

Natural Ability

(A charitable company limited by guarantee)

Report and Financial Statements

31st March 2022

**Registered company number 6959710
Registered charity number 1136665**

Natural Ability

Contents

Company Information	3
Report of the Trustees	4
Independent Auditor's Report	13
Statement of Financial Activities (including Income and Expenditure Account)	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19

Natural Ability

Company Information

For the year ended 31 March 2022

Trustees

Mr. R. E. H. Philipson
Mr. A. J. Sanders (resigned 6th October 2021)
Mr. B. N. Howorth
Mr. M. J. Quinn
Mrs. M. Holmes
Ms Daisy Gardener (appointed 22nd November 2021)

Key management

Chief Executive and Company Secretary	Nicola Crawford
Business Development Manager	Janice Walker
Finance Manager	Kathy Lowe
HR Advisor	Michelle Sharman
Senior ISL Manager	Fiona Carlile
Day Services Manager	Suzanne Keen

Registered office

The Beacon
Beaufront Park
Anick Road
Hexham
Northumberland
NE46 5TU

Accountants

Haines Watts
17 Queen's Lane
Newcastle upon Tyne
NE1 1RN

Bankers

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Registered Company number
6959710

Charity number
1136665

Natural Ability

Report of the Trustees

For the year ended 31 March 2022

The Trustees are pleased to present their report and financial statements for the year ended 31st March 2022.

Reference and administrative details, set out on the previous page, form part of this report. The financial statements comply with current statutory requirements, the memorandum and 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 Republic of Ireland (FRS102).

Structure, governance and management

Governing document

Natural Ability is a company limited by guarantee and is governed by its memorandum and articles of association dated 3 May 2010. It was registered with the Charity Commission on 30 June 2010.

Appointment of Trustees

The Trustees are directors for the purposes of company law and the members of the charity must become Trustees. The number of Trustees must not be less than three and not more than nine persons.

Induction and training of Trustees

The induction and training of Trustees is dealt with according to individual need. Trustees usually have prior professional or charity knowledge and experience.

Organisation

The charity is managed by the Trustees, who meet approximately 6 times a year. Three Trustees are needed for a quorum. The Trustees who have served during the year are set out on the Company Information page.

The Trustees are responsible for the leadership, strategic development and effectiveness of the charity.

The Chief Executive Officer controls day to day operations, the delivery of services and the development of new business.

The Business Development Manager is responsible for the development of new services and procurement of grant funding.

The Finance Manager is responsible for all finance functions and oversees facility management of Head Office.

The Services Managers ensure that service delivery processes are effective, safe, high quality and meet regulatory requirements relating to the care and support for the people who use Natural Ability.

The Human Resources Advisor ensures that the organisation meets its legal responsibilities relating to employment law, safer recruitment principles are adhered to and a positive working culture is provided for all employees.

Risk Management

A full set of policies on health and safety, financial management, staffing, information security and customer liaison have been established and are reviewed as required and at least every 3 years.

Natural Ability

Report of the Trustees

For the year ended 31 March 2022

Safety

The charity has a focus on the safety and security of its entire workforce and customers, particularly as a number of them are vulnerable people. With this in mind:

- All staff are trained first aiders;
- All staff must obtain an enhanced Disclosure and Barring Service check, are encouraged to join the Update Service and are governed by the charity's policy for safeguarding vulnerable adults and children.

The charity's Health and Safety Officer is Nicola Crawford (CEO).

The charity's employer's liability, public and products liability, professional indemnity, Trustees and Director's indemnity and contents insurance policy is provided by Towergate Insurance.

Objectives and activities

The relief of young people and adults with learning disabilities and/or physical disabilities and/or mental disabilities, in part but not exclusively by the provision of:

- a. Housing, supported living, short breaks, employment, education, training and learning opportunities, emphasising the protection or conservation of the environment and local heritage, wherever possible;
- b. Developing such other charitable forms of support as required.

Current Activities

Natural Ability provides support under three service areas:

Service Area 1 – Independent Supported Living (ISL)

Service Area 2 – Day Services

Service Area 3 – Towards Independence & Enabling

Service Area 1- ISL

Natural Ability continues to provide an ISL service across West Northumberland supporting individuals to live independently within their own homes. The people who use our service are supported to have choice and control over all aspects of their lives. These choices can include where they live, who they live with and what activities and community engagement they choose to participate in to enrich their daily lives.

Service Area 2 – Day Services

1) Day Farming

Individuals using our Day Farming service can access a wide range of opportunities working outdoors in the North Pennines and surrounding areas. As well as providing the people who use our service with a sense of physical and psychological wellbeing, Natural Ability provides rural training and work experience. The service works in partnership with the local farming community, therefore enabling our Day Farmers to work as part of a team to develop and support the work of farms, community gardens and other community activities.

Natural Ability

Report of the Trustees

For the year ended 31 March 2022

2) Handy Person Service

The Handy Person Service provides people with learning disabilities a valuable employment opportunity working within their local community. The Handy Person team work alongside a skilled and experienced supervisor taking on jobs such as gardening, landscaping, fencing, painting and decorating. This service is growing rapidly, developing the skills of those involved whilst also building community links, community inclusion and strengthening supportive work placed opportunities for those perceived to be furthest from the labour market.

Service Area 3 – Towards Independence & Enabling

This service offers alternative education to post-16 year olds. Individuals can work towards building their knowledge and experience in a wide range of subjects with a focus on life skills, social skills, employability and working towards independence.

Public benefit

The trustees have had regards to the Charity Commission's guidance on their legal duty on public benefit, and are satisfied that the charitable company delivers public benefit, and due regard is paid to the guidance on public benefit whilst reviewing the charitable company's aim and objectives and also when planning future objects and deciding what new projects the charitable company should undertake.

Achievements and performance

The global Covid-19 pandemic continued to have an impact into this year with staff carrying out regular testing and continuing to wear PPE to protect the vulnerable adults they work with. A robust winter plan along with the government vaccination programme allowed us to navigate the increased pressures that came along with the rise of the omicron, and other variants of the virus, successfully with minimal impact on services.

Once again, frontline staff have been fundamental in our success this year, particularly in keeping the vulnerable adults who we support safe and well. Despite our best protective measures, some of the people we support inevitably contracted the virus but all were given the utmost care during their convalescence and none are suffering any lasting effects. The individuals in the highly vulnerable category have all remained virus-free, healthy and happy. At Natural Ability we pride ourselves in dedicating all of the management support and resources required to support our frontline staff to perform their roles effectively and maintain job satisfaction, whilst supporting vulnerable adults to live active and fulfilled lives. This has been no different during this difficult period and all members of the organisation have gone above and beyond to provide quality services to the people we support.

ISL

The Independent Supported Living services now support a total of 12 people to live in their own homes. We were very pleased to bring on board two new services during the year. The income from Independent Supported living services in the year ending 31 March 2022 was £983,851 (2021: £783,500).

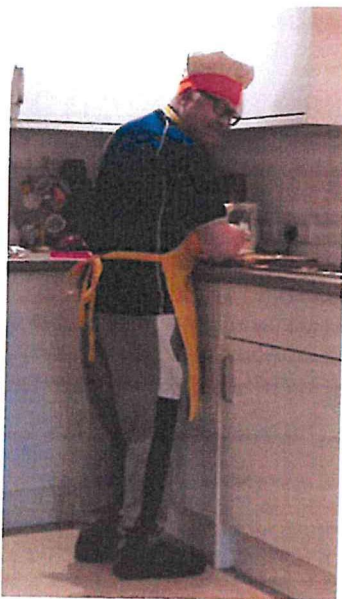
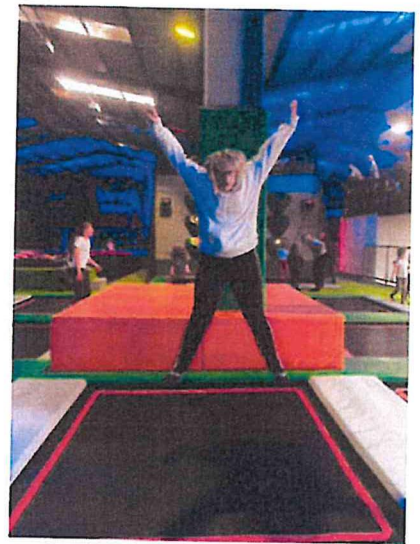
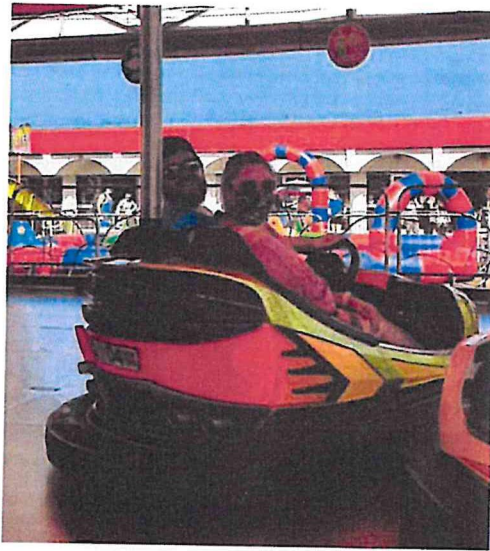
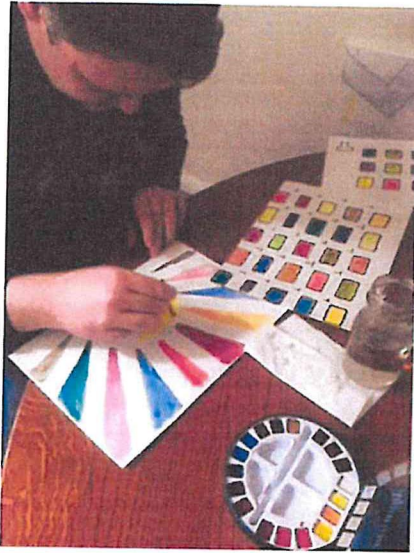
The easing of restrictions across the country has meant that we have been able to support the people who use our services to resume their work placements and activities that they enjoyed prior to the pandemic, to try out new ventures and even plan holidays. We were able to arrange an organisation-wide day trip to Beamish Museum in the spring which was thoroughly enjoyed by all who attended. Our social committee is back up and running and is planning many more events to bring together both the people we support, the staff teams, families and other individuals and organisations to create valuable opportunities for socialising, entertainment and fundraising.

Natural Ability

Report of the Trustees For the year ended 31 March 2022

"This year especially my son's team have provided outstanding care in the most difficult of circumstances."

"In the 6 months or so J has been with you he has settled in well. He looks good physically and is clearly happy. We are therefore relieved. All the staff have been great. Their care and professionalism stands out."



Natural Ability

Report of the Trustees

For the year ended 31 March 2022

Day Farming and Handy Person

Day Farming has continued successfully and generated £53,254 over the year in earned income (2021: £45,482).

Day Farming is currently providing work experience, training and benefits in physical and mental health for 10 Day Farmers over 5 days per week. Face to face sessions resumed fully in 2021 and all of our Day Farmers were thrilled to be back out and about.

The Day Farming service was able to fully reopen to attendees this year and all farming, horticulture and walking group sessions recommenced. The team have been tackling their usual tasks and trying out new skills like sheep foot-care. The attendees were given the opportunity to attend training courses in First Aid and Moving & Handling, and have had various visits to different community gardens, working farms and an auction mart. Links with our highly valued, existing venue hosts have been strengthened and we have continued to source new venues and welcome new attendees to the service.

The Handy Person service successfully engaged the community and generated £2,030 income from sales of services.

The service has provided regular employment for 6 people with learning difficulties and has 5 regular contracted jobs including private gardens, a community litter-pick and a community edible garden. The Handy Person workers have enjoyed gaining various new skills this year, including using a strimmer, willow harvesting and other gardening skills.

"Finding Day Services to meet the needs of learning disabled adults isn't easy. I would highly recommend Day Farming to others because of its values, principles and positive practices."

"Fabulous staff who seem very capable, caring and kind."



Natural Ability

Report of the Trustees For the year ended 31 March 2022



Towards Independence & Enabling

The Towards Independence & Enabling service did not run during the year ended 31st March 2022. The service has since resumed on an ad hoc basis and we are hopeful that it will grow soon in line with the strategic plan.

Natural Ability

Report of the Trustees

For the year ended 31 March 2022

Grants, donations and fundraising

Grant income generated in the year was £161,684 (2021: £142,682) with the main funders being the Big Lottery Fund, the Lloyds Bank Foundation, the Ballinger Trust and the James Knott Charitable Trust. Donations were received in the amount of £409 (2021: £100) and fundraising in the amount of £365 (2021: £0).

Financial review

The net income for the year was £50,693 (net income 2021: £46,846) as disclosed in the Statement of Financial Activities on page 16. Unrestricted funds at the year-end were £300,604 (2021: £245,653).

The principal source of income comprised earned income of £1,040,635 (2021: £865,289), with a further £162,049 (2021: £142,840) in grants, donations and fundraising.

The year ending 31 March 2022 saw an increase of 20% in earned income and 13% in grant income. The proportion of earned income for the year ending 31 March 2022 was 87% (2021: 85%).

Reserves policy

It is the policy of the charity to seek to establish and maintain a reserves fund based on a business risk assessment to cover 6 months' core operating costs, redundancies and lease obligations. The reserves policy figure deemed necessary at 31 March 2022 was £174,409. Unrestricted funds at the year-end were £300,604 (2021: £245,653) which means that the charity can meet the reserves figure of £174,409 as required by the policy, with a surplus of £126,195. The Trustees will review both the policy and the reserves position on a regular basis.

Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Annual budgets take into account the impact of COVID-19 and are monitored on a monthly basis. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Plans for the future

Natural Ability is committed to continuing to grow the organisation to enable more individuals to benefit from the services provided. A 3 year Strategic Plan has been developed and is currently being worked towards. Key aims include:

Natural Ability

Report of the Trustees

For the year ended 31 March 2022

Service Delivery

- Increasing accommodation opportunities and solutions for individuals requiring supported housing services.
- Increasing Towards Independence Day Services, incorporating skills and accreditation opportunities.
- Continue with organizational growth, both in relation to numbers of people receiving services as well as geographical accessibility and delivery.
- Diversifying and enhancing services.
- Developing a Natural Ability 'Towards Independence' Learning Hub.
- Delivering high quality services that are evidence based.

Organisational Infrastructure

- Strengthening the Natural Ability brand and raising awareness.
- Diversifying income streams.
- Increasing staff retention and attracting new employees.
- Reviewing historic structures.
- Developing an investment plan

As of March 2022, 55% of the strategic objectives are currently in progress and a number have now been completed. Although organisational development has been difficult due to the added pressures of the pandemic, the management team have, over the last year, focused on gaining intelligence and exploring new opportunities for a learning hub, increasing training opportunities for attendees of Day Services, diversifying income streams and enhancing the quality of all services.

The key focus for the coming year is the development of a Natural Ability Towards Independence Learning Hub, sustaining and growing current day service opportunities, introducing new technology to support with the collation and sharing of operational information and enhancing how we encourage and enable the people we support to meet their personal aspirations and goals.

Statement of Trustees' responsibilities

The trustees (who are also directors of Natural Ability for the purposes of company law) are responsible for preparing the Trustees' Annual 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 2015 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Natural Ability
Report of the Trustees
For the year ended 31 March 2022

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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.

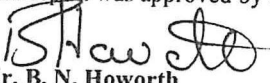
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies, under Part 15 of the Companies Act 2006.

This report was approved by the Trustees on 8th December 2022


Mr. B. N. Howorth
Chair of Trustees

Natural Ability

Independent Auditors' Report to the members of Natural Ability For the year ended 31 March 2022

Opinion

We have audited the financial statements of Natural Ability (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

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.

Natural Ability

Independent Auditors' Report to the members of Natural Ability For the year ended 31 March 2022

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 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 our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

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.

Natural Ability

Independent Auditors' Report to the members of Natural Ability For the year ended 31 March 2022

We obtained an understanding of the legal and regulatory framework applicable to both the charitable company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors

and other management. The most significant were identified as the Charities Act 2011, the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations

as part of our procedures on the related financial statements. Our audit procedures included:

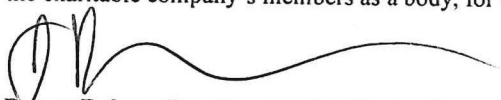
- making enquires of trustees and management as to where they consider there to be a susceptibility to fraud and
- whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of those charged with governance;
- assessing the risk of management override including identifying and testing journal entries;
- confirmation received directly from the banks to verify the balance at 31 March 2022; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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.

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.



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts North East Audit LLP

Statutory Auditors

20 December 2022

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Natural Ability

Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2022

	Notes	Unrestricted funds	Restricted funds	Total 2022	Total 2021
		£	£	£	£
Income from:					
Grants and donations	4	52,233	109,451	161,684	142,682
Fundraising		365	-	365	158
Charitable activities	5	1,040,635	-	1,040,635	865,289
Interest receivable		31	-	31	101
Total income		1,093,264	109,451	1,202,715	1,008,230
Expenditure on:					
Raising funds		22,057	-	22,057	19,917
Charitable activities		1,016,256	113,709	1,129,965	941,467
Total expenditure	6	1,038,313	113,709	1,152,022	961,384
Net income for the year		54,951	(4,258)	50,693	46,846
Reconciliation of funds					
Total funds brought forward		245,653	13,867	259,520	212,674
Total funds carried forward		300,604	9,609	310,213	259,520

The Statement of Financial Activities includes all gains and losses recognised in the year.

Natural Ability

Balance Sheet As at 31 March 2021

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	10	35,617	11,208
Current assets			
Debtors	11	29,162	99,160
Cash at bank	12	298,273	198,844
Cash in hand		1,054	458
		328,489	298,462
Creditors: amounts falling due within one year	13	(53,893)	(50,149)
Net current assets		274,596	248,313
Net assets		310,213	259,520
Charity funds:			
Unrestricted funds	17	300,604	245,653
Restricted funds	18	9,609	13,867
Total		310,213	259,520

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

Approved by the Board of Trustees on 8th December 2022 and signed on their behalf by:


Mr. B. N. Howorth
Chair of Trustees

Natural Ability

Cash flow Statement for the year ended 31 March 2022

Notes	2022	2021
	£	£
Cash generated from operations		
Surplus on ordinary activities	50,693	46,846
Depreciation	8,213	3,705
Reconciliation to cash generated from operations:		
Increase/(Decrease) in creditors	3,743	18,937
Decrease/(Increase) in debtors	69,998	(47,834)
Capital expenditure	(32,622)	(2,892)
	41,119	18,762
 Reconciliation of funds		
Total funds brought forward:		
Cash at bank and in hand brought forward as at 1 st April	199,302	180,540
Net movement in cash	100,024	18,762
 Total funds carried forward:		
Cash at bank and in hand carried forward at 31 st March	299,326	199,302

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

1. Legal status of the charity

The charity is a company limited by guarantee and, as such, no shares are issued. The liability of each member in the event of winding up is limited to £1.

2. Accounting policies

a) Basis of accounting

The financial statements have been prepared 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

Natural Ability meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Annual budgets take into account the impact of COVID-19 and are monitored on a monthly basis. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

c) Fund accounting – unrestricted and restricted funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the charity without further specified purpose.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions given by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment costs.

Depreciation is charged at rates calculated to write down the cost of assets (excluding freehold land) over their estimated useful lives at the following rates:

Freehold buildings	2% straight line
Plant, equipment & furniture	15% reducing balance
Fixtures and equipment	20% straight line
I.T equipment	25% straight line
Vehicles	15% straight line

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the proceeds of sale and the carrying amount of the asset and is recognised in income or expenditure.

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

- e) **Income recognition**
All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.
Income from charitable activities received to deliver services is recognised within the relevant period.
Interest receivable on funds held on deposit is included when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.
Donated services and facilities are included where the amounts concerned can be quantified.
- f) **Deferred income**
In the past, grant income received was held as deferred income and released to the income and expenditure account in the period in which the related expense was incurred. During 2021/22 no income was held as deferred income and none was released to the income and expenditure account.
- g) **Expenditure recognition**
Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis, inclusive of any VAT which cannot be recovered.
Expenditure on raising funds comprise the costs incurred in raising income from grants and donations.
Charitable expenditure comprises all costs of activities in furtherance of the objects of the charity.
Governance costs represents costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.
Support costs relating to more than one activity are allocated on the basis of staff time spent.
- h) **Cash at bank**
Cash at bank consists of a Unity Trust Bank plc current account and a Unity Trust Bank plc instant access savings account.
- i) **Debtors**
Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.
- j) **Creditors and provisions**
Creditors and provisions are recognised where the charity 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 and provisions are normally recognised at their settlement amount.
- k) **Financial instruments**
The charity only has financial instruments and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at their settlement value.
- l) **Pension costs**
The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable. The charity contribution in the year is disclosed in note 5. The pension scheme is managed by Nest Corporation. The charity has no liability beyond making its contributions and paying across the deductions of employees' contributions.

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

3. Comparative Statement of Financial Activities

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £
Income from:				
Grants and donations	4	69,306	79,028	148,334
Fundraising		158	-	158
Charitable activities	5	859,637	-	859,637
Interest receivable		101	-	101
Total income		929,202	79,028	1,008,230
Expenditure on:				
Raising funds		19,917	-	19,917
Charitable activities		849,133	92,334	941,467
Total expenditure	6	869,050	92,334	961,384
Net income for the year		60,152	(13,306)	46,846
Reconciliation of funds				
Total funds brought forward		185,501	27,173	212,674
Total funds carried forward		245,653	13,867	259,520

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

4. Grants and donations

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Barbour Foundation	-	1,000	1,000	-
Community Foundation	-	5,000	5,000	-
James Knott Charitable Trust	-	10,000	10,000	-
LA6 Community Grant	-	7,810	7,810	-
Lloyds Bank Foundation	30,000	-	30,000	30,000
Lloyds Bank Foundation Covid-19 Support	-	-	-	12,300
Lottery Reaching Communities	-	73,141	73,141	63,107
The Ballinger Trust	-	12,000	12,000	12,000
The Percy Hedley 1990 Charitable Trust	-	500	500	-
The W A Handley Charitable Trust	2,000	-	2,000	-
Donations	409	-	409	100
Government JRS scheme	2,053	-	2,053	9,885
Government Funding re Covid-19	17,771	-	17,771	15,290
	52,233	109,451	161,684	142,682

5. Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Day Farming Fees	53,254	-	53,254	45,482
Handyperson Service	2,030	-	2,030	500
Independent Supported Living Programmes	985,093	-	985,093	783,700
Other	258	-	258	8
Towards Independence	-	-	-	4,837
	1,040,635	-	1,040,635	865,289

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

6. Total expenditure

	Raising Funds	Charitable activities	Governance costs	Total 2022	Total 2021
	£	£	£	£	£
Direct costs					
Bad Debt	-	3,256	-	3,256	3,394
Day Farming costs	-	5,784	-	5,784	1,246
Depreciation	-	8,213	-	8,213	3,705
Fundraising costs	498	-	-	498	-
Handyperson costs	-	967	-	967	55
Independent Supported Living costs	-	14,266	-	14,266	7,289
Short Breaks/Respite costs	-	-	-	-	90
Staff costs	-	904,895	-	904,895	774,716
Vehicle costs	-	8,886	-	8,886	3,869
Volunteer costs	-	-	-	-	10
Allocated support costs					
Staff costs	11,311	126,017	8,509	145,837	116,653
Office costs	10,248	40,148	5,124	55,320	46,457
Professional fees	-	-	4,100	4,100	3,900
	22,057	1,112,432	17,733	1,152,022	961,384

7. Net incoming/(outgoing) reserves

Net incoming/(outgoing) resources for the year include:

	2022	2021
	£	£
Depreciation	8,213	3,705
Auditors' remuneration	4,100	3,900

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

8. Analysis of staff costs, and the cost of key management personnel

The aggregate staff costs were:

	2022	2021
	£	£
Wages and salaries	960,779	810,079
Social security costs	75,538	63,928
Pension costs	14,209	16,033
	<u>1,050,526</u>	<u>890,040</u>

The charity considers its key management personnel comprise the Trustees, the Chief Executive Officer, the Business Development Manager, the Finance Manager, the HR Advisor, the Senior ISL Manager and the Day Services Manager. The total employment benefits of the key management personnel were £168,737 (2021: £170,191).

There are no employees with employment benefits above £60,000 per annum.

The average number of staff during the year was 49 (2021: 37).

9. Trustees' remuneration and related party transactions

The trustees did not receive any emoluments during the year and were not paid or reimbursed for any expenses.

10. Tangible fixed assets

	Motor Vehicles	I.T. equipment	Plant, equipment & furniture	Total
Cost	£	£	£	£
At 1 April 2021	37,961	18,134	6,414	62,509
Additions	24,035	5,562	3,025	32,622
Disposals	-	-	-	-
At 31 March 2022	<u>61,996</u>	<u>23,696</u>	<u>9,439</u>	<u>95,131</u>
Depreciation				
At 1 April 2021	33,099	15,289	2,913	51,301
Charge for the year	4,647	2,585	981	8,213
On disposals	-	-	-	-
At 31 March 2022	<u>37,746</u>	<u>17,874</u>	<u>3,894</u>	<u>59,514</u>
Net book value				
At 31 March 2022	<u>24,250</u>	<u>5,822</u>	<u>5,545</u>	<u>35,617</u>
At 31 March 2021	<u>4,862</u>	<u>2,845</u>	<u>3,501</u>	<u>11,208</u>

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

11. Debtors

	2022	2021
	£	£
Trade debtors	24,531	20,858
Prepayments and accrued income	4,631	78,302
	<u>29,162</u>	<u>99,160</u>

12. Cash at Bank

	2022	2021
	£	£
Unity Trust Bank Current Account	247,324	147,926
Unity Trust Bank Savings Account	50,949	50,918
	<u>298,273</u>	<u>198,844</u>

13. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	2,493	334
Other taxation and social security	28,377	26,373
Accruals	23,023	23,442
	<u>53,893</u>	<u>50,149</u>

14. Commitments under operating lease

At 31 March 2022 future minimum rentals payable under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Within one year	403	2,382
In two to five years	403	1,109
	<u>806</u>	<u>3,491</u>

15. Pension

Defined contribution pension schemes

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £14,209 (2021 - £16,033).

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

16. Unrestricted funds

Year ended 31 March 2022

	At 1- Apr-21 £	Income £	Expenditure £	Transfer £	At 31- Mar-22 £
Unrestricted funds	225,653	1,093,264	(1,018,313)	-	300,604
Designated funds	20,000	-	(20,000)	-	-
Replacement vehicle(s)					
	245,653	1,093,264	(1,038,313)	-	300,604

Year ended 31 March 2021

	At 1- Apr-20 £	Income £	Expenditure £	Transfer £	At 31- Mar-22 £
Unrestricted funds	165,501	929,202	(826,394)	-	225,653
Designated funds	20,000	-	-	-	20,000
Replacement vehicle(s)					
	185,501	929,202	(826,394)	-	245,653

Designated funds

Replacement vehicle(s) – relates to funds set aside to replace vehicles. This was spent post year end.

17. Restricted income funds

Year ended 31 March 2022

	At 1- Apr-21 £	Income £	Expenditure £	Transfer £	At 31- Mar-22 £
Awards For All (a)	465	-	(465)	-	-
Awards For All (b)	9,293	-	(9,293)	-	-
Barbour Foundation	-	1,000	(1,000)	-	-
Boshier-Hinton Foundation	4,109	-	-	-	4,109
Community Foundation	-	5,000	-	-	5,000
James Knott Charitable Trust	-	10,000	(10,000)	-	-
LA6 Community Grant	-	7,810	(7,810)	-	-
Lottery Reaching Communities	-	73,141	(73,141)	-	-
The Ballinger Trust	-	12,000	(12,000)	-	-
The Percy Hedley 1990 Charitable Trust	-	500	-	-	500
	13,867	109,451	(113,709)	-	9,609

The Awards For All (a) grant was for the purpose of purchasing and running a vehicle for the Handyperson Service.

The Awards For All (b) grant was for training for Day Farming attendees and Handyperson service workers.

Natural Ability

Notes to the financial statements for the year ended 31 March 2022

The Barbour Foundation grant for a contribution towards the purchase of laptops.

The Boshier Hinton Foundation grant was for a summer activities programme.

The Community Foundation grant was for salary and running costs for delivery of the Handyperson scheme.

The James Knott Charitable Trust grant was for project costs for the Day Farming Service.

The LA6 Community Grant was for a Natural Skills project providing education and training to people with learning and other disabilities.

The Lottery Reaching Communities grant is an ongoing grant programme supporting our Day Farming and Handyperson services.

The Ballinger Trust grant was for our Day Farming service.

The Percy Hedley 1990 Charitable Trust grant was for core costs for the financial year ending 31 March 2023.

18. Analysis of funds

Year ended 31 March 2022

	Unrestricted funds	Restricted funds	Total 2022
	£	£	£
Fixed assets	35,617	-	35,617
Net current assets	264,987	9,609	274,596
	<u>300,604</u>	<u>9,609</u>	<u>310,213</u>

Year ended 31 March 2021

	Unrestricted funds	Restricted funds	Total 2021
	£	£	£
Fixed assets	11,208	-	11,208
Net current assets	234,445	13,867	248,312
	<u>245,653</u>	<u>13,867</u>	<u>259,520</u>

19. Related parties

There have been no transactions incurred with related parties during the period (2021 – none).