

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 2023**



# IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Ms P Berry (Chair) Mr M Burns Mr A Connor Ms K Haslam Mr C Poole Mr R Cassidy
<b>Chief Executive</b>	Ms E Mather (Interim) Mr P Edwards (Interim)
<b>Secretary</b>	Mr P Edwards
<b>Charity number</b>	1010203
<b>Company number</b>	02699682
<b>Registered office</b>	25 Hope Street Liverpool L1 9BQ
<b>Auditor</b>	BWM Suite 5.1 12 Tithebarn Street Liverpool L2 2DT
<b>Bankers</b>	HSBC plc 99-101 Lord Street Liverpool L2 6PG

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**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2023**

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The trustees present their annual report and financial statements for the year ended 31 March 2023.

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)".

The Trustees' Report incorporates the Directors' and Strategic Report as required by Company Law.

**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 objectives are supported through services principally funded by public sector organisations, including health bodies and local authorities.

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

**Strategic report**

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

# **IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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## **Achievements and performance**

This report focuses on a transitional year as services revert to more traditional methods following two years significantly affected by the Covid-19 pandemic. Of course, the reversion was never going to be straightforward and this has proved to be the case across the whole health and social care sector, including Imagine. These challenges included the higher than forecast level of inflation which, with a small number of contracts at a fixed price, have impacted on viability. However, the greatest challenge to the sector has been the difficulty in recruiting and retaining staff. As the majority of our services are commissioned for a specific number of hours to ensure the provision of safe and appropriate support there can be no question of carrying vacancies and/or under-delivering support. As a result, these difficulties in recruiting staff have resulted in the need to use a higher level of agency staff than planned which has had financial and operational consequences on performance in 2022/23.

This has underlined the weaknesses in a social care system that had been underfunded during the last 10 years of austerity and the loss of short-term exceptional COVID grants that provided a degree of financial protection in 2020/21 and 2021/22. It's relevant to note that during 2021/22, the Workforce Recruitment and Retention Fund provided resources to enable local authorities to provide additional financial support to providers facing staffing difficulties. Despite the continuing, but different, challenges, no equivalent was available in 2022/23 and it is likely that the financial pressures will continue to be a feature for the short term.

These issues have been and continue to be raised with our public sector commissioners but it's important to note that they are also facing additional unplanned expenditure resulting from the current high rates of inflation.

As well as challenges, the pandemic also provided the impetus and opportunities for organisational transformation. The Board's aim for Imagine to become 'digital by default' within the period 2020-23 has been supported by the growth in the use of technology to deliver and manage services and work and meet remotely. One of the specific impacts of the move to hybrid working has been a reduction in the need for office space and it is likely that Imagine will be relocating its Head Office away from Hope Street in Liverpool in the near future.

In August 2022 we revised our organisational structure to create a clearer resource and responsibility for quality and governance to support the establishment of the new committees and the delivery of the recommendations of the governance review. Following the retirement of Margaret Hanson and given the financial pressures that the charity faces, this structure continues to be under review.

Alongside these structural changes we have continued the rollout of our digital management information system, Access. This has now been rolled out across the majority of services and further expansion into new modules continues. Whilst these developments have increased the use of technology across the charity, we recognise that further work is needed to achieve our objective of becoming digital by default.

The reason why Imagine exists is to support people to live better and more independent lives than would otherwise be possible. This can only be achieved if we employ people who share our passion for meeting these objectives. In 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 – using empathy to bring together diverse people and resources, to put everyday within reach of everyone;
- Nurturing Individuality – creating conditions that support people to be true to themselves and express their truth;
- Focused Dedication – showing up each day hungry to learn and develop, we never give up on people;
- Challenging Ideas – keeping our efforts real and centred on what matters most, we do not settle for the ordinary when better is possible;
- Generous Sharing – giving of ourselves, our experience and knowledge, to promote and provide a great service.

# **IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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This initiative was launched on 4 July 2022, "Imagine Independence Day", and was supported by a number of events across our services. By promoting these Values internally and externally, we hope to be able to attract and retain staff and, in addition to supporting our objectives, allow us to address the staff shortages in the post-pandemic health and social care sector.

Imagine provides services across the North West and London under contract to public sector bodies. The pandemic has impacted on the number of new services being commissioned and, as a result, there has been relatively little change in the services being provided during 2022/23.

The one new service introduced during 2022/23 was commissioned by Mersey Care NHS Trust to support the transformation of community mental health services in Liverpool, Knowsley and Sefton. The three year project is aimed at providing additional community support to a specific cohort of people who have disengaged with secondary mental health services and/or are regularly admitted to acute mental health wards. Initial indications are that the service, "Thriving Not Surviving", is making an impact and we hope that the model can be developed to achieve even better outcomes and be used in other areas.

In addition, as part of our response to the new financial pressures emerging in 2022/23, we opted to not renew two services that were no longer financially viable. The first was a sub-contract with another third sector provider in Wigan and the second followed the expiry of grant funding for a small service in Merton.

## **Financial review**

Imagine made an overall deficit of £131,048 in 2022/23 (compared to the surplus of £277,649 in 2021/22), which was largely due to the additional costs resulting from employing agency staff in our services.

In the Accounts for 2021/22 we reported the surplus achieved in that year demonstrated "the success in meeting the objectives of the Financial Recovery Plan approved by the Board in 2018". However, we do not believe that the deficit in 2022/23 represents a backward step from that position. The increased turbulence in the economy and particularly across the health and social care means that we are, once again, in a period of transition and need to review our direct services to ensure viability and corporate and management costs to ensure value for money.

Despite the deficit, the organisation's total reserves were £1,991,734 at 31 March 2023, of which £1,153,928 relates to free reserves, compared to £2,122,782 at 31 March 2022 (free reserves £1,273,036), which is considered sufficient.

The complete 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.

Whilst the overall balance sheet and financial standing remains adequate, we have faced delays in getting payments from some of our commissioners. In recent years the operations that Imagine deliver have increased in complexity and we now support people with greater needs and consequently, individually the funding is of a higher value. In addition, a number are through county-wide Frameworks and each placement is funded differently. Delays in getting new placements set up on the appropriate portals has resulted in debtors increasing and, consequently, cash falling during the year. This was also affected by the restructuring of the NHS during 2022 when ongoing contracts were transferred from Clinical Commissioning Groups (CCGs) to the newly created Integrated Care Boards (ICBs). This is reflected in the balance sheet at 31 March 2023 but, since that date, new processes have been introduced to reduce the risk of these delays.

It is important to note that, unlike traditional businesses, Imagine, as a social care charity, does not consider it an appropriate option to terminate the support for an individual because of slow or late payment.

# **IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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## **Risk policy**

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 2022/23 within the overall risks the Board decided to focus on three Key Risks:

- Key Risk 1 – Inadequate Staff Levels - Inability to meet staffing requirements stated in COP/DOL orders and commissioned hours stated in contracts.
- Key Risk 2 – Finance - The level of general and cash balances will be insufficient to support the Charity as a going concern.
- Key Risk 3 - Governance and Business Systems - The failure of relevant, responsible individuals and groups of individuals to monitor the delivery and impact of all services. The Strategic Plan incorporates the objective of delivering services as “digital by default”, in addition, the move to greater use of remote and home-working generates increased reliance on communication networks and processes. The key risk is that these processes will be unable to deliver contractual services in a secure, confidential, reliable way.

The implications, various actions and responsibilities linked to these risks have been considered and documented by the Board during 2022/23.

The trustees have 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.

## **Plans for the future**

2022/23 has thrown up a number of new challenges to Imagine and the Health and Social Care sector. The current focus is on mitigating and addressing these challenges. Some are continuing and our response to these and other emerging threats and opportunities will be reflected in the preparation of a revised Business Plan during 2023/24.

## **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 (Chair)  
Mr M Burns  
Mr A Connor  
Ms K Haslam  
Mr C Poole  
Mr R Cassidy

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
(CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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None of the trustees have 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. 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.

Our trustees are recruited by direct approach, recruitment advertising or word of mouth. On appointment, all new trustees meet with relevant staff to receive a full induction into the operations and governance of Imagine. In addition, they are given access to the dedicated trustee database of meeting reports and minutes and other key documents. Ongoing development is supported through visits to services and invitations to attend our regular management training events.

The full Board meet on a quarterly basis to consider policy, strategy and corporate governance. In the week prior to the Board, the Finance and Planning Committee meets to review the financial position of the charity and has responsibility for the overview and monitoring of strategic planning, corporate governance and budgetary processes. These timetabled meetings are supplemented by additional meetings to consider budget-setting and, if necessary, to finalise the accounts.

We are looking to recruit new trustees and, following this expansion, we have plans 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 formal trustee meetings continue to be held online via Teams and are also attended by members of the charity's Senior Management Team. During 2022/23 the Company Secretary and Chief Executive, Margaret Hanson, retired and the Board have deferred the recruitment of a permanent replacement, opting to appoint Elaine Mather (Deputy Chief Executive and Chief Operating Officer) and Paul Edwards (Assistant Chief Executive) as Joint Chief Executives on an interim basis. Paul Edwards has also assumed the role of interim Company Secretary.

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. Following the retirement of Margaret Hanson more regular, informal meetings have been introduced between Pauline Berry (Chair of the Board) and the Interim CEOs.

Following a review of the Charity's Governance Framework in 2021 the Board is currently working to review and refresh its governance arrangements. This process has been slightly delayed following the retirement of Margaret Hanson and is still work in progress.



# **IMAGINE INDEPENDENCE COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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## **Pay Policy for Senior Staff**

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. 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, budgetary projection and the overall financial health of the charity. During 2022/23, senior managers received a percentage 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 completion of 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 and 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 we continue to create learning opportunities for all staff to develop appropriate skills and understanding, unique to their roles.

The majority of our training is delivered through our online training modules. This is complemented by additional courses delivered on a more traditional face to face basis. We are currently reviewing our in-house training resource and hope to improve training further in 2022/23.

## **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.

## **Conclusion**

This report reflects a year of continuing 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.

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
(CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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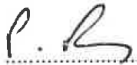
**Auditor**

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.

**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, including the strategic report, was approved by the Board of Trustees.



**Ms P Berry (Chair)**

Trustee

Dated: 11 December 2023

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2023**

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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**

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## **Opinion**

We have audited the financial statements of Imagine Independence (the 'charity') for the year ended 31 March 2023 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 2023 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 and the strategic report prepared for the purposes of company law, is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have 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**

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## **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 strategic report or 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.

## **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**

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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.

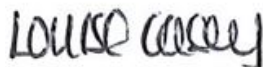
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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**

18/12/2023  
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**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 2023**

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<b><u>Income from:</u></b>			
Donations and legacies	3	90,038	314,055
Charitable activities	4	11,204,676	10,333,452
Investments	5	-	3
<b>Total income</b>		<b>11,294,714</b>	<b>10,647,510</b>
<b><u>Expenditure on:</u></b>			
Charitable activities	6	11,425,762	10,410,278
<b>Total expenditure</b>		<b>11,425,762</b>	<b>10,410,278</b>
<b>Net (expenditure)/income for the year</b>		<b>(131,048)</b>	<b>237,232</b>
<b>Other recognised gains and losses</b>			
Actuarial (loss)/gain on defined benefit pension schemes		-	40,417
<b>Net movement in funds</b>		<b>(131,048)</b>	<b>277,649</b>
<b>Reconciliation of funds</b>			
Fund balances at 1 April 2022		2,122,782	1,845,133
<b>Fund balances at 31 March 2023</b>		<b>1,991,734</b>	<b>2,122,782</b>

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 2023**

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Intangible assets	11		-		1,650
Tangible assets	12		782,651		792,941
			<u>782,651</u>		<u>794,591</u>
<b>Current assets</b>					
Debtors	14	1,853,088		1,351,088	
Cash at bank and in hand		383,183		1,136,476	
		<u>2,236,271</u>		<u>2,487,564</u>	
<b>Creditors: amounts falling due within one year</b>	15	(1,015,300)		(1,140,726)	
Net current assets			<u>1,220,971</u>		<u>1,346,838</u>
<b>Total assets less current liabilities</b>			2,003,622		2,141,429
<b>Provisions for liabilities</b>	17		(11,888)		(18,647)
<b>Total net assets</b>			<u>1,991,734</u>		<u>2,122,782</u>
<b>The funds of the charity</b>					
<u>Unrestricted funds</u>					
Designated funds	19	55,155		55,155	
General unrestricted funds		<u>1,936,579</u>		<u>2,067,627</u>	
			<u>1,991,734</u>		<u>2,122,782</u>
<b>Total charity funds</b>			<u>1,991,734</u>		<u>2,122,782</u>

The financial statements were approved by the trustees and authorised for issue on 11 December 2023 and are signed on its behalf by:



Ms P Berry (Chair)  
Trustee

**Company Registration No. 02699682**



**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(655,684)		647,553
<b>Investing activities</b>					
Purchase of tangible fixed assets		(97,609)		(77,070)	
Investment income received		-		3	
<b>Net cash used in investing activities</b>			(97,609)		(77,067)
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(753,293)		570,486
Cash and cash equivalents at beginning of year			1,136,476		565,990
<b>Cash and cash equivalents at end of year</b>			383,183		1,136,476

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**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 2023**

---

**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 2023**

---

**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 2023**

---

**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 2023**

**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.

**Bad and Doubtful Debts**

Trade Debtors are recorded at their estimated realisable value. The recoverability of these debts is subject to various external influences such as the economic environment as well as more tangible factors such as the age of the debt. The trustees estimate what value of these debts is likely to be irrecoverable and then maintain an ongoing provision.

**3 Donations and legacies**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Donations and gifts	5,362	32,423
Legacies receivable	-	34,456
Grants receivable	84,676	247,176
	<u>90,038</u>	<u>314,055</u>
<b>Grants receivable for core activities</b>		
Covid grants	34,683	136,249
Mental Health First Aid Training	33,832	39,615
Workforce Recruitment & Retention Grant	-	51,018
Other	16,161	20,294
	<u>84,676</u>	<u>247,176</u>

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**4 Charitable activities**

**Promoting independent lives**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Income from charitable activities	9,661,442	8,747,900
Service funding	25,217	27,421
Shared rents and services charges	1,518,017	1,558,131
	<u>11,204,676</u>	<u>10,333,452</u>

**5 Investments**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest receivable	-	3
	<u>-</u>	<u>3</u>

**6 Charitable activities**

**Promoting independent lives**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Staff costs	8,844,942	7,792,406
Other staff costs	78,268	81,436
Travel	79,090	61,797
Premises and office costs	1,711,717	1,777,762
Service costs	173,661	120,946
Other	138,075	151,997
	<u>11,025,753</u>	<u>9,986,344</u>
Share of support costs (see note 7)	141,576	146,000
Share of governance costs (see note 7)	258,433	277,934
	<u>11,425,762</u>	<u>10,410,278</u>

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**7 Support costs**

	<b>Support costs</b>	<b>Governance costs</b>	<b>2023</b>	<b>Support costs</b>	<b>Governance costs</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Depreciation and amortisation	109,549	-	109,549	119,014	-	119,014
Bank charges	8,710	-	8,710	8,589	-	8,589
General expenses	23,317	-	23,317	18,397	-	18,397
Audit fees	-	18,150	18,150	-	30,665	30,665
Accountancy & payroll	-	4,628	4,628	-	4,830	4,830
Legal and professional	-	235,655	235,655	-	242,439	242,439
	<u>141,576</u>	<u>258,433</u>	<u>400,009</u>	<u>146,000</u>	<u>277,934</u>	<u>423,934</u>
Analysed between Charitable activities	<u>141,576</u>	<u>258,433</u>	<u>400,009</u>	<u>146,000</u>	<u>277,934</u>	<u>423,934</u>

**8 Auditor's remuneration**

The analysis of auditor's remuneration is as follows:

<b>Fees payable to the charity's auditor</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Audit of the charity's annual accounts	<u>18,150</u>	<u>30,665</u>
<b>Non-audit services</b>		
All other non-audit services	<u>4,628</u>	<u>4,830</u>

**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 (2022 £nil) .

**10 Employees**

The average monthly number of employees during the year was:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Clerical, administrative and directors	25	25
Support care staff	<u>230</u>	<u>215</u>
Total	<u>255</u>	<u>240</u>



**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**10 Employees**

**(continued)**

<b>Employment costs</b>	<b>2023 £</b>	<b>2022 £</b>
Wages and salaries	7,997,647	7,053,171
Social security costs	653,183	557,799
Other pension costs	194,112	181,436
	<u>8,844,942</u>	<u>7,792,406</u>

Included in wages and salaries are termination payments of £10,613 (2022: £18,127) and payments to agency staff and temporary workers of £704,873 (2022: £365,138).

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

	<b>2023 Number</b>	<b>2022 Number</b>
£60,000 - £70,000	2	-
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
£90,000 - £100,000	1	1
	<u>1</u>	<u>1</u>

**11 Intangible fixed assets**

**Development costs and website  
£**

<b>Cost</b>	
At 1 April 2021	28,245
Disposals	(21,645)
	<u>6,600</u>
At 31 March 2023	
<b>Amortisation</b>	
At April 2021	26,595
Amortisation charged for the year	1,650
Disposals	(21,645)
	<u>6,600</u>
At 31 March 2023	
<b>Carrying amount</b>	
At 31 March 2023	-
	<u>-</u>
At 31 March 2022	1,650
	<u>1,650</u>

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**12 Tangible fixed assets**

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	602,537	307,501	328,919	99,585	1,338,542
Additions	-	-	62,220	35,389	97,609
Disposals	-	-	(66,503)	(30,284)	(96,787)
At 31 March 2023	602,537	307,501	324,636	104,690	1,339,364
<b>Depreciation and impairment</b>					
At 1 April 2022	114,651	96,529	263,631	70,790	545,601
Depreciation charged in the year	12,051	7,877	64,994	22,977	107,899
Eliminated in respect of disposals	-	-	(66,503)	(30,284)	(96,787)
At 31 March 2023	126,702	104,406	262,122	63,483	556,713
<b>Carrying amount</b>					
At 31 March 2023	475,835	203,095	62,514	41,207	782,651
At 31 March 2022	487,886	210,972	65,288	28,795	792,941

**13 Financial instruments**

	<b>2023</b>	<b>2022</b>
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,171,003	2,342,871
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	633,533	982,832

**14 Debtors**

	<b>2023</b>	<b>2022</b>
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	740,391	528,750
Other debtors	85,371	141,710
Prepayments and accrued income	1,027,326	680,628
	1,853,088	1,351,088

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**15 Creditors: amounts falling due within one year**

	Notes	2023 £	2022 £
Other taxation and social security		144,390	139,176
Deferred income	16	237,377	18,718
Trade creditors		102,090	216,648
Other creditors		251,994	411,090
Accruals		279,449	355,094
		<u>1,015,300</u>	<u>1,140,726</u>

**16 Deferred income**

	2023 £	2022 £
Other deferred income	<u>237,377</u>	<u>18,718</u>

Deferred income is included in the financial statements as follows:

	2023 £	2022 £
Total deferred income at 1 April 2022	18,718	34,713
Amounts received in year	237,377	18,718
Amounts credited to statement of financial activities	<u>(18,718)</u>	<u>(34,713)</u>
Total deferred income at 31 March 2023	<u>237,377</u>	<u>18,718</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	2023 £	2022 £
Retirement benefit obligations	18	<u>11,888</u>	<u>18,647</u>

**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 £194,112 (2022 - £181,436).

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

**18 Retirement benefit schemes**

**(continued)**

**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.

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**

	<b>2023</b>	<b>2022</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Present values of provision	11,888	18,647	79,009

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**18 Retirement benefit schemes**

**(continued)**

**Reconciliation of opening and closing provisions**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At 1 April 2022	18,647	79,009
Unwinding of the discount factor (interest expense)	353	456
Deficit contribution paid	(6,794)	(19,994)
Remeasurements - impact of any change in assumptions	(318)	(429)
Remeasurements - amendments to the contribution schedule	-	(40,395)
	<u>11,888</u>	<u>18,647</u>

**Income and expenditure account**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest expense	353	456
Remeasurements - impact of any change in assumptions	(318)	(429)
Remeasurements - amendments to the contribution schedule	-	(40,395)
	<u>35</u>	<u>40,368</u>

**Assumptions**

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Rate of discount - % per annum	<u>5.52</u>	<u>2.35</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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Year 1	6,794	6,794
Year 2	5,662	6,794
Year 3	-	5,662

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 2023**

**19 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:

	<b>Movement in funds</b>		
	<b>Balance at 1 April 2022</b>	<b>Incoming resources</b>	<b>Balance at 31 March 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Future service development	55,155	-	55,155
	<u>55,155</u>	<u>-</u>	<u>55,155</u>

During the prior 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.

**20 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>416,717</u>	<u>318,240</u>

There were no other related party transactions in the year.

**21 Cash generated from operations**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
(Deficit)/surplus for the year	(131,048)	237,232
Adjustments for:		
Investment income recognised in statement of financial activities	-	(3)
Depreciation and impairment of tangible fixed assets	109,549	119,014
Difference between pension charge and cash contributions	-	40,417
Movements in working capital:		
(Increase)/decrease in debtors	(502,000)	24,226
(Decrease)/increase in creditors	(344,085)	303,025
(Decrease) in provisions	(6,759)	(60,363)
Increase/(decrease) in deferred income	218,659	(15,995)
<b>Cash (absorbed by)/generated from operations</b>	<u><b>(655,684)</b></u>	<u><b>647,553</b></u>

**IMAGINE INDEPENDENCE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
*FOR THE YEAR ENDED 31 MARCH 2023***

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**22 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.

## Document Activity Report

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