

The Melting Pot
Report and Financial Statements
For the Year Ended
31 October 2018



Company Number: SC291663

Charity Number: SC045966

The Melting Pot

Report and Financial Statements For the Year Ended 31 October 2018

Contents	Pages
Reference and Administrative information	2
Report of the Directors	3 - 4
Independent Examiner's Report	5
Statement of Financial Activities (including Income & Expenditure Account)	6
Balance Sheet	7
Notes to the Financial Statements	8 – 13

The Melting Pot

Reference and Administrative Information

Company registration: SC291663

Charity registration: SC045966

Registered and principal office address: 5 Rose Street
Edinburgh
EH2 2PR

Directors

Current board members:

M Anderson
G Barron (appointed 20.8.18)
J Bruce
C Carpenter
A Corkhill
C Henderson (appointed 8.5.18)
R Horam
H Mirza
L Morison (appointed 8.5.18)
A Richards

Also serving during the year:

J Cooke (resigned 8.12.17)
R Davidson (appointed 12.1.19, resigned 6.5.19)
R Wilson (appointed 8.5.18, resigned 9.12.18)

Bankers: The Co-operative Bank PLC
PO Box 101
1 Balloon Street
M60 4EP

Independent Examiner: Stanley Wynd ACIS FCIE
122 Giles Street
Edinburgh
EH6 6BZ

The Melting Pot

Report of the Directors For the Year Ended 31 October 2018

The members of the Board of Directors are pleased to present their report and the financial statements for the year ended 31 October 2018.

Structure, Governance and Management

The Melting Pot ("the company") is constituted as a company limited by guarantee and it became a registered Scottish charity on 8 September 2015. It is governed by the terms of its Articles of Association

Members of the company are admitted at the discretion of the directors and become non-executive directors on their admission to membership. The executive director is appointed by the board.

The names of directors during the year are shown on page 2 together with other reference and administrative information.

Objectives and Review of Activities

The company's objects as stated in the Articles of Association are:

1. to advance education;
2. to advance citizenship and community development; and
3. to relieve unemployment

through a range of projects, initiatives and activities which stimulate and support social innovation.

Our vision: A society which has a vibrant, creative, resilient and effective social innovation community.
Our mission: Is to stimulate and support social innovation.

The Melting Pot is Scotland's Centre for Social Innovation and home to coworking in Edinburgh. Our multi-functional city centre venues provide practical, inspiring and cost-effective serviced environments to work, meet, learn and collaborate with amazing people doing inspirational things.

The Melting Pot has been a thriving events space for over a decade, welcoming around 10,000 people a year to our venues. In Sept 2018, for the first time ever, The Melting Pot reached full capacity with a waitlist for its coworking membership and it became clear that there was more demand for our venue hire services than we could accommodate at Rose Street, so it was time to expand.

A second venue hire location was opened in May 2018, "The Studio @ The Craggs". The Melting Pot Studio @ The Craggs Centre is in the Pleasance area of Central Edinburgh and we're very excited to be partnering with and supporting a younger social enterprise as we scale up.

With our Coworking Accelerator, we are delivering practical resources and expertise to coworking leaders globally to help them build resilient, enterprising communities locally. We also help with feasibility study, market research, business plan design and essential capacity-building work and offer learning events and resources.

This year, Phase 2 of our pilot stage saw sales achieved of £32k. Sixteen events were attended (with a reach of 1,300 people).

CONNECT is our peer network, offering knowledge sharing and promotional opportunities for both established spaces and those in development. CONNECT membership reached 118 in 69 countries.

Our EXPLORE services offer practical support for new and emerging coworking practitioners. EXPLORE customers came to 80 (52 Scotland, 14 rest of UK and 14 International).

The Melting Pot

Report of the Directors (continued)

ACCELERATE services are designed specifically for emerging coworking businesses who have completed the business planning and feasibility stage and identified a building. There were 5 ACCELERATE customers (3 Scotland, 1 rest of UK and 1 international). At the end of 2017-18, two full time members of staff were recruited to take the Coworking Accelerator to the next stage.

We have continued with our educational activities under the umbrella Good Ideas (previously Social Innovation Programme). Good Ideas provides a great place to start the journey of turning an idea into a social venture. Practical help and support in a structured program of workshops, learning tours, events and expert input.

Good Ideas consists of:

- Catalyst - A variety of entry points, called Catalysts, including webinars, talks, events and workshops
- Camp - Testing ideas at 1-day and 2-day Camps held at various locations in Edinburgh and Glasgow
- Class - Selection to a 3-month sprint, called the Class, that includes weekly workshops, free hot-desking and learning tours that lead to the testing of a minimal viable product/service
- Coaching - Selection to a 3-month Coaching period of bi-weekly workshops with 1:1 expert input alongside co-coaching from other Good Ideas founders and more free hot-desking
- Network - We track and support programme alumni forever through the Good Ideas network.

In November 2017, twenty-five ideas were tested at the Good Ideas Camp. Of these, ten ideas were incubated through the Good Ideas Class of 2018.

Sixty-eight aspiring social innovators were introduced to Good Ideas and gained the courage to test their ideas through five Catalyst Events in Edinburgh.

Seventy delegates explored models, motivations and aspirations for social innovation at the Movement Makers event in Glasgow in partnership with Glasgow Caledonian University and Social Innovation Through Knowledge Exchange (SIKE).

Social Enterprise World Forum – The Melting Pot also hosted a variety of events over a week in September, as an official partner and fringe event venue. More than two hundred people participated in our social gatherings and learning sessions. The Coworking Accelerator delivered a coworking masterclass and CEO Claire Carpenter joined a panel on unlocking community assets and Good Ideas did what they do best; they supported social entrepreneurs, helping refine their good idea to make change.

Financial Review

Total income in the year was £478,621 and expenditure totaled £467,296 resulting in a surplus for the year of £11,325. Reserves stood at £115,300, of which £95,300 was unrestricted and £20,000 restricted funds to be applied in support of particular projects.

The directors consider that the charity should have 'free' reserves of around £125,000, to cover redundancies and other expenses in the event of winding up. The amount of general funds of £87,458 at the end of the year fell short of this level but the charity anticipates that this will improve in the coming year.

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

Approved by the Board on 11 July 2019 and signed on its behalf by:


.....
H Mirza

**Independent Examiner's Report
To the Directors (the Trustees) of The Melting Pot**

I report on the accounts of the charity for the year ended 31 October 2018 which are set out on pages 6 to 13.

Respective responsibilities of Trustees and examiner

The charity's Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Stanley Wynd

Stanley Wynd ACIS FCIE
122 Giles Street
Edinburgh
EH6 6BZ

Date 15/7/19

The Melting Pot

Statement of Financial Activities (including Income & Expenditure Account)

For the Year Ended 31 October 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Income from:					
<i>Donations and legacies:</i>					
Donations		1,094	4,276	5,370	10,556
<i>Charitable activities:</i>					
Grants	1	-	184,762	184,762	148,467
Sales		248,355	-	248,355	152,644
<i>Other trading activities:</i>					
Other coworking and event income		39,461	-	39,461	94,623
<i>Investment income:</i>					
Bank interest		8	-	8	64
Other income		665	-	665	1,728
Total		<u>289,583</u>	<u>189,038</u>	<u>478,621</u>	<u>408,082</u>
Expenditure on:	2				
<i>Raising funds</i>		20,262	-	20,262	69,711
<i>Charitable activities</i>		284,078	162,956	447,034	318,852
Total		<u>304,340</u>	<u>162,956</u>	<u>467,296</u>	<u>388,563</u>
Net income / (expenditure)		(14,757)	26,082	11,325	19,519
Transfers		<u>9,780</u>	<u>(9,780)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(4,977)	16,302	11,325	19,519
Total funds brought forward		<u>100,277</u>	<u>3,698</u>	<u>103,975</u>	<u>84,456</u>
Total funds carried forward	10	<u>95,300</u>	<u>20,000</u>	<u>115,300</u>	<u>103,975</u>

The notes on pages 8 to 13 form part of these financial statements.

The Melting Pot

Balance Sheet at 31 October 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	5	7,842	10,620
Investments	6	<u>100</u>	<u>100</u>
		<u>7,942</u>	<u>10,720</u>
Current Assets			
Debtors	7	38,414	9,326
Cash at bank and in hand		<u>246,133</u>	<u>253,884</u>
		<u>284,547</u>	<u>263,210</u>
Creditors:			
<i>Amounts due within one year</i>	8	<u>177,189</u>	<u>169,955</u>
Net Current Assets		<u>107,358</u>	<u>93,255</u>
Total net Assets		<u>115,300</u>	<u>103,975</u>
Funds			
Restricted funds	10	20,000	3,698
Unrestricted funds	10	<u>95,300</u>	<u>100,277</u>
Total Funds	11	<u>115,300</u>	<u>103,975</u>

For the year ending 31 October 2018 the charitable company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- 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.

The accounts on pages 6 to 13 were approved by the Board of Directors on 11 July 2019 and are signed on its behalf by:



H Mirza

The notes on pages 8 to 13 form part of these financial statements.

The Melting Pot

Notes to the Accounts

Accounting policies

Basis of accounting

The financial statements have been prepared under the historic cost convention and 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)' - (referred to as 'the Charities SORP'), the 'Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015. The charity constitutes a public benefit entity as defined by FRS 102.

The charity has applied the alternative structure for smaller charities allowed by paragraph 4.22 of the Charities SORP and has not reported on an activity basis. Similarly, as a smaller charity, a cash flow statement has not been prepared.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Accounting estimates

The directors do not consider there are any areas of the financial statements where significant judgements are being carried out.

Income

Grants and donations are recognised in full in the Statement of Financial Activities in the period in which they are receivable, provided any conditions for use of the grant or donation have been fulfilled. Where a grant or donation is received for a specific purpose, it is included within restricted income and any unexpended portion carried forward as a restricted fund. Income from charitable activities includes income received where entitlement to grant funding is subject to specific performance conditions and is recognised as and when it is earned. Income from non-charitable trading activities and fundraising is included under other trading activities.

Expenditure

All expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated by the straight line method to write off the cost of fixed assets over their estimated useful lives, as follows:

Equipment, fixtures and furniture 20% per annum

Debtors

Debtors are recognised at the settlement amount due.

Creditors and provisions

Creditors and provisions are recognised, at settlement amount, where the charity has a present obligation resulting from a past event, which is likely to result in the transfer of funds to a third party, and the amount due can be measured or estimated reliably.

Fund Accounting

Unrestricted funds arise from donations without a specified purpose and other income generated and are available to be used for any of the objects of the charity at the discretion of the trustees. Restricted funds are to be used for specific purposes as laid down by the donor or funder. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

The Melting Pot

Notes to the Accounts (continued)

Accounting policies (continued)

1. Income	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£	£	£	£
Grants:				
Scottish Government	-	146,599	146,599	148,647
People's Postcode Trust	-	20,000	20,000	-
Social Innovation Through Knowledge Exchange	-	14,413	14,413	-
Creative Scotland	-	3,750	3,750	-
Total	-	184,762	184,762	148,647

2. Expenditure	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£	£	£	£
Raising funds:				
Staff costs (note 3)	10,833	-	10,833	17,876
Rent and other running costs	6,926	-	6,926	48,389
Depreciation	2,503	-	2,503	3,446
	20,262	-	20,262	69,711

The above amounts represent the costs of generating the income included in 'Other trading activities'.

Charitable activities:

Staff costs (note 3)	89,832	86,287	176,119	126,740
Events	20,026	1,665	21,691	19,298
Training	2,257	184	2,441	2,379
Travel and subsistence	396	4,590	4,986	6,817
Rent, rates and service charges	105,410	3,200	108,610	67,240
Repairs and maintenance	-	-	-	3,630
Telecoms	5,070	682	5,752	4,176
Office supplies	2,456	245	2,701	3,953
Admin support and payroll	18,100	11,228	29,328	6,515
Subscriptions	255	-	255	120
Bank charges	1,311	30	1,341	687
Insurance	1,003	600	1,603	913
IT support and software	10,080	4,731	14,811	10,512
Conferences	-	-	-	2,454
Accountancy fees	700	900	1,600	1,496
Advertising and PR	14,940	6,902	21,842	3,903
Other legal and professional	5,026	41,692	46,718	51,499
Sundry expenses	2,182	20	2,202	961
Depreciation	5,034	-	5,034	5,559
	284,078	162,956	447,034	318,852

The Melting Pot

Notes to the Accounts (continued)

3. Staff costs	Raising funds	Charitable activities	2018	2017
	£	£	£	£
Wages & salaries	9,945	158,121	168,066	133,335
Social security costs	710	14,386	15,096	9,315
Pensions	178	2,563	2,741	1,327
Recruitment	-	1,049	1,049	639
	<u>10,833</u>	<u>176,119</u>	<u>186,952</u>	<u>144,616</u>

The average number of employees in the year was 9 (2017:6). There were no employees with emoluments above £60,000. Volunteers assisted with daily operations, supporting users to make the most of the Information Technology and Communications and other resources. The total amount paid to key management personnel was £47,838 (2017: £44,506).

The charity operates a defined contribution pension scheme. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme.

4. Independent examiner	2018	2017
	£	£
Cost of independent examination	500	500
Cost of other financial services provided	2,076	1,913

5. Tangible Fixed Assets	Equipment, fixtures & furniture
Cost:	£
At 1 November 2017	36,545
Additions	4,759
Disposals	-
At 31 October 2018	<u>41,304</u>
Depreciation:	
At 1 November 2017	25,925
Charge for period	7,537
On disposals	-
At 31 October 2018	<u>33,462</u>
Net Book Value:	
At 31 October 2018	<u>7,842</u>
At 31 October 2017	<u>10,620</u>

6. Fixed asset investments		2018	2017
Shares in subsidiary undertakings at cost:	Holding	£	£
The Melting Pot Trading Ltd	100%	100	100

The Melting Pot

Notes to the Accounts (continued)

7. Debtors	2018	2017
	£	£
Trade debtors	14,702	9,103
Amounts owed by group undertakings	10,662	-
Prepayments and accrued income	13,050	223
	<u>38,414</u>	<u>9,326</u>

8. Creditors	2018	2017
	£	£
<i>Amounts falling due within one year:</i>		
Trade creditors	9,545	10,510
Amounts owed to group and associated undertakings	100	100
Received on account for performance related grants	144,222	143,097
Accruals and deferred income	2,550	3,450
Other taxes and social security costs	16,967	10,863
Other creditors	3,805	1,935
	<u>177,189</u>	<u>169,955</u>

9. Related party transactions

A salary of £47,083 and pension contributions totalling £754 were paid to Claire Carpenter, the executive director (2017: £44,065 / £441). These payments are provided for in the Articles of Association. Travel and telephone expenses totalling £3,799 were also paid to one director (2017: £1,006 - one director). At the year end the charity owed £100 (2017: £100) to its subsidiary company, The Melting Pot Trading Ltd, for the purchase of its shares.

10. Movement on Funds

	Note	At 1/11/17	Incoming Resources	Outgoing Resources	Transfers	At 31/10/18
		£	£	£	£	£
Restricted funds:						
Good Ideas Academy	(a)	-	58,060	(49,848)	(8,212)	-
National Learning Event	(b)	-	5,533	(5,370)	(163)	-
Good Ideas Academy Catalyst	(c)	2,250	-	(2,061)	(189)	-
Coworking Accelerator Network	(d)	-	105,445	(103,732)	(1,713)	-
Coworking Canvas	(e)	765	-	(765)	-	-
Internationalisation	(f)	683	-	(1,180)	497	-
Peoples Postcode Lottery	(g)	-	20,000	-	-	20,000
Total restricted funds		<u>3,698</u>	<u>189,038</u>	<u>(162,956)</u>	<u>(9,780)</u>	<u>20,000</u>
Unrestricted funds:						
Fixed asset fund	(h)	10,620	-	(7,537)	4,759	7,842
General fund		89,657	289,583	(296,803)	5,021	87,458
Total unrestricted funds		<u>100,277</u>	<u>289,583</u>	<u>(304,340)</u>	<u>9,780</u>	<u>95,300</u>
Total funds		<u>103,975</u>	<u>478,621</u>	<u>(467,296)</u>	<u>-</u>	<u>115,300</u>

The Melting Pot

Notes to the Accounts (continued)

Notes on Funds

- (a) The Good Ideas Academy (formally the Social Innovation Programme) is an annual series of events, workshops and training, funded by the Scottish Government, the Social Innovation Through Knowledge Exchange programme (funded by Erasmus+), the People's Postcode Trust and others - to stimulate social innovation by enabling social innovators. The transfer represents the cost of assets purchased in the year, moved to the fixed assets fund (£400), a contribution to the cost of overheads (£4,037) and an amount of expenditure relating to the fund made in a previous year and not adjusted in that year (£3,750).
- (b) Funds provided by the Scottish Government for the Good Ideas Academy National Learning Event, to enable people in Scotland to explore models, motivations and aspirations for social innovation. The transfer represents a contribution to the cost of overheads.
- (c) Funds provided by the Scottish Government for a series of catalyst events and workshops, as part of the Good Ideas Academy programme, for participants to gain inspiration from others and generate new ideas. The transfer represents a contribution to the cost of overheads.
- (d) The Coworking Accelerator Network is a project funded by the Scottish Government to promote global networking and the development of quality coworking. The transfer represents a contribution to the cost of overheads.
- (e) Funded by the Scottish Government, the Coworking Canvas project is the creation of a standard methodology for designing, defining and developing quality coworking businesses.
- (f) Funds provided by the Scottish Government to support dissemination of the Coworking Accelerator Network overseas. The transfer represents the addition of unrestricted funds to complete the work.
- (g) A grant from The Peoples Postcode Lottery to create an online learning platform.
- (h) The Fixed Assets fund corresponds to the net book value of tangible fixed assets. Depreciation is charged to the fund and the cost of fixed assets purchased is transferred into the fund.

11. Analysis of Net Assets Between Funds

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	-	7,942	7,942
Current assets	20,000	264,547	284,547
Creditors	-	(177,189)	(177,189)
Net assets at 31 October 2018	20,000	95,300	115,300

The Melting Pot

Notes to the Accounts (continued)

12 Statement of Financial Activities - Comparative figures by class for the year ended 31 October 2017

The following provides an analysis by class of the comparative figures in the SOFA as required by paragraph 4.2 of the Statement of Recommended Practice for Charities.

Income from:	Unrestricted Funds £	Restricted Funds £	Total 2017 £
<i>Donations and legacies:</i>			
Donations	582	9,974	10,556
<i>Charitable activities:</i>			
Grants	-	148,467	148,467
Sales	152,644	-	152,644
Project delivery	-	-	-
<i>Other trading activities:</i>			
Other coworking and event income	94,623	-	94,623
<i>Investment income:</i>			
Bank interest	64	-	64
Other income	1,728	-	1,728
Total	249,641	158,441	408,082
 <i>Expenditure on:</i>			
<i>Raising funds</i>	69,711	-	69,711
<i>Charitable activities</i>	131,193	187,659	318,852
Total	200,904	187,659	388,563
 Net income / (expenditure)	48,737	(29,218)	19,519
 Transfers	(4,138)	4,138	-
 Net movement in funds	44,599	(25,080)	19,519
 Total funds brought forward	55,678	28,778	84,456
 Total funds carried forward	100,277	3,698	103,975

The notes on pages 8 to 13 form part of these financial statements.