

# **Ongo Communities Limited**

Report and Financial Statements

Year Ended 31 March 2019

Company Number 08619739 (England and Wales)

Charity Number 1156007

# Ongo Communities Limited

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# Ongo Communities Limited

## Directors, Trustees and Advisors for the year ended 31 March 2019

### Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees serving during the year and since the year end were as follows:

Name	Status	Appointments	Resignations
J McKelkar-Main	Trustee		
A Bairstow	Trustee		
P Elliot	Trustee		
K Yorath	Trustee		
N Tharratt	Trustee		17 <sup>th</sup> February 2019
A Orrey	Chief Executive		06 <sup>th</sup> April 2018
S Hepworth	Chief Executive	07 <sup>th</sup> April 2018	
E Stoddart	Director		07 <sup>th</sup> June 2018
P Stones	Director		
A Harrison	Director	07 <sup>th</sup> April 2018	
J Sugden	Director	07 <sup>th</sup> April 2018	
K Hornsby	Director	01 <sup>st</sup> March 2019	
E Stoddart	Company Secretary		07 <sup>th</sup> June 2018
J Sugden	Company Secretary	07 <sup>th</sup> June 2018	

### Registered number

Company Number 08619739  
Charity Registration number 1156007

### Registered office

Ongo House, High Street, Scunthorpe, North Lincolnshire DN15 6AT

### Auditors

BDO LLP  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

### Bankers:

Barclays Bank plc  
One Snowhill  
Snowhill Queensway  
Birmingham B4 6GB

### Solicitors:

Womble Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

Forbes Solicitors  
Rutherford House  
4 Wellington Street (St John)  
Blackburn, Lancashire  
BB1 8DD

Wilkin Chapman LLP  
Cartergate House  
6 Chantry Lane  
Grimsby  
DN31 2LJ

Trowers and Hamblins  
55 Princess Street  
Manchester  
M2 4EW

# Ongo Communities Limited

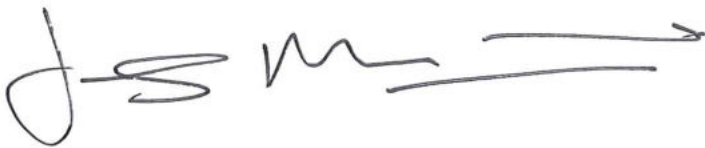
## Chair's Statement for the year ended 31 March 2019

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Ongo Communities Limited has been providing opportunities for local people and communities for the past five years. Part of the parent company Ongo Partnership Limited, the Communities arm has done a substantial amount of positive work over the past year and the teams have achieved targets in areas including employment, training, work with young people, ex offenders, lone parents and other groups maximising their opportunities and prospects.

The organisation receives funds from Ongo Homes Limited (OH) and external grants which enable it to continue the excellent work delivered in the community. A total of £600,000 was won last year from a number of funders in addition to the funding from OH that will enable an increasing range of projects and services to be delivered; including self-employment support and mental health support for the next three years.

With a new four year strategy in place, and focus on the theme "Create Opportunities" which is part of the group's corporate plan, we will set challenging aims and objectives for the coming years. This includes a focus on those communities and neighbourhoods which are the most challenging and require our support to increase their skills, access new opportunities and improve the overall quality of life for those residing in these areas.

A handwritten signature in black ink, consisting of a large initial 'J' followed by a series of loops and a long horizontal stroke ending in an arrowhead.

J McKellar-Main (Chair of the Board)  
4<sup>th</sup> September 2019

# Ongo Communities Limited

## Report of the Trustees for the year ended 31 March 2019

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The trustees are pleased to present their annual trustees' report together with the financial statement of the charity for the year ending 31 March 2019, which are also prepared to meet the requirements for a trustees' report and accounts for Companies Act 2006 purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the memorandum and Articles of Association, and Accounting and Reporting by Charities: statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

### **Our purpose and activities**

The corporate structure of the Ongo Partnership Limited group is clearly defined and the relationship between this Company, the parent and its other subsidiaries is set out in Intra-Group agreements which were considered and approved by each of their Boards.

The role of the Company, which is partly funded by Ongo Homes Limited (OH), is to deliver that company's wider social objectives by co-ordinating community development activity and developing social enterprises. On 1 April 2014 Ongo Communities acquired Crosby Employment Bureau Limited (CE), now Ongo Recruitment Limited, which operates as a subsidiary providing training and employment opportunities for local people within disadvantaged communities in order that they may develop their skills and re-engage with the labour market.

### **Governing documents**

Ongo Communities is a registered charity (Charity Number 1156007) governed by its Articles of association dated 22<sup>nd</sup> July 2013. It is registered with the Charity Commission and is also a Company Limited by Guarantee (Company Number 08619739). The Charity is a subsidiary of Ongo Partnership Limited which is the ultimate parent undertaking.

### **Key achievements and performance**

During the current year Ongo Communities generated a deficit of £57k for the year (£148k deficit in 2017/18). The Trustees consider this to be an acceptable standard of performance.

Key achievements during the year are:

- Using the HACT (Housing Associations' Charitable Trust) model, we calculate that for every £1 we invested in community projects, we got £13.77 worth of value in return. This has increased in value by £2 over the previous year.
- Ongo Talk launched in 2018/19 which is a counselling, life coaching and training service for people who want to improve their mental health and wellbeing. It is a free service for tenants living within certain low income areas and others can pay a fee to access the service.
- Raising the aspirations of young people is a key target and we are pleased to report that we have provided one-to-one mentoring to 93 people and appointed 48 onto new apprenticeships.
- We have also successfully partnered with North Lindsey College to increase the number of training opportunities we can deliver, providing 399 work/life skills development opportunities in 2018/19 through our partnership at our Cole Street Training and Employment Centre.

### **Structure, governance and management**

Ongo Communities is managed and governed by the Trustees who hold regular board meetings and agenda items include finance, health and safety and other operational reports.



# Ongo Communities Limited

## Report of the Trustees for the year ended 31 March 2019 (continued)

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### Public benefit statement

The charity trustees have complied with their duty to have due regard to the guidance on public benefit published by the Commission in exercising their powers or duties.

### Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. All fundraising activities relate to applications for grant funding from relevant public and non-public sector bodies. We do not undertake widespread fundraising from the general public. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes."

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participants or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound by any undertaking to be bound by any regulatory scheme.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

### Financial review

Incoming resources for the year totalled £1,495k (2018: £1,229) of which £407k related to funding activities upon which restrictions were placed. Expenditure totalled £1,553k (2018: £1,377k) resulting in a deficit of £57k (2018: £148k deficit). At 31 March 2019 the trust's reserves stood at £122k (£180k in 2018). The business plan dictates that this will be retained for investment in the future development of the company.

### Reserves policy

Reserves are needed to bridge the gap between the spending and receiving of income and to cover any unplanned expenditure. The Trustees have resolved to maintain sufficient reserves to cover short-term operational costs. No further reserves policy exists.

### Future Prospects

During the coming years it is expected that the activities of the Ongo Communities Ltd will expand. Growth is anticipated for two main reasons:

1. Ongo Homes has approved a grant of £1,000,000 per year from 2019 to 2023 to deliver activities that meet the objects of the organisation.
2. Applications to grant giving organisations and EU funds have been awarded and a funding strategy is in place to continue to seek further opportunities to bid for funds and match fund projects that meet the needs of our customers and the wider communities within our area of benefit.

# Ongo Communities Limited

## Report of the Trustees for the year ended 31 March 2019 (continued)

### Financial Instruments

#### *Credit Risk*

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The following financial institution was used and its credit rating was acceptable to the board:

Institution	Rating at 31/03/2019	Balance at 31/03/2019 £	Rating at 31/03/2018	Balance at 31/03/2018 £
Barclays Bank PLC	Baa3	<u>91,290</u>	Baa2	<u>138,038</u>

#### *Liquidity risk*

Liquidity risk arises from the company's management of working capital. Rolling cash flow projections are prepared regularly, together with the value of the company's cash investments. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

#### *Cash flow interest rate risk*

The company is not currently exposed to cash flow interest rate risk.

### **Assessment of the effectiveness of Ongo Communities' system of internal control.**

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Company assets and interests.

The Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Company is exposed and is consistent with good practice and regulatory requirements.

The main area in which this is evidenced is as follows:

#### **Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Company's activities. Reports on significant risks facing the Company, and any changes to the Risk Map are reported to the Group Audit & Risk Committee which monitors the risk management arrangements. The Executive Team is responsible for regularly reviewing the risks of the Company and for monitoring mitigation plans against those risks.

A scoring system has been developed that attempts to quantify the original risk before any mitigation and then again after the identified mitigation plans have been completed. Completion of mitigation plans is routinely reviewed by the Group Audit & Risk Committee.



# Ongo Communities Limited

## Report of the Trustees for the year ended 31 March 2019 (continued)

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### Identification and evaluation of key risks (continued)

The Board reviews key strategic risks at least annually to ensure activity remains focussed on the correct areas and adequately take account of changes to the organisation's circumstances. The output from this work forms a part of the basis for focussing the internal audit programme.

Risk management is embedded into service areas through training and by inclusion in team and individual plans.

### Internal Audit

Independent resources are used to undertake detailed audits on specific internal controls. An annual plan is agreed and each report is summarised for review by the Group Audit & Risk Committee. At each meeting of this group the outstanding audit issues are reviewed to ensure actions are progressing satisfactorily, particularly if higher priority risks are identified by the audits.

The Committee has included focus on fraud prevention, detection and deterrence to those internal audits where risk is perceived to be greatest.

A fraud register is maintained and reviewed at each Committee meeting.

The internal auditors have an opportunity at every Committee meeting to discuss matters without the presence of executives.

### External Audit

In so far as the Board is aware, all of the current board members have taken all the steps that they ought to have taken to make them-selves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The External Auditors have an annual meeting with the Committee without the presence of executives.

BDO LLP have been auditors for four years and are in the first year of their three year appointment to serve as auditors for the company following a tender process during the year.

### Fraud

An annual review of the policy is undertaken by the Group Audit & Risk Committee covering prevention, detection recovery and reporting.

The Fraud Register is updated as necessary for all actual and potential frauds committed or attempted to be committed against the Company and comes to every meeting of the Group Audit & Risk Committee.

### Reporting, review and corrective action

A process of regular management reporting on control issues provides assurance to the Executive Management Team and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery and fulfilment of our services.

The Group Audit & Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. This Committee makes an annual report on this matter to the Board. The Board has received this report and has included it within the Financial Statements.

The Board confirms that there is an ongoing process for identifying, and managing significant risks faced by the Company. This process has been in place throughout the year under review, up to and including the date of the annual report and accounts, and is regularly reviewed by the Board.



# Ongo Communities Limited

## Report of the Trustees for the year ended 31 March 2019 (continued)

### NHF Code of Governance

The Board has adopted the National Housing Federation (NHF) Code of Governance which requires a statement showing how it complies with the code or to explain areas where it does not.

Following an assessment against the code, the Board does not comply with all elements. The company is part of the Ongo group where a number of aspects of this code are met and legitimately delivered on behalf of the group by the parent, Ongo Partnership Ltd on behalf of this Board – this includes parts B3, C1(4), C1(5), C1(8) E4(1) F, F2, F3, F4, F5, F6, F7, F8, F10, G2, G3, G4, G5. Due to a number of resignations early in 2019 B4 was not met and neither was D1, E4(4) and E4(3). All of these points were reviewed as part of the external governance review which reported in June 2019 and a number of improvement works are currently ongoing to address the recommendations.

The areas of non-compliance do not have a significant impact on the governance arrangements of the company and are explained in the financial statements of ultimate parent company Ongo Partnership Limited.

### Going concern


The Trustees are satisfied that the Company has sufficient resources to continue its activities for the foreseeable future. In making this assessment the Trustees have considered a wide range of information relating to present and future conditions, including future business plan projections allied to expected income.

### Employment and Equal Opportunities

Employee information is set out in Note 7 of the Financial Statements.

The Company is committed to the principles of equal opportunities.

Signed on behalf of the Trustees.



J McKellar-Main (Chair of the Board)  
4<sup>th</sup> September 2019

# Ongo Communities Limited

## Trustees' Responsibilities in Relation to the Financial Statements for the year ended 31 March 2019

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The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

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

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein



# Ongo Communities Limited

## Independent auditor's report for the year ended 31 March 2019

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ONGO COMMUNITIES LIMITED

#### Opinion

We have audited the financial statements of Ongo Communities Limited ("the Charitable Company") for the year ended 31 March 2019 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# Ongo Communities Limited

## Independent auditor's report (continued)

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### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' 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' from the requirement to prepare a strategic report.

### Responsibilities of Trustees

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

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

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

# Ongo Communities Limited

## Independent auditor's report (continued)

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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

BDO LLP

**Helen Knowles** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Leeds

Date: 24.9.19.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Ongo Communities Limited

## Statement of Financial Activities for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>Income</b>					
Income from charitable activities	2	895,615	-	895,615	693,244
Income from trading activities		269,817	-	269,817	190,726
Grants received	3	-	329,965	329,965	344,811
<b>Total income</b>		<b>1,165,432</b>	<b>329,965</b>	<b>1,495,397</b>	<b>1,228,781</b>
<b>Expenditure</b>					
Expenditure on charitable activities	5	(774,941)	(329,965)	(1,104,906)	(1,058,156)
Expenditure on trading activities	5	(447,733)	-	(447,733)	(318,533)
<b>Total expenditure</b>		<b>(1,222,674)</b>	<b>(329,965)</b>	<b>(1,552,639)</b>	<b>(1,376,689)</b>
<b>Net expenditure and net movement of funds for the year</b>		<b>(57,242)</b>	<b>-</b>	<b>(57,242)</b>	<b>(147,908)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		179,657	-	179,657	327,564
Current year		(57,242)	-	(57,242)	(147,908)
<b>Total funds carried forward</b>		<b>122,415</b>	<b>-</b>	<b>122,415</b>	<b>179,656</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities.

The notes on pages 18 to 22 form part of these financial statements.



# Ongo Communities Limited

## Statement of Financial Position at 31 March 2019

Company Number 08619739	Note	2019 £	2019 £	2018 £	2018 £
<b>Current assets</b>					
Debtors	10	127,668		135,306	
Cash at bank and in hand		91,290		138,038	
		<u>218,958</u>		<u>273,344</u>	
Creditors: amounts falling due within one year	11	<u>(96,543)</u>		<u>(93,687)</u>	
<b>Total assets less current liabilities</b>			<u>122,415</u>		<u>179,657</u>
<b>Total net assets</b>			<u>122,415</u>		<u>179,657</u>
<b>The funds of the charity</b>					
Unrestricted funds			122,415		179,657
Restricted funds			-		-
<b>Total Funds</b>			<u>122,415</u>		<u>179,657</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4<sup>th</sup> September 2019



J McKellar-Main  
Trustee



S Hepworth  
Chief Executive

The notes on pages 18 to 22  
form part of these financial statements.

# Ongo Communities Limited

## Statement of Cash Flows For the year ended 31 March 2019

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	2019	2018
	£	£
Net cash outflow from operating activities	(46,748)	(197,986)
Decrease in cash	<u>(46,748)</u>	<u>(197,986)</u>
Reconciliation of operating surpluses to net cash outflow from operating activities		
Operating deficit	(57,242)	(147,908)
Change in debtors	7,638	21,869
Change in creditors	2,856	(71,947)
Net cash outflow from operating activities	<u>(46,748)</u>	<u>(197,986)</u>
Reconciliation of net cash flow to movement in net debt decrease in cash in the period	<u>(46,748)</u>	<u>(197,986)</u>
Change in net debt	(46,748)	(197,986)
Net debt at start	<u>138,038</u>	<u>336,024</u>
Net debt at end	<u>91,290</u>	<u>138,038</u>

The notes on page 18 to 22 form part of these financial statements.

# Ongo Communities Limited

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# Ongo Communities Limited

## Notes forming part of the financial statements for the year ended 31 March 2019

### 1 Significant Accounting policies

Ongo Communities Limited is a charitable company limited by guarantee and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the page 3 and the nature of the company's operations and its principal activities are set out in the Report of the Trustees. The financial statements have been prepared under the historical cost convention and in accordance with 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) – (Charities SORP (FRS 102)), FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Charities Act 2011 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

#### *Financial Reporting Standard 102 – reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ongo Partnership Limited as at 31 March 2019 and these financial statements may be obtained from Ongo House, High Street, Scunthorpe, North Lincolnshire, DN15 6AT.

#### *Preparation of the accounts on a going concern basis*

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Charity's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion the Trustees have taken account of current and anticipated financial performance in the current economic conditions, its Corporate Plan and its reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Charity's financial statements.

#### *Judgements in applying accounting policies and key sources of estimation uncertainty*

Management do not consider there to be any significant judgements or estimation uncertainty due to the straightforward nature of the company's operations.

#### *Income*

Incoming resources are accounted for when receivable. Legacies are accounted for when considered receivable. Investment income and donations are accounted for when receivable.

#### *Expenditure*

Charitable Expenditure includes direct costs and support costs. Support costs comprise those necessary costs which do not themselves produce the output of the charity, including central office functions and governance costs as shown in note 6. Such administration and accommodation support costs have generally been allocated on the basis of turnover.

# Ongo Communities Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 1 Significant Accounting policies (continued)

Governance costs are the costs associated with constitutional and statutory requirements and the strategic management of the charity's activities. The costs of raising funds are the costs associated with generating incoming resources other than those derived from undertaking charitable or trading activities.

#### *Taxation*

Ongo Communities Limited is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### *Grants payable*

Grants are recognised in full when there is a legal and constructive obligation.

#### *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.

#### *Financial instruments*

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

#### *Cash at bank and in hand*

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and short term deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value.

#### *Liabilities*

Liabilities (including termination payments) are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

#### *Fund accounting*

Restricted funds are subject to specific restrictions imposed by the donor. They include 'Restricted income funds' which are spent or applied within a reasonable period from their receipt or 'Endowment funds' originating from donations or bequests and invested to enable future expenditure in line with the restrictions of the donor.

Endowment funds can be either permanent or expendable. Permanent endowment funds are held indefinitely and the capital cannot be expended.

Expendable endowments allow the Trustees to exercise the power to expend or apply the capital in line with the restriction.

Designated funds are set aside by the Trustees for specific purposes, but would otherwise form part of the general funds. General funds are available to spend at the discretion of the Trustees in furtherance of the charitable objectives of the company.



# Ongo Communities Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 2 Income from charitable activities

All income from charitable activities was generated within the UK. £886k of this income (£2018: £682k) relates to contributions from group company, Ongo Homes Limited.

3 Grants received	2019 £	2018 £
European Social Fund	123,346	93,252
DWP	96,839	99,133
Humber Learning Consortium	54,729	76,282
Urban Challenge	22,954	29,326
Through The Gate	12,192	9,100
Talent Match	12,563	15,800
Police Crime Commissioner Fund	5,625	-
Tribune Trust	1,000	-
Big Lottery Fund	717	-
North Lincolnshire Council	-	11,918
Sports Activities	-	10,000
	329,965	344,811

4 Net income/(expenditure):	2019 £	2018 £
This is stated after charging:		
Operating lease charges - land & buildings	17,500	12,365
Total	17,500	12,365

All fees for the audit of the company's annual accounts are paid by the ultimate parent company of the group.

### 5 Analysis of expenditure

	Direct staff costs £	Grant funding of activities £	Other direct costs £	Support costs (note 6) £	Total 2019 £	Total 2018 £
<b>Charitable activities</b>						
Community benefit/improvement projects	383,752	329,965	67,239	323,950	1,104,906	1,058,156
<b>Total charitable expenditure</b>	<b>383,752</b>	<b>329,965</b>	<b>67,239</b>	<b>323,950</b>	<b>1,104,906</b>	<b>1,058,156</b>
<b>Trading activities</b>						
The Arc	78,815	-	51,873	9,747	140,435	-
Choose to Reuse	41,327	-	21,578	15,507	78,412	125,006
Handy Van	116,950	-	65,610	712	183,272	167,860
<b>Total trading expenditure</b>	<b>237,092</b>	<b>-</b>	<b>139,061</b>	<b>25,966</b>	<b>402,119</b>	<b>292,866</b>
Management expenditure	-	-	-	45,614	45,614	25,667
<b>Total resources expended</b>	<b>620,844</b>	<b>329,965</b>	<b>206,300</b>	<b>395,530</b>	<b>1,552,639</b>	<b>1,376,689</b>



# Ongo Communities Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 6 Support costs

	Finance & Corporate £	IT £	Human Resources £	Property & Offices £	Total 2019 £	Total 2018 £
<b>Charitable activities</b>						
Community benefit/improvement projects	101,974	-	-	18,803	120,777	41,634
Management fee from parent company	70,435	24,674	108,064	-	203,173	161,615
<b>Total charitable expenditure</b>	<b>172,409</b>	<b>24,674</b>	<b>108,064</b>	<b>18,803</b>	<b>323,950</b>	<b>203,249</b>
<b>Trading activities</b>						
The Arc	166	-	-	9,581	9,747	-
Choose to Reuse	145	-	-	15,362	15,507	10,701
Handy Van	112	-	-	600	712	788
<b>Total trading expenditure</b>	<b>423</b>	<b>-</b>	<b>-</b>	<b>25,543</b>	<b>25,966</b>	<b>11,489</b>
Management expenditure	40,451	-	-	5,163	45,614	25,667
<b>Total resources expended</b>	<b>213,283</b>	<b>24,674</b>	<b>108,064</b>	<b>49,509</b>	<b>395,530</b>	<b>240,405</b>

The company is charged a management fee from its ultimate parent, Ongo Partnership Limited, to cover all central Finance, Corporate, IT, HR, PR and governance costs. This charge is offset in full by a contribution from Ongo Homes.

### 7 Employees

	2019 £	2018 £
Staff costs (excluding directors who are paid by the group) consist of:		
Wages and salaries	833,518	724,712
Social security costs	71,493	66,850
Cost of defined benefit scheme	37,875	74,220
Cost of defined contribution scheme	44,885	8,800
	<b>987,771</b>	<b>874,582</b>

No employees are paid directly by the company, although it is re-charged by the group entity for employment costs incurred on its behalf.

A defined contribution pension scheme is operated by Ongo Partnership Limited on behalf of all Ongo group subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £44,885 (2018 - £8,800). Contributions amounting to £nil (2018 - £nil) were payable to the fund at year end.

### 8 Director's remuneration

Director's costs are paid by Ongo Partnership Limited and the relevant portion is recharged to Ongo Communities Limited (with a mark-up) through their management fee.

# Ongo Communities Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 9 Fixed asset investments

#### Subsidiary undertakings

The only undertaking in which the company has an interest is as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Ongo Recruitment Limited	England and Wales	100%	Recruitment consultancy

Ongo Recruitment Limited also has a wholly owned subsidiary which gives Ongo Communities an indirect interest in:

Crosby Brokerage Limited	England and Wales	100%	Business services
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### 10 Debtors

	2019 £	2018 £
Trade debtors	22,107	23,216
Amounts owed by group undertakings	56,606	22,365
Prepayments and accrued income	43,935	89,452
Other debtors	5,020	273
Total	127,668	135,306

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

	2019 £	2018 £
Trade creditors	11,272	13,083
Other creditors	1,055	-
Accruals and deferred income	78,066	42,877
Amounts owed to group undertakings	6,150	37,727
Total	96,543	93,687

### 12 Corporation tax

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 objectives.

### 13 Share capital

Being limited by guarantee, the company does not issue shares.

### 14 Related party disclosures

The ultimate controlling party is Ongo Partnership Limited and its consolidated accounts are available to the public from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Other than transactions between the group and other group subsidiaries themselves, the company does not believe it has any 'related parties'.