



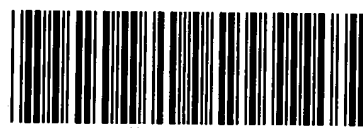
Citizenship Foundation

**THE CITIZENSHIP FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016**

(A company limited by guarantee and not having a share capital)

Registered Charity No. 801360

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TRUSTEES AND ADVISERS

President	Andrew Phillips OBE
Trustees	
Chair	Martin Bostock
	Paul Adamson (resigned February 2016) Elisabeth Baraka Zachary Bennetts Farzana Hakim Nick Johnson David Miles Elizabeth Moorse Susan Simmonds (Vice Chair) Emma-Jane Watchorn Laura Lee-Hamm
Chief Executive	Andy Thornton (until April 2016) Tom Franklin (from September 2016)
Company Secretary	Ray Aviyor
Charity Registration No	801360
Company No	2351363
Registered Office	Universal House, 88-94 Wentworth Street, London E1 7SA
Bankers	Barclays Bank PLC Hatton Garden Business Centre 99 Hatton Garden London EC1N 8DN
Solicitors	Bates, Wells & Braithwaite 10 Queen Street Place, London EC4R 1BE
Statutory Auditors	PKF Littlejohn LLP Statutory Auditors 1 Westferry Circus Canary Wharf London E14 4HD

INTRODUCTION

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2016. The trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are listed on page 2.

Reference and Administrative Information

The Citizenship Foundation is a registered charity under the Charities Act 2011, charity number 801360, and a registered company limited by guarantee. It is governed by its Memorandum of Association dated 14 February 1989 and amended Articles of Association which were adopted on 27 March 2003.

The government of the Foundation is vested in the Trustees appointed under the Memorandum and Articles. The day-to-day organisation of the Foundation is delegated to the Chief Executive.

Details of the Trustees, who are also the directors and members of the Company, who served during the year are set out on page 2.

The principal place of business and professional advisors of the charity are set out on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Organisational Structure**

The Trustees are the governing body of the charity and maintain absolute responsibility for the charity.

The Trustees delegate the day to day running of the charity to the Chief Executive Officer, who is supported in the operation of the charity by a Senior Leadership Team.

The Trustees consider that the above structure is appropriate for the charity's activities, and also reduces the charity's central costs.

Governance

The governing body of the charity is the Board of Trustees, the members of which are listed on page 2. Unless indicated otherwise, all served throughout the year. The Board must consist of a minimum of three members but there is no maximum number. The method for the recruitment and appointment of Trustees involves a skills audit and review, and a combination of active search and open advertisement.

The induction and training procedures for Trustees are as follows: new Trustees are invited to attend a Board meeting as observers before confirming that they will take up their appointment; they are supplied with a copy of the Charity Commission's guide to being a trustee and the core constitutional and strategic documents relating to the Foundation and its work. The activities of the Foundation are presented to new Trustees by members of staff within a reasonable time after appointment and Trustees are periodically invited to consider and notify the Chair if there is any particular training or experience from which they would benefit so as to help them fulfil their responsibilities to the Foundation.

Trustees are encouraged to join joint staff-Trustee working groups and, during the course of the year, have identified particular areas of activity that they are keen to participate in. A Remuneration Committee agrees the level of the Chief Executive's remuneration, keeps under review the salaries of senior staff members and agrees the cost-of-living enhancements for staff

as per the recommendation of the Chief Executive, within the annual budget process. A Finance Committee reviews the organisational budget and closely monitors the Charity's financial performance.

Management

The Board is responsible for setting strategies and policies for the Charity and for ensuring that these are implemented. The day-to-day running of the Charity is delegated to the Chief Executive and his staff in accordance with a Scheme of Delegation agreed by the Board. The Chief Executive is responsible for the implementation of policies and strategies on behalf of the Board. The Chief Executive works with the Senior Leadership Team to implement the policies and procedures.

Risk Management

The Trustees have examined the principal areas of the Foundation's operations and considered the major risks in each of these areas. The specific areas of risk are:

- Loss of key staff members
- Inadequate business planning, monitoring and project delivery
- Inadequate IT resources, systems and security
- Non-compliance with relevant regulations and legislations
- Inadequate governance resources, structures and procedures
- Inadequate financial resources, planning and reserves

In the opinion of the Trustees, the Foundation has established a review system and allocated sufficient resources to ensure those risks identified have been mitigated to a level acceptable for the Foundation's day-to-day operations.

OBJECTIVES AND ACTIVITIES

Objectives

The main object of the Charity, as stated in its Memorandum of Association, is to promote good citizenship for the public benefit and for that purpose to advance the active understanding of the law and politics, religion and morals, commerce, industry, the arts, ecology, sociology, and any other subjects insofar as they are likely to be conducive to good citizenship.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

Vision

The Citizenship Foundation is an independent education and participation charity which exists to encourage and enable individuals to play an effective role in democratic society.

Our vision is for a fair, inclusive and cohesive society. We want a democracy in which people have the knowledge, skills, and confidence to take part fully in society and to drive change as effective citizens - both as individuals and as communities.

Mission

We work to build wider understanding of citizenship and to give people the experience and skills they need to play an active part in society.

We support individuals, groups and institutions in shaping a vibrant democracy, a fair - and widely understood - justice system, and a caring, robust civil society.

We believe it is our role to campaign for this kind of society.

We work towards our vision by:

- Giving young people and those at the edges of society the information they need to understand the political, legal and economic structures of this country (and further afield). We do this through our commitment to Citizenship Education in schools and other educational settings.
- Giving individual people and communities the skills and opportunities to participate effectively. We do this through projects which encourage volunteering, charitable giving, political action and more.
- Upholding the principles of democracy, justice and human rights in everything we do and the way that we work.

HIGHLIGHTS OF THE YEAR 2015 – 16

Policy and campaigning partnerships

The Foundation continued to press the importance of policy which promotes active, engaged citizenship, alongside our partner organisations. We have been pleased that the commitment to a rounded education for young people continues – for example, through promotion of the National Citizens Service – whilst also making the case for increasing the opportunities for schools to prioritise this alongside the focus on academic achievement.

The role of Citizenship education was highlighted in the Department for Education (DfE) advice to schools on prevention of extremism and terrorism. 'British values' and 'Character' have continued as priority strands for schools. These have provided some opportunities for schools to engage with citizenship. We have worked hard to ensure that our services and programmes chime with these themes, and that they support the National Curriculum for Citizenship.

During the past year we have continued to play a lead role in the Democratic Life coalition, which calls on all politicians to support high-quality citizenship education in schools. The Foundation maintains the Democratic Life website and contributes alongside the Association of Citizenship Teaching and others to the strategic partners meetings. A key challenge during this period was to lobby AQA - the examination body offering the qualification - to retain A-Level Citizenship, so that there would be a progression pathway for those taking a GCSE in Citizenship and that the academic value of the subject is recognised by policy makers.

We are participants in the Step Up to Serve campaign - a strategic, long-term, cross-sector transformation initiative, which aims to unlock the potential of youth social action across the business, education and voluntary sectors of the UK. This is led by Prince Charles with the support of the all major political parties.

We are also founder-members of the Generation Change alliance: a partnership of eighteen of the UK's leading youth social action organisations supporting best practice and representing this to government and to the Step Up to Serve campaign. The work of Generation Change has contributed to the increased understanding of the youth social action sector and the increased value that funders and policymakers put on the wider range of interventions offered before and after the National Citizens Service. We have continued to advocate for high-quality social action programmes and for renewed investment in formative experiences delivered through expert practitioners in schools. In a recent announcement, the government confirmed that up to £80m will be made available for youth social action later in the year, which presents a significant win.

Within this group the Foundation has also been championing the development of a quality mark for youth social action in partnership with Dartington Social Research Unit and we will look to build upon this during the year ahead to help achieve higher-quality outcomes for young people.

We have also maintained active engagement with politicians from across the political spectrum, helped by our supporters in Parliament. We played a role in helping to raise this agenda during the General Election campaign, and we attended a range of key meetings including the DFE symposium on extremism chaired by Lord Nash around the Prevent strategy.

Looking forward, in 2016-17 the referendum on Britain's membership of the European Union created a significant event around which to develop education about democracy and the electoral system as well as to debate what citizenship in the UK means in the 21st century. We will provide schools with resources including lesson materials and videos to give an impartial breakdown of the key facts and arguments designed to engage young people and their parents/guardians in political discourse about these issues and to encourage voting and democratic participation.

We will also use the opportunity of having a new CEO in post (see below) to build enhanced strategic relationships with policy makers and influencers.

A new funding model

All grant funding from Government finally came to an end in the year 2015-16 and we have been intensely focussed on developing a new funding model to sustain our activities. In the past we were funded by Government and by various trusts, foundations and corporate partners which enabled us to offer our programmes, services and products free of charge - including into schools. In the new financial environment we increasingly need to charge schools directly. This makes it more essential than ever that we communicate the value of our work and convince teachers and decision makers of its benefits for their schools.

During the year we achieved some extremely encouraging successes. At the very end of the previous year we re-launched our Go-Givers programme for primary schools as a web-based, subscription service, using online marketing and sophisticated e-commerce functionality. Our focus was on convincing teachers that the Go-Givers they had known and loved previously as a free service was now well worth the use of some of their school funds.

And we were successful. In 2015-16, the first full year of the new 'trading model', web-based sales of Go-Givers totalled some £104,000. We are encouraged by this progress and are optimistic for future growth. We know that there are many more schools which could benefit from our Go-Givers programme.

Considerable planning was carried out during the year for the launch in 2016-17 of a host of new services and products within our legal team - many of them also web-based and with an e-commerce element.

Strategic Plan

This has been the final year of our Strategic Plan 2013 - 2016 in which we identified our objectives as follows:

- 1. "To raise belief in democratic participation amongst younger people losing hope in the political system"***
- 2. "To communicate the value and relevance of citizenship such that its provision is integrated across the life of the school"***

3. "To be the first port of call for schools looking for activities that support their delivery of education for citizenship"

The Board decided to continue to focus on the second and third priorities in schools, with the first being implicit in that work.

Work on a new strategic plan was well-advanced but has been slowed down by the departure of the CEO (see below) and will be completed during the 2016-17 year.

CEO

Andy Thornton, our CEO, left the organization shortly after the end of 2015-16. Andy had been with the Citizenship Foundation since 2004, becoming Head of Programmes and subsequently CEO for the last five years. We are very grateful to Andy for his dedication and hard work for the citizenship cause.

Andy's successor, Tom Franklin, joined us in September 2016. Although his appointment falls outside the period of this report, we would like to record our pleasure in finding an outstanding replacement for Andy.

Tom joins us from Think Global, a charity which works with schools to develop students as active global citizens, where he has been CEO since 2012.

An experienced leader in the public and voluntary sector, Tom was previously CEO of The Ramblers, where he helped redefine the charity's strategic objectives and led the organisation through a period of rapid, modernising changes to deliver against these.

Prior to The Ramblers, he was CEO of Living Streets, the charity which campaigns for everyday walking as a vital aspect of personal and social well-being.

Tom is a passionate and committed supporter of citizenship education and has a wealth of experience which will be extremely valuable to us on many levels.

Individual Programme Achievements in the past year

Go-Givers: Go-Givers is the Citizenship Foundation's flagship programme for primary schools. It aims to raise aspirations and develop informed, caring citizens who are prepared for life's opportunities and responsibilities. We strive to equip them with the skills and confidence to make a positive contribution to their communities, both locally and globally.

The Programme comprises three elements:

- A website for teachers, children and parents that contains free web tools, stories, games, enrichment activities and more than 150 lessons
- The Make a Difference Challenge, a social action project for Key Stage 2
- Conferences and training for teachers on topics including British Values and Valuing Diversity

It is the premise of the Go-Givers programme that the primary phase is the best time to help induct children into hopeful and effective participation as generous citizens – before they develop the casual cynicism to which most of us are prone. The programme has demonstrated that young children can recognise the citizen's need to balance self-interest with that of the wider community. This comes as they learn to play a meaningful role in bringing about a fairer world: developing a disposition towards community welfare and lifelong philanthropy.

During the year:

- Around 4,100 young people from 88 primary schools took part in the Make a Difference Challenge
- More than 1,000 website subscriptions were purchased, in addition to many lesson bundles
- Go-Givers was chosen as a pilot project for the Generation Change Social Action Quality Mark
- Work was started on a Spiritual, Moral, Social and Cultural (SMSC) Quality Mark, to be rolled out nationally

In the year ahead, our focus is on expanding the reach of Go Givers, with higher school subscriptions and more teachers trained.

We are grateful to Pears Foundation for funding towards this programme.

For further information, see www.gogivers.org

Smart Law

SmartLaw is the Citizenship Foundation's programme to achieve a step change in the reach and quality of Public Legal Education (PLE) in schools. The programme was created during 2015-16 to bring together our previous strands of work (including Mock Trial competitions and Lawyers in Schools) to reach a wider audience. Teachers and legal professionals were identified as the key intermediaries through whom significantly more young people could be reached, and provided with high-quality PLE resources.

The following new initiatives were developed in 2015/16:

SmartLaw website: Thanks to funding from the Legal Education Foundation, the SmartLaw website was further developed this year with additional resources for the Mock Trial competitions.

SmartLaw matching service: In order to reach significantly more legal professionals, a web-based matching service was created to enable legal professionals to find teachers looking for support with PLE delivery in the classroom.

SmartLaw quality mark: A quality mark was created this year, incorporating a set of criteria for high-quality PLE resources. Resources developed by third party providers are assessed according to these criteria and, once approved, are promoted through the SmartLaw website. This is designed to provide a broader range of high-quality resources to teachers and legal professionals delivering PLE to young people.

SmartLaw app: A writers' panel of legal professionals (including practising and trainee lawyers) was brought together to create regular stories for the SmartLaw app - a multi-choice quiz game, designed to bring the law to life through current news stories with a law-related theme. A new Education Manager post was recruited to manage the quality mark, app content and resource development.

Additionally, the following well-established PLE programmes were developed further:

Mock Trial Competitions:

Provided with high-quality, engaging resources and a mock case, participants learn about the criminal justice system and develop key transferable skills to help them take on the roles of

lawyers, magistrates, witnesses and court staff. They compete as prosecution or defence, against students from other schools. Their performances are judged by real-life judges or magistrates and other legal professionals in working courts across the land. School teams progress from heats to an annual national final.

Magistrates' Court Mock Trial Competition: Students from Key Stage 3 (age 11-14) participate. 4,565 students from 397 school teams visited magistrates courts, competing in 51 local heats and 11 regional heats to secure a place in the national final at the Royal Courts of Justice. The programme benefitted from the support of 1,450 legal volunteers who coached the teams and guided them through this lively encounter with the criminal justice system, helping them to understand better the principles and the practices behind UK law.

We are grateful to the Magistrates' Association who partner in the delivery of this competition, and to the Jomati Foundation and Her Majesty's Courts and Tribunals Service (HMCTS) which contribute to its funding.

Bar Mock Trial Competition: Students from Key Stage 4 years (age 14-18) participate. 3,100 students from 209 schools visited crown courts in 24 regional heats to provide 16 teams for the national final at the Old Bailey. 8 out of 10 schools received support from barrister mentors, with the majority of students having never met a barrister before.

We are grateful to the Bar Council, which has gathered funding from the Bar Library of Northern Ireland, the Faculty of Advocates, the Inns of Court and the Circuits to support this unique competition. A new three year agreement has been set up to March 2019, with each funder for the continuation of funding of the competition.

Lawyers in Schools: Lawyers in Schools is a skills-based employee volunteering programme designed to raise young people's awareness and understanding of the law.

During the year, we worked with 38 organisations who recruit around 560 legal professionals to engage 1,221 students. One participating firm also delivers the programme with a school in Bucharest, Romania having adapted the materials for use there.

Boom Bust and Crunch

Supported by FTI Consulting, this programme uses employee volunteers to deliver education around the effects of the global financial crisis on the economy. It develops economic literacy through materials which are designed to enable the programme to be scaled up in coming years.

Major funding relationships

The following businesses and organisation have supported us and we appreciate their partnership immensely:

General Council of the Bar for England and Wales and the Circuits
Bar Library of NI
Faculty of Advocates
Inns of Court
The Law Society
The Jomati Foundation
Ministry of Justice - Her Majesty's Courts & Tribunal Services
Esmée Fairbairn Foundation
Montrose Associates
Pears Foundation
The Magistrates Association
FTI Consulting

The following Law Firms and legal departments have worked with us on the Lawyers in Schools programme:

Addleshaw Goddard	DAC Beachcroft	National Grid
Baker & McKenzie	Freshfields Bruckhaus Deringer	Olswang
Barclays	Genworth Financial	Pillsbury Winthrop Shaw
BBC Worldwide	Hewlett Packard	Pittman
Blackstone Chambers	Home Retail Group	Prudential
Centrica Energy	Hunton & Williams	RBS
Cleary Gottlieb Steen & Hamilton	JP Morgan	Rolls-Royce
CMS Cameron McKenna	Matrix Chambers	Simmons & Simmons
Credit Suisse	McDermott Will & Emery	Sullivan & Cromwell
	Microsoft	Travers Smith
	Milbank Tweed Hadley & McCloy	Verizon
	Mitsubishi	

FINANCIAL REVIEW

Responsibilities for the Financial Statements

The Trustees are responsible for preparing financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law, the Trustees 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 charity and of its incoming resources and application of resources, including the net income or expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The maintenance and integrity of the Foundation's website is the responsibility of the Trustees. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements once they are presented on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

Audit Information

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that each Trustee has taken all the steps that she/he ought to have taken as a Trustee to make herself/himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Review of the Year

Total income for the year to 31 March 2016 amounted to £1,292,647 compared to £ 1,146,209 recorded for the year to 31 March 2015. This included the release of £218,467 from the release of the net assets of the Alexander Maxwell fund. The Trustees drew down £115,000 of this amount within the year under review, leaving the balance of £103,467 in unrestricted reserves.

The surplus of £159,988 on unrestricted funds has taken the level of unrestricted reserves to £356,083 at 31 March 2016, of which the Trustees have designated £123,833. The deficit of £52,271 on restricted funds leaves a balance of £52,935 on restricted funds at 31 March 2016.

Reserves Policy

The Citizenship Foundation's current free reserve policy requires that the charity holds enough funds to ensure that the charity can draw operations to a structured cessation in the unlikely event of a decision to discontinue operations. The Trustees judge this as being at least the equivalent of three month's operating expenses - currently estimated to be £180,000. Free reserves stood at £231,701 at the end of the year under review.

The Trustees have stated a desire to start increasing the level of reserves beyond this minimum level over the coming years. The Foundation also requires reserves to protect its current and future activities, in order to allow Trustees to meet their ongoing responsibilities and to ensure that the organisation continues to operate as a going concern. The charity also requires a reasonable degree of security to manage unforeseen events and will continue to protect and grow its reserves as part of any future strategies.

Equal Opportunities

The Charity is committed to a policy of equal opportunities in the selection, training, career development and promotion of all people, regardless of gender, marital status, race, colour, religion, disability or sexual orientation. The Charity enables people with a disability to participate fully in organisational activities, consistent with their ability, so that they can maximise the use of knowledge, experience and skills in the Charity's work

Employee Involvement


The Charity encourages employees to be fully involved in the performance and objectives through a range of mechanisms. Staff meetings are held monthly and there are regular team meetings. In addition, working groups are established to ensure communication and coordination across different areas of work and to engage staff more actively in project, programme and policy development.

Auditor

Our independent auditor PKF Littlejohn LLP has expressed its willingness to continue in office as auditor. A resolution to re-appoint the auditor will be presented at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

By Order of the Board:

Martin Bostock
Chair of Trustees

A handwritten signature in black ink, appearing to read 'M Bostock', written over the printed name.

Date:

22/12/2016

Independent auditor's report to the members of The Citizenship Foundation

We have audited the financial statements of The Citizenship Foundation for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 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 auditor's 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 auditor

As explained more fully in the Trustees' Responsibilities Statement, 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 trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

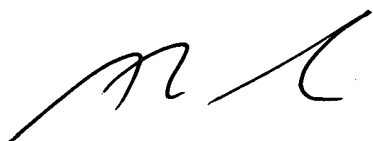
Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Trustee's Annual Report 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* in preparing the Directors' Report and take advantage of the *small companies exemption* from the requirement to prepare a Strategic Report



Alastair Duke (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

30 March 2016

THE CITIZENSHIP FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 March 2016
(Incorporating an income and expenditure account)

				<u>2016</u>	<u>2015</u>
		Unrestricted funds	Restricted funds	Total	Total
	Note	£	£	£	£
<u>Income from:</u>					
Donations and grants	2a	190,961	369,615	560,576	849,767
Alexander Maxwell Trust	2b	218,467	-	218,467	-
Charitable activities	3	512,375	-	512,375	296,025
Investments	4	1,224	-	1,224	417
Total income		<u>923,027</u>	<u>369,615</u>	<u>1,292,642</u>	<u>1,146,209</u>
<u>Expenditure on:</u>					
Raising funds		45,209	-	45,209	85,701
Charitable activities	5	718,379	421,942	1,140,321	1,148,222
Total expenditure		<u>763,588</u>	<u>421,942</u>	<u>1,185,530</u>	<u>1,233,923</u>
<u>Net income / (expenditure)</u>		<u>159,439</u>	<u>(52,327)</u>	<u>107,112</u>	<u>(87,714)</u>
<u>Net movement in funds</u>	15	<u>159,439</u>	<u>(52,327)</u>	<u>107,112</u>	<u>(87,714)</u>
<u>Reconciliation of funds:</u>					
Total funds brought forward	15	196,095	105,206	301,301	389,015
Total funds carried forward	15	<u>355,534</u>	<u>52,879</u>	<u>408,413</u>	<u>301,301</u>

The accounting policies and notes on pages 17 to 26 form part of these financial statements.

THE CITIZENSHIP FOUNDATION

BALANCE SHEET

At 31 March 2016

Company Number: 02351363

	Note	<u>2016</u> £	<u>2015</u> £
<u>Fixed assets</u>			
Tangible assets	10	12,054	19,269
		<u>12,054</u>	<u>19,269</u>
<u>Current assets</u>			
Debtors	11	293,383	134,483
Cash at bank and in hand		223,489	271,450
		<u>516,872</u>	<u>405,933</u>
<u>Creditors: amounts falling due within one year</u>	12	(94,513)	(97,901)
Net current assets / (liabilities)		<u>422,359</u>	<u>308,032</u>
<u>Total assets less current liabilities</u>		<u>434,413</u>	<u>327,301</u>
Provisions for liabilities	13	(26,000)	(26,000)
<u>Net assets / (liabilities)</u>		<u>408,413</u>	<u>301,301</u>
<u>Charity Funds</u>			
Restricted funds	15	52,879	105,206
Unrestricted funds	15	355,534	196,095
<u>Total charity funds</u>	15	<u>408,413</u>	<u>301,301</u>

The financial statements were approved and authorised for issue by the Board on 22 March 2016

Signed on behalf of the board of trustees:

Signature:

Name: Martin Bostock, Trustee

Date:

The accounting policies and notes on pages 17 to 26 form part of these financial statements.

Company registration number: 02351363

		<u>2016</u> £	<u>2015</u> £
	Note		
<u>Cash flow from operating activities</u>			
Net cash flow provided by / (used in) operating activities	16	(47,961)	87,096
<u>Cash flow from investing activities</u>			
Payments to acquire fixed assets		-	(21,646)
Net cash flow provided by / (used in) investing activities		-	(21,646)
Change in cash and cash equivalents in the year / period		(47,961)	65,450
Cash and cash equivalents at 1 April 2015		271,450	206,000
Cash and cash equivalents at 31 March 2016		223,489	271,450
<u>Analysis of cash and cash equivalents</u>			
Cash and cash equivalents consists of:			
Cash at bank and in hand at 31 March 2016		223,489	271,450

The accounting policies and notes on pages 17 to 26 form part of these financial statements.

1. Summary of significant accounting policies**(a) General information and basis of preparation**

Citizenship Foundation is a registered charitable company in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are education and campaigning.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared 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) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 18.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Income from donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case

income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure (£20,000).

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail of the contribution of volunteers to the charity is given in the Trustees' Annual Report.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding cash balances in high interest bank accounts. Interest income is recognised when received.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes cost incurred in the course of applying for grants and attracting donations;
- Expenditure on charitable activities includes cost incurred in the delivery of the services of the charity; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and costs incurred in the provision of corporate services. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises costs have been allocated on a similar basis.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 6 to the accounts.

(h) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and machinery	3 years
Fixtures and fittings	3 years

(m) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(r) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(s) Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

(t) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(u) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

(v) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

2a. Income from donations and grants

	<u>2016</u>	<u>2015</u>
	£	£
Grants	513,625	816,580
Pro Bono Services	20,000	-
Donations	<u>26,951</u>	<u>33,187</u>
	<u>560,576</u>	<u>849,767</u>

Income from grants was £513,625 (2015 - £816,580) of which £ 369,615 (2015 - £644,630) was attributable to restricted funds. £144,010 (2015 - £171,950) was attributable to unrestricted funds.

Income from donations was £26,951 (2015 - £33,187) of which £26,951(2015 - £33,187) was attributable to unrestricted funds in both years.

2b. Alexander Maxwell Trust

	<u>2016</u>	<u>2015</u>
	£	£
Alexander Maxwell Trust	218,467	-

The net assets of the Alexander Maxwell Trust were released into income during the year. These amounted to £218,467 in cash and were attributable to unrestricted funds.

The Trustees decided to draw down £115,000 of this fund in the year and hold the balance of £103,467 in reserves.

3. Income from charitable activities

	<u>2016</u>	<u>2015</u>
	£	£
Educational Services	500,395	296,025
Contractual payments	<u>11,980</u>	<u>-</u>
	<u>512,375</u>	<u>296,025</u>

Income from charitable activities was £512,375 (2015 - £296,025) all of which was attributable to unrestricted funds in both years.

4. Income from investments

	<u>2016</u>	<u>2015</u>
	£	£
Interest – deposits	1,224	417

Income from investments was £1,224 (2015 - £417) all of which was attributable to unrestricted funds in both years.

5. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total £	<u>2015</u> £
Educational Programmes	326,928	591,156	222,237	1,140,321	1,131,242

£421,942 (2015 - £821,417) of the above costs were attributable to restricted funds. £718,379 (2015 - £395,526) of the above costs were attributable to unrestricted funds.

6. Allocation of support costs

Support cost	Basis of allocation	<u>Raising funds</u>	<u>Facilities</u>	<u>Management</u>	<u>Total</u>	<u>2015</u>
	£	10%	40%	50%	100.00%	
Governance	33,922	3,392	13,569	16,961	33,922	16,980
Finance	37,785	3,779	15,114	18,892	37,785	80,207
Information technology	20,279	2,028	8,111	10,140	20,279	32,083
Human resources	19,564	1,956	7,825	9,783	19,564	21,388
Office costs	<u>155,896</u>	<u>15,590</u>	<u>62,359</u>	<u>77,947</u>	<u>155,896</u>	<u>133,678</u>
Total	<u>267,446</u>	<u>26,745</u>	<u>106,978</u>	<u>133,723</u>	<u>267,446</u>	<u>284,336</u>

7. Net income / (expenditure) for the year / period

Net income / (expenditure) is stated after charging / (crediting):

	<u>2016</u> £	<u>2015</u> £
Depreciation of tangible fixed assets	7,217	10,000
Operating lease rentals	12,065	12,851
Auditor's remuneration	7,800	7,800

8. Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2015: £ nil).

The total amount of employee benefits received by key management personnel during the year was £253,814 (2015 - £244,207). The Trust considers its key management personnel to compromise:

- The Chief Executive Officer
- The Director of Finance and Operations
- The Programme Directors – Charity Services Directorate, Corporate Partnerships and Go Givers.

The trustees did not have any expenses reimbursed or paid directly on their behalf during the year (2015 - £nil).

9. Staff costs and employee benefits

	<u>2016</u> Number	<u>2016</u> FTE	<u>2015</u> Number	<u>2015</u> FTE
Raising funds	1	1	1	1
Charitable activities	18	18	21	21
Support services	2	2	3	3
	<u>21</u>	<u>21</u>	<u>25</u>	<u>25</u>

9. cont'd..

The total staff costs and employees benefits were as follows:

	<u>2016</u>	<u>2015</u>
	£	£
Wages and salaries	618,177	692,325
Social security	57,454	65,995
Defined contribution pension costs	30,060	36,617
Redundancy and termination payments	<u>3,670</u>	<u>-</u>
	<u>709,361</u>	<u>794,937</u>

10. Tangible fixed assets

	<u>Office Equipment</u>	<u>Software & Website</u>	<u>Total</u>
	£	£	£
Cost or valuation:			
At 1 April 2015	<u>67,819</u>	<u>21,646</u>	<u>89,465</u>
At 31 March 2016	<u>67,819</u>	<u>21,646</u>	<u>89,465</u>
Depreciation:			
At 1 April 2015	67,819	2,377	70,196
Charge for the year	<u>-</u>	<u>7,215</u>	<u>7,215</u>
At 31 March 2016	<u>67,819</u>	<u>9,592</u>	<u>77,411</u>
Net book value:			
At 31 March 2016	<u>-</u>	<u>12,054</u>	<u>12,054</u>
At 31 March 2015	-	19,269	19,269

11. Debtors

	<u>2016</u>	<u>2015</u>
	£	£
Trade debtors	239,840	42,502
Rent Deposit	22,104	30,000
Other Debtors	10,786	11,195
Prepayments and accrued income	<u>20,653</u>	<u>50,786</u>
	<u>293,383</u>	<u>134,483</u>

Other debtors includes £3,214 of staff loans (2015 - £3,150) falling due after one year.

12. Creditors: amounts falling due within one year

	<u>2016</u>	<u>2015</u>
	£	£
Trade creditors	44,003	45,514
Other tax and social security	16,843	17,187
Pension Contributions	22,689	25,391
Accruals and deferred income (see note 29)	<u>10,978</u>	<u>9,809</u>
	<u>94,513</u>	<u>97,901</u>

13. Provisions for liabilities

	-
At start date 2016	£26,000
Additions during the year	-
Amounts charged against the provision	-
Unused amounts reversed	-
At end date 2016	<u>£26,000</u>

At the 31 March 2015 and 31 March 2016, a provision existed for an exercise in regulatory compliance and is expected to give rise to a resulting payment of £26,000 within a year.

There was no charges to the SoFA resulting from provisions during the year (2015 - £26,000 all of which was attributable to unrestricted funds.)

14. Analysis of net assets between funds

	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>Total</u>
	£	£	£
Fixed assets	1,371	10,683	12,054
Cash	181,293	42,196	223,489
Debtors	293,383	-	293,383
Other current liabilities	(94,513)	-	(94,513)
Provisions	(26,000)	-	(26,000)
Total	£355,534	£52,879	£408,413

15. Reconciliation of Funds

	<u>Opening Balances</u>	<u>Incoming Resources</u>	<u>Resources Expended</u>	<u>Closing Balances</u>
	£	£	£	£
UNRESTRICTED FUNDS				
General	115,343	555,027	438,669	231,701
Designated	80,752	368,000	324,919	123,833
Total Unrestricted Funds	196,095	923,027	763,588	355,534
RESTRICTED FUNDS				
Corporate Partnerships	36,289	201,264	224,270	13,283
Go Givers	68,917	168,351	197,672	39,596
Total Restricted Funds	105,206	369,615	421,942	52,879
TOTALS	301,301	1,292,642	1,185,530	408,413

Designated funds are held as follows:

- £53,000 for the furtherance and provision of legal education services across the UK.
- £70,833 for the furtherance and provision of grant-funded citizenship education across the UK.

Restricted funds are held as follows:

Corporate Partnerships Fund comprises funds held for the continuance of projects relative to the following programmes:

- Boom, Bust and Crunch - £6,895.
- E-Lawyers in Schools - £1,401.
- Lawyers in Schools - £4,987.

The Go Givers Fund comprises funds held for the continuance of the Go Givers programmes in primary schools across the UK.

16. Reconciliation of net movement in funds to net cash flow from operating activities

	<u>2016</u>	<u>2015</u>
	£	£
Net Movement in funds	107,112	(87,714)
<u>Adjustments for:</u>		
Depreciation	7,215	10,004
Increase in Provisions	-	26,000
(Increase)/decrease in debtors	(158,900)	162,735
Increase/(decrease) in creditors	<u>(3,388)</u>	<u>(23,929)</u>
Net cash provided by (used in) operating activities	<u>(47,961)</u>	<u>87,096</u>

17. Related Party Transactions

There were no related party transactions during the year.

18. Effects of FRS 102 adoption

The charity adopted FRS 102 this financial year. Notable effects of this adoption on the preparation of these financial statements are:

- The figures for the previous year were restated in line with the FRS 102 format to achieve effective comparability.