

Pure Innovations Limited
(A registered charity and company limited by guarantee)

Report and Financial Statements
for the Year Ended 31 March 2011

Charity number 1111252
Company number 5241249

Pure Innovations Limited
(A company limited by guarantee)

Financial Statements for the Year Ended 31 March 2011

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Pure Innovations Limited

Report of the Board for the year ended 31 March 2011

The Board presents its report and audited financial statements for the year ended 31 March 2011. The company was dormant from 24 September 2004 until it commenced operating on 1 July 2005 when it acquired the Stockport MBC Social Services Department – Employment Services Division under a TUPE agreement from Stockport MBC.

Reference and Administrative Information

Charity Name: Pure Innovations Limited

Charity registration number: 1111252

Company registration number: 5241249

Registered Office and
main operational address: Sanderling Building
Bird Hall Lane
Cheadle Heath
Stockport
SK3 0RF

Trustees

Mr. D Lennie Chair
Mr. J Morgan
Mrs. L Lunn
Mrs. J Lancaster

Company Secretary

Mr. I Taylor

Executive Management Team

Mr. D Cresswell Chief Executive
Mrs. C Gaskell Director of Human Resources
Mrs. J Hutton Director of Human Resources
Mrs. L Parrott-Bates Senior Director
Mr. I Taylor Director of Finance

Auditors

Hallidays Accountants LLP, Kings Reach Park, Yew Street, Stockport, SK4 2HD

Bankers

Cooperative Bank plc, St Peter's Square, Stockport SK1 1 NX

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Structure, Governance and Management

Governing Documents

The organisation is a charitable company that is limited by guarantee. It was incorporated on 24 September 2004 and registered as a charity on 12 September 2005. The company has been established under a Memorandum of Association which defines the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Trustees

The members of the Board of Directors of the company are also charity trustees for the purposes of charity law and under the company's Articles of Association are known as Trustees. Under the requirements of the Memorandum and Articles of Association the Trustees are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting.

Mr. R Haldane resigned as a trustee during the year. The Board wishes to give their thanks to Rob for his contribution to the company since its formation.

At the AGM held in 2010, Mrs. J Lancaster, who was appointed a trustee on 11 January 2010, retired and was re-elected along with Mrs. L Lunn.

Mr J Morgan, who has previously been a trustee of the charity, was re-appointed on 20 September 2010 will retire and offer himself for re-election at the AGM 2011 along with Mr D Lennie who will retire by rotation.

An extensive range of business and caring skills are well represented on the Board. In an effort to maintain this broad skill mix, members of the Trustees have provided a skills profile. In the event that the skills profile is changed due to Trustee retirements, individuals are approached to offer themselves for election to the Board.

Trustee Induction and Training

The Trustees are already familiar with the practical work of the charity having been involved with the activities of the charity since its inception and having received a detailed induction provided by the Chief Executive.

Additionally, new trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These are jointly led by the Chief Executive of the charity and cover:

- The obligations of Trustees.
- The main documents which set out the operational framework for the charity including the Memorandum and Articles.
- Resourcing and the current financial position as set out in the latest published accounts.
- Future plans and objectives.

An induction pack has also been prepared drawing information from the various Charity Commission publications signposted through the Commission's guide "the Essential Trustee" as a follow up to these sessions. This is distributed to all new trustees along with the Memorandum and Articles and the latest financial statements. Feedback from trustees about their induction has been very positive.

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Risk Management

The Executive Management Team has conducted a review of the major risks to which the charity is exposed. These reviews will be updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. External risks to funding have led to the development of a strategic plan which will allow for the diversification of funding and activities. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors to the company. The contracts and service level agreements with the charity's partners provide for regular review of the quality of service delivered. Quality standards have been established that meet or exceed the contractual commitments. The charity is subject to external quality audit by OFSTED, Financial and Monitoring unit of JobcentrePlus (FAM). These procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

Organisational Structure

Pure Innovations has a Board of up to 8 members who meet every two months and are responsible for the strategic direction and policy of the charity. At present the Board has four members from a variety of interest and professional backgrounds relevant to the work of the charity. The Secretary is also a member of the Board.

A scheme of delegation is in place and day to day responsibility for the provision of the services rest with the Chief Executive along with the other members of the Executive Management Team. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Chief Executive also has responsibility for the day to day operational management of the company, individual supervision of the Executive Management team and also ensuring that the team continues to develop their skills and working practices in line with good practice.

Objectives

The company's objects and principal activities set out in the company's Memorandum are to foster and promote for the benefit of the public the advancement of education, the relief of poverty and sickness and for any other charitable purposes by all or any of the following means:

- The relief of unemployment for the public benefit in such ways as may be thought fit, including assistance to find employment.
- The advancement of education, training or re-training particularly among unemployed people and providing unemployed people with work experience and among the providers of education, training and work experience to beneficiaries of the Charity
- The provision or assistance in the provision of care and recreational facilities in the interests of social welfare for those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances, have need of such facilities with the object of improving the beneficiaries' conditions of life
- The provision of a broadcasting and information service for the advancement of education, the relief of poverty and sickness and for any other charitable purposes for the benefit of the inhabitants of the Metropolitan Borough of Stockport and surrounding districts or other defined local areas for which a broadcasting licence is awarded.

The overall aim is to promote independence, increase choice and provide more appropriate support to people to make the most of their capacity and potential.

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Activities

The activities of the company commenced on 1 July 2005 with the transfer of the undertaking formerly known as Stockport MBC – Social Services Department - Employment Services to the company. The activities are structured to cover the following areas and subdivisions of operation: -

CARE SERVICES

Volunteering and Community Action Services move socially disadvantaged people closer to the employment market by developing and running a diverse range of vocational projects and intermediate labour market initiatives. These are designed to assist people to engage in activities in the community that people from the community appreciate as well as to help develop a range of skills. Volunteering offers various alternatives to the traditional forms of rehabilitation or day care. In addition, there are volunteers providing services to the company, mainly assisting with the running of the radio station. The company does not seek to calculate or account for the value of the service provided by its volunteers.

Care and Leisure Services provide support for people with profound and severe disabilities, assisting them to fully participate in ordinary day-to-day activities in their local communities.

CATERING SERVICES

Catering Services run seven catering establishments. These outlets offer training opportunities in customer care, health and safety and food hygiene. They offer volunteer placements to up to thirty service users each day.

EMPLOYMENT SERVICES

Placement Services find employment for the long term unemployed and socially disadvantaged people who are not catered for, or who have been rejected by mainstream service providers. An important part of this service is to seek ways of retaining employment for such people who may be at risk of losing their employed status.

OTHER SERVICES

Media Services run a community radio station, Pure107.8fm, which is used as a vehicle to raise awareness throughout Stockport of the issues faced by people who are the most disadvantaged areas of the Borough and provides a voice for the Stockport Community.

Other activities include the provision of consulting and advice to other organisations involved in the provision of care and other services to disabled and socially disadvantaged people.

The company sets operational performance targets for all of the activities mentioned above and has exceeded the majority of targets set. In excess of 700 people are currently supported by the charity.

Every one of the services / projects described above will be continued on the same or similar bases by Pure Innovations during 2011-12. The company is still relatively new and there has been a period of consolidation during which the whole range of services has been re-assessed and the management of the company structured in such a way as to maximise the full potential of the market using innovative ways of expanding and improving.

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Existing Partnerships

The company has a number of contracts and service level agreements with the following list and also other organisations. These organisations act as commissioning agents as well as partners in the delivery of services to disadvantaged and disabled service users.

Stockport Council and Stockport Primary Care Trust

- Learning Disability
- Mental Health
- Physical & Sensory
- Community Services
- Heritage Services
- Leisure Services

Manchester City Council

- Learning Disability Service

JobCentrePlus:

- WORKSTEP Contract Greater Manchester
- WORKSTEP Contract Stockport

Shaw Trust

- Workchoice Contract

Rochdale Borough Council

- Learning Disability Service

Northamptonshire County Council

- Employment Service covering Learning Disability, Mental Health and Children's Service transition service users

London Borough of Kensington & Chelsea

- Employment Service covering Learning Disability, Mental Health

Financial Review

The charity, with the aid of sound financial management and the support of both its staff and volunteers, generated a positive financial outcome for the period with a net surplus after adjustments relating to the Pensions Scheme of . This surplus has been increased by a 'one-off' credit £790,000 arising as a result of changes to pension increases introduced in the Chancellor's budget statement.

This outcome has then also been further impacted by a favourable charge of resulting from Actuarial adjustments made by Hymans Roberts LLP, the Scheme Actuaries. This credit amounts to £1,902,000 and it arises as a result of long term actuarial assumptions. These assumptions define expectations for the performance of investments, other changes arising from the current global economic situations, low interest rates, inflation of salaries and pensions and, finally, increased longevity expectations for scheme members when they reach retirement. The changes to the assumptions used by the Actuaries are outlined in more detail in Note 12 to these accounts.

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Principal Funding Sources

The principal funding sources for the charity are currently by way of grant and service level contracts agreed with the partners shown above. In addition, income is generated from the general public who use the Catering Services. Further fees and charges are also received for the provision of consulting advice.

Investment Policy

Aside from retaining a prudent amount in reserves, most of the charity's funds will be spent in the short term so there are no funds designated for long term investment. Grants and fees received in advance are invested to maximise the interest receivable on special deposit with the company's bankers.

Reserves Policy

The Board has examined the charity's level of reserves in light of the requirements to the organisation. It has established a policy whereby the charity should seek to generate a surplus of about 5% of its income in order to accumulate unrestricted funds for the company. The reserves are needed to meet the working capital and development requirements of the charity. It is intended that the charity should seek to build up reserves so that a balance representing around 3 months expenditure is held. As a relatively new charity, it is accepted that this position has taken a number of years to achieve. The budget expenditure for 2011-12 is £5.3m, so this would require unrestricted reserves of £1.3m. The Board is confident that at this level they would be able to continue the current and prospective activities of the charity. In the short term the Board has also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise.

Plans for Future Periods

The charity plans continuing the activities outlined above in the forthcoming years subject to satisfactory funding arrangements.

The company was successful in winning a contract from London Borough of Kensington and Chelsea that commenced on 1 June 2010 to run an Employment Service for a range of people with Learning disability, mental health problems and for people in transition from Children's Services.

Contracts under the Workstep programme were extended until October 2010 and Pure has been selected to become a sub-contractor under the replacement Workchoice programme. Workchoice has a prime contractor, Shaw Trust, for the Greater Manchester area. Pure is contracted to act as subcontractor for five years to Shaw for the delivery of this service.

Pure holds Investors In People accreditation. The company is also has achieved Care Quality Commission accreditation as a provider of service for Domiciliary Care

The charity is actively seeking opportunities to widen its area of operation using the skills and expertise that have been developed in running existing services.

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Responsibilities of the Board

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Board should follow best practice and:

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

In addition, Company law also includes a requirement for directors of all companies to include a statement in the directors' report about the disclosure of information to the auditors. The Board confirms that:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of it.

The Board is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Board

Members of the Board, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 3. The company has Trustee Indemnity insurance cover in force.

Auditors

Hallidays Accountants LLP was appointed as the company's auditors during the year and has expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of the small company regime Section 419 (2) of Companies Act 2006.

Approved by the Board on 22 August 2011 and signed on its behalf by:

D Lennie **(Chair)**

J Morgan **(Trustee)**

Pure Innovations Limited
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURE INNOVATIONS LIMITED.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditor's 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.

We have audited the financial statements of Pure Innovations Limited for the year ended 31 March 2011 which comprise the Summary Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit or if disclosures of trustees' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PURE INNOVATIONS LIMITED** *(continued)*

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the (Companies Act 2006); and
- The information given in the Trustees' Annual Report is consistent with the financial statements.

Anna E Bennett
Senior Statutory Auditor
HALLIDAYS ACCOUNTANTS LLP
Chartered Accountants

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

22 August 2011

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Statement of Financial Activities

(including Income & Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted General Funds 2011	Unrestricted arising from FRS17 2011	Total Funds 2011	Total Funds 2010
	Notes	£	£	£	£
INCOMING RESOURCES					
charitable activities:					
Grants & service contracts	2	5,069,197	-	5,069,197	4,621,109
Catering Services		518,299	-	518,299	548,840
Other services		262,199	-	262,199	279,598
Total incoming resources		5,849,695	-	5,849,695	5,449,547
RESOURCES EXPENDED					
Charitable activities					
	3	5,640,830	(709,000)	4,931,830	5,011,909
Governance costs					
	3	43,888	-	43,888	40,000
Total resources expended		5,684,718	(709,000)	4,975,718	5,051,909
Net movement in funds from charitable activities		164,977	709,000	873,977	397,638
FINANCE INCOME					
Bank interest		11,005		11,005	13,169
Finance income (charge) from Pension scheme	12		(53,000)	(53,000)	(34,000)
		11,005	(53,000)	(41,995)	(20,831)
SURPLUS FOR THE YEAR					
		175,982	656,000	831,982	376,807
ACTUARIAL GAIN / (LOSS) IN PENSION SCHEME					
	12		1,902,000	1,902,000	(2,457,000)
Net movement in funds for the year		175,982	2,558,000	2,733,982	(2,080,193)
Reconciliation of funds					
Total funds brought forward		1,842,721	(2,666,000)	(823,279)	1,256,914
Total funds carried forward		2,018,703	(108,000)	1,910,703	(823,279)

The statement of financial activities includes all gains and losses in the year.

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Balance Sheet

	Notes	2011		2010	
		£	£	£	£
Fixed Assets					
Tangible assets	8		79,162		71,238
Current Assets					
Stock		9,332		8,821	
Debtors	9	208,709		177,669	
Cash at bank and in hand		<u>2,418,971</u>		<u>2,192,957</u>	
		<u>2,637,012</u>		<u>2,379,447</u>	
Current liabilities					
Creditors: amounts falling due within one year	10	<u>697,471</u>		<u>607,964</u>	
Net Current Assets			<u>1,939,541</u>		<u>1,771,483</u>
Total assets less current liabilities before Pension Scheme Reserve					
Defined benefit Pension Scheme - Asset (Liability)	12		2,018,703		1,842,721
			(108,000)		(2,666,000)
Net Assets			<u>1,910,703</u>		<u>(823,279)</u>
Unrestricted funds					
Comprising:-					
General reserve		2,018,703		1,842,721	
Pension Fund reserve		(108,000)	1,910,703	(2,666,000)	(823,279)
Total Funds			<u>1,910,703</u>		<u>(823,279)</u>

The accounts are prepared in accordance with the special provisions relating to small entities in Section 419 (2) of the Company Act 2006.

Approved by the Board on 22 August 2011 and signed on its behalf by:

D Lennie (Chair)

J Morgan (Trustee)

Company number 5241249

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Notes forming part of the Financial Statements for the year ended 31 March 2011

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported separately:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; most others are apportioned on the basis of directly incurred staff costs.

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(e) Fixed assets

Fixed assets (excluding investments) are stated at cost (or valuation in the case of assets transferred from SMBC on 1 July 2005) less accumulated depreciation. Generally, the costs of minor additions are not capitalised. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life.

Depreciation is calculated on a straight line basis at the rates shown below: -

IT equipment	33%
Catering equipment	25%
Fixtures and fittings	25% - 33%
Alterations to leasehold premises	10%

(f) Stock

Stock is stated at the lower of cost and net realisable value

(g) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the life of the lease.

(h) Pension scheme

The company operates a defined benefit pension scheme for employees. The scheme is an admitted body to the Greater Manchester Pension Fund (GMPF). The GMPF scheme is a local government pension scheme and is administered by Tameside Metropolitan Borough in accordance with the Local Government Pension Scheme regulations. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

2. Incoming Resources from Activities to further the Charity's Objects

	2011	2010
Sources of income	£	£
Stockport MBC	2,790,603	2,770,653
Workstep / Workchoice contracting	1,060,972	791,663
Catering activities	518,299	548,840
Rochdale MBC	444,479	440,929
London Borough of Kensington and Chelsea	191,667	-
Manchester City Council	167,356	187,020
Northamptonshire Country Council	197,203	150,182
London Borough of Barking and Dagenham	46,076	254,203
Other grant providers and other sources of income	433,040	306,057
	<u>5,849,695</u>	<u>5,449,547</u>

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3. Total Resources Expended

Costs directly allocated to operational activities	Day Service £	Employment Service £	Catering £	Other Activities £	Total £
Payroll and subcontractor costs	1,288,011	1,705,062	275,863	221,378	3,490,314
Cost of sales & Kitchen equip't	843	-	211,405	-	212,248
Premises	14,519	11,599	102,627	1,782	130,527
General administration	22,027	22,249	7,488	6,524	58,288
Travelling and subsistence	135,085	66,285	1,990	2,934	206,294
Financial	-	-	-	-	-
Depreciation	-	-	-	-	-
Equipment	6,871	4,272	9,185	1,614	21,942
Governance	-	-	-	43,888	43,888
Total	1,467,356	1,809,467	608,558	278,120	4,163,501

Central costs and support costs reallocated	Day Service	Employment Service	Catering	Other Activities	Total
Costs reallocated	549,615	212,602	-	50,000	812,217

Revised costs allocated to activities	Day Service	Employment Service	Catering	Other	Total
Payroll and subcontractor costs	1,476,676	1,778,041	275,863	271,378	3,801,958
Cost of sales & Kitchen equip't	1,007	63	211,405	-	212,475
Premises	54,240	26,964	102,627	1,782	185,613
General administration	252,427	111,372	7,488	6,524	377,811
Travelling and subsistence	188,816	87,069	1,990	2,934	280,809
Financial	37	15	-	-	52
Depreciation	30,786	11,909	-	-	42,695
Equipment	12,982	6,636	9,185	1,614	30,417
Governance	-	-	-	43,888	43,888
Allocated costs	2,016,971	2,022,069	608,558	328,120	4,975,718

The company does not allocate support costs to activities as part of the day to day financial management of the charity. The allocation shown above has been calculated in order to comply with the requirements of the SORP for Charity Accounting. It is based upon the concept that the charity is a 'people led' service and that support costs should be allocated on the basis of the appropriate direct staffing costs incurred by the company.

4. Net Incoming Resources for the Year

	2011	2010
	£	£
This is stated after charging:		
Depreciation	42,695	34,328
Governance costs: -		
Audit	8,888	8,000
Other costs Inc. Risk management	35,000	32,000

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5. Staff Costs and Numbers

	2011	2010
	£	£
Staff costs were as follows:		
Salaries and Wages	3,536,409	3,108,449
Social security costs	236,181	206,240
Pension funding - see below	351,752	166,496
Pension Past Service (Gain)	(790,000)	-
Other costs	80,373	74,409
Staff costs	<u>3,414,715</u>	<u>3,555,594</u>
Subcontractor costs	387,249	446,406
Total	<u><u>3,801,964</u></u>	<u><u>4,002,000</u></u>

Pension funding includes an increase of £81,000 (2010 £70,000 reduction) to the Employer contributions paid to GMPF to the Actuarial calculation for Employer contributions for Current Service and Past Service under FRS17. The Past Service Cost figure for this year comprises a gain of £790,000 in respect of the changes to pension increases introduced in the Chancellor's budget statement.

See Note 12 for more information on the Pension Scheme.

One employee received emoluments within the band £60,000-£70,000 (2010 - 1).

The average number of employees during the year, calculated on the basis of full time equivalents was:

	2011	2010
	Number	Number
Chief Executive and Executive Management Team	5	5
Day Services	75	75
Catering Services	16	17
Employment Services	36	31
Other Services	14	12
Administrative staff	6	11
	<u>152</u>	<u>151</u>

6. Trustee Remuneration and Related Party Transactions

None of the trustees received any remuneration during the year.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

7. Taxation

As a charity, the company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have been included in the SoFA for the charity.

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8. Tangible Fixed Assets

	IT Systems £	Catering Equipment £	Fixtures & Fittings £	Alterations to Leasehold premises £	Motor Vehicle £	Total £
Cost						
1 April 2010	243,337	56,951	133,989	71,614		505,891
Additions	32,741	4,250		6,474	7,154	50,619
31 March 2011	<u>276,078</u>	<u>61,201</u>	<u>133,989</u>	<u>78,088</u>	<u>7,154</u>	<u>556,510</u>
Depreciation						
1 April 2010	223,545	49,570	132,894	28,644		434,653
Charge for the year	23,952	8,052	1,094	7,808	1,789	42,695
31 March 2011	<u>247,497</u>	<u>57,622</u>	<u>133,988</u>	<u>36,452</u>	<u>1,789</u>	<u>477,348</u>
Net book value 31 March 2011						
	<u>28,581</u>	<u>3,579</u>	<u>1</u>	<u>41,636</u>	<u>5,365</u>	<u>79,162</u>
Net book value 31 March 2010	<u>19,792</u>	<u>7,381</u>	<u>1,095</u>	<u>42,970</u>	<u>-</u>	<u>71,238</u>

9. Debtors

	2011 £	2010 £
Trade debtors	200,813	174,709
Other debtors and prepayments	7,896	2,960
	<u>208,709</u>	<u>177,669</u>

10. Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	174,033	123,503
Taxation and social security	180,287	128,786
Other creditors and accruals	343,151	355,675
	<u>697,471</u>	<u>607,964</u>

11. Commitments under operating leases

The company had annual commitments under operating leases on land and buildings as set out below

	2011 £	2010 £
Leases expiring within one year	-	-
Leases expiring within two to five years	117,000	110,000
	<u>117,000</u>	<u>110,000</u>

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12. Pension scheme

The company operates a defined benefit pension scheme for employees. The scheme is an admitted body to the Greater Manchester Pension Fund. The GMPF scheme is a local government pension scheme and is administered by Tameside Metropolitan Borough in accordance with the Local Government Pension Scheme regulations. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2010, the next formal triennial valuation will be made with an effective date of 31 March 2013.

Contributions to the scheme have been made during 2010-11 at rates that have been recommended by the GMPF actuarial advisors.

These are: -

Employee - Banded rate based upon pensionable earnings

between 5.5% and 7.5%

Employer -14.7% of pensionable earnings

The Employee contribution rate for 2011-12 continues to be based on banded scales that are reviewed each year and are calculated from the employee's earnings. The Employer contribution has increased to 15.4%.

When the Company joined the GMPF on 1 July 2005 there was a transfer of employees from Stockport MBC. The transfer of pension arrangements was on a "fully funded" basis, i.e. there was no transfer deficit in the Fund attributable to the transferring employees (on the ongoing valuation basis) from Stockport MBC. It should be noted that the year end valuation calculated under FRS17, showed a variation from the initial valuation which was made using a differing accounting convention.

The valuation adopted in these accounts uses FRS17 as its basis and assumes a notional re-allocation of assets in the Fund from Stockport MBC to Pure on this basis.

Financial Assumptions

The financial assumptions used for the purposes of the FRS17 calculations are shown in the table below.

	31 March 2011 % p.a.	31 March 2010 % p.a.
Inflation / Pension Increases	2.8%	3.8%
Salary Increases	4.3%	5.3%
Expected Return on Assets	6.6%	6.9%
Discount Rate	5.5%	5.5%

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12. Pension scheme (continued)

Mortality Assumptions

The actuarial assumptions of life expectancy have been updated in the 2010 actuarial valuation. Based on these changed assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2011 Yrs.	31 March 2010 Yrs.	31 March 2011 Yrs.	31 March 2010 Yrs.
	Current Pensioners		Future Pensioners	
Male	20.1	19.6	22.5	20.7
Female	22.9	22.5	25.0	23.6

Assets and liabilities (including assumed return on assets)

	31 March 2010		31 March 2010	
	Return		Return	
Assets	% p.a.	£,000	% p.a.	£,000
Equities	7.5%	3,488	7.8%	2,872
Bonds	4.9%	898	5.0%	686
Property	5.5%	264	5.8%	257
Cash	4.6%	634	4.8%	471
Total	6.7%	5,284	6.9%	4,286
Scheme liabilities		5,392		6,952
Net Pension asset (liability)		(108)		(2,666)

Reconciliation of Balance sheet figure	Scheme Assets	Scheme Liabilities	net Pension Asset (Liability)
	£,000	£,000	£,000
Shown in the Statement of Financial Activities			
Current service cost		(344)	(344)
Employer Contributions made	263		263
Past Service gains (losses)		790	790
Forming part of pensions charge - see note 5 above	263	446	709
Member contributions	120	(120)	-
Estimated benefits paid	(35)	35	-
Member Contributions and Benefits	85	(85)	-
Expected return on Assets	307		307
Interest on Pension Liabilities		(360)	(360)
Finance income arising from Pension scheme	307	(360)	(53)
Actuarial gains (losses)	343	1,559	1,902
Actuarial and Past Service gain(losses)	343	1,559	1,902
Total adjustments made within Statement of Financial Activities	998	1,560	2,558
Net pension asset (liability) under FRS17 - 1 April 2010	4,286	(6,952)	(2,666)
Net pension asset (liability) under FRS17 - 31 March 2011	5,284	(5,392)	(108)

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13. Movement on Reserves

	General reserve	Pension Fund reserve	Total
	£	£	£
1 April 2010	1,842,721	(2,666,000)	(823,279)
Incoming resources	5,849,695	-	5,849,695
Resources expended	(5,684,718)	709,000	(4,975,718)
Finance income	11,005	(53,000)	(41,995)
Actuarial Gain / (Loss) in Pension Scheme	-	1,902,000	1,902,000
31 March 2011	2,018,703	(108,000)	1,910,703

The Past Service Cost figure for this year comprise a gain of £790,000 in respect of the changes to pension increases introduced in the Chancellor's budget statement.