organic growth by competing for new public sector transport contracts, both in existing geographical markets and in new areas.
 - ◆ To aim for growth through relevant merger and acquisition opportunities.

Plans for the future (continued)

- ◆ To develop our plans in Bristol following the winning of a contract to provide Park and Ride Services for Bristol City Council commencing in September 2011.
- ◆ To widen our work with local authorities to assist them to manage their transport services more effectively while at the same time allowing us to develop our charitable activities as part of that transport service management.

Statement of trustees' responsibilities

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Each of the trustees confirms that:

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

Statement of trustees' responsibilities (continued)

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

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

Employees

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

Signed on behalf of the board of trustees:



A Whitehead
Trustee

Approved by the board on: 26 September 2011

Independent auditor's report to the members of HCT Group

We have audited the financial statements of HCT Group for the year ended 31 March 2011 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated cash flow statement; the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the groups' and the parent charitable company's affairs as at 31 March 2011 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.

Independent auditor's report 31 March 2011

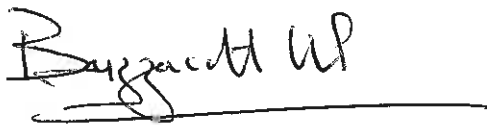
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



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

6 October 2011

Consolidated statement of financial activities 31 March 2011

	Notes	Unrestricted funds £	Restricted funds £	Total 2011 funds £	Total 2010 funds £
Incoming resources					
Incoming resources from generated funds					
. Voluntary income	1	857,840	80,000	937,840	407,492
. Investment income		1,049	—	1,049	4,336
Incoming resources from charitable activities					
. Income from transport services	2	27,260,626	—	27,260,626	22,865,107
Other incoming resources					
. Miscellaneous income		30,930	—	30,930	22,382
Total incoming resources		28,150,445	80,000	28,230,445	23,299,317
Resources expended					
Charitable activities					
. Community transport	3	2,743,264	90,910	2,834,174	2,522,337
. Public sector contracts	3	23,864,431	—	23,864,431	19,048,709
. Training programmes	3	817,154	—	817,154	726,951
Governance costs	4	72,458	—	72,458	58,145
Total resources expended		27,497,307	90,910	27,588,217	22,356,142
Net incoming (outgoing) resources before gift aid due to minority interests					
	7	653,138	(10,910)	642,228	943,175
Amount due to minority interest		(143,414)	—	(143,414)	(89,160)
Net movement in funds		509,724	(10,910)	498,814	854,015
Fund balances at 1 April 2010		3,565,331	46,722	3,612,053	2,758,038
Fund balances at 31 March 2011		4,075,055	35,812	4,110,867	3,612,053

There were no other recognised gains or losses other than the net incoming (outgoing) resources for the above two financial years.

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

Group and charity balance sheets 31 March 2011

	Notes	Group		Charity	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible fixed assets	8	10,841,683	5,859,056	6,134,380	963,077
Current assets					
Stock		242,489	228,652	47,238	55,610
Debtors	9	3,322,260	3,457,233	6,772,722	6,077,964
Cash at bank and in hand		3,414,294	1,008,749	1,512,465	43,982
		6,979,043	4,694,634	8,332,425	6,177,556
Creditors: amounts falling due within one year	10	(4,288,523)	(3,252,448)	(1,786,868)	(843,243)
Net current assets		2,690,520	1,442,186	6,545,557	5,334,313
Total assets less current liabilities		13,532,203	7,301,242	12,679,937	6,297,390
Creditors: amounts falling due after more than one year	11	(9,421,336)	(3,689,189)	(8,785,611)	(2,848,898)
Net assets		4,110,867	3,612,053	3,894,326	3,448,492
Reserves					
Restricted funds	17	35,812	46,722	35,812	44,951
Unrestricted funds:					
. Designated fund	18	1,319,444	1,831,047	718,116	477,880
. General fund		2,755,611	1,734,284	3,140,398	2,925,661
Total charity funds		4,110,867	3,612,053	3,894,326	3,448,492

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

A Whitehead
Trustee

Approved by the board on:

26 September 2011

Consolidated cash flow statement Year to 31 March 2011

	Notes	2011 £	2010 £
Cash inflow from operating activities	A	2,493,997	1,147,963
Returns on investments and servicing of finance	C	(370,868)	(65,204)
Capital expenditure and financing investments	C	(5,764,164)	(4,543,740)
Financing	C	6,046,580	2,753,120
Increase (decrease) in cash	B	2,405,545	(707,861)

Notes to the cash flow statement for the year to 31 March 2011.

A Adjustment of net incoming resources before transfers to net cash inflow from operating activities

	2011 £	2010 £
Net incoming resources before transfers	498,814	854,015
Depreciation charge	794,353	429,616
Loss on disposal	14,184	4,787
Donation of assets from The Goodwin Development Trust (note 8)	(27,000)	—
Interest receivable	(1,049)	(4,336)
Interest payable	371,917	69,540
Increase in stock	(13,837)	(120,730)
Decrease (increase) in debtors	134,973	(933,024)
Increase in creditors	721,642	848,095
Net cash inflow from operating activities	2,493,997	1,147,963

B Reconciliation of cash flow to movement in net debt

	2011 £	2010 £
Increase (decrease) in cash in the year	2,405,545	(707,861)
Cash outflow from repayments of debt and lease financing	326,817	410,067
Change in net debt resulting from cash flows	2,732,362	(297,794)
New finance leases	—	(663,187)
New loans	(6,373,397)	(2,500,000)
Movement in net debt in the year	(3,641,035)	(3,460,981)
Net debt at 1 April 2010	(2,972,538)	488,443
Net debt at 31 March 2011	(6,613,573)	(2,972,538)

Consolidated cash flow statement Year to 31 March 2011

C Gross cash flows

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	1,049	4,336
Interest element of finance lease rental payments	(50,014)	(47,836)
Interest element of loan payments	(321,903)	(21,704)
	<u>(370,868)</u>	<u>(65,204)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	<u>(5,764,164)</u>	(4,543,740)
Financing		
Loan advance	6,373,397	2,500,000
Lease rental advance	—	663,187
Capital element of finance lease rental payments	(229,636)	(329,265)
Capital element of loan payments	(97,181)	(80,802)
	<u>6,046,580</u>	<u>2,753,120</u>

D Analysis of changes in net debt

	At 1 April 2010 £	Cash flows £	At 31 March 2011 £
Cash at bank	1,008,749	2,405,545	3,414,294
Finance leases due within one year	(205,605)	9,140	(196,465)
Loans – due within one year	(86,493)	(323,573)	(410,066)
Finance leases – due after one year	(858,342)	220,496	(637,846)
Loans - due after one year	(2,830,847)	(5,952,643)	(8,783,490)
Total	<u>(2,972,538)</u>	<u>(3,641,035)</u>	<u>(6,613,573)</u>

Principal accounting policies Year to 31 March 2011

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in preparing these financial statements.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of HCT Group and its subsidiaries, Islington Community Transport, Transport Co-ordination Centre Hackney Limited, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, Lambeth and Southwark Community Transport, LaSCoT Limited and Leeds Alternative Travel Limited made up at the balance sheet date as HCT group either owns the entire share capital of the subsidiary or assumes control of the entity. The financial statements of E & HCT Limited, a joint venture with Ealing Community Transport Limited, have also been consolidated within the consolidated statement of financial activities and group balance sheet on the basis that the joint venture is controlled by HCT Group. The financial statements of CT Plus Humber Community Interest Company and its subsidiary, West Hull Community Transport, a joint venture between HCT group and Goodwin Development Trust have been consolidated within the consolidated statement of financial activities and group balance sheet on the basis that the joint venture is controlled by HCT Group.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it, for example contractual income, or where the donor or funder has specified that the income is to be expended in a future accounting period.

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

No separate statement of financial activities has been presented for HCT Group alone, as permitted by s408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

HCT Group had total incoming resources of £6,117,788 (2010 - £5,946,625) and net incoming resources of £445,834 for the year ended 31 March 2011 (2010 - £894,896).

Principal accounting policies Year to 31 March 2011

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

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

Such costs include:

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

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

Indirect costs are apportioned on a basis which reflects the overall activity of head office.

Office costs and property related costs are allocated in the same proportion as directly attributable staff costs.

- b. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

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

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

- | | |
|---|--|
| ◆ Motor vehicles – buses and large mini-buses | straight line basis over periods between 10 and 17 years |
| ◆ Motor vehicles – other | straight line basis over 7 years |
| ◆ Fixtures and fittings | 25% reducing balance |
| ◆ Plant and equipment | 25% reducing balance |
| ◆ IT equipment | straight line basis over 3 years |
| ◆ Portacabins | straight line basis over 3 years |
| ◆ Modular buildings | straight line basis over 20 years |
| ◆ Leasehold improvements | over the length of the lease |

No depreciation is provided on freehold land.

Principal accounting policies Year to 31 March 2011

Pensions

The charity's contributions to the pension schemes for its employees, all of which are defined contribution schemes, are charged to the statement of financial activities in the period in which they fall due.

Contributions in respect of the London Borough of Waltham Forest Pension Fund, which the eligible employees of CT Plus Community Interest Company became members of with effect from 1 May 2004, are charged to the statement of financial activities as explained in note 15 to the financial statements.

Fund accounting

The reserves of the charity are as follows:

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

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

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

Leased assets

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

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

Stock

Stock represents the cost, net of VAT, as at 31 March 2011 of diesel, vehicle parts, oils/lubricants and other vehicle related consumables.

Notes to the financial statements Year to 31 March 2011

1 Voluntary income

Group	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Donations (note 8)	52,000	—	52,000	—
Community Transport Grants				
. London Borough of Islington	—	—	—	70,000
. Future Jobs Fund	576,450	—	576,450	189,600
. London Borough of Haringey - Neighbourhood renewal Fund	—	80,000	80,000	80,000
. Leeds City Council – Volunteer Expenses Grant	4,786	—	4,786	21,966
. SEIF Grant grant for buses for 812 Service	224,604	—	224,604	—
. Leeds City Council - Minibus Grant	—	—	—	25,350
. Leeds City Council - Social Car Scheme	—	—	—	20,576
	857,840	80,000	937,840	407,492

2 Income from transport services

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

Group	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Public Sector Contracts				
. Bus Operations	18,205,548	—	18,205,548	14,225,247
. Home to School Transport	6,147,307	—	6,147,307	5,840,024
Community Transport				
. Contracts	97,995	—	97,995	123,435
. Group Transport	1,484,739	—	1,484,739	1,274,537
. Door-to-Door	—	—	—	3,589
. ScootAbility	163,334	—	163,334	183,051
Training Programmes				
. Training	664,515	—	664,515	713,999
Other				
. Other	497,188	—	497,188	501,225
	27,260,626	—	27,260,626	22,865,107

In the year the London Borough of Hackney provided HCT Group with income of £100,000 (2010 - £100,000) for a project that provided a community transport service, a range of wheelchair accessible minibuses for use by voluntary and community groups and a volunteer-run door-to-door service for individuals with disabilities. In the year the London Borough of Islington provided HCT Group with income of £142,655 (2010 - £140,000) for a community bus service.

Notes to the financial statements Year to 31 March 2011

3 Total resources expended

Group	Basis of allocation	Community transport £	Public sector contracts £	Training programmes £	Governance £	Total 2011 £	Total 2010 £
Costs directly allocated to activities							
Provision of transport services							
. Bus operations	Direct	—	16,935,271	—	—	16,935,271	12,735,193
. Home to school transport	Direct	—	4,769,932	—	—	4,769,932	4,471,550
. Group transport	Direct	1,947,333	—	—	—	1,947,333	1,561,426
. Door-to-Door	Direct	—	—	—	—	—	21,541
. Contracts	Direct	117,498	—	—	—	117,498	120,368
. Community Bus Service	Direct	145,813	—	—	—	145,813	151,939
. ScootAbility	Direct	101,853	—	—	—	101,853	97,435
. Other	Direct	375,447	—	—	—	375,447	430,464
Training Programmes							
. Driver training programmes	Direct	—	—	761,502	—	761,502	664,247
Support costs allocated to activities							
Finance, Human Resources and general office staff							
Management staff	Turnover	45,625	673,701	17,364	—	736,690	593,455
Premises costs	Turnover	27,237	402,185	10,366	—	439,788	429,401
Office costs	Turnover	22,315	329,503	8,493	—	360,311	368,614
Other costs	Turnover	6,479	95,672	2,466	—	104,617	170,803
Legal and professional fees	Turnover	30,857	455,625	11,743	—	498,225	229,822
Depreciation	Turnover	10,151	149,893	3,863	72,458	236,365	254,438
	Turnover	3,566	52,649	1,357	—	57,572	55,446
		2,834,174	23,864,431	817,154	72,458	27,588,217	22,356,142

4 Governance costs

Group	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Auditor's remuneration	72,458	—	72,458	51,572
Other governance costs	—	—	—	6,573
	72,458	—	72,458	58,145

5 Social investment

Group	2011 £
Net surplus before social investment	981,326
Social investment in:	
Group Transport in Hackney and Haringey	23,321
Group Transport in Lambeth and Southwark	17,548
Group Transport - social car scheme and training in Leeds	118,077
Community Bus Service in Islington	35,678
Training in London	91,531
YourCar in London	27,943
Group Transport in West Hull	25,000
Total social investment in year	339,098
Net surplus after social investment (page 18)	642,228

The above analysis shows that HCT Group's social investment during the year ended 31 March 2011 is £339,098 (2010 - £213,287) representing 36% (2010 - 26%) of the surplus achieved in 2009/10. This expenditure represents funds generated from the activities of the group which have been spent directly on services for the benefit of the communities in which HCT Group operates.

6 Staff costs

Group	2011 £	2010 £
Wages and salaries	14,029,859	11,146,317
Social security	1,307,561	1,059,806
Pension costs	402,710	356,658
	15,740,130	12,562,781
Agency staff	137,472	154,140
	15,877,602	12,716,921

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

	2011 Number	2010 Number
£60,001 - £70,000	4	—
£70,001 - £80,000	1	2
£80,001 - £90,000	1	1
£100,001 - £110,000	1	1
	7	4

The trustees received no remuneration for their services during the year (2010 - none). 2 trustees were reimbursed for travel expenses of £1,639 (2010 - £965).

Charity and charity trustees' indemnity insurance has been purchased to protect the charity from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

Notes to the financial statements Year to 31 March 2011

6 Staff costs (continued)

The insurance premium paid by the charity for the year totalled £2,289 (2010 - £2,180) and provides cover of up to a maximum of £2,000,000 (2010 - £2,000,000).

The average number of employees during the year was 638 (2010 - 595):

	2011 £	2010 £
Operations	584	544
Engineering (infrastructure)	18	15
Transport unit	4	6
Management and finance	21	21
Training	11	9
	638	595

7 Net incoming (outgoing) resources

This is stated after charging/(crediting):

Group	2011 £	2010 £
Depreciation	794,353	429,616
Auditor's remuneration		
· Audit fees		
.. Current year	42,100	39,100
.. Prior year	(1,648)	355
· Other services	32,006	12,117
Bank deposit interest	(1,049)	(4,336)
Interest payable in respect of finance leases	50,014	47,836
Interest payable in respect of loans	321,903	21,704

8 Fixed assets

Group	Freehold land £	Leasehold improve- ments £	IT and office equipment £	Plant and equipment £	Motor vehicles £	Modular buildings £	Total £
Cost							
At 1 April 2010	—	83,256	461,949	218,382	6,955,458	564,467	8,283,512
Additions	5,107,243	14,255	76,848	—	565,818	—	5,764,164
Transfer from Goodwin Development Trust	—	—	—	—	27,000	—	27,000
Disposals	—	—	(75,348)	—	(147,631)	—	(222,979)
At 31 March 2011	5,107,243	97,511	463,449	218,382	7,400,645	564,467	13,851,697
Depreciation							
At 1 April 2010	—	20,795	398,031	56,320	1,822,868	126,442	2,424,456
Depreciation on disposals	—	—	(75,348)	—	(133,447)	—	(208,795)
Charge for the year	—	11,491	32,972	42,137	679,528	28,225	794,353
At 31 March 2011	—	32,286	355,655	98,457	2,368,949	154,667	3,010,014
Net book value							
At 31 March 2011	5,107,243	65,225	107,794	119,925	5,031,696	409,800	10,841,683
At 31 March 2010	—	62,461	17,263	162,064	5,132,589	438,024	5,859,056

8 Fixed assets (continued)

Charity	Freehold land £	Leasehold improve-ments £	IT and office equipment £	Plant and equipment £	Motor vehicles £	Modular buildings £	Total £
Cost							
At 1 April 2010	—	44,794	378,000	94,471	843,425	564,467	1,925,156
Additions	5,107,243	14,255	19,849	—	219,347	—	5,360,785
Transfer to West Hull Community Transport (see below)	—	—	—	—	(110,356)	—	(110,356)
Disposals	—	—	(75,348)	—	(147,631)	—	(222,979)
At 31 March 2011	<u>5,107,243</u>	<u>59,049</u>	<u>322,500</u>	<u>77,995</u>	<u>804,875</u>	<u>564,467</u>	6,952,606
Depreciation							
At 1 April 2010	—	2,129	322,755	26,080	484,676	126,442	962,079
Transfer to West Hull Community Transport (see below)	—	—	—	—	(110,356)	—	(110,356)
Depreciation on disposals	—	—	(75,348)	—	(133,449)	—	(208,797)
Charge for the year	—	6,342	22,522	17,098	100,629	28,244	175,230
At 31 March 2011	<u>—</u>	<u>8,954</u>	<u>269,929</u>	<u>43,176</u>	<u>341,500</u>	<u>154,667</u>	818,226
Net book value							
At 31 March 2011	<u>5,107,243</u>	<u>50,095</u>	<u>52,571</u>	<u>51,295</u>	<u>463,375</u>	<u>409,800</u>	6,134,380
At 31 March 2010	<u>—</u>	<u>42,665</u>	<u>55,245</u>	<u>68,393</u>	<u>358,749</u>	<u>438,025</u>	963,077

On 1 April 2010 the charity acquired land in Walthamstow, London for a total purchase price of £5,107,243 comprising consideration of £5m and other related purchase costs of £107,243. The purpose of the acquisition was to build a new depot, to allow the charity to expand its operations in the area. On 31 December 2010 the charity entered into a conditional contract for sale of a portion of that land. As consideration for the contract the other party paid a non-refundable deposit of £75,000. The non-refundable deposit is accounted for in Other Creditors (note 10) pending completion of the sale.

On 30 June 2010, at the formation of the joint venture of West Hull Community Transport, the joint venture partners, HCT Group and Goodwin Development Trust, each transferred a number of vehicles to the new entity. The fair value of assets transferred from Goodwin Development Trust was assessed at £27,000, while assets with cost and accumulated depreciation of £110,356 were transferred from HCT Group to West Hull Community Transport.

Finance Leases

The net book value of tangible fixed assets of the group includes an amount of £806,890 (2010 - £1,050,929) in respect of assets held under finance leases on which the depreciation charge for the year was £201,465 (2010 - £143,612).

Notes to the financial statements Year to 31 March 2011

8 Fixed assets (continued)

Borrowings

Barclays Bank plc has a fixed and floating charge over all current and future assets of HCT Group with respect to its overdraft facilities. HCT Group, CT Plus Community Interest Company, CT Plus (Yorkshire) Community Interest Company, Transport Co-ordination Centre Hackney Limited, Islington Community Transport, Lambeth and Southwark Community Transport, LaSCoT Limited and West Hull Community Transport all have overdraft facilities with the bank.

9 Debtors

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	2,113,890	1,585,270	440,980	302,741
Amount due from Transport Co-ordination Centre Hackney Limited	—	—	99,161	28,714
Amount due from CT Plus Community Interest Company	—	—	4,756,149	4,669,313
Amount due from CT Plus (Yorkshire) Community Interest Company	—	—	370,414	198,170
Amount due from Lambeth and Southwark Community Transport	—	—	122,050	134,195
Amount due from LaSCoT Limited	—	—	50,000	50,000
Amount due from Islington Community Transport	—	—	803	729
Amount due from Leeds Alternative Travel Limited	—	—	15,109	64,379
Amount due from E & HCT Limited	—	—	463,083	125,604
Amount due from West Hull Community Transport	—	—	18,730	—
Prepayments	164,796	238,499	141,643	196,026
Other debtors	1,043,574	1,633,464	294,600	308,093
	3,322,260	3,457,233	6,772,722	6,077,964

10 Creditors: amounts falling due within one year

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	1,421,402	1,226,115	623,352	445,016
Amount due to Ealing Community Transport Limited	232,574	89,160	—	—
Amount due to Goodwin Development Trust	10,000	—	—	—
Taxation and social security	286,319	271,742	72,705	64,800
Other creditors	1,484,005	1,025,962	588,845	72,015
Obligations under finance leases (note 13)	196,465	205,605	4,855	4,855
Accruals	247,692	347,371	87,045	170,064
Loans (note 12)	410,066	86,493	410,066	86,493
	4,288,523	3,252,448	1,786,868	843,243

Notes to the financial statements Year to 31 March 2011

10 Creditors: amounts falling due within one year (continued)

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

CT Plus Community Interest Company also has a performance bond facility in the sum of £320,000 (2010 - £320,000) which is secured by a debenture on HCT Group.

11 Creditors: amounts falling after more than one year

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Obligations under finance leases (note 13)	637,846	858,342	2,121	18,051
Loans (note 12)	8,783,490	2,830,847	8,783,490	2,830,847
	9,421,336	3,689,189	8,785,611	2,848,898

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

12 Loan commitments

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

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Within one year	410,066	86,493	410,066	86,493
Between two and five years	5,699,535	291,046	5,699,535	291,046
Over five years	3,083,955	2,539,801	3,083,955	2,539,801
	9,193,556	2,917,340	9,193,556	2,917,340

£4,056,000 of the loans are unsecured and either have a fixed rate of interest (5%) or have a rate of interest that varies depending on the turnover of the business, £4,817,397 of the loans are secured by a fixed charge on the property at Walthamstow. Interest rates are variable at either 2% fixed rate or 1.75% above base rate with a minimum of 3.5%. In addition £302,160 of the loans are secured over certain assets of HCT Group and are at rates of between 3.5% and 6.7%.

13 Finance lease commitments

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

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Within one year	196,465	205,605	4,855	4,855
Between two and five years	613,489	701,495	2,121	18,051
Over five years	24,357	156,847	—	—
	834,311	1,063,947	6,976	22,906

14 Operating lease commitments

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

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Motor vehicles				
Operating leases which expire:				
Within one year	247,696	83,767	2,987	—
Between two and five years	323,502	1,136,701	—	50,477
	571,198	1,220,468	2,987	50,477
Land and buildings				
Operating leases which expire:				
Between two and five years	219,990	39,800	168,490	9,753
After five years	80,910	261,100	44,910	205,100
	300,900	300,900	213,400	214,853

At 31 March 2011 the group had a yearly lease obligation of £53,409 (2010 - £53,445) under a license to occupy land and buildings which continues until notice is given by either Licensor or Licensee.

15 London Borough of Waltham Forest Pension Fund

The London Borough of Waltham Forest Pension Fund is a defined benefit scheme.

With effect from 1 May 2004, eligible employees of CT Plus Community Interest Company under the Transfer of Undertakings (Protection of Employment) Regulations became active members of the scheme. The employer contribution rate at 1 May 2004 was set at 9.18% of gross salary where the employees' contribution rate is 6% and 7.65% of gross salary where the employees' contribution rate is 5%. Where the initial rate (9.18% or 7.65%) imposed upon CT Plus Community Interest Company changes, the London Borough of Waltham Forest has agreed to an appropriate adjustment to the basic charge so that CT Plus's commitment is limited to the initial rates. The contribution rate paid by CT Plus Community Interest Company is calculated on an ongoing funding basis, assuming a past funding level in respect of the eligible employees of 100% as at 1 May 2004.

Contributions are accounted for by CT Plus Community Interest Company based on the actual amounts payable to the scheme. The total pension cost for CT Plus Community Interest Company during the year was £22,336 (2010 - £24,236).

16 Taxation

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

17 Restricted funds

Group and charity	At 1 April 2010 £	Received £	Released £	At 31 March 2011 £
City Bridge Trust Fund – Haringey CT	44,951	—	(9,139)	35,812
London Borough of Haringey – Neighbourhood Renewal Fund	—	80,000	(80,000)	—
Restricted funds – charity	44,951	80,000	(89,139)	35,812
LaSCoT	1,771	—	(1,771)	—
Restricted funds - group	46,722	80,000	(90,910)	35,812

City Bridge Trust Fund – Haringey CT – funds received to purchase 2 accessible minibuses to operate Group Transport in the London Borough of Haringey.

18 Unrestricted funds

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
General fund	2,755,611	1,734,284	3,140,398	2,925,661
Fixed assets fund	1,319,444	1,831,047	718,116	477,880
	4,075,055	3,565,331	3,858,514	3,403,541

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

19 Status

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

19 Status (continued)

CT Plus Community Interest Company is registered in England and Wales (Company Registration Number 04137890). It has Authorised Share Capital of 1,000 × £1 shares, of which HCT Group owns the single allotted, called up and fully paid issued share. Details of transactions undertaken by CT Plus Community Interest Company are set out in note 22.

CT Plus (Yorkshire) Community Interest Company is registered in England and Wales (Company Registration Number 05629152). It has Authorised Share Capital of 1,000 × £1 shares, of which CT Plus Community Interest Company owns the single allotted, called up and fully paid issued share. Details of transactions undertaken by CT Plus (Yorkshire) Community Interest Company are set out in note 23.

Islington Community Transport is registered in England and Wales, limited by guarantee and has no share capital. Islington Community Transport is registered as a charity with the Charity Commission for England and Wales (Charity Registration Number 1085613 and Company Registration Number 03654675). Details of transactions undertaken by Islington Community Transport are set out in note 24.

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

LaSCoT Limited is registered in England and Wales (Company Registration Number 04902768) and is a wholly owned subsidiary of Lambeth and Southwark Community Transport. Details of transactions undertaken by LaSCoT Limited are set out in note 26.

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

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

E & HCT Limited is registered in England and Wales (Company Registration Number 06556344). It has authorised share capital of 500 x £1 'A' shares of which HCT Group owns the single allotted, called up and fully paid issued share and 500 x £1 'B' shares of which Ealing Community Transport Limited owns the single allotted, called up and fully paid issued share. Details of transactions undertaken by E & HCT Limited are set out in note 29.

Notes to the financial statements Year to 31 March 2011

19 Status (continued)

West Hull Community Transport Limited is registered in England and Wales, limited by guarantee and has no share capital (Company Registration Number 07209837). West Hull Community Transport is registered with the Charity Commission for England and Wales (Charity Registration Number 1138430). Details of transactions undertaken by West Hull Community Transport are set out in note 30.

20 Related party transactions

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

21 Analysis of net assets between funds

Group	Designated fund £	General fund £	Restricted funds £	Total £
Fund balances at 31 March 2011 are represented by:				
Tangible fixed assets	10,805,871	—	35,812	10,841,683
Stock	—	242,489	—	242,489
Debtors	—	3,322,260	—	3,322,260
Cash at bank and in hand	—	3,414,294	—	3,414,294
Creditors: amounts falling due within one year	(606,531)	(3,681,992)	—	(4,288,523)
Creditors: amounts falling due after one year	(8,879,896)	(541,440)	—	(9,421,336)
	<u>1,319,444</u>	<u>2,755,611</u>	<u>35,812</u>	<u>4,110,867</u>

Charity	Designated fund £	General fund £	Restricted funds £	Total £
Fund balances at 31 March 2011 are represented by:				
Tangible fixed assets	6,098,568	—	35,812	6,134,380
Stock	—	47,238	—	47,238
Debtors	3,278,640	3,494,082	—	6,772,722
Cash at bank and in hand	—	1,512,465	—	1,512,465
Creditors: amounts falling due within one year	(414,922)	(1,371,946)	—	(1,786,868)
Creditors: amounts falling due after one year	(8,244,170)	(541,441)	—	(8,785,611)
	<u>718,116</u>	<u>3,140,398</u>	<u>35,812</u>	<u>3,894,326</u>

22 CT Plus Community Interest Company

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

The following is a summary of the financial statements of CT Plus Community Interest Company for the year ended 31 March 2011, which have been included in the consolidated financial statements.

Notes to the financial statements Year to 31 March 2011

22 CT Plus Community Interest Company (continued)

	2011 £	2010 £
Turnover	16,401,389	13,352,468
Cost of sales	(15,428,116)	(12,250,725)
Operating profit	973,273	1,101,743
Interest payable	(199,224)	(61,620)
Gift aid	(774,049)	(1,040,123)
Net profit for the year	—	—
Retained profit at 1 April 2010	1	1
Retained profit at 31 March 2011	1	1
Called up share capital	1	1
At 31 March 2011	2	2

23 CT Plus (Yorkshire) Community Interest Company

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

The following is a summary of the financial statements of CT Plus (Yorkshire) Community Interest Company for the year ended 31 March 2011, which have been included in the consolidated financial statements.

	2011 £	2010 £
Turnover	3,351,725	2,720,602
Cost of sales	(3,271,829)	(2,650,032)
Operating profit	79,896	70,570
Gift aid	(79,896)	(70,000)
Net profit for the year	—	570
Retained profit at 1 April 2010	3,547	2,977
Retained profit at 31 March 2011	3,547	3,547
Called up share capital	1	1
At 31 March 2011	3,548	3,548

24 Islington Community Transport

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

The following is a summary of the financial statements of Islington Community Transport for the year ended 31 March 2011, which have been included in the consolidated financial statements.

Notes to the financial statements Year to 31 March 2011

24 Islington Community Transport (continued)

	2011 £	2010 £
Incoming resources	2,115	6,037
Resources expended	(2,184)	(19,610)
Net outgoing resources	(69)	(13,573)
Fund balances at 1 April 2010	138	13,711
Fund balances at 31 March 2011	69	138

25 Lambeth and Southwark Community Transport

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

The following is a summary of the financial statements of Lambeth and Southwark Community Transport for the year ended 31 March 2011, which have been included in the consolidated financial statements.

	2011 £	2010 £
Incoming resources	879,090	783,986
Resources expended	(867,917)	(756,582)
Net incoming resources	11,173	27,404
Fund balances at 1 April 2010	63,956	36,552
Fund balances at 31 March 2011	75,129	63,956

26 LaSCoT Limited

LaSCoT Limited is a company limited by guarantee and wholly controlled by Lambeth and Southwark Community Transport.

The following is a summary of the financial statements of LaSCoT Limited for the year ended 31 March 2011, which have been included in the consolidated financial statements.

	2011 £	2010 £
Turnover	57,229	60,983
Cost of sales	(18,920)	(30,260)
Retained profit	38,309	30,723
Gift aid	(38,309)	(30,723)
Net profit for the year	—	—
Retained profit at 1 April 2010	—	—
Retained profit at 31 March 2011	—	—

27 Transport Co-ordination Centre Hackney Limited

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

The following is a summary of the financial statements of Transport Co-ordination Centre Limited for the year ended 31 March 2011, which have been included in the consolidated financial statements.

	2011 £	2010 £
Incoming resources	491,759	501,251
Resources expended	(491,703)	(498,289)
Net incoming resources	56	2,962
Gift aid	—	(26)
Fund balances at 1 April 2010	4,164	1,228
Fund balances at 31 March 2011	4,220	4,164

28 Leeds Alternative Travel Limited

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

The following is a summary of the financial statements of Leeds Alternative Travel Limited for the year ended 31 March 2011 which have been included in the consolidated financial statements.

	2011 £	2010 £
Incoming resources	613,973	476,012
Resources expended	(604,748)	(534,269)
Net incoming (outgoing) resources	9,225	(58,257)
Fund balances at 1 April 2010	91,426	149,683
Fund balances at 31 March 2011	100,651	91,426
Called up share capital	3	3
At 31 March 2011	100,654	91,429

29 E & HCT Limited

E & HCT Limited is a joint venture between HCT Group and Ealing Community Transport Limited where HCT group has overall control. HCT Group owns the single allotted, called up and fully paid 'A' share and Ealing Community Transport Limited owns the single allotted, called up and fully paid 'B' share.

The following is a summary of the financial statements of E & HCT Limited for the year ended 31 March 2011, which have been included in the consolidated financial statements as HCT Group has the controlling vote and therefore effectively controls the company.

Notes to the financial statements Year to 31 March 2011

29 E & HCT Limited (continued)

	2011 £	2010 £
Turnover	3,625,244	3,118,098
Cost of sales	(3,264,641)	(2,889,613)
Operating profit	360,603	228,485
Interest payable	(2,069)	(5,548)
Gift aid	(358,534)	(222,900)
Net profit for the year	—	37
Retained profit at 1 April 2010	143	106
Retained profit at 31 March 2011	143	143
Called up share capital	2	2
At 31 March 2011	145	145

30 West Hull Community Transport

West Hull Community Transport became a joint venture between HCT Group and Goodwin Development Trust on 30 June 2010.

The following is a summary of the financial statements of West Hull Community Transport for the nine months ended 31 March 2011, which have been included in the consolidated financial statements.

	2011 £
Incoming resources	266,470
Resources expended	(234,588)
Net incoming resources	31,882
Fund balances at 30 June 2010	—
Fund balances at 31 March 2011	31,882