

NUCLEUS COMMUNITY ACTION LIMITED

**DIRECTORS' AND TRUSTEES' REPORT
AND ACCOUNTS**

FOR THE YEAR ENDED 31ST MARCH 2022

**Company No: 1202541
Charity No: 269325**

NUCLEUS COMMUNITY ACTION LIMITED

REPORT AND ACCOUNTS

CONTENTS

	Page
Directors' and Trustees' Report	2 – 6
Auditor's Report	7 – 9
Statement of Financial Activities	10
Balance Sheet	11
Statement of cash flows	12
Notes to the Accounts	13 – 23

NUCLEUS COMMUNITY ACTION LIMITED

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST MARCH 2022

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st March 2022, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Our Purpose and Activities

The Charity's mission is to educate, inform and advise users. The objectives are to combat poverty by education and providing access to advice and assistance in areas of social welfare law.

The Charity's approach involves actively involving vulnerable clients in assessing their problems, considering options, confirming likely consequences and choosing a way forward.

The policies adopted aim to educate, inform and advise users. There have been no changes in these this year.

We believe this approach enables and empowers users to take a central role in fundamental decisions affecting their lives and creating plans to address both short-term and long-term issues.

The role and contribution of volunteers

During the year a total of 96 volunteers helped support the work of paid staffs across the services.

Achievements and Performance

- Helped over 8,600 get advice on a social welfare law matter
- Helped local people claim an additional £2.4 million in correct entitlement by challenging wrong decisions up to Upper Tribunal level
- Helped over 1,400 people helped to manage their finances better.
- Delivered a self-funding Employment advice project to help redress discrimination/ unfair dismissal.
- Delivered, with local private solicitors, a pro bono solicitors service on key areas outside the scope of legal aid i.e., family and immigration.

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2)'. The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The statement of Financial Activities showed a net deficit for the year of £43,110 (2021 – surplus £127,708) and total reserves stand at £1,019,337 (2021 – £1,062,447). As at the year end the free reserves carried forward excluding tangible fixed assets totalled to £348,777 (2021 – £376,668) of which £347,000 (2021 – £347,000) was designated to building maintenance, furniture and equipment, staff contingency and computer development. Restricted funds carried forward totalled to £346,472 (2021 – £352,561).

The Charity endeavours to run on a balance budget in delivering the various activities carried on at the community centre.

NUCLEUS COMMUNITY ACTION LIMITED
DIRECTORS' AND TRUSTEES' REPORT (Cont/d)
FOR THE YEAR ENDED 31ST MARCH 2022

Risk management

The Directors and Trustees have identified the major risks to which the Charity is exposed and believe that the systems in place are adequate to mitigate those risks. The Charity's Organisational Risk Assessment has been reviewed to this end.

The charity makes little use of financial instruments other than an operational bank account and an investment in a common investment fund so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the charity.

The main risks are to providing services to tackle poverty are:

- Reductions or cuts to core funding or project work reducing services
- Loss of key personnel due to inadequate remuneration or indirect compensation
- Issues with cash flow or being paid for work especially the self-funding Employment Tribunal project
- Issues with funders failing to adequately cover project costs.
- Failure to perform to the required specification for the quality assurance systems or regulations
- Failure to develop digitise service whilst also delivering to digitally excluded groups
- Failure to meet agreed targets in service contracts, the service level agreements or grants
- Failure to maintain and keep the building and offices in good repair and offer a good client experience

The Trustees and the Director have taken steps to try to mitigate the risks. The main external risk to any small independent organisation, such as ours, is being dependant on grants and contracts.

We do not have direct control of this but can minimise risks by diversifying the funding base and ensuring we meet the requirements of the funders

Internal risks, i.e. failure to provide relevant effective services have been managed by having good governance and management. It is also achieved by focusing on our charitable aims and actively challenging the way we deliver services. We have, in place, mechanisms for user input across the organisation. Including having former user on the board, encouraging feedback from users and looking a co – design for new services.

Retaining good staff is an ongoing issue for a charity. We recognise that, whilst we cannot compete with private practice, we recognise we need to try by paying reasonable wages close to the market levels. To this end we endeavour to try and ensure pay, for all staff, at least meet the London Living wage and is close, if not at, the level staff could expect in the private sector. Furthermore, we will endeavour to improve terms and conditions for staff.

Principal funding sources

The principal funding sources are shown under notes 2 and 3 and comprise a mix of statutory funding, grants from charitable trusts and commercial organisations. The charity also raises funds through a number of sponsored initiatives.

The charity also aims to develop a diverse funding base for its activities from:

- The Royal Borough of Kensington & Chelsea
- Campden Charities
- Trust For London
- The London Borough of Ealing
- Money Advice Services (DFL)
- Oak Foundation
- AB Foundation

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the Trustees wish. It endeavours to maximise interest income from use of free financial resources.

NUCLEUS COMMUNITY ACTION LIMITED
DIRECTORS' AND TRUSTEES' REPORT (Cont'd)
FOR THE YEAR ENDED 31ST MARCH 2022

Reserves policy

The Directors and Trustees consider it prudent to maintain an adequate level of unrestricted reserves to cover the community centre's contractual commitments and provide sufficient working capital and have set this at minimum of between six- and twelve-months expenditure. This is to help preserve our independence by allowing us to underwrite new projects, protect existing projects and pump prime in-between funding to ensure we do not lose key skills /services whilst applying for and securing funding.

The Directors and Trustees have identified adequate direct and indirect compensation as a newly, emerging and growing risk to service efficacy. Traditionally the charity has remained competitive and attracted suitable, competent staff by offering indirect benefits and non-monetary compensation i.e. flexible working especially around WFH, child and caring needs.

During the pandemic we have seen many employers have adopted similar flexibility for their work force. Post pandemic we have seen private sector pay and inflation increase especially for basic goods and services.

Staff remuneration and rights need to be reviewed and protected. The Director and Trustees, recognise acting as a model good employer is essential in meeting aims to being a progressive anti-poverty charity. The Directors and Trustees re-commit to developing and maintaining direct and indirect remuneration for all staff.

FUTURE PLANS AND DEVELOPMENTS

The Charity will continue to provide its broad range of services to tackle poverty, in line with the availability of funding. We plan to continue to build on the partnership work we developed during the Covid pandemic and take advice into the community and deliver Omni channels to best meet the needs of clients and their complex needs.

The needs for local poor people will continue to grow for a number of "traditional" reasons including:

- i) Wage stagnation and an increase in working poor.
- ii) The cost of living in London, especially the increasing housing, fuel and food costs.
- iii) Welfare reforms which are reducing support for people on low incomes.

Charitable and political donations

During the year the company made no political or charitable donations.

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 1202541

Charity Number: 269325

Directors / Trustees:

Alan Murdie (Chairman)
Roy Hlscock (Treasurer)
Dahobo Guled (Resigned on 25 April 2022)
Charles Donkoh
Michelle Martin (Resigned on 25 April 2022)
Robert Allan
Charles Eder
Lady Jasmine Lella Myriam Cowper-Coles
Linda Bazant (Appointed In November 2021 and resigned in September 2022)

Secretary: Baljit Badesha

Senior Management Team: Baljit Badesha – Manager

Registered Office: 298 Old Brompton Road, London SW5 9JF

Auditors: SKS Audit LLP, 3 Sheen Road, Richmond, TW9 1AD

NUCLEUS COMMUNITY ACTION LIMITED
DIRECTORS' AND TRUSTEES' REPORT (Cont/d)
FOR THE YEAR ENDED 31ST MARCH 2022

Bankers: Lloyds Bank Plc., Old Brompton Road, P.O. Box 1000, BX1 1LT
CCLA Investment Management Ltd, 80 Cheapside, London EC2V 6DZ
Charity Bank Ltd, 194 High Street, Tonbridge, Kent TN9 1BE

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Nucleus Community Action Limited is a company limited by guarantee and not having a capital divided by shares.

The company was incorporated on 5th March 1975 and is a registered charity constituted as a Limited Company under the Memorandum and Articles of Association. The charity registration number is 269325 and the company registration number is 1202541.

Trustee induction and training

The Trustees maintain a working knowledge of charity and company law and best practice by attendance at charity and company courses run by outside providers. New Trustees are given copies of the Memorandum and Articles of Association and Policies and Procedures of the organisation.

New members are provided with an induction by the Director. This involves a set of meetings and being provided with a committee handbook. They are offered an opportunity for co-mentoring with other members. All new and existing members are offered on-going subject based and skilled based external training.

All committee members take an active part in the organisation's strategy during committee meetings and an annual strategy day.

Appointment of trustees

As set out in the Articles of Association the Chair of Trustees is nominated by Nucleus Community Action Limited Management Board. Membership of the Management Board is agreed by the charity's members at an Annual General Meeting.

The Directors in office in the year are set out on page 4. The Directors have no beneficial interest in the company other than as members and all guarantee to contribute £1 in the event of a winding up. The Board has the power to appoint additional Directors and Trustees with special expertise as it considers fit.

They also have unlimited investment powers.

Organisation

The company is structured so that the Directors and Trustees meet regularly in order to manage its affairs, with Nucleus Community Action Limited Management Board meeting approximately every six weeks. The Management Board comprises individuals from a variety of backgrounds, stakeholders and users. Board members' backgrounds include care, advice and legal professions as well as finance and management. A Finance & Personnel Sub-committee is in place, meeting regularly and reporting in turn to the Management Board.

Related parties

There are no related parties to the charity other than the trustees. There were no related party transactions in the year under review.

Pay policy of senior staff

The arrangement for setting the pay and remuneration of the company's staff is done by the board of directors/trustees and included within the company's budgeting process.

NUCLEUS COMMUNITY ACTION LIMITED
DIRECTORS' AND TRUSTEES' REPORT (Cont/d)
FOR THE YEAR ENDED 31ST MARCH 2022

STATEMENT OF DISCLOSURE TO AUDITOR

So far as the Directors and Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. Additionally, the Directors and Trustees have taken all the necessary steps that we ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Nucleus Community Action Limited for the purposes of company law) are responsible for preparing the preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 company and of its income and expenditure for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and the financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

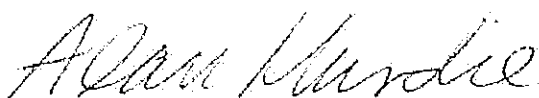
AUDITORS

A resolution will be proposed at the Annual General Meeting that SKS Audit LLP be re-appointed as auditors of the Charity for the ensuing year.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

APPROVAL

This report was approved by the Board and signed on its behalf by:



Alan Murdie
Trustee

08th December 2022

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF

NUCLEUS COMMUNITY ACTION LIMITED

Opinion

We have audited the financial statements of Nucleus Community Action Limited for the year ended 31st March 2022, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont'd)

NUCLEUS COMMUNITY ACTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' and Trustees' Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statements set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards SORP 2019, Charity act, Company Law, Tax and Pensions legislation
- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont'd)

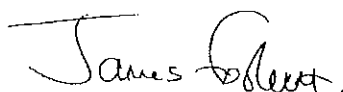
NUCLEUS COMMUNITY ACTION LIMITED

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Foskett (Senior Statutory Auditor)
For and on behalf of SKS Audit LLP
3 Sheen Road, Richmond
TW9 1AD

Date: 13th December 2022

NUCLEUS COMMUNITY ACTION LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2022
SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Income					
Grants, donations and legacies	2	-	212,315	212,315	223,929
<i>Income from charitable activities:</i>					
Donation, Grants and contracts	3	210,751	513,895	724,647	767,204
<i>Investment Income:</i>					
Bank interest	4	5	-	5	1,042
Total Income		210,757	726,210	936,967	992,175
Expenditure					
<i>Expenditure on charitable activities</i>					
Others	5, 14	242,635	737,442	980,077	864,467
Total expenditure		242,635	737,442	980,077	864,467
Net income / (expenditure) and net movements in funds for the year before transfers		(31,878)	(11,232)	(43,110)	127,708
Transfer between funds	14	(5,143)	5,143	-	-
Net movements of funds		(37,021)	(6,089)	(43,110)	127,708
Reconciliation of funds:					
Total funds, brought forward		709,886	352,561	1,062,447	934,739
Total funds, carried forward		672,865	346,472	1,019,337	1,062,447

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

All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 23 form part of these accounts.


NUCLEUS COMMUNITY ACTION LIMITED
BALANCE SHEET AS AT 31ST MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible fixed assets	10		324,088		333,218
Current assets					
Debtors	11	89,884		96,300	
Cash at bank and in hand		852,234		780,460	
		<u>942,118</u>		<u>876,760</u>	
Liabilities					
Creditors falling due within one year	12	246,870		147,531	
Net current assets			695,249		729,229
Net assets			<u>1,019,337</u>		<u>1,062,447</u>
The funds of the charity					
Unrestricted funds:					
General	14		325,865		362,886
Designated	14		347,000		347,000
Restricted funds	14		346,472		352,561
Total charity funds			<u>1,019,337</u>		<u>1,062,447</u>

The Trustees have prepared accounts in accordance with Section 398 of the Companies Act 2006 and Section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These accounts were approved by the Board of Directors and Trustees on 08th December 2022 and were signed on its behalf by:


..... Chairman
Alan Murdie


..... Treasurer
John Roy Hiscock

Company Number 1202541

The notes on pages 13 to 23 form part of these accounts.

NUCLEUS COMMUNITY ACTION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2022

	2022 £	2021 £
Net cash (used in)/generated from operating activities	<u>71,769</u>	<u>205,273</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	-	-
Interest received	5	1,042
Interest paid	-	-
Cash (used in) / generated by Investing activities	<u>5</u>	<u>1,042</u>
Repayment of bank loans	-	-
Cash (used in) / generated in financing activities	<u>-</u>	<u>-</u>
Change in cash & cash equivalents in the year	<u>71,774</u>	<u>206,315</u>
Cash & cash equivalents at the beginning of the year	780,460	574,145
Total cash & cash equivalents at the end of the year	<u><u>852,234</u></u>	<u><u>780,460</u></u>

The notes on pages 13 to 23 form part of these accounts.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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 2019) – (Charity SORP (FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Nucleus Community Action Limited meets the definition of a public benefit entity under FRS 102.

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

1.2 Preparation of accounts on a going concern basis

The Charity's financial statements show net deficit of £43,110 for the year and free reserves excluding designated funds of £325,865. The trustees are of the view that these results and fundraising plans have secured the immediate future of the charity for the next 12 months and on this basis the charity is a going concern.

1.3 Income recognition

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

- Income received by way of grants, donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- Income from charitable activities received by way of revenue grants and donations are credited to restricted incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.
- Grants, donations and legacies of general nature which are not conditional on delivering certain levels of service are included as part of Grants, Donations and Legacies as shown under note 2 and 3.
- Income from activities includes income recognised as earned (as related to goods and services provided) under contract. Share of client's compensation income are recognised when the compensation have been received.
- Investment income is included when receivable.

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST MARCH 2022

1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises costs of seeking donations and legacies, costs related to property rentals and their associated support costs.
- (b) Expenditure on charitable activities include expenditure associated with the main objectives of the charity and include both direct costs and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, personnel, payroll, and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Fund structures

The general fund comprises those monies, which may be used toward meeting the charitable objectives of the company at the discretion of the Management Board.

The designated fund comprises of general fund set aside to be used for a specific purpose as agreed by the Trustees. These funds can be reallocated back to general fund on the agreement of the Trustees when the fund is no longer needed for their particular purpose.

The restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to donor-imposed conditions.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Individual fixed assets costing £1,000 or more are capitalised at cost.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases.

Leasehold land and buildings	-	2% per annum
Plant and equipment	-	25-50% per annum
Fixtures and fittings	-	25% per annum

1.9 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and wherever there is an indication that the asset maybe impaired.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont./d)

FOR THE YEAR ENDED 31ST MARCH 2022

1.10 Debtor

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.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Creditors and provisions

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

1.13 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Based financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

Financial liabilities are de-recognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the Statement of Financial Activities on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economics n=benefits from the lease assets are consumed.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST MARCH 2022

1.15 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination of benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefits schemes are charged as an expense as they fall due.

1.17 Taxation

The charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.18 Judgement and key sources of estimation uncertainty

In the application of the charity's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2022 £	2021 £
Grant received from Royal Borough of Kensington & Chelsea	-	212,315	212,315	223,929
	<u>-</u>	<u>212,315</u>	<u>212,315</u>	<u>223,929</u>

The grant income in 2021 totalling £223,929 was attributed to restricted funds and £nil to unrestricted funds.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST MARCH 2022

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	2022 £	2021 £
Performance related grants	127,016	513,895	640,911	710,849
Clients compensation	61,066	-	61,066	43,515
Donations	22,670	-	22,870	12,840
	<u>210,751</u>	<u>513,895</u>	<u>724,647</u>	<u>767,204</u>
Performance related grants				
London Borough of Ealing	120,616	-	120,616	128,297
Toynbee Hall	-	187,027	187,027	135,797
Toynbee Hall - Training	-	73,433	73,433	-
Campden Charities	-	79,500	79,500	55,400
Oak Foundation	-	118,935	118,935	117,106
Trust for London	-	17,500	17,500	87,500
Kensington & Chelsea Foundation - Administration Fees	6,400	-	6,400	-
Covid-19 related grants			-	
Toynbee Hall	-	-	-	44,232
Access to Justice	-	-	-	45,400
RBKC - Homelessness	-	-	-	28,045
City of London	-	-	-	14,372
National Lottery	-	-	-	48,660
CAF Coronavirus Emergency Fund	-	-	-	6,000
Oak Foundation	-	37,500	37,500	-
	<u>127,016</u>	<u>513,895</u>	<u>640,911</u>	<u>710,809</u>

Income from charitable activities in 2021 totalling £710,809 was attributed to unrestricted funds of £128,297 and restricted funds of £582,552.

4. INVESTMENT INCOME

Interest receivable for the year totalled to £5 (2021 - £1,042). Interest income for both years attributed to unrestricted fund.

5. ANALYSIS OF EXPENDITURE

	Debt Counselling and others £	2022 £	2021 £
Staff costs	769,070	769,070	635,510
Staff and volunteer training and expenses	17,669	17,669	8,204
Communications	21,896	21,896	35,521
Equipment rental	2,109	2,109	3,999
Subscriptions and Insurance	16,531	16,531	11,094
Computer and websites	96	96	10,800
Depreciation	9,130	9,130	9,130
Loss on fraudulent activity recovered plus interest	-	-	(34,542)
Support costs (Note 6)	135,775	135,775	176,951
Governance costs (Note 6)	7,800	7,800	7,800
	<u>980,077</u>	<u>980,077</u>	<u>864,467</u>

Of the £980,077 expenditure in 2022 (2021 - £864,467), £242,635 was charged to general funds (2021 - £148,536) and £737,442 to restricted funds (2021 - £715,932).

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST MARCH 2022

6. SUPPORT COSTS

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activity undertaken (see note 5) in the year. All the general support and governance costs have been apportioned to the various charitable activities based on staff time allocated to each activity.

	General Support £	Governance Function £	2022 £	2021 £
Office expenses and supplies	9,311	-	9,311	8,796
Marketing	5,630	-	5,630	10,784
Premises and equipment costs	67,573	-	67,573	98,697
Computer consumables	11,594	-	11,594	7,577
Fundraising	24,000	-	24,000	39,827
Legal and professional costs	3,093	-	3,093	575
Bookkeeping	5,154	-	5,154	3,265
Bank charges	188	-	188	216
Sundry	7,444	-	7,444	7,215
Audit fees	-	7,800	7,800	7,800
Consultancy	1,789	-	1,789	-
	<u>135,775</u>	<u>7,800</u>	<u>143,575</u>	<u>184,752</u>

7. NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging:	2022 £	2021 £
Depreciation of tangible fixed assets	9,130	9,130
Auditors' remuneration	7,800	7,800

8. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

	2022 £	2021 £
Salaries	685,937	563,480
National Insurance	66,375	55,499
Pension contribution	16,758	16,172
	<u>769,070</u>	<u>635,151</u>

Baljit Badesha (KMP) employee had employee benefits in excess of £60,000 (2021 – No employee benefits in excess of £60,000).

The aggregate remuneration and employee benefits payable to Key Management Personnel in the year totalled to £62,689 (2021 - £59,803).

No trustee or person connected therewith received any remuneration or benefits from the charity during the year.

No trustee had reimbursed expenses in the year (2021 - £567).

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST MARCH 2022

9. STAFF NUMBERS

The average number of full- time equivalent employees (including casual and part-time staff) was as follows:

	2022	2021
Advice	21	17
Administration	2	2
	<u>23</u>	<u>19</u>

10. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
COST				
As at 1st April 2021	486,757	42,427	61,796	590,980
Disposals	-	-	-	-
As at 31st March 2022	<u>486,757</u>	<u>42,427</u>	<u>61,796</u>	<u>590,980</u>
DEPRECIATION				
As at 1st April 2021	153,539	42,427	61,796	257,762
Charge for the year	9,130	-	-	9,130
Disposals	-	-	-	-
As at 31st March 2022	<u>162,669</u>	<u>42,427</u>	<u>61,796</u>	<u>266,892</u>
NET BOOK VALUES				
As at 31st March 2022	<u>324,088</u>	<u>(0)</u>	<u>-</u>	<u>324,088</u>
As at 31st March 2021	<u>333,218</u>	<u>(0)</u>	<u>-</u>	<u>333,218</u>

11. DEBTORS

	2022 £	2021 £
Trade debtors	61,516	61,938
Other debtors	22,714	53
Prepayments and accrued income	5,654	34,309
	<u>89,884</u>	<u>96,300</u>

12. CREDITORS: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	30,597	31,068
Trade creditors	62,665	28,849
Other creditors	151,163	85,170
Accruals and deferred income	2,444	2,444
	<u>246,870</u>	<u>147,531</u>

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST MARCH 2022

13. DEFERRED INCOME

There is no deferred income as at the year end. Previous year's deferred income relates to grant income relating to period after year end.

14. MOVEMENT IN FUNDS

	Balance as at 01.04.21 £	Income £	Expenditure £	Transfers £	Balance as at 31.03.22 £
RESTRICTED FUNDS:					
Redundancy	857	-	-	-	857
Debt Counselling	256,033	708,710	(696,952)	-	267,791
City Bridge Money project	817	-	-	-	817
Trust for London	-	17,500	(22,643)	5,143	0
Covid-19 related grants					
Toynbee Hall	41,600	-	-	-	41,600
Access to Justice	13,976	-	(9,334)	-	4,642
Kensington+Chelsea Foundation	17,737	-	(8,381)	-	9,356
City of London	11,807	-	-	-	11,807
National Lottery	9,733	-	(132)	-	9,601
	<u>352,561</u>	<u>726,210</u>	<u>(737,442)</u>	<u>5,143</u>	<u>346,472</u>
DESIGNATED FUNDS :					
Staff contingency fund	185,000	-	-	-	185,000
Building maintenance	85,000	-	-	-	85,000
Furniture and equipment	12,000	-	-	-	12,000
Computer development	20,000	-	-	-	20,000
New office fund	45,000	-	-	-	45,000
	<u>347,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,000</u>
GENERAL FUNDS:	<u>362,886</u>	<u>210,757</u>	<u>(242,635)</u>	<u>(5,143)</u>	<u>325,865</u>
Total unrestricted funds	<u>709,886</u>	<u>210,757</u>	<u>(242,635)</u>	<u>(5,143)</u>	<u>672,865</u>
Total funds	<u>1,062,447</u>	<u>936,967</u>	<u>(980,077)</u>	<u>-</u>	<u>1,019,337</u>

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST MARCH 2022

14. MOVEMENT IN FUNDS (CONTINUED)

Movement in funds – previous year

	Balance as at 01.04.20 £	Income £	Expenditure £	Transfers £	Balance as at 31.03.21 £
RESTRICTED FUNDS:					
Redundancy	857	-	-	-	857
Debt Counselling	255,420	532,272	(531,659)	-	256,033
City Bridge Money project	5,734	-	(4,917)	-	817
Trust for London	-	87,500	(87,500)	-	(0)
Covid-19 related grants					
Toynbee Hall	-	44,232	(2,632)	-	41,600
Access to Justice	-	45,400	(31,424)	-	13,976
Kensington+Chelsea Foundation	-	28,045	(10,308)	-	17,737
City of London	-	14,372	(2,565)	-	11,807
National Lottery	-	48,660	(38,927)	-	9,733
CAF Coronavirus Emergency Fund	-	6,000	(6,000)	-	-
	<u>262,011</u>	<u>806,481</u>	<u>(715,932)</u>	<u>-</u>	<u>352,561</u>
DESIGNATED FUNDS :					
Staff contingency fund	120,000	-	-	65,000	185,000
Building maintenance	30,000	-	-	55,000	85,000
Furniture and equipment	12,000	-	-	-	12,000
Computer development	20,000	-	-	-	20,000
New office fund	-	-	-	45,000	45,000
	<u>182,000</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>347,000</u>
GENERAL FUNDS:	490,728	185,894	(148,536)	(165,000)	362,886
Total unrestricted funds	<u>672,728</u>	<u>185,694</u>	<u>(148,536)</u>	<u>-</u>	<u>709,886</u>
Total funds	<u>934,739</u>	<u>992,175</u>	<u>(864,467)</u>	<u>-</u>	<u>1,062,447</u>

Description, nature, and purpose of restricted funds:

Redundancy:

This is leftover grant received from Housing to be used for the purpose of redundancy payments and staffing costs.

Debt Counselling:

Debt counselling project is funded by grants received from Campden Charities, Toynbee Hall, Oak Foundation and the Royal Borough of Kensington and Chelsea. Debt counselling is one of the main activities of the Charity over the last few years for clients facing evictions, forced bankruptcy and severe poverty.

City Bridge Money Project:

Grants from City Bridge and Natwest are restricted to be used specifically for advice and activities related to personal budgeting and money management. The project was initially for a period of three years (to May 2020) but was extended during the year under the grant from Natwest/Royal Bank of Scotland.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST MARCH 2022

Trust for London:

Grant received to be used as contribution towards the Charity's self-funding tribunal project. The grant is for the period of three years on a diminishing basis over three years and at the end of the term the project will be self-funding.

Covid-19 related grants:

(1) Toynbee Hall:

Sub-grant is awarded to deliver Debt Advice Capacity 2022.

(2) Access to Justice:

This fund was for specialist advice agencies to improve access to tribunal and courts.

(3) Kensington+Chelsea Foundation:

Grant has been awarded to support housing advice and support service over the next 12 months of the pandemic.

(4) City of London:

Grant has been awarded to fund the essential and urgent costs during the pandemic so as to carry on providing support to Londoners.

(5) National Lottery:

The funding received will be used to deliver activities specifically aimed to support communities through the COVID-19 crisis.

(6) CAF Coronavirus Emergency Fund:

Grant received is to be used for charitable purposes only to continue organisation's core work or Covid-19 emergency response activities during the current health emergency.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Designated fund

General funds set aside to be used for a specific purpose as agreed by the Trustees. These funds can be reallocated back to general fund on the agreement of the Trustees when the funds are no longer needed for their particular purpose. Funds have been designated for four purposes as follows:

- Staff Contingent
- Building maintenance
- Furniture and equipment
- Computer development
- New office

No spending was made from designated fund during the year.

NUCLEUS COMMUNITY ACTION LIMITED

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST MARCH 2022

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	324,088	-	324,088
Net current assets / (liabilities)	348,777	346,472	695,249
	<u>672,865</u>	<u>346,472</u>	<u>1,019,337</u>

Analysis of fund balances between net assets – previous year

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	333,218	-	333,218
Net current assets / (liabilities)	376,668	352,561	729,229
	<u>709,886</u>	<u>352,561</u>	<u>1,062,447</u>

16. RECONCILIATION OF NET MOVEMENTS IN FUNDS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net movement in funds	(43,110)	127,707
Investment income	(5)	(1,042)
Add back depreciation	9,130	9,130
Decrease / (Increase) in debtors	6,416	14,944
Increase / (Decrease) in creditors	99,339	54,533
Net cash generated / used in operating activities	<u>71,769</u>	<u>205,272</u>

17. PENSION COSTS

The charity operated an occupational pension scheme under NEST, for all its qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Pension payable for the year totalled to £16,758 (2021 - £16,172). For some staffs not subscribed to the company's pension scheme, contributions are paid into their personal pension schemes. At the year end, contribution of £nil (2021 - £nil) was due.

18. SHARE CAPITAL

The charity is constituted as a company limited by guarantee without share capital.

19. RELATED PARTY TRANSACTIONS

There was no other related party transaction apart from those report in Note 8 to these financial statements.

20. OPERATING LEASE COMMITMENTS

At the reporting end date, the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Within one year	35,300	35,300
Between one and five years	50,008	85,308
	<u>85,308</u>	<u>120,608</u>