

Purple Shoots Business Lending Limited

Charity No. 1155385

Company No. 08603690

Trustees' Report and Unaudited Accounts

31 July 2021

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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.

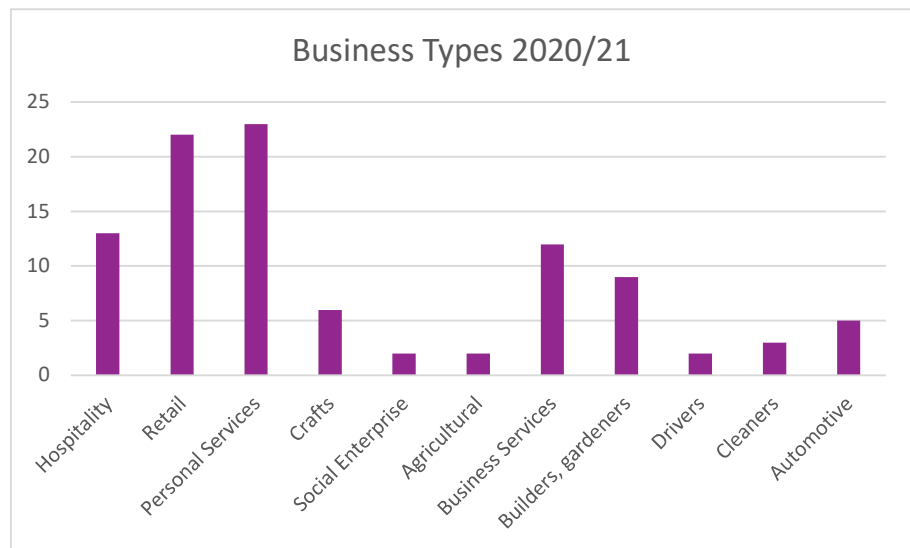
Purple Shoots Business Lending Limited Trustees Annual Report

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.

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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.

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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.

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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.

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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.
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Income with related expenditure	Where income has related expenditure the income and related expenditure is reported gross in the SoFA.
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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.
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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.
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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.
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Volunteer help	The value of any volunteer help received is not included in the accounts.
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Investment income	This is included in the accounts when receivable.
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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.
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Gains/(losses) on investment assets	This includes any gain or loss on the sale of investments.
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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
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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 £
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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			
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>