



**THIRD SECTOR ACCOUNTANCY LIMITED  
DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**Third Sector Accountancy Limited  
Directors' Report and Financial Statements  
For The Year Ended 31 January 2022**

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**Third Sector Accountancy Limited  
Company Information  
For The Year Ended 31 January 2022**

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<b>Directors</b>	Patrick Morrello Scott Lockwood
<b>Company Number</b>	10581248
<b>Registered Office</b>	Holyoake House Hanover Street Manchester M60 0AS

**Third Sector Accountancy Limited**  
**Company No. 10581248**  
**Directors' Report For The Year Ended 31 January 2022**

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The directors present their report and the financial statements for the year ended 31 January 2022.

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal Activity**

We are a firm of Chartered Accountants and Registered Auditors offering accountancy services primarily to those with the not-for-profit and co-operative sector. We work with co-operatives, community interest companies, community benefit societies, and charities throughout the UK.

### **Vision**

We are a value-driven organisation, and our primary purpose is to support and encourage positive social change by providing quality financial services. We started in 2017 as a group of friends determined to help make the world a better place by using their expertise to provide top quality financial services to social change organisations.

You can read more about our vision and how we aim to achieve it here:

<https://www.thirdsectoraccountancy.coop/our-vision>.

### **Legal Structure**

Third Sector Accountancy Limited is a private company, limited by guarantee, incorporated in England & Wales, registered number 10581248. The registered office is Holyoake House, Hanover Street, Manchester, M60 0AS.

### **Governance: Worker's Co-operative**

The Company is organised as a workers co-operative and, in accordance with the co-operative principle of democratic member control, each member worker has one vote at general meetings. Only employees may be admitted to membership of the co-operative, subject to various qualifying conditions. The Company notes that, in substance, all employees attend monthly meetings and have an equal say in the running of the co-operative.

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**Third Sector Accountancy Limited**  
**Directors' Report (continued)**  
**For The Year Ended 31 January 2022**

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### **Principal Activity - continued**

This means that all staff are highly motivated, interested in the sector and in their clients, and take ownership of their work. We believe that being a co-operative leads to a better outcome for us and for our clients.

We use the system of sociocracy to best function as an effective and efficient co-operative.

Sociocracy offers a decision making and governance model in line with the ethos of the cooperative identity, which honours and centres the human individual within the organisation. As values-based and principle-driven socio-economic organisations, co-ops benefit from an operating system that has a coherence and a synergy with the Cooperative Identity. Sociocracy is an approach to decision making and organisational structuring that is quick and easy for a co-op or start-up group to start using.

Sociocracy combines consent decision-making, a decentralised system of authority and intentional processes to improve our decisions and processes over time into a governance system that supports effective and efficient process while increasing connection, listening and co-creation among members.

### **Reserves Policy**

Profits of the Company can be applied in the following ways:

- To create a general reserve for the continuation and development of the co-operative;
- In accordance with the co-operative principle of member economic participation, to a bonus for all staff, either equally or in accordance with some other equitable formula. In practice, as long as reserves permit, 50% of profit is distributed as a bonus in proportion to hours worked;
- In accordance with the co-operative principle of concern for community, to make payment for social, co-operative and community purposes.

On winding up of the Company, any balance of assets remaining may not be distributed among the co-operative's members but shall be transferred to some other common ownership co-operative(s) to Co-operatives UK (or any body that succeeds to its function). If such residual assets cannot be distributed in this manner they shall be transferred to some other organisation(s) whose purpose is to promote and support the co-operative movement and common ownership enterprises.

### **Tax Policy**

The company meets the standards and requirements of the Fair Tax Foundation UK Small Business Standard for the Fair Tax Mark certification.

The Company is committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of being responsible participants in society. We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax, in the right place, and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions that we undertake during the course of our trade.

We will not seek to use those options made available in tax law, or the allowances and reliefs that it provides, in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. The Company will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonably anticipated that the UK's General Anti-Abuse Rule might apply.

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**Third Sector Accountancy Limited  
Directors' Report (continued)  
For The Year Ended 31 January 2022**

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**Principal Activity - continued**

We believe tax havens undermine the UK's tax system. As a result, whilst we may trade with customers and suppliers genuinely located in places considered to be tax havens, we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide all the information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

We provide tax advice to our clients in order to help them to make use of reliefs and exemptions as set out in law, and to make the best possible decisions so as to minimise tax liabilities. We will not advise clients to do anything that gains a tax advantage that is not within the spirit of the law, or to disguise the economic reality of a transaction, or to use a tax haven. Furthermore we will not act for clients that seek unfair tax advantages in this way.

**Directors**

The directors who held office during the year and up to the date of the approval and signing of the accounts were as follows:

Patrick Morrello  
Scott Lockwood (Appointed 12/08/2022)

**Political and Charitable Donations**

***Good Cause Fund***

Charitable donations made in the year as part of the good cause fund were £11,550 (PY: £6,500).

As a way in which we look to support and encourage positive social change, we decided to donate a percentage of our annual wage bill to good causes. In the spirit of cooperation, staff members are asked to nominate one good cause each.

**Small Company Rules**

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the board

  
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Scott Lockwood

Director

12/08/2022

**Third Sector Accountancy Limited  
Income and Expenditure Account  
For The Year Ended 31 January 2022**

	<b>Notes</b>	<b>2022 £</b>	<b>2021 £</b>
<b>TURNOVER</b>	<b>2</b>	534,911	380,762
Cost of sales		(444,353)	(322,534)
<b>GROSS SURPLUS</b>		90,558	58,228
Administrative expenses		(79,243)	(52,776)
Other operating income		4,000	4,000
<b>OPERATING SURPLUS</b>	<b>3</b>	15,315	9,452
Interest payable and similar charges		(367)	(491)
<b>SURPLUS BEFORE TAXATION</b>		14,948	8,961
Tax on Surplus	<b>6</b>	(3,062)	(1,352)
<b>SURPLUS AFTER TAXATION BEING SURPLUS FOR THE FINANCIAL YEAR</b>		11,886	7,609

The notes on pages 8 to 12 form part of these financial statements.

**Third Sector Accountancy Limited**  
**Balance Sheet**  
**As at 31 January 2022**

		<b>2022</b>		<b>2021</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible Assets	<b>7</b>		6,342		5,336
			<u>6,342</u>		<u>5,336</u>
<b>CURRENT ASSETS</b>					
Debtors	<b>8</b>	115,074		72,923	
Cash at bank and in hand		19,950		29,103	
		<u>135,024</u>		<u>102,026</u>	
<b>Creditors: Amounts Falling Due Within One Year</b>	<b>9</b>		<u>(105,048)</u>		<u>(82,930)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>29,976</u>		<u>19,096</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>36,318</u>		<u>24,432</u>
<b>NET ASSETS</b>			<u>36,318</u>		<u>24,432</u>
Income and Expenditure Account			<u>36,318</u>		<u>24,432</u>
<b>MEMBERS' FUNDS</b>			<u>36,318</u>		<u>24,432</u>

**Third Sector Accountancy Limited**  
**Balance Sheet (continued)**  
**As at 31 January 2022**

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For the year ending 31 January 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

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

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

On behalf of the board



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Scott Lockwood

Director

12/08/2022

The notes on pages 8 to 12 form part of these financial statements.

**Third Sector Accountancy Limited**  
**Notes to the Financial Statements**  
**For The Year Ended 31 January 2022**

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## 1. Accounting Policies

### 1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

### 1.2. Going Concern Disclosure

The director has not identified any material uncertainties related to events or conditions that may cast significant doubt about the company's ability to continue as a going concern.

### 1.3. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of software and from the rendering of accountancy, bookkeeping and tax services.

#### 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.

### 1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. 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:

Computer Equipment	33% straight line
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### 1.5. Taxation

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

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

As at 31 January 2022, the Company had no deferred tax assets or liabilities on its balance sheet (2021: £Nil); and no movements in deferred tax have been expensed or credited to the income statement during the four years 2018 to 2022.

**Third Sector Accountancy Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2022**

**2. Turnover by Principal Activities**

Analysis of turnover by principal activities is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Advice	27,264	19,422
Assurance	131,460	69,010
Compliance	210,080	162,908
In house	148,516	108,869
Other	312	324
Software re-selling	19,181	19,544
WIP adjustment	(1,902)	685
	<u>534,911</u>	<u>380,762</u>

**3. Operating Surplus/Deficit**

The operating surplus/deficit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bad debts	25	516
Depreciation of tangible fixed assets	3,272	1,903
	<u>3,297</u>	<u>2,419</u>

**4. Staff Costs**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	362,550	266,505
Social security costs	29,288	20,567
Other pension costs	31,376	18,766
	<u>423,214</u>	<u>305,838</u>

**5. Average Number of Employees**

Average number of employees, including directors, during the year was as follows: 17 (2021: 12)

**Third Sector Accountancy Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2022**

**6. Tax on Surplus**

	<b>Tax Rate</b>		<b>2022</b>	<b>2021</b>
	<b>2022</b>	<b>2021</b>	<b>£</b>	<b>£</b>
UK Corporation Tax	19.0%	19.0%	3,062	1,352
<b>Total Current Tax Charge</b>			3,062	1,352
<b>Total tax charge for the period</b>			3,062	1,352
			<b>2022</b>	<b>2021</b>
			<b>£</b>	<b>£</b>
<b>Profit before tax</b>			14,948	8,961
<b>Breakdown of Tax Charge is:</b>				
Tax on profit at 19% (UK standard rate)			2,840	1,703
Goodwill/depreciation not allowed for tax			611	362
Expenses not deductible for tax purposes			424	94
Capital allowances			(813)	(807)
Total tax charge for the period			3,062	1,352

**Expenses not deductible for tax purposes:**

Some business expenses, although entirely appropriate for inclusion in the reporting entity's accounts, are not allowed as a deduction against taxable income when calculating the tax liability. Examples of such expenses are: client entertaining; non qualifying charitable donations; and fines and penalties.

**Capital allowances:**

The accounting treatment of capital assets is usually different than the tax treatment allowable. This is because, in the accounts, an asset is depreciated over its useful economic life. Whereas capital allowances are set rules in tax law applied to the type of asset. The differences, however, between the depreciation rate in the accounts and capital allowances claimed in the corporation tax return – are only timing differences – as eventually, the accumulated depreciation and the capital allowances claimed will equal one another.

**Third Sector Accountancy Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2022**

**7. Tangible Assets**

	<b>Computer Equipment £</b>
<b>Cost</b>	
As at 1 February 2021	8,938
Additions	4,278
As at 31 January 2022	13,216
<b>Depreciation</b>	
As at 1 February 2021	3,602
Provided during the period	3,272
As at 31 January 2022	6,874
<b>Net Book Value</b>	
As at 31 January 2022	6,342
As at 1 February 2021	5,336

**8. Debtors**

	<b>2022 £</b>	<b>2021 £</b>
<b>Due within one year</b>		
Trade debtors	90,760	47,332
Prepayments and accrued income	23,914	25,391
Other debtors	200	-
	114,874	72,723
<b>Due after more than one year</b>		
Other debtors	200	200
	200	200
	115,074	72,923

Included within prepayments and accrued income is work in progress of £17,570 (2021: £19,472). The work in progress balance represents services in progress as at year end which have not yet been billed. The balance is calculated as 70% (2021: 70%) of the unbilled time cost as at the year end, based on staff charge out rates.

**Third Sector Accountancy Limited**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2022**

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**9. Creditors: Amounts Falling Due Within One Year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,454	4,343
Corporation tax	3,062	1,352
Other taxes and social security	10,159	8,399
VAT	42,384	23,693
Net wages	-	14,693
Short term directors loans	2,108	5,070
Other loans	-	500
Pension contributions	7,966	2,349
Accruals, deferred income and other creditors	33,915	22,531
	<u>105,048</u>	<u>82,930</u>

**10. Company limited by guarantee**

The company is limited by guarantee and has no share capital.

Every member of the company undertakes to contribute to the assets of the company, in the event of a winding up, such an amount as may be required not exceeding £1.

**11. General Information**

Third Sector Accountancy Limited is a private company, limited by guarantee, incorporated in England & Wales, registered number 10581248. The registered office is Holyoake House, Hanover Street, Manchester, M60 0AS.

**Third Sector Accountancy Limited**  
**Detailed Income and Expenditure Account**  
**For The Year Ended 31 January 2022**

	<b>2022</b>		<b>2021</b>	
	£	£	£	£
<b>TURNOVER</b>				
Sales		534,911		380,762
<b>COST OF SALES</b>				
Software recharged	21,139		16,696	
Wages and salaries	362,550		266,505	
Employers NI	29,288		20,567	
Employers pensions - defined contribution schemes	31,376		18,766	
		(444,353)		(322,534)
<b>GROSS SURPLUS</b>		90,558		58,228
<b>Administrative Expenses</b>				
Recruitment costs	1,470		2,000	
Staff training	9,138		4,316	
Home working expenses	4,316		2,501	
Staff entertaining	512		-	
Travel and subsistence expenses	1,466		525	
Rent	13,457		11,602	
Computer software, consumables and maintenance	12,452		10,475	
Insurance	1,968		1,437	
Printing, postage and stationery	370		130	
Telecommunications and data costs	1,680		839	
Website costs	2,494		1,632	
Consultancy fees	3,052		-	
Professional subscriptions	9,620		7,704	
Bank charges	808		557	
Charitable donations	11,550		6,500	
Bad debts written off	25		516	
Depreciation of computer equipment	3,272		1,903	
Entertaining	62		-	
Sundry expenses	1,531		139	
		(79,243)		(52,776)
				...CONTINUED

**Third Sector Accountancy Limited**  
**Detailed Income and Expenditure Account (continued)**  
**For The Year Ended 31 January 2022**

**Other Operating Income**

Other income - contributing to other operating income	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
<b>OPERATING SURPLUS</b>	15,315	9,452
<b>Interest payable and similar expenses</b>		
Credit card charges	345	491
Other interest payable	9	-
Foreign exchange charges	13	-
	<u>(367)</u>	<u>(491)</u>
<b>SURPLUS BEFORE TAXATION</b>	14,948	8,961
<b>Tax on Surplus</b>		
Corporation tax charge	3,062	1,352
	<u>(3,062)</u>	<u>(1,352)</u>
<b>SURPLUS AFTER TAXATION BEING SURPLUS FOR THE FINANCIAL YEAR</b>	<u><u>11,886</u></u>	<u><u>7,609</u></u>