

Financial statements
Making a Difference Locally Ltd
(a company limited by guarantee)

For the year ended 30 June 2021



Charity Information

Company registration number	06502266
Registered charity number	1123800
Principal and registered office	Waldo Way Normanby Enterprise Park Scunthorpe DN15 9GE
Trustees	A Barber S Leach D Stokes J McNeill K Marsden (appointed 1 July 2020) M Aslam (appointed 17 November 2021) V Aston (appointed 17 November 2021)
Secretary	C Sellers
Bankers	Barclays Bank plc Sheffield and Rotherham Group Leicester LE87 2BB
Auditor	Azets Audit Services Limited Triune Court Monks Cross Drive York YO32 9GZ
Solicitors	Wrigley's Solicitors LLP 19 Cookridge Street Leeds LS2 3AG

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Report of the Trustees

The trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiary for the year ending 30 June 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, 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 the republic of Ireland (FRS102) (effective 1 January 2019).

Structure, governance and management

Constitution

Making a Difference Locally Ltd ('MADL', 'the Company' or 'the Charity') is both a charitable company (Registered in England number 06502266) and a registered charity (Registered number 1123800).

The Governing document is the Memorandum and Articles of Association (Amended 10 January 2013). MADL is a company limited by guarantee, the liability of each member being limited to £1.

Public Benefit Statement

We provide public benefit through making donations to local charities and good causes. This public benefit is directly related to our charitable objectives. We confirm that we follow the Charity Commission's public benefit guidance.

Trustees and management

The directors of the charitable company are its trustees for the purposes of company law. The trustees and officers serving during the year and since the year end were as follows:

Trustees and directors: J McNeill
S Leach
K Marsden (appointed 1 July 2020)
P Rondepierre (resigned 31 August 2020)
C Taylor (resigned 22 September 2021)
A Barber
D Stokes
S Etherington (resigned 22 September 2021)
Mohammed Aslam (appointed 17 November 2021)
Valerie Aston (appointed 17 November 2021)

Secretary: C Sellers

The Board is subject to rotation and election by the members.

The Trustees are responsible for the operation of the Company including the raising of funds and approving donations to charities and good causes nominated by Nisa retailers and employees.

The Trustees are appointed for 3 year periods. Training is provided to ensure the Board comply with statutory and other requirements applicable to Charities and seek to follow best practice.

Report of the Trustees

Objectives and activities

The Company was incorporated on 12 February 2008 with the objectives to support charitable purposes approved by the Board. The principal aim of the Company is to invest in building stronger local communities by making donations to local charities and good causes. It seeks to bring communities together where everyone has equal access to good health and wellbeing, education, employment, good food and nutrition, shelter and security so that in the end we have been a catalyst for sustainable change and can leave a lasting legacy.

When reviewing the aims and objectives of the charity, and in planning future activities, the Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and operate with the recommended practice set out in the Charity Governance Code.

Achievements and performance

The Charity's main focus continues to be supporting smaller, regional charities and community causes where donations are more measurable and impactful and to help Nisa retailers donate funds to good causes within their local communities.

The strategy for achieving this has been founded upon securing donations through Nisa.

The company via its trading subsidiary continues to raise significant sums which will support the Charity in the forthcoming year. Amounts received in 2020/21 totalled £1,199,877- a small increase of £1,951 (0.2%) on the prior year despite difficult trading conditions for the charity's sole funder, Nisa Retail Limited. The focus continues to be encouraging Nisa retailers to engage with their local communities and use their fund balances.

The number of Nisa retailers who donated money for the first time was 316 donating £202,815 (2020: 213 retailers, donating £140,197). Donations in the first half of the 2020/21 year were £403,041 (2020: £366,450).

In the current year a total of 323 donations exceeding £1,000 were made to charities and community groups across the UK.

In total, 1,725 individual donations were made totalling £1,058,188 being donated to small charities and good causes in the retailers' local communities, with donations ranging in value from £1.30 to £17,528.

Funding

Nisa Retail is the sole funder of the charity; all products included in the Co-op and Heritage own-label ranges carry a 0.6% donation to the charity.

Plans for future periods

The charity plans to continue the activities outlined above in the forthcoming years.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The charity collects cash donations from the general public mainly via collection tins left on till points, however this makes up a significantly small proportion of income.

Given the nature of the funding of the charity the Trustees consider that it remains appropriate not to be voluntarily bound to be regulated by the Fundraising Regulator but is voluntarily registered with it. The charity has received no complaints in relation to fundraising activity for the year under review.

Report of the Trustees

Donation Making Policy and Procedure

Retailers supplied by Nisa nominate charities or good causes from their local communities to receive donations. The Charity administrative team verifies the charity or good cause to ensure it meets the requirements of the charity, then pass the request to the Board of Trustees who approve or decline the donation, based on the aims of the Company. The administrative team then processes the donation to the charity or good cause.

In addition, donations are made to two other groups: charities nominated by Nisa employees and regional community causes and charities determined by the Board of Trustees.

The significant activities are the making of donations in line with the objectives of the charity to approved charities and good causes. The donation making policies are set out above.

An exercise to measure the impact of MADL was carried out in 2017 with the result that for every £1 donated by MADL, £5.16 is returned in social value.

Reserves policy

The trustees propose to maintain reserves in order to safeguard the activities of the charity for a period of time in the event that donations fall or cease. The reserves will allow the charity to continue to operate while seeking further funding, which will help to safeguard the interests of beneficiaries.

The charity will maintain reserves at a level which is at least equivalent to one year's estimated operational expenditure. Operating costs in 2020/21 were £277,427 (2019/20: £198,424). Free reserves as at the year end amounted to £240,000 (2020 - £240,000).

Financial review

The Charitable group had a net deficit of £135,738 (2019/20: net surplus of £189,439) as set out in the financial statements. Reserves have decreased due to the desire of the Trustees to reduce these funds so that they can be put to work in our local communities. It is planned that this trend will continue until the reserves represent one year's administration costs in advance plus an amount representing approximately 3-6 months of accrued income restricted for the Retailers' nominations.

The administration costs were stable over the year.

Pay policy for senior staff

The charity does not employ any staff; however the charity is administered by staff employed by Nisa Retail. The charity has a Manager and two Executive Assistants who work for the Charity with their salary cost recharged in its entirety by Nisa Retail. In addition four other individuals work in part for the Charity and in part for Nisa Retail. A proportion of their salary cost, based on actual time spent, is charged by Nisa Retail to the Charity on an actual cost basis.

The recharged salaries are based on industry averages and pay awards are inflationary.

Risk management

The Board reviews annually the material financial and non-financial risks facing the charity and, on a rolling cycle basis, reviews the effectiveness of the risk management process and the resources that our business devotes to them. The principal risks and corresponding mitigation set out below represent the principal uncertainties that the Board believes may impact the company's ability to deliver effectively its strategy in the future. The list does not include all risks that the charity faces, and it does not list the risks in any order of priority.

Report of the Trustees

Risk Type	Description	Mitigation
Financial and treasury	The availability of funding and management of cash flow to meet the objectives of the charity. This depends on the ongoing support of Nisa Retail for funding.	<ul style="list-style-type: none"> The charity has reserves equal to more than one year's donations allowing an orderly cessation of activity were that to become necessary. Nisa Retail's retail partners understand the clear interaction between the benefits of being engaged with and supporting the community and sharing good news stories of charitable activities.
People	We are a small organisation and our people are all critical to our operation. There is a risk that if we fail to attract, retain or motivate talented colleagues, we will not provide the quality of service that our members expect.	<ul style="list-style-type: none"> We have competitive employment policies, remuneration and benefits packages. Our training and development programmes are designed to give colleagues the skills they need to do their jobs and support their career aspirations. Line managers conduct talent reviews and processes are in place to identify and actively manage talent. Colleague engagement surveys, listening sessions and forums are used to understand and respond to our colleagues' needs and are reported regularly to the Board.
Changes in regulation	The charity operates in an environment governed by strict regulations to ensure the safety and protection of its stakeholders. Changing legislation, whether charity or company, may impact our ability to operate or give rise to reputational damage.	<ul style="list-style-type: none"> The charity abides by government legislation, including food hygiene, health and safety and data protection. The Board takes its responsibilities seriously and recognises that any breach of regulation could cause reputational and financial damage to the company.
Fraud	Charity and good causes are not who they claim to be with the result that they gain financially/ Payments are made to the wrong individuals or organisations.	<ul style="list-style-type: none"> Checks are made of all charities and good causes. All cheques signed by two people. Audit trail is retained for all payments made.
Financial and treasury	The availability of funding and management of cash flow to meet the objectives of the charity. This depends on the ongoing support of Nisa Retail for funding.	<ul style="list-style-type: none"> The charity has reserves equal to more than one year's donations allowing an orderly cessation of activity were that to become necessary. Nisa Retail's retail partners understand the clear interaction between the benefits of being engaged with and supporting the community and sharing good news stories of charitable activities.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future and not less than one year from the date of approval. The Trustees are constantly monitoring the financial position of the charity and the ongoing uncertain situation in respect of Covid-19. The charity has no borrowings and operates as a grant maker, as such the pandemic is not expected to give rise to a material uncertainty in regard to going concern.

Report of the Trustees

Trustees' responsibilities statement

The trustees (who are also directors of Making a Difference Locally Ltd for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Report of the Trustees

Auditor

Azets Audit Services Limited were appointed auditor to the charitable company following their acquisition of the trade of Garbutt & Elliott Audit Limited on 1 December 2021. Azets Audit Services Limited have indicated their willingness to stand for reappointment at the Annual General Meeting.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Trustees' Report was approved by the Board of Trustees on ^{28/03/2022}..... and signed on its behalf by:

John McNeill

J McNeill
Director and Trustee

Independent auditor's report to the members and trustees of Making a Difference Locally Ltd

Opinion

We have audited the financial statements of Making a Difference Locally Ltd (the "parent charity" and its subsidiary (the "group") for the year ended 30 June 2021 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and the related notes to the financial statements. 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 group's and parent charity's affairs as at 30 June 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Group or Parent 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Independent auditor's report to the members and trustees of Making a Difference Locally Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual 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 by the parent charity or returns adequate for our audit have not been received from branches not visited by us;
- the parent charity's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement within the Trustees' Report, the trustees 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 they 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 group's and the parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members and trustees of Making a Difference Locally Ltd

Our responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was capable of identifying irregularities, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the trustees and other management, and from inspection of the charitable company's regulatory and legal correspondence. We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation), pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental, health and safety and employment legislation, and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the charitable company to commit fraud. Our risk assessment procedures included: enquiry of trustees and other management to understand the high level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- income recognition and in particular the risks that income is recognised in the wrong reporting period, income relation to cash donations is omitted from the accounting records or that restricted income is incorrectly recognised as unrestricted income; and
- subjective accounting estimates.

Independent auditor's report to the members and trustees of Making a Difference Locally Ltd

These risks may arise due to a desire to present the results in a differing light to suit management objectives.

As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the recognition of income and in particular that it was recognised in the correct period and any restrictions recognised.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services Limited

Laura Masheder
Senior Statutory Auditor

For and on behalf of Azets Audit Services Limited
Statutory Auditor

28/03/2022
.....

Triune Court
Monks Cross Drive
York
YO32 9GZ

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Designated funds £	General funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and Gift Aid		1,199,250	-	1,199,250	1,191,284
Investment income		627	-	627	6,642
Total income		1,199,877	-	1,199,877	1,197,926
Expenditure on:					
Expenditure on charitable activities:					
Grants awarded to:					
- Retailers institutions	2	868,640	227,733	1,096,373	775,022
- National institutions	2	137,805	36,129	173,934	96,013
- Local institution	2	51,743	13,565	65,308	137,452
Total expenditure		1,058,188	277,427	1,335,615	1,008,487
Net (expenditure)/income for the year before transfers		141,689	(277,427)	(135,738)	189,439
Transfer between funds		(277,427)	277,427	-	-
Net (expenditure)/income for the year		(135,738)	-	(135,738)	189,439
Reconciliation of Funds					
Total funds brought forward		1,350,644	240,000	1,590,644	1,401,205
Total funds carried forward		1,214,906	240,000	1,454,906	1,590,644

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

All income and expenditure is derived from continuing activities.

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

A fully detailed Statement of Financial Activities for the year ending 30 June 2020 is shown at note 13.

The notes on pages 16-25 comprise part of these financial statements.

Balance sheets

		Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Fixed assets					
Investments	5	-	10	-	10
Current assets					
Debtors	6	118,351	-	290,063	1,260
Cash at bank		1,414,950	1,277,563	1,389,817	1,228,690
		1,533,301	1,277,563	1,679,880	1,229,950
Creditors: amounts falling due within one year	7	(78,395)	(435,552)	(89,236)	(345,010)
Net current assets		1,454,906	842,011	1,590,644	884,940
Total assets less current liabilities		1,454,906	842,021	1,590,644	884,950
Funds					
Designated funds	9	1,214,906	602,021	1,350,644	644,950
General funds	9	240,000	240,000	240,000	240,000
Total funds		1,454,906	842,021	1,590,644	884,950

The notes on pages 16-25 form part of these financial statements.

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

28/03/2022

These financial statements were approved by the Trustees onand are signed on their behalf by:

John McNeill

J McNeill
Trustee

Company Registration Number: 06502266

Consolidated cash flow statement

	<i>Note</i>	2021 £	2020 £
Net cash produced by operating activities	11	24,506	(349,637)
Cash flows from investing activities:			
Interest received		627	6,642
Net cash provided by investing activities		627	6,642
Change in cash and cash equivalents in the year		25,133	(342,995)
Cash and cash equivalents at the beginning of the year		1,389,817	1,732,812
Cash and cash equivalents at the end of the year		1,414,950	1,389,817

Notes to the financial statements

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Company information

Making a Difference Locally Limited ("MADL") is a company limited by guarantee registration number 06502266. The guarantors are the trustees named on page 1. The liability in respect of this guarantee, as set out in the memorandum, is limited to £1 per member. The Company is also a charity registered with the Charity Commission in England and Wales, Registration Number 1123800.

Accounting convention

The financial statements have been prepared on a going concern basis in accordance with 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) (Charities SORP (FRS 102)), the Companies Act 2006 and the Charities Act 2011.

MADL meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are recognised to the £1.

On the grounds that the charitable company's results are consolidated into the charitable company's group accounts the charitable company has taken advantage of certain exemptions conferred by section 1.11 of FRS 102 as follows:

- Exemption from presenting a charitable company statement of cash flows as a primary statement to the financial statements.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future and not less than one year from the date of approval. The Trustees are constantly monitoring the financial position of the charity and the ongoing uncertain situation in respect of Covid-19. The charity has no borrowings and operates as a grant maker, as such the current economic climate is not expected to give rise to a material uncertainty in regard to going concern.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Making A Difference Locally (Marketing) Ltd on a line by line basis. The summarised profit and loss account for the subsidiary is shown in note 5. A separate Statement of Financial Activities, including the income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions offered by section 408 of the Companies Act 2006. The gross income of the charity was £1,142,291 (2020: £1,020,469) and the net deficit was £42,929 (2020: £160,475 net surplus).

Notes to the financial statements

1 Accounting Policies (Continued)

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Company.

Designated funds are funds held to be applied by the trustees in line with the wishes of retailers supplied by Nisa Retail or the Head office staff of Nisa as set out in the notes to the financial statements.

Income

Income includes the total receivable during the period from grants, sponsorship, donations, gift aid and other income.

Gift Aid is recognised on the same basis as donations. The company receives gift aid each year from Making a Difference Locally (Marketing) Ltd, under the provisions related to Gift Aid as at the point there is a legal obligation or it is physically settled in cash.

Investment income is recognised on a receivable basis.

Expenditure

Charitable expenditure comprises of grants made to nominated charities or good causes, as well as national charities and those charities nominated by the staff of Nisa Retail or Retailer Supermarkets which are made in furtherance of the charitable objectives of the charity.

The Charity applies a grant making policy to the above charitable expenditure, which requires members to submit an application for a grant to be paid. Applications are subject to a review process and require approval from the Board of Trustees before being issued. The grants must be made to causes that are compliant with the Charity's core values, considered to be local to the member, and not for purposes that are unlawful or prohibited by the Board of Trustees.

Support costs allocated to charitable expenditure comprise all costs relating to the running and administration of the charity, these costs include legal and audit fees.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Investments

Investments in subsidiaries are stated at cost and the Trustees review the carrying value annually for indications of impairment.

Financial instruments

The group 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.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity held for working capital. Bank overdrafts are shown within borrowing in current liabilities.

Notes to the financial statements

1 Accounting Policies (Continued)

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income and expenditure account.

Creditors, loans and provisions

Creditors, loans and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are only derecognised when, and only when, the group's obligations are discharged, cancelled or they expire.

Amounts recognised as provisions are best estimates of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Taxation

Making a Difference Locally Limited is a registered charity and as such is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, the parent charitable company is potentially entitled to tax exemption under part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 in respect of income and gains arising.

The trading subsidiary is liable to corporation tax on their chargeable profits. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. As all profits arising in the subsidiary were gift aided to the parent charitable company within nine months of the year end, in both the current and prior financial year, no corporation tax arises.

Critical accounting estimates and judgements

In the application of the group'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future.

The Trustees consider that there are no assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities recognised in the balance sheet as at 30 June 2021.

Notes to the financial statements

2 Expenditure on charitable activity

Year ended 30 June 2021:	Direct costs	Support costs	2021
	£	£	£
Grants awarded to:			
Retailers nominated institutions	868,640	227,733	1,096,373
National institutions	137,805	36,129	173,934
Local institutions	51,743	13,565	65,308
Total cost	1,058,188	277,427	1,335,615

Year ended 30 June 2020:	Direct costs	Support costs	2020
	£	£	£
Grants awarded to:			
Retailers nominated institutions	622,533	152,489	775,022
National institutions	77,122	18,891	96,013
Local institutions	110,408	27,044	137,452
Total cost	810,063	198,424	1,008,487

Direct costs of charitable activity represents a total 1,725 (2020 – 1,724) grants awarded totalling £1,058,188 (2020 - £810,063) which have been paid from designated funds.

Owing to the nature of the organisations to which grants and awards made they vary in size with modest grants making a very meaningful difference to these local and community causes. Grants are paid to causes across the charitable objects of good health and wellbeing, education, employment, good food and nutrition, shelter and security.

Support costs totalling £277,427 (2020 - £198,424) relate to unrestricted expenditure.

Grants to Institutions over £10,000	2021
	£
The Trussel Trust	17,528
Total	17,528

Notes to the financial statements

2 Expenditure on charitable activity (continued)

Analysis of Support Costs

	2021	2020
	£	£
NISA administration costs	150,154	171,356
Governance costs	14,655	12,181
Advertising costs	111,938	12,437
Other expenses	454	2,435
Bank charges	226	15
Total support costs	277,427	198,424

Governance costs included within support costs include fees payable to the auditor as detailed in note 3.

3 Net income for the period is stated after charging:

	2021	2020
	£	£
Auditor's remuneration		
- audit of the financial statements	10,100	10,000
- other services	3,300	3,250

4 Employees

No trustees received any remuneration, benefits, or out of pocket expenses from the company for the performance of their duties during the period under review (2020: No Trustees).

There were no employees of the charitable company during the year. Support costs include an administration and advertising recharge of £237,847 (2020 - £170,720) of which £143,279 (2020 - £144,000) relates to recharged staff costs.

5 Fixed asset investments

Company

	2021	2020
	£	£
Subsidiary undertaking	10	10

The Company owns the entire issued ordinary share capital of Making a Difference Locally (Marketing) Ltd, a company registered in England and Wales, whose principal activity is the raising of funds to further the aims of its parent undertaking, Making a Difference Locally Ltd.

Notes to the financial statements

5 Fixed asset investments (continued)

The result of the Company's trading activities through its subsidiary undertaking is detailed below.

	2021 £	2020 £
Turnover	1,163,310	1,154,217
Net income attributable to parent undertaking	1,163,310	1,154,217
Expenditure for the year	(150,394)	(148,493)
Profit for the financial year	1,012,916	1,005,724
Distribution to parent charity under gift aid	(1,105,724)	(976,760)
Retained profit	(92,808)	28,964
Reconciliation of Retained Earnings		
Total retained earnings brought forward	705,694	676,730
Total retained earnings carried forward	612,886	705,694

The aggregate of the assets, liabilities and funds was:

	2021 £	2020 £
Assets	677,229	782,229
Liabilities	(64,333)	(76,525)
Funds	612,896	705,704

6 Debtors

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Other debtors	118,351	-	290,063	1,260
	118,351	-	290,063	1,260

Notes to the financial statements

7 Creditors: amounts falling due within one year

	Group 2021	Company 2021 £	Group 2020 £	Company 2020 £
Trade creditors	-	93,539	-	-
Other creditors	78,395	186,503	89,236	186,413
Amounts due to subsidiary undertaking	-	155,510	-	158,597
	78,395	435,552	89,236	345,010

8 Statement of funds

For the year ended 30 June 2021

	Balance at 1 July 2020 £	Income £	Expenditure £	Transfer £	Balance at 30 June 2021 £
Group Funds:					
Designated funds	1,350,644	1,199,877	(1,058,188)	(277,427)	1,214,906
Unrestricted funds	240,000	-	(277,427)	277,427	240,000
Total funds	1,590,644	1,199,877	(1,335,615)	-	1,454,906

Designated Funds – These funds relate to donations committed to retailers supplied by Nisa. During the year, a transfer of £277,427 (2020: £201,153) was recognised to ensure that sufficient funds are allocated to cover administrative costs in the following financial year.

For the year ended 30 June 2020

	Balance at 1 July 2019 £	Income £	Expenditure £	Transfer £	Balance at 30 June 2019 £
Group Funds:					
Designated funds	1,362,358	999,502	(810,063)	(201,153)	1,350,644
Unrestricted funds	38,847	198,424	(198,424)	201,153	240,000
Total funds	1,401,205	1,197,926	(1,008,487)	-	1,590,644

Notes to the financial statements

8 Statement of funds (continued)

For the year ended 30 June 2021

	Balance at 1 July 2020	Income	Expenditure	Transfer	Balance at 30 June 2021
	£	£	£	£	£
Company Funds:					
Designated funds	644,950	1,142,291	(1,058,188)	(127,032)	602,021
Unrestricted funds	240,000	-	(127,032)	127,032	240,000
Total funds	884,950	1,142,291	(1,185,220)	-	842,021

For the year ended 30 June 2020

	Balance at 1 July 2019	Income	Expenditure	Transfer	Balance at 30 June 2020
	£	£	£	£	£
Company Funds:					
Designated funds	689,308	970,538	(810,063)	(204,833)	644,950
Unrestricted funds	35,167	198,424	(198,424)	204,833	240,000
Total funds	724,475	1,168,962	(1,008,487)	-	884,950

9 Analysis of net assets between funds

For the year ended 30 June 2021

	Net current assets £	Total 2021 £
Group		
Designated funds	1,214,906	1,214,906
Unrestricted funds	240,000	240,000
Total Group Funds	1,454,906	1,454,906

For the year ended 30 June 2020

	Net current assets £	Total 2020 £
Group		
Designated funds	1,350,644	1,350,644
Unrestricted funds	240,000	240,000
Total Group Funds	1,590,644	1,590,644

Notes to the financial statements

10 Related party transactions

Income of £1,163,310 (2020: £1,154,217) was collected by Nisa Retail Limited and transferred to Making a Difference Locally Ltd via its subsidiary Making a Difference Locally (Marketing) Ltd. In addition £237,847 (2020: £170,720) of administration and advertising costs were originally incurred by Nisa Retail Limited, then recharged to Making a Difference Locally (Marketing) Ltd. As at the year end, an amount of £118,351 (2020 - £290,063 owed to) was owed from Nisa Retail Limited.

As at the year end, Making a Difference Locally Limited had a creditor balance owed to Making a Difference Locally (Marketing) Limited amounting to £155,510 (2020 - £158,597).

Andrew Barber, one of the Trustees, is the CEO of the Hey Smile Foundation. During the year, no donations (2020 - £720) were made to the Hey Smile Foundation.

The Trustees consider themselves to be key management personnel.

11 Reconciliation of net movement in funds to net cash flow from operating activities

	2021	2020
	£	£
Net movement in funds	(135,738)	189,439
Adjustments for:		
Interest received	(627)	(6,642)
Decrease/(increase) in debtors	171,712	(183,509)
(Decrease)/increase in creditors	(10,841)	(348,925)
Net cash provided by operating activities	24,506	(349,637)

12 Analysis of changes in net debt

The Charity had no debt during the current or previous year.

Notes to the financial statements

13 Comparative Statement of Financial Activities

Consolidated Statement of Financial Activities (Including Income and Expenditure Account) for the year ending 30 June 2020

	Designated funds	General funds	Total funds 2020
	£	£	£
Income from:			
Donations and Gift Aid	993,960	197,324	1,191,284
Investment income	5,542	1,100	6,642
Total income	999,502	198,424	1,197,926
Expenditure on:			
Expenditure on charitable activities:			
<i>Grants awarded to:</i>			
- Retailers institutions	622,533	152,489	775,022
- National institutions	77,122	18,891	96,013
- Local institution	110,408	27,044	137,452
Total expenditure	810,063	198,424	1,008,487
 Net income for the year before transfers	 189,439	 -	 189,439
Transfer between funds	(201,153)	201,153	-
Net income/(expenditure) for the year	(11,714)	201,153	189,439
 Reconciliation of Funds			
Total funds brought forward	1,362,358	38,847	1,401,205
Total funds carried forward	1,350,644	240,000	1,590,644