



CITY YEAR UK
A COMPANY LIMITED BY GUARANTEE

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

CHARITY NUMBER: 1131350
COMPANY NUMBER: 06965846

CITY YEAR UK
(A COMPANY LIMITED BY GUARANTEE)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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CITY YEAR UK
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2016

Reference & administrative details

Charity Name	City Year UK
Charity registration number	1131350
Company registration number:	06965846
Registered Office	58 – 62 White Lion Street, London N1 9PP

Trustees

Shirley Soskin	Chair
Jim Balfanz	
Jonathan Beebe	
Aliza Blachman-O'Keefe	
Filippo Cardini	
Caroline Clark	
AnnMaura Connolly	
Patrick Flaherty	Appointed 21 March 2016
Charles Geffen	
David Huse	Appointed 29 April 2016
Colin Hely-Hutchinson	Resigned 2 March 2016
Dheeraj Kunchala	
Pauline Maddison	
Baroness Janet Royall	Appointed 13 September 2106
Sonia Sodha	
Peter Wilson	

Company secretary

Sophie Livingstone

Senior management team

Sophie Livingstone	Chief Executive
Michael Joseph	Director of Finance & Operations
Lucie Kennedy	Director of Fundraising & Communications
Eric Mtungwazi	Director of Delivery
James Probert	Director of Strategy & Impact

Auditors

Knox Cropper
Chartered Accountants
8/9 Well Court
London
EC4M 9DN

Bankers

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4TA

Solicitors

Ashurst LLP
Broadwalk House
5 Appold Street
London
EC2A 2HA

CITY YEAR UK

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2016

The Trustees who are also Directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. The Trustees have adopted the provisions of 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) (effective 1 January 2015).

Our Objectives and activities

Public benefit

In developing the objectives for the year and in planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit.

Purposes and aims

City Year UK's purposes as set out in the objects contained in the company's memorandum of association are, for the public benefit, to:

- 1. Promote the education (including the social and physical training) of people under the age of 25 years in the United Kingdom, in such ways as the Directors think fit, including by organising and assisting with the provision of volunteers to schools, to act as tutors, mentors and role models to students; and*
- 2. Advance citizenship and community development by the promotion and development of voluntary work and supported volunteering opportunities and to advance the development of volunteers by providing training, development, advice, information, assistance and support to those participating in or wishing to participate in volunteering opportunities; and*
- 3. Relieve poverty including by the provision of assistance to current, future and past participants in volunteering opportunities.*

The aims of our charity are to:

- to support student achievement in schools,
- to develop young people's employability skills,
- to promote the concept of service and to provide meaningful opportunities for young people to serve.

Our aims fully reflect the purposes that the charity was set up to further.

Our activities

City Year UK challenges young people to tackle educational inequality through a year of intensive volunteering in schools. It's a year for 18 to 25-year-olds, from all backgrounds, to support children growing up in some of the most disadvantaged areas of the country. Equally, it's also a year for our volunteers to realise their own aspirations and grow as leaders, both through the achievements they'll share with pupils and the training, coaching and career development opportunities they receive.

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FOR THE YEAR ENDED 31 JULY 2016

Achievements and performance

Children from poorer households in the UK don't do as well in school as their richer peers: what's known as the 'achievement gap'.

City Year UK helps schools close the achievement gap by allowing them to fill what we call the 'implementation gap', providing a team of highly trained full time volunteers to allow them to do more of what we can prove raises attainment for those most in need.

- Our teams serve in schools where at least half of pupils are from households that have felt the effect of poverty, or are in care (they are eligible for extra government funding, the 'pupil premium')
- Schools use risk factors like being behind in English or maths, or having behaviour problems, to allocate those students most in need of extra help to a 'focus list' who receive our targeted support
- Our extra help focuses on those school years, roughly age 8 and ages 11 to 14, which really matter for social and emotional development but which receive fewer school resources
- Last year our corps members collectively served more than 290,000 hours for our partner schools, almost 45,000 of which were spent in delivering one-to-one support

Data from our partner schools shows that the gap, and its underlying causes, really does narrow where City Year teams work.

- Over 80% of primary pupils made progress in English
- Pupils eligible for Free School Meals showed faster rates of progress than their non-FSM peers
- Students targeted for negative behaviour doubled the number of positive behaviour points they received over the course of the year
- 64% of students improved had improved attendance compared to the previous year
- 60% of students demonstrated improved punctuality over the year
- Focus list students identified their City Year teams with values of 'support', 'friendship' and 'respect'
- Focus list students identified their City Year mentors as the adults they spoke to most in the school environment about: behaviour; plans for the future; faith and beliefs; attitude toward work and friendships

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Schools and education experts agree with us that City Year directly contributes to causing these changes.

- 85% of school partnership leads felt that City Year participants always or regularly helped pupils enjoy their school day
- 92% of teachers felt that their City Year teams had built positive relationships with their students
- 82% of teachers felt that their students had become more confident in expressing their thoughts and opinions after working with City Year teams
- 76% of teachers felt their students enjoyed school more after interacting with City Year teams
- 82% of teachers felt that their students followed the example set by City Year teams

Financial review

Results

This year we have grown delivery from 21 to 23 schools including building the programme in our third region of Greater Manchester.

In the context of such growth the Consolidated Statement of Financial Activities on page 10 of these financial statements shows net incoming resources for the year ended 31 July 2016 of £58,424.

This is the result of total incoming resources of £4,187,238 net of total resources expended of £4,128,814. The net outgoing resources for the year result in an increase in unrestricted funds of £66,818 and a decrease in restricted funds of £8,394. This has resulted in unrestricted funds of £975,475 and restricted funds of £58,040 at the year end.

Reserves

Trustees policy is to retain a prudent level of reserves from unrestricted income to;

- Ensure that the charity can continue to provide a stable and high quality service to our beneficiaries
- Provide sufficient working capital for the planned activities for the following year
- Meet unexpected costs such as loss of key personnel, staff cover for illness, maternity or paternity leave or the legal costs defending the charities interest
- Invest in organisational development to support long-term stability and sustainability
- Take into account all contractual liabilities
- Replace equipment as it wears out and which is not funded by restricted funds

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FOR THE YEAR ENDED 31 JULY 2016

Amount of reserves

The reserves currently stand at £1,027,845 (2015: £969,421) of which £58,040 are restricted (2015: £66,434) and £969,805 are unrestricted (2015: £902,987). Unrestricted reserves available to the charity after adjusting for those that can only be realised by disposal of tangible fixed assets (free reserves) amount to £903,997 (2015: £887,402). The Trustees estimate that a prudent level of unrestricted reserves required for the charity to comply with its reserves policy is two to three months of total expenditure which at the year end indicates free reserves of between £690,000 and £1,030,000.

Principal funding sources

We thank all our supporters to whom we are deeply grateful. Our major organisational sources of funding in 2015-6 (in alphabetical order) were:

Bank of America
Baron Davenport's Charity
Burberry Foundation
Credit Suisse EMA Foundation
Department for Education
Esmée Fairbairn Foundation
Fidelity Foundation UK
Garfield Weston Foundation
Greater London Authority
Jack Petchey
London City Airport
NESTA
Peter Stebbings Memorial Trust
St. James Place
Starbucks Youth Action
State Street Foundation
The Douglas Turner Trust
The Dulverton Trust
The Eveson Charitable Trust
The Foundation for Children
The Leathersellers Company
The Norton Foundation
The Queen's Trust
The Virgin Foundation
TowerBrook
Vitol Foundation

Structure, governance and management

Governing document

City Year UK is registered company limited by guarantee, incorporated on 17 July 2009 and registered as a charity on 25 August 2009. It was established under a Memorandum of Association which define its objects and powers and is governed under its Articles of Association. In the event of the company being wound up, members (who are currently solely the Trustees of the charity) are required to contribute an amount not exceeding £10.

CITY YEAR UK
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2016

Recruitment and appointment of Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association one third of the Trustees must retire by rotation and can be re-elected at general meeting. New Trustees can be recommended by the Trustees or by the members.

All Trustees give their time voluntarily and receive no benefits from the charity.

Trustee induction and training

An induction pack for Trustees has been put in place, and all new Trustees are invited to meet with the Chair and Chief Executive to discuss the work of the charity and in particular to be informed of:

- The obligations of Trustees
- The main documents which set out the operational framework for the charity including the Memorandum and Articles
- Resourcing and the current financial position
- Future plans and objectives

Trustees' needs are assessed on an individual basis, and training is provided if required.

Organisational structure

City Year UK has a Board of Trustees who meet quarterly, as well as delegating specialist matters to committees where appropriate. Collectively they are responsible for the strategic direction and policy and financial sustainability of the charity. At present, the Board has fifteen Trustees from a variety of professional backgrounds of relevance to City Year UK's work.

Recommendations on strategic direction, financial progress and day to day management of charity's activities and are delivered by the senior management and wider staff team.

Remuneration of key management personnel

The key management personnel of the charity consist of the Trustees and the senior management team. Trustees are not remunerated by the charity. Remuneration of the senior management team forms part of the annual staff increment remuneration setting process and is reviewed and approved by the Board of Trustees.

Risk management

City Year UK's Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage them. A risk register is updated at least annually and systems or procedures are established and maintained to mitigate the risks the charity faces.

Internal control risks are minimised by the implementation of procedures for the authorisation of all financial transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and visitors. City Year UK has a child protection policy and all volunteers undertake child protection training before being permitted to volunteer in schools or with children. All Trustees, City Year UK staff and volunteers undergo DBS checks before any involvement with projects.

CITY YEAR UK
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2016

Statement of Trustees' responsibilities

The Trustees (who are also the Directors of City Year UK for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the Incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

This report was approved by the Trustees on 8 December 2016 and signed by order of the Board



.....
Shirley Soskin (Chair of Trustees)

INDEPENDENT AUDITORS' REPORT TO THE

MEMBERS OF

CITY YEAR UK

We have audited the financial statements of City Year UK for the year ended 31 July 2016 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheet, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE

MEMBERS OF

CITY YEAR UK

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Richard Billingham FCA
Senior Statutory Auditor
for and on behalf of Knox Cropper, Statutory Auditors

8/9 Well Court
London
EC4M 9DN

8 December 2016

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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2016**

	Notes	2016 Unrestricted Funds	2016 Restricted Funds	Total Funds	2015 Unrestricted Funds	2015 Restricted Funds	Total Funds
Income and endowments from							
Donations and legacies							
Grants and Donations	2	881,064	1,827,978	2,709,042	1,134,089	1,028,286	2,162,375
Other trading activities							
Gala Dinner		206,858	29,725	236,583	157,908	59,190	217,098
Commercial Trading Operations	3	145,800	-	145,800	137,235	-	137,235
Investments							
Charitable activities							
School Fees		1,095,813	-	1,095,813	895,000	-	895,000
Total Income		2,329,535	1,857,703	4,187,238	2,324,232	1,087,476	3,411,708
Expenditure on							
Raising funds							
Costs of Generating Voluntary Income							
Fundraising & Marketing Costs		347,565	-	347,565	290,519	-	290,519
Commercial Trading Operations	3	2,359	-	2,359	2,256	-	2,256
Charitable Activities							
Programme Expenses		1,737,793	1,866,097	3,603,890	2,061,604	1,070,169	3,131,773
Affiliation Fees		175,000	-	175,000	151,823	-	151,823
Total Expenditure	4	2,262,717	1,866,097	4,128,814	2,506,202	1,070,169	3,576,371
Net income/(expenditure)		66,818	(8,394)	58,424	(181,970)	17,307	(164,663)
Transfers between funds							
Net Movement in funds							
Reconciliation of funds							
Total Funds Brought Forward,							
As originally stated		908,657	66,434	975,091	1,090,627	49,127	1,139,754
Prior year adjustment	17	(5,670)	-	(5,670)	(5,670)	-	(5,670)
		902,987	66,434	969,421	1,084,957	49,127	1,134,084
Total Funds Carried Forward		£969,805	£56,040	£1,027,845	£902,987	£66,434	£969,421

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes form part of these financial statements.

CITY YEAR UK

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2016

	Notes	Group		Parent Charity	
		31 July 2016 £	31 July 2015 £	31 July 2016 £	31 July 2015 £
Fixed Assets					
Tangible Assets	10	65,808	15,585	65,808	15,585
Investments	11	-	-	1	1
		<u>65,808</u>	<u>15,585</u>	<u>65,809</u>	<u>15,586</u>
Current Assets					
Debtors	12	172,496	250,993	485,027	430,743
Cash at Bank and in Hand		<u>1,247,172</u>	<u>1,252,133</u>	<u>930,585</u>	<u>1,070,182</u>
		<u>1,419,668</u>	<u>1,503,126</u>	<u>1,415,612</u>	<u>1,500,925</u>
Liabilities					
Creditors: amounts falling due Within One Year	13	<u>457,631</u>	<u>549,290</u>	<u>453,576</u>	<u>547,090</u>
Net Current Assets		962,037	953,836	962,036	953,835
Total Net Assets		<u>£1,027,845</u>	<u>£969,421</u>	<u>£1,027,845</u>	<u>£969,421</u>
The Funds of the Charity:					
Unrestricted Funds	15				
General Funds		969,805	902,987	969,805	902,987
Restricted Funds	15	58,040	66,434	58,040	66,434
Total Funds		<u>£1,027,845</u>	<u>£969,421</u>	<u>£1,027,845</u>	<u>£969,421</u>

The Trustees have prepared group accounts in accordance with the special provisions available to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board of Trustees on 8 December 2016 and signed on its behalf by:-


.....
Shirley Soskin (Chair of Trustees)

Registered Company Number: 06965846
Registered Charity Number: 1131350

The notes form part of these financial statements.

CITY YEAR UK

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2016

	2016	2015
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows provided by (used in) operating activities	<u>72,184</u>	<u>(7,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rents from investments	-	-
Purchase of property, plant and equipment	<u>(77,145)</u>	<u>(16,462)</u>
Net cash provided by (used in) investing activities	<u>(77,145)</u>	<u>(16,462)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(4,961)</u>	<u>(24,056)</u>
Cash and cash equivalents at the start of the year	1,252,133	1,276,189
Cash and cash equivalents at the end of the year	<u>£1,247,172</u>	<u>£1,252,133</u>

RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net income/(expenditure) for the financial year	58,424	(164,663)
Adjustments for:		
Depreciation charge	26,922	20,361
Dividends, interest and rents from investments	-	-
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	78,497	523,664
Increase/(decrease) in creditors	(91,659)	(386,956)
Net cash provided by (used in) operating activities	<u>£72,184</u>	<u>£(7,594)</u>

CITY YEAR UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

(b) First year adoption of FRS 102

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) a restatement of comparative items was needed. The restatements required for the preceding year from the date of transition (1 August 2014) are detailed in note 17.

(c) Group Financial Statements

These financial statements consolidate the results of the company and its wholly owned subsidiary City Year London Trading Limited on a line by line basis. A separate Statement of Financial Activities, or Income and Expenditure account, is not presented for the company itself following the exemptions afforded by Part 15 of the Companies Act 2006 relating to small companies. The Company's gross income for the year was £4,184,879 (2015: £3,409,452) and gross expenditure was £4,126,564 (2015: £3,574,115).

(d) Income

Income consists of grants and donations and bank interest receivable. These are dealt with on a receivable basis, that is income is recognised when it becomes legally receivable. Where income has been used specifically for funding fixed assets, the income is recognised in the Statement of Financial Activities and depreciation on the fixed assets is charged against the relevant fund as it arises.

(e) Donations in Kind

Donations in kind are recognised both as income and expenditure where their value can be ascertained with reasonable certainty.

(f) Depreciation

Depreciation is calculated to write down the cost of fixed assets to their residual values over their anticipated useful lives on a straight line basis. Fixed assets are capitalised where the acquisition value of each individual asset or class of asset is equal to or exceeds £1,000. The principal rates adopted are:-

IT hardware and software	33% pa
Furniture and fittings	10% pa
Leasehold Improvements	10% or 20% pa

CITY YEAR UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

1. ACCOUNTING POLICIES (Continued)

- (g) **Expenditure**
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is recognised on an accruals basis. Whenever possible, expenditure is allocated direct to the activity to which it relates on an actual basis. Where actual allocation is not possible the costs are apportioned on the basis of staff costs.
- (h) **Restricted Funds**
Where income is given for a specific purpose or project, the funds are treated as restricted and any surplus or deficit will be carried forward as a restricted fund until it is fully applied for the specified purposes.
- (i) **Value Added Tax**
The Charitable Company is not registered for value added tax (VAT) and input tax is not recoverable. Expenditure is therefore recorded inclusive of VAT.
- (j) **Pension costs**
The charity has a defined contribution pension scheme. Employer contributions are charged to the statement of financial activities in the period to which they relate.
- (k) **Financial instruments**
The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently valued at their settlement value.

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

2. GRANTS AND DONATIONS

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Grants				
Bank of America	-	182,022	182,022	233,582
Baron Davenport's Charity	-	1,000	1,000	-
Burberry Foundation	-	202,017	202,017	200,000
CHK Charities Limited	-	-	-	5,000
Credit Suisse EMA Foundation	250,000	12,982	262,982	250,000
Department for Education	-	289,950	289,950	32,864
Deutsche Bank	-	-	-	100,000
The Douglas Turner Trust	-	2,000	2,000	-
The Dulverton Trust	-	23,000	23,000	2,000
Esmée Fairbairn Foundation	-	141,667	141,667	196,667
The Everson Charitable Trust	-	2,500	2,500	-
Fidelity	-	32,716	32,716	-
The Foundation for Children	-	3,750	3,750	-
Garfield Weston Foundation	-	40,080	40,080	75,187
Greater London Authority	-	9,699	9,699	52,724
Haberdashers Trust	-	-	-	15,000
Jack Petchey	-	2,100	2,100	1,800
The Leathersellers' Charitable Company Foundation	-	10,000	10,000	-
London City Airport	-	6,500	6,500	-
Manchester Guardian Society	-	-	-	2,000
Mercers Trust	-	-	-	15,000
NESTA	-	203,000	203,000	140,000
The Norton Foundation	-	2,500	2,500	-
Peter Stebbings Memorial Trust	-	5,000	5,000	-
Queen's Trust	250,000	559,475	809,475	130,646
Rank	-	-	-	6,521
St. James' Palace	-	10,000	10,000	-
Starbucks Youth Action	-	1,300	1,300	-
State Street Foundation	-	37,500	37,500	34,999
TowerBrook	101,469	-	101,469	46,211
The Virgin Foundation	-	35,000	35,000	35,000
Vitol Foundation	-	12,220	12,220	-
Youth Social Action Fund	-	-	-	36,667
Unrestricted Grants	265,970	-	265,970	309,458
	<u>867,439</u>	<u>1,827,978</u>	<u>2,695,417</u>	<u>1,921,326</u>

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

2. GRANTS AND DONATIONS (Continued)

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Donations in Kind				
Virgin Trains	12,500	-	12,500	15,000
Chiltern Railways	1,125	-	1,125	4,275
	<u>13,625</u>	<u>-</u>	<u>13,625</u>	<u>19,275</u>
Other Donations				
General	-	-	-	221,774
	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,774</u>
	<u>£881,064</u>	<u>£1,827,978</u>	<u>£2,709,042</u>	<u>£2,162,375</u>

Donations in kind were received from Virgin Trains and Chiltern Railways, representing the cost of standard class returns given to the organisation.

3. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY

The wholly-owned trading subsidiary, City Year London Trading Limited, which was incorporated in the United Kingdom on 3 November 2010, operates all commercial trading operations carried out by the Charity. The Charity owns the entire issued share capital of 1 share with a nominal value of £1. A summary of the trading results are shown below:-

	2016 Total £	2015 Total £
Summary Profit and Loss Account		
Turnover	145,800	137,235
Administration expenses	<u>2,359</u>	<u>2,256</u>
	143,441	134,979
Management fee paid to parent charity	2,500	2,500
Amount gifted to parent charity	<u>140,941</u>	<u>132,479</u>
Retained in the subsidiary	<u>£-</u>	<u>£-</u>
	As at 31 July 2016	As at 31 July 2015
Summary Balance Sheet		
Current Assets	322,347	181,951
Creditors: Amounts falling due within one year	<u>322,346</u>	<u>181,950</u>
Total Net Assets	<u>£1</u>	<u>£1</u>
Aggregate Share Capital and Reserves	<u>£1</u>	<u>£1</u>

CITY YEAR UK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

4. TOTAL RESOURCES EXPENDED

	Costs of Raising Funds				2016 Total £	2015 Total £
	Fundraising & Marketing Costs £	Commercial Trading Operations £	Charitable Expenditure £	Support Costs £		
Direct Programme Staff	-	-	1,275,087	-	1,275,087	1,030,907
Non Programme Staff	257,091	-	-	310,471	567,562	458,336
Volunteer Expenses	-	-	792,502	-	792,502	887,292
Volunteer Recruitment	-	-	229,876	-	229,876	170,045
Programme Costs	-	-	106,439	-	106,439	102,163
Training	-	-	140,232	2,763	142,995	160,216
Evaluation Cost	-	-	30,337	-	30,337	26,998
Property & Maintenance	-	-	-	255,807	255,807	146,474
Staff Recruitment	-	-	-	86,823	86,823	91,681
IT & Telecoms	-	-	-	78,737	78,737	57,989
Staff Travel & Accommodation	-	-	41,228	15,464	56,692	59,766
Global Exchange Travel	-	-	3,463	-	3,463	51,186
Communications	-	-	152,187	-	152,187	26,426
Legal & Professional	-	2,359	5,482	17,825	25,666	29,055
Other Overheads	-	-	-	20,124	20,124	20,162
Fundraising Events	90,474	-	-	-	90,474	54,648
New Site Scoping	-	-	-	12,121	12,121	30,843
Depreciation	-	-	-	26,922	26,922	20,361
Affiliation Fee	-	-	175,000	-	175,000	151,823
Reallocation of support costs	347,565	2,359	2,951,833	827,057	4,128,814	3,576,371
	£347,565	£2,359	£3,778,890	£(827,057)	£4,128,814	£3,576,371

Support costs are allocated on the basis of time costs.

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

5. NET INCOMING RESOURCES FOR THE YEAR

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
This is stated after charging/(crediting):		
Depreciation	26,922	20,361
Operating lease charges – land & buildings	134,640	76,708
Auditors Remuneration	7,841	7,950
	<u>169,403</u>	<u>105,019</u>

6. STAFF COSTS

Salaries and Wages	1,848,055	1,516,940
Social Security Costs	180,817	138,854
Pension Costs	49,984	39,236
	<u>£2,078,856</u>	<u>£1,695,030</u>

Employees who received benefits, excluding pension contributions in excess of £60,000 during the current period:

	No.	No.
£60,000 to £70,000	1	1
£70,001 to £80,000	2	1
	<u>3</u>	<u>2</u>

The average number of employees during the year was as follows:-

	No.	No.
Programme Staff	47	46
Fundraising, Administration and Support	16	14
	<u>63</u>	<u>60</u>

The charity has a defined contribution pension scheme for its employees. In the current year contributions were paid on behalf of 50 employees (2015: 25). As at the year end, £8,447 was outstanding (2015: £5,961).

7. KEY MANAGEMENT PERSONNEL

The key management personnel of the Charity are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any trustee of the entity. For City Year UK they comprise the Trustees and senior management team. The total employee benefits, including employer pension contributions, payable to key management personnel during the year amounted to £397,345 (2015: £342,679).

CITY YEAR UK

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JULY 2016**

8. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

None of the Trustees received any remuneration or were reimbursed expenses during the period (2015: none).

The following Trustees also have senior roles with some of the charity's key funders:

Filippo Cardini	- Chief Operating Officer of TowerBrook
Patrick Flaherty	- Managing Director of Credit Suisse, Global Markets Division
Colin Hely-Hutchinson	- Managing Director of Credit Suisse, Investment Banking Division

The level of funding from these organisations is disclosed in Note 2 to the accounts. There were no amounts due to or from these funders at the year end.

Eight Trustees also made personal donations to the charity during the year which amounted to £143,250 in total (2015: seven Trustees totalling £87,200).

Trustees, James Balfanz and AnnMaura Connolly are also the President of City Year Inc and Chief Strategy Officer, respectively. City Year UK has entered into a franchise agreement with City Year Inc. Under the terms of this agreement City Year UK has accepted certain restrictions on its activities designed to protect the City Year brand. In addition, City Year UK is contractually committed to paying to City Year Inc an annual sum equal to 5% of its operating costs up to a maximum of £175,000 per annum. In the current year this amounted to £175,000 (2015: £150,000), all of which was outstanding at the year end.

9. TAXATION

As a charity City Year UK is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity in the current period.

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

10. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Leasehold Improvements £	IT Equipment and Software £	Furniture and Fittings £	Bicycles £	Total £
Cost					
As at 1 August 2015	53,028	46,183	5,542	-	104,753
Additions	50,989	25,216	-	940	77,145
Disposals	-	(24,584)	-	-	(24,584)
At 31 July 2016	<u>104,017</u>	<u>46,815</u>	<u>5,542</u>	<u>940</u>	<u>157,314</u>
Accumulated Depreciation					
As at 1 August 2015	53,028	35,449	691	-	89,168
Charge for period	7,122	19,246	554	-	26,922
On disposal	-	(24,584)	-	-	(24,584)
At 31 July 2016	<u>60,150</u>	<u>30,111</u>	<u>1,245</u>	<u>-</u>	<u>91,506</u>
Net Book Value					
At 31 July 2016	<u>£43,867</u>	<u>£16,704</u>	<u>£4,297</u>	<u>£940</u>	<u>£65,808</u>
At 31 July 2015	<u>£-</u>	<u>£10,734</u>	<u>£4,851</u>	<u>£-</u>	<u>£15,585</u>

11. INVESTMENTS - CHARITY

	As at 31 July 2016 £	As at 31 July 2015 £
Investment in unquoted subsidiary undertaking At cost	<u>£ 1</u>	<u>£ 1</u>

12. DEBTORS

	Group		Charity	
	As at 31 July 2016 £	As at 31 July 2015 £	As at 31 July 2016 £	As at 31 July 2015 £
Due from Group Undertaking	-	-	318,290	179,749
Trade Debtors	99,785	16,919	94,026	16,919
Accrued Income	-	162,643	-	162,643
Other Debtors	22,413	15,491	22,413	15,491
Prepayments	50,298	55,940	50,298	55,941
	<u>£172,496</u>	<u>£250,993</u>	<u>£485,027</u>	<u>£430,743</u>

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	As at 31 July 2016 £	As at 31 July 2015 £	As at 31 July 2016 £	As at 31 July 2015 £
Due to Group Undertaking	-	-	-	-
Trade Creditors	96,861	150,762	95,101	150,762
Taxes and Social Security	56,932	42,170	56,932	42,170
Other Creditors	9,329	5,961	9,329	5,961
Accruals and Deferred Income	294,509	350,397	292,214	348,197
	<u>£457,631</u>	<u>£549,290</u>	<u>£453,576</u>	<u>£547,090</u>

14. LEASE COMMITMENTS – GROUP AND CHARITY

At 31 July 2016 the group had the following commitments under non-cancellable operating leases:-

	As at 31 July 2016		As at 31 July 2015	
	Land & Buildings £	Equipment £	Land & Buildings £	Equipment £
Operating leases expiring, Within one year	-	-	-	-
between two to five years	<u>654,900</u>	<u>-</u>	<u>789,540</u>	<u>-</u>

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

15. MOVEMENTS IN FUNDS – GROUP AND CHARITY

	At 1 August 2015 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 July 2016 £
Restricted Funds:					
Bain Capital	-	29,725	(29,725)	-	-
Bank of America	-	182,022	(182,022)	-	-
Baron Davenport's Charity	-	1,000	(1,000)	-	-
Burberry Foundation	-	202,017	(202,017)	-	-
Credit Suisse	-	12,982	(12,982)	-	-
Department for Education	-	289,950	(289,950)	-	-
The Douglas Turner Trust	-	2,000	(2,000)	-	-
The Dulverton Trust	-	23,000	(23,000)	-	-
Esmée Fairbairn Foundation	-	141,667	(141,667)	-	-
The Eveson Charitable Trust	-	2,500	(2,500)	-	-
Fidelity	-	32,716	(32,716)	-	-
The Foundation for Children	-	3,750	(3,750)	-	-
Garfield Weston Foundation	23,283	40,080	(63,363)	-	-
Greater London Authority	-	9,699	(9,699)	-	-
Jack Petchey Foundation	-	2,100	(2,100)	-	-
The Leathersellers' Company Charitable Trust	-	10,000	(10,000)	-	-
London City Airport	-	6,500	(6,500)	-	-
NESTA	-	203,000	(203,000)	-	-
The Norton Foundation	-	2,500	(2,500)	-	-
Peter Stebbings Memorial Trust	-	5,000	(5,000)	-	-
Queen's Trust	-	559,475	(501,435)	-	58,040
St James' Place	-	10,000	(10,000)	-	-
Starbucks Youth Action	-	1,300	(1,300)	-	-
State Street Foundation	-	37,500	(37,500)	-	-
TowerBrook	43,151	-	(43,151)	-	-
The Virgin Foundation	-	35,000	(35,000)	-	-
Vitol	-	12,220	(12,220)	-	-
	66,434	1,857,703	(1,866,097)	-	58,040
Unrestricted funds:					
General Funds - Parent	902,987	2,183,735	(2,260,358)	143,441	969,805
- Subsidiary	-	145,800	(2,359)	(143,441)	-
- Group	902,987	2,329,535	(2,262,717)	-	969,805
	£969,421	£4,187,238	£(4,128,814)	£-	£1,027,845

Restricted funds:

The application of these funds is subject to restrictions imposed by the funders with the grants available being allocated to certain categories of payroll and administration costs or to specific activities or events as specified in the grant agreements.

CITY YEAR UK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible Fixed Assets	65,808	-	-	65,808
Net Current Assets	903,997	-	58,040	962,037
Net Assets at 31 July 2016	<u>£969,805</u>	<u>£-</u>	<u>£58,040</u>	<u>£1,027,845</u>

17. TRANSITION TO FRS 102

These are the Charity's first financial statements prepared in accordance with FRS 102. The accounting policies set out in Note 1 to these accounts have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 statement of financial position at 1 August 2014. In order to fully comply with the requirements of FRS 102 and the Charities SORP 2015, a review was undertaken to identify any potential holiday pay entitlement liability at the date of transition and the current and preceding year end. The difference between the provision at the 1 August 2014 and 31 July 2015 was trivial and no adjustment was charged to the statement of financial activities for the year ended 31 July 2015. An adjustment has been included in accruals and reserves as at 1 August 2014 and 31 July 2015 and its impact is detailed below:

Reconciliation of statement of financial position at 1 August 2014:

	GROUP			PARENT CHARITY		
	2014 UK GAAP	Holiday pay liability adjustment	2014 FRS 102	2014 UK GAAP	Holiday pay liability adjustment	2014 FRS 102
Accruals & deferred income	836,114	5,670	841,784	834,014	5,670	839,684
General Funds	<u>983,410</u>	<u>(5,670)</u>	<u>977,740</u>	<u>983,410</u>	<u>(5,670)</u>	<u>977,740</u>
		<u>-</u>			<u>-</u>	

Reconciliation of statement of financial position at 31 July 2015:

	GROUP			PARENT CHARITY		
	2015 UK GAAP	Holiday pay liability adjustment	2015 FRS 102	2015 UK GAAP	Holiday pay liability adjustment	2015 FRS 102
Accruals & deferred income	344,727	5,670	350,397	342,527	5,670	348,197
General Funds	<u>908,657</u>	<u>(5,670)</u>	<u>902,987</u>	<u>908,657</u>	<u>(5,670)</u>	<u>902,987</u>
		<u>-</u>			<u>-</u>	