

Charity Registration No. 1010203

Company Registration No. 02699682 (England and Wales)

IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ms P Berry	
	Mr M Burns	(Appointed 14 April 2021)
	Mr A Connor	(Appointed 2 April 2020)
	Ms K Haslam	(Appointed 2 April 2020)
	Mr C Poole	
	Ms Geraldine Poole (please refer to Chair's Statement)	
Chief Executive and Company Secretary	Ms M Hanson	
Charity number	1010203	
Company number	02699682	
Registered office	25 Hope Street Liverpool L1 9BQ	
Auditor	BWM Suite 5.1 12 Tithebarn Street Liverpool L2 2DT	
Bankers	HSBC plc 99-101 Lord Street Liverpool L2 6PG	

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IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

I commend this report as an accurate and fair account of Imagine Independence's activities from April 2020 to March 2021.

2020/21 has been an incredibly challenging year for everyone due to the impact of COVID-19. For a charity like Imagine, which provides direct support to people in their homes, meeting this challenge and maintaining staffing levels in a safe environment has been even more important for both Imagine's staff and the people they support.

Despite these unprecedented issues, Imagine has had a successful year. In 2018/19 the Board reviewed its business plan, charitable objectives and staff resources, to ensure that the organisation was fit for purpose to secure new contracts and address the underlying financial deficits. It is pleasing to be able to report that, despite COVID, these objectives have been achieved in 2020/21 and are reflected in this report.

Structure, Governance and Management

As Trustees, the Board is principally responsible for policy, strategy and corporate governance. Meetings are held quarterly with the Senior Management Team (SMT). Between formal Board meetings, the Trustees maintain contact with each other and the SMT to monitor ongoing issues and to decide the agenda for the formal Board meeting. The Board adjusted its normal cycle of business in this year to better meet the demands placed on the organisation during the acute phase of the pandemic. An agile way of working was introduced that freed up the SMT to focus more on the operational issues that they needed to address. All Board meetings went on line, using Zoom, and the committee cycle of meetings was replaced with monthly Board meetings. A pared down agenda meant the Board could give its attention to the key risks facing the organisation during the past 12 months.

In addition to the full Board of Trustees, quarterly meetings are held to provide a more detailed scrutiny of individual service areas, as follows:

- a. The Finance and Planning Committee - responsible for the overview and monitoring of strategic planning, corporate governance and budgetary processes;
- b. Quality and Performance Committee – responsible for the overview of service standards and compliance with statutory, regulatory and commissioning standards;
- c. The HR Committee-responsible for the oversight of all matters related to the recruitment, retention and reward of staff.

All Committees are chaired by a Trustee and attended by a member of the SMT, as appropriate.

Following a review of the Charity's Governance Framework, together with the recommendations from the annual audit for 2019-20, the Board decided to refresh its governance arrangements. This work is continuing into 2021-22 to ensure that the Board and the governance of the organisation are appropriate to the post Covid 19 environment.

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Risk review

The Board's review of risk continues to be broadly based on the key risks shown below. The register is supported by detailed operational policies and procedures which are regularly reviewed internally and externally audited. The corporate risk register comprises five themes:

- Theme 1 – Governance Risks
- Theme 2 – Operational Risks
- Theme 3 – Financial Risks
- Theme 4 – External/Environmental Risks
- Theme 5 – Compliance Risks

The Trustees assess all identified and potential risks together with the actions proposed to mitigate the impact on Imagine. Although these risks tend to remain relatively consistent, they have been re-evaluated across the year under consideration to reflect the potential for increased risks as a result of the pandemic. During 2020/21 within the overall risks the Board decided to focus on four Key Risks:

- Key Risk 1 – COVID-19
- Key Risk 2 – Finance
- Key Risk 3 – Business Infrastructure and Processes
- Key Risk 4 - Governance

The implications, various actions and responsibilities linked to these risks have been considered and documented by the Board at each meeting during 2020/21.

Contingent liabilities

Contingent liabilities continue to be an issue, which are a matter of discussion between Imagine and the Pensions Trust. As stated in previous reports, the deficit is small and represents a technical deficit only, with no immediate prospect of a call on charitable funds to supplement the Pension Trust's assets. This is monitored throughout the year when new information is made available and when a new actuarial valuation/funding statement is issued.

Finance

Imagine made an overall surplus of £326,586 in 2020/21 (compared to the surplus of £1,020 in 2019/20), which points to the success in meeting the objectives of the Financial Recovery Plan approved by the Board in 2018. As a result, the organisation's total funds were £1,845,133 at 31 March 2021, compared to £1,518,547 at 31 March 2020.

Pay Policy for Senior Staff

The Board of Directors are the Charity's Trustees. All Directors give of their time freely and no Director received remuneration in the year. Details of Directors' expenses and related third party transactions are disclosed in the notes to the accounts.

The Senior Management Team (SMT) is comprised of the key management personnel of the charity, who are responsible for directing and controlling, running and operating services on a day-to-day basis. The pay of the SMT is reviewed annually, at the same time as the pay of all staff is considered by the HR Committee. In view of the financial pressures on the organisation from the public sector austerity measures, it is not considered appropriate for any automatic uprating of salaries in line with any index. Salary levels are considered in the context of the recruitment pressures, statutory guidance, financial performance, and the overall financial health of the charity. During 2020/21, senior managers received a salary increase in line with that awarded to all other staff.

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Environmental Issues

The board continues to be aware of its responsibilities to address environmental issues. Pending the completion of the Governance Review, the role of Environmental Champion is currently unallocated.

Employment and Training

Imagine operates an Equal Opportunities Policy; firstly, to ensure that staff, the people supported by Imagine, and its volunteers are treated with respect and dignity; and, secondly, so that the organisation employs a diverse range of people who reflect the communities in which Imagine works.

Imagine continues to create opportunities for all staff to develop appropriate skills and understanding and, with the exception of a small number of recently recruited staff, the Board is pleased to report that the strategic aim of 100% of our staff achieving NVQ level 2 or its equivalent is met.

This report reflects a year of unprecedented challenge for Imagine. It is pleasing to note that, as a result of the improvements achieved in recent years, the staffing resources and financial standing of the charity have proved robust enough to meet these challenges.

The Trustees warmly acknowledge and thank staff, volunteers and the people being supported for their individual contributions to Imagine's work.

I would personally like to thank my fellow Trustees and the SMT for both their support to me, and their commitment to Imagine.

A late and very sad update is to pass on the news that our trustee, Geraldine Poole passed away recently after a short illness. Geraldine was the personification of all that Imagine does well and was a founder of the charity, as well as an active and passionate champion of those experiencing mental ill health. Her kindness, wisdom and good humour have been a guiding beacon in Imagine. She is simply irreplaceable and we will miss her.

.....
Pauline Berry

Chair of the board of trustees

Dated: 16 December 2021

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

Imagine Independence (also known as Imagine) seeks to promote opportunities for people to live a full and independent life. It aims to achieve this without prejudicial thought or action.

Imagine seeks to support the preservation and safeguarding of mental health, assist in relieving and rehabilitating persons suffering from mental disorder, conditions of emotional or mental distress, any physical illness or any disability, including learning disabilities and dementia. These aims are principally supported through the provision of commissioned services.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

This report focuses on a year that has been like no other for so many health and social care organisations. The impact of the Covid 19 pandemic on the sector in which Imagine operates has been both terrible and transformative at the same time. Externally, Covid 19 exposed and exacerbated the weaknesses in a social care system that had been underfunded during the preceding 10 years of austerity. It required everyone in the organisation to go above and beyond, day in day out, to ensure that we kept the people being supported, and our colleagues, as safe and well as possible.

At the same time, the pandemic provided a platform on which organisational transformation could be driven. The requirement for around a third of Imagine's employees to work from home accelerated the move towards achieving the Board's aim for Imagine to become 'digital by default' within the period 2020-23. Colleagues who had proclaimed themselves as novices when it came to using IT, quickly adapted to the new normal and delighted in working in the virtual Microsoft teams environment. The planned reprovision of IT kit was brought forward and, with the other equipment provided, ensured both home and agile working became a reality. The experience and learning from this period will be used to inform the organisation's introduction of a 'hybrid' approach to work, as part of its business plan for 2022-25.

Meanwhile, the staff who remained in the 'front-line', as key workers, continued to display their dedication to the people they support. Looking back, it is a testament to their mission and purpose that they did so. In the early days of the pandemic, very little was known about how the virus spread; there was scant availability of Personal Protective Equipment; and whole days of management time were spent putting infection prevention arrangements into place only to have to change them the next day as Public Health England or Government guidance was altered. It was a number of months before the organisation could put any reliance upon the central government supply chain to provide the amount of PPE required for all of its registered services. This did cause a lot of anxiety to staff and took managers' focus away from their more normal tasks, as they chased down the correct grade of facemasks; distributed PPE; audited infection prevention procedures; and supported the people using Imagine's services to maximise their health and wellbeing throughout the crisis.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

The energy and resilience required to keep operating over many months in this 'emergency' mode cannot be underestimated. Many of the people being supported had lived with enduring mental illness across their adult lives. The impacts of the national lockdowns on their wellbeing cannot be under-estimated. The daily routines and social networks built up over many years, which helped to maintain their mental wellbeing and promote their recovery, were disrupted in this period. Staff made great efforts to minimise the negative effects of the lockdowns. It remains to be seen how long the impacts of living through this period will last past the end of the pandemic.

Imagine has been fortunate in having partners in the voluntary sector, the NHS and local government, which shared and understood our challenges. This meant that full-value contract payments for our services were uninterrupted and grant funding for Covid related expenditure was passported through in an efficient and effective way. The organisation made minimal use of the Government's Job Retention Scheme funding, as it needed everyone it could get in work. Managers were grateful that some colleagues from our social inclusion and employment services adapted and retrained to deliver front line, face to face support where we were short staffed. The mutual and practical support that other organisations in our sector showed was invaluable, especially that offered by the Association of Mental Health Providers.

In the very early days of the pandemic, capacity was an issue across the organisation, especially for senior managers, as they problem solved and responded to the constant stream of new challenges thrown up on a daily basis. However, this was relieved in part by the Board's decision to pause its normal cycle of business, which freed up SMT to focus solely on supporting the operational needs of the organisation. The Board began to meet again on a monthly basis from May 2020. As things settled down over the late Spring and Summer of 2020, work on the 2020-23 strategic plan recommenced. It was agreed that trying to focus on a three-year plan was overly ambitious at that point in time, given how volatile the external environment remained.

In addition, the SMT was aware of the need to respond to the issues emerging through the Black Lives Matter campaign. Imagine works in many communities where people from racially excluded groups make up a sizable proportion of the population. Along with many other organisations, Imagine felt the need to respond to calls for action to address the exclusion and systematic discrimination being described by BLM. However, it was felt that doing something that was no more than tokenistic was completely the wrong way to go.

As a result, the SMT and Board took time over the summer to reflect on what needed to happen to make a real and lasting change in Imagine. A mandatory training programme, working with an external company 'Strawberry Words', was commissioned in September 2020. By the end of the programme, everyone in Imagine should have a better understanding of the issues that foster and create race discrimination. The organisation has been clear that it had a zero-tolerance of racism and is engaged in refreshing its equality, diversity, and inclusion policy to reflect the work it has done over the past months. The Board allocated significant additional resources to support this important work and the SMT have been grateful for their support.

A one-year adaptation strategy was developed involving staff at all levels in the organisation. By using a thirty-day iterative cycle, a final draft plan containing some very clear, deliverable outcomes for the organisation was adopted by the Board at its September meeting. The clarity that this plan provided to the senior management team has helped to drive the organisation forward since then. Together with a revised Key Risks Register, the Board and the SMT successfully steered the organisation through to the end of the year under consideration. These documents were refreshed in March 2021 to cover the 2021-22 operational year. They have allowed the organisation to be responsive to the ever-changing circumstances in which it has operated since March 2020, keeping everyone focused on making good quality decisions. In this way, Imagine is in the best possible position to thrive in the post pandemic world and keep achieving its charitable mission.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

This approach also supported Imagine to continue to develop both internally and externally in 2020-21. We expanded our service offer, bringing into operation additional sites and services in Lancashire, as part of the Transforming Care agenda. Work started also with our NHS and social care partners in Greater Manchester to plan for two new complex care services that are due to start in the autumn of 2021. A successful bid was made to the National Lottery Communities fund for emergency support to develop a pilot social inclusion scheme 'Building Up Stronger' or BUS. This was set up in only a month and ran across the second half of 2020-21. It was successful in reaching some of the most excluded people in inner city Liverpool, who were then better able to manage the circumstances in which the pandemic placed them. We were grateful for the support received to deliver this pilot by colleagues in MerseyCare, who provided some additional funding to help extend the project up to Summer 2021. The learning from the pilot will inform the development of Imagine's social inclusion and supported housing services going forward.

The need to transform Imagine's business infrastructure/processes had been identified at a Board away day in January 2020. The imperative to move to a more agile, digital solution was heightened by the many 'work arounds' put in place during the pandemic to capture information about what was happening in the organisation at the front-line level. As a result, SMT identified a best fit, end-to-end digital management information system. The Board agreed the investment for this and the 'build' phase for this major project started in October 2020, underpinned by a plan to ensure that the roll out of the system was managed effectively. The 'Access' system will be in place across the whole organisation by the end of 2021.

The contribution of all of the people who work for Imagine can never be under-estimated and the SMT is always conscious of finding new ways to acknowledge and reward them. In this year, an across the board pay increase was awarded, the first in a number of years. Other financial incentives were used to ensure that we could maximise the staffing available to the organisation during the pandemic. In addition, a staff recognition award scheme was introduced to reward those staff who were going above and beyond to the benefit of the people they supported or their colleagues.

SMT was also pleased to introduce an Employee Assistance Scheme for the first time. Temporary flexitime and home working policies were trialled also to support staff to better balance their home and work lives. These will be evaluated, and possibly made permanent, as part of the work to develop the 2022-25 business plan. This year saw Imagine take major steps forward to offer better terms and conditions, vital for the recruitment and retention of staff in what has been an ever-tightening employment environment. A focus on improving the salaries and other benefits for people working for Imagine became a regular item on the SMT's agenda in this year and has remained so into 2021-22.

In conclusion, there are too many people to thank by name. Everyone has given of their best during 2020-21, despite the enormous pressures on them in their home lives. The SMT has grown in confidence and matured as a result of the latter. When there were bumpy days, colleagues have rallied around and supported each other. Problems have been shared and solutions developed together. These experiences and the learning that has come from them means that Imagine is a much stronger, more robust organisation than it was in March 2020. I can only conclude that this is a good thing.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Financial review

The results for the year and the charity's financial position at the end of the year are shown in the attached financial statements.

Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to a minimum of 10% of income. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Risk policy

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its Memorandum and Articles of Association.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms P Berry	
Mr M Burns	(Appointed 14 April 2021)
Mr A Connor	(Appointed 2 April 2020)
Ms K Haslam	(Appointed 2 April 2020)
Mr J Hayes	(Resigned 2 April 2020)
Ms A Martinez	(Resigned 4 August 2021)
Mr D Patterson	(Resigned 27 September 2021)
Mr C Poole	
Ms Geraldine Poole (please refer to Chair's Statement)	

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Auditor

In accordance with the company's articles, a resolution proposing that BWM be reappointed as auditor of the company will be put at a General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
*FOR THE YEAR ENDED 31 MARCH 2021***

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

Ms P Berry

Trustee

Dated: 16 December 2021

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021**

The trustees, who are also the directors of Imagine Independence for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

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

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF IMAGINE INDEPENDENCE

Opinion

We have audited the financial statements of Imagine Independence (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including 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 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF IMAGINE INDEPENDENCE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF IMAGINE INDEPENDENCE

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Peter Taaffe FCA CTA DChA (Senior Statutory Auditor)
for and on behalf of BWM**

16 December 2021

**Chartered Accountants
Statutory Auditor**

Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

Current financial year

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes				
<u>Income from:</u>					
Donations and legacies	3	284,958	-	284,958	77,812
Charitable activities	4	9,518,999	72,835	9,591,834	8,224,863
Investments	5	18	-	18	43
Total income		<u>9,803,975</u>	<u>72,835</u>	<u>9,876,810</u>	<u>8,302,718</u>
<u>Expenditure on:</u>					
Charitable activities	6	9,472,584	72,835	9,545,419	8,303,344
Total expenditure		<u>9,472,584</u>	<u>72,835</u>	<u>9,545,419</u>	<u>8,303,344</u>
Net incoming/(outgoing) resources before transfers		331,391	-	331,391	(626)
Gross transfers between funds		247,397	(247,397)	-	-
Net income/(expenditure) for the year		<u>578,788</u>	<u>(247,397)</u>	<u>331,391</u>	<u>(626)</u>
Other recognised gains and losses					
Actuarial (loss)/gain on defined benefit pension schemes		(4,805)	-	(4,805)	1,646
Net movement in funds		<u>573,983</u>	<u>(247,397)</u>	<u>326,586</u>	<u>1,020</u>
Reconciliation of funds					
Fund balances at 1 April 2020		1,271,150	247,397	1,518,547	1,517,527
Fund balances at 31 March 2021		<u>1,845,133</u>	<u>-</u>	<u>1,845,133</u>	<u>1,518,547</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The movement in funds detailed above complies with the requirements for a statement of changes in equity under FRS102.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

Prior financial year

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes			
<u>Income from:</u>				
Donations and legacies	3	77,812	-	77,812
Charitable activities	4	8,164,736	60,127	8,224,863
Investments	5	43	-	43
Total income		<u>8,242,591</u>	<u>60,127</u>	<u>8,302,718</u>
<u>Expenditure on:</u>				
Charitable activities	6	8,273,198	30,146	8,303,344
Total expenditure		<u>8,273,198</u>	<u>30,146</u>	<u>8,303,344</u>
Net income/(expenditure) for the year		(30,607)	29,981	(626)
Other recognised gains and losses				
Actuarial (loss)/gain on defined benefit pension schemes		1,646	-	1,646
Net movement in funds		<u>(28,961)</u>	<u>29,981</u>	<u>1,020</u>
Reconciliation of funds				
Fund balances at 1 April 2019		1,300,111	217,416	1,517,527
Fund balances at 31 March 2020		<u>1,271,150</u>	<u>247,397</u>	<u>1,518,547</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The movement in funds detailed above complies with the requirements for a statement of changes in equity under FRS102.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET
AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	3,300		-	
Tangible assets	12	833,234		827,996	
		<u>836,534</u>		<u>827,996</u>	
Current assets					
Debtors	14	1,375,314		1,122,230	
Cash at bank and in hand		565,990		371,231	
		<u>1,941,304</u>		<u>1,493,461</u>	
Creditors: amounts falling due within one year	15	(853,696)		(709,295)	
Net current assets		<u>1,087,608</u>		<u>784,166</u>	
Total assets less current liabilities		<u>1,924,142</u>		<u>1,612,162</u>	
Provisions for liabilities	17	(79,009)		(93,615)	
Total net assets		<u><u>1,845,133</u></u>		<u><u>1,518,547</u></u>	
The funds of the charity					
Restricted funds	19	-		247,397	
Unrestricted funds		<u>1,845,133</u>		<u>1,271,150</u>	
Total charity funds		<u><u>1,845,133</u></u>		<u><u>1,518,547</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees and authorised for issue on 16 December 2021 and are signed on its behalf by:

Ms P Berry
Trustee

Company Registration No. 02699682

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	22		293,245		(103,982)
Cash flows from investing activities					
Purchase of tangible fixed assets		(98,504)		(78,723)	
Proceeds on disposal of tangible fixed assets		-		368,595	
Investment income received		18		43	
Net cash (used in)/provided by investing activities			(98,486)		289,915
Change in cash and cash equivalents in the year			194,759		185,933
Cash and cash equivalents at beginning of year			371,231		185,298
Cash and cash equivalents at end of year			565,990		371,231

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

Charity information

Imagine Independence is a private company limited by guarantee incorporated in England and Wales. The registered office is 25 Hope Street, Liverpool, L1 9BQ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

(continued)

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from grants, including capital grants, and contract income is included in income when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the preconditions for use have been met.
- When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to preconditions regarding entitlement, this income is included in income of restricted funds when receivable.

Voluntary income includes discretionary grants for projects, goods and services where no service agreement or contract exists.

Other grants, which have particular service requirements and which are provided in accordance with a contract or service level agreement are included in the statement of financial activities under the heading charitable activities.

1.5 Expenditure

Expenditure reflects all amounts paid and accrued during the year. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates. All costs are allocated between the expenditure categories of the statement of financial activities (SOFA) on a basis designed to reflect the use of the resource.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Governance costs and support costs are allocated to charitable activities in the SOFA based on the following allocation method

Senior management salary costs - staff time
Senior management employer's costs - staff time
Employer costs - staff time
Premises expenses - use of location
Office running costs - usage of items

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs and website	25% p.a on cost
-------------------------------	-----------------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

All assets costing more than £250 are capitalised at cost.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% p.a. on cost
Leasehold land and buildings	2% p.a. on cost
Fixtures and fittings	10% - 33.33% p.a. on cost
Computers	25% p.a. on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

(continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

(continued)

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.13 Taxation

The charity benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. Recovery is made of tax deducted from qualifying income and from receipts under Gift Aid. The charity is not able to recover Value Added Tax. Expenditure is recorded in the accounts inclusive of VAT.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	20,413	51,326
Grants receivable	264,545	26,486
	<u>284,958</u>	<u>77,812</u>
Grants receivable for core activities		
HMRC coronavirus job retention scheme grant	133,333	-
Covid grants	100,064	-
Other	31,148	26,486
	<u>264,545</u>	<u>26,486</u>

4 Charitable activities

	Promoting independent lives	Promoting independent lives
	2021	2020
	£	£
Income from charitable activities	8,069,066	6,800,970
Service funding	24,861	23,038
Performance related grants	72,835	-
Shared rents and services charges	1,425,072	1,400,855
	<u>9,591,834</u>	<u>8,224,863</u>
Analysis by fund		
Unrestricted funds	9,518,999	8,164,736
Restricted funds	72,835	60,127
	<u>9,591,834</u>	<u>8,224,863</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	18	43

6 Charitable activities

	Promoting independent lives 2021 £	Promoting independent lives 2020 £
Staff costs	7,266,886	6,075,642
Other staff costs	50,591	53,907
Travel	53,266	152,844
Premises and office costs	1,596,925	1,412,947
Service costs	102,344	160,406
Other	147,434	101,905
	<u>9,217,446</u>	<u>7,957,651</u>
Share of support costs (see note 7)	109,599	75,643
Share of governance costs (see note 7)	218,374	270,050
	<u>9,545,419</u>	<u>8,303,344</u>
Analysis by fund		
Unrestricted funds	9,472,584	8,273,198
Restricted funds	72,835	30,146
	<u>9,545,419</u>	<u>8,303,344</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Depreciation and amortisation	88,809	-	88,809	115,276	-	115,276
(Profit)/loss on disposal of fixed asset	1,158	-	1,158	(60,725)	-	(60,725)
Bank charges	6,625	-	6,625	7,477	-	7,477
General expenses	13,007	-	13,007	13,615	-	13,615
Audit fees	-	15,762	15,762	-	11,466	11,466
Accountancy	-	7,088	7,088	-	5,460	5,460
Legal and professional	-	195,524	195,524	-	253,124	253,124
	<u>109,599</u>	<u>218,374</u>	<u>327,973</u>	<u>75,643</u>	<u>270,050</u>	<u>345,693</u>
Analysed between Charitable activities	<u>109,599</u>	<u>218,374</u>	<u>327,973</u>	<u>75,643</u>	<u>270,050</u>	<u>345,693</u>

8 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor	2021	2020
	£	£
Audit of the charity's annual accounts	15,762	11,466
Non-audit services		
All other non-audit services	7,088	5,460

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. No expenses were paid to trustees in the year (2020 £nil) .

10 Employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Clerical, administrative and directors	25	24
Support care staff	220	193
Total	<u>245</u>	<u>217</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10 Employees (continued)

Employment costs	2021 £	2020 £
Wages and salaries	6,576,334	5,506,101
Social security costs	515,631	426,091
Other pension costs	174,921	143,450
	<u>7,266,886</u>	<u>6,075,642</u>

Included in wages and salaries are termination payments of £1,068 (2020 £34,582) and payments to agency staff and temporary workers of £194,422 (2020 £105,043).

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
£60,000 - £70,000	1	1
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
	<u>1</u>	<u>-</u>

11 Intangible fixed assets

	Development costs and website £
Cost	
Transfer from tangible fixed assets during the year	49,665
At 31 March 2021	<u>49,665</u>
Amortisation	
Transfer from tangible fixed assets during the year	39,304
Amortisation charged for the year	7,061
At 31 March 2021	<u>46,365</u>
Carrying amount	
At 31 March 2021	<u>3,300</u>
At 31 March 2020	<u>-</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 April 2020	602,537	307,500	464,018	268,799	1,642,854
Additions	-	-	70,291	28,213	98,504
Disposals	-	-	-	(60,634)	(60,634)
Transfer to intangible fixed assets	-	-	-	(49,665)	(49,665)
At 31 March 2021	602,537	307,500	534,309	186,713	1,631,059
Depreciation and impairment					
At 1 April 2020	82,995	90,560	406,789	234,514	814,858
Depreciation charged in the year	5,646	12,051	42,907	21,143	81,747
Transfer to intangible fixed assets	-	-	-	(39,304)	(39,304)
Eliminated in respect of disposals	-	-	-	(59,476)	(59,476)
At 31 March 2021	88,641	102,611	449,696	156,877	797,825
Carrying amount					
At 31 March 2021	513,896	204,889	84,613	29,836	833,234
At 31 March 2020	519,543	216,940	57,228	34,285	827,996

13 Financial instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at cost	1,870,522	1,402,722
Carrying amount of financial liabilities		
Measured at cost	686,732	526,221

14 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	612,938	407,952
Other debtors	320,942	(36,320)
Prepayments and accrued income	441,434	750,598
	1,375,314	1,122,230

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other taxation and social security		132,251	113,662
Deferred income	16	34,713	69,412
Trade creditors		117,449	260,354
Other creditors		353,982	52,881
Accruals		215,301	212,986
		<u>853,696</u>	<u>709,295</u>

16 Deferred income

	2021 £	2020 £
Other deferred income	34,713	69,412
	<u>34,713</u>	<u>69,412</u>

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Total deferred income at 1 April 2020	69,412	(62,780)
Amounts received in year	34,713	69,412
Amounts credited to statement of financial activities	69,412	62,780
	<u>69,412</u>	<u>62,780</u>
Total deferred income at 31 March 2021	<u>34,713</u>	<u>69,412</u>

Included in deferred income are receipts which relate to a future accounting period and will be recognised to match the delivery of the service.

17 Provisions for liabilities

	Notes	2021 £	2020 £
Retirement benefit obligations	18	79,009	93,615
		<u>79,009</u>	<u>93,615</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

18 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to the statement of financial activities in respect of defined contribution schemes was £155,510 (2020 - £124,604).

Defined benefit schemes

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

18 Retirement benefit schemes

(continued)

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
---------------------------------------	---

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

(continued)

Present values of provision

Reconciliation of opening and closing provisions

	2021	2020
	£	£
At 1 April 2020	93,615	113,563
Unwinding of the discount factor (interest expense)	2,103	1,437
Deficit contribution paid	(19,411)	(18,846)
Remeasurements - impact of any change in assumptions	2,702	(2,539)
Remeasurements - amendments to the contribution schedule	-	-
At 31 March 2021	79,009	93,615

Income and expenditure account

	2021	2020
	£	£
Interest expense	2,103	1,437
Remeasurements - impact of any change in assumptions	2,702	(2,539)
Remeasurements - amendments to the contribution schedule	-	2,748
Costs recognised in the income and expenditure account	4,806	1,646

Assumptions

	2021	2020
	%	%
Rate of discount - % per annum	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Other information

The following schedule details the deficit contributions agreed between the company and the scheme at the end of each period

	2021	2020
	£	£
Year 1	19,994	19,411
Year 2	20,594	19,994
Year 3	21,211	20,594
Year 4	18,206	21,211
Year 5		18,206
Year 6		

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

18 Retirement benefit schemes

(continued)

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

**IMAGINE INDEPENDENCE
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19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2019 £	Movement in funds		Balance at 1 April 2020 £	Movement in funds		Transfers 31 March 2021 £	Balance at 31 March 2021 £
		Income £	Expenditure £		Income £	Expenditure £		
Pilkington fund	18,715	-	(500)	18,215	-	-	(18,215)	-
Employment Project	126,616	60,127	(29,646)	157,097	-	-	(157,097)	-
Personal health budgets	71,826	-	-	71,826	-	-	(71,826)	-
National Lottery	-	-	-	-	72,835	(72,835)	-	-
Other funds	259	-	-	259	-	-	(259)	-
	217,416	60,127	(30,146)	247,397	72,835	(72,835)	(247,397)	-

The Pilkington Donation was given in order to fund assets to provide services to people with mental ill health.

The Employment Project funds were received to provide assets and to fund running expenses of the Sefton Employment Service, which aims to reduce social exclusion for people with mental health issues.

Personal Health Budgets (PHB) was a pilot supported by the Department of Health in partnership with Merseycare and Sefton, Liverpool and Knowsley PCTs. It aimed to personalise health services through individual choice and control of health-related funding. Funds for this brokerage project are held by Imagine and were used to purchased items and opportunities that have clear health outcomes for participants, who are referred via Merseycare NHS Trust.

Other funds are held to promote the core objectives of the charity including encouraging healthy eating to avoid mental health issues.

**IMAGINE INDEPENDENCE
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FOR THE YEAR ENDED 31 MARCH 2021**

19 Restricted funds

(continued)

Funding from the National Lottery was for a one off pilot scheme funding a staff team to support the community to build up stronger following the initial covid lockdown.

A review of the restricted funds brought forward and the terms on which those funds were given, has identified that the apparent surplus brought forward of 1 April 2020 had been utilised and the funds applied in completing the various projects as required by the fund provider during previous years. The trustees have therefore transferred the balances to unrestricted funds so as to accurately reflect the position at 31 March 2021.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

20 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Intangible fixed assets	3,300	-	3,300	-	-	-
Tangible assets	833,234	-	833,234	812,496	15,500	827,996
Current assets/(liabilities)	1,087,608	-	1,087,608	552,269	231,897	784,166
Provisions and pensions	(79,009)	-	(79,009)	(93,615)	-	(93,615)
	<u>1,845,133</u>	<u>-</u>	<u>1,845,133</u>	<u>1,271,150</u>	<u>247,397</u>	<u>1,518,547</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>330,128</u>	<u>329,483</u>

There were no other related party transactions in the year.

22 Cash generated from operations

	2021 £	2020 £
Net income/(expenditure) for the year (as per the statement of financial activities)	331,391	(626)
Adjustments for:		
Investment income recognised in statement of financial activities	(18)	(43)
Loss/(gain) on disposal of tangible fixed assets	1,158	(60,725)
Depreciation and amortisation of fixed assets	88,809	115,276
Difference between pension charge and cash contributions	(4,805)	1,646
Movements in working capital:		
(Increase)/decrease in debtors	(253,084)	(196,586)
Increase/(decrease) in creditors	179,100	50,935
(Decrease) in provisions	(14,606)	(20,492)
(Decrease)/increase in deferred income	(34,699)	6,632
Net cash provided by (used in) operating activities	<u>293,245</u>	<u>(103,982)</u>

**IMAGINE INDEPENDENCE
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
*FOR THE YEAR ENDED 31 MARCH 2021***

23 Company limited by guarantee

Imagine independence is incorporated under the Companies Act as a company limited by guarantee. The liability of the members is limited to £1.

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