

# Realise Futures CIC

## Annual Report and Financial Statements For the year ended 31 March 2017



# Realise Futures CIC

## Company Information

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Directors	S Butcher J Brick M Cassidy D Willingham P Storey P Dorai F Kerr L Morris P Snowdon T Fayers
Company number	07828443
Registered office	Lovetofts Drive Ipswich IP1 5NZ
Auditors	Miller Wash Associates LLP IP City Centre 1 Bath Street Ipswich IP2 8SD

# Realise Futures CIC

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# Realise Futures CIC

## Strategic Report

### For the year ended 31 March 2017

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The principal activity of the organisation was the provision of adult community learning, adult careers advice, employment support programmes and various social business enterprises.

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

In the two years to 31 March 2016, the organisation experienced some very difficult trading conditions which resulted in substantial losses in both years.

Action was taken by the Board to address and reduce the financial losses and to provide greater stability to the business:

- A new management structure was implemented in January 2016 - the structure was streamlined to reflect the reduced turnover of the business whilst ensuring that the relevant skill sets required were in place;
- A thorough review of all expenditure was undertaken to identify and implement cost savings;
- Arrangements were put in place to manage and forecast cash flow more robustly and effectively;
- A Company-wide review of staff terms & conditions was undertaken; the new terms and conditions becoming operational in April 2016;
- A Finance Director was appointed in November 2016 - thereby completing a process to strengthen the Board and executive team.

The positive impact of these changes has been more fully realised in 2016-17, as evidenced by the return to profit in this year and the stronger balance sheet at 31 March 2017.

For 2017-18, the Company has introduced refinements in its financial forecasting to enable it to plan its future sustainability. Also, 2017-18 sees the end of a number of contracts which commenced around the time of the Company's incorporation and the opportunity is being taken to secure better value services and services better suited to our current needs.

Due to the nature of the business and the environment in which it operates, there are always a number of commercial risks that it faces (see below), but given the above, going into 2017-18, the Company is in a strong position with budgeted P&L and cash surpluses forecasted for both the current and following years.

#### **Divisional review**

In 2016-17, the business operated in four divisions: Adult Learning; Employment; RF Works (formerly the Enterprise division) and the Careers Service. Each division is led by an Operations Manager, responsible for the development and delivery of the services in that division.

During the year, the Careers Service exceeded the previous year's outcomes and came within accepted tolerances of the contract. At 31 March 2017, the sub-contract, under which the Company provided the Careers Service, ended with the service being taken back by the prime contractor.

The Adult Learning Service division (Realise Futures Learning and Development – RFLD) operates on an academic year from 1 August – 31 July, which presents a particular challenge to the organisation, when reporting and collating financial performance as in any one year the service straddles two academic reporting years. In 2016-17, the division delivered 10,257 learning aims to 5,999 learners; those adult learners achieved a 96% success rate against their aims.

# Realise Futures CIC

## Strategic Report

### For the year ended 31 March 2017

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In the RF Works division, a new business model (the RF Works Model) was developed for introduction in April 2017. The model provides a new staffing model and structure for each of the businesses within the division with the aim of increasing placements and employment opportunities, providing the opportunity for individuals to achieve greater progression and improving the businesses financial performance. In 2016-17, alongside our established staff, we provided approximately 200 people with supported placements across our social businesses.

The drive to improve operational and cost efficiency in the RF Works division has continued with a focus on achieving the optimal blend of funded placements, employment opportunities and commercial income generation. The Company was unable to achieve this aim in its Signs business and decided in the Spring of 2017 to close down that business. More recently, the Company has also developed proposals to close the two library-based cafes and to focus on developing its 2 remaining cafes, as well as pursuing other catering opportunities.

Our Employment Service division continued to operate a successful and high achieving sub-contract, with our Suffolk employment service achieving 89% of our job outcome targets and in Essex, over 530 customers were supported to gain and/or sustain paid employment. In 2016-17, we were also successful in securing four Building Better Opportunities (BBO) contracts in Suffolk and Essex to deliver a supported employment service to targeted individuals. The BBO contracts start in 2017-18, run to, at least, September 2019 and provide a good opportunity to increase our reach across both counties.

#### Principal risks and uncertainties

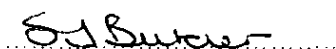
Realise Futures CIC is a diverse organisation with a number of contracts and whilst this means that we are not reliant on one specific contract, it adds complexity to the performance management processes within the organisation. The contractual cycle will always be a risk due to the continuing political 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 under which the Company provides Adult Learning services for Suffolk County Council (SCC) has been extended until 31 July 2018. In the meantime, it is the County Council's intention to undertake a procurement process with the aim of appointing contractor(s) in March 2018 to commence delivery in August 2018. The Company is in a good position to retain most, if not all, of the services it currently provides to SCC and is looking forward to submitting its proposals.

The Department of Work and Pensions (DWP) Work Choice Programme, under which the Company provides services through a sub-contract with Shaw Trust is due to end with referrals under that programme ceasing at the end of September 2017. Those on the programme at that time will, however, continue to generate income for the remainder of their 12 months of support.

DWP funded Work Choice is being replaced with the new Work and Health Programme for which procurement is currently in progress. Realise Futures is on the proposed supply chain to deliver against this new programme for two of the three potential prime contractors selected by DWP, with the appointment of the successful prime likely to be announced in the Autumn of 2017.

Depending on the outcome of the contracting process and on which prime contractor is selected, there is a risk, in one scenario, that the volume of our service will decrease, but there is also the possibility in other scenarios that we could see a significant increase in business. In the meantime a 6-month extension of the Work Choice programme is also a possibility. Clarification of any extension is expected by the end of July 2017.



S Butcher  
Director

On behalf of the board

27 July 2017

# Realise Futures CIC

## Director's Report

### For the year ended 31 March 2017

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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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they were 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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



S Butcher  
Director

27 July 2017

# 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 2017 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 on page 8, 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 2017 and of its profit 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.

# Realise Futures CIC

## Independent Auditors' Report

### To the Members of Realise Futures CIC

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#### 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.

#### 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.

*Miller Wash Associates UP*

Cara Miller (Senior Statutory Auditor)

For and on behalf of:

Miller Wash Associates LLP

Chartered Accountants

Registered Auditor

IP City Centre

1 Bath Street

Ipswich

IP2 8SD

*3 August 2017*



## Realise Futures CIC

### Statement of Income and Retained Earnings

For the year ended 31 March 2017

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	Notes	2017 £	2016 £
Turnover	3	7,495,707	8,939,544
Cost of sales		(4,177,408)	(5,154,458)
<b>Gross profit</b>		<b>3,318,299</b>	<b>3,785,086</b>
Administrative expenses		(3,186,560)	(4,134,049)
<b>Operating profit/ (loss)</b>	<b>4</b>	<b>131,739</b>	<b>(348,963)</b>
Interest receivable and similar income	3	17	293
<b>Profit/ (loss) before taxation</b>		<b>131,756</b>	<b>(348,670)</b>
Taxation	7	-	-
<b>Profit/ (loss) for the financial year</b>		<b>131,756</b>	<b>(348,670)</b>
Retained earnings at 1 April		(85,369)	263,301
Retained earnings at 31 March		46,387	(85,369)

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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 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	8	69,254	109,390
<b>Current assets</b>			
Stocks	10	76,497	113,490
Debtors	11	418,211	438,289
Cash at bank and in hand		386,771	575,539
		<u>881,479</u>	<u>1,127,318</u>
<b>Creditors:</b> amounts falling due within one year	12	<u>(904,346)</u>	<u>(1,316,077)</u>
Net current liabilities		(22,867)	(188,759)
<b>Net assets/ (liabilities)</b>		<u>46,387</u>	<u>(85,369)</u>
<b>Capital and reserves</b>			
Profit and loss reserves		<u>46,387</u>	<u>(85,369)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 27 July 2017 and are signed on its behalf by:



S Butcher  
Director  
Company Registration No. 07828443

## Realise Futures CIC

### Statement of Cash Flows

For the year ended 31 March 2017

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	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash (absorbed by)/ generated from operations	16	177,487	412,461
Income taxes paid		-	(3,129)
<b>Net cash inflow from operating activities</b>		177,487	409,332
<b>Investing activities</b>			
Purchase of tangible fixed assets		(11,298)	(49,956)
Interest received		17	293
<b>Net cash used in investing activities</b>		(11,281)	(49,663)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(188,768)	359,669
Cash and cash equivalents at beginning of year		575,539	215,870
<b>Cash and cash equivalents at end of year</b>		386,771	575,539

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# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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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 Lovetofts Drove, Ipswich, IP1 5NZ.

#### 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.

#### 1.2 Going concern

During the year the company made a profit of £131,756, and at the year end had net assets of £46,387.

The directors have prepared budgets that indicate a surplus in 2017/18 of approximately £60,000, 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.

#### 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.

# Realise Futures CIC

## Notes to the Financial Statements

For the year ended 31 March 2017

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### 1 Accounting policies

(Continued)

#### 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. 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	5 years straight line
Leasehold improvements	Over the shorter of the length of the lease or 25 years, straight line
Computer equipment	3 years straight line
Motor vehicles	5 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.

#### 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.

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.

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 1. Accounting policies

(Continued)

##### 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.

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.

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 1. Accounting policies

(Continued)

##### **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.

#### 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.

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 1. Accounting policies

(Continued)

##### 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.

The company also makes contributions to the Teachers' Pension Scheme (TPS) which is a defined benefit scheme. As this is a multi employer scheme the company is unable to identify their share of the underlying assets and liabilities on a consistent and reliable basis. Accordingly, the company only recognises the contributions paid during the year in the profit and loss account.

##### 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 8 for the carrying amount of the property, plant and equipment and note 1.4 for the useful economic lives for each class of asset.



# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows

	2017	2016
	£	£
<b>Turnover</b>		
Sales of goods	1,207,672	1,287,480
Local council and government contracts	3,609,658	4,282,940
Other contract income	2,678,377	3,369,124
	<u>7,495,707</u>	<u>8,939,544</u>

Interest income	17	293
	<u>17</u>	<u>293</u>

#### Turnover analysed by geographical market

	2017	2016
	£	£
UK	<u>7,495,707</u>	<u>8,939,544</u>

#### 4 Operating profit/ (loss)

	2017	2016
	£	£
Operating profit/ (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: Kingston Smith LLP	3,991	23,262
Miller Wash Associates LLP	11,250	-
Depreciation of owned tangible fixed assets	45,433	81,056
Cost of stocks recognised as an expense	845,777	1,268,617
Operating lease charges	313,551	341,631
	<u>1,200,002</u>	<u>1,694,566</u>

#### 5 Employees

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

2017	2016
Number	Number
352	406
<u>352</u>	<u>406</u>

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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**5 Employees (continued)**

	2017 £	2016 £
Wages and salaries	4,128,958	5,113,543
Social security costs	256,055	267,884
Pension costs	472,093	595,168
	<hr/> 4,857,106	<hr/> 5,976,595

**6 Directors' remuneration**

	2017 £	2016 £
Remuneration for qualifying services	101,408	202,428
Compensation for loss of office	-	4,664
	<hr/> 101,408	<hr/> 207,092

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2016 - 5).

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 7 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	-	-
Total tax charge	-	-

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

Profit/ (loss) before taxation	131,756	(348,670)
<i>Expected tax charge based on a corporation tax rate of 20.00% (2016-20.00%)</i>	26,351	(69,734)
Tax effect of expenses that are not deductible in determining taxable profit	-	651
Tax losses utilised in the period	(26,351)	-
Un utilised tax losses carried forward	-	56,912
Permanent capital allowances in excess of depreciation	-	(4,860)
Depreciation on assets not qualifying for tax allowances	-	16,211
Qualifying charitable donations	-	936
Capitalised revenue expenditure	-	(116)
Tax charge for the year	-	-

The company has estimated losses of £856,046 (2016: £1,021,754) available for carry forward against future trading profits.

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 8 Tangible fixed assets

	Plant and machinery £	Fixtures £	Computer equipment £	Motor vehicles £	Other assets £	Total £
<b>Cost</b>						
At 1 April 2016	103,293	127,042	135,843	49,832	2,530	418,540
Additions	3,248	534	7,515	-	-	11,297
Disposals	-	-	-	-	-	-
At 31 March 2017	<u>106,541</u>	<u>127,576</u>	<u>143,358</u>	<u>49,832</u>	<u>2,530</u>	<u>429,837</u>
<b>Depreciation</b>						
At 1 April 2016	84,036	74,840	111,953	43,554	767	315,150
Charge in year	9,700	10,528	21,079	3,872	254	45,433
Disposals	-	-	-	-	-	-
At 31 March 2017	<u>93,736</u>	<u>85,368</u>	<u>133,032</u>	<u>47,426</u>	<u>1,021</u>	<u>360,583</u>
<b>Net Book Value</b>						
At 31 March 2017	<u>12,805</u>	<u>42,208</u>	<u>10,326</u>	<u>2,406</u>	<u>1,509</u>	<u>69,254</u>
At 31 March 2016	<u>19,257</u>	<u>52,202</u>	<u>23,890</u>	<u>6,278</u>	<u>1,763</u>	<u>103,390</u>

#### 9 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>391,421</u>	<u>374,405</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>105,589</u>	<u>324,117</u>

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 10 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	76,497	113,490

#### 11 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	218,307	198,548
Corporation tax recoverable	-	3,129
Other debtors	13,517	12,320
Prepayments and accrued income	186,387	224,292
	<u>418,211</u>	<u>438,289</u>

Trade debtors disclosed above are measured at amortised cost.

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

	2017	2016
	£	£
Trade creditors	89,886	320,466
Other taxation and social security	199,395	285,770
Other creditors	15,703	4,239
Accruals and deferred income	599,362	705,605
	<u>904,346</u>	<u>1,316,077</u>

#### 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.

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 13 Retirement benefit schemes (continued)

The company participates in the Teachers' Pension Scheme ("TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £65,324 (2016: £52,425). At the year end no amounts were accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed the employer contribution rate for the TPS of 16.4% from 1 September 2015.

Employers will in addition from 1 September 2015 pay a scheme administration levy of 0.08% of the employers' salary costs which will increase the employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

The company also contributes to another 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.

#### 14 Operating lease commitments

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:

	2017 £	2016 £
Within one year	184,882	91,315
Between one and two years	35,122	-
Between two and five years	-	199,711
In more than 5 years	33,250	-
	<hr/>	<hr/>
	253,254	291,026
	<hr/>	<hr/>

# Realise Futures CIC

## Notes to the Financial Statements

### For the year ended 31 March 2017

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#### 15 Related party transactions

##### Remuneration of key management personnel

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

	2017 £	2016 £
Aggregate compensation		
(No guarantees have been given or received)	101,408	202,428

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During the year the company placed £122,253 (2016: £125,282) 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, £2,664 (2016: £7,920) was outstanding to DPS Technology Group. D Willingham also charged Realise Futures a total of £5,135 (2016: £30,037) for additional services and expenses during the year.

During the year the company also placed £6,782 (2016: £30,094) 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, Nil (2016: £1,636) was outstanding to Brodnyx HR Ltd.

#### 16 Cash generated from operations

	2017 £	2016 £
Profit/ (loss) for the year	131,756	(348,670)
Adjustments for:		
Investment income	(17)	(293)
Profit/ (loss)	131,739	(348,963)
Depreciation and impairment of tangible fixed assets	45,433	81,056
Movements in working capital:		
Decrease/(increase) in stocks	36,993	27,628
Decrease in debtors	20,078	216,040
Increase/(decrease) in creditors	(411,730)	436,700
<b>Cash (absorbed by) /generated from operations</b>	<b>(177,487)</b>	<b>412,461</b>

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# Realise Futures CIC

## Detailed Profit and Loss Account

For the year ended 31 March 2017

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	2017		2016	
	£	£	£	£
<b>Income</b>		7,495,707		8,939,544
Opening stock	79,610		107,238	
Materials	507,397		508,797	
Other direct costs	146,385		357,742	
Wages and salaries	2,813,040		3,439,540	
Employers national insurance	256,055		267,884	
Pension costs	451,418		552,867	
Closing stock	(76,497)		(79,610)	
Total cost of sales		4,177,408		5,154,458
		3,318,299		3,785,086
Bank interest received		17		293
<b>Overheads</b>				
Audit and accountancy	15,241		24,598	
Advertising	58,343		57,611	
Rent and rates	441,070		526,406	
Repairs and maintenance	99,152		105,110	
Cleaning costs	49,949		47,068	
Depreciation	45,433		81,056	
Profit on sale of fixed assets	(150)		-	
Motor expenses	194,241		240,852	
Admin salaries	1,276,025		1,537,897	
Directors remuneration	103,408		202,428	
Directors pension costs	21,461		42,301	
Consultancy	33,682		111,102	
Sub-contractor costs	191,995		382,881	
Travel and subsistence	23,182		31,744	
Training costs	5,947		18,112	
Recruitment costs	2,080		5,016	
Other employment costs	12,571		46,142	
Bad debts	29,144		3,381	
Bank charges	11,194		10,449	
Legal and professional fees	86,565		89,307	
Insurances	51,519		60,728	
IT and computer costs	115,212		173,122	
Telephone	88,171		78,510	
Postage printing and stationery	56,649		69,854	
Donations	-		4,678	



# Realise Futures CIC

## Detailed Profit and Loss Account

For the year ended 31 March 2017

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	2017		2016	
	£	£	£	£
<b>Overheads continued...</b>	<u>3,012,084</u>		<u>3,978,842</u>	
Subscriptions	36,135		28,489	
Irrecoverable VAT	32,203		19,075	
Reference materials	94,297		124,657	
Sundry expenses	11,841		11,475	
		<u>3,186,560</u>		<u>4,134,049</u>
<b>Profit / (loss) before taxation</b>		<u>131,756</u>		<u>(348,670)</u>

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# 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**

31.03.2017

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 was established in November 2012 and is a social enterprise operating across much of the East of England. The company employs around 340 people, of which approximately 30% are disabled or disadvantaged. We pursue a business strategy based on a diversified model that in 2016/17 combined three funded services: adult learning, adult careers service and supported employment alongside six social businesses (offering paid jobs). Together these component parts provide a holistic approach that enables individuals 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 whilst actively contributing to the economies of the communities in which we operate. As a Community Interest Company (CIC), we exist for a social and environmental purpose and reinvest profits back into the business.

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 and progress, as well as the profit we generate.

In summary, we delivered employment support, life-skills coaching, careers advice, learning and skills development and ran a number of successful social businesses. We managed four cafes, operated a wholefood shop, provided gardening services, grew seasonal produce and plants, ran a vegetable box delivery service in the local community, made a diverse range of public space outdoor furniture and play equipment (made out of 100% recycled plastic) and provided a fulfilment service to a diverse range of local and national businesses.

Realise Futures is a 'people' business so our relationships with clients, suppliers, professional bodies and community organisations have been pivotal to our continued trading. We are fortunate to enjoy good relationships and strive to maintain them through excellent customer relationship management both existing and new.

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, at least £2.51 is generated in social value.

During 2016/17 we have achieved and maintained ISO 9001 and 14001 BSI certifications. For Work Choice our Suffolk employment service achieved 89% of our job outcome targets and in Essex, over 530 customers were supported to gain and/or sustain paid employment. The learning and development division delivered 10,257 learning aims to 5,999 learners; those adult learners achieved a 96% success rate against their aims. Alongside our established staff, we provided approximately 200 people with supported placements across our social businesses.

*(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 as well as local community organisations and funders; these include Suffolk and Essex County Councils, the Skills Funding Agency, Futures (Advice, skills and employment) and Shaw Trust. Regular reviews and feedback 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 framework that inform direction, corrective actions where appropriate as well as a forum to discuss how our activity positively impacts on local agendas (e.g. health & wellbeing, improved mental health, social mobility and progression into further learning and/or employment).

Consultation with staff members take the form of local team meetings, a staff council, staff surveys 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. As a result of staff feedback, regular bulletins from the Board have been introduced, and the AGM will include a celebration of staff's contributions to the company's success as well as an opportunity to learn more about the company's diverse operations. Communication with stakeholders is also delivered via social media, press releases, staff intranet and the company's website. Analysis of data we have collected continues to demonstrate high levels of customer satisfaction (remaining at over 90% across the company). Corrective actions taken as a result of the few complaints received have been swiftly taken to improve practice and are reported quarterly at management 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

*Sally Butcher*

Date

04/07/2017

*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	
Lovetofts Drive, Ipswich, Suffolk	
IP1 5NZ	Tel 01473 242500
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)**