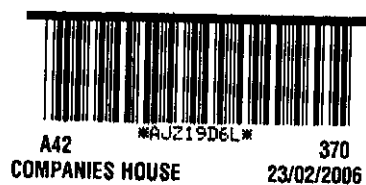


The Academy of Youth Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2005



The Academy of Youth Limited

LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS AND TRUSTEES

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as trustees.

J B Blackett	Policy Director (Birmingham Chamber of Commerce) representing Birmingham Chamber of Commerce.
T R P Brighthouse	Consultant (Person of National Standing)
E Cox	Birmingham Councillor, representing Birmingham City Council.
E S R Conway	Assurance Director (PricewaterhouseCoopers), representing Birmingham Chamber of Commerce.
S Evans	Birmingham Head Teacher, representing Birmingham Education Sector.
M Farrar	National Director (National College for School Leadership), being a person with Specialist Knowledge and Expertise.
I E Gallagher	Birmingham Head Teacher, representing Birmingham Education Sector.
J Hunt	Birmingham Councillor, representing Birmingham City Council.
T Howell	Strategic Director of Learning & Culture (Birmingham City Council)
F Jarvis	Consultant (Person of National Standing)
J W Ling	Sales Director (IDN Birmingham), representing the Learning and Skills Council.
Professor G Rogers	Dean & Deputy Chief Executive (Technology Innovation Centre, Birmingham) representing the Learning and Skills Council.
A A Saif	Executive Director (Muath Welfare Trust, Birmingham) representing the Voluntary Sector.

SECRETARY

L Gregory

REGISTERED OFFICE

c/o Birmingham City Council Legal Services
Ingleby House
11-14 Cannon Street
Birmingham
B2 5EN

The Academy of Youth Limited

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

AUDITORS

Baker Tilly
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

BANKERS

Bank of Ireland
188-190 Stratford Road
Shirley
Solihull
West Midlands
B90 3AQ

LEGAL ADVISORS

Birmingham City Council Legal Services
Ingleby House
11-14 Cannon Street
Birmingham
B2 5EN

REGISTERED CHARITY NUMBER

No. 1061308

COMPANY NUMBER

No. 3319307

The Academy of Youth Limited

TRUSTEES' REPORT

The trustees of the charitable company, who are the directors for the purposes of company law, submit their report and the financial statements of The Academy of Youth Limited for the year ended 31 March 2005.

LEGAL AND ADMINISTRATIVE INFORMATION

NAME AND NATURE OF CHARITY

The full name of the company is The Academy of Youth Limited. It is a charitable company limited by guarantee, and is registered with the Charity Commission of England and Wales. The company is influenced by Birmingham City Council within the meaning of Part V of the Local Government and Housing Act 1989. The company was designated a public body by The Secretary of State for the Environment, Transport and the Regions and the Secretary of State for Wales on 19 July 1999 and this allows it to trade with other public bodies such as local authorities.

CHARITY TRUSTEES AND DIRECTORS

The following trustees have held office during the year:

J B Blackett	
T R P Brighthouse	
P Tilsley	(appointed 4 July 2004, resigned 12 June 2005)
E Cox	(appointed 18 October 2004)
I Byatt	(resigned 15 March 2005)
E S R Conway	
D B Cragg	(resigned 24 May 2004)
S Evans	
M Farrar	
I E Gallagher	
T Howell	
F Jarvis	
J W Ling	
Professor G Rogers	
A A Saif	
Professor E C Wragg	(resigned 1 December 2004)

The following trustee was appointed after 31 March 2005:

J Hunt	(appointed 14 September 2005)
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Company Secretary

Roman Russocki	(resigned 31 March 2005)
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Linda Gregory	(appointed 1 April 2005)
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The Academy of Youth Limited

TRUSTEES' REPORT (continued)

1. OBJECTIVES AND ORGANISATION

1.1 OBJECTS OF THE ACADEMY OF YOUTH LIMITED (AoY)

The principal object of the Academy of Youth Limited, as set out in the Memorandum of Association, is:

To advance the education of children, young people and adults through an institution which is committed to:

- Raising their educational achievements;
- Preparing children and young people for the challenge of adult life;
- Transforming their educational opportunities.

1.2 OBJECTIVES

Trustees approved the following objectives for the AoY in January 2003 and these continue to shape the philosophy and work of the organisation:

INNOVATE TO TRANSFORM LEARNING

Use the most innovative approaches to learning and teaching to transform the learning experiences of children and young people and to promote their educational achievement.

PREPARE YOUNG PEOPLE FOR ADULT LIFE

Prepare children and young people better for the challenges of adult life and to assist them in making informed choices about learning and in contributing fully to their communities.

BE INCLUSIVE

Raise awareness of the unique qualities of the mind and the understanding and recognition by all of the need to unlock the innate potential of every individual young person and the gifts they have to offer.

WORK IN PARTNERSHIP

Increase the understanding that learning is best achieved when schools, parents and the community are working together in partnership, and learning is not restricted by the limitations of the school day.

PROMOTE CITIZENSHIP

Increase the understanding among children and young people of what it means to be a citizen in a democratic country, how one can influence events and the importance of participating in some way.

1.3 SCOPE

From inception the activity of the AoY has focussed on 6-7 and 11-14 year olds in primary and secondary education. Whilst these remain important areas, the AoY focus has expanded to children and young people between 5 years and 25 years. In order to achieve the transformation in learning success and opportunities to which it is aspiring, the AoY will continue work in partnership with schools, local education authorities, government departments, universities, teacher training colleges, young people, community groups, parents and teachers.

The Academy of Youth Limited

TRUSTEES' REPORT (continued)

1.4 ORGANISATION OF THE ACADEMY OF YOUTH LTD

The AoY is controlled by a Board of Trustees who represent a wide variety of interests in the field of education and business. This is reflected in the membership structure of the charitable company within which Birmingham City Council, Birmingham and Solihull Learning and Skills Council and the Chamber of Industry and Commerce can each appoint three trustees/directors and Millennium Point Trust one trustee/director ('the appointed directors'). The members then appoint a further eight trustees/directors as Ordinary Directors. Ordinary directors are drawn from the Birmingham Education sector (2), the Birmingham Voluntary sector (1) the independent sector (2) and those who can provide particular expertise, knowledge or skills (3). The maximum number of members is 18.

The Board of Trustees have established two committees to deal with operational business. Each is comprised of trustees and is supported by executive staff:

Salaries and Organisational Development Committee:

J B Blackett
S Evans
I E Gallagher

Finance Committee:

E S R Conway
J W Ling

The Board, at their September 2005 meeting, approved the merger of the above into one new committee to deal with matters previously considered by each individual committee.

The Board of trustees is advised by an executive committee and by the following Consultative Group:

College for International Citizenship (CIC) Advisory Group:

Graham Rogers (Dean and Deputy Chief Exec of Technology Innovation Centre)
Nigel Reeves (Pro Vice Chancellor of Aston University)
Jill Robinson (Head of European and International Affairs, Birmingham City Council)
Kathy Stredder (Open University Representative)
Scott Sinclair (Head of Tide, Teacher & Development Education, Birmingham)
John Lloyd (DfES Observer)
Nati Knight (Head of Brasshouse Language Centre)
Pauline Desch (Brasshouse Language Centre)
Lyn Davies (Head of Democracy and Education, Birmingham University)

The business of the Academy of Youth Ltd is divided into three principal areas, the Birmingham UFA, the National UFA and the College for International Citizenship. Each has its own principal officer and team of staff. A number of staff are seconded from Birmingham City Council and funded either by grants held by the AoY or by the City Council from its base budget and specific grants from central government.

During the year the AoY trustees established a new management structure, which will continue to evolve to allow the organisation to respond to a changing world and maximise on the opportunities to enable more young people and adults to develop their potential. Roman Russocki the Chief Executive of the AoY left the organisation on 30 June 2005.

The Academy of Youth Limited

TRUSTEES' REPORT (continued)

1.5 CORPORATE GOVERNANCE

Trustees are recruited and formally inducted into the organisation by way of an induction process. The Board and sub-committees each meet at least 4 times throughout the year.

The Executive Directors of the AoY meet monthly as a team and with all AoY staff fortnightly.

2. LINKS WITH BIRMINGHAM CITY COUNCIL (BCC)

A Management Agreement sets out the operating relationship between the AoY and Birmingham City Council. The Management Agreement and its annexes, the Strategic Plan and Budget, set out the services that are provided by BCC, including seconded staff, the funding provided by each party for the development of the UFA in Birmingham and the procedures for administering staff and funds.

The work of the AoY during the year has involved the use of teaching and other staff to deliver training for teachers and learning activities for pupils. This has been financed partly by the Council and partly by the AoY.

3. PRINCIPAL ACTIVITIES

The principal activities of the AoY continue to be focussed on transforming the learning opportunities available to young people. This work takes place not only in Birmingham but also in 39 other Local Education Authorities (LEAs) around the country. The organisation facilitates home, school and community learning, aiming to build self-sustaining infrastructures with its partner LEAs, schools and community organisations. Work takes place directly with young people, providing innovative programmes that improve the quality and effectiveness of learning. This is coupled with customised training courses and materials aimed at teachers, other adults and older pupils. Work continues on the development of an international democratic participation programme through the College for International Citizenship, which is now preparing for its third cohort of students.

4. DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

NATIONAL UNIVERSITY OF THE FIRST AGE (NUFA)

The UFA network continues to build capacity with partners so that it meets the local needs and visions for each area and, for many, is able to bring together a range of educational initiatives and DfES strategies. This year we have had 6 new Partnerships join the UFA and for the first time we now have school consortiums joining directly as members.

Summer schools, funded through the New Opportunities Fund, Study Support activities and Super Learning Days have all contributed to enabling young people to extend their learning beyond the school day.

Since the beginning of the UFA, more than 80,000 young people from diverse backgrounds have moved their own learning forward through the UFA in their local areas. To support this we have introduced a certification scheme, which recognises young people's commitment to UFA through their learning hours as well as outstanding achievements.

The Academy of Youth Limited

TRUSTEES' REPORT (continued)

4. DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS (continued)

BIRMINGHAM UNIVERSITY OF THE FIRST AGE (BUFA)

BUFA has focused on developing programmes for adults to create capacity for the future and on exciting and engaging activities for young people. There have been a number of teaching & learning opportunities for educationalists and the wider community developed, which support both out of hours and mainstream learning. Young people have been involved as Peer Tutors, leading on learning as well as participants. An exciting programme with Aston Villa Radio station has seen many positive outcomes for those involved.

The Virtual College (VC), located in Birmingham, is a unique provider of alternative education for young people who have become disconnected from mainstream education and has been able to report on the many positive achievements to re-engage learners. This programme was returned to BCC control on 1st April 2005.

Playing for Success centres in Birmingham use the partnership with local professional sports clubs to develop an innovative, positive and supportive learning experience for young people aged between 10 and 14 years. The key aim of all centres is to improve academic achievement in literacy, numeracy and ICT, and to develop the young people's skills leading to success within a learning environment.

The Young People's Parliament continues to offer a wide-ranging and exciting programme. Highlights included an event on world debt and a programme 'The Dark' which was delivered in partnership with the Thinktank. The Young People's Parliament members have also been developing a plan to increase the representation and involvement of young people on their council.

COLLEGE for INTERNATIONAL CITIZENSHIP (CIC)

This year the College for International Citizenship opened its doors to the first cohort of young adults from around the world. Their graduation ceremony in December demonstrated the significance of bringing people from different cultures together for a truly international curriculum, focussing on the fundamental values of human rights, peace, justice and responsible freedom. The College has also provided scholarships for some participants, which has been made possible through sponsorship of local and National organisations.

5. REORGANISATION & FUTURE DEVELOPMENTS

The AoY embarked on a programme of reorganisation in line with business developments and the need to create a flexible organisation that can maximise on the changes taking place within the services for children and young people. From April 2005 the Virtual College will be part of Birmingham City Council (BCC) and a number of BCC secondees returned to the City as the AoY takes on its own employees for new key roles. A focus for the organisation will be to establish appropriate funding streams for growth and develop the effectiveness of the organisational process through the use of new technology and investment in staff development.

Opportunities for growth will be developed by regionalisation of the UFA network support; enabling consortiums and community organisations to take up membership; seeking funding to provide more young people with access to programmes in Birmingham and nationally; and researching and establishing mechanisms for individual Fellows, organisations and young people to play an active part in the network.

The AoY will further demonstrate its success by researching and developing a wide range of case studies across the programmes; developing the breadth and accessibility of quality resources on the website; and ensuring positive media coverage of AoY activity.

The Academy of Youth Limited

TRUSTEES' REPORT (continued)

6. RISK MANAGEMENT

The trustees have formally adopted a policy and process for risk management:

'It is the policy of The Academy of Youth Limited to take a pro-active approach to managing risk. This recognises that the taking of risk is a necessary part of organisational development and essential to growth and innovation. The management of such risks will be achieved by systematic identification, analysis and evaluation combined with cost effective control and monitoring.'

The Academy of Youth Limited expects every trustee and employee to have regard for the management of risks in the decision making process and everyday work situations. This will enhance the organisation's drive for value for money in the provision of its services.

The Academy of Youth's Finance sub-committee has primary responsibility for risk management. Board members, Principals (Company Secretary, National Director and CIC Director) and all staff must be fully supportive of the policy and its ongoing implementation and maintenance.'

Managers, who oversee the various service delivery areas, review risks and feedback to the executive group, and several actions, have resulted from such reviews. Insurance cover is one key area where action has been taken to ensure adequate cover is in place to reflect new risks identified from operational changes. Internal operating procedures are reviewed and updated regularly to ensure risks are managed in line with the risk management policy.

The trustees undertake an annual review of the risks in order to evaluate and review their progress in managing the risks identified, whilst the Finance Sub-Committee review risks at each meeting.

An annual risk assessment to establish any new priority areas will take place in March each year. An appraisal of risk areas and the systems in place to deal with them has also been introduced into the annual development planning process for each of the AoY's main activity areas.

7. RESERVES

The AoY is reliant on support from third parties by way of intangible income in order to finance the management and administration of its activities.

Most of the AoY's projects are expected to continue for more than one year, and the AoY's reserves are held so that these projects can be completed. The reserves are considered to be sufficient to complete the projects that have been started.

As the organisation is dependent upon short-term funding the trustees have indicated their intention to build up the unrestricted reserves of the AoY to an amount broadly equal to one year's total unrestricted expenditure, this is to provide comfort as to continuing long-term viability of the AoY. This would reflect the organisation's move away from reliance on grant income to membership income and income generation. At the present time unrestricted funds, at £126,072, represents 11.5% of the target level and management together with trustees are considering ways in which additional unrestricted funds will be raised.

The Academy of Youth Limited

TRUSTEES' REPORT (continued)

8. INVESTMENTS

Under clause 3(s) of its Memorandum of Association the company has the power to invest the monies of the company not immediately required for its purposes in such manners as may be thought fit by the directors subject to any conditions and consents as may be imposed or required by law.

The trustees have adopted a low risk investment strategy. The use of overdraft facilities is considered to be undesirable and adequate access to liquid funds is therefore essential. Funds are to be held in secure investments in Clearing Bank or Building Society Accounts. In order to maximise return, funds identified as exceeding those needed for day to day activities may be invested in Clearing Bank or Building Society notice accounts subject to there being sufficient liquid funds to meet planned outgoings.

9. FINANCIAL REVIEW OF 2004-2005

The net outgoing resources for the year ended 31 March 2005 were £266,826 (31 March 2004 net incoming resources £2,662).

During the course of the year, funding has been applied in order to deliver the undertakings made to major funders including the DfES, the Tudor Trust, the New Opportunities Fund (NOF), the National College of School Leadership (NCSL) and the Neighbourhood Regeneration Fund (NRF).

The development of new projects will be dependent upon the AoY obtaining new funding. The AoY will not commence any new projects without adequate funding being in place. The senior managers are expending greater effort to source new funding and new models of delivery.

10. IN KIND AND VOLUNTARY SUPPORT

Substantial in-kind support has been received from the public and private sector to support the activities of the AoY. The most significant is that provided by BCC in terms of staffing, accommodation, computer equipment and specialist systems and advice.

Schools, both in Birmingham and nationally, made significant contributions in terms of making premises available at no cost and the time of head teachers and senior managers. Voluntary support from teachers and others has also been an important factor in the delivery of UFA programmes.

11. AUDITORS

A resolution to re-appoint Baker Tilly, Chartered Accountants, as Auditors will be put to the members at their 8 December 2005 meeting.

By Order of the Board



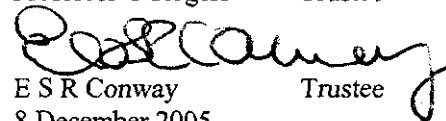
L. Gregory

Secretary



Professor G Rogers

Trustee



E S R Conway

Trustee

8 December 2005

The Academy of Youth Limited

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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 company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ACADEMY OF YOUTH LIMITED

We have audited the financial statements on pages 12 to 27.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the trustees (who are also the directors of The Academy of Youth Limited for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information only comprises the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

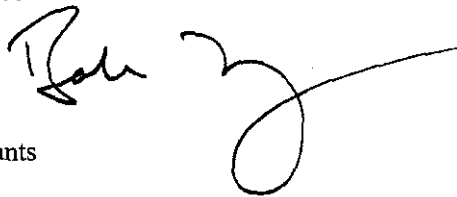
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

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 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF
9 December 2005



The Academy of Youth Limited

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2005

	Notes	Unrestricted 2005 £	Restricted 2005 £	Total 2005 £	Total 2004 As restated (see note 6) £
INCOMING RESOURCES					
Grants	1	-	1,111,235	1,111,235	1,362,842
Activities in furtherance of the charities objects:					
Provision of education services	2	438,561	160,960	599,521	679,547
Intangible income	3	512,279	-	512,279	400,420
Investment income	4	17,997	4,051	22,048	30,005
TOTAL INCOMING RESOURCES		968,837	1,276,246	2,245,083	2,472,814
RESOURCES EXPENDED					
Grants payable in furtherance of the charity's objects	5	-	403,677	403,677	585,850
Costs of activities in furtherance of the charity's objects:					
Teacher and support staff costs		389,232	361,100	750,332	585,433
Training expenses		28,781	6,061	34,842	31,644
Operational costs		482,469	467,514	949,983	915,559
Equipment and materials		11,898	15,919	27,817	4,238
Depreciation		2,916	2,684	5,600	7,179
Fees to external providers		80,475	162,202	242,677	249,209
	6	995,771	1,419,157	2,414,928	2,379,112
Resources expended on managing and administering the charity	7	96,981	-	96,981	91,040
TOTAL RESOURCES EXPENDED		1,092,752	1,419,157	2,511,909	2,470,152
NET (OUTGOING)/INCOMING RESOURCES		(123,915)	(142,911)	(266,826)	2,662
Transfers between funds		(26,539)	26,539	-	-
Fund balances brought forward at 1 April 2004		276,526	245,829	522,355	519,693
Fund balances carried forward at 31 March 2005	12,13	126,072	129,457	255,529	522,355

The Academy of Youth Limited
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2005

	2005 £	2004 £
Income	2,223,035	2,442,809
Investment income	22,048	30,005
	<hr/>	<hr/>
Total income	2,245,083	2,472,814
Total expenditure	2,511,909	2,470,152
	<hr/>	<hr/>
NET (EXPENDITURE)/INCOME FOR THE YEAR	(266,826)	2,662
	<hr/>	<hr/>

Total income comprises £1,276,246 (2004: £1,413,862) for restricted funds and £968,837 (2004: £1,058,952) for unrestricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 1 – 4.

Detailed analysis of expenditure is provided in the Statement of Financial Activities and notes 5 – 8.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account. None of the charitable company's activities were acquired or discontinued during the above two financial years.

The Academy of Youth Limited

BALANCE SHEET

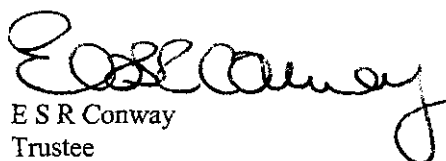
31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	6,375	8,606
CURRENT ASSETS			
Debtors	10	104,284	307,301
Cash at bank and in hand		389,206	572,037
		493,490	879,338
CREDITORS: Amounts falling due within one year	11	244,336	365,589
NET CURRENT ASSETS		249,154	513,749
		255,529	522,355
INCOME FUNDS			
Unrestricted funds:			
General funds	13	126,072	192,526
Designated funds	13	-	84,000
Restricted funds	12	129,457	245,829
	14	255,529	522,355

The financial statements were approved by the board of trustees on 8 December 2005 and were signed on its behalf by:



Professor G Rogers
Trustee



E S R Conway
Trustee

The Academy of Youth Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, are in accordance with the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: (SORP 2000) issued in October 2000.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement.

INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants are recognised in full in the year in which they are receivable.

Subscriptions and charges for educational services are recognised in the period to which the income relates. Income received in advance is deferred and shown within creditors.

Intangible income is treated as unrestricted funds and is included at the value to the charitable company where this can be quantified and a third party is bearing the cost.

RESOURCES EXPENDED

Resources expended are recognised in the period in which they are incurred.

Grants payable are charged in the year when paid to the recipient. All grant offers are conditional. Any amounts not spent by the recipient and repaid to the charitable company are credited to the Statement of Financial Activities when repaid.

Management and administration comprises costs for the running of the charitable company as an organisation.

VALUE ADDED TAX

Value Added Tax is not recoverable by the charitable company, and as such all costs met directly by the charitable company are included gross of VAT in the Statement of Financial Activities.

RETIREMENT BENEFITS

Certain staff are members of the Teachers' Superannuation Scheme operated by Teachers' Pensions on behalf of the Department for Education and Skills. Contributions are made at rates set by the scheme actuary and advised by the scheme administrator.

The amount charged to income and expenditure in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

GROUP PERSONAL PENSION PLAN

Certain staff are members of a group personal pension plan and the pension contributions are charged to the Statement of Financial Activities on an accruals basis.

FIXED ASSETS

All assets costing more than £1,000 are capitalised.

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of tangible fixed assets over their useful lives as follows: -

Computer equipment	25% of cost per annum.
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The Academy of Youth Limited

ACCOUNTING POLICIES (continued)

ACCUMULATED FUNDS

The various accumulated funds represent the following:

- | | |
|---------------------|---|
| Restricted funds: | These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. |
| Unrestricted funds: | These are funds which can be used in accordance with the charitable objects at the discretion of the trustees. |
| Designated funds: | These are unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of the designated funds are set out in the notes to the financial statements. |

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

1 GRANTS

The details of grants received are as follows:

	2005 £	2004 £
Marketing Research & Innovation	7,000	10,000
College of International Citizenship	105,000	-
Esmee Fairbairn Foundation	-	14,559
Learning and Skills Council Community Programme	-	10,000
DfES Innovation Grant Fund	-	12,000
National Framework - DfES Fund	475,000	475,000
Aiming Higher (Tudor Trust) Fund	62,154	30,000
New Opportunities Fund - NUFA Summer Challenge	401,658	538,261
Optima Fund	-	18,000
BCC - Young Persons Parliament	-	38,367
Neighbourhood Regeneration Fund Grants – total £60,423 (2004: £216,655)		
Aston Ward	15,750	16,318
Edgbaston Ward	-	32,100
Erdington Ward	-	12,000
Handsworth Ward	-	39,750
Kings Norton Ward	9,796	22,272
Ladywood Ward	-	6,000
Longbridge Ward	-	30,000
Moseley Ward	23,833	6,207
Northfield Ward	2,294	3,708
Selly Oak Ward	6,500	6,300
Shard End Ward	-	39,750
Acocks Green Ward	2,250	2,250
	<u>1,111,235</u>	<u>1,362,842</u>

2 PROVISION OF EDUCATION SERVICES

	<i>Unrestricted</i> 2005 £	<i>Restricted</i> 2005 £	<i>Total</i> 2005 £	<i>Total</i> 2004 £
Provision of education services	454,414	165,960	620,374	790,321
Less deferred income	(15,853)	(5,000)	(20,853)	(110,774)
	<u>438,561</u>	<u>160,960</u>	<u>599,521</u>	<u>679,547</u>

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

3 INTANGIBLE INCOME

Intangible income is treated as unrestricted. It primarily comprises the costs of staff and accommodation, which contribute to the management, and administration of the charitable company.

Birmingham City Council has provided the following free of charge during the year:

	<i>Total</i> 2005 £	<i>Total</i> 2004 £
Staff (13 full time equivalents)	315,320	265,942
Accommodation and running costs	133,959	111,597
Access to specialist advice and systems	63,000	22,881
	<u>512,279</u>	<u>400,420</u>

4 INVESTMENT INCOME	<i>Unrestricted</i> 2005 £	<i>Restricted</i> 2005 £	<i>Total</i> 2005 £	<i>Total</i> 2004 £
Bank interest receivable	<u>17,997</u>	<u>4,051</u>	<u>22,048</u>	<u>30,005</u>

The Academy of Youth Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005

5	GRANTS PAYABLE IN FURTHERANCE OF CHARITY'S OBJECTS	2005 £	2004 £
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The number and amounts of grants made are as follows:-

New Opportunities Fund NUFA Summer Challenge Programme

Barnsley MBC (1)	44,313	38,001
Bristol City Council (1)	69,372	49,276
Challenge Corby (1)	12,518	11,637
Cornwall County Council	-	48,242
Darlington LEA (1)	11,475	9,991
Education Leeds (1)	10,432	65,782
Gloucester County Council (1)	86,898	55,775
Hartlepool MBC (1)	10,432	26,699
Leicester City Council	-	53,546
London Borough of Enfield	-	39,315
Middlesbrough City Council (1)	25,558	13,298
Newcastle City Council (1)	71,667	42,255
Norfolk County Council (1)	13,561	75,385
Wakefield MBC (1)	35,260	14,549
	<hr/>	<hr/>
	391,486	543,751
	<hr/>	<hr/>

Esmee Fairbairn Foundation

Norfolk County Council	-	5,000
	<hr/>	<hr/>

The Academy of Youth Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005

5	GRANTS PAYABLE IN FURTHERANCE OF CHARITY'S OBJECTS (continued)	2005 £	2004 £
	NUFA Innovation and Best Practice Awards		
	Bristol LEA	-	5,500
	CEA @ Islington	-	500
	Corby EAZ	-	500
	Cornwall Outdoors (4)	2,000	5,000
	Derbyshire LEA (1)	500	2,000
	Enfield LEA (1)	500	-
	Gloucester LEA	-	5,000
	Hartlepool LEA	-	5,000
	Jersey (1)	500	-
	Learning Links (Durham LEA)	-	4,000
	Leicester EAZ	-	1,000
	Norfolk County Council	-	500
	Rotherham LEA (2)	1,000	-
	Somerset LEA (1)	500	500
	Warwickshire LEA (1)	500	-
	Wakefield LEA	-	500
		<hr/>	<hr/>
		5,500	30,000
		<hr/>	<hr/>
	Contributions to Birmingham City Council Programmes		
	Playing for Success	6,691	-
	Virtual College	-	7,099
		<hr/>	<hr/>
		6,691	7,099
		<hr/>	<hr/>
	Total Grants Paid	<hr/> 403,677	<hr/> 585,850

Amounts in brackets signify the number of grants made during the year.

6 COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

The analysis of charity expenditure has been reviewed and as a result certain operational expenditure has been removed from resources expended on managing and administering the charity. Comparative figures have been restated on this basis and an amount of £516,358, representing direct costs of supporting delivery, has been transferred from resources expended on managing and administering the charity to operational costs in furtherance of the charity's objects. In addition, the costs of activities in furtherance of the charity's objects have been reviewed and reanalysed. Comparatives have been restated. These restatements have had no effect on the total resources expended for the prior year.

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

6 COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS (continued)

Included within the costs of activities in furtherance of the charity's objects is £18,375 (2004: £62,777) in respect of a contribution to the Young People's Parliament, from the charity's unrestricted funds.

7 RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>2005</i>	<i>2005</i>	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>As restated</i>
				<i>£</i>
Administration staff	83,559	-	83,559	81,052
Auditors remuneration:				
- Audit	12,922	-	12,922	9,488
Other administration costs	500	-	500	500
	<u>96,981</u>	<u>-</u>	<u>96,981</u>	<u>91,040</u>

Details of the restatement of the prior year figures are set out in Note 6.

8 STAFF COSTS

	<i>Employed by AoY and paid by AoY 2005 £</i>	<i>Employed by BCC seconded and paid by AoY 2005 £</i>	<i>Employed by BCC seconded and paid by BCC 2005 £</i>	<i>Total 2005 £</i>	<i>Total 2004 £</i>
Wages and salaries	496,785	257,818	195,618	950,221	910,862
Social security	55,093	26,049	41,545	122,687	89,282
Pension costs	46,410	59,482	59,604	165,496	108,048
Temporary Staff	20,608	-	18,553	39,161	9,080
	<u>618,896</u>	<u>343,349</u>	<u>315,320</u>	<u>1,277,565</u>	<u>1,117,272</u>

The Academy of Youth Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2005

8 STAFF COSTS (continued)

The details of employees with emoluments greater than £50,000 are as follows:

	2005 Number	2004 Number
£50,001 - £60,000	1	-
£60,001 - £70,000	1	-

One higher paid employee is accruing benefits under the defined benefit pension scheme and one under the group personal pension plan. Total contributions made by the charity in respect of these employees amounted to £11,105.

	<i>Employed by AoY and paid by AoY 2005 No</i>	<i>Employed by BCC seconded and paid by AoY 2005 No</i>	<i>Employed by BCC seconded and paid by BCC 2005 No</i>	<i>Total 2005 No</i>	<i>Total 2004 No</i>
Teachers	6	8	2	16	13
Casually employed teachers	1	-	-	1	1
Administrative	8	1	11	20	18
	15	9	13	37	32

Staff numbers have been calculated on a full-time equivalent (FTE) basis.

The cost of staff seconded to the AoY but not paid for is met by Birmingham City Council from various specific grants and from its base budget.

Trustees' remuneration and insurance

No remuneration was paid to trustees in the year. Out of pocket expenses of £60 (2004: £3,062) were reimbursed to one (2004: two) trustee.

Trustee indemnity insurance has been purchased at a cost of £1,627 (2004: £1,512).

The Academy of Youth Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005

9 FIXED ASSETS

	<i>Computer equipment £</i>
Cost	
1 April 2004	55,257
Additions	3,700
	<hr/>
31 March 2005	58,957
	<hr/>
Depreciation	
1 April 2004	46,651
Charged in the year	5,931
	<hr/>
31 March 2005	52,582
	<hr/>
Net book value	
31 March 2005	6,375
	<hr/>
31 March 2004	8,606
	<hr/>

There were no capital commitments at 31 March 2005 (2004: £Nil).

10	DEBTORS: Amounts falling due within one year	2005 £	2004 £
	Trade debtors	44,015	93,254
	Grants receivable	32,154	207,085
	Prepayments and accrued income	28,115	6,962
		<hr/>	<hr/>
		104,284	307,301
		<hr/>	<hr/>

11	CREDITORS: Amounts falling due within one year	2005 £	2004 £
	Other creditors	197,434	202,579
	Accruals and deferred income	46,902	163,010
		<hr/>	<hr/>
		244,336	365,589
		<hr/>	<hr/>

The Academy of Youth Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005

12 RESTRICTED FUNDS

	<i>Balance 31.03.04 £</i>	<i>Incoming resources £</i>	<i>Expenditure gains, losses £</i>	<i>Transfer from unrestricted funds £</i>	<i>Balance 31.03.05 £</i>
Paul Hamlyn Foundation Fund	2,919	-	-	-	2,919
Esmee Fairbairn Foundation	14,559	-	(14,674)	115	-
Aiming Higher (Tudor Trust) Fund	800	62,158	(56,208)	-	6,750
College for International Citizenship	88,693	149,311	(183,607)	-	54,397
Virtual College Fund	49,008	-	(12,246)	-	36,762
National Framework - DfES	-	475,017	(501,441)	26,424	-
New Opportunities Fund - NUFA					
Summer Challenge	494	420,899	(415,369)	-	6,024
Barclays Bank in the Community	12,200	-	-	-	12,200
BCC - Study Support Centre	12,000	(61)	(11,939)	-	-
London Challenge	-	100,861	(100,861)	-	-
Marketing Research and Innovation	10,000	7,638	(17,638)	-	-
Neighbourhood Regeneration Funds	55,156	60,423	(105,174)	-	10,405
	<u>245,829</u>	<u>1,276,246</u>	<u>(1,419,157)</u>	<u>26,539</u>	<u>129,457</u>

The transfer of £26,539 from unrestricted funds represents a temporary subsidy to reflect the excess of expenditure over income on certain projects during the year.

12.1 PAUL HAMLYN FOUNDATION FUND

This programme will support educational staff during 2005-06 to deliver parents' sessions on "Helping my child to learn".

12.2 THE ESMEE FAIRBAIRN FOUNDATION

This is a continuing grant from 2002-2003. The initial grant programme has been completed but more funding has been agreed with the Esmee Fairbairn Foundation until January 2005 to pilot a UFA community Fellowship and UFA campus challenge programme.

12.3 AIMING HIGHER (TUDOR TRUST) FUND

This grant from the Tudor Trust was first made in 1999 and was for an initial five-year programme. The programme has been extended to six years and will be completed in 2004/5. The funding is for residential activities for young people who are at risk of becoming disaffected with the school system. Outward Bound provides the courses, while the UFA has been advising on teaching and learning strategies and undertaking monitoring and evaluation.

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

12.4 COLLEGE FOR INTERNATIONAL CITIZENSHIP

A contribution was received from the DfES in 2002 to enable the establishment of a permanent facility to deliver training and education in International democracy and citizenship. The Director appointed in 2003 has been raising the international profile of the college in order to attract funding. The first cohort of International students graduated in December 2004.

12.5 VIRTUAL COLLEGE FUND

This grant enabled the start-up and development of the Virtual College. The Virtual College works with young people in Birmingham who are not on school registers and are 'out of the education system'. Students and tutors are provided with laptop computers and work both in the young person's home and virtually through e-mail and the Internet. The objective is that the young people's work is accredited and each has a strategy to ensure that they either return to education or take up employment. The Virtual College has been set up as a Pupil Referral Unit and is funded by BCC and central government. This project was returned to BCC on 1 April 2005 and the balance of around £36,000 of the grant will be repaid to BCC in 2005.

12.6 NATIONAL FRAMEWORK - DfES

This fund was established to provide training and development services to LEAs around the country. The LEAs are interested in using the framework by the philosophy and principles of teaching and learning used by the UFA to develop their out of hours learning and raising achievement strategies. The grant funds staff, travel and accommodation expenses, conference expenses and general administration costs, subsidising services to LEAs.

12.7 NEW OPPORTUNITIES FUND – NUFA SUMMER CHALLENGE

A grant payable over the period 2001-2004 to meet the costs of running a UFA Summer Challenge Programme in 15 partner LEAs. In total, 17,268 pupils will take part in this programme. Summer 2004 saw the fourth year of the programme with 13 LEAs and 1 EAZ taking part. Funding is based on £100 per pupil and the charitable company is able to retain £3 per pupil to meet its co-ordination costs. This programme has been extended one more year to run summer schools during the summer of 2005.

12.8 BARCLAYS BANK IN THE COMMUNITY

A grant from Barclays Bank to assess, identify and share best practice in engaging families in the education of their children. The programme began in November 2002, and it is anticipated that it will be completed by September 2005.

12.9 BCC – STUDY SUPPORT CENTRE

A capital grant which was used to develop a new learning centre.

12.10 LONDON CHALLENGE

A National Council for School Leadership contract delivered in the academic year 2004/05. This programme is based on developing leadership skills in young people.

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

12.11 MARKETING RESEARCH AND INNOVATION

The DfES awarded the innovation grant to the UFA network to promote and market the work of the UFA and its partners. This work involved young people and adult teaching and learning and fellowships.

12.12 NEIGHBOURHOOD REGENERATION FUND GRANTS

This is a programme made up of individual ward grants in the Birmingham area for the provision of out of hours learning, study support, family learning, adult learning and peer tutor training specific to the needs of each ward. A number of these programmes will continue in the new financial year.

13	UNRESTRICTED FUNDS	Balance 31.03.2004 £	Incoming resources £	Transfers between funds £	Expenditure, gains and losses £	Balance 31.03.200 £
	General funds	192,526	968,837	(26,539)	(1,008,752)	126,072
	Designated funds	84,000	-	-	(84,000)	-
		<u>276,526</u>	<u>968,837</u>	<u>(26,539)</u>	<u>1,092,752</u>	<u>126,072</u>

General funds are used to meet day-to-day operating costs of the charitable company and its constituent parts BUFA and NUFA, including professional fees.

Designated funds represented the anticipated costs of contributions to Birmingham City Council Programmes for 2004-05.

14	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds 2005 £
	Tangible fixed assets	4,083	-	2,292	6,375
	Current assets	300,256	-	193,234	493,490
	Liabilities due within one year	(178,267)	-	(66,069)	(244,336)
		<u>126,072</u>	<u>-</u>	<u>129,457</u>	<u>255,529</u>

15 RELATED PARTY TRANSACTIONS

The relationship between the charitable company and Birmingham City Council is detailed in the Trustees' Report. Services provided free of charge by the Council are disclosed in note 3.

As at 31 March 2005, the amount owed by the charitable company to Birmingham City Council was £50,041 (2004: £167,450).

The Academy of Youth Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

16 TEACHERS' PENSION SCHEME

During the year the charitable company directly employed 6 members of staff (2004: 6) who had pension rights accruing under the Teachers' Pension Scheme. The pension cost for the period was £33,389 (2004: £22,259).

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

SSAP 24

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7.0% per annum
Salary scale increase per annum	5.0% per annum
Market value of assets at date of last valuation	£142,880 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 100%.

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2002 to 31 March 2003 the employer contribution was 8.35%. This rate increased to 13.5% from 1 April 2003.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the Teachers' Pension Scheme is a multi-employer pension scheme. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charitable company has accounted for its contributions as if it were a defined contribution scheme.

17 GROUP PERSONAL PENSION PLAN

During the year, the charitable company paid contributions into the scheme of £12,705 (2004: £21,456).