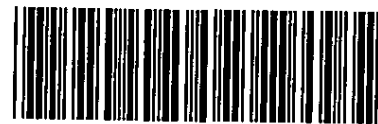


301004/15

# Realise Futures CIC

Annual Report and Financial Statements  
For the year ended 31 March 2016

WEDNESDAY



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COMPANIES HOUSE

# Realise Futures CIC

## Company Information

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<b>Directors</b>	S Butcher J Brck M Cassidy D Willingham P Storey P Dorai (Appointed 21 March 2016) F Kerr (Appointed 21 March 2016) L Morns (Appointed 21 March 2016) P Snowdon (Appointed 12 February 2016)
<b>Company number</b>	07828443
<b>Registered office</b>	Units 1-3 Alpha Business park 6-12 Whitehouse Rd Ipswich IP1 5LT
<b>Auditors</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

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# Realise Futures CIC

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# Realise Futures CIC

## Strategic Report

For the year ended 31 March 2016

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The principal activity of the company was the provision of careers advice, community learning, employment support, and other social business activities

### **Fair review of the business**

As reported last year, the organisation experienced some very difficult trading conditions in 2014/15 which resulted in a substantial loss. When the extent of these continuing losses became evident in September 2015/16 a programme of active financial and performance management to address and reduce the financial losses was immediately introduced.

One of the swift and significant actions taken by the organisation was to streamline the senior management structure, thereby ensuring the relevant skills sets required were in place, whilst reflecting the reduction in organisation turnover as a result of reduced service contract values. This new management structure has brought about an annual saving that will be fully realised in 2016/17.

We recognised that due to the limited time available to reverse performance and financial issues across a range of contracts in 2015/16 the opportunities to negate all these losses were not achievable before end of the financial year. Indeed, the underperformance against those contracts in the previous year continued to have a negative financial impact on the organisation up until the new management team implemented the turnaround plan in January 2016.

A thorough review of all expenditure resulted in realising some savings in-year, although some penalty clauses for early exits were cost prohibitive and not all planned savings could be realised within one financial year. Attention has also been centred on improving the management of our cash flow, where we successfully negotiated better payment terms for some of our revenue streams which coupled with our improved cash flow forecasting, saw the organisation not requiring banking finance or social investment as anticipated in September 2015.

We have undertaken a company-wide review of staff Terms & Conditions that includes pay and grading to better reflect the needs of the business. This review streamlines pay grades, ensures parity in comparable roles across the business divisions as well as equality of pay and has seen the introduction of the national living wage. The new staff Terms & Conditions were implemented in November 2015. The new pay & grading levels became operational from 1st April 2016, this exercise has been cost neutral.

The business now operates in four divisions: Careers Service, Adult Learning, Employment and Enterprise, each of which is now led by an operations manager responsible for the development and delivery of the services in these divisions.

A review of the Careers Service division was undertaken that brought about significant changes to the organisational structure and performance culture. New ways of working were introduced to better reflect the requirements of the prime contractor, which focused on quality improvements and cost effectiveness. Due to the measures taken by the new operations manager to tackle underperformance, confidence in the company's future was secured and the Careers division secured a National Careers Service sub-contract worth £200k more than originally anticipated for 2016/17.

The Adult Learning service division (Realise Futures Learning and Development – RFLD) operate on an academic year from 1st August – 31st July, which presents a particular challenge to the organisation, when reporting and collating financial performance. In any one year the service straddles two academic reporting years. The service unfortunately was unable to fully capitalise on additional Skills Funding Agency contract allocations secured late in the 14/15 academic year. Additional income generation targets were met through the introduction of a business to business training offer, securing additional grants and course fee collection thereby reducing the impact of the low utilisation of the additional Skills Funding Agency allocations. Success rates for learners and the ability to reach targeted communities that reflect the company's aims and contractual obligations remain above the national average when compared to similar provision.

# Realise Futures CIC

## Strategic Report (Continued)

For the year ended 31 March 2016

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A concerted drive to review the operational and cost efficiencies of the Enterprise Division continued in 2015/16 and will be completed in 2016/17, this review will also reflect the changes to the way in which the care offer is purchased by individual clients and the local authority. We have closed three loss making cafes, thus reducing these outlets from seven to four. Changes in the way that we promote our commercial offer has seen an increase in sales, most notably from the Eco Furniture enterprise, and brought about an overall profit for this division.

Our Employment Service division continues to operate a successful and high achieving sub-contract, supporting over 100 disabled people to gain and sustain employment. The division secured a grant funded direct delivery contract with Essex County Council, the reputation of the service has been enhanced as a result of excellent employment outcomes for disadvantaged people.

At the end of the financial year the organisation had made real steps forward to stabilise the organisation and move in to 2016/17 with a projected surplus and a structure that is able to both deliver the current services and seek development opportunities. At 30 June 2016 all the divisions were making a positive contribution to the company.

### **Principal risks and uncertainties**

Realise Futures CIC is a diverse organisation with a number of contracts and whilst this means that we are not reliant on one specific contract, it adds complexity to the performance management processes within the organisation. The contractual cycle will always be a risk due to the continuing political fluctuations that influence the procurement processes. Improved contract management relationships and good performance outcomes will play their part in securing positive responses to those procurement opportunities.

The sub-contract for adult learning from Suffolk County Council has been reduced from an anticipated three year term to one year with the possibility of a further years' extension. This is due to the uncertainties around the Suffolk/Norfolk devolution agenda, a change to the commissioning team and how Skills Funded Agency provision will be financed in the future. The requirements from the new commissioners represent significant challenge and a change in direction for our adult learning service.

There are some risks associated with the transfer of some contracts from block grant contracts to spot purchase support, although these risks are balanced with the introduction of payment rates that more accurately reflect the costs involved in providing the levels of support required to deliver the provision. A detailed and better communicated offer for private/individual purchasers of this provision is a further mitigating factor to the risks for this aspect of the business.

### **Development and performance**

The organisation as a whole has positively addressed the challenges it faced during 2015/16 and taken bold and proactive decisions that have seen new ways of working with financial forecasting and budget management processes. In September 2015, Realise Futures were exploring options for financial assistance from a variety of sources in the region of £350k. We have now transformed our position to one where we are forecasting a 2016/17 surplus of approximately £300,000 and our cash flow forecast shows no requirement for external finance.

We have significantly strengthened the company's governance arrangements by increasing the number of Non-Exec Directors, this is to ensure we have robust challenge and scrutiny in place. Following a targeted recruitment process, four new Non-Exec Directors with identified specialist skill sets have been appointed and roles on the board are being consolidated.

# Realise Futures CIC

## Strategic Report (Continued)


For the year ended 31 March 2016

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We have reviewed all underperforming provision and are putting into place a robust training and development programme for managers to ensure they are best equipped to monitor, evaluate and take appropriate intervention activity, where necessary. Improvements to financial and budgetary protocols have also been introduced to support best practice and consistent financial discipline across the organisation. The organisation continues to seek opportunities for development and we have been successful in being placed on a number of supply chain frameworks that should see new projects being delivered in 2016/17.

A concerted effort to reduce overheads, increase cost efficiencies and address performance management issues across the organisation, whilst actively seeking new business development opportunities has satisfied the board that the organisation can continue to operate for the next 12 months. Furthermore, the first quarter's performance of 2016/17 indicated that the reserves can be replenished following the operating losses incurred over the previous two financial years, adding confidence to the directors' assertion that Realise Futures is a going concern.

On behalf of the board



J Brick  
Director  
13/09/16

# Realise Futures CIC

## Directors' Report

For the year ended 31 March 2016

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The directors present their annual report and financial statements for the year ended 31 March 2016

### Principal activities

The principal activity of the company continued to be that of the provision of careers advice, community learning, employment support and other social business activities

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows

S Butcher	
A Scarratt	(Resigned 7 December 2015)
S Sharlott	(Resigned 7 December 2015)
T Warren	(Resigned 30 June 2015)
J Brick	
M Cassedy	
D Wilingham	
P Storey	
M White	(Resigned 30 October 2015)
P Dorai	(Appointed 21 March 2016)
F Kerr	(Appointed 21 March 2016)
L Morris	(Appointed 21 March 2016)
P Snowdon	(Appointed 12 February 2016)

### Results and dividends

The results for the year are set out on page 8

### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

### Auditors

In accordance with the company's articles, a resolution will be put at the General Meeting for the selection of auditors of the company.

# Realise Futures CIC

## Directors' Report (Continued)

For the year ended 31 March 2016

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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. 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

### Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

  
J. Birch  
Director  
13/09/16



# Realise Futures CIC

## Independent Auditors' Report

### To the Members of Realise Futures CIC

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We have audited the financial statements of Realise Futures CIC for the year ended 31 March 2016 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.

#### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. The directors have prepared budgets and cash flow forecasts that support the accounts being prepared on a going concern basis. We consider that the ability of the company to continue as going concern is dependent on the results for the next twelve months being in line with the forecasts which is inherently uncertain. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Realise Futures CIC

Independent Auditors' Report (Continued)

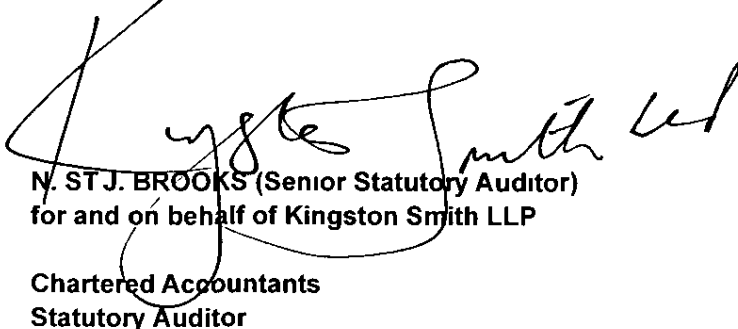
To the Members of Realise Futures CIC

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## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**N. ST J. BROOKS (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

Chartered Accountants  
Statutory Auditor

20/9/16

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Realise Futures CIC

## Statement of Income And Retained Earnings

For the year ended 31 March 2016

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		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Turnover	<b>3</b>	8,939,544	12,639,394
Cost of sales		(5,154,458)	(8,979,676)
<b>Gross profit</b>		<b>3,785,086</b>	<b>3,659,718</b>
Administrative expenses		(4,134,049)	(4,497,387)
<b>Operating loss</b>	<b>4</b>	<b>(348,963)</b>	<b>(837,669)</b>
Interest receivable and similar income		293	302
<b>Loss before taxation</b>		<b>(348,670)</b>	<b>(837,367)</b>
Taxation	<b>7</b>	-	3,129
<b>Loss for the financial year</b>		<b>(348,670)</b>	<b>(834,238)</b>
Retained earnings at 1 April 2015		263,301	1,097,539
Retained earnings at 31 March 2016		(85,369)	263,301

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The profit and loss account has been prepared on the basis that all operations are continuing operations

# Realise Futures CIC

## Balance Sheet

As at 31 March 2016

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		103,390		134,490
<b>Current assets</b>					
Stocks	10	113,490		141,118	
Debtors	11	438,289		651,200	
Cash at bank and in hand		575,539		215,870	
		<u>1,127,318</u>		<u>1,008,188</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,316,077)</u>		<u>(879,377)</u>	
Net current (liabilities)/assets			(188,759)		128,811
<b>Total assets less current liabilities</b>			<u>(85,369)</u>		<u>263,301</u>
<b>Capital and reserves</b>					
Profit and loss reserves			<u>(85,369)</u>		<u>263,301</u>

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by

13/04/2016



J Beck  
Director

Company Registration No 07828443

# Realise Futures CIC

## Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	17		412,461		(1,302,104)
Income taxes paid			(3,129)		-
			<u>          </u>		<u>          </u>
<b>Net cash inflow/(outflow) from operating activities</b>			409,332		(1,302,104)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(49,956)		(34,389)	
Interest received		293		302	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(49,663)		(34,087)
<b>Net cash used in financing activities</b>			-		-
			<u>          </u>		<u>          </u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			359,669		(1,336,191)
Cash and cash equivalents at beginning of year			215,870		1,552,061
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<u>575,539</u>		<u>215,870</u>

# Realise Futures CIC

## Notes to the Financial Statements

For the year ended 31 March 2016

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### 1 Accounting policies

#### Company information

Realise Futures CIC is a limited company domiciled and incorporated in England and Wales. The registered office is Units 1-3 Alpha Business park, 6-12 Whitehouse Rd, Ipswich, IP1 5LT

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Realise Futures CIC prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

#### 1.2 Going concern

During the year the company made a loss of £348,670, and at the year end had net liabilities of £85,369.

The directors have prepared budgets that indicate a surplus in 2016/17 of approximately £300,000, and cash flow forecasts that show the company will continue to operate within its means and will not require any external finance to support it. This arises from a combination of a robust training and development programme for managers, improved financial and budgetary protocols, and actively seeking new business development opportunities.

Further details of the governance and other changes made by the Board can be seen in the Strategic Report.

The directors are therefore confident that the company can meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements, and accordingly, the financial statements have been prepared on a going concern basis.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover represents amounts receivable in connection with services provided in respect of careers advice, community learning and employment support. Turnover also represents amounts receivable in connection with goods sold and services provided in respect of other social business activities.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all fixed assets at a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Plant and machinery	5 years straight line
Fixtures, fittings & equipment	Over the term of the lease or 25 years if shorter
Computer equipment	3 years straight line
Motor vehicles	3 years straight line
Other assets	10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

During the year an amendment has been made to the accounting estimate of the useful economic lives of tangible fixed assets. The estimated useful economic lives of Plant and machinery, Fixture, fittings & equipment and motor vehicles have all been amended from the prior estimate of 3 years. As a result the depreciation charge for the year has been reduced by £26,901.

#### 1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 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.

#### 1.8 Financial instruments

The 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 of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the 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 trade and other receivables 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 financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.



# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

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### 1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

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### 1 Accounting policies

(Continued)

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The company also contributes to a multi-employer defined benefit scheme. The company has been informed that the liabilities of the scheme are greater than the scheme assets, but have an understanding that any shortfall will be met by Suffolk County Council. The only obligation the company therefore has is to make monthly payments at a contribution rate of 23.7%. Without this understanding with Suffolk County Council, the company's share of the liability at 31 March 2014 was £1,237,000.

Accordingly, the company only recognises the contributions paid during the year in the profit and loss account.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

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### 1 Accounting policies

(Continued)

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 economic benefits from the lease asset are consumed

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, 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 considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying 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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

#### ***Provision for clawbacks***

No provisions have been included in the accounts in respect of clawbacks from contracts as the directors do not consider the amount of clawbacks can be reliably estimated. Instead clawbacks are recognised as an expense as and when the company is notified of these by the contracting party.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

#### ***Depreciation of tangible assets***

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment and note 1.3 for the useful economic lives for each class of asset.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows

	2016	2015
	£	£
<b>Turnover</b>		
Sales of goods	1,287,480	1,317,864
Local council and government contracts	4,282,940	9,040,902
Other contract income	3,369,124	2,280,628
	<u>8,939,544</u>	<u>12,639,394</u>

#### Other significant revenue

Interest income	293	302
	<u>293</u>	<u>302</u>

#### Turnover analysed by geographical market

	2016	2015
	£	£
UK	<u>8,939,544</u>	<u>12,639,394</u>

### 4 Operating loss

	2016	2015
	£	£
Operating loss for the year is stated after charging/(crediting)		
Fees payable to the company's auditors for the audit of the company's financial statements	23,262	25,000
Depreciation of owned tangible fixed assets	81,056	119,546
Cost of stocks recognised as an expense	1,268,617	4,802,430
Operating lease charges	341,631	311,209
	<u>1,694,566</u>	<u>5,558,185</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was

	2016	2015
	Number	Number
	<u>406</u>	<u>453</u>

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

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<b>5 Employees</b>	<b>(Continued)</b>	
Their aggregate remuneration comprised		
	<b>2016</b>	<b>2015</b>
	£	£
Wages and salaries	5,113,543	5,445,546
Social security costs	267,884	281,424
Pension costs	595,168	578,770
	<u>5,976,595</u>	<u>6,305,740</u>
<b>6 Directors' remuneration</b>		
	<b>2016</b>	<b>2015</b>
	£	£
Remuneration for qualifying services	202,428	251,264
Compensation for loss of office	4,664	-
	<u>207,092</u>	<u>251,264</u>
The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 5 (2015 - 6)		
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	<u>46,631</u>	<u>68,096</u>
<b>7 Taxation</b>		
	<b>2016</b>	<b>2015</b>
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(3,129)
Total tax charge	<u>-</u>	<u>(3,129)</u>

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 7 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows

	2016 £	2015 £
Loss before taxation	(348,670)	(837,367)
<i>Expected tax charge based on a corporation tax rate of 20 00% (2015 - 20 00%)</i>	(69,734)	(167,473)
Tax effect of expenses that are not deductible in determining taxable profit	651	1,220
Unutilised tax losses carried forward	56,912	147,749
Permanent capital allowances in excess of depreciation	(4,860)	(8,620)
Depreciation on assets not qualifying for tax allowances	16,211	23,909
Qualifying charitable donations	936	220
Capitalised revenue expenditure	(116)	(134)
Tax charge for the year	-	(3,129)

The company has estimated losses of £1,021,754 (2015 £737,192) available for carry forward against future trading profits

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

8 Tangible fixed assets		Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Other assets	Total
		£	£	£	£	£	£
<b>Cost</b>							
At 1 April 2015		101,838	80,338	134,046	49,832	2,530	368,584
Additions		1,455	46,704	1,797	-	-	49,956
At 31 March 2016		103,293	127,042	135,843	49,832	2,530	418,540
<b>Depreciation and impairment</b>							
At 1 April 2015		70,222	56,264	67,996	39,103	509	234,094
Depreciation charged in the year		13,814	18,576	43,957	4,451	258	81,056
At 31 March 2016		84,036	74,840	111,953	43,554	767	315,150
<b>Carrying amount</b>							
At 31 March 2016		19,257	52,202	23,890	6,278	1,763	103,390
At 31 March 2015		31,355	24,418	65,964	10,729	2,024	134,490

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 9 Financial instruments

	2016	2015
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	374,405	588,106
	<u>374,405</u>	<u>588,106</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	324,117	430,544
	<u>324,117</u>	<u>430,544</u>

### 10 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	113,490	141,118
	<u>113,490</u>	<u>141,118</u>

### 11 Debtors

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	198,548	250,307
Corporation tax recoverable	3,129	-
Other debtors	12,320	9,252
Prepayments and accrued income	224,292	391,641
	<u>438,289</u>	<u>651,200</u>

Trade debtors disclosed above are measured at amortised cost

### 12 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	320,466	157,220
Other taxation and social security	285,770	207,502
Other creditors	4,236	-
Accruals and deferred income	705,605	514,655
	<u>1,316,077</u>	<u>879,377</u>



# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

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### 13 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £52,425 (2015 - £46,671)

### 14 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2016 £	2015 £
Within one year	91,315	130,742
Between two and five years	199,711	191,467
	<u>291,026</u>	<u>322,209</u>

### 15 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows

	2016 £	2015 £
Aggregate compensation	202,428	251,264

No guarantees have been given or received

During the year the company placed £125,282 (2015 £155,283) of business with DPS Technology Group, of which D Willingham, a non-executive director of Realise Futures CIC, is a Partner. The transactions were on normal commercial terms. At the year end, £7,920 (2015 £9,792) was outstanding to DPS Technology Group. D Willingham also charged Realise Futures a total of £30,037 (2015 £19,244) for additional services and expenses during the year.

During the year the company also placed £30,094 (2015 £nil) of business with Brodnyx HR Ltd, of which P Snowdon, a director of Realise Futures CIC, is also a director. The transactions were on normal commercial terms. At the year end, £1,636 (2015 £nil) was outstanding to Brodnyx HR Ltd.

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 16 Reconciliations on adoption of FRS 102

#### Reconciliation of equity

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Fixed assets</b>						
Tangible assets	219,647	-	219,647	134,490	-	134,490
<b>Current assets</b>						
Stocks	139,795	-	139,795	141,118	-	141,118
Debtors	1,399,508	-	1,399,508	651,200	-	651,200
Bank and cash	1,552,061	-	1,552,061	215,870	-	215,870
	<u>3,091,364</u>	<u>-</u>	<u>3,091,364</u>	<u>1,008,188</u>	<u>-</u>	<u>1,008,188</u>
<b>Creditors due within one year</b>						
Taxation	551,416	-	551,416	207,502	-	207,502
Other creditors	1,614,751	47,305	1,662,056	623,915	47,960	671,875
	<u>2,166,167</u>	<u>47,305</u>	<u>2,213,472</u>	<u>831,417</u>	<u>47,960</u>	<u>879,377</u>
Net current assets	<u>925,197</u>	<u>(47,305)</u>	<u>877,892</u>	<u>176,771</u>	<u>(47,960)</u>	<u>128,811</u>
Total assets less current liabilities	<u>1,144,844</u>	<u>(47,305)</u>	<u>1,097,539</u>	<u>311,261</u>	<u>(47,960)</u>	<u>263,301</u>
Net assets	<u>1,144,844</u>	<u>(47,305)</u>	<u>1,097,539</u>	<u>311,261</u>	<u>(47,960)</u>	<u>263,301</u>
<b>Capital and reserves</b>						
Profit and loss	<u>1,144,844</u>	<u>(47,305)</u>	<u>1,097,539</u>	<u>311,261</u>	<u>(47,960)</u>	<u>263,301</u>

# Realise Futures CIC

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

### 16 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of profit or loss for the year

	Notes	Year ended 31 March 2015		FRS 102 £
		Previous UK GAAP £	Effect of transition £	
<b>Continuing operations</b>				
Turnover		12,278,532	-	12,278,532
Cost of sales	i	(8,611,385)	(655)	(8,612,040)
Gross profit		3,667,147	(655)	3,666,492
Administrative expenses		(4,282,448)	-	(4,282,448)
Interest receivable and similar income		302	-	302
Taxation		3,129	-	3,129
Loss after taxation		(611,870)	(655)	(612,525)
<b>Discontinued operations</b>				
		(221,713)	-	(221,713)
Loss for the financial period		(833,583)	(655)	(834,238)

#### Notes to reconciliations on adoption of FRS 102

##### i Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £47,305 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 March 2015 an additional charge of £655 was recognised in the profit and loss account and the liability at 31 March 2015 was £47,960.

## Realise Futures CIC

### Notes to the Financial Statements (Continued)

For the year ended 31 March 2016

#### 17 Cash generated from operations

	2016 £	2015 £
Loss for the year	(348,670)	(834,238)
Adjustments for		
Income tax expense	-	(3,129)
Investment income	(293)	(302)
Loss	(348,963)	(837,669)
Depreciation and impairment of tangible fixed assets	81,056	119,546
Movements in working capital		
Decrease/(increase) in stocks	27,628	(1,323)
Decrease in debtors	216,040	748,308
Increase/(decrease) in creditors	436,700	(1,330,966)
<b>Cash generated from/(absorbed by) operations</b>	<b>412,461</b>	<b>(1,302,104)</b>
Difference	-	47,305
Per cash flow statement page	412,461	(1,254,799)

# CIC 34

## Community Interest Company Report

For official use  
(Please leave blank)

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Please complete in  
typescript, or  
in bold black  
capitals

Company Name in  
full

Realise Futures CIC

Company Number

07828443

Year Ending

31 03 2016

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

**(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)**

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## **PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT**

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a description of how they have benefited the community

Realise Futures has completed its third year of trading, an award-winning social enterprise operating across much of the East of England. The company employs around 350 people, of which approximately 30% are disabled or disadvantaged. We pursue a business strategy based on a diversified model that combines three funded services: adult learning, careers advice and supported employment alongside six Social Businesses (offering paid jobs). Together these component parts provide a holistic approach that enables individual who are often furthest from the labour market to develop their potential. Our aim is to trade ethically and compete with the private sector on quality of products.

Our social mission is to improve and promote the economic and social wellbeing of people in our communities by creating opportunities in learning and work. We have most expertise in helping those who are long-term unemployed, disabled and/or disadvantaged, parents/carers, ex service personnel and ex-offenders. Success, for us, is measured by the positive impact on the lives of those we support, as well as the profit we generate.

In summary, we support people with careers advice, training and skills development and run a number of successful social businesses. We manage four cafes and operate a wholefood shop and snack box service, provide gardening services, grow seasonal produce and plants and sell vegetable boxes, make 100% recycled plastic outdoor furniture, and offer print, sign and fulfilment services.

Since the Social Return on Investment study and report was published in early 2015, we continue to show that for every £1 invested in Realise Futures, £2.51 is generated in social value.

We have provided careers advice services in Suffolk and Norfolk to 21,990 with 686 achieving a job or learning outcome. Of the 90% of programme starts in our Suffolk Employment Service, 81% achieved job outcomes, in Essex 490 people were supported to gain and/or sustain paid employment. The learning division delivered 11,376 learning aims to 6,851 learners, those adult learners achieved a 91% success rate against those aims. In our social business division, 193 people were in supported placements.

*(If applicable, please just state "A social audit report covering these points is attached")*

*(Please continue on separate continuation sheet if necessary)*

**PART 2 – CONSULTATION WITH STAKEHOLDERS** – Please indicate who the company's stakeholders are, how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear

The company's stakeholders comprise the staff as members, clients and users of the various services and enterprises that we provide. Local community organisations and funders, these include the local authorities within the four counties we operate in, Skills Funding Agency, Futures (Advice, skills and employment) and Shaw Trust. Regular reviews/customer satisfaction sessions are held with clients of the provision we deliver to inform future planning and quality improvement as well as to receive information on the impact of our services on their well-being, progression into further learning and/or employment. Formal meetings are held with funders as part of a robust monitoring process to inform direction and agree mutual benefits and local agendas.

Consultation with staff members take the form of local team meetings, a staff council and the annual AGM where staff are invited to make suggestions for improvements, feedback on working practices and signposting senior management towards partnership opportunities in their local communities. Communication with stakeholders is also delivered via social media, press releases, staff intranet and the company's website. Analysis of data we have collected demonstrates that customer satisfaction is high (over 95% across the company). Corrective actions taken as a result of the few complaints received have been swiftly taken to improve practice and reported quarterly at quality meetings.

*(If applicable, please just state "A social audit report covering these points is attached")*

**PART 3 – DIRECTORS' REMUNERATION** – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes). If no remuneration was received you must state that "no remuneration was received" below

Details of remuneration are provided in section 14 of the notes to the Financial Statements.

There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed.



**PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION** – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that “no transfer of assets other than for full consideration has been made” below


No transfer of assets other than for full consideration has been made

*(Please continue on separate continuation sheet if necessary)*

## PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed



Date

16/09/2016

Office held (delete as appropriate) Director/Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Sally Butcher	
Realise Futures CIC	
Units 1 – 3 Alpha Business Park, 6 – 12 Whitehouse Road, Ipswich, Suffolk	
IP1 5LT	Tel 01473 238602
DX Number	DX Exchange

When you have completed and signed the form, please attach it to the accounts and send both forms by post to the Registrar of Companies at:

*For companies registered in England and Wales:* Companies House, Crown Way, Cardiff, CF14 3UZ  
DX 33050 Cardiff

*For companies registered in Scotland:* Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

*For companies registered in Northern Ireland:* Companies House, 2nd Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG

The accounts and CIC34 **cannot** be filed online

**(N.B. Please enclose a cheque for £15 payable to Companies House)**