



# **Purple Shoots Business Lending Ltd**

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

Charity registration - 1155385

Company number - 08603690



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## 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	(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.



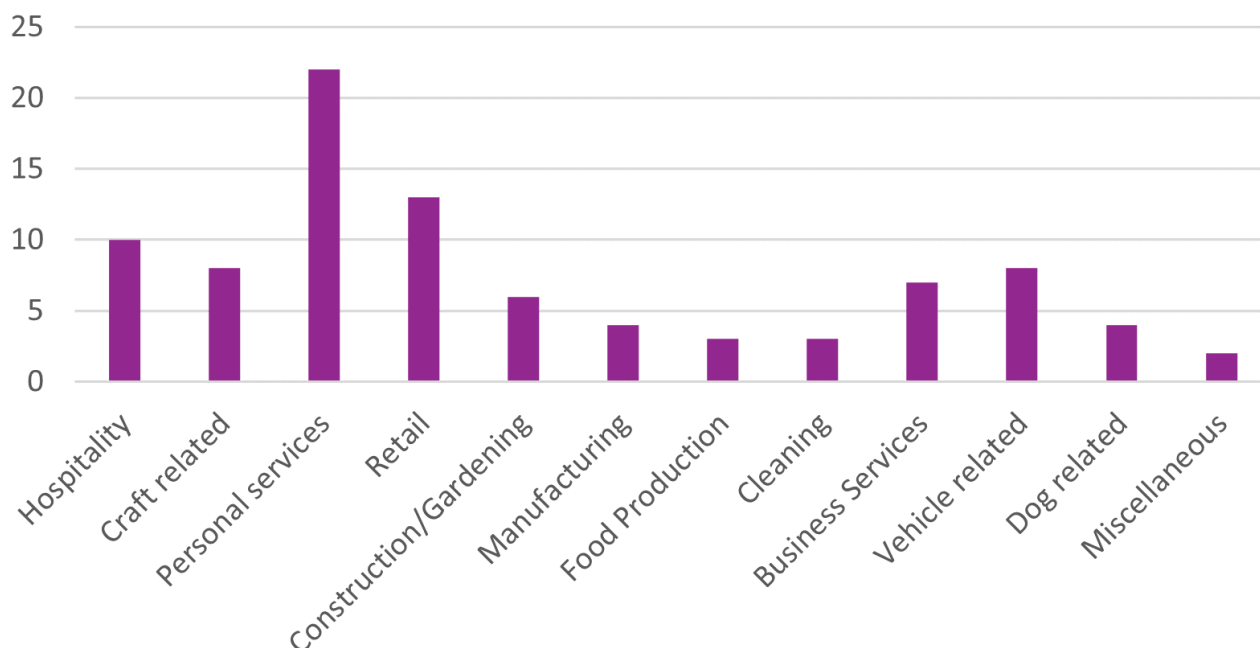
Our original Miss Tilley's SRG incorporated as an independent CIC, and runs community cafes in 4 locations as well as the canteen at the Fire Services HQ in Llantrisant. Our two new community cafes are building on that model. Groups are also involved in crafting, cooking, woodworking, allotments and 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

		<b>Unrestricted funds Year ended 31-Jul-22 £</b>	<b>Restricted funds Year ended 31-Jul-22 £</b>	<b>Total funds Year ended 31-Jul-22 £</b>	Total funds (restated) Year ended 31-Jul-21 £
	<b>Notes</b>				
<b>Income from:</b>					
Donations & legacies	4	444,371	180,288	<b>624,659</b>	137,657
Charitable activities	5	66,275	-	<b>66,275</b>	37,432
Other trading activities	6	5,689	-	<b>5,689</b>	5,141
<b>Total income</b>		<b>516,335</b>	<b>180,288</b>	<b>696,623</b>	180,230
<b>Expenditure on:</b>					
Raising funds	7 & 8	54,560	-	<b>54,560</b>	58,038
Charitable activities	7 & 9	368,202	180,288	<b>548,490</b>	289,384
<b>Total expenditure</b>		<b>422,762</b>	<b>180,288</b>	<b>603,050</b>	347,422
<b>Net income/(expenditure)</b>		<b>93,573</b>	<b>-</b>	<b>93,573</b>	(167,192)
<b>Reconciliation of funds</b>					
Funds brought forward	14 & 15	1,616	-	<b>1,616</b>	168,808
Funds carried forward	14 & 15	<b>95,189</b>	<b>-</b>	<b>95,189</b>	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 £
<b>Fixed assets</b>				
Tangible fixed assets	11		885	1,180
Client loans due in more than 12 months	12		189,629	-
			<b>190,514</b>	1,180
<b>Current assets</b>				
Debtors	12	361,419		526,264
Cash at bank and in hand		138,833		139,209
		<b>500,252</b>		665,473
<b>Creditors</b>				
Amounts falling due within one year	13	(40,225)		(100,362)
<b>Net current assets</b>			<b>460,027</b>	565,111
<b>Creditors</b>				
Amounts falling due within more than one year	13		(555,352)	(564,675)
<b>Net assets</b>			<b>95,189</b>	1,616
<b>Funds of the charity</b>				
Restricted	14 & 15		-	-
Unrestricted	14 & 15		95,189	1,616
			<b>95,189</b>	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

		<b>Total funds 31-Jul-22</b>	<b>Total funds (restated) 31-Jul-21</b>
	£	£	£
<b>Cash flows from operating activities</b>			
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
<b>Net cash flows from operating activities</b>		<b>83,273</b>	<b>(227,869)</b>
<b>Cash flows from investment activities</b>			
Purchase of equipment	-		(465)
<b>Net cash flows from investment activities</b>		<b>-</b>	<b>(465)</b>
<b>Cash flows from financing activities</b>			
Interest paid on loans	(9,326)		(39,115)
Increase/(decrease) in loans	(74,323)		61,405
<b>Net cash flows from financing activities</b>		<b>(83,649)</b>	<b>22,290</b>
<b>Net movement in cash and cash equivalents</b>		<b>(376)</b>	<b>(206,044)</b>
<b>Cash and cash equivalents at 1 August 2021</b>		<b>139,209</b>	<b>345,253</b>
<b>Cash and cash equivalents at 31 July 2022</b>		<b>138,833</b>	<b>139,209</b>

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
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### 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

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

5. Income from charitable activities

	<b>Unrestricted funds Year ended 31-Jul-22 £</b>	<b>Restricted funds Year ended 31-Jul-22 £</b>	<b>Total funds Year ended 31-Jul-22 £</b>
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
	<b>66,275</b>	<b>-</b>	<b>66,275</b>
	<b>Unrestricted funds (restated) Year ended 31-Jul-21 £</b>	<b>Restricted funds (restated) Year ended 31-Jul-21 £</b>	<b>Total funds (restated) Year ended 31-Jul-21 £</b>
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**

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

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

7. Total expenditure

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

	<b>Direct staff costs</b>	<b>Direct other costs</b>	<b>Indirect costs</b>	<b>Total costs</b>
	<b>Year ended 31-Jul-21</b>	<b>Year ended 31-Jul-21</b>	<b>Year ended 31-Jul-21</b>	<b>Year ended 31-Jul-21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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:

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



## 8. Expenditure on raising funds

	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
	<b>54,560</b>	<b>-</b>	<b>54,560</b>
	Unrestricted funds (restated) Year ended 31-Jul-21 £	Restricted funds (restated) Year ended 31-Jul-21 £	Total funds (restated) 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
	<b>58,038</b>	<b>-</b>	<b>58,038</b>

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

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

	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

	<b>Total costs</b>	Total costs (restated)
	<b>Year ended 31-Jul-22</b>	Year ended 31-Jul-21
	<b>£</b>	£
Gross salaries	200,071	158,712
Employers national insurance	9,742	7,728
Employers pension	9,249	7,337
	<b>219,062</b>	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
	£	£
<b>Cost</b>		
At 1 August 2021	3,105	3,105
At 31 July 2022	3,105	3,105
<b>Accumulated depreciation</b>		
At 1 August 2021	1,925	1,925
Charge for the year	295	295
At 31 July 2022	2,220	2,220
<b>Net book value</b>		
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

	<b>Total</b>	Total (restated)
	<b>31-Jul-22</b>	31-Jul-21
	<b>£</b>	£
Accounts payable	<b>2,383</b>	2,723
Accruals	<b>2,464</b>	1,150
Loans repayable within twelve months	<b>30,000</b>	95,000
HMRC payable	<b>4,440</b>	1,489
Pension payable	<b>938</b>	-
	<b>40,225</b>	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 £
<b>Restricted funds</b>					
CORE	-	126,923	(126,923)	-	-
SRGs	-	53,365	(53,365)	-	-
<b>Total restricted funds</b>	<b>-</b>	<b>180,288</b>	<b>(180,288)</b>	<b>-</b>	<b>-</b>
<b>Unrestricted funds</b>	<b>1,616</b>	<b>516,335</b>	<b>(422,762)</b>	<b>-</b>	<b>95,189</b>
<b>Total funds</b>	<b>1,616</b>	<b>696,623</b>	<b>(603,050)</b>	<b>-</b>	<b>95,189</b>

#### 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

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

	Unrestricted funds	Restricted funds	Total funds
	(restated)	(restated)	(restated)
	Year ended	Year ended	Year ended
	31-Jul-21	31-Jul-21	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).