

Registered number: 05088635

Aspire Community Works Community Interest Company
(A company limited by guarantee)

Unaudited

Directors' report and financial statements

For the Year Ended 30 September 2018

Aspire Community Works Community Interest Company
(A company limited by guarantee)

Company Information

Directors

Tim Page
Kevin Wynne
Dheeraj Choudhary
Dr Katharine Sutton

Registered number

05088635

Registered office

Minerva Community Centre
10 Minerva Street
London
E2 9EH

Accountants

Kreston Reeves LLP
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Bankers

Unity Trust Bank PLC
Nine Brindleyplace
Birmingham
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Aspire Community Works Community Interest Company
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Directors' report
For the Year Ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018. Our report contains information about our governance and strategy from 2017 to 2019.

Principal activity

What we aim to do

Aspire aims to:

- reduce poverty and inequality by supporting the extension of Living Wage opportunities for those most disadvantaged in the labour market;
- develop innovative models for change based on "what works"
- influence and advocate change in the commissioning process to provide more living wage opportunities in the labour market and to break the cycle of double disadvantage that occurs when public procurement is narrowly focused on cost resulting in poverty pay wages and poorer local services for the most disadvantaged.

Business review

Our future

- greater focus on advocacy and campaigning working with public bodies to use their purchasing power to tackle austerity and to provide greater public value in public contracts;
- extending provision of newer services such as community garden design and new graffiti removing services to wider body of organisations to provide more training and employment opportunities for local people and to further develop our Direct Labour Organisation;
- further improvement work with existing clients to maximise biodiversity and reduce carbon footprint while improving public and living spaces to improve community well being;
- new community initiatives working to provide services to elderly and disabled people who need support.

Our governance

Aspire was originally set up as a charity in 2004 but following a decision to set up a trading section of the organisation, the Trustees at the time decided to convert to a community interest company to support a more entrepreneurial strategy moving forward. The charity formally converted into a community interest company in 2014 and appointed new Directors from both sides of industry to reflect this change.

Aspire aims to tackle poverty and inequality through promoting community enterprise as an alternative model for tackling disadvantage in the labour market. We seek to achieve this through research, advocacy, training and developing innovative models that work at a local level that can then be developed on a wider basis.

We aim to run high quality, sustainable business and provide quality employment and training opportunities for people who are unemployed, moving out of homelessness or at risk of homelessness, or who face other forms of disadvantage within the labour market due to discrimination, health or social related factors.

Aspire aims to bring about immediate change for local people by reducing poverty and inequality and by providing better work through quality conditions and support of the Living Wage. Aspire also seeks to create the conditions for wider societal change through developing innovative models and campaigning for change in the commissioning process. We want to break the cycle of double disadvantage that occurs when public procurement is narrowly focused on cost resulting in poverty pay wages and poorer local services for the most disadvantaged.

Aspire provides estate management services including horticulture and grounds maintenance, trees management, window cleaning and other cleaning services primarily to social housing providers and public bodies, as well as to the private sector and individuals themselves. We currently provide such services to over 3000 homes, to libraries, childrens' centres, nature reserves, orchards, playing areas, parks and other public spaces in London and Buckinghamshire.

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Directors' report (continued)
For the Year Ended 30 September 2018

Business review

Our Decision Making

With a committed team of staff, the Directors are responsible for agreeing the future strategy of the company. The Directors consist of non-executive Directors and working Directors in equal parts.

The Board agrees general strategy, sets targets for achievement and meets, at least, on a quarterly basis. The Managing Director is responsible for ensuring that the company delivers the services specified and meets clients' expectations.

The Directors regularly review the risks to which the company is exposed and put in place appropriate controls to provide reasonable assurance against these. The company has assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate the company's exposure to the major risks.

Our Strategy 2017-20

Our Direct Labour Organisation model seeks to win contracts through the public procurement process and competes equally with the private sector. Competing in the sector we are squeezed by those private operators who choose to pay their employees around 30% less than our employees, as well as certain charity providers that substitute volunteering for paid opportunities.

For the past five years the Board has deliberately chosen to test the resilience and sustainability of Aspire's direct labour model without relying on grant funding. In 2017/18 following a challenge we lost two long-term contracts representing as much as 75% of our income through the public procurement process. A further contract was re-awarded to Aspire following a legal challenge. All of these contracts were originally lost on price and the difference between Aspire and the winning contractor was attributable to its being a Living Wage employer.

The Aspire Board is fully committed to the model and is firmly committed to retaining the Living Wage as an integral part of its ethos. What is a threat to the operation of our trading business is also one of its greatest assets. We devolve power and responsibility to our frontline employees providing them with greater control over their work leading to high levels of loyalty and retention, low levels of sickness and higher productivity. The Living Wage is an integral part of our strategy.

Over the past two years, we have replaced the lost value of contracts with new wins. All of our public procurement contracts have been extended beyond the original term, no formal complaints have ever been received and the only contracts we have lost have been on price alone. Now that our resilience has been proven and we have a sustainable base on which to develop, we are in a position to focus and strengthen our advocacy and campaigning work for better work and conditions for those who are most disadvantaged. In particular we shall be aiming to work to influence the public procurement process in supporting community enterprise and promoting living wage opportunities.

While most authorities want quality services for their residents, in the age of austerity public bodies are often commissioning services largely for cost in particular in low paying services such as cleaning and grounds maintenance. This helps to stimulate the growth of poor quality jobs, in-work poverty and homelessness in local areas while the concentration of contracts results in high profile failures such as Carillon and increasing management spent on contract monitoring.

Most authorities use social value legislation in the procurement process but this does not change the dominant model of supplier provided service. The choice is between in-house or outsourced private services. A third way is available - Section 20 of the Public Contracts Regulations 2016 (PCR) enables procurers to play an innovative role in stimulating new models of community business or market disrupters that create better jobs that are higher paid, higher status and deliver better quality services.

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Directors' report (continued)
For the Year Ended 30 September 2018

Under Section 20 of the Public Contract Regulations (PCR) commissioners can reserve tendering for organisations whose "main aim is the social and professional integration of disabled or disadvantaged persons", or provide for such contracts to be performed under supported employment programmes, provided that at least 30% of the employees are disabled or disadvantaged workers. Reference must be made to Section 20 in the tendering process. This provides local commissioners with wide powers to control their market of suppliers and to influence the supply chain through responsible procurement policies that promote equality and diversity, support the Living Wage and create fair employment practices helping to disrupt existing markets of supply.

Responding to the contract challenge

Over this period our business suffered two long-term contract losses based primarily on price in grounds maintenance and bulk removal. Following a legal High Court challenge and Independent Review, it was re-awarded a further initially lost contract.

Responding to these challenges helped to develop the resilience of the organisation as a whole. While one employee was transferred over to the new contractors, all affected employees were consulted and nobody wished to leave. The Board took a difficult decision to maintain employment at current levels despite the loss of contracts with a view to replacing the contract value lost. This would put pressure on reserves but would retain the skilled employees who remained committed to Aspire and its ambitions for local people.

This strategy put pressure on Aspire's finances – a fact that was recognized by the Board- but has paid off as Aspire has been able to replace all of the contract value lost with new wins at the London Borough of Tower Hamlets, and new contract signings with Haddenham Parish Council, Brill Parish Council, Newlon Housing Trust and Gateway Housing.

Our thanks

Our employees are our most important asset. It is they who make Aspire. Every day they do the best that they can to provide an excellent service.

Our Executive Board members provide their services on a voluntary basis and take difficult decisions seriously and help shape and set strategy with intelligence, flair and sensitivity.

Our operations are lean and we depend on a framework of service providers who provide infrastructure services so that we can focus on our priorities of estates management services, advocacy and campaigning, management support and training.

Our suppliers with whom we have long term relationships are an essential part of our operations and we could not operate without them. They are chosen according to a number of criteria including quality and price and we aim to work with organisations who share a similar ethos to us.

Every-day we are part of the communities in which we work. In the past we have made small micro grants from our surpluses and we continue to contribute to communities with donations in kind or community initiatives. We thank local people for their feedback. While we love compliments, we also welcome complaints so that we can act on them promptly and quickly. We have never received a formal complaint by any one of our clients.

Our clients have shown great loyalty to Aspire wherever they can. Our contracts have always been renewed beyond the original term, and our feedback is overwhelmingly positive. Working collaboratively and on a problem-solving basis to provide cleaner, greener communities we are committed to providing wider opportunities for local people to good jobs with fair conditions.

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Directors' report (continued)
For the Year Ended 30 September 2018

Some compliments

"Brilliant work done once again. Staff are very friendly lovely men."

"Always a great job done to a very high standard."

"Great work from the guys. Very clean, thank you."

"A pleasure to work with."

"Very good and polite and work carried out fast."

"Brilliant job."

Results and dividends

The loss for the year, after taxation, amounted to £19,396 (2017 - profit £2,212).

Our highlights

- new win with London Borough of Tower Hamlets providing trees management and grounds management clean and green services;
- new contracts with Haddenham Parish Council, Brill Parish Council, Newlon Housing Trust and Tower Hamlets Community Housing;
- high levels of client satisfaction recorded in client feedback;
- entry into the NatWest SE100 of social enterprises.

Achievements

Aspire Community Works provides resident and estate management services delivered by local people and residents themselves.

Aspire's number one priority for the past five years has been to grow this community business, creating quality employment and training opportunities for disadvantaged people while aiming to deliver greener, cleaner neighborhoods and improve community well-being.

Directors

The directors who served during the year were:

Tim Page
Kevin Wynne
Dheeraj Choudhary
Dr Katharine Sutton

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Directors' report (continued)
For the Year Ended 30 September 2018

Future developments

Investing in the future

During this challenging time, the frontline employees have shifted to mobile working making use of new technology to communicate and working flexibly providing greater opportunities for working outside of London and of competing for contracts. Aspire has also invested in new machinery including cylinder mowers, new parts of the fleet and more environmentally friendly and less noisy grounds maintenance equipment. We are committed to using new technology to support our work and are working to provide online customer portals.

Plans for the future

In the year ahead we are committed to:

- strengthening and consolidating our estates management services including the publication of updated Aspire Standards (first published in 2014)
- supporting housing associations and other bodies to develop community enterprise in partnership with local people and identifying sustainable models that impact on disadvantage, and that can be scaled up effectively
- supporting the expansion of accessible training and development that enable and empower people who are excluded from the labour market due to disadvantage to have more control and to access new quality self-employment, employment and training opportunities

We aim to be a catalyst for the expansion of community enterprise and the reduction of inequalities in the labour market. We encourage new forms of working in collaboration and partnership to achieve this and over the next year we aim to focus our development on further enhancing these partnerships.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 9 May 2019 and signed on its behalf.

Dr Katharine Sutton
Director

Aspire Community Works Community Interest Company
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Chartered accountants' report to the board of directors on the preparation of the unaudited statutory financial statements of Aspire Community Works Community Interest Company for the Year Ended 30 September 2018

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Aspire Community Works Community Interest Company for the year ended 30 September 2018 which comprise the Statement of income and retained earnings, the Balance sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of directors of Aspire Community Works Community Interest Company, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Aspire Community Works Community Interest Company and state those matters that we have agreed to state to the Board of directors of Aspire Community Works Community Interest Company, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aspire Community Works Community Interest Company and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that Aspire Community Works Community Interest Company has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Aspire Community Works Community Interest Company. You consider that Aspire Community Works Community Interest Company is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Aspire Community Works Community Interest Company. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Kreston Reeves LLP

Chartered Accountants

Chatham Maritime
9 May 2019

Aspire Community Works Community Interest Company
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Statement of income and retained earnings
For the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover		257,739	325,179
Cost of sales		(222,406)	(256,525)
Gross profit		35,333	68,654
Administrative expenses		(60,848)	(65,844)
Operating (loss)/profit		(25,515)	2,810
Interest receivable and similar income		7,161	4
Interest payable and expenses		(1,042)	(602)
(Loss)/profit before tax		(19,396)	2,212
(Loss)/profit after tax		(19,396)	2,212
Retained earnings at the beginning of the year		22,660	20,448
		22,660	20,448
(Loss)/profit for the year		(19,396)	2,212
Retained earnings at the end of the year		3,264	22,660

The notes on pages 9 to 14 form part of these financial statements.

Aspire Community Works Community Interest Company
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Registered number: 05088635

Balance sheet
As at 30 September 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	4		56,036		15,875
			56,036		15,875
Current assets					
Stocks		500		-	
Debtors: amounts falling due within one year	5	60,564		156,238	
Cash at bank and in hand		16,058		7,182	
			77,122	163,420	
Creditors: amounts falling due within one year	6	(105,639)		(156,097)	
Net current (liabilities)/assets			(28,517)		7,323
Total assets less current liabilities			27,519		23,198
Creditors: amounts falling due after more than one year	7		(24,255)		(538)
Net assets			3,264		22,660
Capital and reserves					
Profit and loss account			3,264		22,660
			3,264		22,660

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2019.

Tim Page
Director

The notes on pages 9 to 14 form part of these financial statements.

Aspire Community Works Community Interest Company
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Notes to the financial statements
For the Year Ended 30 September 2018

1. General information

Aspire Community Works Community Interest Company is a private company limited by guarantee incorporated in England with the registration number 05088635. Its registered address is Minerva Community Centre, 10 Minerva Street, London E2 9EH. The company is a social enterprise that aims to run high quality, sustainable businesses and provide quality employment and training opportunities for people who are unemployed, moving out of homelessness or at risk of homelessness, or who face other forms of disadvantage within the labour market due to discrimination, health or social related factors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The accounts have been prepared on a going concern basis. The justification of this treatment is as follows:

The principal risk facing the Community Interest Company is its ability to generate sufficient income to cover expenditure incurred in fulfilling the objectives of the Community Interest Company.

If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets and long term liabilities as current liabilities.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

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Notes to the financial statements
For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.5 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	25% straight line
Motor vehicles	-	25% straight line
Office equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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Notes to the financial statements
For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 11 (2017 - 11).

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Notes to the financial statements
For the Year Ended 30 September 2018

4. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 October 2017	27,523	76,099	5,206	108,828
Additions	20,591	38,025	617	59,233
Disposals	(12,377)	(50,000)	(5,206)	(67,583)
At 30 September 2018	<u>35,737</u>	<u>64,124</u>	<u>617</u>	<u>100,478</u>
Depreciation				
At 1 October 2017	17,696	70,051	5,206	92,953
Charge for the year on owned assets	8,720	2,992	149	11,861
Charge for the year on financed assets	-	7,211	-	7,211
Disposals	(12,377)	(50,000)	(5,206)	(67,583)
At 30 September 2018	<u>14,039</u>	<u>30,254</u>	<u>149</u>	<u>44,442</u>
Net book value				
At 30 September 2018	<u>21,698</u>	<u>33,870</u>	<u>468</u>	<u>56,036</u>
At 30 September 2017	<u>9,827</u>	<u>6,048</u>	<u>-</u>	<u>15,875</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	<u>19,648</u>	<u>3,056</u>

5. Debtors

	2018 £	2017 £
Trade debtors	55,034	155,979
Other debtors	3,008	-
Prepayments and accrued income	2,522	259
	<u>60,564</u>	<u>156,238</u>

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Notes to the financial statements
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6. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	8,062	44,810
Other taxation and social security	45,930	40,437
Obligations under finance lease and hire purchase contracts	6,232	3,034
Other creditors	17,039	17,583
Accruals and deferred income	28,376	50,233
	105,639	156,097

7. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	24,255	538

8. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018	2017
	£	£
Within one year	3,346	3,034
Between 1-5 years	3,169	538
Over 5 years	11,050	-
	17,565	3,572

9. Company status

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

10. Related party transactions

Fellows Associates Limited, a company in which Katharine Sutton (one of this company's directors) is a director, invoiced Aspire Community Works Community Interest Company for £Nil (2017 - £Nil) in respect of professional services supplied during the period. A balance of £25,226 (2017 - £81,776) is included in creditors at the balance sheet date in respect of Fellows Associates Limited.

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11. Controlling party

The company is not controlled by any one party.