

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 2022



**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees	Ms P Berry	
	Mr M Burns	(Appointed 14 April 2021)
	Mr A Connor	
	Ms K Haslam	
	Mr C Poole	
	Mr R Cassidy	(Appointed 2 February 2022)
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	

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CONTENTS

	Page
Chairman's statement	1 - 3
Trustees' report	4 - 7
Statement of trustees' responsibilities	8
Independent auditor's report	9 - 11
Statement of financial activities	12 - 13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 32

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

I commend this report as an accurate and fair account of Imagine Independence's activities from April 2021 to March 2022.

2021/22 has been an incredibly challenging year for everyone due to the continuing 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 we 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, once again, to report that these objectives have been achieved in 2021/22, despite the changes to working practices and other challenges that persist post COVID.

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) and, during 2021/22 these have continued to be held on-line, via Zoom. 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. For the first half of the year the committee cycle of meetings was replaced with monthly Board meetings before reverting to the traditional, quarterly meetings supplemented with quarterly meetings of the Finance and Planning Committee. This Committee has responsibility for the overview and monitoring of strategic planning, corporate governance and budgetary processes.

In addition, during 2022/23 we are looking to introduce separate meetings of the following committees :

- a. Quality and Performance Committee – responsible for the overview of service standards and compliance with statutory, regulatory and commissioning standards;
- b. 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 review and refresh its governance arrangements. A detailed report from this review was received by the Board during 2021 and the insight and the recommendations continue to be addressed.

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

IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 2021/22 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 during 2021/22.

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 £277,649 in 2021/22 (compared to the surplus of £326,586 in 2020/21), 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 £2,122,782 at 31 March 2022, compared to £1,845,133 at 31 March 2021.

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 2021/22, senior managers received a salary increase in line with that awarded to all other staff.

Environmental Issues

The Board is mindful of the organisation's environmental impact and following the governance review will seek to appoint an environmental champion when its numbers increase.

Employment and Training

Imagine is committed to equal access and opportunity. We respect and value the diversity of our workforce, volunteers, people we support to ensure all are treated with dignity and respect.

Imagine is committed to the continual development and training of staff. All new staff complete The Care Certificate along with induction in their first 12 weeks of employment and continue to create learning opportunities for all staff to develop appropriate skills and understanding, unique to their roles.

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.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
CHAIR'S STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2022

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.



Pauline Berry

Chair of the board of trustees

Dated: 19 December 2022

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2022**

The trustees present their annual report and financial statements for the year ended 31 March 2022.

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)".

Parts of the requirements of the trustees annual report, as set out in the Charities Statement of Recommended Practice, are detailed in the chairs statement included on pages 1 to 3 of these financial statements.

Objectives and activities

Imagine Independence is a leading third sector organisation, passionate about supporting people with mental illness, neurodiversity, learning disabilities, and challenging behaviours to live as part of their community. Imagine exists to challenge the stigma that having a mental illness or learning disability still brings. Imagine supports people to live meaningfully by nurturing their individuality and recognising the power of small steps.

Imagine supports people to live full and independent lives by empowering and enabling people to be actively involved in managing their mental and physical health, developing peer support networks and supporting service users to access socially inclusive or employment services. These aims are principally supported through 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 further year that has been significantly affected by the impact of the Covid 19 pandemic on the health and social care sector. This has exposed and exacerbated the weaknesses in a social care system that had been underfunded during the preceding 10 years of austerity. It has 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 the impetus for organisational transformation. The continued 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. The experience and learning from this period will be used to inform the organisation's introduction of a 'hybrid' approach to work.

Meanwhile, the staff who remained in the 'front-line', as key workers, continued to display their dedication to the people they support. Although the initial uncertainty about the reliable supply of Personal Protective Equipment was addressed in 2020, the new variants and evolving nature of the COVID virus and Government guidelines continued to cause a lot of anxiety to staff and took managers' focus away from their more normal tasks. These pressures included the challenges of maintaining staffing levels during the Omicron variant outbreak in 2021, when any infection required self-isolation, and the Government's on-off guidance that social care staff who refused vaccinations should lose their jobs.

Of course, many of the people being supported have lived with enduring mental illness across their adult lives and the impact of the repeated lockdowns and restrictions on their wellbeing cannot be overestimated. The daily routines and social networks built up over many years, which helped to maintain their mental wellbeing and promote their recovery, have been disrupted in this period generating additional challenges both for them and support staff. The energy and resilience required by all staff to keep operating in this 'emergency' mode for a second year cannot be overstated and 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 that 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. In particular the Workforce Recruitment and Retention Funding allowed us to provide enhanced pay rates to recognise and reward staff for their incredible support during 2021/22.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

In the early days of the pandemic, it became clear that, with the constant stream of new challenges faced by SMT, it would not be appropriate to retain and update the traditional medium-term strategic planning process. As a result the Board agreed to the introduction of a short-term Adaptation Strategy reflecting on lessons learned including the importance of home working, managing risk, flexible working models, continued access to goods and services and fit for purpose IT. These issues were considered by a number of Task and Finish Groups focussed on Our People, The People We Support and Our Environment. The Board adopted the recommendations of the Adaptation Strategy. This document was refreshed in March 2021 to cover the 2021-22 operational year and this has allowed the organisation to be responsive to the ever-changing circumstances 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.

This approach also supported Imagine to continue to develop both internally and externally in 2021-22. We expanded our service offer, bringing into operation additional sites and services in Lancashire, as part of the Transforming Care agenda. We also continued work with our NHS and social care partners in Greater Manchester to plan for two new complex care services. The first of which opened in early 2022.

In addition, we have made a successful bid using a new pilot service model. The "You Can Do It" service, delivered with community partners and jointly funded by Liverpool City Council and Mersey Care NHS Foundation Trust offers a community based mental health prevention offer to support individuals and communities post the Covid-19 pandemic. The pilot will operate for a twelve month period and will tackle risk factors for poor mental health, self harm and suicide, as well as enhancing existing services to meet the needs of residents with low level mental health conditions.

These new services were offset by the ending of lower need services in Cumbria, Croydon and Knowsley during the year, seeing Imagine refocus on agreed priorities of higher-level complex needs support in the North West.

The need to transform and strengthen Imagine's business infrastructure/processes had been identified by the Board. The importance of a robust, secure infrastructure saw Imagine retender its IT support service contract during 2021 and move to a new provider, BCN. This relationship has enabled some initial improvements and further development is continuing. This has been complemented by the continued rollout of a new digital management information system, Access. This has now been rolled out across the majority of services and further expansion into new modules and services is currently being assessed.

In the Summer of 2021, Imagine's workforce embarked on the creation and adoption of the organisation's values and beliefs – there was engagement from across the workforce, including surveys, questionnaires, working parties and workshops. The resulting values and beliefs are wholly-representative of Imagine's staff and a reflection of what matters to us. We are continuing to embed our values in all we do. The Values that we identified are:

- Meaningful Living
- Nurturing Individuality
- Focussed Dedication
- Challenging Ideas
- Generous Sharing

This initiative was launched during 2022 and the process of integrating these Values in everything we do is currently being addressed.

Of course, alongside our staff, we recognise the need for us, as Trustees, to meet best practice in charitable governance and invited the Good Governance Institute to observe our existing working practices during 2021. We received the report of GGI and are currently implementing their recommendations to ensure Imagine is able to maintain, or exceed, the standards required in an increasingly complex environment.

Geraldine Poole, who embodied these values, sadly passed away in late 2021. She was a founder of Imagine in the 1970s and her huge commitment to the work we do was an inspiration to all. Thank you Geraldine and rest in peace.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

In conclusion, there are too many people to thank by name. Everyone has given of their best during 2021-22, 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 continues to grow stronger. I can only conclude that this is a good thing.

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	
Ms K Haslam	
Ms A Martinez	(Resigned 4 August 2021)
Mr D Patterson	(Resigned 27 September 2021)
Mr C Poole	
Ms Geraldine Poole	(Deceased 1 December 2021)
Mr R Cassidy	(Appointed 2 February 2022)

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

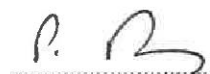
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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: 19 December 2022

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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

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.

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

Louise Casey ACA (Senior Statutory Auditor)
for and on behalf of BWM

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 2022**

Current financial year

	Notes	Unrestricted funds 2022 £	Total funds 2021 £
<u>Income from:</u>			
Donations and legacies	3	314,055	284,958
Charitable activities	4	10,333,452	9,591,834
Investments	5	3	18
Total income		10,647,510	9,876,810
<u>Expenditure on:</u>			
Charitable activities	6	10,410,278	9,545,419
Total expenditure		10,410,278	9,545,419
Net income/(expenditure) for the year		237,232	331,391
Other recognised gains and losses			
Actuarial gain/(loss) on defined benefit pension schemes		40,417	(4,805)
Net movement in funds		277,649	326,586
Reconciliation of funds			
Fund balances at 1 April 2021		1,845,133	1,518,547
Fund balances at 31 March 2022		2,122,782	1,845,133

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 2022**

Prior financial year

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

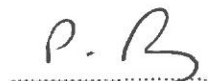
The movement in funds detailed above complies with the requirements for a statement of changes in equity under FRS102.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET**

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		1,650		3,300
Tangible assets	12		792,941		833,234
			<u>794,591</u>		<u>836,534</u>
Current assets					
Debtors	14	1,351,088		1,375,314	
Cash at bank and in hand		1,136,476		565,990	
		<u>2,487,564</u>		<u>1,941,304</u>	
Creditors: amounts falling due within one year	15	(1,140,726)		(853,696)	
Net current assets			<u>1,346,838</u>		<u>1,087,608</u>
Total assets less current liabilities			<u>2,141,429</u>		<u>1,924,142</u>
Provisions for liabilities	17		<u>(18,647)</u>		<u>(79,009)</u>
Total net assets			<u><u>2,122,782</u></u>		<u><u>1,845,133</u></u>
The funds of the charity					
<u>Unrestricted funds</u>					
Designated funds	20	55,155		-	
General unrestricted funds		<u>2,067,627</u>		<u>1,845,133</u>	
			<u>2,122,782</u>		<u>1,845,133</u>
Total charity funds			<u><u>2,122,782</u></u>		<u><u>1,845,133</u></u>

The financial statements were approved by the trustees and authorised for issue on 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 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	22		647,553		293,245
Investing activities					
Purchase of tangible fixed assets		(77,070)		(98,504)	
Investment income received		3		18	
Net cash used in investing activities			(77,067)		(98,486)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			570,486		194,759
Cash and cash equivalents at beginning of year			565,990		371,231
Cash and cash equivalents at end of year			<u>1,136,476</u>		<u>565,990</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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. 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.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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 2022**

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

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.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies

(continued)

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 - 4% 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 the statement of financial activities.

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.

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.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies

(continued)

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.

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.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies

(continued)

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.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	32,423	20,413
Legacies receivable	34,456	-
Grants receivable	247,176	264,545
	<u>314,055</u>	<u>284,958</u>
Grants receivable for core activities		
HMRC coronavirus job retention scheme grant	-	133,333
Covid grants	136,249	100,064
Mental Health First Aid Training	39,615	31,148
Workforce Recruitment & Retention Grant	51,018	-
Other	20,294	-
	<u>247,176</u>	<u>264,545</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

4 Charitable activities

Promoting independent lives

	2022	2021
	£	£
Income from charitable activities	8,747,900	8,069,066
Service funding	27,421	24,861
Performance related grants	-	72,835
Shared rents and services charges	1,558,131	1,425,072
	<u>10,333,452</u>	<u>9,591,834</u>
Analysis by fund		
Unrestricted funds	10,333,452	9,518,999
Restricted funds	-	72,835
	<u>10,333,452</u>	<u>9,591,834</u>

5 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	<u>3</u>	<u>18</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

6 Charitable activities

Promoting independent lives

	2022	2021
	£	£
Staff costs	7,792,406	7,266,886
Other staff costs	81,436	50,591
Travel	61,797	53,266
Premises and office costs	1,777,762	1,596,925
Service costs	120,946	102,344
Other	151,997	147,434
	<u>9,986,344</u>	<u>9,217,446</u>
Share of support costs (see note 7)	146,000	109,599
Share of governance costs (see note 7)	277,934	218,374
	<u>10,410,278</u>	<u>9,545,419</u>
Analysis by fund		
Unrestricted funds	10,410,278	9,472,584
Restricted funds	-	72,835
	<u>-</u>	<u>72,835</u>

7 Support costs

	Support costs	Governance costs	2022 Support costs	Governance costs	2021
	£	£	£	£	£
Depreciation and amortisation	119,014	-	119,014	88,809	88,809
(Profit)/loss on disposal of fixed asset	-	-	-	1,158	1,158
Bank charges	8,589	-	8,589	6,625	6,625
General expenses	18,397	-	18,397	13,007	13,007
Audit fees	-	30,665	30,665	-	15,762
Accountancy & payroll	-	4,830	4,830	-	7,088
Legal and professional	-	242,439	242,439	-	195,524
	<u>146,000</u>	<u>277,934</u>	<u>423,934</u>	<u>109,599</u>	<u>327,973</u>
Analysed between Charitable activities	<u>146,000</u>	<u>277,934</u>	<u>423,934</u>	<u>109,599</u>	<u>327,973</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

8 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022	2021
	£	£
Fees payable to the charity's auditor		
Audit of the charity's annual accounts	30,665	15,762
Non-audit services		
All other non-audit services	4,830	7,088

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 (2021 £nil).

10 Employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Clerical, administrative and directors	25	25
Support care staff	215	220
Total	240	245

	2022	2021
	£	£
Employment costs		
Wages and salaries	7,053,171	6,576,334
Social security costs	557,799	515,631
Other pension costs	181,436	174,921
	7,792,406	7,266,886

Included in wages and salaries are termination payments of £18,127 (2021: £1,068) and payments to agency staff and temporary workers of £365,138 (2021: £194,422).

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022	2021
	Number	Number
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

11 Intangible fixed assets

	Development costs and website £
Cost	
At 1 April 2021	49,665
Disposals	(21,420)
	<u>28,245</u>
At 31 March 2022	<u>28,245</u>
Amortisation	
At April 2021	46,365
Amortisation charged for the year	1,650
Disposals	(21,420)
	<u>26,595</u>
At 31 March 2022	<u>26,595</u>
Carrying amount	
At 31 March 2022	<u>1,650</u>
At 31 March 2021	<u>3,300</u>

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2021	602,537	307,501	534,309	186,713	1,631,060
Additions	-	-	62,056	15,014	77,070
Disposals	-	-	(267,446)	(102,142)	(369,588)
	<u>602,537</u>	<u>307,501</u>	<u>328,919</u>	<u>99,585</u>	<u>1,338,542</u>
At 31 March 2022	<u>602,537</u>	<u>307,501</u>	<u>328,919</u>	<u>99,585</u>	<u>1,338,542</u>
Depreciation and impairment					
At 1 April 2021	102,600	88,652	449,696	156,877	797,825
Depreciation charged in the year	12,051	7,877	81,381	16,055	117,364
Eliminated in respect of disposals	-	-	(267,446)	(102,142)	(369,588)
	<u>114,651</u>	<u>96,529</u>	<u>263,631</u>	<u>70,790</u>	<u>545,601</u>
At 31 March 2022	<u>114,651</u>	<u>96,529</u>	<u>263,631</u>	<u>70,790</u>	<u>545,601</u>
Carrying amount					
At 31 March 2022	<u>487,886</u>	<u>210,972</u>	<u>65,288</u>	<u>28,795</u>	<u>792,941</u>
At 31 March 2021	<u>513,896</u>	<u>204,889</u>	<u>84,613</u>	<u>29,836</u>	<u>833,234</u>

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

13	Financial instruments		2022	2021
			£	£
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		2,342,870	1,870,522
	Carrying amount of financial liabilities			
	Measured at amortised cost		982,832	686,732
14	Debtors		2022	2021
			£	£
	Amounts falling due within one year:			
	Trade debtors		528,750	612,938
	Other debtors		141,710	320,942
	Prepayments and accrued income		680,628	441,434
			1,351,088	1,375,314
15	Creditors: amounts falling due within one year		2022	2021
		Notes	£	£
	Other taxation and social security		139,176	132,251
	Deferred income	16	18,718	34,713
	Trade creditors		216,648	117,449
	Other creditors		411,090	353,982
	Accruals		355,094	215,301
			1,140,726	853,696
16	Deferred income		2022	2021
			£	£
	Other deferred income		18,718	34,713
	Deferred income is included in the financial statements as follows:			
			2022	2021
			£	£
	Total deferred income at 1 April 2021		34,713	69,412
	Amounts received in year		18,718	34,713
	Amounts credited to statement of financial activities		(34,713)	(69,412)
	Total deferred income at 31 March 2022		18,718	34,713

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

16 Deferred income (continued)

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	2022 £	2021 £
Retirement benefit obligations	18	18,647	79,009

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 £181,436 (2021 - £155,510).

Defined benefit schemes

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 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 2022**

18 Retirement benefit schemes

(continued)

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. 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 2022 to 31 January 2025: £3,312,000 per annum
(payable monthly)

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 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)

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.

Present values of provision

	2022	2021	2020
	£	£	£
Present values of provision	18,647	79,009	93,615

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

18 Retirement benefit schemes

(continued)

Reconciliation of opening and closing provisions

	2022	2021
	£	£
At 1 April 2021	79,009	93,615
Unwinding of the discount factor (interest expense)	456	2,103
Deficit contribution paid	(19,994)	(19,411)
Remeasurements - impact of any change in assumptions	(429)	2,702
Remeasurements - amendments to the contribution schedule	(40,395)	-
	<u>18,647</u>	<u>79,009</u>
At 31 March 2022	<u>18,647</u>	<u>79,009</u>

Income and expenditure account

	2022	2021
	£	£
Interest expense	456	2,103
Remeasurements - impact of any change in assumptions	(429)	2,702
Remeasurements - amendments to the contribution schedule	(40,395)	-
	<u>40,368</u>	<u>4,805</u>
Costs recognised in the income and expenditure account	<u>40,368</u>	<u>4,805</u>

Assumptions

	2022	2021
	%	%
Rate of discount - % per annum	<u>2.35</u>	<u>0.66</u>

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

	2022	2021
	£	£
Year 1	6,794	19,994
Year 2	6,794	20,594
Year 3	5,661	21,211
Year 4	-	18,206

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
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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:

	Movement in funds			Movement in funds		
	Balance at 1 April 2020	Income	Expenditure	Transfers	Balance at 1 April 2021	Income
	£	£	£	£	£	£
Pilkington fund	18,215	-	-	(18,215)	-	-
Employment Project	157,097	-	-	(157,097)	-	-
Personal health budgets	71,826	-	-	(71,826)	-	-
National Lottery	-	72,835	(72,835)	-	-	-
Other funds	259	-	-	(259)	-	-
	<u>247,397</u>	<u>72,835</u>	<u>(72,835)</u>	<u>(247,397)</u>	<u>-</u>	<u>-</u>

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
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

In the prior year a review of the restricted funds brought forward at 1 April 2020 and the terms on which those funds were given, had identified that the apparent surplus brought forward on 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 therefore transferred the balances to unrestricted funds so as to accurately reflect the position at 31 March 2021.

No restricted funds were received in the year to 31 March 2022.

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds		
	Balance at 1 April 2021 £	Incoming resources £	Balance at 31 March 2022 £
Future service development	-	55,155	55,155
	-	55,155	55,155

During the year the charity received a Just Giving donation of £20,699 and a legacy of £34,456 which have been earmarked for future service development.

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	318,240	330,128

There were no other related party transactions in the year.

22 Cash generated from operations

	2022 £	2021 £
Surplus for the year	237,232	331,391
Adjustments for:		
Investment income recognised in statement of financial activities	(3)	(18)
(Gain)/loss on disposal of tangible fixed assets	-	1,158
Depreciation and impairment of tangible fixed assets	119,014	88,809
Difference between pension charge and cash contributions	40,417	(4,805)
Movements in working capital:		
Decrease/(increase) in debtors	24,226	(253,084)
Increase in creditors	303,025	179,100
(Decrease) in provisions	(60,363)	(14,606)
(Decrease) in deferred income	(15,995)	(34,699)
Cash generated from operations	647,553	293,245

**IMAGINE INDEPENDENCE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
*FOR THE YEAR ENDED 31 MARCH 2022***

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.