

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales · Charity number 1155385

Details

Other names	PURPLE SHOOTS
Status	Registered
Legal form	Charitable company
Company number	08603690
Registered	2014-01-20
Register	View on the Charity Commission register

Contact

Address	2 Le Sor Hill Peterston-Super-Ely Cardiff CF5 6LW
Phone	07726599267
Email	info@purpleshoots.co.uk
Website	www.purpleshoots.org

Activities

Objects: THE FURTHERANCE OF SUCH CHARITABLE PURPOSES (CHARITABLE UNDER THE LAW OF ENGLAND AND WALES) FOR THE BENEFIT OF THE PUBLIC AS THE DIRECTORS SEE FIT FROM TIME TO TIME IN PARTICULAR BUT NOT LIMITED TO:(A) THE PREVENTION OR RELIEF OF POVERTY; (B) SUPPORTING THE WORK OF CHARITIES OR FURTHERING CHARITABLE PURPOSES FALLING UNDER THE DESCRIPTION OF CHARITABLE PURPOSES THAT IS THE ADVANCEMENT OF CITIZENSHIP OR COMMUNITY DEVELOPMENT IN PARTICULAR PROMOTING COMMUNITY CAPACITY BUILDING AND URBAN AND RURAL REGENERATION; (C) THE ADVANCEMENT OF EDUCATION; AND(D) THE RELIEF OF THOSE IN NEED BY REASON OF AGE, ILL-HEALTH, DISABILITY, FINANCIAL HARDSHIP OR OTHER DISADVANTAGE.

Activities: Tackling poverty and unemployment through microfinance and establishing self-reliant groups

Classification

- **How:** Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** General Charitable Purposes, Education/training, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** The General Public/mankind

Geography

- Throughout Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£450,338	£563,052	-	-
2024-07-31	£702,550	£664,815	£137,253	17
2023-07-31	£647,425	£643,096	£99,518	14
2022-07-31	£696,623	£603,050	£95,189	11
2021-07-31	£158,053	£325,245	-	-
2020-07-31	£574,001	£328,967	£168,808	6

Trustees

Name	Role	Appointed
Catherine Anne Healey		2025-02-07
Guto Davies		2025-05-16
Professor Olga Biosca-Artinano		2025-05-16
Samuel Patrick Sutherland Williams		2025-05-16
Timothy Stumpff		2022-05-07

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales - Charity number 1155385

Accounts



Purple Shoots Business Lending Ltd

Trustees Annual Report and Unaudited Financial Statements Year ended 31 July 2025

Charity registration - 1155385

Company number - 08603690



Contents

Legal and administrative information	4
Trustees annual report	5
Objectives and activities	5
Achievements and performance in the year	5
Plans for future periods	10
Financial review	10
Structure, governance and management	10
Statement of Board of Trustees' responsibilities	11
Independent examiner's report	13
Statement of financial activities	15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18

Legal and administrative information

Charity name

Purple Shoots Business Lending Ltd

Charity registration no.

1155385

Company registration no.

08603690

Registered office and contact details

2 Le Sor Hill
Peterston-Super-Ely
Cardiff
CF5 6LW

Trustees

Tony Johnson	Chair - resigned 31 July 2025
Professor Olga Biosca- Artinano	appointed 16 May 2025
Guto Davies	appointed 16 May 2025
Peter Elsworth	
Catherine Healey	appointed 7 February 2025
Paula Pridham	resigned 16 May 2025
Timothy Stumpff	
Samuel Williams	appointed 16 May 2025

Director

Karen Davies

Bank

Unity Trust Bank
Four Brindley Place
Birmingham
B1 2JB

Independent examiner

Enaid Accountancy Ltd
Platform 10
Engine Room
Hood Road
Barry
CF62 5QL

Trustees annual report

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Purple Shoots Business Lending Ltd for the year ended 31 July 2025.

The Board of Trustees confirms that the annual report and financial statements of the Charity comply with current statutory requirements, including the Charity Act 2011, as well as the requirements of the Charity's governing document and the provisions of the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Objectives and activities

Purple Shoots tackles poverty, unemployment, social isolation and financial exclusion through encouraging and building entrepreneurship and independence, enabling people to make positive changes in their lives and to solve problems for themselves, creating jobs and improving their standard of living and their well-being.

One of the tools we use to do this is microfinance which means we offer small, ethical loans to individuals who cannot raise funding from anywhere else to enable them to start or run a small business. Through this, they create their own pathway away from disadvantage, debt, low or no income and economic inactivity into independence and improved economic circumstances. The social and economic impact of lending to this client group is extremely high.

We also create roadmaps for those who haven't got as far as being ready for employment or self-employment through a range of initiatives, often with partner organizations such as churches or housing associations. The starting point is usually to invite them to be part of a small collective which we call a self-reliant group. These bring together often very isolated and left behind people and enable them to take positive steps forward, saving money together and usually doing something enterprising or community focussed. The groups become independent and can continue indefinitely, providing a support network for their members, improving their well-being and their financial circumstances. Some groups or individuals within groups go on to start their own business or enter training or employment. We provide training in business skills at a wide range of levels to facilitate this.

We believe that every individual is valuable and capable and should have an opportunity to be the best they can. Our support enables people to transform their lives in a sustainable way.

Delivering Public Benefit

The Trustees have followed the guidance issued by the Charity Commission with regard to the public benefit arising from the activities undertaken by Purple Shoots Business Lending Ltd. The Trustees are satisfied that the services provided by Purple Shoots Business Lending Ltd fully meet the principles of public benefit as set out in the Charity Commission Guidance.

Achievements and performance in the year

In the last 12 months we have loaned £228k in 52 loans across Wales and England, starting new businesses and supporting existing ones. This is even though we had four months during the year when we had no capital to lend and so had to suspend our lending activities. We could have done many more had we been more successful in raising funds. Most of the existing businesses we supported were businesses Purple Shoots has previously helped to start. 37% of the loans were to women and 21% were to people from black and ethnic minority groups. This has helped around 94 people out of unemployment. The graphics below are a summary of figures from our impact report and also show the range of business sectors supported during the year, employment status of our borrowers and the benefits they were receiving.

PURPLE SHOOTS IMPACT 2024-25: PLANTING HOPE, GROWING FUTURES



This Year at a Glance – August 2024 to July 2025

52

New Loans

£228,324

Total Loaned

68

New Jobs

£4,390.86

Average Loan Size

38

Self-Reliant Groups

184

People supported through SRGs

Lending split by gender



63.5%



36.5%

Prior to a Purple Shoots Loan

80% of borrowers had previously been in receipt of benefits.

26% of borrowers had previously been fully unemployed.

49% of borrowers had been in only informal self-employment.

Ethnicity of business owners supported

21.2% of businesses supported by Purple Shoots are operated by ethnically diverse owners.

BUILDING STRONGER ECONOMIES

~£960,000

Net Gain to HMT

£4.20

Net Gain to HMT for Every £1 Purple Shoots Invested

~£3,250,000

Total Local Economic Impact

£14.25

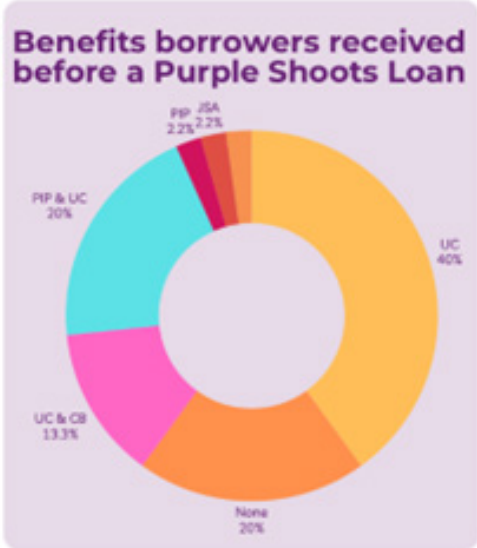
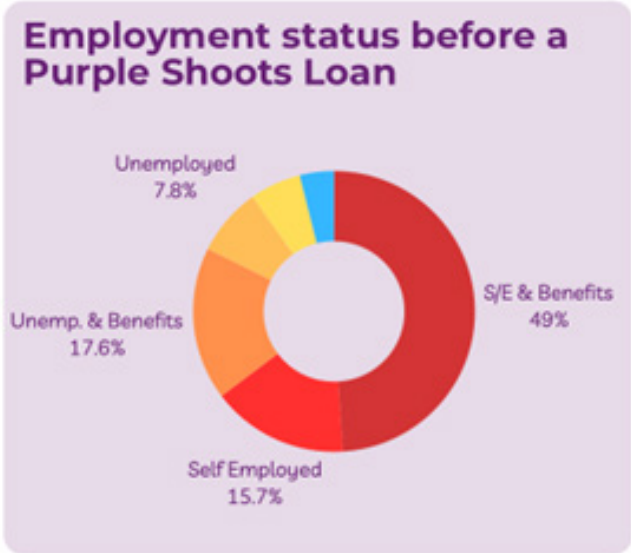
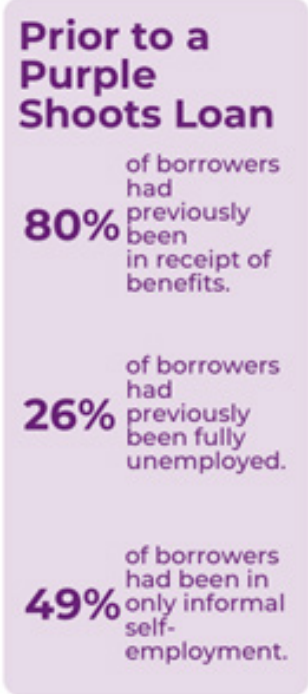
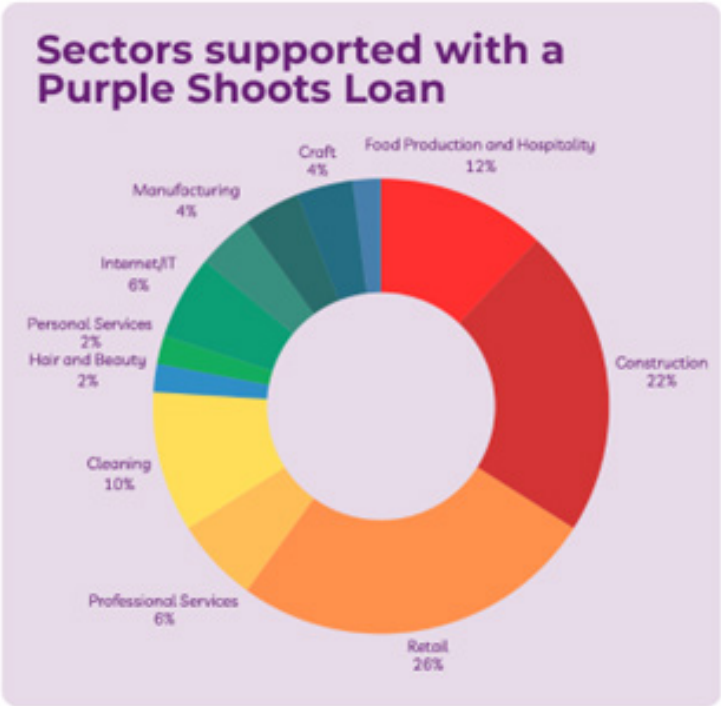
Local Economic Impact per £1 Invested

To read the full report scan our QR code, or [follow this link](#)

Support Purple Shoots purpleshoots.org/support

Contact us at enquiries@purpleshoots.co.uk





Each loan can be transformative and we have many stories on our website in case studies and videos. This year we have continued our involvement with a local Welsh prison and this has led to us offering our self-employment training and other support to offenders close to release and after they have been released. Our involvement gives them real hope that they can turn their lives around on the outside.

Daniel's story

Daniel's journey is one of **renewal against the odds**. After serving time in prison, he was determined to turn his life around. Addiction in his past had taken a toll on his health, leaving him with a heart condition, but it also gave him a **new urgency to make the most of life**. Upon release, Daniel went **straight into work** with a lifelong friend, taking on building projects and earning an honest living.



What he lacked was tools of his own, the basics needed to establish himself independently. Purple Shoots stepped in with **a loan to equip him for the future**. Daniel's determination to work hard, rebuild his credit, and prove himself is inspiring. His story is proof that with support and second chances, **people can build not just houses and extensions, but new lives**.

Daniel's hope is grounded, quite literally, in the foundations he lays. His story reminds us that **no past mistake has to define the future** with the right help, new beginnings are always possible.

Nadine's story

Nadine **had always made waffles for her family and neighbours**. Before the pandemic, she worked as a childminder until lockdown rules forced her to close. With her livelihood gone, and two children to care for as a single mum, Nadine turned to baking. It began as a way to cope, but quickly became something more: **a spark of hope, a way forward**.

Determined to **set an example for her son and daughter**, to show them the value of perseverance and self-belief, Nadine started sharing her cookies and waffles with neighbours. The feedback was electric. **Spurred on by their encouragement**, she launched Roibelle's Luxurious Treats and landed a mentor through Standard Guide. Her first event was at a dog show where she sold out in two hours. Next came corporate orders, including one from SnapFitness Gym Filton. She also began baking for charity, donating cookies to Patchway Police Station and Southmead Hospital over Christmas and Easter.

A grant from Bristol City Council could have helped her grow, but she was just outside the city boundary and ineligible. The Government's Start-Up Loan scheme turned her down too. But Nadine didn't give up. Through Black Southwest Network, she attended a seminar at NatWest Bank in Bristol and there, she met Purple Shoots.

We **helped her secure a small loan to finish refurbishing her venue** paying for electrical work and plastering bringing her one step closer to opening her own shop. Now, alongside running the store, she's been selling luxury cookies online, building a loyal customer base through Deliveroo (4.9 stars) and Google (5 stars). She's baked 500 cookies for a church event and has even been booked for her first wedding to supply cookies.



Nadine's story is a reminder that when someone believes in you, even with a small loan, incredible things can grow. **That's the hope we invest in every day.**

Self-reliant groups

Our Self-reliant groups have also seen significant growth this year. We have continued to build partnerships with organisations such as churches and Housing Associations which has the dual aim of building our sustainability and spreading the model more widely. We have developed new groups in Cardiff, Bristol, the Forest of Dean, the Vale of Glamorgan, Swansea and Rhondda Cynon Taff. This year we asked some of our long-standing group members to tell us about the impact of being part of a group:

RECONNECT SRG started in 2015. They are a group that crafts together, sometimes teaching each other new skills, frequently supporting new members. They have specialized in building a safe harbour for each other and for any new members who come along, often at a particularly vulnerable time in their lives. One member says: "This group has made such a difference to my life and has given me purpose and put me on the right path after being lost for a while. Every time I make a sale, it still gives me a sense of pride that someone liked my product enough to take it home. My confidence in myself has grown". Another said: "This journey has helped me discover a new part of myself. I found hidden talents and passions, I never knew I had. My group has become a way for me to express myself, build confidence and grow as a person. It has been a truly transformational experience and I'm so glad I found it."

Dave's Story (in his words)



"It's been roughly 20 months since I first started going to the Gathering Place Community Centre in St Athan and I haven't looked back. My working life started with 12 years in the RAF and I had a great time with posting to Norfolk, Scotland and 2 postings to Germany, finally ending up at RAF St Athan. When I left the RAF I just carried on going into work as a civilian. Eventually, due to defence cuts that work finished, but I managed to get a job down in Hampshire for 10 years on Special Forces helicopters. That work finished when the Lynx helicopter went out of service, so I ended back in my home in St Athan."

I was just passing time for a while, when an old friend I had known for years volunteered me to be her carer. This was just before the Covid pandemic struck, so when it did happen, I became her live in carer. We both survived the Covid, but with her health gradually deteriorating, she gradually passed away. That meant me finally moving back into my house permanently."

I had lived in my house on and off, sometimes having lodgers in, but never really getting it sorted out. Now that I had finally moved back into my house, I didn't really have any incentive to get it sorted out. That's when my life changed for the better."

One morning I had a small paper flier come through the door reading 'The Gathering Place Community Café and Gardening Group'. Open every Wednesday from 9.30 to 1pm. We'd love to see you! If you are interested please drop in and ask."

I didn't do anything immediately, but I just put it to one side. After about 2 weeks though, I thought, "you know what, I can do this," gardening being one of my main passions. So I finally made the effort to go over and I had a very nice and warm welcome."

Being in the RAF, or any of the forces or any organisation for that matter, is just like being in one big family, and that's exactly what it's like at The Gathering Place. We've got people of all age groups, and from all backgrounds, with different skills. Since I've been going over to The Gathering Place, I've only missed the Community Café on the one occasion, and that's when I had man flu! Sometimes I can't get to sleep at night thinking about what I'm going to do in the garden the next day. At times, I'm itching to get in!"

Through the work at The Gathering Place, I now have a couple of spin offs where I do 2 gardens in the local area on a weekly basis."



Plans for future periods

We know that what we do works to bring about positive changes in people's lives. Our clients are constantly telling us we need to do more. This year we have begun working in the West Midlands, thanks to a grant from a local business there, BCRS Business Loans. We continue to work across Wales, in the West Country and Yorkshire, although we have completed loans outside this area too. In the coming year, we plan to start lending in Sussex and Scotland and it is still our ambition to be able to meet the demand that there is right across the UK. We also plan to grow our self-reliant groups through working in partnership with others, particularly churches and Housing Associations, and with others involved in similar work in Manchester, Leeds, Glasgow and in other parts of the world. We want to see a growing network of groups creating a rising tide of change for those on the margins of our economy and society, enabling them to become contributors and to make the positive changes they want to make.

We have offered our accredited course "Why not start a business" in a number of locations this year and plan to grow this aspect of what we do to try to contribute to our sustainability.

We are also still lobbying in Government circles for the same level of support offered to all other, profit-making business lenders, and for a Fair Banking Act, along the lines of the US Community Reinvestment Act, which is the reason why the equivalent organizations to Purple Shoots in the US are much larger and stronger.

Financial review

During the current financial year the Charity incurred a deficit of £112,714 (2024: surplus of £37,735). This resulted in total reserves decreasing in the year to £24,539 (2024: £137,253).

The Trustees are satisfied with the financial performance of the Charity throughout the year.

Of the total reserves held at year end £24,539 (2024: £137,253) were unrestricted as to use.

Reserves policy

Cash levels are monitored on a month by month basis to ensure that there is sufficient cash available for at least three months' activity, and that there is sufficient cash to pay the interest on loan investments from investors. If levels fall below this, then loan activity can be suspended until loan repayments (or fundraising) build the levels back up. This should only be necessary until the capital base for sustainability is achieved.

We are constantly reviewing and updating our forecasts which give us detailed information on our financial needs given various scenarios, and confirm funding needed to cover both operating costs and lending over the next 8 years. This gives us a focus for fund raising.

To protect our investors' money, the Trustees have adopted a policy which states that the total loan investments received should not exceed the total of the debtor book less 20% plus cash in the bank. At year end this policy was exceeded by £214,545 (22.9%) (2024 - exceeded by £12,299 - 1.5%), however large proportion of the loans are unlikely to be redeemed as investors have made clear they do not intend to request their funds back and so the Trustees are happy with this position. The Trustees also note that the situation corrected itself shortly after year end, with additional funds coming in, supporting their satisfaction with the year end position.

Structure, governance and management

The organisation is a charitable company limited by guarantee incorporated on 10 July 2013 and was registered as a charity on 20 January 2014. The company was established under Articles of Association which established the objects and powers of the charitable company and is the governing document. In the event of the company being wound up, the members are required to contribute an amount not exceeding £10.

Day to day decisions on the running of the charity are made by the director. Loan decisions are made by the director in consultation with one of the members of the lending team to ensure consistency and fairness.

All strategic decision and decisions relating to expenditure beyond the day to day level are taken at Trustee meetings at which the director and at least two of the four Trustees must be present. This includes staff remuneration with the current policy benchmarking salaries against similar sized charities in the relevant locality.

There must be a minimum of three trustees and only Trustees can appoint new Trustees. New trustees are inducted by the director and current trustees.

The current board of Trustees comprises six members. We had one long-standing trustee retire during the year and we have appointed three new ones during the year. This has brought in fresh talent and approaches and complemented the skills of the other three trustees. One board member takes specific responsibility and overview of the finances and accounts and is himself a former Financial Director and an accountant.

There is also a small advisory board who are available for specific input to the board of Trustees or the director when their expertise is needed. Members of this board are agreed by the Trustees and the director.

Risk management

The key risk to Purple Shoots is the health of its loan portfolio. It is important that losses and defaults are no higher than budgeted or historically experienced or this will have an impact on our ability to repay borrowings when they become due. Our loan clients are extremely vulnerable to setbacks either in their businesses or in the wider economy because they are starting their businesses with nothing apart from our loan, and the benefits system ensures that they are unable to build up any reserves from money they make on their business because it claws it all back in reduced payments (an outrageously ridiculous system that is self-defeating in that it jeopardizes the chances of success for our borrowers which means that they will be back on benefits if their businesses fail!) We know this is our risk when we make our loans and our whole lending process is aimed at minimizing the risk that the business might fail. In order to mitigate this risk once the loan has been made, we monitor repayments very closely so that we are able to follow up a client as soon as a payment is missed. In addition, we offer mentoring to all our clients which they can take up at any point to help them get past obstacles or to rethink or take a new direction. In addition, we have “well-being checks” for all our clients – a regular phone call to check that they are doing well and to identify any problems or issues before they become serious for the business. We are also using this to help us with our impact evaluation. The detailed loan portfolio is reported to the Trustees at every meeting, and monthly bank reconciliations are sent to them which also detail repayments received so that patterns can be seen and action taken where possible (for example to limit lending in a particular sector if we are seeing higher defaults in it).

The second major risk is around systems failure and potential breaches of confidentiality with client data. We have continued with our system which is cloud based and heavily password protected so that no confidential information is stored on individual laptops or phones. Bank statements are only collected if the client is unable to connect to the new open banking system, which is again password protected and much more secure than sharing bank statements. All employee laptops which work on our borrowers are encrypted and are backed up securely every day.

Statement of Board of Trustees’ responsibilities

The Trustees 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and of the excess of expenditure over income for that period. In preparing these financial statements, the Trustees are required to:

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

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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the Trustees confirm that they are happy that the content of the annual review on pages 5 to 12 of this document, as well as the legal and administrative information on page 4, meet the requirements of both the Trustees' Annual Report under charity law and the Directors' Report under company law.

They also confirm that the financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011, the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant information of which the Charity's independent examiner is unaware; and,
- each Trustee has taken all the steps that they should have taken as a Trustee/Director in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006, and the exemptions available for smaller charities under the Statement of Recommended Practice.

This report was approved and authorised for issue by the Board of Trustees on 15 April 2026 and signed on its behalf by:

Peter Elsworth

PETER ELSWORTH

TRUSTEE

Independent examiner's report

I report to the Trustees on my examination of the accounts of Purple Shoots Business Lending Ltd (charity number 1155385, company number 08603690) for the year ended 31 July 2025 which are set out on pages 15 to 30.

Respective responsibilities of trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'). The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') nor under Part 16 of the 2006 Act, and that an independent examination is needed.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and,
- to state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the Charity's Trustees as a body. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or,
- the accounts do not accord with those records; or,
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or,
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities

preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



ANDREW PHILIP NASH FCA

MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES – 2461833

DATED: 16 APRIL 2026

Enaid Accountancy Ltd
Platform 10
Engine Room
Hood Road
Barry
CF62 5QL

Statement of financial activities**Incorporating the Income and Expenditure Account & Statement of Realised Gains and Losses**

For the year ended 31 July 2025

		Unrestricted funds	Restricted funds	Total funds	Total funds
		Year ended	Year ended	Year ended	Year ended
		31-Jul-25	31-Jul-25	31-Jul-25	31-Jul-24
	Notes	£	£	£	£
Income from:					
Donations & legacies	3	268,794	70,500	339,294	586,844
Charitable activities	4	109,802	-	109,802	112,732
Other trading activities	5	1,242	-	1,242	2,974
Total income		379,838	70,500	450,338	702,550
Expenditure on:					
Raising funds	6 & 7	58,831	-	58,831	70,337
Charitable activities	6 & 8	443,721	60,500	504,221	594,478
Total expenditure		502,552	60,500	563,052	664,815
Net income/(expenditure)		(122,714)	10,000	(112,714)	37,735
Transfer between funds	13	10,000	(10,000)	-	-
Net movement in funds		(112,714)	-	(112,714)	37,735
Reconciliation of fund					
Funds brought forward	13 & 14	137,253	-	137,253	99,518
Funds carried forward	13 & 14	24,539	-	24,539	137,253

The notes on pages 18 to 30 form part of the financial statements.

Balance sheet

As at 31 July 2025

	Notes	£	Total funds 31-Jul-25 £	Total funds 31-Jul-24 £
Fixed assets				
Tangible fixed assets	10		1,674	498
Client loans due in more than 12 months			152,040	232,926
			<u>153,714</u>	<u>233,424</u>
Current assets				
Debtors	11	796,133		565,664
Cash at bank and in hand		25,736		194,470
		<u>821,869</u>		<u>760,134</u>
Creditors				
Amounts falling due within one year	12	(90,197)		(95,700)
		<u></u>	<u>731,672</u>	<u>664,434</u>
Net current assets				
Creditors				
Amounts falling due within more than one year			(860,847)	(760,605)
			<u>24,539</u>	<u>137,253</u>
Net assets				
Funds of the charity				
Unrestricted	13 & 14		24,539	137,253
			<u>24,539</u>	<u>137,253</u>

The notes on pages 18 to 30 form part of the financial statements.

The financial statements have been prepared in accordance with section 415A of the Companies Act 2006 relating to small companies and FRS 102 Section 1A. The charitable company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 July 2025, and the members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 July 2025 under section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

They were approved and authorised for issue by the Board of Trustees on 15 April 2026 and signed on their behalf by:

Peter Elsworth

PETER ELSWORTH

TRUSTEE

Statement of cash flows

For year ended 31 July 2025

		Total funds 31-Jul-25	Total funds 31-Jul-24
	£	£	£
Cash flows from operating activities			
Net income/(expenditure) for the year	(112,714)		37,735
Adjustments for:			
Depreciation	125		166
Interest paid on loans	14,004		18,889
(Increase)/decrease in client loans	(76,914)		(123,615)
(Increase)/decrease in prepayments	2,763		(3,547)
(Increase)/decrease in accrued income	(75,432)		-
Increase/(decrease) in creditors	(305)		4,683
Net cash flows from operating activities		(248,473)	(65,689)
Cash flows from investment activities			
Purchase of equipment	(1,301)		-
Net cash flows from investment activities		(1,301)	-
Cash flows from financing activities			
Interest paid on loans	(14,004)		(18,889)
Increase/(decrease) in loans	95,044		55,451
Net cash flows from financing activities		81,040	36,562
Net movement in cash and cash equivalents		(168,734)	(29,127)
Cash and cash equivalents at 1 August 2024		194,470	223,597
Cash and cash equivalents at 31 July 2025		25,736	194,470

The notes on pages 18 to 30 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), including Update Bulletin 2, and the Companies Act 2006.

The effect of any event relating to the year ended 31 July 2025, which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 July 2025 and the results for the year ended on that date.

The functional currency of the Charity is sterling and amounts in the financial statements are rounded to the nearest pound.

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.

Going concern

The financial statements have been prepared on the going concern basis as the Board of Trustees is confident that future reserves and future income is more than sufficient to meet current commitments. There are no material uncertainties that impact this assessment, and the ongoing global economic uncertainties and wider environment have had no material impact on this assessment.

Legal status

Purple Shoots Business Lending Ltd is a charitable company registered in England & Wales and meets the definition of a public benefit entity. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member. The registered address is 2 Le Sor Hill, Peterston-Super-Ely, Cardiff, CF5 6LW.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which have been designated for a specific purpose by the Trustees. The aim and use of each designated fund is set out in note 13 of the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 13 of the financial statements.

Income

Income is recognised when the Charity has entitlement to the funds, any performance indicators attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Gift aid receivable is included when claimable.

1. Accounting policies (continued from previous page)

Income (continued from previous page)

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a future period, in which case it is deferred.

Income from charitable activities, including contract income and client fees, is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period or event, in which case it is deferred.

Interest is recorded when it is receivable.

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Indirect costs, including governance costs, which cannot be directly attributed to activities, are allocated proportionate to total direct costs allocated to each project area, as outlined in note 6 of the financial statements.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their useful life, on the following basis:

Office equipment	25% reducing balance
------------------	----------------------

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values but are not held for investment purposes.

Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any trade discount is applied. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and accruals

Creditors 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.

Critical estimates and judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives and residual values of assets. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1. Accounting policies (continued from previous page)

Financial instruments

Basic financial instruments are measured at amortised cost other than investments which are measured at fair value.

Pensions

The Charity operates a defined contribution pension scheme which is administered by an external independent pension provider. Contributions are recognised in the Statement of Financial Activities as they fall due.

2. Comparative statement of financial activities

		Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
	Notes			
Income from:				
Donations & legacies	3	351,772	235,072	586,844
Charitable activities	4	112,732	-	112,732
Other trading activities	5	2,974	-	2,974
Total income		467,478	235,072	702,550
Expenditure on:				
Raising funds	6 & 7	70,337	-	70,337
Charitable activities	6 & 8	559,406	35,072	594,478
Total expenditure		629,743	35,072	664,815
Net income/(expenditure)		(162,265)	200,000	37,735
Transfer between funds	13	200,000	(200,000)	-
Net movement in funds		37,735	-	37,735
Reconciliation of fund				
Funds brought forward	13 & 14	99,518	-	99,518
Funds carried forward	13 & 14	137,253	-	137,253

3. Income from donations and legacies

	Unrestricted funds Year ended 31-Jul-25 £	Restricted funds Year ended 31-Jul-25 £	Total funds Year ended 31-Jul-25 £
Donations and grants	268,794	70,500	339,294
	268,794	70,500	339,294

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Donations and grants	351,772	235,072	586,844
	351,772	235,072	586,844

4. Income from charitable activities

	Unrestricted funds Year ended 31-Jul-25 £	Restricted funds Year ended 31-Jul-25 £	Total funds Year ended 31-Jul-25 £
Interest on client loans	70,780	-	70,780
Loans recovered previously written off	1,283	-	1,283
Sales of beneficiary goods	13,016	-	13,016
Consultancy	24,723	-	24,723
	109,802	-	109,802

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Interest on client loans	80,265	-	80,265
Loans recovered previously written off	3,634	-	3,634
Sales of beneficiary goods	9,365	-	9,365
Consultancy	19,468	-	19,468
	112,732	-	112,732

5. Income from other trading activities

	Unrestricted funds Year ended 31-Jul-25 £	Restricted funds Year ended 31-Jul-25 £	Total funds Year ended 31-Jul-25 £
Café sales	1,242	-	1,242
	1,242	-	1,242

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Café sales	2,974	-	2,974
	2,974	-	2,974

6. Total expenditure

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-25	Year ended 31-Jul-25	Year ended 31-Jul-25	Year ended 31-Jul-25
	£	£	£	£
Raising funds	37,220	10,254	11,357	58,831
Charitable activities	257,222	149,664	97,335	504,221
	294,442	159,918	108,692	563,052

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24
	£	£	£	£
Raising funds	34,961	23,525	11,851	70,337
Charitable activities	239,456	254,857	100,165	594,478
	274,417	278,382	112,016	664,815

Indirect costs, including governance costs, which cannot be directly attributed to activities, were allocated between cost centres proportionate to the direct staff and other costs allocated to those activities.

An analysis of costs of raising funds split between restricted and unrestricted funds can be found in note 7.

An analysis of charitable activities split between restricted and unrestricted funds can be found in note 8.

An analysis of staff costs can be found in note 9.

Indirect costs includes:

	Total costs	Total costs
	Year ended 31-Jul-25	Year ended 31-Jul-24
	£	£
Indirect staff costs	62,755	62,580
Administration	31,335	30,496
Premises	7,398	10,484
Professional services	5,596	6,872
Independent examination	1,608	1,584
	108,692	112,016

7. Expenditure on raising funds

	Unrestricted funds Year ended 31-Jul-25 £	Restricted funds Year ended 31-Jul-25 £	Total funds Year ended 31-Jul-25 £
Direct staff costs	37,220	-	37,220
Direct other costs	10,254	-	10,254
Indirect costs	11,357	-	11,357
	58,831	-	58,831

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Direct staff costs	34,961	-	34,961
Direct other costs	23,525	-	23,525
Indirect costs	11,851	-	11,851
	70,337	-	70,337

8. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-25	Year ended 31-Jul-25	Year ended 31-Jul-25
	£	£	£
Direct staff costs	206,722	50,500	257,222
Direct other costs	139,664	10,000	149,664
Indirect costs	97,335	-	97,335
	443,721	60,500	504,221

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24
	£	£	£
Direct staff costs	210,884	28,572	239,456
Direct other costs	248,357	6,500	254,857
Indirect costs	100,165	-	100,165
	559,406	35,072	594,478

9. Staff costs

	Total costs	Total costs
	Year ended 31-Jul-25	Year ended 31-Jul-24
	£	£
Gross salaries	334,104	313,887
Employers national insurance	17,258	17,615
Employers pension	5,835	5,495
	357,197	336,997

The average headcount during the period was 18 persons (2024: 17 persons).

No employee received employee benefits of greater than £60,000 (2024: Nil).

The total employee benefits paid to key management personnel during the year was £43,329 (2024: £43,093).

10. Tangible fixed assets

	Office equipments	Total
	£	£
Cost		
At 1 August 2024	3,105	3,105
Additions	1,301	1,301
At 31 July 2025	4,406	4,406
Accumulated depreciation		
At 1 August 2024	2,607	2,607
Charge for the year	125	125
At 31 July 2025	2,732	2,732
Net book value		
At 1 August 2024	498	498
At 31 July 2025	1,674	1,674

11. Debtors and prepayments

	Total 31-Jul-25	Total 31-Jul-24
	£	£
Client loans receivable within twelve months	719,917	562,117
Prepayments	784	3,547
Accrued income	75,432	-
	796,133	565,664

In addition to the amounts above there was £152,040 recoverable from clients in greater than 12 months at the end of the year (2024: £232,926).

12. Creditors: amounts falling due within one year

	Total	Total
	31-Jul-25	31-Jul-24
	£	£
Accounts payable	5,640	4,966
Accruals	1,608	2,284
Loans repayable within twelve months	77,000	82,198
HMRC payable	4,493	4,997
Pension payable	1,456	1,255
	90,197	95,700

In addition to the amounts above there was £860,847 payable to investors in greater than 12 months at the end of the year (2024: £760,605). These are a mixture of interest bearing and non-interest bearing loans and are from a variety of individuals and organisations.

13. Analysis of charity funds

	Balance brought forward Year ended 31-Jul-25 £	Income in the period Year ended 31-Jul-25 £	Expenditure in the period Year ended 31-Jul-25 £	Transfers between funds Year ended 31-Jul-25 £	Balance carried forward Year ended 31-Jul-25 £
Restricted funds					
Lending - Wales		10,000	-	(10,000)	-
SRGs	-	60,500	(60,500)	-	-
Total restricted funds	-	70,500	(60,500)	(10,000)	-
Unrestricted funds	137,253	379,838	(502,552)	10,000	24,539
Total funds	137,253	450,338	(563,052)	-	24,539

Lending

This relates to funding provided to support lending in a number of geographical locations. As the loans provided are recognised as liabilities as opposed to expenditure, the restricted funds are released to unrestricted funds at the point that each loan is made.

SRGs

These are funds from a number of sources to support the work with self-reliant groups in a number of localities.

	Balance brought forward Year ended 31-Jul-24 £	Income in the period Year ended 31-Jul-24 £	Expenditure in the period Year ended 31-Jul-24 £	Transfers between funds Year ended 31-Jul-24 £	Balance carried forward Year ended 31-Jul-24 £
Restricted funds					
Lending - Wales		200,000	-	(200,000)	-
SRGs	-	35,072	(35,072)	-	-
Total restricted funds	-	235,072	(35,072)	(200,000)	-
Unrestricted funds	99,518	467,478	(629,743)	200,000	137,253
Total funds	99,518	702,550	(664,815)	-	137,253

14. Analysis of net assets

	Unrestricted funds	Restricted funds	Total funds
	Year ended	Year ended	Year ended
	31-Jul-25	31-Jul-25	31-Jul-25
	£	£	£
Fixed assets	153,714	-	153,714
Current assets	821,869	-	821,869
Current liabilities	(90,197)	-	(90,197)
Non-current liabilities	(860,847)	-	(860,847)
	24,539	-	24,539

	Unrestricted funds	Restricted funds	Total funds
	Year ended	Year ended	Year ended
	31-Jul-24	31-Jul-24	31-Jul-24
	£	£	£
Fixed assets	233,424	-	233,424
Current assets	760,134	-	760,134
Current liabilities	(95,700)	-	(95,700)
Non-current liabilities	(760,605)	-	(760,605)
	137,253	-	137,253

15. Analysis of net debt

	As at 1-Aug-24	Cash flows	Other movements	At at 31-Jul-25
	£	£	£	£
Cash and cash equivalents	194,470	(168,734)	-	25,736
Loans	(842,803)	(95,044)	-	(937,847)
Net debt	(648,333)	(263,778)	-	(912,111)

	As at 1-Aug-23	Cash flows	Other movements	At at 31-Jul-24
	£	£	£	£
Cash and cash equivalents	223,597	(29,127)	-	194,470
Loans	(787,352)	(55,451)	-	(842,803)
Net debt	(563,755)	(84,578)	-	(648,333)

16. Trustee remuneration

During the year, no trustee received any remuneration (2024: £Nil). No members of the Board of Trustees received reimbursement of expenses (2024: £Nil).

17. Related party transactions

During the year there were no related party transactions (2024: £Nil) other than an interest bearing investment loan from one trustee (Timothy Stumpff) to the charity to facilitate additional loan payments to beneficiaries. This was on similar terms to other interest bearing investment loans and the relevant trustee was not involved in the decision making process. Total repayments of £9,198 were made during the year (2024: £7,665) and £Nil was outstanding and due within one year at the end of the period (2024: £9,198).

PUR001 - Final Accounts - 31 July 2025

Final Audit Report

2026-04-20

Created:	2026-04-17
By:	Andrew Nash (andy@enaidaccountancy.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAANHA9BwH5aKk-2dInw1BAzgaoacnMXelx

"PUR001 - Final Accounts - 31 July 2025" History

-  Document created by Andrew Nash (andy@enaidaccountancy.co.uk)
2026-04-17 - 7:31:19 AM GMT
-  Document emailed to peteels12@gmail.com for signature
2026-04-17 - 7:32:57 AM GMT
-  Email viewed by peteels12@gmail.com
2026-04-17 - 10:32:02 AM GMT
-  Signer peteels12@gmail.com entered name at signing as Peter Elsworth
2026-04-17 - 10:32:50 AM GMT
-  Document e-signed by Peter Elsworth (peteels12@gmail.com)
Signature Date: 2026-04-17 - 10:32:52 AM GMT - Time Source: server
-  Document emailed to Andrew Nash (andy@enaidaccountancy.co.uk) for signature
2026-04-17 - 10:32:53 AM GMT
-  Email viewed by Andrew Nash (andy@enaidaccountancy.co.uk)
2026-04-20 - 7:11:37 AM GMT
-  Document e-signed by Andrew Nash (andy@enaidaccountancy.co.uk)
Signature Date: 2026-04-20 - 7:11:56 AM GMT - Time Source: server
-  Agreement completed.
2026-04-20 - 7:11:56 AM GMT



Adobe Acrobat Sign

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales - Charity number 1155385

Accounts



Purple Shoots Business Lending Ltd

Trustees Annual Report and Unaudited Financial Statements Year ended 31 July 2024

Charity registration - 1155385

Company number - 08603690



Contents

Legal and administrative information	4
Trustees annual report	5
Objectives and activities	5
Achievements and performance in the year	5
Plans for future periods	9
Financial review	9
Structure, governance and management	10
Statement of Board of Trustees' responsibilities	11
Independent examiner's report	13
Statement of financial activities	15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18

Legal and administrative information

Charity name

Purple Shoots Business Lending Ltd

Charity registration no.

1155385

Company registration no.

08603690

Registered office and contact details

2 Le Sor Hill
Peterston-Super-Ely
Cardiff
CF5 6LW

Trustees

Tony Johnson	Chair - resigned 31 July 2024
Peter Elsworth	
Catherine Healey	appointed 7 February 2025
Paula Pridham	
Timothy Stumpff	

Director

Karen Davies

Bank

Unity Trust Bank
Four Brindley Place
Birmingham
B1 2JB

Independent examiner

Enaid Accountancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Trustees annual report

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Purple Shoots Business Lending Ltd for the year ended 31 July 2024.

The Board of Trustees confirms that the annual report and financial statements of the Charity comply with current statutory requirements, including the Charity Act 2011, as well as the requirements of the Charity's governing document and the provisions of the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Objectives and activities

Purple Shoots tackles poverty, unemployment, social isolation and financial exclusion through encouraging and building entrepreneurship and independence, enabling people to make positive changes in their lives and to solve problems for themselves, creating jobs and improving their standard of living and their well-being.

One of the tools we use to do this is microfinance which means we offer small, ethical loans to individuals who cannot raise funding from anywhere else to enable them to start or run a small business. Through this, they create their own pathway away from disadvantage, debt, low or no income and economic inactivity into independence and improved economic circumstances. The social and economic impact of lending to this client group is extremely high.

We also create roadmaps for those who haven't got as far as being ready for employment or self-employment through a range of initiatives, often with partner organizations such as churches or housing associations. The starting point is usually to invite them to be part of a small collective which we call a self-reliant group. These bring together often very isolated and left behind people and enable them to take positive steps forward, saving money together and usually doing something enterprising or community focussed. The groups become independent and can continue indefinitely, providing a support network for their members, improving their well-being and their financial circumstances. Some groups or individuals within groups go on to start their own business or enter training or employment. We provide training in business skills at a wide range of levels to facilitate this.

We believe that every individual is valuable and capable and should have an opportunity to be the best they can. Our support enables people to transform their lives in a sustainable way.

Delivering Public Benefit

The Trustees have followed the guidance issued by the Charity Commission with regard to the public benefit arising from the activities undertaken by Purple Shoots Business Lending Ltd. The Trustees are satisfied that the services provided by Purple Shoots Business Lending Ltd fully meet the principles of public benefit as set out in the Charity Commission Guidance.

Achievements and performance in the year

In the last 12 months we have loaned £289k in 68 loans across Wales and England, starting new businesses and supporting existing ones. Most of the existing businesses we supported were businesses Purple Shoots has previously helped to start. 37% of the loans were to women and 29% were to people from black and ethnic minority groups. This has helped around 104 people out of unemployment. The graphics below are taken from our impact report and also show the range of business sectors supported during the year, employment status of our borrowers and the benefits they were receiving.

CELEBRATING BREAKTHROUGHS, INSPIRING PROGRESS

This Year at a Glance - August 2023 to July 2024

↑ **69**

Loans

↑ **£289,085**

Total Loaned

↑ **104**

New Jobs Created

↑ **£4262**

Average Loan Size

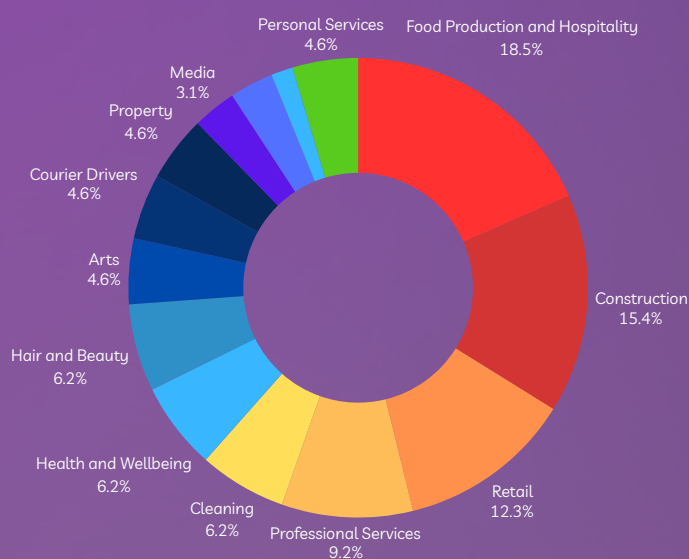
↑ **38**

Self Reliant Groups

↑ **181**

People supported through SRGs

Sectors Supported with a Purple Shoots Loan



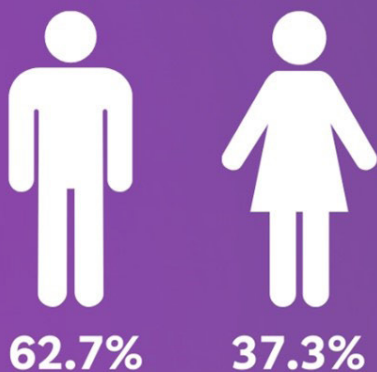
Prior to Purple Shoots Loan

71% of borrowers had previously been in receipt of benefits.

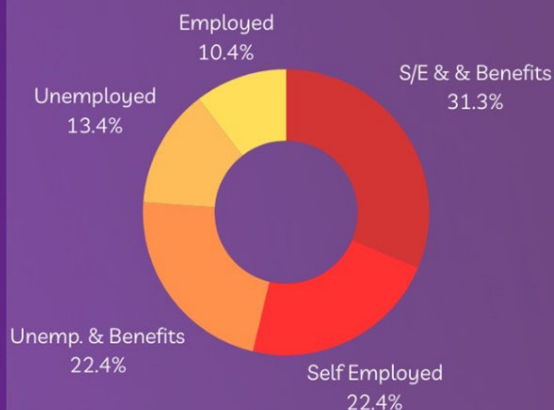
35% of borrowers had previously been fully unemployed.

30% of borrowers had been in only informal self-employment.

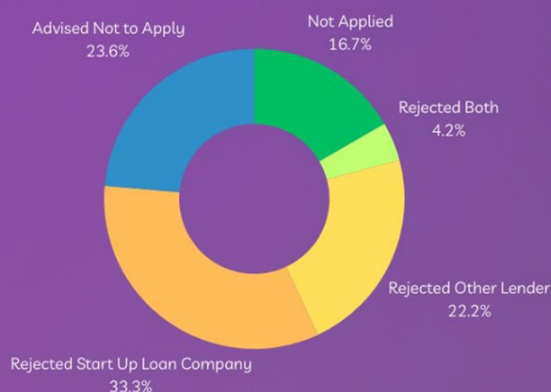
Lending Split According to Gender



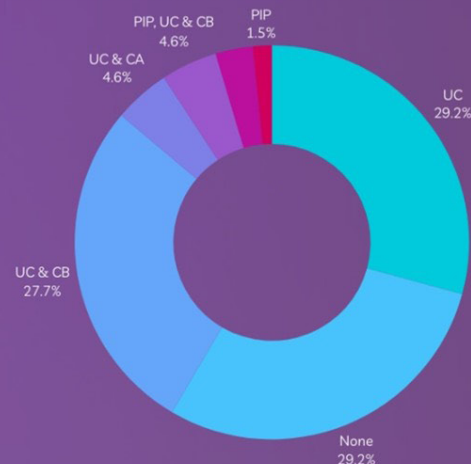
Employment Status Before a Purple Shoots Loan



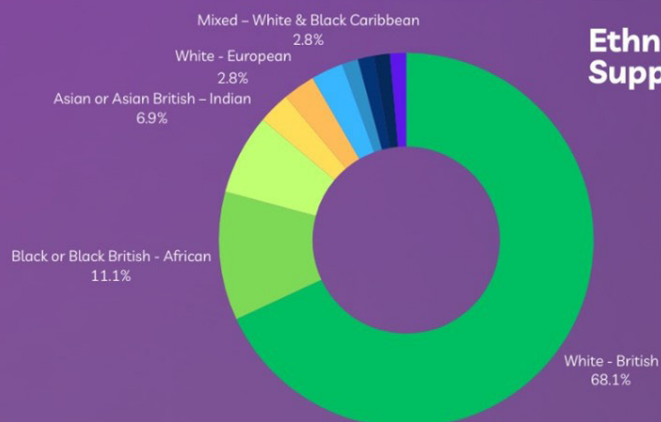
Had our loan beneficiaries applied elsewhere for a loan?



Benefits borrowers received before Purple Shoots Loan



Ethnicity of Business Owners Supported



29.1% of Businesses Supported by Purple Shoots are operated by ethnically diverse business owners.

Each loan can be transformative and we have many stories on our website in case studies and videos. This year we have become involved on the Employability Board of a local Welsh prison and this has led to us offering our self-employment training and other support to offenders close to release and after they have been released. Our involvement gives them real hope that they can turn their lives around on the outside.

Steve's Story

We first met Steve when he was still in Parc Prison in Bridgend. He was a prisoner representative on the Employability Advisory Board (where Purple Shoots is also represented) and he chatted with us at one of the regular job events that the Resettlement Team run for individuals nearing release. He was determined not to let one big mistake ruin his life and stop him from providing for his son. He hoped to restart his flooring business, which he had run successfully before his time inside. He already had all the skills to lay a wide range of floors and experience running a small business.



He got in touch in his first week out, and by the time we met with him, he had already registered as self-employed with HMRC, sorted out his benefits, got his car back on the road, found some work and booked for his CSCS card. He needed funds for a range of new tools and had already researched suppliers and prices. Our loan enabled him to break down that last barrier and get his business off the ground.

He said that without our loan, he couldn't have got his business back up and running. Running the business felt like a fresh start and like he'd had a second chance to build a good life for himself and his son.

Ada's Story



At Purple Shoots, we're all about empowering individuals to pursue their dreams, and Ada's story with Homeland Delicacy is a prime example of that mission in action. Homeland Delicacy has quickly gained acclaim for its authentic West African cuisine and event catering services, making waves in Sheffield's culinary scene. As Ada prepared to transition from a home-based venture to a commercial space in the Cambridge Collective Food Hall, Purple Shoots stepped in to provide crucial support, ensuring Ada's dream could take flight.

Ada's ambition to establish Homeland Delicacy in Sheffield City Centre presented an exciting opportunity. Securing a spot in the Cambridge Collective Food Hall, a brand new 'Heart of The City' venue, was a pivotal moment, offering a platform to showcase West African flavours to a wider audience. With the backing of Business Sheffield and Ada's dedication, Purple Shoots recognised the potential for growth and impact within this vibrant setting.

Ada's journey embodies resilience and determination in the face of adversity. Following personal tragedy and professional challenges, Ada found solace in her passion for cooking, launching Homeland Delicacy to share the vibrant tastes of West Africa with others. Despite financial setbacks and the weight of existing debts, Ada's commitment to her vision remained steadfast, inspiring us at Purple Shoots to lend a helping hand.

Understanding Ada's financial landscape, including existing debts and her commitment to repaying them, Purple Shoots saw an opportunity to make a difference. Through careful assessment and consideration, we provided Ada with a loan of £6,000, tailored to her specific needs. This funding would enable Ada to fully equip her commercial kitchen, invest in branding, and seize the opportunity presented by the Cambridge Collective Food Hall. Because of her debts she had not been able to access that finance anywhere else.

With Purple Shoots' support, Ada is empowered to realise her entrepreneurial aspirations and propel Homeland Delicacy to new heights. Our belief in Ada's potential to succeed, coupled with her determination and passion for her craft, fuels our confidence in her ability to thrive within the competitive food industry landscape. Ada's success is not just her own—it's a shout out to the transformative power of support and collaboration.

Ada's journey with Homeland Delicacy serves as a testament to resilience, determination, and the transformative impact of support. At Purple Shoots, we're proud to have played a role in Ada's entrepreneurial journey, providing not just financial assistance, but also belief and encouragement every step of the way. As Ada prepares to embark on this exciting chapter, we stand alongside her, cheering her on as she brings the flavours of West Africa to Sheffield and beyond.

Our Self-reliant groups (SRGs) have also seen significant growth this year. We have continued to build partnerships with organisations such as churches and Housing Associations which has the dual aim of building our sustainability and spreading the model more widely. We have run our first successful group in partnership with the Warm Spaces network, which has led to interest from other warm spaces. Our established groups continue to flourish. Our group members report improvements in well-being and a wider support network as a result of being a part of one of our groups. One said "this group saves my life every week" and another said "when I moved here, I knew no one, now I have friends and people I can visit, and I'm volunteering."

St Athan's SRG

Purple Shoots has been working in partnership with a church in St Athan, developing our self-reliant groups in their community space, called the Gathering Place. A number of groups run there now including one which runs a café one day per week, another one working some adjacent land to grow fruit and vegetables for the community, an "open-mic" group encouraging community singing, and another one focussed on community issues and seeking to take action on them. This group has been very concerned about a number of Afghan families who have been placed in their community with no support network around them. The groups has been contacting politicians and authorities to try to help them with things like bus passes, language lessons and other issues. Some of the Afghans have joined in the gardening group and one of them has found a job as a result of the support he found there. Some of the Afghan women have formed another SRG with the aim of using the skills they have to generate some income.

A new initiative that has sprung from one innovative individual, who has gathered a new group around him, is a food project. The group plan to buy wholesale food, and fruit and vegetables from a central market, in bulk on a weekly basis and then pass on the reduced prices to people in the community. We think they can do this under the Purple Shoots umbrella and the group are currently drawing up an agreement to ensure that they share the work of buying the food every week and ensure that it is distributed fairly. This will have a really positive impact on the families in the community, especially the Afghan ones, who are struggling to make ends meet, by providing affordable, quality food.

"Our church is now an open door welcoming all. A meeting place for the community, where they can over a cup of tea or coffee talk to others, make friends, help each other, share their load. A blessing."

H. (Cafe customer and church member) Feb 2024



Plans for future periods

We know that what we do works to bring about positive changes in people's lives. Our clients are constantly telling us we need to do more. We have already expanded our microbusiness finance work into England with the opening of our Yorkshire office and with our lending in the West Country, but word has spread and we have completed loans this year from Scotland to London and demand is high. In the next few years we plan to expand our capital base so that our lending is widely available to our specific market. We also plan to grow our self-reliant groups through working in partnership with others, particularly churches and Housing Associations, and with others involved in similar work in Manchester, Leeds, Glasgow and in other parts of the world. We want to see a growing network of groups creating a rising tide of change for those on the margins of our economy and society, enabling them to become contributors and to make the positive changes they want to make.

We have offered our accredited course "Why not start a business" in a number of locations this year and plan to grow this aspect of what we do to try to contribute to our sustainability.

We are also lobbying in Government circles for the same level of support offered to all other, profit-making business lenders, and for a Fair Banking Act, along the lines of the US Community Reinvestment Act, which is the reason why the equivalent organizations to Purple Shoots in the US are much larger and stronger.

Financial review

During the current financial year the Charity achieved a surplus of £37,735 (2023: surplus of £4,329). This resulted in total reserves increasing in the year to £137,253 (2023: £99,518).

The Trustees are satisfied with the financial performance of the Charity throughout the year.

Of the total reserves held at year end £137,253 (2023: £99,518) were unrestricted as to use.

Reserves policy

Cash levels are monitored on a month by month basis to ensure that there is sufficient cash available for at least three months' activity, and that there is sufficient cash to pay the interest on loan investments from investors. If levels fall below this, then loan activity can be suspended until loan repayments (or fundraising) build the levels back up. This should only be necessary until the capital base for sustainability is achieved.

We are constantly reviewing and updating our forecasts which give us detailed information on our financial needs given various scenarios, and confirm funding needed to cover both operating costs and lending over the next 8 years. This gives us a focus for fund raising.

To protect our investors' money, the Trustees have adopted a policy which states that the total loan investments received should not exceed the total of the debtor book less 20% plus cash in the bank. At year end this policy was exceeded by £12,299 (1.5%) (2023 - exceeded by £26,613 - 3.4%) which was deemed within a suitable tolerance level.

In addition, free reserves are ideally kept at a level that allows for a minimum of three months operating costs and the above reserves of £137,253 are above this level.

Structure, governance and management

The organisation is a charitable company limited by guarantee incorporated on 10 July 2013 and was registered as a charity on 20 January 2014. The company was established under Articles of Association which established the objects and powers of the charitable company and is the governing document. In the event of the company being wound up, the members are required to contribute an amount not exceeding £10.

Day to day decisions on the running of the charity are made by the director. Loan decisions are made by the

director in consultation with one of the members of the lending team to ensure consistency and fairness.

All strategic decision and decisions relating to expenditure beyond the day to day level are taken at Trustee meetings at which the director and at least two of the four Trustees must be present. This includes staff remuneration with the current policy benchmarking salaries against similar sized charities in the relevant locality.

There must be a minimum of three trustees and only Trustees can appoint new Trustees. New trustees are inducted by the director and current trustees.

The current board of Trustees comprises four members. The Chair resigned in July 2024. He was the original philanthropic donor who enabled Purple Shoots to start. The new Chair has been appointed, and he plus the remaining two bring a good range of skills to the board including HR, strategy, finance and detailed knowledge of microfinance. We have appointed a fourth since the end of the year and possibly recruiting a fifth board member. One board member takes specific responsibility and overview of the finances and accounts and is himself a former Financial Director and an accountant.

There is also a small advisory board who are available for specific input to the board of Trustees or the director when their expertise is needed. Members of this board are agreed by the Trustees and the director.

Risk management

The key risk to Purple Shoots is the health of its loan portfolio. It is important that losses and defaults are no higher than budgeted or historically experienced or this will have an impact on our ability to repay borrowings when they become due. Our loan clients are extremely vulnerable to setbacks either in their businesses or in the wider economy because they are starting their businesses with nothing apart from our loan, and the benefits system ensures that they are unable to build up any reserves from money they make on their business because it claws it all back in reduced payments (an outrageously ridiculous system that is self-defeating in that it jeopardizes the chances of success for our borrowers which means that they will be back on benefits if their businesses fail!). We know this is our risk when we make our loans and our whole lending process is aimed at minimizing the risk that the business might fail. In order to mitigate this risk once the loan has been made, we monitor repayments very closely so that we are able to follow up a client as soon as a payment is missed. In addition, we offer mentoring to all our clients which they can take up at any point to help them get past obstacles or to rethink or take a new direction. In addition, we have “well-being checks” for all our clients – a regular phone call to check that they are doing well and to identify any problems or issues before they become serious for the business. We are also using this to help us with our impact evaluation. The detailed loan portfolio is reported to the Trustees at every meeting, and monthly bank reconciliations are sent to them which also detail repayments received so that patterns can be seen and action taken where possible (for example to limit lending in a particular sector if we are seeing higher defaults in it).

The second major risk is around systems failure and potential breaches of confidentiality with client data. We have continued with our system which is cloud based and heavily password protected so that no confidential information is stored on individual laptops or phones. Bank statements are only collected if the client is unable to connect to the new open banking system, which is again password protected and much more secure than sharing bank statements. All employee laptops which work on our borrowers are encrypted and are backed up securely every day.

Statement of Board of Trustees’ responsibilities

The Trustees 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

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

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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the Trustees confirm that they are happy that the content of the annual review on pages 5 to 12 of this document, as well as the legal and administrative information on page 4, meet the requirements of both the Trustees' Annual Report under charity law and the Directors' Report under company law.

They also confirm that the financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011, the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant information of which the Charity's independent examiner is unaware; and,
- each Trustee has taken all the steps that they should have taken as a Trustee/Director in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006, and the exemptions available for smaller charities under the Statement of Recommended Practice.

This report was approved and authorised for issue by the Board of Trustees on 16 April 2025 and signed on its behalf by:



Peter Elsworth (Apr 19, 2025 13:13 GMT+1)

PETER ELSWORTH

TRUSTEE

Independent examiner's report

I report to the Trustees on my examination of the accounts of Purple Shoots Business Lending Ltd (charity number 1155385, company number 08603690) for the year ended 31 July 2024 which are set out on pages 15 to 30.

Respective responsibilities of trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'). The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') nor under Part 16 of the 2006 Act, and that an independent examination is needed.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and,
- to state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the Charity's Trustees as a body. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or,
- the accounts do not accord with those records; or,
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or,
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities

preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

A handwritten signature in black ink, appearing to read 'APNash', with a stylized flourish at the end.

ANDREW PHILIP NASH FCA

MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES – 2461833

DATED: 17 APRIL 2025

Enaid Accountancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Statement of financial activities**Incorporating the Income and Expenditure Account & Statement of Realised Gains and Losses**

For the year ended 31 July 2024

		Unrestricted funds	Restricted funds	Total funds	Total funds
		Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-23
	Notes	£	£	£	£
Income from:					
Donations & legacies	3	351,772	235,072	586,844	553,204
Charitable activities	4	112,732	-	112,732	90,775
Other trading activities	5	2,974	-	2,974	3,446
Total income		467,478	235,072	702,550	647,425
Expenditure on:					
Raising funds	6 & 7	70,337	-	70,337	57,924
Charitable activities	6 & 8	559,406	35,072	594,478	585,172
Total expenditure		629,743	35,072	664,815	643,096
Net income/(expenditure)		(162,265)	200,000	37,735	4,329
Transfer between funds	13	200,000	(200,000)	-	-
Net movement in funds		37,735	-	37,735	4,329
Reconciliation of fund					
Funds brought forward	13 & 14	99,518	-	99,518	95,189
Funds carried forward	13 & 14	137,253	-	137,253	99,518

The notes on pages 18 to 30 form part of the financial statements.

Balance sheet

As at 31 July 2024

	Notes	£	Total funds 31-Jul-24 £	Total funds 31-Jul-23 £
Fixed assets				
Tangible fixed assets	10		498	664
Client loans due in more than 12 months			232,926	241,297
			<u>233,424</u>	<u>241,961</u>
Current assets				
Debtors	11	565,664		430,131
Cash at bank and in hand		194,470		223,597
		<u>760,134</u>		<u>653,728</u>
Creditors				
Amounts falling due within one year	12	(95,700)		(38,819)
		<u></u>		<u></u>
Net current assets			664,434	614,909
Creditors				
Amounts falling due within more than one year			(760,605)	(757,352)
			<u></u>	<u></u>
Net assets			137,253	99,518
Funds of the charity				
Unrestricted	13 & 14		137,253	99,518
			<u>137,253</u>	<u>99,518</u>

The notes on pages 18 to 30 form part of the financial statements.

The financial statements have been prepared in accordance with section 415A of the Companies Act 2006 relating to small companies and FRS 102 Section 1A. The charitable company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 July 2024, and the members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 July 2024 under section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

They were approved and authorised for issue by the Board of Trustees on 16 April 2025 and signed on their behalf by:


Peter Elsworth (Apr 19, 2025 13:13 GMT+1)

PETER ELSWORTH

TRUSTEE

Statement of cash flows

For year ended 31 July 2024

		Total funds 31-Jul-24	Total funds 31-Jul-23
	£	£	£
Cash flows from operating activities			
Net income/(expenditure) for the year	37,735		4,329
Adjustments for:			
Depreciation	166		221
Interest paid on loans	18,889		22,535
(Increase)/decrease in client loans	(123,615)		(120,380)
(Increase)/decrease in prepayments	(3,547)		-
Increase/(decrease) in creditors	4,683		(1,406)
Net cash flows from operating activities		(65,689)	(94,701)
Cash flows from financing activities			
Interest paid on loans	(18,889)		(22,535)
Increase/(decrease) in loans	55,451		202,000
Net cash flows from financing activities		36,562	179,465
Net movement in cash and cash equivalents		(29,127)	84,764
Cash and cash equivalents at 1 August 2023		223,597	138,833
Cash and cash equivalents at 31 July 2024		194,470	223,597

The notes on pages 18 to 30 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), including Update Bulletin 2, and the Companies Act 2006.

The effect of any event relating to the year ended 31 July 2024, which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 July 2024 and the results for the year ended on that date.

The functional currency of the Charity is sterling and amounts in the financial statements are rounded to the nearest pound.

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.

Going concern

The financial statements have been prepared on the going concern basis as the Board of Trustees is confident that future reserves and future income is more than sufficient to meet current commitments. There are no material uncertainties that impact this assessment, and the ongoing global economic uncertainties and wider environment have had no material impact on this assessment.

Legal status

Purple Shoots Business Lending Ltd is a charitable company registered in England & Wales and meets the definition of a public benefit entity. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member. The registered address is 2 Le Sor Hill, Peterston-Super-Ely, Cardiff, CF5 6LW.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which have been designated for a specific purpose by the Trustees. The aim and use of each designated fund is set out in note 13 of the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 13 of the financial statements.

Income

Income is recognised when the Charity has entitlement to the funds, any performance indicators attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Gift aid receivable is included when claimable.

1. Accounting policies (continued from previous page)

Income (continued from previous page)

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a future period, in which case it is deferred.

Income from charitable activities, including contract income and client fees, is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period or event, in which case it is deferred.

Interest is recorded when it is receivable.

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Indirect costs, including governance costs, which cannot be directly attributed to activities, are allocated proportionate to total direct costs allocated to each project area, as outlined in note 6 of the financial statements.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their useful life, on the following basis:

Office equipment	25% reducing balance
------------------	----------------------

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values but are not held for investment purposes.

Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any trade discount is applied. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and accruals

Creditors 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.

Critical estimates and judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives and residual values of assets. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1. Accounting policies (continued from previous page)

Financial instruments

Basic financial instruments are measured at amortised cost other than investments which are measured at fair value.

Pensions

The Charity operates a defined contribution pension scheme which is administered by an external independent pension provider. Contributions are recognised in the Statement of Financial Activities as they fall due.

2. Comparative statement of financial activities

		Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
	Notes			
Income from:				
Donations & legacies	3	58,299	494,905	553,204
Charitable activities	4	90,775	-	90,775
Other trading activities	5	3,446	-	3,446
Total income		152,520	494,905	647,425
Expenditure on:				
Raising funds	6 & 7	57,924	-	57,924
Charitable activities	6 & 8	430,267	154,905	585,172
Total expenditure		488,191	154,905	643,096
Net income/(expenditure)		(335,671)	340,000	4,329
Transfer between funds	13	340,000	(340,000)	-
Net movement in funds		4,329	-	4,329
Reconciliation of fund				
Funds brought forward	13 & 14	95,189	-	95,189
Funds carried forward	13 & 14	99,518	-	99,518

3. Income from donations and legacies

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Donations and grants	351,772	235,072	586,844
	351,772	235,072	586,844

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Donations and grants	58,299	494,905	553,204
	58,299	494,905	553,204

4. Income from charitable activities

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Interest on client loans	80,265	-	80,265
Loans recovered previously written off	3,634	-	3,634
Sales of beneficiary goods	9,365	-	9,365
Consultancy	19,468	-	19,468
	112,732	-	112,732

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Interest on client loans	53,597	-	53,597
Loans recovered previously written off	3,028	-	3,028
Sales of beneficiary goods	9,144	-	9,144
Consultancy	25,006	-	25,006
	90,775	-	90,775

5. Income from other trading activities

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Café sales	2,974	-	2,974
	2,974	-	2,974
	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Café sales	3,446	-	3,446
	3,446	-	3,446

6. Total expenditure

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24
	£	£	£	£
Raising funds	34,961	23,525	11,851	70,337
Charitable activities	239,456	254,857	100,165	594,478
	274,417	278,382	112,016	664,815

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£	£
Raising funds	30,149	18,028	9,747	57,924
Charitable activities	194,848	291,856	98,468	585,172
	224,997	309,884	108,215	643,096

Indirect costs, including governance costs, which cannot be directly attributed to activities, were allocated between cost centres proportionate to the direct staff and other costs allocated to those activities.

An analysis of costs of raising funds split between restricted and unrestricted funds can be found in note 7.

An analysis of charitable activities split between restricted and unrestricted funds can be found in note 8.

An analysis of staff costs can be found in note 9.

Indirect costs includes:

	Total costs	Total costs
	Year ended 31-Jul-24	Year ended 31-Jul-23
	£	£
Indirect staff costs	62,580	61,293
Administration	30,496	31,050
Premises	10,484	8,972
Professional services	6,872	5,364
Independent examination	1,584	1,536
	112,016	108,215

7. Expenditure on raising funds

	Unrestricted funds Year ended 31-Jul-24 £	Restricted funds Year ended 31-Jul-24 £	Total funds Year ended 31-Jul-24 £
Direct staff costs	34,961	-	34,961
Direct other costs	23,525	-	23,525
Indirect costs	11,851	-	11,851
	70,337	-	70,337

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Direct staff costs	30,149	-	30,149
Direct other costs	18,028	-	18,028
Indirect costs	9,747	-	9,747
	57,924	-	57,924

8. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24
	£	£	£
Direct staff costs	210,884	28,572	239,456
Direct other costs	248,357	6,500	254,857
Indirect costs	100,165	-	100,165
	559,406	35,072	594,478

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£
Direct staff costs	139,943	54,905	194,848
Direct other costs	191,856	100,000	291,856
Indirect costs	98,468	-	98,468
	430,267	154,905	585,172

9. Staff costs

	Total costs	Total costs
	Year ended 31-Jul-24	Year ended 31-Jul-23
	£	£
Gross salaries	313,887	267,577
Employers national insurance	17,615	14,129
Employers pension	5,495	4,584
	336,997	286,290

The average headcount during the period was 17 persons (2023: 14 persons).

No employee received employee benefits of greater than £60,000 (2023: Nil).

The total employee benefits paid to key management personnel during the year was £43,093 (2023: £43,118).

10. Tangible fixed assets

	Office equipment £	Total £
Cost		
At 1 August 2023	3,105	3,105
At 31 July 2024	3,105	3,105
Accumulated depreciation		
At 1 August 2023	2,441	2,441
Charge for the year	166	166
At 31 July 2024	2,607	2,607
Net book value		
At 1 August 2023	664	664
At 31 July 2024	498	498

11. Debtors and prepayments

	Total 31-Jul-24 £	Total 31-Jul-23 £
Client loans receivable within twelve months	562,117	430,131
Prepayments	3,547	-
	565,664	430,131

In addition to the amounts above there was £232,926 recoverable from clients in greater than 12 months at the end of the year (2023: £241,297).

12. Creditors: amounts falling due within one year

	Total	Total
	31-Jul-24	31-Jul-23
	£	£
Accounts payable	4,966	-
Accruals	2,284	2,536
Loans repayable within twelve months	82,198	30,000
HMRC payable	4,997	5,099
Pension payable	1,255	1,184
	95,700	38,819

In addition to the amounts above there was £760,605 payable to investors in greater than 12 months at the end of the year (2023: £757,352). These are a mixture of interest bearing and non-interest bearing loans and are from a variety of individuals and organisations.

13. Analysis of charity funds

	Balance brought forward Year ended 31-Jul-24 £	Income in the period Year ended 31-Jul-24 £	Expenditure in the period Year ended 31-Jul-24 £	Transfers between funds Year ended 31-Jul-24 £	Balance carried forward Year ended 31-Jul-24 £
Restricted funds					
Lending - Wales		200,000	-	(200,000)	-
SRGs	-	35,072	(35,072)	-	-
Total restricted funds	-	235,072	(35,072)	(200,000)	-
Unrestricted funds	99,518	467,478	(629,743)	200,000	137,253
Total funds	99,518	702,550	(664,815)	-	137,253

Lending

This relates to funding provided to support lending in a number of geographical locations. As the loans provided are recognised as liabilities as opposed to expenditure, the restricted funds are released to unrestricted funds at the point that each loan is made.

SRGs

These are funds from a number of sources to support the work with self-reliant groups in a number of localities.

	Balance brought forward Year ended 31-Jul-23 £	Income in the period Year ended 31-Jul-23 £	Expenditure in the period Year ended 31-Jul-23 £	Transfers between funds Year ended 31-Jul-23 £	Balance carried forward Year ended 31-Jul-23 £
Restricted funds					
Lending - England	-	100,000	-	(100,000)	-
Lending - Wales		240,000	-	(240,000)	-
Provisions	-	100,000	(100,000)	-	-
SRGs	-	54,905	(54,905)	-	-
Total restricted funds	-	494,905	(154,905)	(340,000)	-
Unrestricted funds	95,189	152,520	(488,191)	340,000	99,518
Total funds	95,189	647,425	(643,096)	-	99,518

Provisions

This relates to funding provide to support the Charity in writing off loans that were now deemed irrecoverable.

14. Analysis of net assets

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-24	Year ended 31-Jul-24	Year ended 31-Jul-24
	£	£	£
Fixed assets	233,424	-	233,424
Current assets	760,134	-	760,134
Current liabilities	(95,700)	-	(95,700)
Non-current liabilities	(760,605)	-	(760,605)
	137,253	-	137,253

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£
Fixed assets	241,961	-	241,961
Current assets	653,728	-	653,728
Current liabilities	(38,819)	-	(38,819)
Non-current liabilities	(757,352)	-	(757,352)
	99,518	-	99,518

15. Analysis of net debt

	As at 1-Aug-23 £	Cash flows £	Other movements £	At at 31-Jul-24 £
Cash and cash equivalents	223,597	(29,127)	-	194,470
Loans	(787,352)	(55,451)	-	(842,803)
Net debt	(563,755)	(84,578)	-	(648,333)

	As at 1-Aug-22 £	Cash flows £	Other movements £	At at 31-Jul-23 £
Cash and cash equivalents	138,833	84,764	-	223,597
Loans	(585,352)	(202,000)	-	(787,352)
Net debt	(446,519)	(117,236)	-	(563,755)

16. Trustee remuneration

During the year, no trustee received any remuneration (2023: £Nil). No members of the Board of Trustees received reimbursement of expenses (2023: £Nil).

17. Related party transactions

During the year there were no related party transactions (2023: £Nil) other than an interest bearing investment loan from one trustee (Timothy Stumpff) to the charity to facilitate additional loan payments to beneficiaries. This was on similar terms to other interest bearing investment loans and the relevant trustee was not involved in the decision making process. Total repayments of £7,665 were made during the year (2023: £Nil) and £9,198 was outstanding and due within one year at the end of the period (2023: £Nil).

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales - Charity number 1155385

Accounts



Purple Shoots Business Lending Ltd

Trustees Annual Report and Unaudited Financial Statements Year ended 31 July 2023

Charity registration - 1155385

Company number - 08603690

Contents

Legal and administrative information	4
Trustees annual report	5
Objectives and activities	5
Achievements and performance in the year	5
Plans for future periods	9
Financial review	9
Structure, governance and management	10
Statement of Board of Trustees' responsibilities	11
Independent examiner's report	13
Statement of financial activities	15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18

Legal and administrative information

Charity name

Purple Shoots Business Lending Ltd

Charity registration no.

1155385

Company registration no.

08603690

Registered office and contact details

2 Le Sor Hill
Peterston-Super-Ely
Cardiff
CF5 6LW

Trustees

Tony Johnson	Chair
Peter Elsworth	
Paula Pridham	
Timothy Stumpff	

Director

Karen Davies

Bank

Unity Trust Bank
Four Brindley Place
Birmingham
B1 2JB

Independent examiner

Andy Nash Accounting & Consultancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Trustees annual report

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Purple Shoots Business Lending Ltd for the year ended 31 July 2023.

The Board of Trustees confirms that the annual report and financial statements of the Charity comply with current statutory requirements, including the Charity Act 2011, as well as the requirements of the Charity's governing document and the provisions of the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Objectives and activities

Purple Shoots tackles poverty, unemployment, social isolation and financial exclusion through encouraging and building entrepreneurship and independence, enabling people to make positive changes in their lives and to solve problems for themselves, creating jobs and improving their standard of living and their well-being.

One of the tools we use to do this is microfinance which means we offer small, ethical loans to individuals who cannot raise funding from anywhere else to enable them to start or run a small business. Through this, they create their own pathway away from disadvantage, debt, low or no income and economic inactivity into independence and improved economic circumstances. The social and economic impact of lending to this client group is extremely high.

We also create roadmaps for those who haven't got as far as being ready for employment or self-employment through a range of initiatives, often with partner organizations such as churches or housing associations. The starting point is usually to invite them to be part of a small collective which we call a self-reliant group. These bring together often very isolated and left behind people and enable them to take positive steps forward, saving money together and usually doing something enterprising or community focussed. The groups become independent and can continue indefinitely, providing a support network for their members, improving their well-being and their financial circumstances. Some groups or individuals within groups go on to start their own business or enter training or employment. We provide training in business skills at a wide range of levels to facilitate this.

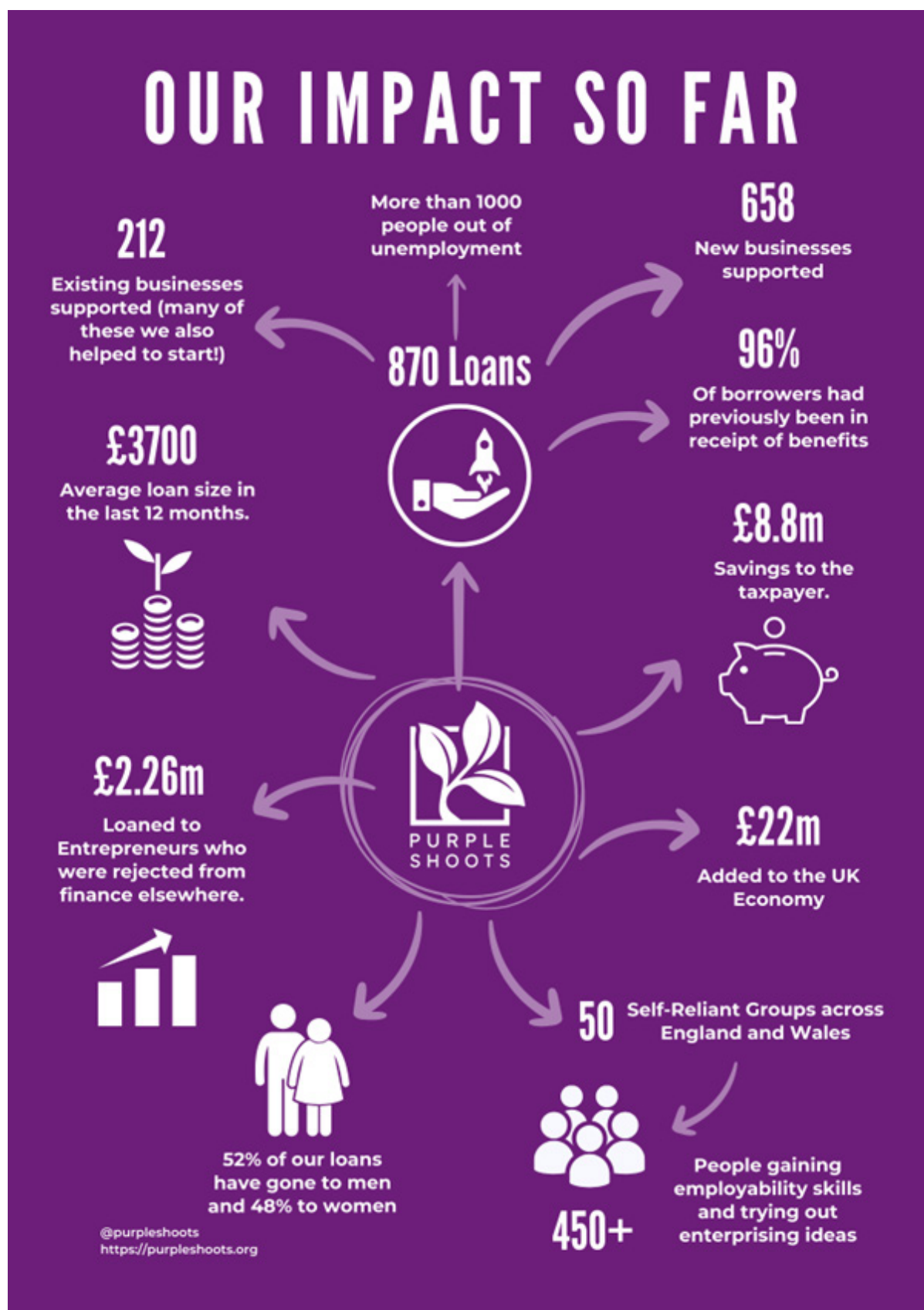
We believe that every individual is valuable and capable and should have an opportunity to be the best they can. Our support enables people to transform their lives in a sustainable way.

Delivering Public Benefit

The Trustees have followed the guidance issued by the Charity Commission with regard to the public benefit arising from the activities undertaken by Purple Shoots Business Lending Ltd. The Trustees are satisfied that the services provided by Purple Shoots Business Lending Ltd fully meet the principles of public benefit as set out in the Charity Commission Guidance.

Achievements and performance in the year

In the last 12 months we have loaned £351k in 95 loans across Wales and England, starting 72 new businesses and supporting 23 existing ones. Most of the existing businesses we supported were businesses Purple Shoots has previously helped to start. 51 of the loans (54%) were to women. This has helped around 115 people out of unemployment. In July 2023 we were 10 years old and the graphic on the next page summarizes our achievements in that whole period.



Each loan can be transformative and we have many stories on our website in case studies and videos.

Samira's Story:

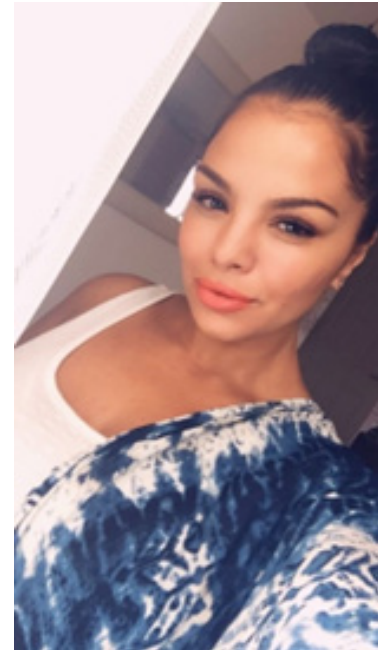
Samira is a single parent on her own, surviving on benefits and doing the best she can for her son. However, this was not by choice as her partner sadly passed away just before their only child was born. That was 12 years ago – in that time Samira did a degree, worked freelance for production companies and then for 5 years in a bank. She was working up until 2019 when her employer relocated and she was made redundant. She explored starting her own business then but the covid lockdowns put a stop to that. With this, her financial situation was impacted negatively.

However, she hadn't given up the idea of working for herself, wanting to be able to fit work in around her responsibilities as a mum and so she began PrintDimage in January 2022 on a small scale, selling bespoke printed items through an Etsy shop. She began with images, artwork and posters and saw the potential to expand into a range of household items (lamps, clocks etc). Her turnover was growing but she had started with no money behind her and could not finance the stock she needed to grow and to cover the gap between Etsy sales and payments.

Because her finances had been so negatively impacted by the pandemic, Samira faced many barriers when trying to raise finance to help support/grow PrintDimage. Purple Shoots saw the progress she had made already with her business and the potential she had, coupled with her courage and resilience, and offered her the finance she needed.

Samira said:

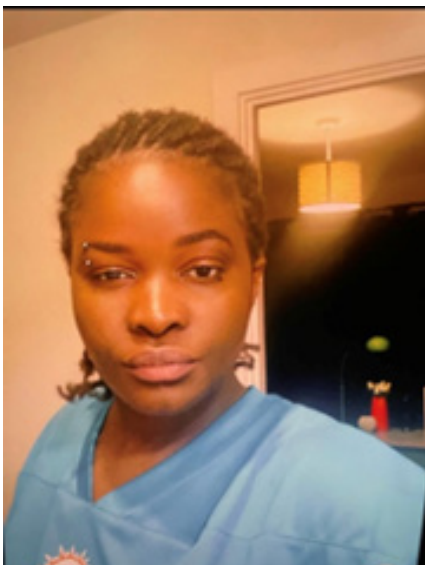
"I was frustrated that after all my years of working hard, I couldn't get funding from anywhere just because I had struggled over the last couple of years. I am so pleased now to have my own business that is working and growing."



Jennifer Mensah:

In a world where second chances are often frustratingly hard to come by, Jennifer Mensah's story stands as a testament to determination, resilience, and the power of self-belief. Arriving in the UK having fled a history of abuse and seeking asylum, Jennifer always had a strong desire to work and make a positive impact in her community. Now, with the support of Purple Shoots, she is determined to shape her own future through self-employment, despite the challenges she has faced along the way.

Jennifer's journey began when she sought asylum in the UK in 2013. Despite the uncertainty and hardships she faced, she always maintained a strong mindset to work. In her home country of Ghana, Jennifer had successfully run her own business, and she was determined to recreate that success in her new environment. Despite the language barriers and the challenges associated with finding employment, Jennifer's passion and drive remained unwavering.



One significant hurdle Jennifer encountered was the inability to secure support from the British Business Bank, which seems to be becoming increasingly risk averse. Despite her entrepreneurial experience in Ghana and a clear business plan, Jennifer's aspirations were met with disappointment. However, it was in this moment of setback that Purple Shoots recognised Jennifer's potential and eagerly stepped in to provide the support she needed.

Purple Shoots, dedicated to empowering individuals through self-employment and entrepreneurship, saw Jennifer's determination, resilience, and entrepreneurial spirit. We recognised the value she could bring to her community by providing Afro-Caribbean foodstuff that was currently inaccessible or required travelling to neighbouring cities. Purple Shoots not only believed in Jennifer's potential but also embraced the

opportunity to support her on her journey.

With Purple Shoots by her side, Jennifer's dream of starting her own business began to take shape. Armed with her experience in Ghana and a deep understanding of her community's needs, Jennifer has embarked on a mission to provide a range of Afro-Caribbean foodstuff. By sourcing the right goods and delivering them directly to her community, Jennifer aimed to create accessibility and convenience for her customers, eliminating the need for them to travel elsewhere.

Jennifer's journey is a testament to the transformative power of entrepreneurship. With her determination, resourcefulness, and the support of Purple Shoots, she has the opportunity to create a better future for herself and her community. Her entrepreneurial venture not only provides a valuable service but also serves as an inspiration to others facing similar challenges. Jennifer's story reminds us that with the right support, passion, and determination, anyone can overcome obstacles and shape their own destiny.

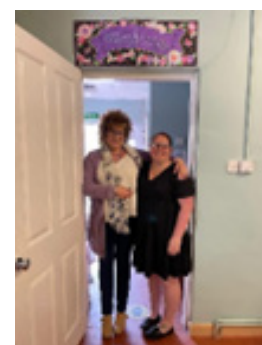
Jennifer Mensah's journey from seeking asylum to becoming a determined entrepreneur showcases the power of self-determination and the importance of organisations like Purple Shoots, who recognise and support individuals with untapped potential. Her passion for entrepreneurship, coupled with her experience and determination, positions her for success in providing Afro-Caribbean foodstuff to her community. Through her journey, Jennifer serves as an inspiration, reminding us that everyone deserves a chance to shape their own future and make a positive impact in their community.

Our lending in England has taken off at a much faster rate than anticipated. Our first full year has seen us making loans beyond Yorkshire and the West Country to almost every other part of England (and even one in Scotland). With this level of demand, we know we need to expand and to grow our capital base so that we are able to meet it.

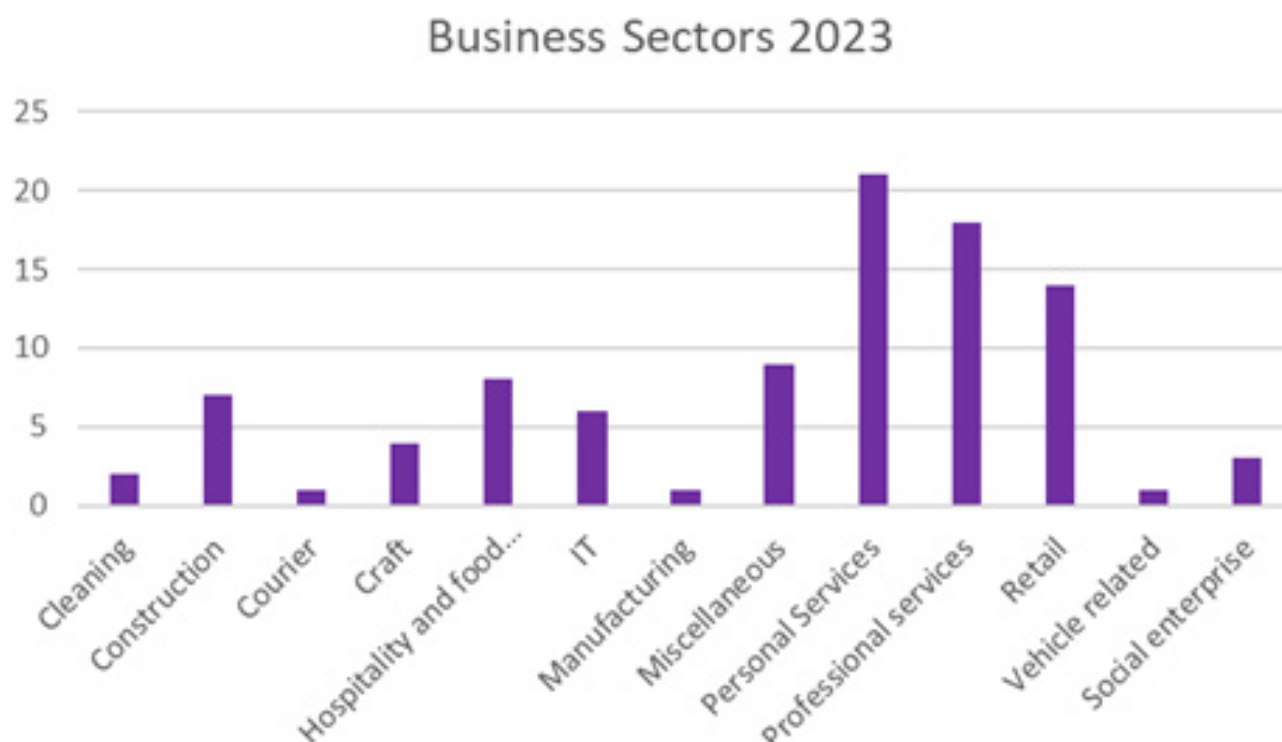
Self-reliant groups



Our Self-reliant groups have also seen significant growth this year. We have continued to build partnerships with organisations such as churches and Housing Associations which has the dual aim of building our sustainability and spreading the model more widely. We have run our first successful group under social prescribing, which has led to at least two of its members looking to start their own business. Our established groups continue to flourish. Our group members report improvements in well-being and a wider support network as a result of being a part of one of our groups. One said, "this group saves my life every week" and another said, "when I moved here, I knew no one, now I have friends and people I can visit, and I'm volunteering."



Loans



The above graph shows the split of our loans by sectors for the last 12 months. Personal services includes hairdressers, barbers, beauty therapists, personal trainers, tattooists etc. Vehicle related includes repairs, vehicle wrapping and also delivery drivers and couriers.

Plans for future periods

We know that what we do works to bring about positive changes in people's lives. Our clients are constantly telling us we need to do more. We have already begun expanding our microfinance work into England with the opening of our Yorkshire office and with our lending in the West Country. In the next few years we plan to open other small bases around the UK so that our lending is widely available to our specific market. We also plan to grow our self-reliant groups through working in partnership with others, particularly churches and Housing Associations, and with others involved in similar work in Manchester, Leeds, Glasgow and in other parts of the world. We want to see a growing network of groups creating a rising tide of change for those on the margins of our economy and society, enabling them to become contributors and to make the positive changes they want to make.

In addition, we now have accreditation with the Institute of Entrepreneurship and Enterprise so that our courses in starting and running businesses, developing community cafes etc. can result in recognized qualifications. We plan to generate income from this part of our work to help build sustainability, as well as to offer our training more widely to encourage more people to try self-employment.

Financial review

During the current financial year the Charity achieved a surplus of £4,329 (2022: surplus of £93,573). This resulted in total reserves increasing in the year to £99,518 (2022: £95,189).

The Trustees are satisfied with the financial performance of the Charity throughout the year.

Of the total reserves held at year end £99,518 (2022: £95,189) were unrestricted as to use.

Reserves policy

Cash levels are monitored on a month by month basis to ensure that there is sufficient cash available for at least three months' activity, and that there is sufficient cash to pay the interest on loan investments from investors. If levels fall below this, then loan activity can be suspended until loan repayments (or fundraising) build the levels back up. This should only be necessary until the capital base for sustainability is achieved.

We are constantly reviewing and updating our forecasts which give us detailed information on our financial needs given various scenarios, and confirm funding needed to cover both operating costs and lending over the next 8 years. This gives us a focus for fund raising.

To protect our investors' money, the Trustees have adopted a policy which states that the total loan investments received should not exceed the total of the debtor book less 20% plus cash in the bank. At year end this policy was exceeded by £26,613 (3.4%) which was deemed within a suitable tolerance level.

In addition, free reserves are ideally kept at a level that allows for a minimum of three months operating costs and the above reserves of £99,518 are above this level.

Structure, governance and management

The organisation is a charitable company limited by guarantee incorporated on 10th July 2013 and was registered as a charity on 20th January 2014. The company was established under Articles of Association which established the objects and powers of the charitable company and is the governing document. In the event of the company being wound up, the members are required to contribute an amount not exceeding £10.

Day to day decisions on the running of the charity are made by the director. Loan decisions are made by the director in consultation with one of the members of the lending team to ensure consistency and fairness.

All strategic decision and decisions relating to expenditure beyond the day to day level are taken at Trustee meetings at which the director and at least two of the four Trustees must be present. This includes staff remuneration with the current policy benchmarking salaries against similar sized charities in the relevant locality.

There must be a minimum of three trustees and only Trustees can appoint new Trustees. New trustees are inducted by the director and current trustees.

The current board of Trustees comprises four members. The Chair is the original philanthropic donor who enabled Purple Shoots to start and he brings legal knowledge as well as considerable knowledge of the charitable sector. The other three bring a good range of skills to the board including HR, strategy, finance and detailed knowledge of microfinance. One board member takes specific responsibility and overview of the finances and accounts and is himself a former Financial Director and an accountant.

There is also a small advisory board who are available for specific input to the board of Trustees or the director when their expertise is needed. Members of this board are agreed by the Trustees and the director.

Risk management

The key risk to Purple Shoots is the health of its loan portfolio. It is important that losses and defaults are no higher than budgeted or historically experienced or this will have an impact on our ability to repay borrowings when they become due. Our loan clients are extremely vulnerable to setbacks either in their businesses or in the wider economy because they are starting their businesses with nothing apart from our loan, and the benefits system ensures that they are unable to build up any reserves from money they make on their business because it claws it all back in reduced payments (an outrageously ridiculous system that is self-defeating in that it jeopardizes the chances of success for our borrowers which means that they will be back on benefits if their businesses fail!)

We know this is our risk when we make our loans and our whole lending process is aimed at minimizing the risk that the business might fail. In order to mitigate this risk once the loan has been made, we monitor repayments very closely so that we are able to follow up a client as soon as a payment is missed. In

addition, we offer mentoring to all our clients which they can take up at any point to help them get past obstacles or to rethink or take a new direction. In addition, we have “well-being checks” for all our clients – a regular phone call to check that they are doing well and to identify any problems or issues before they become serious for the business. We are also using this to help us with our impact evaluation. The detailed loan portfolio is reported to the Trustees at every meeting, and monthly bank reconciliations are sent to them which also detail repayments received so that patterns can be seen and action taken where possible (for example to limit lending in a particular sector if we are seeing higher defaults in it).

The second major risk is around systems failure and potential breaches of confidentiality with client data. We have continued with our system which is cloud based and heavily password protected so that no confidential information is stored on individual laptops or phones. Bank statements are only collected if the client is unable to connect to the new open banking system, which is again password protected and much more secure than sharing bank statements. All employee laptops which work on our borrowers are encrypted and are backed up securely every day.

Statement of Board of Trustees’ responsibilities

The Trustees 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

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

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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the Trustees confirm that they are happy that the content of the annual review on pages 5 to 12 of this document, as well as the legal and administrative information on page 4, meet the requirements of both the Trustees’ Annual Report under charity law and the Directors’ Report under company law.

They also confirm that the financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity’s governing document, the Charities Act 2011, the ‘Charities SORP (FRS 102) – 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) second edition (effective 1 January 2019)’, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant information of which the Charity's independent examiner is unaware; and,
- each Trustee has taken all the steps that they should have taken as a Trustee/Director in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006, and the exemptions available for smaller charities under the Statement of Recommended Practice.

This report was approved and authorised for issue by the Board of Trustees on 19 January 2024 and signed on its behalf by:

Peter Elsworth

Peter Elsworth (Apr 9, 2024 14:47 GMT+1)

PETER ELSWORTH

TRUSTEE

Independent examiner's report

I report to the Trustees on my examination of the accounts of Purple Shoots Business Lending Ltd (charity number 1155385, company number 08603690) for the year ended 31 July 2023 which are set out on pages 15 to 30.

Respective responsibilities of trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'). The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') nor under Part 16 of the 2006 Act, and that an independent examination is needed.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and,
- to state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the Charity's Trustees as a body. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or,
- the accounts do not accord with those records; or,
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or,
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities

preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



ANDREW PHILIP NASH FCA

MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES – 2461833

DATED: 9 APRIL 2024

Andy Nash Accounting & Consultancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Statement of financial activities**Incorporating the Income and Expenditure Account & Statement of Realised Gains and Losses**

For the year ended 31 July 2023

		Unrestricted funds	Restricted funds	Total funds	Total funds
		Year ended	Year ended	Year ended	Year ended
		31-Jul-23	31-Jul-23	31-Jul-23	31-Jul-22
	Notes	£	£	£	£
Income from:					
Donations & legacies	3	58,299	494,905	553,204	624,659
Charitable activities	4	90,775	-	90,775	66,275
Other trading activities	5	3,446	-	3,446	5,689
Total income		152,520	494,905	647,425	696,623
Expenditure on:					
Raising funds	6 & 7	57,924	-	57,924	54,560
Charitable activities	6 & 8	430,267	154,905	585,172	548,490
Total expenditure		488,191	154,905	643,096	603,050
Net income/(expenditure)		(335,671)	340,000	4,329	93,573
Transfers between funds		340,000	(340,000)	-	-
Net movement in funds		4,329	-	4,329	93,573
Reconciliation of fund					
Funds brought forward	13 & 14	95,189	-	95,189	1,616
Funds carried forward	13 & 14	99,518	-	99,518	95,189

The notes on pages 18 to 30 form part of the financial statements.

Balance sheet

As at 31 July 2023

	Notes	£	Total funds 31-Jul-23 £	Total funds 31-Jul-22 £
Fixed assets				
Tangible fixed assets	10		664	885
Client loans due in more than 12 months			241,297	189,629
			241,961	190,514
Current assets				
Debtors	11	430,131		361,419
Cash at bank and in hand		223,597		138,833
		653,728		500,252
Creditors				
Amounts falling due within one year	12	(38,819)		(40,225)
Net current assets			614,909	460,027
Creditors				
Amounts falling due within more than one year			(757,352)	(555,352)
Net assets			99,518	95,189
Funds of the charity				
Restricted	13 & 14		-	-
Unrestricted	13 & 14		99,518	95,189
			99,518	95,189

The notes on pages 18 to 30 form part of the financial statements.

The financial statements have been prepared in accordance with section 415A of the Companies Act 2006 relating to small companies and FRS 102 Section 1A. The charitable company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 July 2023, and the members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 July 2023 under section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

They were approved and authorised for issue by the Board of Trustees on 19 January 2024 and signed on their behalf by:


Peter Elsworth (Apr 9, 2024 14:47 GMT+1)

PETER ELSWORTH

TRUSTEE

Statement of cash flows

For year ended 31 July 2023

		Total funds 31-Jul-23	Total funds 31-Jul-22
	£	£	£
Cash flows from operating activities			
Net income/(expenditure) for the year	4,329		93,573
Adjustments for:			
Depreciation	221		295
Interest paid on loans	22,535		9,326
(Increase)/decrease in client loans	(120,380)		(38,180)
(Increase)/decrease in other debtors	-		13,396
Increase/(decrease) in creditors	(1,406)		4,863
Net cash flows from operating activities		(94,701)	83,273
Cash flows from financing activities			
Interest paid on loans	(22,535)		(9,326)
Increase/(decrease) in loans	202,000		(74,323)
Net cash flows from financing activities		179,465	(83,649)
Net movement in cash and cash equivalents		84,764	(376)
Cash and cash equivalents at 1 August 2022		138,833	139,209
Cash and cash equivalents at 31 July 2023		223,597	138,833

The notes on pages 18 to 30 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), including Update Bulletin 2, and the Companies Act 2006.

The effect of any event relating to the year ended 31 July 2023, which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 July 2023 and the results for the year ended on that date.

The functional currency of the Charity is sterling and amounts in the financial statements are rounded to the nearest pound.

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.

Going concern

The financial statements have been prepared on the going concern basis as the Board of Trustees is confident that future reserves and future income is more than sufficient to meet current commitments. There are no material uncertainties that impact this assessment, and the ongoing global COVID-19 pandemic and subsequent financial challenges have had no material impact on this assessment.

Legal status

Purple Shoots Business Lending Ltd is a charitable company registered in England & Wales and meets the definition of a public benefit entity. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member. The registered address is 2 Le Sor Hill, Peterston-Super-Ely, Cardiff, CF5 6LW.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which have been designated for a specific purpose by the Trustees. The aim and use of each designated fund is set out in note 13 of the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 13 of the financial statements.

Income

Income is recognised when the Charity has entitlement to the funds, any performance indicators attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Gift aid receivable is included when claimable.

1. Accounting policies (continued from previous page)

Income (continued from previous page)

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a future period, in which case it is deferred.

Income from charitable activities, including contract income and client fees, is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period or event, in which case it is deferred.

Interest is recorded when it is receivable.

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Indirect costs, including governance costs, which cannot be directly attributed to activities, are allocated proportionate to total direct costs allocated to each project area, as outlined in note 6 of the financial statements.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their useful life, on the following basis:

Office equipment	25% reducing balance
------------------	----------------------

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values but are not held for investment purposes.

Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any trade discount is applied. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and accruals

Creditors 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.

Critical estimates and judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives and residual values of assets. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1. Accounting policies (continued from previous page)

Financial instruments

Basic financial instruments are measured at amortised cost other than investments which are measured at fair value.

Pensions

The Charity operates a defined contribution pension scheme which is administered by an external independent pension provider. Contributions are recognised in the Statement of Financial Activities as they fall due.

2. Comparative statement of financial activities

		Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
	Notes			
Income from:				
Donations & legacies	3	444,371	180,288	624,659
Charitable activities	4	66,275	-	66,275
Other trading activities	5	5,689	-	5,689
Total income		516,335	180,288	696,623
Expenditure on:				
Raising funds	6 & 7	54,560	-	54,560
Charitable activities	6 & 8	368,202	180,288	548,490
Total expenditure		422,762	180,288	603,050
Net income/(expenditure)		93,573	-	93,573
Reconciliation of fund				
Funds brought forward	13 & 14	1,616	-	1,616
Funds carried forward	13 & 14	95,189	-	95,189

3. Income from donations and legacies

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Donations and grants	58,299	494,905	553,204
	58,299	494,905	553,204

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Donations and grants	444,371	180,288	624,659
	444,371	180,288	624,659

4. Income from charitable activities

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Interest on client loans	53,597	-	53,597
Loans recovered previously written off	3,028	-	3,028
Sales of beneficiary goods	9,144	-	9,144
Consultancy	25,006	-	25,006
	90,775	-	90,775

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Interest on client loans	44,043	-	44,043
Loans recovered previously written off	4,529	-	4,529
Sales of beneficiary goods	12,052	-	12,052
Consultancy	5,651	-	5,651
	66,275	-	66,275

5. Income from other trading activities

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Café sales	3,446	-	3,446
	3,446	-	3,446

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Café sales	5,689	-	5,689
	5,689	-	5,689

6. Total expenditure

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£	£
Raising funds	30,149	18,028	9,747	57,924
Charitable activities	194,848	291,856	98,468	585,172
	224,997	309,884	108,215	643,096

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£	£
Raising funds	27,567	18,087	8,906	54,560
Charitable activities	150,504	308,458	89,528	548,490
	178,071	326,545	98,434	603,050

Indirect costs, including governance costs, which cannot be directly attributed to activities, were allocated between cost centres proportionate to the direct staff and other costs allocated to those activities.

An analysis of costs of raising funds split between restricted and unrestricted funds can be found in note 7.

An analysis of charitable activities split between restricted and unrestricted funds can be found in note 8.

An analysis of staff costs can be found in note 9.

Indirect costs includes:

	Total costs	Total costs
	Year ended 31-Jul-23	Year ended 31-Jul-22
	£	£
Indirect staff costs	61,293	61,991
Administration	31,050	24,182
Premises	8,972	5,389
Professional services	5,364	5,408
Independent examination	1,536	1,464
	108,215	98,434

7. Expenditure on raising funds

	Unrestricted funds Year ended 31-Jul-23 £	Restricted funds Year ended 31-Jul-23 £	Total funds Year ended 31-Jul-23 £
Direct staff costs	30,149	-	30,149
Direct other costs	18,028	-	18,028
Indirect costs	9,747	-	9,747
	57,924	-	57,924

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Direct staff costs	27,567	-	27,567
Direct other costs	18,087	-	18,087
Indirect costs	8,906	-	8,906
	54,560	-	54,560

8. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£
Direct staff costs	139,943	54,905	194,848
Direct other costs	191,856	100,000	291,856
Indirect costs	98,468	-	98,468
	430,267	154,905	585,172

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Direct staff costs	60,088	90,416	150,504
Direct other costs	218,586	89,872	308,458
Indirect costs	89,528	-	89,528
	368,202	180,288	548,490

9. Staff costs

	Total costs	Total costs
	Year ended 31-Jul-23	Year ended 31-Jul-22
	£	£
Gross salaries	267,577	221,071
Employers national insurance	14,129	9,742
Employers pension	4,584	9,249
	286,290	240,062

The average headcount during the period was 14 persons (2022: 11 persons).

No employee received employee benefits of greater than £60,000 (2022: Nil).

The total employee benefits paid to key management personnel during the year was £43,118 (2022: £42,000).

10. Tangible fixed assets

	Office equipment £	Total £
Cost		
At 1 August 2022	3,105	3,105
At 31 July 2023	3,105	3,105
Accumulated depreciation		
At 1 August 2022	2,220	2,220
Charge for the year	221	221
At 31 July 2023	2,441	2,441
Net book value		
At 1 August 2022	885	885
At 31 July 2023	664	664

11. Debtors and prepayments

	Total 31-Jul-23 £	Total 31-Jul-22 £
Client loans receivable within twelve months	430,131	361,419
	430,131	361,419

In addition to the amounts above there was £241,297 recoverable from clients in greater than 12 months at the end of the year (2022: £189,629).

12. Creditors: amounts falling due within one year

	Total	Total
	31-Jul-23	31-Jul-22
	£	£
Accounts payable	-	2,383
Accruals	2,536	2,464
Loans repayable within twelve months	30,000	30,000
HMRC payable	5,099	4,440
Pension payable	1,184	938
	38,819	40,225

In addition to the amounts above there was £757,352 payable to investors in greater than 12 months at the end of the year (2022: £555,352). These are a mixture of interest bearing and non-interest bearing loans and are from a variety of individuals and organisations.

13. Analysis of charity funds

	Balance brought forward Year ended 31-Jul-23 £	Income in the period Year ended 31-Jul-23 £	Expenditure in the period Year ended 31-Jul-23 £	Transfers between funds Year ended 31-Jul-23 £	Balance carried forward Year ended 31-Jul-23 £
Restricted funds					
Lending - England	-	100,000	-	(100,000)	-
Lending - Wales	-	240,000	-	(240,000)	-
Provisions	-	100,000	(100,000)	-	-
SRGs	-	54,905	(54,905)	-	-
Total restricted funds	-	494,905	(154,905)	(340,000)	-
Unrestricted funds	95,189	152,520	(488,191)	340,000	99,518
Total funds	95,189	647,425	(643,096)	-	99,518

Lending

This relates to funding provided to support lending in a number of geographical locations. As the loans provided are recognised as liabilities as opposed to expenditure, the restricted funds are released to unrestricted funds at the point that each loan is made.

Provisions

This relates to funding provide to support the Charity in writing off loans that were now deemed irrecoverable.

SRGs

These are funds from a number of sources to support the work with self-reliant groups in a number of localities.

	Balance brought forward Year ended 31-Jul-22 £	Income in the period Year ended 31-Jul-22 £	Expenditure in the period Year ended 31-Jul-22 £	Transfers between funds Year ended 31-Jul-22 £	Balance carried forward Year ended 31-Jul-22 £
Restricted funds					
CORE	-	126,923	(126,923)	-	-
SRGs	-	53,365	(53,365)	-	-
Total restricted funds	-	180,288	(180,288)	-	-
Unrestricted funds	1,616	516,335	(422,762)	-	95,189
Total funds	1,616	696,623	(603,050)	-	95,189

CORE

This was a specific project in partnership with Wales Co-Operative to support social enterprises in the Cynon Valley and to develop SRGs there.

14. Analysis of net assets

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-23	Year ended 31-Jul-23	Year ended 31-Jul-23
	£	£	£
Fixed assets	241,961	-	241,961
Current assets	653,728	-	653,728
Current liabilities	(38,819)	-	(38,819)
Non-current liabilities	(757,352)	-	(757,352)
	99,518	-	99,518

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Fixed assets	190,514	-	190,514
Current assets	500,252	-	500,252
Current liabilities	(40,225)	-	(40,225)
Non-current liabilities	(555,352)	-	(555,352)
	95,189	-	95,189

15. Analysis of net debt

	As at 1-Aug-22	Cash flows	Other movements	At at 31-Jul-23
	£	£	£	£
Cash and cash equivalents	138,833	84,764	-	223,597
Loans	(585,352)	(202,000)	-	(787,352)
Net debt	(446,519)	(117,236)	-	(563,755)

	As at 1-Aug-21	Cash flows	Other movements	At at 31-Jul-22
	£	£	£	£
Cash and cash equivalents	139,209	(376)	-	138,833
Loans	(659,675)	74,323	-	(585,352)
Net debt	(520,466)	73,947	-	(446,519)

16. Trustee remuneration

During the year, no trustee received any remuneration (2022: £Nil). No members of the Board of Trustees received reimbursement of expenses (2022: £Nil).

17. Related party transactions

During the year there were no related party transactions (2022: £Nil).

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales - Charity number 1155385

Accounts



Purple Shoots Business Lending Ltd

Trustees Annual Report and Unaudited Financial Statements Year ended 31 July 2022

Charity registration - 1155385

Company number - 08603690

Contents

Legal and administrative information	4
Trustees annual report	5
Objectives and activities	5
Achievements and performance in the year	5
Plans for future periods	9
Financial review	9
Structure, governance and management	10
Statement of Board of Trustees' responsibilities	11
Independent examiner's report	13
Statement of financial activities	15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18

Legal and administrative information

Charity name

Purple Shoots Business Lending Ltd

Charity registration no.

1155385

Company registration no.

08603690

Registered office and contact details

2 Le Sor Hill
Peterston-Super-Ely
Cardiff
CF5 6LW

Trustees

Tony Johnson	Chair
Peter Elsworth	
Paula Pridham	
Timothy Stumpf	(appointed 7 May 2022)

Director

Karen Davies

Bank

Unity Trust Bank
Four Brindley Place
Birmingham
B1 2JB

Independent examiner

Andy Nash Accounting & Consultancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Trustees annual report

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Purple Shoots Business Lending Ltd for the year ended 31 July 2022.

The Board of Trustees confirms that the annual report and financial statements of the Charity comply with current statutory requirements, including the Charity Act 2011, as well as the requirements of the Charity's governing document and the provisions of the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Objectives and activities

Purple Shoots tackles poverty, unemployment, social isolation and financial exclusion through encouraging and building entrepreneurship and independence, enabling people to make positive changes in their lives and to solve problems for themselves, creating jobs and improving their standard of living and their well-being.

One of the tools we use to do this is microfinance which means we offer small, ethical loans to individuals who cannot raise funding from anywhere else to enable them to start or run a small business. Through this, they create their own pathway away from disadvantage, debt, low or no income and economic inactivity into independence and improved economic circumstances. The social and economic impact of lending to this client group is extremely high.

We also work, often with partner organizations such as churches or housing associations, to create and facilitate small collectives which we call self-reliant or self-determining groups. These bring together often very isolated and left behind people and enable them to take positive steps forward, saving money together and usually doing something enterprising or community focussed. The groups become independent and can continue indefinitely, providing a support network for their members, improving their well-being and their financial circumstances. Some groups or individuals within groups go on to start their own business or enter training or employment.

We believe that every individual is valuable and capable and should have an opportunity to be the best they can. Our support enables people to transform their lives in a sustainable way.

Delivering Public Benefit

The Trustees have followed the guidance issued by the Charity Commission with regard to the public benefit arising from the activities undertaken by Purple Shoots Business Lending Ltd. The Trustees are satisfied that the services provided by Purple Shoots Business Lending Ltd fully meet the principles of public benefit as set out in the Charity Commission Guidance.

Achievements and performance in the year

In January 2022, we launched Purple Shoots Yorkshire, opening an office in Sheffield and introducing our unique form of lending in the Yorkshire region. In the last 12 months we have loaned £248k in 90 loans across Wales and Yorkshire, starting 61 new businesses and supporting 29 existing ones. Most of the existing businesses we supported were businesses Purple Shoots has previously helped to start. 55 of the loans (61%) were to women. This has helped around 100 people out of unemployment. In July 2022 we were 9 years old and the graphic on the next page summarizes our achievements in that whole period.



Each loan can be transformative and we have many stories on our website in case studies and videos.

Here is Stacey Aylan's story in her own words:

"My first husband left me with two young children and no money. We had just bought a house and I was left to cover a high mortgage on my own.

Shortly after I met a man that I thought was my knight in shining armour, however he turned out to be really abusive and took all my money. I struggled to pay my bills and was constantly in fear of bailiffs who were regular visitors.

It took me ten years to finally break free from him but my credit history was virtually non-existent and I couldn't get help from anywhere.

I have always been creative and have made jewellery using different media's but I really wanted to get into silver and gold smithing, I just couldn't afford to do it.

I am so grateful to Purple Shoots for believing in me and giving me the chance I needed to get started. My jewellery business has got off to a flying start and I am enjoying using my new found skills."



Sarah Beaumont – Sarah Beaumont Inspires:



This was our first Yorkshire loan.

Sarah and Purple Shoots were put in touch with one another by Doncaster Chamber of Commerce after Sarah approached them in search of funding for her business.

Sarah had approached other finance providers but had sadly been rejected due to a couple of missed direct debit payments that appeared on her account history. She had been told to wait a few months and re-apply, but with a go-live date of the 1st of June, this wasn't an option.

Sarah's business, Sarah Beaumont Inspires, focuses on inspiring, motivating, encouraging, and supporting people to successfully achieve their lifestyle goals, in both weight loss and in living with a chronic illness. Sarah wants to help people to realise their true potential both domestically and commercially.

Having herself suffered with chronic illness and being overweight, Sarah is perfectly suited to walk with empathy and kindness with those she wishes to help.

Sarah had previously held high level management and teaching positions and had enjoyed a stint of employment in Dubai. Sadly, Sarah had to give all of this up due to a chronic condition that left her bed bound, in constant pain, and unable to cook, clean and drive, let alone work. Feeling like a burden, especially to her daughter who became a full-time carer, Sarah reached out to her husband and mother for help. Heartbreakingly and in her time of greatest need, Sarah's husband left her for another woman and so it was down to her mother to help her and ultimately save her life.

Awoken with a new determination, Sarah was diagnosed with Ehlers Danlos syndrome and Fibromyalgia. She was told she would never work again, that was something that she could never ever accept. Sarah was able to lose 100lbs of weight that she had put on due to her unavoidably sedentary lifestyle. Four years after her husband had left her, Sarah took on a 1:1 job as a weight loss consultant under the permitted work allowed while in receipt of benefits.

Having fought and won her battle with her chronic illness and weight loss, Sarah felt empowered to use her own experiences to help others! She can approach clients with empathy, coming to them from a position

of experience. In short, she was perfectly suited to deliver motivational and functional support for clients who were facing similar battles to the ones she had faced and conquered.

Sarah Beaumont Inspires was born. Her aim is to help clients work through the acknowledge, accept, and rebuild process with the right support in place. She wants to help educate and make anyone's journey through weight loss or chronic illness a positive one.

Requiring a small loan to help get her plan in place so she could purchase bespoke course materials and begin to market her plan, Purple Shoots were delighted to step in to support her where others had considered Sarah too risky to lend to.

Self-reliant groups

With the end of lockdown restrictions, our self-reliant groups were able to begin meeting again. Many of our old groups successfully restarted and we have launched a number of others, bringing the total number of groups to around 40. Some of these have been started in partnership with Housing Associations and churches which is proving a successful way both of spreading the model and building our sustainability. We have two community cafes running, supporting people with additional needs, in churches in Barry and Rhoose.

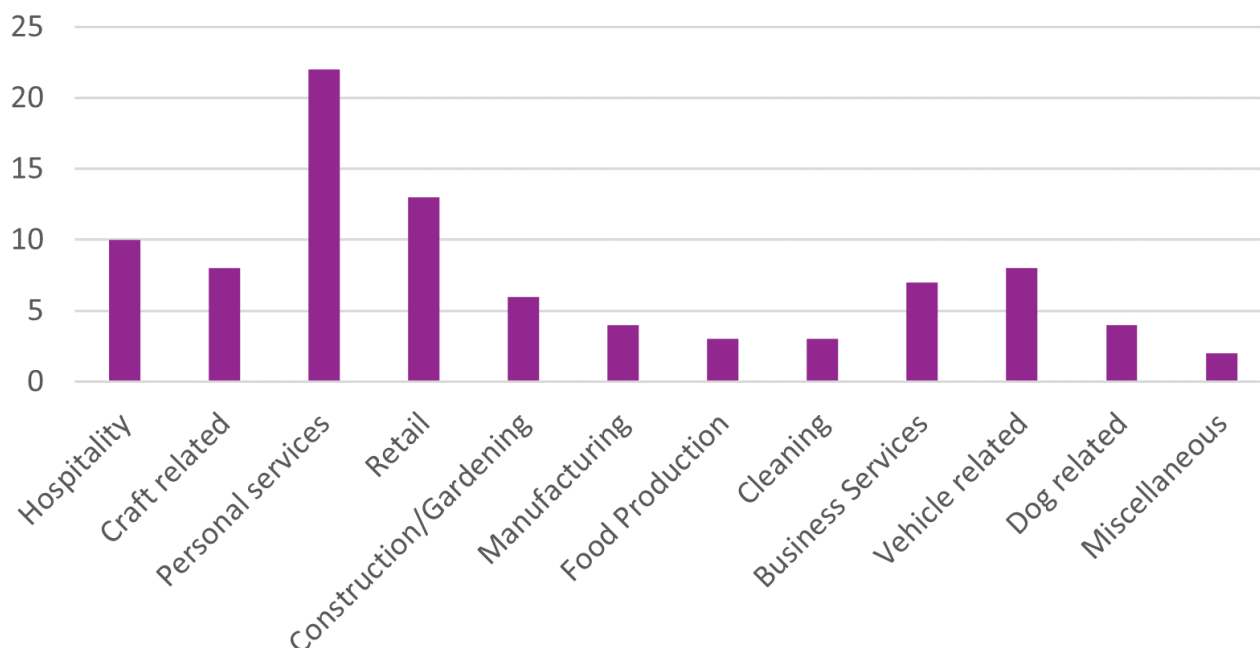


Our original Miss Tilley's SRG incorporated as an independent CIC, and runs community cafes in 4 locations as well as the canteen at the Fire Services HQ in Llantrisant. Our two new community cafes are building on that model. Groups are also involved in crafting, cooking, woodworking, allotments and a range of other things. Our group members report improvements in well-being and a wider support network as a result of being a part of one of our groups. One said "this group saves my life every week" and another said "when I moved here, I knew no one, now I have friends and people I can visit, and I'm volunteering.."



Loans

Business Sectors 2022



The above graph shows the split of our loans by sectors for the last 12 months. Personal services includes hairdressers, barbers, beauty therapists, personal trainers, tattooists etc. Vehicle related includes repairs, vehicle wrapping and also delivery drivers and couriers.

Plans for future periods

We know that what we do works to bring about positive changes in people's lives. Our clients are constantly telling us we need to do more. We have already begun expanding our microfinance work into England with the opening of our Yorkshire office and with our plans to start lending in the West Country. In the next few years we plan to open other small bases around the UK so that our lending is widely available to our specific market. We also plan to grow our self-reliant groups through working in partnership with others, particularly churches and Housing Associations, and with others involved in similar work in Manchester, Leeds, Glasgow and in other parts of the world. We want to see a growing network of groups creating a rising tide of change for those on the margins of our economy and society, enabling them to become contributors and to make the positive changes they want to make.

Financial review

During the current financial year the Charity achieved a surplus of £93,573 (2021: deficit of £167,192). This resulted in total reserves increasing in the year to £95,189 (2021: £1,616).

The Trustees are satisfied with the financial performance of the Charity throughout the year.

Of the total reserves held at year end £95,189 (2021: £1,616) were unrestricted as to use.

Reserves policy

Cash levels are monitored on a month by month basis to ensure that there is sufficient cash available for at least three months' activity, and that there is sufficient to pay interest in loan investments from investors. If levels fall below this, then loan activity can be suspended until loan repayments (or fundraising) build the levels back up. This should only be necessary until the capital base for sustainability is achieved.

We are constantly reviewing and updating our forecasts which give us detailed information on our financial needs given various scenarios, and confirm funding needed to cover both operating costs and lending over the next 8 years. This gives us a focus for fund raising.

To protect our investors' money, the Trustees have adopted a policy which states that the total loan investments received should not exceed the total of the debtor book less 20% plus cash in the bank. At year end this policy was exceeded by £6,537 (1.1%) which was deemed within a suitable tolerance level.

In addition, free reserves are ideally kept at a level that allows for a minimum of three months operating costs and the above reserves of £95,189 are above this level.

Structure, governance and management

The organisation is a charitable company limited by guarantee incorporated on 10th July 2013 and was registered as a charity on 20th January 2014. The company was established under Articles of Association which established the objects and powers of the charitable company and is the governing document. In the event of the company being wound up, the members are required to contribute an amount not exceeding £10.

Day to day decisions on the running of the charity are made by the director. Loan decisions are made by the director in consultation with one of the members of the lending team to ensure consistency and fairness.

All strategic decision and decisions relating to expenditure beyond the day to day level are taken at Trustee meetings at which the director and at least two of the four Trustees must be present. This includes staff remuneration with the current policy benchmarking salaries against similar sized charities in the relevant locality.

There must be a minimum of three trustees and only Trustees can appoint new Trustees. New trustees are inducted by the director and current trustees.

The current board of Trustees comprises four members. The Chair is the original philanthropic donor who enabled Purple Shoots to start and he brings legal knowledge as well as considerable knowledge of the charitable sector. The other three bring a good range of skills to the board including HR, strategy, finance and detailed knowledge of microfinance. One board member takes specific responsibility and overview of the finances and accounts and is himself a former Financial Director and an accountant.

There is also a small advisory board who are available for specific input to the board of Trustees or the director when their expertise is needed. Members of this board are agreed by the Trustees and the director.

Risk management

The key risk to Purple Shoots is the health of its loan portfolio. It is important that losses and defaults are no higher than budgeted or historically experienced or this will have an impact on our ability to repay borrowings when they become due. Our loan clients are extremely vulnerable to setbacks either in their businesses or in the wider economy because they are starting their businesses with nothing apart from our loan, and the benefits system ensures that they are unable to build up any reserves from money they make on their business because it claws it all back in reduced payments (an outrageously ridiculous system that is self-defeating in that it jeopardizes the chances of success for our borrowers which means that they will be back on benefits if their businesses fail!).

We know this is our risk when we make our loans and our whole lending process is aimed at minimizing the risk that the business might fail. In order to mitigate this risk once the loan has been made, we monitor repayments very closely so that we are able to follow up a client as soon as a payment is missed.

In addition, we offer mentoring to all our clients which they can take up at any point to help them get past obstacles or to rethink or take a new direction. At least two businesses have been rescued by our volunteer mentors in this way this year. In addition, we have just started to introduce "well-being checks" for all our clients – a regular phone call to check that they are doing well and to identify any problems or issues before they become serious for the business. We are also using this to help us with our impact evaluation. The detailed loan portfolio is reported to the Trustees at every meeting, and monthly bank reconciliations are

sent to them which also detail repayments received so that patterns can be seen and action taken where possible (for example to limit lending in a particular sector if we are seeing higher defaults in it).

The second major risk is around key personnel, particularly the Chief Executive. During this year, we have consciously taken steps to encourage other members of the team to step up to various parts of the CEO role, with a view to succession in the longer term but also to mitigate the risk of over-dependence on one person. Management information systems are now shared with other staff who can all manage them and derive reports from them. Staff are involved in strategic planning and in developing and managing relationships with stakeholders, supporters and clients.

The third major risk is around systems failure and potential breaches of confidentiality with client data. This year we introduced a new system which is cloud based and heavily password protected so that no confidential information is stored on individual laptops or phones. Bank statements are only collected if the client is unable to connect to the new open banking system, which is again password protected and much more secure than sharing bank statements. All employee laptops which work on our borrowers are encrypted and are backed up securely every day.

Statement of Board of Trustees' responsibilities

The Trustees 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

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

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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the Trustees confirm that they are happy that the content of the annual review on pages 5 to 12 of this document, as well as the legal and administrative information on page 4, meet the requirements of both the Trustees' Annual Report under charity law and the Directors' Report under company law.

They also confirm that the financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011, the 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant information of which the Charity's independent examiner is unaware; and,
- each Trustee has taken all the steps that they should have taken as a Trustee/Director in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006, and the exemptions available for smaller charities under the Statement of Recommended Practice.

This report was approved and authorised for issue by the Board of Trustees on 24 April 2023 and signed on its behalf by:



Pete Elsworth (Apr 26, 2023 08:22 GMT+1)

PETER ELSWORTH

TRUSTEE

Independent examiner's report

I report to the Trustees on my examination of the accounts of Purple Shoots Business Lending Ltd (charity number 1155385, company number 08603690) for the year ended 31 July 2022 which are set out on pages 15 to 30.

Respective responsibilities of trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'). The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') nor under Part 16 of the 2006 Act, and that an independent examination is needed.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and,
- to state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the Charity's Trustees as a body. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or,
- the accounts do not accord with those records; or,
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or,
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities

preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



ANDREW PHILIP NASH ACA

MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES – 2461833

DATED: 24 APRIL 2023

Andy Nash Accounting & Consultancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Statement of financial activities**Incorporating the Income and Expenditure Account & Statement of Realised Gains and Losses**

For the year ended 31 July 2022

		Unrestricted funds	Restricted funds	Total funds	Total funds (restated)
		Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-21
	Notes	£	£	£	£
Income from:					
Donations & legacies	4	444,371	180,288	624,659	137,657
Charitable activities	5	66,275	-	66,275	37,432
Other trading activities	6	5,689	-	5,689	5,141
Total income		516,335	180,288	696,623	180,230
Expenditure on:					
Raising funds	7 & 8	54,560	-	54,560	58,038
Charitable activities	7 & 9	368,202	180,288	548,490	289,384
Total expenditure		422,762	180,288	603,050	347,422
Net income/(expenditure)		93,573	-	93,573	(167,192)
Reconciliation of funds					
Funds brought forward	14 & 15	1,616	-	1,616	168,808
Funds carried forward	14 & 15	95,189	-	95,189	1,616

The notes on pages 18 to 30 form part of the financial statements.

Following a review of the financial structure during the year the cost allocation model has been reviewed to ensure costs are accurately recorded against the activity to which they should be attributed.

In addition, in the prior period, income from the shop and cafe had been incorrectly recognised net as opposed to recognising the gross income and expenditure as per note 2. The prior year figures have been restated to correct this, although net income and expenditure remains unchanged.

Balance sheet

As at 31 July 2022

	Notes	£	Total funds 31-Jul-22 £	Total funds (restated) 31-Jul-21 £
Fixed assets				
Tangible fixed assets	11		885	1,180
Client loans due in more than 12 months	12		189,629	-
			190,514	1,180
Current assets				
Debtors	12	361,419		526,264
Cash at bank and in hand		138,833		139,209
		500,252		665,473
Creditors				
Amounts falling due within one year	13	(40,225)		(100,362)
Net current assets			460,027	565,111
Creditors				
Amounts falling due within more than one year	13		(555,352)	(564,675)
Net assets			95,189	1,616
Funds of the charity				
Restricted	14 & 15		-	-
Unrestricted	14 & 15		95,189	1,616
			95,189	1,616

The notes on pages 18 to 30 form part of the financial statements.

The financial statements have been prepared in accordance with section 415A of the Companies Act 2006 relating to small companies and FRS 102 Section 1A. The charitable company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 July 2022, and the members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 July 2022 under section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

They were approved and authorised for issue by the Board of Trustees on 24 April 2023 and signed on their behalf by:

Pete Elsworth

Pete Elsworth (Apr 26, 2023 08:22 GMT+1)

PETER ELSWORTH

TRUSTEE

Statement of cash flows

For year ended 31 July 2022

		Total funds 31-Jul-22	Total funds (restated) 31-Jul-21
	£	£	£
Cash flows from operating activities			
Net income/(expenditure) for the year	93,573		(167,192)
Adjustments for:			
Depreciation	295		394
Interest paid on loans	9,326		39,115
(Increase)/decrease in client loans	(38,180)		(100,681)
(Increase)/decrease in other debtors	13,396		-
Increase/(decrease) in creditors	4,863		495
Net cash flows from operating activities		83,273	(227,869)
Cash flows from investment activities			
Purchase of equipment	-		(465)
Net cash flows from investment activities		-	(465)
Cash flows from financing activities			
Interest paid on loans	(9,326)		(39,115)
Increase/(decrease) in loans	(74,323)		61,405
Net cash flows from financing activities		(83,649)	22,290
Net movement in cash and cash equivalents		(376)	(206,044)
Cash and cash equivalents at 1 August 2021		139,209	345,253
Cash and cash equivalents at 31 July 2022		138,833	139,209

The notes on pages 18 to 30 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with 'Charities SORP (FRS 102) - 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), including Update Bulletin 2, and the Companies Act 2006.

The effect of any event relating to the year ended 31 July 2022, which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 July 2022 and the results for the year ended on that date.

The functional currency of the Charity is sterling and amounts in the financial statements are rounded to the nearest pound.

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.

Going concern

The financial statements have been prepared on the going concern basis as the Board of Trustees is confident that future reserves and future income is more than sufficient to meet current commitments. There are no material uncertainties that impact this assessment, and the ongoing global COVID-19 pandemic and subsequent financial challenges have had no material impact on this assessment.

Legal status

Purple Shoots Business Lending Ltd is a charitable company registered in England & Wales and meets the definition of a public benefit entity. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member. The registered address is 2 Le Sor Hill, Peterston-Super-Ely, Cardiff, CF5 6LW.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which have been designated for a specific purpose by the Trustees. The aim and use of each designated fund is set out in note 14 of the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 14 of the financial statements.

Income

Income is recognised when the Charity has entitlement to the funds, any performance indicators attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Gift aid receivable is included when claimable.

1. Accounting policies (continued from previous page)

Income (continued from previous page)

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a future period, in which case it is deferred.

Income from charitable activities, including contract income and client fees, is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period or event, in which case it is deferred.

Interest is recorded when it is receivable.

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Indirect costs, including governance costs, which cannot be directly attributed to activities, are allocated proportionate to total direct costs allocated to each project area, as outlined in note 7 of the financial statements.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their useful life, on the following basis:

Office equipment	25% reducing balance
------------------	----------------------

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values but are not held for investment purposes.

Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any trade discount is applied. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and accruals

Creditors 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.

Critical estimates and judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives and residual values of assets. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1. Accounting policies (continued from previous page)

Financial instruments

Basic financial instruments are measured at amortised cost other than investments which are measured at fair value.

Pensions

The Charity operates a defined contribution pension scheme which is administered by an external independent pension provider. Contributions are recognised in the Statement of Financial Activities as they fall due.

2. Correction to prior year figures

In the prior period, income from the shop and cafe had been incorrectly recognised net as opposed to recognising the gross income and expenditure. The income figures in notes 5 & 6 have been updated to reflect this, and the relevant expenditure figures have been included within direct other costs relating to raising funds in note 7. The prior year figures have been restated to correct this, although net income and expenditure remains unchanged, and net assets remain unchanged.

3. Comparative statement of financial activities

		Unrestricted funds (restated) Year ended 31-Jul-21 £	Restricted funds (restated) Year ended 31-Jul-21 £	Total funds (restated) Year ended 31-Jul-21 £
	Notes			
Income from:				
Donations & legacies	4	137,657	-	137,657
Charitable activities	5	37,432	-	37,432
Other trading activities	6	5,141	-	5,141
Total income		180,230	-	180,230
Expenditure on:				
Raising funds	7 & 8	58,038	-	58,038
Charitable activities	7 & 9	289,384	-	289,384
Total expenditure		347,422	-	347,422
Net income/(expenditure)		(167,192)	-	(167,192)
Reconciliation of funds				
Funds brought forward	14 & 15	168,808	-	168,808
Funds carried forward	14 & 15	1,616	-	1,616

4. Income from donations and legacies

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Donations and grants	444,371	180,288	624,659
	444,371	180,288	624,659
	Unrestricted funds (restated) Year ended 31-Jul-21 £	Restricted funds (restated) Year ended 31-Jul-21 £	Total funds (restated) Year ended 31-Jul-21 £
Donations and grants	137,657	-	137,657
	137,657	-	137,657

5. Income from charitable activities

	Unrestricted funds Year ended 31-Jul-22 £	Restricted funds Year ended 31-Jul-22 £	Total funds Year ended 31-Jul-22 £
Interest on client loans	44,043	-	44,043
Loans recovered previously written off	4,529	-	4,529
Sales of beneficiary goods	12,052	-	12,052
Consultancy	5,651	-	5,651
	66,275	-	66,275
	Unrestricted funds (restated) Year ended 31-Jul-21 £	Restricted funds (restated) Year ended 31-Jul-21 £	Total funds (restated) Year ended 31-Jul-21 £
Interest on client loans	30,167	-	30,167
Loans recovered previously written off	3,909	-	3,909
Sales of beneficiary goods	3,206	-	3,206
Consultancy	150	-	150
	37,432	-	37,432

6. Income from other trading activities

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Café sales	5,689	-	5,689
	5,689	-	5,689

	Unrestricted funds (restated)	Restricted funds (restated)	Total funds (restated)
	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21
	£	£	£
Café sales	5,141	-	5,141
	5,141	-	5,141

7. Total expenditure

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£	£
Raising funds	27,567	18,087	8,906	54,560
Charitable activities	150,504	308,458	89,528	548,490
	178,071	326,545	98,434	603,050

	Direct staff costs	Direct other costs	Indirect costs	Total costs
	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21
	£	£	£	£
Raising funds	19,069	28,445	10,524	58,038
Charitable activities	106,059	130,849	52,476	289,384
	125,128	159,294	63,000	347,422

Following a review of the financial structure during the year the cost allocation model has been reviewed to ensure costs are accurately recorded against the activity to which they should be attributed.

Indirect costs, including governance costs, which cannot be directly attributed to activities, were allocated between cost centres proportionate to the direct staff and other costs allocated to those activities.

An analysis of costs of raising funds split between restricted and unrestricted funds can be found in note 8.

An analysis of charitable activities split between restricted and unrestricted funds can be found in note 9.

An analysis of staff costs can be found in note 10.

Indirect costs includes:

	Total costs	Total costs (restated)
	Year ended 31-Jul-22	Year ended 31-Jul-21
	£	£
Indirect staff costs	61,991	48,649
Administration	24,182	11,287
Premises	5,389	480
Professional services	5,408	2,134
Independent examination	1,464	450
	98,434	63,000

8. Expenditure on raising funds

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Direct staff costs	27,567	-	27,567
Direct other costs	18,087	-	18,087
Indirect costs	8,906	-	8,906
	54,560	-	54,560

	Unrestricted funds (restated)	Restricted funds (restated)	Total funds (restated)
	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21
	£	£	£
Direct staff costs	19,069	-	19,069
Direct other costs	28,445	-	28,445
Indirect costs	10,524	-	10,524
	58,038	-	58,038

Following a review of the financial structure during the year the cost allocation model has been reviewed to ensure costs are accurately recorded against the activity to which they should be attributed.

9. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Direct staff costs	60,088	90,416	150,504
Direct other costs	218,586	89,872	308,458
Indirect costs	89,528	-	89,528
	368,202	180,288	548,490

	Unrestricted funds	Restricted funds	Total funds
	(restated)	(restated)	(restated)
	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21
	£	£	£
Direct staff costs	106,059	-	106,059
Direct other costs	130,849	-	130,849
Indirect costs	52,476	-	52,476
	289,384	-	289,384

Following a review of the financial structure during the year the cost allocation model has been reviewed to ensure costs are accurately recorded against the activity to which they should be attributed.

10. Staff costs

	Total costs	Total costs (restated)
	Year ended 31-Jul-22	Year ended 31-Jul-21
	£	£
Gross salaries	200,071	158,712
Employers national insurance	9,742	7,728
Employers pension	9,249	7,337
	219,062	173,777

The average headcount during the period was 11 persons (2021: 8 persons).

No employee received employee benefits of greater than £60,000 (2021: Nil).

The total employee benefits paid to key management personnel during the year was £42,000 (2021: £36,827).

11. Tangible fixed assets

	Office equipments	Total
	£	£
Cost		
At 1 August 2021	3,105	3,105
At 31 July 2022	3,105	3,105
Accumulated depreciation		
At 1 August 2021	1,925	1,925
Charge for the year	295	295
At 31 July 2022	2,220	2,220
Net book value		
At 1 August 2021	1,180	1,180
At 31 July 2022	885	885

12. Debtors and prepayments

	Total 31-Jul-22	Total (restated) 31-Jul-21
	£	£
Client loans receivable within twelve months	361,419	512,868
Other debtors	-	13,396
	361,419	526,264

In addition to the amounts above there was £189,629 recoverable from clients in greater than 12 months at the end of the year (2021: £Nil).

13. Creditors: amounts falling due within one year

	Total	Total (restated)
	31-Jul-22	31-Jul-21
	£	£
Accounts payable	2,383	2,723
Accruals	2,464	1,150
Loans repayable within twelve months	30,000	95,000
HMRC payable	4,440	1,489
Pension payable	938	-
	40,225	100,362

In addition to the amounts above there was £555,352 payable to investors in greater than 12 months at the end of the year (2021: £564,675). These are a mixture of interest bearing and non-interest bearing loans and are from a variety of individuals and organisations.

14. Analysis of charity funds

	Balance brought forward Year ended 31-Jul-22 £	Income in the period Year ended 31-Jul-22 £	Expenditure in the period Year ended 31-Jul-22 £	Transfers between funds Year ended 31-Jul-22 £	Balance carried forward Year ended 31-Jul-22 £
Restricted funds					
CORE	-	126,923	(126,923)	-	-
SRGs	-	53,365	(53,365)	-	-
Total restricted funds	-	180,288	(180,288)	-	-
Unrestricted funds	1,616	516,335	(422,762)	-	95,189
Total funds	1,616	696,623	(603,050)	-	95,189

CORE

This was a specific project in partnership with Wales Co-Operative to support social enterprises in the Cynon Valley and to develop SRGs there.

SRGs

These are funds from a number of sources to support the work with self-reliant groups in a number of localities.

	Balance brought forward (restated) Year ended 31-Jul-22 £	Income in the period (restated) Year ended 31-Jul-22 £	Expenditure in the period (restated) Year ended 31-Jul-22 £	Transfers between funds (restated) Year ended 31-Jul-22 £	Balance carried forward (restated) Year ended 31-Jul-22 £
Unrestricted funds	168,808	180,230	(347,422)	-	1,616
Total funds	168,808	180,230	(347,422)	-	1,616

15. Analysis of net assets

	Unrestricted funds	Restricted funds	Total funds
	Year ended 31-Jul-22	Year ended 31-Jul-22	Year ended 31-Jul-22
	£	£	£
Fixed assets	190,514	-	190,514
Current assets	500,252	-	500,252
Current liabilities	(40,225)	-	(40,225)
Non-current liabilities	(555,352)	-	(555,352)
	95,189	-	95,189

	Unrestricted funds	Restricted funds	Total funds
	(restated)	(restated)	(restated)
	Year ended 31-Jul-21	Year ended 31-Jul-21	Year ended 31-Jul-21
	£	£	£
Fixed assets	1,180	-	1,180
Current assets	665,473	-	665,473
Current liabilities	(100,362)	-	(100,362)
Non-current liabilities	(564,675)	-	(564,675)
	1,616	-	1,616

16. Analysis of net debt

	As at 1-Aug-21 £	Cash flows £	Other movements £	At at 31-Jul-22 £
Cash and cash equivalents	139,209	(376)		138,833
Loans	(659,675)	74,323		(585,352)
Net debt	(520,466)	73,947	-	(446,519)

	As at 1-Aug-20 £	Cash flows £	Other movements £	At at 31-Jul-21 £
Cash and cash equivalents	345,253	(206,044)		139,209
Loans	(598,270)	(61,405)		(659,675)
Net debt	(253,017)	(267,449)	-	(520,466)

17. Trustee remuneration

During the year, no trustee received any remuneration (2021: £Nil). No members of the Board of Trustees received reimbursement of expenses (2021: £Nil).

18. Related party transactions

During the year there were no related party transactions (2021: £Nil).

PURPLE SHOOTS BUSINESS LENDING LTD

England & Wales - Charity number 1155385

Accounts

Purple Shoots Business Lending Limited

Charity No. 1155385

Company No. 08603690

Trustees' Report and Unaudited Accounts

31 July 2021

	Pages
Trustees' Annual Report	2 to 13
Independent Examiner's Report	14
Statement of Financial Activities	15
Summary Income and Expenditure Account	16
Balance Sheet	17
Statement of Cash flows	18
Notes to the Accounts	19 to 27
Detailed Statement of Financial Activities	28 to 30

Purple Shoots Business Lending Limited
Trustees Annual Report

Annual Report of the Trustees for the year ended 31 July 2021

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the unaudited financial statements of the charity for the year ended 31 July 2021.

REFERENCE AND ADMINISTRATIVE DETAILS

Company No. 08603690

Charity No. 1155385

Registered Office

2 Le Sor Hill
Peterston-Super-Ely
Vale of Glamorgan
CF5 6LW

Directors and Trustees

The Directors of the charitable company are its Trustees for the purposes of charity law.
The following Directors and Trustees served during the year:

Chief executive/Director

Karen Davies

Members of the Board of Trustees

P. Elsworth
T. Johnson
P. Pridham

Accountants

Beckett Lane
3 Martyns Avenue
Seven Sisters
Neath
West Glamorgan
SA10 9DP

OBJECTIVES AND ACTIVITIES

Our charity's purposes are as set out in the objects contained in the company's articles of association. They are:

- The prevention and relief of poverty
- The advancement of citizenship and community development/regeneration
- The advancement of education and relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage

The Focus of our Work

The aims of our charity are to tackle poverty and unemployment initially in Wales, but also in the SW of England, through the encouragement of entrepreneurship and independence through self-employment or establishing a small business. The Trustees have accessed the Charity Commission's guidance on public benefit and decided that this is best achieved by:

- Offering very small ethical loans to individuals seeking to start a business who cannot get funding from anywhere else, helping individuals develop their business ideas and providing ongoing support
- Establishing "self-reliant groups" which help rebuild confidence and recognize and develop skills amongst those further away from employment or self-employment.

Both of these activities aim to create an environment and opportunities for individuals to realize their potential and achieve independence and self-reliance.

Ensuring our work delivers our aims

We review our progress at every Trustees' meeting, looking at what has been achieved, who has been helped, the success rates of any businesses or employment created, ensuring that everything we do is in line with our overall aims and purposes. Until the pandemic and the lockdowns caused by the Covid 19 pandemic, we have been implementing an evaluation programme of our self-reliant groups to collect data on our impact. We will resume this as soon as possible. We are also currently producing an SROI report and this year produced a social impact report.

ACHIEVEMENTS AND PERFORMANCE

Lending

The lending represents a unique and innovative approach in the financial sector in that it challenges the norm which would exclude our clients, considering them too high risk, and puts faith in their potential and their determination to succeed. Our success in this has been recognized in a TV series programme which was shown in Autumn 2017, with a further series shown in Spring 2019. Three episodes in the first series and one in the second tracked three of our clients, telling their stories. The series held out Purple Shoots as an exemplar of good practice and good lending. We have also won awards for our work, including the prestigious Leading Wales Award in September 2018. This year, there were two news items on ITV Wales and one on BBC featuring our clients, showing the positive impact of our loans on the lives of individuals and in the wider community and local economy. Two of these features can be seen on our website. We are a partner with the Centre for Social Justice which has enabled us to input our experience and knowledge gained through working with our clients to influence Government policy.

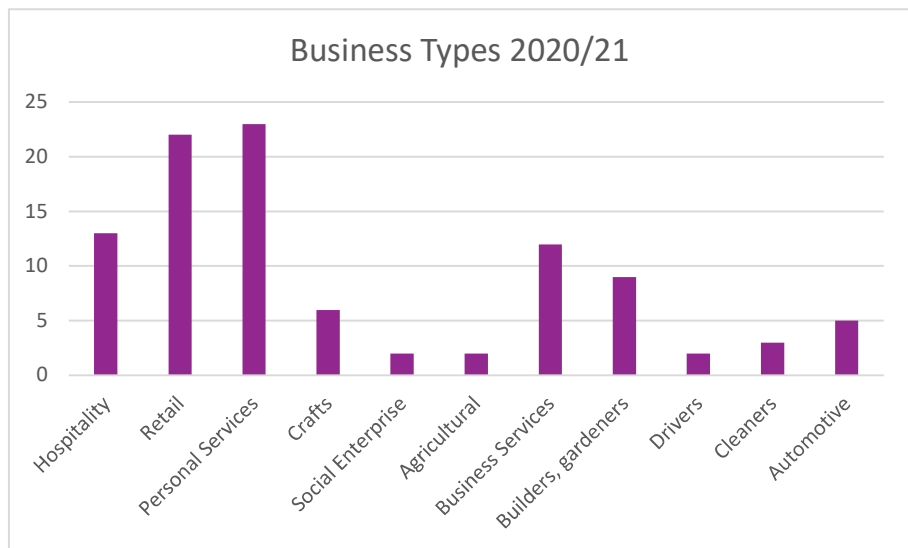
Purple Shoots Business Lending Limited Trustees Annual Report

Our lending is unique in the UK and needs support from donated funds for it to work. We are not predatory high cost providers and we are not even like the ethical personal lenders who lend for crisis needs such as washing machines – these loans help in a crisis but do not change things for the borrowers to make them less vulnerable to the next crisis. We are also not like other lenders for business who can create a break-even or even a profitable model, but who as a result are not able to support the very poorest and most disadvantaged. Our lending is specifically for people at the bottom of the ladder, those left behind by or left out of the economy, held back by circumstances and trapped in the benefits system, with no resources of their own and yet with potential to build something good. We lend at affordable rates and enable people to create their own solutions through a small business and so build financial resilience. Our microfinance work – unlike a mainstream lending operation – is not expected to be wholly self sustaining from operations due to the level of losses (and to some extent the cost of finance). However, we believe that this is unavoidable given the precarious lives of the people we help and acceptable because of the huge social and economic impact.

We aim to improve the economic situation of those we help so that they can build sustainable livelihoods, benefitting themselves, their families and their wider community. We look at the positive factors in an individual, building on what they have and encouraging them to reach their potential.

In this last financial year, in spite of lockdowns and negativity in the media around business, we have experienced high demand for our lending with many people looking to create something for themselves as their jobs disappeared. We received, just before the beginning of the year, a donation from the Moondance Foundation which enabled us to set up the Purple Moon Fund, which, together with some new investors under the Community Investment Tax Relief scheme, enabled us to meet the demand. We have made 99 small loans, investing a total of £245,535, an average loan size of £2,480. Using a recognized tool for measuring economic impact, our loans have an impact of roughly 10 times their value on the Welsh economy, almost £2.5m in the last 12 months. Of the 99 loans this year, 71 were to unemployed individuals starting a new business, and 28 were to support existing Purple Shoots clients who had repaid their first loan and were seeking to take the next step in growth. None of our borrowers were able to get funding from any other source.

The total we have invested since Purple Shoots started to lend in early 2014 was £1.6m. For a small charity with only one FT employee and two PT employees involved in lending and only limited lending capital, this is a great achievement and has transformed the lives of many people. The graph below shows the spread of types of businesses supported overall:



“Hospitality” includes restaurants, cafes, burger vans, caterers

“Personal services” includes hairdressers, barbers, beauty therapists, tattoo artists, fitness instructors

“Retail” includes shops, market stalls, online sellers

“Builders” includes builders, painters and decorators, plumbers, carpenters, plasterers, gardeners and handymen

“Crafts” includes wood turner, leather worker, candle and soap makers, clothing designer and maker.

“Agricultural” includes a microgreens producer and a horse trainer

Here are some case studies which illustrate the impact of our small loans:

Ruth Hancock – Scentsational Cottage

Ruth is from Rumney in Cardiff and was a working Mum until a serious bout of anxiety coupled with OCD meant that she had to give up work. As she was recovering she decided that she wanted to start working again but in a way which would accommodate her illness and allow her to be at home.

She is artistic and is passionate about the need for “green” products so she channelled this into developing a range of artisan soaps which are vegan as well as “green”, some of them in beautiful designs and colours as gift soaps. The designs are all her own, making clever use of moulds and her own work. She got the necessary licences but knew that she needed some funding to enable her to create a proper manufacturing space (in a summerhouse in her garden) and to get some more equipment so she could manufacture on a larger scale. Her time out of work had left her with a poor credit score and low confidence – exacerbated by failing to get funding from other providers. Purple Shoots did support her – we could see no reason for her not to be confident – she had considered every aspect of starting a business and her products were beautiful, with 5 star ratings on her Facebook page.

Purple Shoots Business Lending Limited Trustees Annual Report

She is now getting bespoke orders from groups and companies for specially designed soaps as well as a growing customer base for her plain and gift soaps. Her products have expanded to wax melts, bath bombs and other novelties. The business is called Scentsational Cottage and you can buy her products here <https://www.facebook.com/Scentsationalcottage/shop/>



Ian Thomas - Sparkle Pro Caravan Cleaning

An unlikely success story: a business that sprung up in the leisure industry, in the middle of the Coronavirus pandemic.

When COVID-19 first hit, Ian was one of the first casualties of the economic slump. Just two months into a new job, he was laid off without furlough and left wondering how to survive the looming recession.

So with plenty of thinking time during the first lockdown, he started weighing up options: what was he good at, what caught his interest, and where could he make a difference?

He thought of caravans. He'd sold them in a previous job and loved being around the holiday industry, where he'd always enjoyed meeting new people. So he looked into the market to see what caravan owners needed most.

Answer: professional cleaning.

It's a specialist role, because caravans have their own unique cleaning and maintenance needs – so surely there'd be room for a knowledgeable firm with a passion for customer service?

It felt right, so Ian went ahead and set up the business: Sparkle Pro Caravan Cleaning.

All he needed was a small loan to get started. But at first he had no joy. His regular bank wasn't lending, and as a new business he didn't qualify for the latest government funding. It seemed hopeless until he was pointed in our direction.

We quickly approved a loan of £3,000 as a down payment on a logoed vehicle. Then, armed with tools and leaflets, he hit the caravan parks, using the sales skills he'd built up over the past two decades.

He went door to door – and much to his surprise, demand was overwhelming.

He cleaned his first caravan in July 2020, just four months after losing his job. The money he made was reinvested, to buy better tools and more marketing materials. He was on his way.

Purple Shoots Business Lending Limited Trustees Annual Report

Within two months he'd cleaned over 75 caravans, and every single one rebooked for the next year. Soon he had pages of 5-star reviews online. Word was spreading. He even took on temporary staff, promising 16 hours a week with scope for full time work.

There are challenges ahead for Ian, as for any new business, but this goes to show what people can do, even when they start with nothing but passion and a strong idea. Ian is making incredible inroads at the most challenging time. And yet, without intervention, his business would never have made it off the ground.

"I'm so happy having my own business, knowing I've made that step to do something of my own. There's a long way to go, of course, but it's all going in the right direction. I'd recommend Purple Shoots to anyone who needs help getting started." **Ian Thomas**

www.sparkleprocaravancleaning.co.uk



46% of our loans this year have been in the bottom 30% of areas of multiple deprivation in Wales and 19% has been in the bottom 10%. For those who were unemployed before they had their loan, this means that they have escaped the benefit system and are on their way to providing an ongoing income for themselves and their families. Many of these people have overcome huge difficulties in their pasts to get to the point of thinking they could become self-employed but were knocked back by all other sources of funding for reasons such as having no assets of their own to put into the business or having a poor credit score.

Equal access to our services is important – the loans have been made to a range of age groups and cultural backgrounds right across the Welsh communities and the director has promoted our services widely to all types of organisations as well as publicly in the press. The male /female split amongst our borrowers is usually roughly 50:50 - this year it has been 61:39 in favour of women.

Ongoing support for our borrowers is important as new business owners are often isolated and small businesses are very vulnerable to the vagaries of the market place. We are building a network of good mentors and advisors to offer to our clients both before and after a business starts – some of these are volunteers and some are paid small amounts.

We were disappointed that throughout the lockdowns, our client group was consistently left out of all support provided by Central and Welsh Government. A few got rent relief, a few got self-employed relief but the majority were forced to claim benefits, which obviously do not cover business running costs. This meant we had no choice but to offer extended repayment holidays to many of our clients. Most of the businesses have survived but they are restarting with no finance behind them because of their struggle to survive on benefits only and so many are still struggling to restart our loan repayments and a number need additional loans to get back on their feet. For example, one of our clients had prudently saved funds from trading to pay her tax bill at the end of the year and her rent – but benefits are not paid until savings like this have been used up so she had to live on these savings.

Self reliant groups

AN SRG is a group of people usually from the same community or with a shared background who want to make changes in their lives but don't know where to begin. Our groups help them to use their own resources, skills and knowledge to take positive action in a self-determined way. They save money—often for the first time ever—and use that pot of funds to develop an enterprise or to help group members avoid predatory lenders. In the process they develop self confidence, improved mental health, increased determination and commitment and much greater resilience.

Through the groups' training and enterprise activities they gain new skills and put themselves on a path toward economic independence. They meet together weekly and build an atmosphere of friendship and trust in which they can share issues and problems as well as skills. They save into a fund every week and develop and test out ideas for income generation. The group becomes self-sustaining and independent and can either remain like that or go on to start some sort of business.

Purple Shoots supports initially but as the group becomes independent, our input is needed less. We provide any training requested and we can offer one of our small loans if the group needs it to start a business. We also offer links to the other groups and in the last year, we usually run "peer gatherings" to encourage the groups to see that they are part of a wider movement.

The self-reliant groups (SRGs) are ground-breaking in their approach in that they challenge:

- Mindset – the idea that communities are deprived and need fixing, bad places with bad or at least difficult people living in them. Instead SRGs, recognising that these might be difficult places, see the people in them as potentially productive, creative and valuable, and capable of solving their own difficulties
- Culture – we have a culture of dependency and entitlement. SRGs enable people to be self-determining, independent, not passive recipients of interventions but active producers and drivers of their own destiny. Purple Shoots' role is as enabler and nurturer only – we create the environment which allows people to realise their own potential.
- Economics – most "interventions" tackle social issues, or health issues – SRGs tackle the whole person and recognise that you can't tackle social issues without also tackling economic issues – hence the groups save small amounts of money every week and explore ideas for income generation. Lots of people work on employability when there are no jobs to be had apart from low paid ones – entrepreneurship and self-employment are the only real options, and our groups encourage this.

Purple Shoots Business Lending Limited Trustees Annual Report

The groups are aimed at people who are isolated and left behind by the economy and so much further away from jobs or self-employment.

Impact of Covid 19

This last year has been challenging for our groups. The lockdowns meant that for a lot of the year, none of them could meet in person. We switched to online offerings as much as we could but many of our group members do not have modern technology and where they do, they have either poor Internet or they can't afford data or both. Our team have kept in contact with people as best as we could with phone calls, visits outside, dropping off craft projects for them to do etc. We ran another virtual village fair which was tremendously successful, engaging almost 30,000 people again from around the UK and jointly with our partners in Manchester, Leeds and Rotterdam, we ran an online peer gathering which was well-received.

As restrictions ease, we are re-opening our groups. There are difficulties with venues as a number of the venues we were using (e.g. Tesco Community Rooms) have not re-opened and we have had to find alternatives. However, the groups are keen to restart and we are already starting new ones.

Peaced Together

The whole SRG team undertook training during lockdown in the Peaced Together programme which uses five different craft projects to enable people to reflect on their lives, build confidence and make positive changes. We are using this both to re-engage our existing groups and in some locations, to start new ones.



Partnerships

We have been working in partnership with Cynon Taf Housing Association to develop groups amongst their tenants and at the year end we were about to start a new partnership with Barry Uniting Church to develop groups in their new church building which they want to open up to the community. We are planning to develop further partnerships as this is an effective way of growing the SRGs as a movement for change amongst the most left behind and isolated people.

Fire Service

Our Miss Tilley's SRGs have taken over the canteen at the HQ of South Wales Fire Service. They are running this as an inclusive café, following the model of the cafes Miss Tilley's already run in a number of churches which provide meaningful opportunities for training and community involvement for people with additional needs. The café has been closed for a lot of this year but the team have done what they can to generate income, taking orders and making deliveries to staff etc.

Purple Shoots Business Lending Limited Trustees Annual Report

The original Miss Tilley's SRG has just incorporated as an independent CIC although until the café can be fully open again, we are continuing to provide support staff to help them. The other Miss Tilley's SRGs will restart the cafes they run in 4 other churches as soon as they can, supported by groups which grow and bake products to sell.

All our current groups are usually generating income through various business activities, although this has been difficult this year, with some selling online. We did manage to run Cardiff Christmas market this year and sold £4,000 of products on behalf of all the groups. All the groups still have their savings funds. At the time of the lockdowns, a number of groups were self-sustaining, and the balance were on a path to becoming so – we are gradually picking these back up as meetings become possible

FINANCIAL REVIEW

Review of the charity's financial position at the end of the period

The Statement of Financial Activities show net outgoing resources for the year of a revenue nature of £167,192 (2020 net incoming (£245,034)) and net realised outgoing resources of a capital nature of £465 (2020 £nil), making net overall realised outgoing resources of £167,657 (2020 net incoming (£245,034)). The total reserves at the year end stand at £1,616 (2020 (£168,808)).

Bad debts

Based on the nature of the business a bad debt provision of 15% has been included in the accounts.

Reserves Policy

Cash levels are monitored on a month by month basis to ensure that there is sufficient available for at least three months' activity, and that there is sufficient to pay interest in loan investments from investors (£30,311 in the forthcoming financial year). If levels fall below this, then loan activity can be suspended until loan repayments (or fundraising) build the levels back up. This should only be necessary until the capital base for sustainability is achieved. There is a detailed reserves policy.

We are constantly reviewing and updating our forecasts which give us detailed information on our financial needs given various scenarios, and confirm funding needed to cover both operating costs and lending over the next 8 years. This gives us a focus for fund raising.

To protect our investors' money, the Trustees have adopted a policy which states that the total loan investments received should not exceed the total of the debtor book less 20% plus cash in the bank. This policy is reviewed at each meeting.

Availability of Assets of each of the Funds

The Trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations.

Fundraising Activities

Purple Shoots aims to be self-sustaining. It started with a generous philanthropic gift and continues with social and angel investment and some donations. Donations are needed of about £300k-£400k per annum in order for Purple Shoots to be sustainable and to grow across Wales for three main reasons:

Purple Shoots Business Lending Limited Trustees Annual Report

- Interest rates are kept low and do not cover the cost of making the loans or the level of losses, which have been around 17% each year. This loss rate is good considering the client group and how vulnerable they are, but much higher interest rates ought to be charged to cover these
- A significant proportion of borrowers – perhaps as high as another 20% in addition to those who are ultimately losses, go in and out of difficulties and so go in and out of arrears. Purple Shoots accommodates this in order to maximize their chances of success. There is no doubt that their loans will ultimately be repaid, but the result for Purple Shoots is that income is lower than it should be each month.
- The self-reliant groups are a revolutionary and innovative way of working with people which become self-sustaining themselves but there is a cost to Purple Shoots in getting these going. We are currently exploring ways of generating some income from these, via Housing Associations and other organisations.

We have continued to apply for grant funding this year with some success. A donation of £250,000 from Moondance Foundation at the end of last year allowed us to establish the Purple Moon fund. We received small grants from Big Lottery, Stewardship and Welsh Government and a larger one from a Mental Health Covid Recovery Fund specifically for work in Rhondda Cynon Taf. There is also one corporate, Duport Associates, making regular donations to us out of their profits. However, overall donated funds were down on last year. We have repaid some of the loan investments under the CITR scheme, but many investors whose loans have become due for repayment have chosen to reinvest. We have a small base of regular givers for which we are very grateful and we are seeking to grow that.

Investment Policy

Most of the charity's funds are needed in the short term to fund its activities. Loan repayments ensure that cash is constantly replaced to enable activities to continue. There are therefore no funds available for long term investment.

Factors relevant to the achievement of the charity's objectives

The charity is subject to regulations made by the Financial Conduct Authority. Most of its clients are affected by the operation of the UK benefits system – changes in this could affect their chances of entering self-employment successfully and could also limit their ability to be part of a self-reliant group. Purple Shoots is linking with other charities to try to address this issue.

Inclusive Economy Partnership – Boost

In March, we were accepted onto the Inclusive Economy Partnership's "Boost" scale-up programme, which is 6 months intensive support to help us scale what we do right across the UK. The Inclusive Economy Partnership (IEP) brings together business, civil society and government to tackle the UK's most pressing social and economic problems through cross-sector partnerships and is jointly funded by the Cabinet Office and DCMS, and supported by an Advisory Board of business leaders, Government ministers and civil society champions – currently including the chief executives of Nationwide, The Co-op, Unilever, The National Lottery Community Fund and UnLtd.

Purple Shoots Business Lending Limited Trustees Annual Report

With their support we have completed our scale-up plan, which is to create “replicas” of Purple Shoots in locations around the UK using our methodology and know-how. This will reach our aim of making our type of microfinance available to everyone who needs it across the UK. Two replicas are quite well developed and will hopefully launch during the next financial year.

The Boost support has also introduced us to investors and donors and helped us with approaches to Government bodies seeking to persuade them to extend their loan guarantee schemes which are widely available to big banks and larger lenders to us. This would drastically reduce our need for donated funds and put our lending on a pathway to sustainability. Given the huge economic and social impact of our lending and the fact that for every £1 we lend there is a net gain to HMT of £3-£4, it seems a very attractive and low-cost way of creating jobs and contributing to the levelling up agenda for Government.

Factors relevant to the achievement of the charity's objectives

The charity is subject to regulations made by the Financial Conduct Authority. Most of its clients are affected by the operation of the UK benefits system – changes in this could affect their chances of entering self-employment successfully and could also limit their ability to be part of a self-reliant group. Purple Shoots is linking with other charities to try to address this issue.

Post balance sheet finances

A substantial donation of £250,000 was received by the charity in August 2021. The trustees were very happy to receive this and feel that this gives the charity a very solid foundation for the coming financial year.

PLANS FOR THE FUTURE

The charity plans to continue the activities outlined above in the forthcoming year, subject to satisfactory funding arrangements. Plans are being developed to work with other local groups and organisations on developing self-reliant groups and other activities to provide a complete service to help unemployed people get into jobs and self-employment, developing a wider support network both from the voluntary and business community. We have continued our partnership with Five Lamps, another ethical funder, to enable us to offer personal loans to our clients. This is aimed at keeping them away from the high cost lenders who are their only alternative and who we frequently see on bank statements when we are looking at clients for business loans. In providing a cheaper and ethical alternative, we hope to help clients struggling with poverty even more by providing them with an affordable source of credit in a crisis.

We are currently exploring a pilot replication of our lending model in another part of the UK. If this is successful, we will have something which could be widely adopted across the UK. This is our vision for how accessible finance to the poorest in society could be achieved, to enable them to build a future for themselves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The organisation is a charitable company limited by guarantee incorporated on 10th July 2013 and was registered as a charity on 20th January 2014. The company was established under Articles of Association which established the objects and powers of the charitable company and is the governing document. In the event of the company being wound up, the members are required to contribute an amount not exceeding £10.

Purple Shoots Business Lending Limited
Trustees Annual Report

There is also a small advisory board who are available for specific input to the board of Trustees or the director when their expertise is needed. Members of this board are agreed by the Trustees and the director.

Policies and Procedures adopted for the training of Trustees

The current Trustees are already experienced Trustees and are familiar with the work the charity undertakes. Any new Trustees would be offered training sessions both on the charity's work and the responsibilities of being a Trustee.

The Organisational structure of the Charity and how decisions are made

Day to day decisions on the running of the company are made by the director. Loan decisions are made by the director in consultation with one of the members of the lending team to ensure consistency and fairness.

All strategic decisions and decisions relating to expenditure beyond the day to day level are taken at Trustee meetings at which the director and at least two of the three Trustees must be present.

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

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out in Part 15 of the Companies Act 2006 and in accordance with the Charities SORP (FRS102).

Signed on behalf of the board



P. Elsworth

Trustee

Date: 17/12/2021

Purple Shoots Business Lending Limited
Independent Examiners Report

Independent Examiner's Report to the trustees of Purple Shoots Business Lending Limited

I report to the charity trustees on my examination of the accounts of Purple Shoots Business Lending Limited for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act).

Having satisfied myself that the accounts of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I can confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that:

- accounting records were not kept in accordance with section 386 of the 2006 Act ; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements under section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Mrs Samantha Beckett

A.C.C.A.

Beckett Lane

3 Martyns Avenue

Seven Sisters

Neath

West Glamorgan

SA10 9DP

17 December 2021

Purple Shoots Business Lending Limited
Statement of Financial Activities
for the year ended 31 July 2021

		Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
	Notes			
Income and endowments from:				
Donations and legacies	4	94,817	94,817	534,369
Charitable activities	5	34,434	34,434	31,244
Other trading activities	6	(14,188)	(14,188)	(5,281)
Other	7	42,990	42,990	13,669
Total		158,053	158,053	574,001
Expenditure on:				
Raising funds	8	25,522	25,522	16,445
Charitable activities	9	274,185	274,185	285,084
Other	10	25,538	25,538	27,438
Total		325,245	325,245	328,967
Net gains on investments		-	-	-
Net (expenditure)/income	11	(167,192)	(167,192)	245,034
Transfers between funds		-	-	-
Net (expenditure)/income before other gains/(losses)		(167,192)	(167,192)	245,034
Other gains and losses				
Net movement in funds		(167,192)	(167,192)	245,034
Reconciliation of funds:				
Total funds brought forward		168,808	168,808	(76,226)
Total funds carried forward		1,616	1,616	168,808

Purple Shoots Business Lending Limited
Summary Income and Expenditure Account
for the year ended 31 July 2021

	2021 £	2020 £
Income	158,053	574,001
Gross income for the year	<u>158,053</u>	<u>574,001</u>
Expenditure	324,851	328,597
Depreciation and charges for impairment of fixed assets	394	370
Total expenditure for the year	<u>325,245</u>	<u>328,967</u>
Net (expenditure)/income before tax for the year	(167,192)	245,034
Net (expenditure)/income for the year	<u>(167,192)</u>	<u>245,034</u>

Purple Shoots Business Lending Limited

Balance Sheet

at 31 July 2021

Company No. 08603690	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	13	<u>1,180</u>	<u>1,109</u>
		1,180	1,109
Current assets			
Debtors	14	526,264	425,583
Cash at bank and in hand		<u>139,209</u>	<u>345,253</u>
		665,473	770,836
Creditors: Amount falling due within one year	15	<u>(100,362)</u>	<u>(33,367)</u>
Net current assets		565,111	737,469
Total assets less current liabilities		566,291	738,578
Creditors: Amounts falling due after more than one year	16	<u>(564,675)</u>	<u>(569,770)</u>
Net assets excluding pension asset or liability		1,616	168,808
Total net assets		<u>1,616</u>	<u>168,808</u>
The funds of the charity			
Restricted funds	17		
Unrestricted funds	17		
General funds		<u>1,616</u>	<u>168,808</u>
		1,616	168,808
Reserves	17		
Total funds		<u>1,616</u>	<u>168,808</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

For the year ended 31 July 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the board on 17 December 2021

And signed on its behalf by:



P. Elsworth

Trustee

17 December 2021

Purple Shoots Business Lending Limited
Statement of Cash flows
for the year ended 31 July 2021

	2021 £	2020 £
Cash flows from operating activities		
Net (expenditure)/income per Statement of Financial Activities	(167,192)	245,034
Adjustments for:		
Depreciation of property, plant and equipment	394	370
Dividends, interest and rents from investments	(42,990)	(13,669)
(Increase)/Decrease in trade and other receivables	(100,681)	39,240
Increase in trade and other payables	495	139
Net cash (used in)/provided by operating activities	<u>(309,974)</u>	<u>271,114</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(465)	-
Dividends, interest and rents from investments	42,990	13,669
Net cash from investing activities	<u>42,525</u>	<u>13,669</u>
Cash flows from financing activities		
Repayment of borrowings	61,405	(28,551)
Net cash from/(used in) financing activities	<u>61,405</u>	<u>(28,551)</u>
Net (decrease)/increase in cash and cash equivalents	(206,044)	256,232
Cash and cash equivalents at the beginning of the year	345,253	89,021
Cash and cash equivalents at the end of the year	<u>139,209</u>	<u>345,253</u>
Components of cash and cash equivalents		
Cash and bank balances	139,209	345,253
	<u>139,209</u>	<u>345,253</u>

1 Accounting policies

Basis of preparation

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fund accounting

Unrestricted funds	These are available for use at the discretion of the trustees in furtherance of the general objects of the charity.
Designated funds	These are unrestricted funds earmarked by the trustees for particular purposes.
Revaluation funds	These are unrestricted funds which include a revaluation reserve representing the restatement of investment assets at their market values.
Restricted funds	These are available for use subject to restrictions imposed by the donor or through terms of an appeal.

Income

Recognition of income	Income is included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to, and virtually certain to receive, the income and the amount of the income can be measured with sufficient reliability.
-----------------------	---

Income with related expenditure	Where income has related expenditure the income and related expenditure is reported gross in the SoFA.
---------------------------------	--

Donations and legacies	Voluntary income received by way of grants, donations and gifts is included in the the SoFA when receivable and only when the Charity has unconditional entitlement to the income.
------------------------	--

Tax reclaims on donations and gifts	Income from tax reclaims is included in the SoFA at the same time as the gift/donation to which it relates.
-------------------------------------	---

Donated services and facilities	These are only included in income (with an equivalent amount in expenditure) where the benefit to the Charity is reasonably quantifiable, measurable and material.
---------------------------------	--

Volunteer help	The value of any volunteer help received is not included in the accounts.
----------------	---

Investment income	This is included in the accounts when receivable.
-------------------	---

Gains/(losses) on revaluation of fixed assets	This includes any gain or loss resulting from revaluing investments to market value at the end of the year.
---	---

Gains/(losses) on investment assets	This includes any gain or loss on the sale of investments.
-------------------------------------	--

Expenditure

Recognition of expenditure	Expenditure is recognised on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.
Expenditure on raising funds	These comprise the costs associated with attracting voluntary income, fundraising trading costs and investment management costs.
Expenditure on charitable activities	These comprise the costs incurred by the Charity in the delivery of its activities and services in the furtherance of its objects, including the making of grants and governance costs.
Grants payable	All grant expenditure is accounted for on an actual paid basis plus an accrual for grants that have been approved by the trustees at the end of the year but not yet paid.
Governance costs	These include those costs associated with meeting the constitutional and statutory requirements of the Charity, including any audit/independent examination fees, costs linked to the strategic management of the Charity, together with a share of other administration costs.
Other expenditure	These are support costs not allocated to a particular activity.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant & machinery	25% Reducing balance
-------------------	----------------------

Freehold investment property

Investment properties are measured initially at cost and subsequently at fair value at each balance sheet date and are not depreciated. All gains or losses are taken to the Statement of Financial Activities as they arise.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Trade and other debtors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Trade and other creditors

Short term creditors are measured at the transaction price. Other 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 after allowing for any trade discounts due.

Pension costs

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Receipt of donated goods, facilities and services

All donated goods, facilities and services received are recognised within incoming resources and expenditure at an estimate of the value to the charity.

2 Company status

The company is a private company limited by guarantee and consequently does not have share capital.

3 Statement of Financial Activities - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income and endowments from:			
Donations and legacies	269,379	264,990	534,369
Charitable activities	31,244	-	31,244
Other trading activities	(5,281)	-	(5,281)
Other	13,669	-	13,669
Total	309,011	264,990	574,001
Expenditure on:			
Raising funds	16,445	-	16,445
Charitable activities	285,084	-	285,084
Other	27,438	-	27,438
Total	328,967	-	328,967
Net income	(19,956)	264,990	245,034
Net income before other gains/(losses)	(19,956)	264,990	245,034
Other gains and losses:			
Net movement in funds	(19,956)	264,990	245,034
Reconciliation of funds:			
Total funds brought forward	(76,226)	-	(76,226)
Total funds carried forward	(96,182)	264,990	168,808

4 Income from donations and legacies

Unrestricted £	Total 2021 £	Total 2020 £
94,817	94,817	534,369
94,817	94,817	534,369

5 Income from charitable activities

	Unrestricted	Total 2021	Total 2020
	£	£	£
Loans made - interest receivable	30,122	30,122	29,310
Commission on personal loans	45	45	45
Recoveries	3,909	3,909	1,798
Profits from Ugandan stock sales	358	358	91
	<u>34,434</u>	<u>34,434</u>	<u>31,244</u>

6 Income from other trading activities

	Unrestricted	Total 2021	Total 2020
	£	£	£
Fire station cafe profits/(losses)	(14,188)	(14,188)	(5,281)
	<u>(14,188)</u>	<u>(14,188)</u>	<u>(5,281)</u>

7 Other income

	Unrestricted	Total 2021	Total 2020
	£	£	£
Grants	42,633	42,633	13,351
Consultancy	150	150	318
Other income	207	207	-
	<u>42,990</u>	<u>42,990</u>	<u>13,669</u>

8 Expenditure on raising funds

	Unrestricted	Total 2021	Total 2020
	£	£	£
<i>Fundraising trading costs</i>			
Marketing and raising funding	25,522	25,522	16,445
	<u>25,522</u>	<u>25,522</u>	<u>16,445</u>

9 Expenditure on charitable activities

	Unrestricted	Total 2021	Total 2020
	£	£	£
<i>Expenditure on charitable activities</i>			
Loans made - bad debts & cost of recovery	91,734	91,734	87,820
Loans made - director's costs & travel	36,827	36,827	36,296
Loans made - interest payable	39,115	39,115	30,152
Consultancy and SRG costs	106,059	106,059	130,366
<i>Governance costs</i>			
Independent Examination fees	450	450	450
	<u>274,185</u>	<u>274,185</u>	<u>285,084</u>

10 Other expenditure

	Unrestricted	Total 2021	Total 2020
	£	£	£
Employee costs	11,822	11,822	10,217
Motor and travel costs	303	303	1,673
Premises costs	480	480	2,020
Amortisation, depreciation, impairment, profit/loss on disposal of fixed assets	394	394	370
General administrative costs	10,405	10,405	9,836
Legal and professional costs	2,134	2,134	3,322
	<u>25,538</u>	<u>25,538</u>	<u>27,438</u>

11 Net (expenditure)/income before transfers

	2021	2020
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	394	370

12 Staff costs

Salaries and wages	5,853	5,695
Social security costs	443	300
Pension costs	3,747	3,746
	<u>10,043</u>	<u>9,741</u>

No employee received emoluments in excess of £60,000.

The average monthly number of full time equivalent employees during the year was as follows:

	2021 Number	2020 Number
Administration and loan allocation	8	6
	<u>8</u>	<u>6</u>

13 Tangible fixed assets

	Plant & machinery £	Total £
Cost or revaluation		
At 1 August 2020	2,640	2,640
Additions	465	465
At 31 July 2021	<u>3,105</u>	<u>3,105</u>
Depreciation and impairment		
At 1 August 2020	1,531	1,531
Depreciation charge for the year	394	394
At 31 July 2021	<u>1,925</u>	<u>1,925</u>
Net book values		
At 31 July 2021	<u>1,180</u>	<u>1,180</u>
At 31 July 2020	<u>1,109</u>	<u>1,109</u>

14 Debtors

	2021 £	2020 £
Trade debtors	512,868	412,187
Other debtors	13,396	13,396
	<u>526,264</u>	<u>425,583</u>

15 Creditors:

amounts falling due within one year

	2021	2020
	£	£
Other loans	95,000	28,500
Trade creditors	2,723	2,228
Other taxes and social security	1,489	1,489
Other creditors	700	700
Accruals and deferred income	450	450
	<u>100,362</u>	<u>33,367</u>

16 Creditors:

amounts falling due after more than one year

	2021	2020
	£	£
Other loans	564,675	569,770
	<u>564,675</u>	<u>569,770</u>

17 Movement in funds

	At 1 August 2020	Incoming resources (including other gains/losses) £	Resources expended £	At 31 July 2021 £
Restricted funds:				
Unrestricted funds:				
General funds	168,808	158,053	(325,245)	1,616
Revaluation Reserves:				
Total funds	<u>168,808</u>	<u>158,053</u>	<u>(325,245)</u>	<u>1,616</u>

18 Analysis of net assets between funds

	Unrestricted funds £	Total £
Fixed assets	1,180	1,180
Net current assets	565,111	565,111
Creditors due in more than one year and provisions	(564,675)	(564,675)
	<u>1,616</u>	<u>1,616</u>

19 Reconciliation of net debt

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Cash and cash equivalents	345,253	(206,044)	139,209
	<u>345,253</u>	<u>(206,044)</u>	<u>139,209</u>
Borrowings	(598,270)	(61,405)	(659,675)
	<u>(598,270)</u>	<u>(61,405)</u>	<u>(659,675)</u>
Net debt	<u>(253,017)</u>	<u>(267,449)</u>	<u>(520,466)</u>

20 Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2021 Land and buildings £	2021 Other £	2020 Land and buildings £	2020 Other £
--	------------------------------------	--------------------	------------------------------------	--------------------

Operating leases with expiry date:

Pension commitments

	2021 £	2020 £
The pension cost charge to the company amounted to:	<u>3,747</u>	<u>3,746</u>

21 Related party disclosures

Controlling party

Purple Shoots Business Lending Limited
Detailed Statement of Financial Activities
for the year ended 31 July 2021

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:			
Donations and legacies	94,817	94,817	534,369
	<u>94,817</u>	<u>94,817</u>	<u>534,369</u>
Charitable activities			
Loans made - interest receivable	30,122	30,122	29,310
Commission on personal loans	45	45	45
Recoveries	3,909	3,909	1,798
Profits from Ugandan stock sales	358	358	91
	<u>34,434</u>	<u>34,434</u>	<u>31,244</u>
Other trading activities			
Fire station cafe profits/(losses)	(14,188)	(14,188)	(5,281)
	<u>(14,188)</u>	<u>(14,188)</u>	<u>(5,281)</u>
Other			
Grants	42,633	42,633	13,351
Consultancy	150	150	318
Other income	207	207	-
	<u>42,990</u>	<u>42,990</u>	<u>13,669</u>
Total income and endowments	158,053	158,053	574,001
Expenditure on:			
Costs of other trading activities			
Marketing and raising funding	25,522	25,522	16,445
	<u>25,522</u>	<u>25,522</u>	<u>16,445</u>
Total of expenditure on raising funds	25,522	25,522	16,445
Charitable activities			
Loans made - bad debts & cost of recovery	91,734	91,734	87,820
Loans made - director's costs & travel	36,827	36,827	36,296
Loans made - interest payable	39,115	39,115	30,152
Consultancy and SRG costs	106,059	106,059	130,366
	<u>273,735</u>	<u>273,735</u>	<u>284,634</u>
Governance costs			
Independent Examination fees	450	450	450
	<u>450</u>	<u>450</u>	<u>450</u>
Total of expenditure on charitable activities	274,185	274,185	285,084

Purple Shoots Business Lending Limited
Detailed Statement of Financial Activities

Employee costs			
Salaries/wages	3,300	3,300	3,153
Directors' remuneration	2,553	2,553	2,542
Employer's NIC	443	443	300
Pension costs	3,747	3,747	3,746
Staff training	1,779	1,779	476
	<u>11,822</u>	<u>11,822</u>	<u>10,217</u>
Motor and travel costs			
Travel and subsistence	303	303	1,673
	<u>303</u>	<u>303</u>	<u>1,673</u>
Premises costs			
Rent	480	480	2,020
	<u>480</u>	<u>480</u>	<u>2,020</u>
General administrative costs, including depreciation and amortisation			
Depreciation of Plant & machinery	394	394	370
Bank charges	330	330	332
General insurances	1,294	1,294	1,500
Postage and couriers	55	55	332
Software, IT support and related costs	4,602	4,602	2,672
Stationery and printing	117	117	62
Subscriptions	2,043	2,043	2,571
Sundry expenses	28	28	231
Telephone, fax and broadband	1,936	1,936	2,136
	<u>10,799</u>	<u>10,799</u>	<u>10,206</u>
Legal and professional costs			
Accountancy and bookkeeping	1,774	1,774	1,260
Other legal and professional costs	360	360	2,062
	<u>2,134</u>	<u>2,134</u>	<u>3,322</u>
Total of expenditure of other costs	<u>25,538</u>	<u>25,538</u>	<u>27,438</u>
Total expenditure	325,245	325,245	328,967
Net losses on investments	-	-	-
	<u>(167,192)</u>	<u>(167,192)</u>	<u>245,034</u>
Net (expenditure)/income			
Net (expenditure)/income before other gains/(losses)	<u>(167,192)</u>	<u>(167,192)</u>	<u>245,034</u>
Other Gains	-	-	-
	<u>(167,192)</u>	<u>(167,192)</u>	<u>245,034</u>
Net movement in funds			
	<u>(167,192)</u>	<u>(167,192)</u>	<u>245,034</u>
Reconciliation of funds:			

Purple Shoots Business Lending Limited
Detailed Statement of Financial Activities

Total funds brought forward	168,808	168,808	(76,226)
Total funds carried forward	<u>1,616</u>	<u>1,616</u>	<u>168,808</u>