

Registration number: 30669R

# Unlimited Potential

Annual Report and Financial Statements

for the Year Ended 31 March 2018



**HALLIDAYS**  
MORE THAN JUST ACCOUNTANTS

Hallidays  
Statutory Auditor & Chartered Accountants  
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## **Unlimited Potential**

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## Unlimited Potential

### Directors' Report for the Year Ended 31 March 2018

The directors have pleasure in presenting their report and the financial statements of the Society financial statements for the year ended 31 March 2018.

#### 1. Strategic reports

##### 1.1 Principal Objects and Activities

The Society exists to make the world a happier and healthier place to live. It specialises in social innovation.

**1. Well-being** To support people to lead happier and healthier lives.

*Services having positive outcomes for people engaged with them by:*

- providing high-quality, personal and responsive services that make real improvements to people's lives and communities [present]
- developing new services that respond to the requirements of customers and clients [future]

**2. Fulfilment** To help people who want to develop their skills and abilities to fulfil their potential.

*People taking control of their own lives by:*

- enabling individuals and communities to use their strengths and assets in new ways

**3. Positive impact** To be a healthy and happy enterprise that has the best possible impact for people and for a sustainable world.

*The organisation having a positive impact on the wider world by:*

- **Enterprise:** ensuring the sustainability of the organisation's income
- **Society:** promoting social development that invests in the strengths of everyone
- **Economy:** helping to create and maintain a strong, sustainable and socially inclusive economy
- **Environment:** protecting the environment and ensuring prudent use of natural resources

##### 1.2 Business Review

This business review aims to be a balanced and comprehensive analysis of the development and performance of the Society's business during the financial year, and its position at the end of that year, consistent with its size and complexity.

##### Contractual arrangements.

The main persons and other organisations with which the Society had contractual or other arrangements essential to its business were:

- Big Life Centres
- Big Lottery Fund
- Lankelly Chase Foundation
- Salford City Council
- Salford Clinical Commissioning Group
- Timebanking UK

The annual survey of customers was run in October 2017. The Society performed well in most areas (notably respect, approach and impact). Its ratings improved or remained similar in all aspects, from the previous survey in 2016. There were, however, areas for improvement and development. The Board identified practical action to improve performance in terms of:

## Unlimited Potential

### Directors' Report for the Year Ended 31 March 2018

- further develop the boldness of innovation in proposals and start-ups
- replication of innovation projects, responding to requirements of customers and clients
- project management and delivery

#### Social, economic and environmental impacts.

The Society is a social enterprise, certified by Social Enterprise UK in May 2017.

#### *Society*

#### Numbers in membership:

On the Register of Supporters, against a long-term target of 80, the number of Supporters (members) at 31 March, 2018, was 37:

- client Supporters = 5 (13.5%)
- staff Supporters = 6 (16.2%)
- associate Supporters = 26 (70.3%)

This represented a decrease of 2.6% in membership over the year (from 38 at 31 March, 2017), mainly due to a reduction in the number of staff Supporters but an increase in the number of associate Supporters.

Our Social in Salford pledge from 2017 is to: increase membership by 10% (to 42 total) by 2021.

#### Level of membership(-related) activity:

A total of 15 Supporters (members) attended the Annual Meeting on 24 October, 2017, (a 25.0% decrease from 20 Supporters at the Annual Meeting on 27 October, 2016). Alongside postal votes from Supporters not attending in person, they elected:

- three Supporters as Advisory Council members (including two people who were re-elected)
- one person as a Non-Executive Director (including one person who was re-elected)

Our Social in Salford pledge from 2017 is to: increase the members attending annual meetings by 10% (to 22 total) by 2021.

#### Activity of the Advisory Council:

On the Register of Advisory Council Members, the number of Members at 31 March, 2018, was four:

- client Members = 2 (50.0%)
- staff Members = 1 (25.0%)
- associate Members = 1 (25.0%)

This represented an increase of 25.0% in the size of Advisory Council membership (from three Members on 31 March, 2017). There was due to a temporary vacancy in the associate membership at the end of the previous year.

The Advisory Council held four meetings during 2017-2018, compared to five during 2016-2017; a decrease of 20.0%. This fulfilled the minimum of four meetings per year required under the Rules of the Society.

#### *Economy*

## Unlimited Potential

### Directors' Report for the Year Ended 31 March 2018

In 2017-2018, the proportion of non-direct/staffing expenditure spent with ethical suppliers was 42.81%, a decrease from 50.22% in 2016-2017.

Our Social in Salford pledge from 2017 is to: increase the proportion of non-direct/staffing expenditure spent with ethical suppliers by 10% (to 55%) by 2021.

At the end of 2017-2018, 75.0% (6 of 8) employees were local residents (living within five miles of their normal work base), a decrease from 80.0% (12 of 15) at the end of 2016-2017.

Our Social in Salford pledge from 2017 is to: increase the proportion of employees that are local residents [live within 5 miles of normal work base] by 10% (to 88%) by 2021.

#### *Environment*

The Society's environmental impact against its key performance indicators in 2017-2018 was:

- energy efficiency: 0.555 tonnes CO<sub>2</sub>e per person; a 21.1% decrease on 2016-2017 (0.703 tonnes CO<sub>2</sub>e per person equivalent)

Our Social in Salford pledge from 2017 is to: improve energy efficiency by 10% (to 0.633 tonnes CO<sub>2</sub>e per person) by 2021.

- waste and emissions:

- o total bins – 21.1 per person; a 49.1% decrease on 2016-2017 (41.5 bins per person)

Our Social in Salford pledge from 2017 is to: reduce waste by 10% (to 37.4 bins per person) by 2021.

- o total CO<sub>2</sub>e travel emissions –

- o commuting: 0.618 tonnes CO<sub>2</sub>e per person; a 12.6% increase on 2016-2017 (0.549 tonnes CO<sub>2</sub>e per person)

Our Social in Salford pledge from 2017 is to: reduce travel emissions from commuting by 10% (to 0.494 tonnes CO<sub>2</sub>e per person) by 2021.

- o business-related travel: 0.341 tonnes CO<sub>2</sub>e per person; a 172.8% increase on 2016-2017 (0.125 tonnes CO<sub>2</sub>e per person)

Our Social in Salford pledge from 2017 is to: reduce travel emissions from business travel by 10% (to 0.113 tonnes CO<sub>2</sub>e per person) by 2021.

These increases in emissions largely reflect a reduction in the proportion of staff using transport other than cars, and the reduction in the proportion of employees who were local residents.

#### **1.3 Risks and uncertainties**

The Society maintains an active register of business risks, which it reviews periodically. Each risk is identified, scored on the basis of likelihood of happening, and impact if it did, and then a mitigation plan is put in place to eliminate or reduce the risk.

The biggest risk is the Society's sustainability in the current economic climate. The Board is mitigating this risk by developing the sales and marketing plan.

The Society manages the risks to ensure control and minimisation by:

- risk log and issues log
- risk management template
- disaster management
- risk register (within business continuity plan), with named responsibility for each risk

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### Directors' Report for the Year Ended 31 March 2018

The Society identifies emerging issues and manages these before they potentially become risks by:

- thinking about these questions and identifying issues
- collecting and recording any near-misses

Monitoring is performed through liberal recording and a questioning framework for emerging issues

- pose question
- check on level of concern
- deal with, if a high concern

Our Business Continuity Plan fits with risk management by listing risks, likelihood, impact, and measures in place.

The Board ensures that risks are identified and dealt with appropriately by having emerging issues as a standing item on each Board agenda.

#### 1.4 Strategy

The directors recognise that the Society has made a financial surplus in only one of the past five years. It is still able to use reserves to fulfil its obligations, but has to respond to challenging market conditions. This is outlined in its Business Plan 2017-2020.

The strategic approach within the Business Plan to 2020 is to:

- work to current mission, values and objectives
- keep the strategic direction focussed on social innovation
- diversify around social issues, geographically (but with the central hub in Salford), and into commercial enterprise for social impact
- have a three-year plan, with annual review and a complementary annual implementation plan every year

Our key priority themes are:

<b>Economic development</b>	<b>Public service reform</b>
<b>inclusive growth</b>	<b>health and well-being</b>
<b>business</b>	<b>life chances / social mobility</b>
<b>skills and work</b>	<b>environment and housing</b>

## Unlimited Potential

### Directors' Report for the Year Ended 31 March 2018

The main trends and factors likely to affect the future development, performance and position of the Society's business are:

<b>Political</b> inclusive growth agenda localism rise of single issues devolution of power local government fragility reforming public services increasing citizen engagement changing community leadership commodification of membership UK leaving the European Union	<b>Economic</b> economic unpredictability rising poverty and income inequality job instability / gig economy constrained public spending changing welfare state increasing expectations of charging people for services changing procurement practice UK leaving the European Union
<b>Social</b> increasing social divides more diverse families and household structures different generations gender and family structures ethnic and cultural diversity personalisation of services	<b>Technological</b> online communities social media data management increasingly easy connectivity new ways to engage people working flexibly artificial intelligence
<b>Legal</b> social enterprise social value legal changes as a result of the UK leaving the European Union	<b>Environmental</b> climate change corporate responsibility ethical living and consumerism

#### 1.5 Member benefits

Being a Supporter (member) enables a person to take part in Supporters' meetings, and to vote and stand in elections to the Advisory Council and the Board of Directors. It also enables people to ensure that the Society's work is conducted for the benefit of the community.

The annual survey of Supporters (members) was run in October 2017. The Society performed well in six areas, and its ratings improved in all areas, in comparison to the previous survey 2016. There were, however, several areas for improvement and development. The Board identified practical action to improve performance in terms of:

- governance - board performance in running the organisation
- society - greater investment in strengths and active citizenship
- economy - maximising opportunities for local people to gain employment with us

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### Directors' Report for the Year Ended 31 March 2018

The annual survey of Advisory Council members was run in November 2017. The Society performed well in all areas, and its ratings improved in most areas, in comparison to the previous survey. The Board identified practical action to improve performance in two areas for development with lower scores:

- effective governance by the Board
- involving local people in developing the organisation and its services

The Society wants to do more to encourage people to join as Supporters (members) and to be active in the Society. It has therefore adopted the *Everyday Participation* toolkit (Co-operatives UK) as a guide. This focuses on seven modes of everyday participation: tell stories; gather data; share connections; contribute ideas; give time; learn skills; and crowdfund innovation.

#### 1.6 Wider Stakeholders

As well as its key stakeholders (customers, clients, staff, volunteers, Supporters (members) and directors), the Society has a much wider range of other stakeholders, including:

- potential customers
- local communities
- potential staff
- trade unions
- politicians
- senior decision-makers
- key partner organisations
- finance institutions and investors
- suppliers
- regulatory bodies
- other social enterprises
- media
- learning providers

To support the Society's engagement with the wider world, it holds membership of: Co-operatives UK; Co-operative Councils Innovation Network; Greater Manchester Chamber of Commerce; and Social Enterprise UK. It is also active in: Greater Manchester VCSE Reference Group; Greater Manchester Social Enterprise Network; Northern Soul network of social enterprises; Salford Social Enterprise City; and Salford Social Value Alliance.

#### 1.7 Colleagues

At 31 March, 2018, there were 5.5 whole-time equivalent staff posts (3 full-time and 4 part-time). This is a decrease of 58.5% from 31 March, 2017, when there were there were 13.26 whole-time equivalent staff posts (ten full-time and five part-time).

The Society seeks to work to the ACAS Model Workplace. It is an accredited Living Wage Employer (Living Wage Foundation, renewed in March 2018) and has a trade union Recognition Agreement with Unison.

The Society's policy is that there is a maximum ratio of five between the whole-time equivalent salaries of the highest and lowest paid full-time employees. In 2017-2018, this ratio was 2.19:1.

## **Unlimited Potential**

### **Directors' Report for the Year Ended 31 March 2018**

All staff are eligible to become Supporters (members) of the Society. The Society offers a series of staff benefits to all employees, including: childcare vouchers; discounted sports and gym membership; employee assistance programme; group life assurance up to age 70; group personal pension scheme; group health cash plan; and learning and development budget (equivalent to 2.6% of basic salary).

The Society holds the Investors in People Standard (UK Commission for Employment and Skills, renewed in June 2017). It also holds Disability Confident Employer status (Department for Work and Pensions, renewed in December 2017).

The annual staff engagement survey was run in October 2017. The majority of ratings had improved on the previous survey in 2016. Areas of best performance from which to develop were:

- values - approachability, enterprise, respect
- the Society as a place to work
- staff knowing what is expected of them at work
- staff having the opportunity to do what they do best every day
- staff receiving recognition or praise for doing good work
- line manager, or someone at work, caring about staff as a person
- mission/purpose of the organisation making staff feel their job is important
- fellow staff committed to doing quality work

The Board identified practical action to improve performance in these areas for particular development:

staff having the materials and equipment they need to do their work right

- staff having the materials and equipment they need to do their work right
- staff having someone at work who encourages their development
- staff feeling that their opinions seem to count
- talking with staff about their progress
- staff having opportunities at work to learn and grow

## **2. Governance reports**

### **2.1 Directors**

The Directors who held office during the year were:

Kevin Coakley - maximum term of office ended 31 March, 2018

David Cummins

Christopher Dabbs

Heather Henry - resigned 24 September, 2017

Jacqueline Pollock

Karen Smith - retired 24 October, 2017

Andrew Wynne

David Young - re-elected 24 October, 2017

### **2.2 Corporate Governance**

#### **Decision-making**

The Board is responsible for managing the business of the Society by:

- shaping the organisation's mission and strategic direction
- monitoring and improving performance
- ensuring leadership and resources
- ensuring accountability for activities to relevant parties, especially Supporters

## Unlimited Potential

### Directors' Report for the Year Ended 31 March 2018

In summary, the Board reserves these specific matters for its decision:

- Strategy and policy: strategy; policies; budgets; Advisory Council
- Performance monitoring: performance monitoring; stakeholder and audit feedback; financial reporting; internal controls and risk management
- Leadership and resources: structure, governance and delegation; statutory duties; appointments and remuneration
- Organisational development: board development

The Board delegates all other matters for decision to the Chief Executive, who must record and report to the Board a summary of these decisions and actions.

#### Directors' Interests

During the year, interests declared by Directors were:

Name	Direct material interests	Indirect material interests (including of connected persons to be named)
Kevin Coakley	None.	None.
David Cummins	Managing Director, City West Housing Trust.	None.
Christopher Dabbs	None.	None.
Heather Henry	Director, Brightness Management Ltd. Chair, New NHS Alliance (Primary Care Alliance Ltd.). Trustee, Being There (CALLplus).	None.
Jacqueline Pollock	Employee, NHS England.	None.
Karen Smith	Commissioned by North Manchester Clinical Commissioning Group for business case for community investment programme.	None.
Andrew Wynne	None.	None.
David Young	None.	Married to Paula Braynion, Managing Director of Future Directions CIC, which has had business relationship with Unlimited Potential.

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### Directors' Report for the Year Ended 31 March 2018

#### 2.3 Directors' Performance

##### Attendance record

The Board had three committees (Audit, Remuneration and Statutory Duties), of which individual non-executive directors may be a member of one or more.

Name	Board Meetings - actual (possible)	Committee meetings - actual (possible)
Kevin Coakley	3 (6)	5 (5)
David Cummins	5 (6)	3 (4)
Christopher Dabbs	6 (6)	8 (8)
Heather Henry	2 (2)	2 (3)
Jacqueline Pollock	2 (6)	2 (4)
Karen Smith	1 (3)	0 (3)
Andrew Wynne	5 (6)	5 (8)
David Young	5 (6)	2 (5)

#### 2.4 Statement of Directors' Financial Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law. Under that law, the Directors 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 Society and of the surplus or deficit of the Society for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departure 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 Society will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Society law. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Unlimited Potential**

**Directors' Report for the Year Ended 31 March 2018**

In so far as the Directors are aware:

- there is no relevant audit information of which the Society's auditor is unaware; and
- the Directors have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the Directors

D. Cummins

Director



Approved by the Directors on .....19/9/18.....

## **Unlimited Potential**

### **Independent Auditor's Report to the Members of Unlimited Potential**

#### **Opinion**

We have audited the financial statements of Unlimited Potential (the 'society') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Balance Sheet, 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 FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

#### **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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors 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.

## Unlimited Potential

### Independent Auditor's Report to the Members of Unlimited Potential

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.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account, or
- We have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

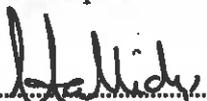
As explained more fully in the Statement of Director's Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director's are responsible for assessing the society'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 Director's either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

  
.....  
Hallidays, Statutory Auditor

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Date: 26/09/16

## Unlimited Potential

### Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover		264,860	539,668
Operating costs		<u>(347,004)</u>	<u>(585,288)</u>
Operating surplus/(deficit)		(82,144)	(45,620)
Other interest receivable and similar income		<u>470</u>	<u>1,175</u>
Surplus/(deficit) on ordinary activities before taxation		(81,674)	(44,445)
Tax on surplus/(deficit) on ordinary activities		<u>-</u>	<u>9</u>
Surplus/(deficit) for the financial year		<u>(81,674)</u>	<u>(44,436)</u>

## Unlimited Potential

(Registration number: 30669R)  
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors	7	13,427	30,622
Cash at bank and in hand		<u>255,459</u>	<u>374,089</u>
		268,886	404,711
<b>Creditors: Amounts falling due within one year</b>	8	<u>(119,022)</u>	<u>(161,088)</u>
<b>Total assets less current liabilities</b>		149,864	243,623
<b>Creditors: Amounts falling due after more than one year</b>	8	<u>-</u>	<u>(12,085)</u>
<b>Net assets</b>		<u>149,864</u>	<u>231,538</u>
<b>Reserves</b>			
Income and Expenditure Account		<u>149,864</u>	<u>231,538</u>
Members' funds		<u>149,864</u>	<u>231,538</u>

These financial statements have been prepared in accordance with the provisions applicable to Public Benefit Entities in accordance with the provisions of FRS 102 Section 1A.

These financial statements were approved by the directors and authorised for issue by the Board on 19/9/18 and signed on its behalf by:



D Cummins  
Director

## **Unlimited Potential**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **1 General information**

Unlimited Potential (society number 30669R) is a Community Benefit Society registered in England and Wales.

The address of its registered office is:

Innovation Forum  
51 Frederick Road  
Salford  
M6 6FP

The trading address of the Society is the same as the registered address.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A for small entities. There were no material departures from that standard. The date of transition is 1 April 2015.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Going concern**

The Society will continue to utilise reserves and this, together with known and prospective sources of income, give the directors sufficient assurance to conclude that these accounts should be prepared on a going concern basis.

##### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Income is recognised when services have been delivered to customers.

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Taxation

We are committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of our being responsible participants in society.

We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax (but no more), at the right rate, in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we actually undertake in the course of our trade.

What we will not ever do is seek to use those options made available in tax law or the allowances and reliefs that it provides in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. As a result the society will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. As a result whilst we will trade with customers and suppliers genuinely located in places considered to be tax havens we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide all that information that users, including HM Revenue & Customs, might need to properly appraise our tax position. We will review this policy with our accountants annually to ensure that it is complied with.

#### Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The minimum level of expenditure on a single item in order for it to be treated as a capital asset in the balance sheet and attract depreciation, unless that assets forms part of a wider program or project of work, refurbishment or upgrade, is £1,000.

#### Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Office equipment	25% - 33% straight line
Leasehold improvement	over the term of the lease

#### Defined contribution pension obligation

The society operates a defined contribution scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. The pension costs charge represents contributions payable by the society to the fund.

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Financial Instruments

The following assets and liabilities are classified as financial instruments - trade debtors, trade creditors and bank loans.

Bank loans are initially measured at the present value of future payments, discounted at a market rate of interests, and subsequently at amortised cost using the effective interest method.

Trade debtors and trade creditors are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and Expenditure Account.

#### 3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 8 (2017 - 15).

#### 4 Directors remuneration

The total directors' remuneration for the year was as follows:

	2018 £	2017 £
Director's remuneration	42,500	64,711
Compensation payments	-	25,000
	<u>42,500</u>	<u>89,711</u>

The remuneration in respect of the highest paid executive director was as follows:

	2018 £	2017 £
Remuneration	<u>42,500</u>	<u>50,000</u>

Non-executive directors do not receive any remuneration.

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 5 Taxation

Current tax	2018	2017
	£	£
Tax on surplus/(deficit) on ordinary activities	0	0
Adjustments in respect of previous years	0	9
UK Corporation tax	<u>0</u>	<u>9</u>
<b>Tax charge</b>	<b>2018</b>	
	£	
UK corporation tax recoverable on losses for the year	0	
Adjustment in respect of prior years	0	
UK current tax charge	<u>0</u>	
Deferred tax		
Timing differences arising in the year	0	
Adjustment in respect of prior years	0	
UK deferred tax charge	<u>0</u>	
Total UK tax charge for the year	<u>0</u>	
<b>Tax reconciliation</b>	<b>2018</b>	
	£	
Losses before tax	<u>81,674</u>	
Tax due if paid at the applicable UK corporation tax rate (20%)	0	
Adjusting items:		
Current tax charge for the year	0	
Adjustments relating to deferred taxation	0	
Impact of capital allowances in excess of depreciation	0	
Short term timing differences on the taxation of interest income	<u>0</u>	

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

Tax charge for the year	0
Effective current tax rate for the year	0%
Effective total tax rate for the year	0%

The society qualifies for the small companies rate of corporation tax in the UK, which was 19% throughout the financial year to which these financial statements relate.

Capital allowances are tax relief provided in law for the expenditure the Society makes on fixed assets. The rates are determined by parliament annually, this year the rate used on the Society's assets is 18%. This contrasts with the accounting treatment for such spending, where the expenditure on fixed assets is treated as an investment with the cost then being spread over the anticipated useful life of the assets as is explained more fully in notes 1 (Accounting Policies) and 6 (Fixed Assets).

The different accounting treatment of fixed assets for tax and accounting purposes means that the taxable income of the Society is not the same as its accounting profit. In years when it is investing significantly in new equipment tax profits are lower than accounting profits and vice versa in years when limited investment occurs. The result is that when, as in the year to which these financial statements relate, the expenditure on fixed assets multiplied by the capital allowance rate can exceed the accounting charge for depreciation, the current tax charge is lower than that expected when multiplying the current profits before tax by the headline tax rate. This difference in treatment would have resulted in a tax saving to the Society of £46.55 in the year.

Adjustments to tax changes arising in earlier years arise for two reasons. The first is that, inevitably, the tax charge to be included in a set of financial statements has to be estimated before those financial statements are finalised. Such charges do, therefore, inevitably, include some estimates that are checked and refined before the Society's corporation tax return for the year is submitted to HM Revenue & Customs, which may reflect a slightly different liability as a result. The second reason is that HM Revenue & Customs may not agree with the tax return that was submitted for a year and the tax liability for a previous year may be adjusted as a result. All the adjustments to the tax charge for prior periods noted in these financial statements arose for the first of these two reasons.

Some expenses any Society occurs may be entirely appropriate charges for inclusion in its financial statements but are, nonetheless, not allowed as an offset against taxable income when calculating the Society's tax liability for the same accounting period. Examples of such disallowable expenditure include business entertainment costs, some legal expenses and some repair costs on buildings and equipment where capital allowances are not available. Expenditure of this sort explains the expenses not deductible for tax purposes arising in the year.

As will be noted from the tax reconciliation, the process of adjustment that can give rise to current year adjustments to tax charges arising in previous periods can also give rise to revisions in prior year deferred tax estimates. This is why the current year adjustments to the current year tax charge for capital allowances and short term timing differences are not exactly replicated in the deferred taxation charge for the year.

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

<b>Cash Paid Reconciliation</b>	<b>2018</b>
	<b>£</b>
Opening corporation tax asset at 01.04.2017	0
Less: current corporation tax refund in the year	0
Add: Interest received on corporation tax refund	0
Add: rounding of corporation tax charge in previous year	0
	<hr style="border: 1px solid black;"/>
Closing corporation tax asset as at 31.03.2018	<u>0</u>

#### **Deferred taxation**

	<b>Capital allowances</b>	<b>Short timing differences</b>	<b>term Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 01.04.2017	0		0
Current year deferred tax charge	0	0	0
Adjustment in respect of prior years	0	0	0
	<hr style="border: 1px solid black;"/>		
Balance as at 31.03.2018	<u>0</u>	<u>0</u>	<u>0</u>

Deferred taxation liabilities represent sums that might become payable in tax in future years as a result of transactions that have occurred in the current year. The explanation as to why such liabilities may arise is included in the notes to the tax reconciliation, above.

At this time all assets are fully depreciated and capital allowances are still being claimed therefore there is no deferred tax liability due at this time.

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 6 Tangible assets

	<b>Leasehold improvements £</b>	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2017	<u>118,084</u>	<u>27,500</u>	<u>145,584</u>
At 31 March 2018	<u>118,084</u>	<u>27,500</u>	<u>145,584</u>
<b>Depreciation</b>			
At 1 April 2017	<u>118,084</u>	<u>27,500</u>	<u>145,584</u>
At 31 March 2018	<u>118,084</u>	<u>27,500</u>	<u>145,584</u>
<b>Carrying amount</b>			
At 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>

#### 7 Debtors

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	7,155	20,634
Other debtors	<u>6,272</u>	<u>9,988</u>
<b>Total current trade and other debtors</b>	<u>13,427</u>	<u>30,622</u>

## Unlimited Potential

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 8 Creditors

	Note	2018 £	2017 £
<b>Due within one year</b>			
Trade creditors		10,132	16,698
Taxation and social security		2,449	4,629
Other creditors		106,441	139,761
		<u>119,022</u>	<u>161,088</u>
<b>Due after one year</b>			
Other non-current financial liabilities		-	12,085

#### 9 Society status

As the society is a community benefit society the members do not beneficially own the society. The liability of the members is limited. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the society in the event of liquidation. At the balance sheet date the society had 37 members. A member may not hold more than one share.

#### 10 Financial commitments, guarantees and contingencies

The total amount of financial commitments not included in the balance sheet is £Nil (2017 - £18,360). This relates to a non-cancellable operating lease for the Innovation Forum tenancy.

## Unlimited Potential

### Detailed Profit and Loss Account for the Year Ended 31 March 2018

	2018 £	2017 £
Turnover (analysed below)	<u>264,860</u>	<u>539,668</u>
Gross profit (%)	100%	100%
<b>Administrative expenses</b>		
Employment costs (analysed below)	(227,009)	(442,354)
Establishment costs (analysed below)	(53,417)	(58,752)
General administrative expenses (analysed below)	(66,186)	(83,685)
Finance charges (analysed below)	<u>(392)</u>	<u>(497)</u>
	<u>(347,004)</u>	<u>(585,288)</u>
Operating loss	(82,144)	(45,620)
Other interest receivable and similar income (analysed below)	<u>470</u>	<u>1,175</u>
Loss before tax	<u>(81,674)</u>	<u>(44,445)</u>

## Unlimited Potential

### Detailed Profit and Loss Account for the Year Ended 31 March 2018

	2018 £	2017 £
<b>Turnover</b>		
Sales, UK	264,760	539,235
Interest received	100	433
	<u>264,860</u>	<u>539,668</u>
<b>Employment costs</b>		
Wages and salaries	(154,922)	(299,664)
Staff NIC (Employers)	(10,815)	(24,551)
Directors remuneration	(42,500)	(64,711)
Staff pensions (Defined contribution)	(11,148)	(21,957)
Directors pensions (Defined contribution)	(7,624)	(6,471)
Compensation payments	-	(25,000)
	<u>(227,009)</u>	<u>(442,354)</u>
<b>Establishment costs</b>		
Rent and rates	(29,751)	(46,304)
Insurance	(5,648)	(5,349)
Repairs and maintenance	(5,778)	(3,318)
IT & office equipment costs	(753)	(3,781)
Moving expenses	(11,487)	-
	<u>(53,417)</u>	<u>(58,752)</u>
<b>General administrative expenses</b>		
Telephone and fax	(3,939)	(8,530)
Functions, events and refreshments	(2,210)	(3,292)
Printing, postage and stationery	(5,089)	(6,127)
Sundry expenses	(25,883)	(27,760)
Training and recruitment	(2,230)	(1,615)
Irrecoverable VAT	-	(7,972)
Travel and subsistence	(9,299)	(4,824)
Advertising	(1,831)	(103)
Accountancy fees	(3,960)	(3,780)
Auditor's remuneration - The audit of the society's annual accounts	(4,260)	(4,050)
Consultancy fees	(5,450)	(10,438)
Legal and professional fees	(2,035)	(5,209)
Bad debts written off	-	15
	<u>(66,186)</u>	<u>(83,685)</u>
<b>Finance charges</b>		
Bank charges	(392)	(497)

This page does not form part of the statutory financial statements.

## Unlimited Potential

### Detailed Profit and Loss Account for the Year Ended 31 March 2018

**Other interest receivable and similar income**

Bank interest receivable

470 1,168

Other interest receivable

- 7

470 1,175

## Unlimited Potential

### iXBRL Detailed Profit and Loss Account for the Year Ended 31 March 2018

	2018 £	2017 £
Turnover/revenue	<u>264,860</u>	<u>539,668</u>
<b>Cost of sales</b>		
<b>Distribution costs</b>		
<b>Administrative expenses</b>		
Audit and accountancy audit costs	(4,260)	(4,050)
Audit and accountancy other services	<u>(3,960)</u>	<u>(3,780)</u>
Audit and accountancy costs	<u>(8,220)</u>	<u>(7,830)</u>
Advertising, promotions and marketing costs	(1,831)	(103)
Rent, rates and services costs	(29,751)	(46,304)
Property repairs and maintenance costs	(11,487)	-
Other repairs and maintenance costs	(6,531)	(7,099)
Cleaning costs	(2,230)	(1,615)
Wages and salaries excluding directors	(154,922)	(299,664)
Social security costs excluding directors	(10,815)	(24,551)
Pension costs defined contribution schemes excluding directors	<u>(11,148)</u>	<u>(21,957)</u>
Staff costs excluding directors	<u>(176,885)</u>	<u>(346,172)</u>
Salaries and fees, directors	(42,500)	(89,711)
Society contributions to money purchase plans, directors	<u>(7,624)</u>	<u>(6,471)</u>
Staff costs, directors	(50,124)	(96,182)
Consultancy costs	(5,450)	(10,438)
Travel and subsistence	(9,299)	(4,824)
Legal and professional costs	(2,035)	(5,209)
Bad debts and impairment losses	-	15
Bank charges	(392)	(497)
Insurance costs	(5,648)	(5,349)
Telecommunications	(3,939)	(8,530)
Printing, postage and stationery	(5,089)	(6,127)
Irrecoverable VAT	-	(7,972)
Other costs	<u>(28,093)</u>	<u>(31,052)</u>
<b>Other operating income</b>		
<b>Other items</b>		
Loss on ordinary activities before finance charges and interest	(82,144)	(45,620)
Bank interest and similar income receivable	470	1,168
Non-bank interest and similar income receivable	<u>-</u>	<u>7</u>
Loss on ordinary activities before taxation	(81,674)	(44,445)
Tax on profit or loss on ordinary activities	<u>-</u>	<u>9</u>

**Unlimited Potential**

**iXBRL Detailed Profit and Loss Account for the Year Ended 31 March 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	<b><u>(81,674)</u></b>	<b><u>(44,436)</u></b>

