

Registration number: 30669R

Unlimited Potential

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2021

Hallidays
Chartered Accountants
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Unlimited Potential

Contents

Directors' Report	1 to 12
Reporting accountant's report to the Directors of Unlimited Potential	13
Profit and Loss Account	14
Balance Sheet	15
Notes to the Financial Statements	16 to 23

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

The Directors have pleasure in presenting their report and the financial statements of the Society for the year ended 31 March, 2021.

1. Strategic reports

1.1 Principal Objects

The Society exists to make the world a happier and healthier place to live.

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 Principal Activities

The Society specialises in social innovation: designing, developing and growing new ideas to meet social and economic challenges. It is innovation that leaves behind a stronger capacity for society to act.

During 2020-2021, the main projects run by the Society were:

Breath Stars	singing for lung health specifically for children with asthma
COVID-19 Emergency	distributing £100,000 from Lankelly Chase Foundation to 26 disabled people's organisations and community organisations supporting those at risk of domestic abuse across Greater Manchester
Elephants Trail	co-producing solutions with people with lived experience of severe and multiple disadvantage
Empower You	enabling physical activity by disabled people and inclusive environments for it
Greater Moments	improving and recording the well-being of people with dementia

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

Innovation for Recovery	developing our society to fulfil our business plan for 2020-2023
Local Employment	improving employment opportunities for local people at anchor institutions
Spreading Our Net	improve access to fun, friendships and meaningful activities with local people who are lonely or socially isolated
Wellbeing Matters	supporting people to connect to local community assets to improve their well-being, reducing the need for intervention by health and care services

1.3 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.

Business model and income streams.

The Society focuses on issues that either communities or public service organisations perceive as being the most difficult or apparently insoluble. It maintains and constantly develops a pipeline of potential projects, whose likelihood is assessed and regularly reviewed.

Income comes either directly from public service organisations, or from organisations willing to fund social or economic innovation. It is usually paid in advance, either fully or in tranches.

In principle, once a project had been fully developed, the Society's aims to enable mainstreaming and replication, by creating the infrastructure to do so independently of the Society.

Customers and contractual arrangements.

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

- Future Directions CIC
- Greater Manchester Combined Authority
- Lankelly Chase Foundation
- Northern Care Alliance NHS Group
- Salford City Council
- Salford Clinical Commissioning Group
- Salford Community and Voluntary Services (CVS)
- Salford Third Sector Consortium
- Trafford Council

The annual survey of customers was run in October 2020. The Society performed well in almost all areas. Its ratings improved in about half of the key aspects but remained the same in two and declined in two, in comparison to the previous survey in 2019. There were areas for improvement and development. The Board identified practical action to improve performance in terms of:

- prioritising work and developments

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

- diversity of staff
- marketing the organisation's whole offer (not just individual projects) and its "radical and deeply caring nature"
- succinctness in communication

Social, economic and environmental impacts.

The Society is a social enterprise, re-certified by Social Enterprise UK in April 2021.

The Society believes in paying the right amount of tax in the right place at the right time and applying the gold standard of tax transparency. It has held the Fair Tax Mark since 2015, most recently renewed in November 2020.

The Society assesses its wider social, economic and environmental impact each year against a series of outcome indicators.

In 2017, the Society made a series of Social in Salford pledges to Salford Social Value Alliance to improve by at least 10% its performance against its social, economic and environmental measures. These pledges and the performance against them are shown below.

Society		
Numbers in membership:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
increase membership by 10% (to 42 total) by 2021 [long-term target of 80]	* On the Register of Supporters (members), the number at 31 March, 2021, was 38: • client = 4 (10.5%) • staff = 8 (21.1%) • associate = 26 (68.4%)	↑ increase of 2.7% (from 37 at 31 March, 2020)
Level of membership(-related) activity:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
Increase the members attending annual meetings by 10% (to 22 total) by 2021	* 10 Supporters (members) attended the Annual Meeting on 27 October, 2020. [held online]	↓ decrease of 16.7% (from 12 Supporters at the Annual Meeting on 29 October, 2019)
Activity of the Advisory Council:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
a minimum of four and a maximum of 12 members (Rules of the Society)	* On the Register of Advisory Council Members, the number of Members at 28 February, 2021, was one: • client = 1 (100.0%) • staff = 0 (0.0%) • associate = 0 (0.0%)	↓ decrease of 66.7% (from three Members on 31 March, 2020)
a minimum of four meetings per year (Rules of the Society)	* The Advisory Council held 0 meetings during 2020-2021.	↓ decrease of 100.0% (from five meetings during 2019-2020)

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

Economy		
Ethical purchasing:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
increase the proportion of non-direct/staffing expenditure spent with ethical suppliers by 10% (to 55%) by 2021	✓ The proportion of non-direct/staffing expenditure spent with ethical suppliers was 60.77%.	↓ decrease of 10.9% (from 68.23% in 2019-2020)
Local employment:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
increase the proportion of employees that are local residents (living within 5 miles of normal work base) by 10% (to 88%) by 2021	× At the end of 2020-2021, 66.7% (6 of 9) employees were local residents (living within five miles of their normal work base)	↑ increase of 16.8% (from 57.1% (4 of 7 employees) at the end of 2019-2020)
Environment		
Energy efficiency:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
improve energy efficiency by 10% (to 0.633 tonnes CO _{2e} per person) by 2021	✓ 0.012 tonnes CO _{2e} per person	↑ decrease of 96.0% (from 0.298 tonnes CO _{2e} per person equivalent in 2019-2020)
Waste and emissions:		
<i>pledge:</i>	<i>performance 2020-2021:</i>	<i>annual change:</i>
reduce waste by 10% (to 37.4 bins per person) by 2021	✓ total bins – 0.25 per person	↑ decrease of 97.7% (from 11.0 bins per person in 2019-2020)
reduce travel emissions from commuting by 10% (to 0.494 tonnes CO _{2e} per person) by 2021	✓ commuting: 0.024 tonnes CO _{2e} per person	↑ decrease of 97.2% (from 0.868 tonnes CO _{2e} per person in 2019-2020)
reduce travel emissions from business travel by 10% (to 0.113 tonnes CO _{2e} per person) by 2021	✓ <i>business-related travel:</i> 0.018 tonnes CO _{2e} per person	↑ decrease of 94.8% (from 0.347 tonnes CO _{2e} per person in 2019-2020)

Note: the very large improvements in environmental performance in 2020-2021 were primarily due to the organisational response to the COVID-19 situation.

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

1.4 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
- backing up records off-site
- risk register (within business continuity plan), with named responsibility for each risk

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.

1.5 Strategy

Effective action by the directors has improved the Society's financial position, with a surplus in two of the past three years. The Society is still able to use reserves to fulfil its obligations, but has to respond to challenging market conditions and the economic impact of the COVID-19 (coronavirus) situation. This is outlined in its Business Plan 2020-2023.

The strategic approach within the Business Plan to 2023 is to:

- build on Unlimited Potential's strengths in engaging with citizens and communities, especially those who are disadvantaged and marginalised
- focus on innovation - developing new responses to the requirements of customers and communities
- diversify our activity in three ways:
 - broadening the geographical footprint of the Society
 - broadening the range of projects, especially beyond health and well-being

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

- into greater non-public sector income
- develop partnerships with other organisations, as appropriate
- evolve stronger links with other bodies for innovation, research and evaluation

We want to evolve our market share in both social and economic fields. Our development priorities are to:

- continue our work on tackling social issues together with local people and communities
- apply our approach to tackling economic issues, working towards an inclusive economy with a fairer distribution of wealth
- develop our innovation, not only as a process, but as a 'product' in its own right
- explore the potential of digitisation for social and economic innovation

Our key priority themes are:

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

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

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

Political	Economic
<ul style="list-style-type: none"> •demise of two-party politics and the changing parliamentary landscape •political instability – vulnerable to being ignored •declining confidence in the political system and changes in voter landscape •civic engagement transformed rather than diminished •vortex from UK leaving the European Union •opportunity to represent public priorities while political focus on 'Brexit' •diminished statutory funding and the impact of austerity •increased privatisation and local strategic partnerships •inclusive economic agendas •devolution and localism •increasing citizen engagement •commodification of membership 	<ul style="list-style-type: none"> •growing inequality in ownership of wealth •continuing economic uncertainty and threat of new recession •increasing job instability and growth of the 'gig economy' •low interest rates on the rise •slowdown in growth for house prices •constrained public spending •changing welfare state •development of social and ethical enterprise •UK leaving the European Union •impact of COVID-19 (coronavirus)
Social	Technological
<ul style="list-style-type: none"> •increasing inequality and social divides •an aging population will continue to transform society •demand for services will grow as the population ages •family and household structures in the UK are evolving •UK continues to become more culturally diverse •migration remains a central and divisive issue •increasing personalisation of services 	<ul style="list-style-type: none"> •internet access continues to grow •increasingly easy connectivity – social media, online communities •smartphones are changing the way people access and use the internet •technological changes and advances are speeding up •evolution of artificial intelligence •cashless technology is transforming banking and payments •social organisations have had mixed success at adapting to digital

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

Legal	Environmental
<ul style="list-style-type: none"> •growth of political campaigning and the Lobbying Act 2014 •growth of equalities legislation •growth of privacy and data protection regulations and the General Data Protection Regulation •increasing use of social value legislation •legal changes as a result of the UK leaving the European Union 	<ul style="list-style-type: none"> •sustainability, global heating and climate breakdown are now public priorities •ethical living and consumerism is growing •social organisations need to innovate to keep up with ethical market trends •development of corporate responsibility

The directors recognise that the impact of COVID-19 (coronavirus) has and will continue to have social and economic consequences. The Society has sought and will continue to play its part in mitigating the negative effects on its stakeholders, and will develop plans that contribute towards fulfilling its mission.

1.6 Member benefits

Each Supporter (member) holds one share in the Society, which may not be transferred or withdrawn. Supporters do not beneficially own the Society: shares do not carry any right to interest, dividend or bonus.

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 2020. The society performed well in all but one area. Its ratings improved in most areas, but remained the same in two and declined in two, in comparison to the previous survey in October 2019. There were several areas for improvement and development. The Board identified practical action to improve performance in terms of:

- society (involving local people in developing the organisation and its projects)
- economy (maximising opportunities for local people to gain employment with the organisation)

The Society wants to do more to encourage people to join as Supporters (members) and to be active in the Society. It wants to change its relationship with its Supporters, and aims to do co-operation differently for the purpose of creative invention and innovation. The Society now runs brief monthly surveys of Supporters on different aspects of the Society's activities. Engaging Supporters will also be done by:

- offering new and frequent opportunities to participate
- creating a virtual space to create new interesting 'stuff'
- supporters (members) getting involved in doing/testing 'stuff'

The society has 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.

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

1.7 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-operative Councils Innovation Network; Co-operatives UK; Greater Manchester Chamber of Commerce; and Social Enterprise UK. It is also active in: Business Group Salford; Greater Manchester Social Enterprise Network; Greater Manchester VCSE Leadership Group; Salford Social Enterprise City; and Salford Social Value Alliance.

1.8 Colleagues and Remuneration

At 31 March, 2021, there were 7.8 whole-time equivalent staff posts (5 full-time and 4 part-time). This is an increase of 34.5% from 31 March, 2020, when there were there were 5.8 whole-time equivalent staff posts (3 full-time and 4 part-time).

The Society has held the Investors in People Standard since 2010 (Investors in People CIC, renewed in July 2020 until June 2023). It became a Supporter of the Greater Manchester Good Employment Charter in February 2020, and was made a Member in September 2020 (one of the first 15 employers to gain this status). It also holds Disability Confident Leader status (Department for Work and Pensions, December 2019 until December 2022).

The Society has been an accredited Living Wage Employer since 2013 (Living Wage Foundation, renewed in March 2021) and has a trade union Recognition Agreement with Unison. It led on Salford becoming the first place in England to get formal recognition for its ambition to become a Living Wage City in November 2019.

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 2020-2021, this ratio was 2.26:1, compared to 2.22:1 in 2019-2020.

All staff are eligible to become Supporters (members) of the Society. The Society also offers a series of staff benefits to all employees, including: tax-free child care; discounted sports and gym membership; employee assistance programme; group life assurance up to age 65; group personal pension scheme; group health cash plan; individual learning and development budget; and sabbatical leave.

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

The annual staff engagement survey was run in October 2020. The Society had performed well in 11 areas and fair in five areas. Its ratings had improved in two areas, remained the same in most and declined in four, in comparison to the previous survey in October 2019.

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

- staff knowing what is expected of them at work
- staff having the materials and equipment they need to do their work right
- staff having the opportunity to do what they do best every day
- staff feeling that their opinions seem to count
- having a good friend at work

2. Governance reports

2.1 Directors

The Directors who held office during the year were:

David Cummins

Christopher Dabbs

Jacqueline Pollock - re-elected 27 October, 2020

David Young

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

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.

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

Directors' Interests

During the year, interests declared by Directors were:

Name	Direct material interests	Indirect material interests (including of connected persons to be named)
David Cummins	None.	Chief Executive of Warrington Housing Association (although Unlimited Potential does not currently actively work in the Warrington area).
Christopher Dabbs	None	None.
Jacqueline Pollock	Employee, NHS England.	None.
David Young	None.	Married to Paula Braynion, Managing Director of Future Directions CIC, which does business with Unlimited Potential from time to time.

2.3 Directors' Performance

Attendance record

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

Name	Board meetings actual (possible)	Committee meetings actual (possible)
David Cummins	7 (7)	3 (5)
Christopher Dabbs	7 (7)	7 (7)
Jacqueline Pollock	6 (7)	7 (7)
David Young	6 (7)	6 (6)

Unlimited Potential

Directors' Report for the Year Ended 31 March 2021

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.

At the annual meeting on 27 October, 2020, the Supporters (members) of the society, in respect of the accounting year ending on 31 March, 2021, resolved to disapply the duty to appoint financial auditors to audit its accounts and balance sheet, as allowed under section 84 of the Co-operative and Community Benefit Societies Act 2014. This means that the Supporters (members) appointed a reporting accountant to do a limited assurance review, and to produce a report on the Society's account and balance sheet for the year, and a report relating to the preceding year of account that states whether the financial criteria for the exercise of the power to disapply the duty to have a full audit were met.

In so far as the Directors are aware:

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

Signed on behalf of the Directors


D. Cummins

Director

Approved by the Directors on 23/9/21

Unlimited Potential

Reporting accountant's report to the Directors of Unlimited Potential

We report to the directors on our examination of the accounts of Unlimited Potential (the Society) for the year ended 31st March 2021.

Responsibilities and basis of report

As the directors of the Society you are responsible for the preparation of the accounts in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We report in respect of our examination of the Director's accounts carried out under section 85 of the Co-operative and Community Benefit Societies Act 2014.

No issues of concern have come to our attention during our examination of the accounts.

Reporting accountant's report

In our opinion:

- the profit and loss account, and the balance sheet are in agreement with the books of account kept by the society for the year ended 31 March 2021
- on the basis of the information contained in the books of account, the statutory accounts complies with the requirements of the Act, and
- the financial criteria stated in Section 84, allowing the production of a report instead of a full audit have been met.

Signed:



Date:

24/09/21

Hallidays
Chartered Accountants
Riverside House
King's Reach Business Park
Yew Street
Stockport
SK4 2HD

Unlimited Potential

Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover		389,608	268,710
Operating costs		(326,630)	(298,945)
Other operating income		<u>5,936</u>	<u>-</u>
Operating surplus/(deficit)		68,914	(30,235)
Other interest receivable and similar income		<u>258</u>	<u>451</u>
Surplus/(deficit) on ordinary activities before taxation		<u>69,172</u>	<u>(29,784)</u>
Surplus/(deficit) for the financial year		<u>69,172</u>	<u>(29,784)</u>

The notes on pages 16 to 23 form an integral part of these financial statements.

Unlimited Potential

(Registration number: 30669R)
Balance Sheet as at 31 March 2021

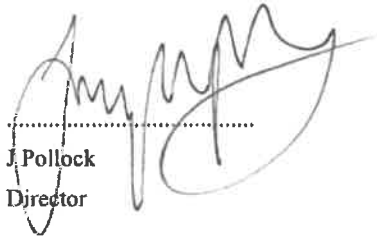
	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	2,247	-
Current assets			
Debtors	6	12,564	13,463
Cash at bank and in hand		<u>517,610</u>	<u>326,493</u>
		530,174	339,956
Creditors: Amounts falling due within one year	7	<u>(338,035)</u>	<u>(214,742)</u>
Net current assets		<u>192,139</u>	<u>125,214</u>
Net assets		<u>194,386</u>	<u>125,214</u>
Reserves			
Income and Expenditure Account		<u>194,386</u>	<u>125,214</u>
Members' funds		<u>194,386</u>	<u>125,214</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 directors on 23/9/21



D Cummins
Director



J Pollock
Director



C Dabbs
Director and Society Secretary

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

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 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Taking account of known and prospective sources of income and the policy of utilising reserves as and when required, 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.

Grants

Grants are recognised under the accrual model. The society recognises income from grants on a systematic basis over the periods in which the society recognises the costs of providing grant funded services.

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

2 Accounting policies (continued)

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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

2 Accounting policies (continued)

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.

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 the director) during the year, was 8 (2020 - 7).

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

4 Taxation

Current tax	2021	2020
	£	£
Tax on surplus/(deficit) on ordinary activities	0	0
Adjustments in respect of previous years	0	0
UK Corporation tax	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>
 Tax charge		
	2021	
	£	
UK corporation tax payable on profits for the year	0	
Adjustment in respect of prior years	0	
UK current tax charge	<u>0</u>	
	<u><u>0</u></u>	
Deferred tax		
Timing differences arising in the year	0	
Adjustment in respect of prior years	0	
UK deferred tax charge	<u>0</u>	
	<u><u>0</u></u>	
Total UK tax charge for the year	<u><u>0</u></u>	
 Tax reconciliation		
	2021	
	£	
Profit before tax	<u>69,172</u>	
Expected tax due if paid at the applicable UK corporation tax rate (19%)	13,143	
Adjusting items:		
Brought forward tax losses utilised	(12,716)	
Adjustments relating to deferred taxation	0	
Impact of capital allowances in excess of depreciation	(427)	
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 2021

Current 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.

In previous years the Society's profit and loss account has been in deficit. This has resulted in the accumulation of losses for corporation tax purposes, which have been brought forward and utilised against the surplus in the current period. The result of which is that for the current period there is no corporation tax payable to HM Revenue & Customs. This is expected to continue in future years as the accumulated losses are appropriately offset against any future surpluses.

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 5 (Tangible 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 the expenditure on fixed assets multiplied by the capital allowance rate exceeds 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.

Adjustments to tax charges 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.

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

Cash Paid Reconciliation	2021
	£
Opening corporation tax asset at 01.04.2020	70
Less: current corporation tax refund in the year	0
Less: corporation tax charge in current year	0
Add: rounding of corporation tax charge in previous year	0
	<hr/>
Closing corporation tax asset as at 31.03.2021	70
	<hr/> <hr/>

Deferred taxation

	Capital allowances	Short-term timing differences	Total
	£	£	£
Balance as at 01.04.2020	0	0	0
Current year deferred tax charge	0	0	0
Adjustment in respect of prior years	0	0	0
	<hr/>	<hr/>	<hr/>
Balance as at 31.03.2021	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

5 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 April 2020	27,500	27,500
Additions	2,708	2,708
At 31 March 2021	<u>30,208</u>	<u>30,208</u>
Depreciation		
At 1 April 2020	27,500	27,500
Charge for the year	461	461
At 31 March 2021	<u>27,961</u>	<u>27,961</u>
Carrying amount		
At 31 March 2021	<u>2,247</u>	<u>2,247</u>

6 Debtors

	2021 £	2020 £
Trade debtors	7,540	8,674
Other debtors	5,024	4,789
Total current trade and other debtors	<u>12,564</u>	<u>13,463</u>

Unlimited Potential

Notes to the Financial Statements for the Year Ended 31 March 2021

7 Creditors

	Note	2021 £	2020 £
Due within one year			
Trade creditors		3,624	6,660
Taxation and social security		12,093	6,653
Other creditors		<u>322,318</u>	<u>201,429</u>
		<u>338,035</u>	<u>214,742</u>

8 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 38 members. A member may not hold more than one share.

9 Directors remuneration

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

	2021 £	2020 £
Director's remuneration	<u>45,580</u>	<u>43,350</u>

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

	2021 £	2020 £
Remuneration	<u>45,580</u>	<u>43,350</u>

Non-executive directors do not receive any remuneration.

Unlimited Potential

Detailed Profit and Loss Account for the Year Ended 31 March 2021

	2021 £	2020 £
Turnover (analysed below)	<u>389,608</u>	<u>268,710</u>
Gross profit (%)	100%	100%
Administrative expenses		
Employment costs (analysed below)	(224,329)	(183,538)
Establishment costs (analysed below)	(24,157)	(23,301)
General administrative expenses (analysed below)	(77,300)	(91,707)
Finance charges (analysed below)	(383)	(399)
Depreciation costs (analysed below)	<u>(461)</u>	<u>-</u>
	(326,630)	(298,945)
Other operating income (analysed below)	<u>5,936</u>	<u>-</u>
Operating profit/(loss)	68,914	(30,235)
Other interest receivable and similar income (analysed below)	<u>258</u>	<u>451</u>
Profit/(loss) before tax	<u><u>69,172</u></u>	<u><u>(29,784)</u></u>

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

Unlimited Potential

Detailed Profit and Loss Account for the Year Ended 31 March 2021

	2021 £	2020 £
Turnover		
Sales, UK	<u>389,608</u>	<u>268,710</u>
Employment costs		
Wages and salaries	(150,996)	(116,185)
Staff NIC (Employers)	(10,832)	(8,834)
Directors remuneration	(45,580)	(43,350)
Staff pensions (Defined contribution)	(12,027)	(10,515)
Directors pensions (Defined contribution)	<u>(4,894)</u>	<u>(4,654)</u>
	<u>(224,329)</u>	<u>(183,538)</u>
Establishment costs		
Rent and rates	(11,691)	(11,724)
Light, heat and power	(646)	-
Insurance	(4,042)	(3,638)
Repairs and maintenance	(6,466)	(6,725)
IT & office equipment costs	<u>(1,312)</u>	<u>(1,214)</u>
	<u>(24,157)</u>	<u>(23,301)</u>
General administrative expenses		
Telephone and fax	(1,365)	(1,068)
Functions, events and refreshments	(839)	(1,457)
Printing, postage and stationery	(352)	(796)
Trade subscriptions	(1,526)	(1,691)
Sundry expenses	(6,730)	(7,007)
Training and recruitment	(3,810)	(3,498)
Irrecoverable VAT	(4,452)	(4,156)
Travel and subsistence	(411)	(6,272)
Hotels	-	(724)
Advertising	(264)	(15,059)
Accountancy fees	(6,240)	(5,853)
Consultancy fees	(26,450)	(43,526)
Legal and professional fees	(602)	(600)
Bad debts written off	(36)	-
Exceptional administrative expenses	<u>(24,223)</u>	<u>-</u>
	<u>(77,300)</u>	<u>(91,707)</u>
Finance charges		
Bank charges	<u>(383)</u>	<u>(399)</u>
Depreciation costs		
Depreciation of office equipment (owned)	<u>(461)</u>	<u>-</u>

Unlimited Potential

Detailed Profit and Loss Account for the Year Ended 31 March 2021

Other operating income		
Miscellaneous other operating income	<u>5,936</u>	<u>-</u>
Other interest receivable and similar income		
Bank interest receivable	258	421
Other interest receivable	<u>-</u>	<u>30</u>
	<u>258</u>	<u>451</u>