

# REGISTRAR OF COMPANIES

Company registration number: 02500964

Charity registration number: 1039255

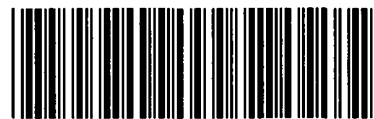
## Abilities Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 May 2017

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## **Abilities Limited**

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## **Abilities Limited**

### **Reference and Administrative Details**

#### **Trustees**

The Pluss Organisation CIC (appointed 15 December 2017)  
J Price (resigned 15 December 2017)  
M Cowling (resigned 15 December 2017)  
K Shaw (appointed 23 November 2016; resigned 15 December 2017)  
D Rockett (deceased 3 October 2016)  
I De Vere Moss (deceased 28 September 2016)  
The Pluss Organisation CIC (appointed 15 December 2017)

#### **Directors**

Steve Hawkins (appointed 15 December 2017)  
Martin Ridgeway (appointed 15 December 2017)

#### **Secretary and CEO**

R Cormack

#### **Principal Office**

Waverley Road  
Weymouth  
Dorset  
DT3 5HL

#### **Company Registration Number**

02500964

#### **Charity Registration Number**

1039255

#### **Auditors**

PKF Francis Clark  
Senior Statutory Auditor  
Towngate House  
2-8 Parkstone Road  
Poole  
Dorset  
BH15 2PW

## **Abilities Limited**

### **Trustees' Report**

#### **Introduction:**

The Trustees present their annual report and accounts for the year ended 31 May 2017.

The Directors of the charitable company (the Charity) are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees. Their responsibilities include all the responsibilities of Directors under the Companies Act 2006 and of Trustees under the Charities Act 2011.

The charitable company is a limited company (by guarantee) and is governed by a Memorandum and Articles of Association dated 10th May 1990, as amended on 5th April and 17 May 1994. The full name of the Charity is Abilities Limited.

The objectives and activities of the Charity:

The objective of the Charity is the relief of poverty, sickness and distress of people living within the UK, particularly in Dorset, by providing vocational training and employment support services which are compatible with their disabilities and needs to:

a) persons suffering from disabilities; b) persons finding difficulty obtaining work as a result of long term unemployment.

The charitable company, by training and assessing individuals who are either disabled or who have been unemployed for a long period of time aims to be able to secure jobs for those people who may previously have been unable to find employment.

There will be a review of the Charity at the year end. We will ensure that the Charity continues to work with and assist customers with disabilities find employment and persons finding difficulty obtaining work as are as a result of long term unemployment.

#### **Organisational Structure:**

On 15<sup>th</sup> December 2017, The Pluss Organisation CIC became the sole Trustee of the organisation.

The Trustee currently delegates the day to day running and management to the Chief Executive Officer and will provide close support in achieving the objectives of the Organisation.

The re-structure of Abilities Limited detailed below will see the Executive Directors of Abilities appointed on 15<sup>th</sup> December 2017 take more of an active involvement in the day to day running of the company.

All new Trustees are inducted to the business, however Trustees have during 2016/17 not been in receipt of any specific training. Pluss became a Corporate Trustee on 15<sup>th</sup> December 2017. Its representative who became Directors at this point are experienced Directors who have been in receipt of appropriate training and development as part of their Directorships and Board positions at Pluss. This ongoing development will be reviewed to ensure that it encapsulates specific requirements attributable to their responsibilities associated to Abilities Limited.

## **Abilities Limited**

### **Trustees' Report**

#### **Major risks:**

The key risk to the company lies in its ability to commercially operate a level of contractual provision sufficient to sustain the organisation and remain a going concern. This risk will be mitigated by the support of its Trustee Pluss, but the challenge remains for the business to become self-sustaining.

In order to ensure the sustainability of the organisation Pluss as Trustee have carried out a major review of the business since assuming responsibility in December 2017.

In ensuring that the organisation can continue as a going concern a major restructure was launched on the 16<sup>th</sup> April 2018. Unfortunately, this restructure will see headcount reduce by 18 members of staff across management roles, business support roles, and operational staff attached to contracts coming to an end or currently operating at a deficit.

This restructure will ensure that Abilities Limited can operate at a reduced deficit in 2018/19 as compared to the predicted deficit for 2017/18, and importantly operate at a level that Pluss will financially support. This support will enable the key Work and Health contract to mature, this contract will become the foundation of Abilities Limited for the medium-term future. During 2018/19 Pluss will also assist Abilities Limited with key business development activities to ensure that its long-term future beyond 2018/19 is secure.

#### **Key management arrangements for setting pay and remuneration of key management**

We benchmark the pay of our key managers against the salary of local colleges, NHS and Dorset County Council. Furthermore, when winning contracts from the National Lottery and ESF (European Social Fund) generally our key managers are close to the pay band.

#### **Risk Management:**

The Management Committee conducted its own review of the major risks to which the charity is exposed and established systems to mitigate the effect of those risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery of all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

#### **Reserves Policy:**

The Management Committee reviews the level of reserves required on a periodic basis and takes a flexible approach to the charity's requirements. At the commencement of the year, the Board of Trustees were satisfied that the charity's assets are adequate to fulfil its obligations. The minimum requirement is to fund four months' running costs, which equates to approximately £400,000 of working capital, which would finance the current activities of the charity in the event of a significant drop in funding. The level of reserves at 31 May 2017 was £63,114.

The low level of reserves in May were identified as a key risk to the organisation, and the Trustees worked closely with the management team to implement strong cost control measures alongside business development activities to correct this position.

Despite efforts, it became clear during the final months of 2017 that the charity was facing a very challenging situation position, and could have potentially become insolvent by the end of December. To address this situation, Pluss were approached to form a partnership, and following negotiation and due diligence processes by the Boards of both organisations, on the 15th December 2017 Pluss was appointed Trustee, and the previous trustees resigned.

In its new status as sole Trustee, Pluss then made an investment of £100,000 to ensure that Abilities were able to continue trading.

### **Main Activities:**

The activities we carry out to achieve our objectives are as follows:-

- We secure and deliver contracts from National and Local organisations that are funded through Government and European Social Fund, including the National Lottery's grant funding opportunities. Through these contracts we help unemployed and disabled participants to either move towards or gain sustainable worthwhile employment.
- To engage volunteers who apply for a position. They may be good listeners, and for example are able to train our customers in IT, or assist in our Admin offices. On many occasions, our participants who have been unsuccessful in finding employment want to join us as a volunteer, to gain valuable and up to date work experience. After a period of volunteering we often recruit these volunteers because they have a knowledge, understanding of and empathy for those they are helping. Once we identify a volunteer that might become a paid member of staff we plan a period of observations, interviews and meetings to ensure they have the skills and understanding of our objectives and commitment to help those most disadvantaged in the labour market.

### **Funding:**

Our funding is derived through government contracts, the majority of which are ultimately procured by the Department of Work & Pensions (DWP), but which are "primed" by larger providers of employment services, for example: Shaw Trust, Pluss, Working Links, and Bournemouth & Poole College for whom we act as sub-contractors. Outside of DWP funded contracts, we also deliver services which are funded by the National Lottery and the European Social Fund.

In addition to our employment-specific work, we deliver skills training which is funded by Dorset County Council. Providing training adds significant value to the people which we help in terms of their readiness for work.

### **Aims:**

It is our aim to help people to find sustainable employment. In this year, we helped over 220 people find work, 100 people on the Work Programme, 60 on the Work Choice Programme and over 40 on other programmes which we are running. Each contract was targeted to achieve jobs on a monthly basis with an agreed number of people going into work and sustaining employment for six months. Our sustainment rate is 60% over all our programs.

**Strategy to finance and improve jobs outcomes on existing and new contracts. Short Term and Long term objectives:**

- To maximise performance on the recently won National Lottery and ESF funded contract BBO Somerset.
- Have robust financial management and controls to continuously monitor our income and expenditure, thus ensuring that the company is sustainable.
- Continue to tender for and win new business on as many new platforms as possible including ESF, National Lottery and DWP's Dynamic Purchasing System.
- To secure additional subcontracted work, and build on the success we have with SES (Specialised Employment Support) with the Prime provider Kennedy Scott.
- To make a success of our contracts we have with our partner Pluss, which include BBO Somerset and The Work & Health Programme.
- To build on our newly formed partnership with Pluss (in particular with regard to its Corporate Services and Business Development functions) to help drive Abilities forward

**Public benefit:**

The Trustees have given due regard to public benefit when planning the charity's activities, in accordance with the Charity Commission's Guidance on Public Benefit. The paragraphs above set out our activities, achievements and performance during the year, which are directly related to the objects and purposes for which the charity exists.

The charity achieves its principal objects and purposes by providing vocational training to persons suffering from disabilities and persons finding difficulty obtaining work because of long term unemployment. These benefits are directly related to the aims of the charity and are fully compliant with the Charity Commission Guidance on Public Benefit.

**Significant activities undertaken:**

During the year we won and commenced delivery of 3 contracts from the LEP (Local Employer Partnership) funded by the European Social Fund. The contracts were designed to help participants that were closer to the labour market and where we could deliver some extra time and support that couldn't be supplied by Jobcentre Plus Work Coaches. In practice, the contract so far has only benefited those farthest from the Labour market as most Participants close to finding work were found employment by Jobcentre Plus staff. However, the contracts have delivered many life changing activities from training, Volunteering, Work Experience and Job outcomes.

In addition, we won a contract from DWP after they introduced a Benefit Cap of £20,000 for those participants claiming benefits living outside London. The aim of the contract was to help find participants part and full-time work to bridge the gap between their original income from DWP and the income they had lost, bringing their income up to its original level before the loss of benefits. This proved to be a very difficult contract to deliver, but we offered many customers information support and employment opportunities. We measured our success during this period by the number of people we had been able to help and the success our customer had in moving towards employment. Ensuring that the Participant received an excellent service from Abilities, which was done both qualitatively and quantitatively

**Quality of service:**

We have worked with over 500 participants over the period, and we are pleased to report that the number of complaints have been very low (in single figures) and all have been resolved amicably.

We have successfully achieved the contractual requirements for all our contracts and grants over the period.

**Social investment activities:**

We continue to invest in North Dorset through leasing a training centre and supplying staff to help those unemployed or disabled and classed as rurally challenged. Although we receive some funding for supporting our customers in Dorset it does not cover our costs. As a Charity, we feel the loss is outweighed by the job results we get and how we can publicise the difficulties the inhabitants of North Dorset face daily. This is suffering from the lack of employment, transport links and poor housing opportunities.

**Long term aims:**

We want to expand our provision to provide services outside Dorset as we feel the time has come to provide our services to other counties helping more participants into sustainable work. To fund this aim we have secured a contract to help disabled and long term unemployed participants find sustainable employment, in Hampshire along the M27 and M3 corridors. The programme is called JAG (Job Activity Group) and is well received by its participants and referring agencies. The programme was designed to work with 15 participants but the course was always oversubscribed with over 25 participants attending the course. We felt the JAG course would be a loss leader for Abilities in Hampshire and this has been the case. The JAG course was such a success we have been offered a contract extension and this time we will be far more diligent with the cost of the course. The good reports from the JAG course have now won us more business for 2017 and 2018 in Hampshire. We are looking forward to continuing to help more participants by securing jobs for them.

Following our partnership with Pluss, we will be working closely with them and their Business Development capability to secure new business for the organisation.

**Volunteers:**

We normally engage volunteers who have been unemployed for over six months or have knowledge of being unemployed and have the understanding and empathy of those they are helping. We plan and carry out a period of observation interviews and meetings to ensure they have the skills and understanding of our objectives and commitment to help those most disadvantaged in the Labour market. To ensure our Volunteers are not disadvantaged themselves they are treated as members of staff and Abilities HR Director is currently drawing up a policy on all aspects of recruiting and retaining our Volunteers.

**Financial review:**

The Forecasts and Staff costs are reflective of the company at the end of the year.

We will continue with the strong financial, administration and management that has been in place throughout the year. This includes ensuring that we have the correct number of staff working on all contracts, as well as reviewing



the overall levels of staff we employ. In 2017 and 2018 we will continue with our policy of necessary redundancies and voluntary redundancy to reduce costs wherever possible.

We understand that as a charity that employs and helps people who without our assistance stand little chance of finding employment, it is our duty to help and support those staff leaving us as we would our participants to find other jobs. We are very proud that in the previous year those staff that have been made redundant found employment elsewhere, mostly away from this industry and into other jobs such as Admin, receptionist and of course Care Workers.

Moving forward, changes to our programmes will mean that the financial position for Abilities will remain challenging for the Financial years 2017/18 and 2018/19. Referrals have now ended for the Work Programme and Work Choice, and we have seen a reduction in our Skills Training contract of 33% because we are no longer able to offer 24+ Adult loans level 3 courses. However, we have a strong BBO Somerset contract and a 7-year contract to run the Work & Health Programme in Dorset and parts of Somerset. These are exciting programmes and we will continue to develop our long-standing Skills and Training delivery across Dorset and Somerset.

We will continue to be very prudent when entering into any new contracts. This means ensuring that they would not only be rewarding for our customers but that the requirement of the "Prime" organisation or direct commissioner is deliverable and financially viable for Abilities, ensuring that we have the best opportunity to adequately support both our Customers and the Abilities infrastructure.

Recognising that the coming years would present continuing financial challenge to Abilities the Organisation approached The Pluss Organisation CIC in late 2017 to discuss converting a long term working partnership into a formal arrangement that would support the sustainability and growth of Abilities in the years to come. These discussions concluded with Pluss becoming the sole Trustee of Abilities on 15<sup>th</sup> December 2017 and two of the Directors of Pluss also becoming Directors of Abilities. It also saw Pluss inject funding to support the immediate cash requirements of Abilities.

We expect 2018/19 overall to be a stronger year financially as we run a range of high value, mature contracts. This will be a year where new work is being actively sought throughout to replace programmes that will be finishing during 2018/19, and we will seek to expand our offer to Dorset Skills and Learning and other Skills Training Providers developing new contracts with the support of our new Partner, Pluss. We will also be undertaking a restructure of the organisation in the early part of 2018 to reduce overhead costs.

We have included a budget of approximately £75,000 to recruit staff and develop the Work & Health Program in 2018/2019. We are in the process of creating a budget for the 2018/19 year in the light of our new Partnership with Pluss but at a minimum we should be showing growth and increased surpluses by the end of the financial year.

Clearly this financial year has been one of the most difficult Abilities have known in its 27 years of existence. There are good reasons for this, along with the rest of the Voluntary sector we have suffered by a reduction in ESF/DWP contracts.

DWP have reduced their overall spend on contracted employment services, and have also reduced the unit cost associated with outcomes - some of the new contracts coming out as showing a reduction in real terms of between 25 and 40% against prior contracts. This situation is exacerbated by all of Abilities work being as a subcontractor, where it is not unusual for the Prime Contractor to take a 30% management fee. This leaves little monies available for Abilities to develop the provision it offers or to derive a surplus.

Our finances were further reduced by helping the staff we made redundant to find other positions. The Trustees and CEO felt this was a legitimate cost but as a one off. Due to our partnership with Pluss, we are now much

stronger internally and have increased our financial capacity. We also have controls in place which will ensure tight financial screening and scrutiny of every potential new contract on its merit. We have also improved our recruitment practices where requests for new positions are reviewed by our HR Director before any new staff are employed.

#### **KPIs (Key Performance Indicators).**

Each contract comes with a profile of delivery, which states what the Prime contractor / commissioner expects us to achieve over a calendar month. For example, the profile could be 10 jobs a month and if we achieve the required outcomes we would get £500 per job = £5,000.

We use weekly KPIs to ensure we have a tight grip over the progress of each contract. Using the example of 10 jobs, if we get to the end of the third week with only 6 jobs we would be able to take immediate action to remedy the situation through our close contract monitoring.

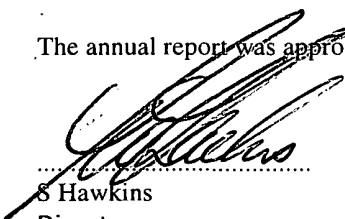
With all our contracts dealing with people there will inevitably be issues and challenges that were not expected. The KPI process enables us to quickly act to improve the situation. Through the KPI the Board of trustees can quickly understand where we are with each contract and will agree what the KPI should be for next month. (The Board of Trustees only sees our performance over the calendar month unless there is an exception where a contract is underperforming). A further positive effect of the KPI system is that it not only shows where we are in the month but it also enables the Trustees to congratulate those staff who are performing well.

At each monthly meeting, the Finance Director produces a profit and loss, balance sheet and budget. The finances are discussed in length and discussed with future KPI's agreed, with Trustees, CEO and Management team. The HR Director explains about the progress of our staff, new recruits, leavers and future training.

Also, key actions from the SMT (Senior Management Team) can be reported.

The Charity has taken the exemption from preparing a strategic report available under the small companies' regime.

The annual report was approved by the trustees of the Charity on and signed on its behalf by:



S Hawkins  
Director

15 May 2018

## Abilities Limited

### Statement of Trustees' Responsibilities

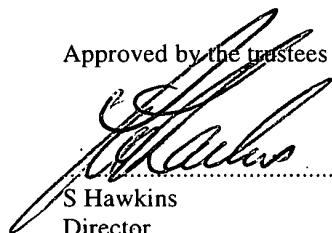
The trustees (who are also the directors of Abilities Limited for the purposes of company law) are responsible for preparing the and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Approved by the trustees of the Charity on and signed on its behalf by:



S Hawkins  
Director

15 May 2018

## **Abilities Limited**

### **Independent Auditors' Report to the Members of Abilities Limited**

#### **Opinion**

We have audited the financial statements of Abilities Limited (the 'charity') for the year ended 31 May 2017, which comprise the Statement of Financial Activities, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 May 2017 and of its results 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.

#### **Basis for opinion**

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

#### **Use of our report**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

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:

## Abilities Limited

### Independent Auditors' Report to the Members of Abilities Limited

- 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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 9], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


#### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
Mike Bath FCA BSc (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Towngate House  
2-8 Parkstone Road  
Poole, Dorset  
BH15 2PW

Date: 24/5/2018

## Abilities Limited

### Statement of Financial Activities for the Year Ended 31 May 2017 (Including Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>Income and Endowments from:</b>					
Charitable activities	2	1,087,560	27,660	1,115,220	1,370,821
Investment income	3	8	-	8	84
Total Income		<u>1,087,568</u>	<u>27,660</u>	<u>1,115,228</u>	<u>1,370,905</u>
<b>Expenditure on:</b>					
Charitable activities	4	<u>(1,220,964)</u>	<u>(27,660)</u>	<u>(1,248,624)</u>	<u>(1,553,827)</u>
Total Expenditure		<u>(1,220,964)</u>	<u>(27,660)</u>	<u>(1,248,624)</u>	<u>(1,553,827)</u>
Net expenditure for the year		(133,396)	-	(133,396)	(182,922)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>196,510</u>	<u>-</u>	<u>196,510</u>	<u>379,432</u>
Total funds carried forward	14	<u>63,114</u>	<u>-</u>	<u>63,114</u>	<u>196,510</u>

All of the Charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2016 is shown in note 14.

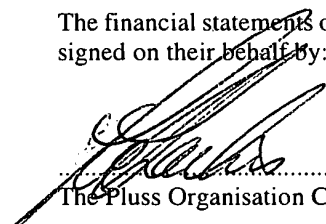
# Abilities Limited

(Registration number: 02500964)

Balance Sheet as at 31 May 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	66,583	78,163
<b>Current assets</b>			
Debtors	10	133,811	644,368
Cash at bank and in hand		21,638	49,681
		<u>155,449</u>	<u>694,049</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(158,918)</u>	<u>(575,702)</u>
<b>Net current assets</b>		<u>(3,469)</u>	<u>118,347</u>
<b>Net assets</b>		<u>63,114</u>	<u>196,510</u>
<b>Funds of the Charity:</b>			
Restricted funds	14	-	-
Unrestricted funds	14	<u>63,114</u>	<u>196,510</u>
<b>Total funds</b>		<u>63,114</u>	<u>196,510</u>

The financial statements on pages 12 to 25 were approved by the trustees, and authorised for issue on 15/5/18 and signed on their behalf by:

  
 .....  
 The Pluss Organisation CIC  
 Trustee

## Abilities Limited

### Statement of Cash Flows for the Year Ended 31 May 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash expenditure		(133,396)	(182,922)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		18,428	20,790
Investment income	3	(8)	(84)
		(114,976)	(162,216)
<b>Working capital adjustments</b>			
Decrease / (Increase) in debtors	10	510,557	(50,983)
(Decrease) / Increase in creditors	11	(416,784)	131,055
Net cash flows from operating activities		93,773	(82,144)
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	3	8	84
Purchase of tangible fixed assets	9	(6,848)	(4,992)
Sale of tangible fixed assets		-	1,682
Net cash flows from investing activities		(6,840)	(3,226)
Net decrease in cash and cash equivalents		(28,043)	(85,370)
Cash and cash equivalents at 1 June		49,681	135,051
Cash and cash equivalents at 31 May		21,638	49,681

All of the cash flows are derived from continuing operations during the above two periods.



## **Abilities Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **1 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

Abilities Limited is a registered charity, registration number 1039255, company number 02500964, registered in England, United Kingdom. The address of the Charity is given in the reference and administrative details on page 1 of these financial statements. The nature of the Charity's operations and principal activities are described in the Trustees annual report set out on pages 2 - 8.

The Charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in the notes to these financial statements.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Charity is still considered a going concern as The Pluss Organisation CIC have agreed to support it for a period of at least one year from the date of signing the accounts. The appointment of Pluss as sole trustee of the Charity is set out in note 18.

##### **Income and endowments**

###### ***Donations and legacies***

Voluntary income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

###### ***Investment income***

Bank interest received is included on an accruals basis.

## **Abilities Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### ***Charitable activities***

Income from charitable activities is recognised as the related services are provided.

Some of the income received may cover periods which vary from the company itself or are subject to conditions which are still to be met. These are accounted for under the accruals concept, thus some income already received is carried forward as deferred income into next year. Income yet to be received is shown in debtors.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

#### ***Charitable activities***

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.

#### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### **Taxation**

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## **Abilities Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **Tangible fixed assets**

Individual fixed assets costing £100 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	Period of lease
Computer equipment	20% straight line basis
Fixtures, fittings and equipment	15% straight line basis

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade creditors**

Trade creditors 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 the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### Fund accounting

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the Charity.

Designated funds are unrestricted funds set aside at the discretion of the trustees for specific purposes.

Further details of each fund are disclosed in note 14.

#### Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

#### Pensions and other post retirement obligations

The Charity operates a stakeholder pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

## 2 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2017 £	Total 2016 £
Work Choice	334,365	-	334,365	352,770
Building Better Opportunities Dorset	-	800	800	-
Building Better Opportunities Somerset	-	26,860	26,860	-
Flexible Support Fund Dorset	47,996	-	47,996	-
Flexible Support Fund Wiltshire	49,945	-	49,945	-
CEIAG Dorset	13,361	-	13,361	-
CEIAG Solent	12,523	-	12,523	-
CEIAG M3 Corridor	3,020	-	3,020	-
Job Activity Group	88,650	-	88,650	-
Families Programme	-	-	-	43,660
The Work Programme	244,598	-	244,598	415,632
CfBT	8,604	-	8,604	17,984
Petroc College	-	-	-	26,760
Community Work Placements	76,780	-	76,780	236,221
BTG Courses	-	-	-	3,900
Dorset Adult Learning	183,995	-	183,995	184,603
DCC Funded placements	-	-	-	28,074
Other income	23,723	-	23,723	61,217
	<u>1,087,560</u>	<u>27,660</u>	<u>1,115,220</u>	<u>1,370,821</u>

None of the income in the prior year was attributable to restricted funds.

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 3 Investment income

	Unrestricted funds	Total 2017	Total 2016
	General £	£	£
Interest receivable and similar income;			
Interest receivable on bank deposits	8	8	84

None of the income in the current or prior year was attributable to restricted funds.

#### 4 Expenditure on charitable activities

	Unrestricted funds	Big Lottery and ESF Building Better Opportunities Grant - Restricted	Total 2017	Total 2016
	General £	£	£	£
Operational staff gross wages and salaries	583,593	23,797	607,390	733,366
Support staff gross wages and salaries	159,399	-	159,399	238,670
External training	7,914	-	7,914	128,675
Direct support costs	88,021	989	89,010	-
Employer financial incentives	31,789	-	31,789	33,892
Direct travel	73,618	2,558	76,176	87,312
Client payments	7,535	-	7,535	3,462
Travelling	21,341	-	21,341	44,893
Trustee expenses	411	-	411	375
Premises	128,630	-	128,630	140,031
Office and telecommunications	76,109	316	76,425	82,874
Accountancy fees	87	-	87	12,235
Legal and professional	13,868	-	13,868	19,306
Bank charges	1,852	-	1,852	1,599
Depreciation of tangible fixed assets	18,428	-	18,428	20,790
Indemnity insurance	1,698	-	1,698	2,247
Auditors' remuneration	6,671	-	6,671	4,100
	1,220,964	27,660	1,248,624	1,553,827

None of the expenditure in the prior year was attributable to restricted funds.

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 5 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2017 £	2016 £
Depreciation of fixed assets	18,428	20,790

#### 6 Trustees remuneration and expenses

During the year the Charity made the following transactions with trustees:

##### M Cowling

£411 (2016: £375) of travel expenses were reimbursed to M Cowling during the year.

No trustees, nor any persons connected with them, have received any remuneration from the Charity during the year.

No trustees have received any other benefits from the Charity during the year.

#### 7 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
<b>Staff costs during the year were:</b>		
Wages and salaries	716,271	895,213
Social security costs	40,660	49,243
Pension costs	5,306	4,889
Compensation payments	4,552	22,691
	<u>766,789</u>	<u>972,036</u>

The monthly average number of persons (including senior management team) employed by the Charity during the year was as follows:

	2017 No	2016 No
Charitable activities	53	70
Management activities	12	13
	<u>65</u>	<u>83</u>

During the year, the Charity made redundancy and/or termination payments which totalled £4,552 (2016 - £22,691).

The total remuneration and benefits paid to key management personnel during the year was £52,495 (2016: £52,495).

No employee received emoluments of more than £60,000 during the year.

## **Abilities Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **8 Taxation**

No tax was charged in the year (2016 - £Nil).

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 9 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 June 2016	164,548	30,426	110,263	305,237
Additions	3,107	-	3,741	6,848
Disposals	-	-	-	-
At 31 May 2017	167,655	30,426	114,004	312,085
<b>Depreciation</b>				
At 1 June 2016	114,020	23,580	89,474	227,074
Charge for the year	7,450	2,094	8,884	18,428
At 31 May 2017	121,470	25,674	98,358	245,502
<b>Net book value</b>				
At 31 May 2017	46,185	4,752	15,646	66,583
At 31 May 2016	50,528	6,846	20,789	78,163

#### 10 Debtors

	2017 £	2016 £
Trade debtors	67,938	585,198
Prepayments	48,191	43,492
Other debtors	17,682	15,678
	133,811	644,368

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

	2017 £	2016 £
Trade creditors	53,197	62,620
Other taxation and social security	49,202	476,410
Other creditors	31,089	-
Pension scheme creditor	2,710	3,654
Accruals	22,720	33,018
	158,918	575,702



## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 12 Obligations under leases and hire purchase contracts

##### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
<b>Land and buildings</b>		
Between one and five years	17,792	61,000
After five years	264,000	238,000
	<u>281,792</u>	<u>299,000</u>
<b>Other</b>		
Within one year	1,603	185
Between one and five years	26,299	31,129
	<u>27,902</u>	<u>31,314</u>

#### 13 Charity status

The Charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the Charity in the event of liquidation.

If upon winding up or dissolution of the Charity there remain any assets, after the satisfaction of all debts and liabilities, the assets represented by the accumulated funds shall be transferred to some other charitable body or bodies having similar objectives to the Charity

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 14 Funds

	Balance at 1 June 2016 £	Incoming resources £	Resources expended £	Balance at 31 May 2017 £
<b>Restricted funds</b>				
Big Lottery and ESF Building Better Opportunities Grant	-	27,660	(27,660)	-
<b>Unrestricted funds</b>				
<i>Unrestricted general funds</i>				
Unrestricted income fund	189,201	1,087,568	(1,216,412)	60,357
<i>Unrestricted designated funds</i>				
Redundancy fund	7,309	-	(4,552)	2,757
<b>Total funds</b>	<b>196,510</b>	<b>1,115,228</b>	<b>(1,248,624)</b>	<b>63,114</b>

	Balance at 1 June 2015 £	Incoming resources £	Resources expended £	Balance at 31 May 2016 £
<i>Unrestricted general funds</i>				
Unrestricted income fund	349,432	1,370,905	(1,531,136)	189,201
<i>Unrestricted designated funds</i>				
Redundancy fund	30,000	-	(22,691)	7,309
<b>Total funds</b>	<b>379,432</b>	<b>1,370,905</b>	<b>(1,553,827)</b>	<b>196,510</b>

During the year, the Charity was awarded 2 contracts funded by the Big Lottery Fund and ESF Building Better Opportunities Grant. Details of these contracts are set out below:

	Grant funding received £	Expenditure £	Unspent Grant Funds as at 31 May 2017 £
Positive People Project - Somerset	45,563	(26,860)	18,703
UCan Project - Dorset	800	(800)	-
<b>Total</b>	<b>46,363</b>	<b>(27,660)</b>	<b>18,703</b>

## Abilities Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### 15 Analysis of net assets between funds

	Restricted funds	General funds	Designated funds	Total funds
	£	£	£	£
Tangible fixed assets	614	65,969	-	66,583
Current assets	27,763	124,929	2,757	155,449
Current liabilities	(28,377)	(130,541)	-	(158,918)
Total net assets	0	60,357	2,757	63,114

#### 16 Related party transactions

Expenses reimbursed to trustees are stated in note 6. There were no other related party transactions in the current and prior years.

#### 17 Control

The Charity is controlled by the trustees who are all directors of the company.

#### 18 Events after the balance sheet date

On 15 December 2017, The Pluss Organisation CIC was appointed as sole trustee of the Charity. Pluss will continue to provide financial support to the Charity for the foreseeable future.