

**NUDGE COMMUNITY BUILDERS LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**Nudge Community Builders Limited
Directors' Report and Financial Statements
For The Year Ended 31 March 2023**

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Nudge Community Builders Limited
Society Information
For The Year Ended 31 March 2023

Directors

Wendy Hart
Hannah Sloggett
Patrick Knight
Mary Embleton
Andi Higginson
William Braddon-Milon
Kitty McEwan
Ruth Mostert-Miles
Joe Holdsworth

Society Number

7632

Registered Office

Union Street
96 Union Street
Plymouth
PL1 3EZ

Accountants

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Nudge Community Builders Limited
Society No. 7632
Directors' Report For The Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Review of the Business

Traded income

We had a small increase in our traded income this year, reflecting the Plot being fully tenanted, and the Clipper Ground floor and flats being occupied for the full period. Within traded income, our consultancy income dipped slightly as we have directed our focus to managing the five buildings we now run, whilst still contributing to the local and national networks with consultancy where we can. We earned consultancy income from

- Plymouth City Council - Economic Development - Plymouth Charter
- Plymouth Culture - Public Art Commission Panel
- Power to Change - Empowering Places Business Support
- School of Social Entrepreneurs - Business Review Panel
- University of Plymouth - Get Involved Awards
- University of Plymouth - GOALD project
- University of Plymouth - Community Engaged Learning Hubs

Grant Income

Nudge claimed £435,384 in grant income this year which included:

- Deferred income from the previous financial year from the Power to Change, the National Lottery, the Community Renewal Fund (CRF), Creative Civic Change (CCC) and Rank

- We shared out £144,103 (33%) of the deferred grant income last year to our CRF partners

- We didn't receive any significant new grants in the year

We ended the year carrying forward £54,111 of Power to Change, Rank and Lottery grants into next financial year accounts.

Grant vs Traded income Split

Nudge's board has set a target for the first five years for Nudge to trade 40% of its income through rents and 60% of its income through grants with a target to reduce grants for each building as they become more established.

This year taking out the money we claimed on behalf of others, our traded income was 28% of overall money received and grants solely for Nudge accounted for 72%.

We will work with our Board to refine this target over the coming year. As we take on larger building projects we will need to apply for capital grants which will impact negatively on this target and have been apportioning wages to each of our buildings so we get a more accurate figure of what each building costs us to run.

If we look at buildings in isolation and take the Plot as an example, the running costs to keep the Plot open are £93,378 in 2022 - 23 and we generated an income of £53,358 through rental income equating to 57%, so 43% of the running costs comes from different sources including some grant income and consultancy.

Shareholders

In this financial year Nudge has repaid community shareholders £16,237 of their investment they made in 2018 in The Clipper and paid out 3.6% interest to shareholders.

Historically, we have always allowed £20,000 per annum for repayment of equity and interest on shares to our shareholders. To date, the pattern over the last four years of repayments shows an average of 45% of this amount has been paid to investors as interest on their shares. As we have made a small profit this year, given the take up rate, we will be proposing to our board to still offer the 3.6% interest payment to our shareholders, to be approved at our Annual General Meeting.

We also had a £69,000 (less fees) investment from Resonance Community Developers during the year in the form of community shares to enable us to begin pre-development work on C103.

Loans

Nudge has just one year left to repay the Social Enterprise Investment Fund (£13,000) the

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**Nudge Community Builders Limited
Directors' Report (continued)
For The Year Ended 31 March 2023**

Review of the Business - continued

loan they offered in our first year. We have also paid off four more installments of the £65,000 loan from Rank (used for the Millennium) and aim to clear this loan by the end of financial year 2025.

During the year, a private investor Brett Phaneuf from Plymouth-based MSubs Ltd came forward to loan us £550,000 to buy C103 in September 2022. This has been partially paid back post year end, and the remainder will be paid back once the building is earning traded income.

Assets

Nudge has three properties where we own the freehold and one where we have a lease with a net asset value of £1,319,391.

Challenges

Our business model is to bring back buildings that have remained empty into use on Union Street so that the street becomes active and vibrant offering opportunity for people living on or near to Union Street. Our five buildings have been empty for an accumulated total of 64 years.

We rent out spaces to established, new and emerging social businesses who are also vulnerable to market forces and can find it hard to pay their rent. We have had to carry high rent arrears in the last year in both The Plot and The Clipper and work with our tenants to support them in being able to repay them and prioritise their rent going forward.

Local Spend, local skills and local love

Nudge continues to prioritise spend with local organisations, contractors and to employ local people.

We set ourselves a target to employ as many people locally as we could, out of our current staff team all of our staff live within a mile of Union Street with five living in Stonehouse. The only things we spend money on outside of the city is for insurance and utilities and items we can't source locally. This amounted to 13% of our spend which gives us a 86% local spend in Plymouth for this financial year.

Directors

The directors who held office during the year were as follows:

Wendy Hart

Hannah Sloggett

Patrick Knight

Susan Johns Resigned 19/10/2022

Mary Embleton

Andi Higginson

William Braddon-Milon

Kitty McEwan

Ruth Mostert-Miles Appointed 19/10/2022

Joe Holdsworth Appointed 19/10/2022

**Nudge Community Builders Limited
Directors' Report (continued)
For The Year Ended 31 March 2023**

Statement of Directors' Responsibilities

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

Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Date

**Nudge Community Builders Limited
Accountant's Report
For The Year Ended 31 March 2023**

Independent reporting accountant's report to the Directors on the unaudited accounts of Nudge Community Builders Limited

We report on the accounts for the year ended 31 March 2023 set out on pages 6 to 12.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for year ended 31 March 2023 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the year ended 31 March 2023 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Signed

Date

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Nudge Community Builders Limited
Revenue Account
For The Year Ended 31 March 2023

	Notes	2023 £	2022 £
TURNOVER		111,133	107,848
GROSS PROFIT		111,133	107,848
Administrative expenses		(539,203)	(666,064)
Other operating income		440,384	567,572
OPERATING PROFIT		12,314	9,356
Interest payable and similar charges		(8,860)	(7)
PROFIT BEFORE TAXATION		3,454	9,349
Tax on Profit		(1,174)	4,671
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		2,280	14,020

The notes on pages 9 to 12 form part of these financial statements.

Nudge Community Builders Limited
Balance Sheet
As At 31 March 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	4		1,340,411		681,504
			1,340,411		681,504
CURRENT ASSETS					
Debtors	5	10,788		44,429	
Cash at bank and in hand		162,999		138,126	
		173,787		182,555	
Creditors: Amounts Falling Due Within One Year	6	(326,031)		(142,529)	
NET CURRENT ASSETS (LIABILITIES)			(152,244)		40,026
TOTAL ASSETS LESS CURRENT LIABILITIES			1,188,167		721,530
Creditors: Amounts Falling Due After More Than One Year	7		(513,206)		(199,500)
NET ASSETS			674,961		522,030
CAPITAL AND RESERVES					
Share capital	9		611,233		449,908
Revenue Account			63,728		72,122
SHAREHOLDERS' FUNDS			674,961		522,030

The notes on pages 9 to 12 form part of these financial statements.

For the year ending 31 March 2023 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board on _____ and signed on their behalf by:

(NAME, Director)

(NAME, Director)

(NAME, Secretary)

Nudge Community Builders Limited
Statement of Changes in Equity
For The Year Ended 31 March 2023

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 April 2021	208,428	67,042	275,470
Profit for the year and total comprehensive income	-	14,020	14,020
Interest on members' shares	-	(6,260)	(6,260)
New shares issued during the period	258,680	-	258,680
Members' shares repaid	(17,200)	-	(17,200)
Share issue costs	-	(2,680)	(2,680)
As at 31 March 2022 and 1 April 2022	449,908	72,122	522,030
Profit for the year and total comprehensive income	-	2,280	2,280
Interest on members' shares	-	(10,674)	(10,674)
New shares issued during the period	173,379	-	173,379
Members' shares repaid	(12,054)	-	(12,054)
As at 31 March 2023	611,233	63,728	674,961

Nudge Community Builders Limited
Notes to the Financial Statements
For The Year Ended 31 March 2023

1. General Information

Nudge Community Builders Limited is a private society, limited by shares, incorporated in England & Wales, registered number 7632. The registered office is Union Street, 96 Union Street, Plymouth, PL1 3EZ.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 section 1A Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Co-operative and Community Benefit Societies Act 2014.

The society is a Public Benefit Entity as defined by FRS102.

2.2. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts. The society is not VAT registered. Turnover consists of consultancy fees charged and rental income. Grants are included in other operating income.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Correction of error in the 2022 accounts

In the 2022 accounts, both income and expenditure were overstated by £38,133 due to a journal error. This has been corrected in the comparative figures in these accounts, which are therefore different from the figures in the signed accounts for 2022. The surplus for 2022 and the reserves as at 31 March 2022 are not affected.

2.3. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold and leasehold buildings are held primarily for their social benefits and so have not been accounted for as investment properties. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold	2% reducing balance
Leasehold	2% reducing balance
Plant & Machinery	25% reducing balance

Nudge Community Builders Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

2.4. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. Average Number of Employees

Average number of employees, including directors, during the year was as follows: 7 (2022: 5)

Nudge Community Builders Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

4. Tangible Assets

	Land & Property			Total
	Freehold	Leasehold	Plant & Machinery	
	£	£	£	
Cost				
As at 1 April 2022	664,420	41,573	20,735	726,728
Additions	672,689	-	1,872	674,561
As at 31 March 2023	<u>1,337,109</u>	<u>41,573</u>	<u>22,607</u>	<u>1,401,289</u>
Depreciation				
As at 1 April 2022	31,646	1,647	11,931	45,224
Provided during the period	12,655	798	2,201	15,654
As at 31 March 2023	<u>44,301</u>	<u>2,445</u>	<u>14,132</u>	<u>60,878</u>
Net Book Value				
As at 31 March 2023	<u>1,292,808</u>	<u>39,128</u>	<u>8,475</u>	<u>1,340,411</u>
As at 1 April 2022	<u>632,774</u>	<u>39,926</u>	<u>8,804</u>	<u>681,504</u>

5. Debtors

	2023	2022
	£	£
Due within one year		
Trade debtors	7,813	9,415
Prepayments and accrued income	2,975	35,014
	<u>10,788</u>	<u>44,429</u>

6. Creditors: Amounts Falling Due Within One Year

	2023	2022
	£	£
Trade creditors	9,609	1,293
Secured loan	200,000	-
Corporation tax	308	1,544
Other taxes and social security	3,660	614
Concessionary loans	44,500	12,000
Deferred income - revenue grants	54,111	123,796
Accruals and deferred income	13,843	3,282
	<u>326,031</u>	<u>142,529</u>

Nudge Community Builders Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

7. Creditors: Amounts Falling Due After More Than One Year

	2023	2022
	£	£
Other loans	-	77,000
Secured loan	350,000	-
Capital grants	163,206	122,500
	513,206	199,500

8. Secured Creditors

Of the creditors the following amounts are secured on freehold property.

	2023	2022
	£	£
Other Creditors	550,000	-

9. Share Capital

	2023	2022
	£	£
Members' shares	611,233	449,908

Member shares have a nominal value of £1 and are non-transferable shares which are withdrawable at the discretion of the board. The shares confer membership of the society, and entitle the member holding shares to a vote at the Annual General Meeting, on the basis of one member, one vote. Interest may be paid on the shares at the discretion of the board. In the event of the society being wound up, shareholders are only entitled to repayment of their shares (assuming sufficient funds are available) and not to any distribution of the residual assets.

Nudge Community Builders Limited
Detailed revenue Account
For The Year Ended 31 March 2023

	2023		2022	
	£	£	£	£
TURNOVER				
Consultancy		23,553		35,397
Sales		1,676		653
Rental income		85,904		71,798
		111,133		107,848
GROSS PROFIT		111,133		107,848
Administrative Expenses				
Wages and salaries	153,820		145,887	
Employers NI	9,784		16,082	
Employers pensions - defined contributions scheme	3,441		3,214	
Staff training	274		5,058	
Travel and subsistence expenses	1,825		1,994	
Rent and rates	17,400		17,400	
Rates	5,155		3,891	
Light and heat	14,395		18,435	
Repairs and maintenance	18,625		48,351	
Cleaning	4,369		3,992	
Renovations	10,604		-	
Computer software, consumables and maintenance	1,669		1,874	
Insurance	8,495		3,552	
Printing, postage and stationery	1,175		3,310	
Advertising and marketing costs	18,011		561	
Telecommunications and data costs	2,315		2,100	
Accountancy fees	2,040		4,158	
Legal and professional fees	4,798		8,615	
Freelance and subcontractors	61,380		37,867	
Subscriptions	933		561	
Bank charges	228		3,784	
Bad debts written off	1,973		5,261	
Depreciation	15,655		16,663	
Entertaining	3,011		1,220	
Sundry expenses	7,405		11,664	
CCC activity	7,394		25,414	
Grants paid out	144,104		264,567	
Equipment expensed	-		666	
Workshops and activities	18,925		9,923	
		(539,203)		(666,064)
				...CONTINUED

