

REGISTERED COMPANY NUMBER: 03760619 (England and Wales)
REGISTERED CHARITY NUMBER: 1078360

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2018

FOR

CITY GATEWAY



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City Gateway

Trustees Report for the year ended 31 August 2018

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018.

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Registered Company number 03760619 (England and Wales)

Registered Charity number 1078360

Registered Office The Pavilion 2 Clove Crescent London E14 2BE

Trustees

Deepak Mahtani - Chair (appointed 19th October 2017)
James Bishop
Wei-Lynn Lum
Sean Greathead
Alex Harris
Nathan Oley
Kate Monkhouse
Edward Boyd (appointed 19th October 2017)
Kenny Imafidon (appointed 19th October 2017)
David Pain (appointed 25th April 2018)
Kate Vintiner (appointed 26th July 2018)
Dirk Paterson - Chair (resigned 19th October 2017)
Rachel Duncombe-Anderson (resigned 1st November 2018)

Chief Executive Officer

David Wesson

Auditor

Mazars LLP, Times House, Throwley Way, Sutton, SM1 4JQ

Bank

National Westminster Bank, PO Box 282, 216 Bishopsgate, London, EC2M 4QB

City Gateway Trustees Report for the year ended 31 August 2018

HISTORY AND MISSION

City Gateway is a charity formed in 1999 by a group of City professionals who were concerned about unemployment in their local community.

We serve communities most impacted by social and economic inequality. We seek to transform those communities by improving individuals' life chances.

We specifically work with Young People aged 16 to 24 and Women of all ages from disadvantaged communities in East London, delivering programmes that enable positive, sustained outcomes in education and employment.

Over recent years, the organisation has created additional services, notably a 14 to 18 year old Ofsted "outstanding" Alternative Provision School and an Early Years Provision. These services have been established, grown and successfully hived off as standalone provisions, as the charity continues to specifically focus its mission to serve those individuals directly experiencing long term unemployment in East London.

Today, the charity delivers education and training programmes for students into sustainable employment with our partner employers.

ETHOS AND VALUES

At City Gateway, we believe everyone is made equal and in the image of God. We strive to follow the example of Jesus, in loving and helping those excluded and in need in society.

We celebrate diversity. We treat everyone with respect and honesty. We are ambitious. We seek excellence in all we do and we are optimistic for the future.

WHY WE DO WHAT WE DO

In Tower Hamlets, 53% of children grow up in poverty, the highest rate in the UK.

This is why we work with Women in East London – the matriarchs of the household - to train, mentor, raise confidence and to transform families to break the cycle of poverty and disadvantage.

There are 90,000 Young People, aged 19-24, in London, not in education or employment ("NEET"). 36,000 of these have been that way for 12 months or more. 20,000 of these young people live in East London, within reach of our support.

This is why we work with Young People - the next generation - in employability programmes and Apprenticeships, providing a full service for these young people from wherever they start to a sustained outcome of 12/ 18 months full time employment.

City Gateway is the only provider in London delivering the full end to end support that we do.

Our vision, over the coming years, is to lead significant reduction in both the 53% child poverty rate and the 20,000 sustained unemployed young people in East London - to help all our students reach their full potential.

OUR APPROACH

City Gateway aims to be the gateway for our students between a place of social and economic inequality and further education or work.

Our training and education programmes take a unified approach, providing all the elements of functional education in English and Mathematics and employability training, supported by wrap-around coaching and safeguarding support. This model helps our students to overcome personal barriers in a supportive educational environment that is tailored to their learning and developmental needs. In turn they are enabled to gain the

confidence, skills and appropriate qualifications needed for further education or sustained full-time employment.

Our programmes last up to one year, after which we support and train our students throughout a 12/ 18 month Apprenticeship, whilst they establish themselves sustainably in the world of full-time work with one of our employer partners.

City Gateway supports those who are most in need – often isolated individuals who lack the skills and support to access opportunities to break out of poverty and improve their quality of life. Our students have often been in care, ex-offenders, those involved in local gang culture, with substance misuse issues, physical or mental health problems, people who have experienced domestic abuse or can be at risk of sexual exploitation. Our mission is to work with all our students to help them reach their full potential.

We believe that education and training, confidence building and employment are the keys to transforming individual's life chances.

Our programmes work. A critical bi-product of our work is that we promote social mobility and diversity in the workforces of our forward-thinking partner employers and economic growth in London. At the same time, we help address first-hand the cycles of mental health, abuse, violent crime and gang culture on our streets.

OUR IMPACT

We are proud of our impact and we aim for even more in the coming years.

We served a total of 470 students in the year 2017/18.

Our educational achievement rates in 2017/18 for Young People were 60% against a national average achievement rate for all students in the UK of 68%. Our educational achievement rates in 2017/18 for our Women's programmes were 80% against a national average for all students in the UK of 82%.

There are no published educational achievement benchmarks for our target population of students. However, we set our students high standards and aspire, with them, to achievement in-line with the same rates (if not higher) than any other student in the UK.

Of those 16 to 24 year old students who achieved on our programme in 2017/18, 44% have already progressed into sustainable employment and we are still working with a further 28% to progress these students into an Apprenticeship in the coming months.

"The accumulated impact of former City Gateway learners who are currently employed in the regional workforce amounts to £5.7 million in added income in the Tower Hamlets and surrounding boroughs' economy each year. Every £1 invested into learner education at City Gateway yields £5.90 in higher future wages. A 16.3% annual rate of return." [E MSI Economic Impact Report, 2016]

WHAT PEOPLE SAY ABOUT US

"I knew I was hungry enough to succeed; I just needed a platform to showcase what I could do." (Ali)

"City Gateway changed my life for the better. I learned so many positive things that are helping me move forward". (Mario)

"At City Gateway, I learned what it's like being in a corporate environment." (Nazmin)

"My traineeship was one of the biggest kick-starts to my career and my future... From there City Gateway put me forward to do an apprenticeship role at Man Group and I got it." (Abdi)

"OK, what am I doing, I need to stop messing around. These people are here to help me... I passed all of my exams, that's when I got the opportunity to do a traineeship with IBM and now I work at NSPCC. I work in corporate services and facilities. It's teaching me life skills... I would like to say thank you because at first I was quite rebellious and City Gateway are really understanding of young people, and attentive to how a young person may be feeling." (Shelley)

"I'm not going to lie, I can't study. I didn't want to be reading books or anything. I found City Gateway. They put me on the 5 week IBM traineeship course, I got my 1 month work experience and straight away I was able to get an apprenticeship. My coach called me every time there was an opportunity and she would tell me all the things I'd need to do and how to prepare. In my second interview I was able to get my apprenticeship." (Kenny)

*Names changed to protect identities.

OUR PARTNERS

City Gateway's real impact is only possible in collaboration with the future-thinking, generous organisations who partner with us: working with us to volunteer, fund our programmes and provide Apprenticeships opportunities in their teams for our aspirational, job-ready students.

Each of our partners has made a significant contribution to changing lives in London and we are truly grateful to all of them.

Below are just some of the partners that made our work possible this year:



BOARD GOVERNANCE

City Gateway is a company limited by guarantee governed by its Memorandum and Articles of Association dated 28 April 1999. It is registered as a charity with the Charity Commission.

City Gateway has always, and will continue to take its responsibilities of ensuring that its charitable activities contribute significantly to the lives of those we work with and specifically within the local areas in which those activities are undertaken. With reference to Charities Act 2011, all our charitable activities are directed towards having a lifelong impact on East London and these activities are undertaken to further our charitable purposes for the public benefit.

Trustees are appointed on the basis of their skills and experience as well as their passion to further City Gateway's vision, mission and ethos. A mix of different skills and backgrounds is sought on the Board and for Board Working Groups.

All Trustees give their time voluntarily and receive no private benefit from the charity. The term of office for a Trustee is limited to 3 years which is extendable by arrangement and with the agreement of the board for a further 2 years. Any extensions beyond five years can only be made under exceptional circumstances and requires the agreement of the whole board.

Newly appointed Trustees are briefed on their responsibilities and legal obligations under both charity and company law, the Memorandum and Articles of Association, the current Strategic Business Plan and given an overview of the recent financial performance. Each Trustee is given a particular role on a Board Working Group and is expected to attend all Trustee meetings. Trustees are encouraged to attend appropriate external training, where this facilitates the undertaking of their role.

Trustees are responsible for setting general policy, finalising and approving the annual plan and budget, monitoring the charity and taking major decisions about the strategic direction of the charity and capital expenditure. Trustees appoint the Chief Executive Officer ("CEO") to manage and lead the charity and agree a level of delegated authority. The CEO is accountable to the board of Trustees through the Chairman who has regular meetings with the CEO. The CEO is responsible for ensuring that the charity delivers its mission and that key performance metrics of operational delivery are met. The remuneration of the CEO is approved annually by the Trustees.

TEAM

City Gateway has an outstanding staff team, led by David Wesson, the CEO. All our team have a passion for our students and achieving lasting transformational impact in their lives. Our team are just as passionate for serving all our students and partners with excellence and for the continuous improvement of our processes.

City Gateway celebrates diversity and promotes equal opportunity in employment.

ACTIVITY IN THE YEAR 2017/18

In the last year, City Gateway has undertaken a process of re-focussing on its mission and refining its delivery model to position itself to serve its students and partners with excellence, in sector leadership, both now and in the future.

Review, Research and Planning

In April 2018, City Gateway's senior leadership team completed a 3 year strategic review with strategy consultants, OC&C. This detailed piece of work is a strategic blueprint of why, what and how the organisation shapes itself for the future - to govern, focus and grow to deliver the City Gateway mission in the years to come.

City Gateway

Trustees Report for the year ended 31 August 2018

As a result of this work and the ongoing work of senior management, the organization has a very clear operational model to deliver excellence for the needs of the communities it serves for the next 3 years.

Crucially, this work gives the organization a clear line of sight into a deliverable and sustainable growth model for the future – to drive increased impact and financial stability.

In addition to the OC&C strategic review, the organisation has also completed in-depth market research projects to gain clear insight of the size of the target market of NEET Young People in London, the competitor landscape and outreach into our target population of Young People.

Rebrand

On 31 August 2018, City Gateway completed a full rebrand and launched our first above the line marketing campaign delivering a 50% increase in 16 to 24 student applications for September 2018 courses.

Evolution of education and enrichment programmes for Young People

In September 2018, we launched a new curriculum for Young People based upon our research findings. This curriculum centres around education and achievement in English and Maths, Training in employability, Work experience with our Employer partners and Coaching and Enrichment activities to deliver pastoral support.

So far, this curriculum has proved hugely successful, with significant increases in retention rates of students on programme.

Consolidation around core mission

In order to focus our operational delivery on our core mission to serve 16 to 24 year olds and Women in education, training and employment, we have undergone a rationalisation and consolidation of our services.

As a result, we have fully separated and hived off the OFSTED “Outstanding” Alternative Provision School we created, so that it may pursue an independent path to growth.

We have also transferred the operation of our Early Years Provision to an excellent third party operator who continues to grow this service in and for the community in East London.

This work enables us in the future to unequivocally place the full weight of the organisation’s focus on our mission to serve 16 to 24 Young People and Women in education, training and employability.

In addition to this, on 1 September 2018 we opened a new delivery site to serve our work with Young People. This is an aspirational environment for our students and compliments our other educational delivery site for our Women’s programmes. Both sites are state-of-the-art, future proof and have built-in capacity for growth in the years to come.

Data Culture

Under GDPR compliance, Data underpins everything we do for our students and clarity of our impact.

We have recently invested in a new IT system to manage and report on our student and educational programmes. This system will support the organisation’s objective to drive continuous improvement in the services and impact for our students.

FUTURE IMPACT PLAN FOR THE COMING YEARS

The Trustees plan in the future is to build on our mission and grow our impact to transform the life chances of young people and women in East London communities most impacted by social and economic inequality.

As we achieve our mission for our students and work with employers to place our students into Apprenticeship outcomes, our organization will increase financial sustainability.

We have set out to reach more of the 20,000 NEET Young People in East London and we want to continue to improve progression EET outcomes for all our students (especially into Apprenticeships which uniquely allow us to continue to support, coach and train our students whilst they complete their first 12/18 months employment).

We plan to increase our impact in the coming years to serve over 1,000 students a year by 2023 and we plan to raise funds in order to adequately support this work by continuing to build our valuable partnerships with Government, Grant awarding bodies, Trusts, the Corporate sector and like-minded individuals who share our vision.

FINANCIAL REVIEW 2017/18

The accounts contained in this report have been presented 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) (effective 1 January 2015)" - (Charities SORP (FRS 102)) and with relevant companies and charities legislation and regulations.

2017/18 Statement of Financial Activities

The Trustees report a year of really good progress in 2017/18.

Throughout this year we have continued to strengthen the foundations of the organisation and importantly build a solid, deliverable plan for the coming years ahead.

City Gateway's gross income from all sources, how this income was expended and the split of financial activity between restricted and unrestricted funds is shown in detail in the following pages.

Annual income increased 6% in the year to £2.8m (2016/17: £2.6m).

We are pleased to report that our annual deficit has once again this year significantly improved compared to previous years. The annual deficit in the year was £34,000 (2016/17: £274,000 and 2015/16: £630,000).

Reserves

City Gateway is committed to using its resources in pursuit of its charitable activities. It is also committed to maintaining a level of reserves that is prudent to meet its on-going liabilities, sufficient to ensure that all service delivery commitments can be met and to protect the long term sustainable future of operations. This commitment is in line with the Operational guidance No 43 (Charity Income Reserves) issued by the Charity Commission which seeks to guarantee financial security and ensure a sufficient level of reserves.

Free reserves cover has decreased in the year to 1.2 months at year end (2016/17: 1.3 months). This is the result of significant investment in fixed assets during the year. We report a cash position at year end of £472,000. This equates to 2.6 months cover.

Our reserves policy is to aim to maintain sufficient cash reserves to cover at least 3 months future expenditure. This policy is regularly reviewed to ensure that it continues to be appropriate and sufficient. Whilst our current cash reserves are below 3 months cover, we have, in the current year, financed capital expenditure on the fit-out of a new delivery site for our 16 to 24 year old students. We have also incurred some re-organisation costs related to activity in the year as detailed above. This has had a short-term impact on reserves.

As a result of this recent activity, the organisation is now in a very good place to move forward with a compelling funding and impact plan for the coming years.

Risk management

We continue to assess, review, monitor and plan for all risks which the organisation may face, now or in the future. Our Risk Management Strategy comprises a risk register of all aspects of the organisation and its activities, outlining possible risks which may occur, procedures to mitigate the risks identified and regular re-assessments both of the risks already outlined on the register and of potential new risks. This process raises awareness of the potential risks and assists with the development of robust contingency plans.

A current, identifiable risk in the organisation is in fundraising, based on the current political and economic landscape in the UK. Most of our funding streams are provided for between one and three year cycles. City Gateway has a detailed plan of engagement with current and potential future funders looking forward into the coming years to mitigate this risk.

For more information on how to partner with us, please contact partnership@citygateway.org.uk.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of City Gateway for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

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

Statement as to disclosure of information to Auditor

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit information and to establish that the charitable company's auditor is aware of that information.

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

ON BEHALF OF THE BOARD:


D Mahtani
Trustee

Date: 23/01/2019

City Gateway

Report of the independent auditor to the members of City Gateway

Opinion

We have audited the financial statements of (the 'charity') for the year ended 31 August 2018 which comprise Consolidated Statement of financial activities, the Consolidated and Charity Balance sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

City Gateway

Report of the independent auditor to the members of City Gateway

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made;
- 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 Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the parent charity 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

N J Wakefield

Nicola Wakefield (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 14th February 2019

City Gateway
Consolidated Statement of Financial Activities for the year ended 31 August 2018

	Note	General funds £	Designated funds £	Restricted Funds £	2018 Total Funds £	2017 Total funds £
Income						
Donations and legacies	2	1,250,998	-	242,983	1,493,981	1,646,077
Income from Investments		129	-	-	129	1,052
Income from charitable activities	3	1,103,079	-	157,692	1,260,771	1,959,914
Total income		2,354,206	-	400,675	2,754,881	2,607,043
Expenditure						
Charitable activities	4	2,359,224	-	429,670	2,788,894	2,880,866
Total expenditure		2,359,224	-	429,670	2,788,894	2,880,866
NET(EXPENDITURE) BEFORE TRANSFERS		(5,018)	-	(28,995)	(34,013)	(273,823)
Transfers between funds		61,002	(61,002)	-	-	-
NET MOVEMENT IN FUNDS		55,984	(61,002)	(28,995)	(34,013)	(273,823)
Total funds brought forward		319,126	61,002	30,087	410,215	684,038
Total funds carried forward	12,13	375,110	-	1,092	376,202	410,215

All amounts relate to continuing activities and there are no other gains or losses other than as disclosed in the statement of financial activities.

The notes form part of these financial statements

City Gateway
Consolidated Balance sheet at 31 August 2018

		2018	2017
	Note	£	£
FIXED ASSETS			
Tangible assets	8	134,242	52,873
Intangible assets	8	32,556	8,129
Investments	9	<u>621</u>	<u>621</u>
		167,419	61,623
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	191,086	107,249
Cash at bank and in hand		<u>472,084</u>	<u>777,661</u>
		663,170	884,910
CREDITORS			
Amounts falling due within one year	11	(454,387)	(536,318)
NET CURRENT ASSETS		<u>208,783</u>	<u>348,592</u>
NET ASSETS		<u>376,202</u>	<u>410,215</u>
FUNDS	12,13		
Unrestricted funds		375,110	319,126
Designated fund		-	61,002
Restricted funds		<u>1,092</u>	<u>30,087</u>
TOTAL FUNDS		<u>376,202</u>	<u>410,215</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and have been audited under the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 23/01/2019 and were signed on its behalf by:


Deepak Mahtani

Trustee

City Gateway
Charity Balance sheet at 31 August 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	8	134,242	52,873
Intangible assets	8	32,556	8,129
Investments	9	621	621
Investment in subsidiary	9	<u>100</u>	<u>100</u>
		167,519	61,723
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	447,213	601,652
Cash at bank and in hand		<u>159,070</u>	<u>160,957</u>
		606,283	762,609
CREDITORS			
Amounts falling due within one year	11	(424,711)	(504,910)
NET CURRENT ASSETS		<u>181,572</u>	<u>257,699</u>
NET ASSETS		<u>349,091</u>	<u>319,422</u>
FUNDS	12,13		
General funds		347,999	228,333
Designated fund		-	61,002
Restricted funds		<u>1,092</u>	<u>30,087</u>
TOTAL FUNDS		<u>349,091</u>	<u>319,422</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and have been audited under the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 23/01/2019 and were signed on its behalf by:


 Deepak Mahtani

Trustee

City Gateway
Consolidated Statement of Cash Flows for the year ended 31 August 2018

	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities				
Net expenditure	(34,013)		(273,823)	
Adjustments for:				
Depreciation	18,799		39,420	
Amortisation	2,477		10,292	
Loss on disposal of fixed assets	40,111		-	
Interest income	(129)		(1,052)	
Trade and other debtors	(83,837)		419,675	
Trade and other creditors	(81,932)		(202,859)	
Cash flows used in operating activities		(138,524)		(8,347)
Purchase of property plant and equipment	(134,626)		(15,615)	
Purchase of intangible fixed assets	(32,556)		-	
Disposal of property plant and equipment	-		13,494	
Interest received	129		1,052	
Cash flows used in investing activities		(167,053)		(1,069)
Net (decrease) in cash		(305,577)		(9,416)
Cash balance at 1 September		777,661		787,077
Cash balance at 31 August		472,084		777,661

1. ACCOUNTING POLICIES

Accounting convention

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) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

City Gateway meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Under s408 of the Companies Act 2006 the charitable company is exempt from the requirement to present its own Statement of Financial activities. The surplus for the year for the charitable parent company was £29,669 (2017: deficit of £265,655).

The trustees consider that it is appropriate for these financial statements to be prepared on the going concern basis given the level of assets and the forecast results for 2018/19.

Income

All income is included on the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income received in advance on contracts, performance related grants and grants for future periods is carried through to the Balance Sheet as deferred income and included in creditors. Where it is probable that income received will be claimed back, this amount is included in the SOFA as an income provision and is also included on the Balance Sheet as a creditor.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Intangible fixed assets

Software costs have been capitalised at historic cost and amortised on a straight line basis between 2 years and 5 years.

Tangible fixed assets

Depreciation is provided at rates calculated in order to write off each asset evenly over its estimated useful life. Individual items costing under £1,000 are written off on purchase. Estimated useful life of assets is as follows:

Leasehold properties	-Over the period of the lease
Fixtures and fittings	-1 to 5 years
Computer equipment	-3 years
Motor vehicles	-5 years

Taxation

The charity is exempt from corporation tax on its charitable activities.

1. ACCOUNTING POLICIES (CONTINUED)

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Designated funds are those unrestricted funds which the trustees have earmarked to be used for a particular purpose.

Restricted funds 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.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

Pension scheme

The charitable company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2. VOLUNTARY INCOME

	2018	2017
	£	£
Individual donations & Fundraising events	31,003	11,377
Corporate donations	807,563	525,278
Gifts in kind (see note 17)	486,000	26,655
Other	<u>169,415</u>	<u>82,767</u>
	<u>1,493,981</u>	<u>646,077</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£	£
Statutory income	905,237	1,181,011
Other grants and contracts	111,435	217,237
Apprenticeship Training Agency	218,153	539,524
Other	25,946	22,142
	<u>1,260,771</u>	<u>1,959,914</u>

Statutory income relates to income received from the state or a statutory intermediary body.

Apprenticeship Training Agency income is income received from apprentice employers in respect of apprenticeship placements

City Gateway
Notes to the financial statements for the year ended 31 August 2018

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Young People's education, training and progression £	Family programmes £	Apprentic- eship Training Agency £	2018 £	2017 £
Direct charitable activities	497,587	736,502	246,791	1,480,880	1,979,966
Support costs	441,443	651,821	214,750	1,308,014	900,900
Total	939,030	1,388,323	461,541	2,788,894	2,880,866
Support costs broken down by activity					
Senior management	68,445	101,309	33,947	203,701	349,698
Finance & contract management	74,394	110,113	36,897	221,404	307,977
IT & Information management	-	-	-	-	36,564
Premises & Facilities	33,750	49,955	16,739	100,444	12,748
HR & Staff development	29,482	43,638	14,623	87,743	68,963
Marketing & communication	70,132	103,806	34,784	208,722	98,295
Gift in kind: Strategic review	124,100	182,500	58,400	365,000	-
Gift in kind: Professional services	41,140	60,500	19,360	121,000	26,655
Total support costs	441,443	651,821	214,750	1,308,014	900,900

Please see note 17 for details of the gifts in kind

Apportionment of support costs between activities is based on direct charitable activities.

The Apprenticeship Training Agency (ATA) offers services to employers to source, arrange and host their apprenticeships. The majority of expenditure associated with the ATA relates to the wages of hosted apprentices. City Gateway offers the employers it works with a choice of Hosted Employment of apprentices through the ATA or Direct Employment of apprentices. The value of expenditure associated with the ATA activities is dependent upon the choices made by employers.

Total expenditure related to ATA activities has decreased by £167,922 from £551,703 in 2017.

5a. GOVERNANCE COSTS (included in Support Costs above)

	2018 £	2017 £
Auditor remuneration	15,726	12,625
Other costs	20,768	22,075
	36,494	34,700

5b. NET (EXPENDITURE)

Net resources are stated after charging:

	2018	2017
	£	£
Auditor's remuneration – audit fees	15,726	12,625
Depreciation/amortisation - owned assets	21,276	49,713
Loss on disposal of tangible and intangible fixed assets	40,110	-
Other operating leases	<u>81,226</u>	<u>89,034</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

The Chair was not paid during the year ended 31 August 2018 (2017: £4,800). No other trustee received any remuneration during the current or prior years.

Trustees' Expenses

One trustee claimed expenses of £366 for the year ended 31 August 2018 (2017: £1,939).

7. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	1,681,730	2,100,114
Social security	134,659	158,805
Pension	86,881	82,443
Redundancy costs	33,905	17,385
Other staff costs	<u>57,899</u>	<u>59,349</u>
	<u>1,995,074</u>	<u>2,418,096</u>

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

	2018 No.	2017 No.
Apprentices	29	46
Permanent staff	<u>69</u>	<u>76</u>
	<u>98</u>	<u>122</u>

Employees who earned more than £60,000 p.a. are as follows:

	2018 No.	2017 No.
£60,001 - £70,000	1	-
£110,001 – £120,000	1	1
	<u>2</u>	<u>1</u>

Key management personnel comprises the Chief Executive Office and Directors. The total employee benefits of the key management personnel of the charity were £300,885 (2017: £275,492).

8. TANGIBLE & INTANGIBLE FIXED ASSETS

GROUP & CHARITY	Leasehold Properties	Fixtures and fittings	Computer Equipment	Tangible Fixed Assets Totals	Intangible Fixed Assets Totals
	£	£	£	£	£
COST					
At 1 September 2017	55,600	119,090	240,989	415,679	60,785
Additions	100,887	13,777	19,963	134,627	32,556
Disposals	(55,984)	(119,091)	(137,044)	(312,119)	(32,771)
At 31 August 2018	100,503	13,776	123,908	238,187	60,570
DEPRECIATION/AMORTISATION					
At 1 September 2017	11,631	114,441	236,734	362,806	52,656
Charge for the year	10,578	3,966	4,255	18,799	2,477
Disposals	(22,209)	(118,407)	(137,044)	(277,660)	(27,119)
At 31 August 2018	-	-	103,945	103,945	28,014
NET BOOK VALUE					
At 31 August 2018	100,503	13,776	19,963	134,242	32,556
At 31 August 2017	43,969	4,649	4,255	52,873	8,129

9. FIXED ASSET INVESTMENTS

GROUP AND CHARITY

Listed
investments
£

MARKET VALUE

At 1 September 2017 and at 31 August 2018

621

NET BOOK VALUE

At 31 August 2018

621

At 31 August 2017

621

There were no investment assets outside the UK.

INVESTMENTS IN SUBSIDIARY

COST

At 1 September 2017 and at 31 August 2018

£

100

9. FIXED ASSET INVESTMENTS (CONTINUED)

Subsidiaries included in consolidation	Activities	% of capital held	Net assets at 31 August 2018 £	Profit for the year ended 31 August 2018 £
City Gateway Enterprises Limited	Operation of Apprenticeship Training Agency	100%	27,104	24,104

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2018 £	2017 £
Debtors	62,175	85,195
Accrued income	100,867	20,221
Other debtors	28,044	1,833
	<u>191,086</u>	<u>107,249</u>

CHARITY	2018 £	2017 £
Debtors	54,083	22,827
Accrued income	100,867	20,221
Other debtors	27,956	1,747
Intercompany debtors	264,307	556,857
	<u>447,213</u>	<u>601,652</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2018 £	2017 £
Trade creditors	132,553	86,117
VAT	3,177	10,993
Other creditors	40,954	42,528
Accruals	64,104	159,603
Deferred income	213,599	237,077
	<u>454,387</u>	<u>536,318</u>

CHARITY	2018 £	2017 £
Trade creditors	130,747	82,118
Other creditors	40,213	39,858
Accruals	61,154	154,107
Deferred income	192,597	228,827
	<u>424,711</u>	<u>504,910</u>

12. UNRESTRICTED FUNDS

CHARITY	At 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	At 31 August 2018 £
Unrestricted funds:					
General funds	228,333	1,737,381	(2,164,717)	61,002	347,999
Designated funds-fixed assets reserve	61,002	-	-	(61,002)	-
Total unrestricted funds	289,335	2,223,381	(2,164,717)	-	347,999

GROUP	At 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	At 31 August 2018 £
Unrestricted funds:					
General funds	319,126	2,354,206	(2,359,224)	61,002	375,110
Designated Funds- fixed assets reserve	61,002	-	-	(61,002)	-
Total unrestricted funds	380,128	2,354,206	(2,359,224)	-	375,110

Details of designated funds

During the year the trustees have decided to release the designated fund balance relating to fixed assets; therefore the general fund balance above includes tangible and intangible fixed assets.

City Gateway
Notes to the financial statements for the year ended 31 August 2018

13. RESTRICTED FUNDS

GROUP AND CHARITY	At 1 September 2017 £	Income £	Expenditure £	At 31 August 2018 £
The Coutts Foundation	-	30,000	(30,000)	-
Jack Petchey Foundation	-	250	(250)	-
State Street Foundation	14,344	-	(14,344)	-
London Borough of Tower Hamlets MSG	7,238	28,663	(35,901)	-
The Macrobert Trust	-	5,000	(5,000)	-
Unilever UK	-	5,610	(5,610)	-
Sidney Austin	-	800	(800)	-
BBC Children in Need	-	37,700	(37,700)	-
John Lewis Foundation	-	35,000	(35,000)	-
JP Morgan	-	176,959	(176,959)	-
The London Community Foundation	-	25,168	(25,168)	-
Ocean Partners UK	-	528	(528)	-
Bank of England	-	100	(100)	-
The Good Things Foundation	-	1,092	-	1,092
Ocean Regeneration Trust	3,172	43,635	(46,807)	-
The Rayne Foundation	5,333	-	(5,333)	-
The Economist Charitable Trust	-	10,170	(10,170)	-
Total restricted funds	30,087	400,675	(429,670)	1,092

The Coutts Foundation	Supporting the work of Women's Programmes.
Jack Petchey Foundation	Supporting youth work at City Gateway through the Jack Petchey Award Scheme.
State Street Foundation	Supporting the work of Women's Programmes.
London Borough of Tower Hamlets	Various youth work related activities
The Macrobert Trust	Learners training and education support
Unilever UK	Supporting the young people through Traineeship programme
Sidley Austin	Gateway Tots Christmas trip support
BBC Children in Need	Family Support funding
John Lewis Foundation	Professional skills training for the young people
JP Morgan	Youth employability Programme support
The London Community Foundation	Supporting Women's Programmes through the "Building a stronger Britain together" programme.
Ocean Partners UK	Gateway Tots Support
Bank of England	WP. Literacy Lunch.
The Good Things Foundation	Supporting ESOL tuition at Women's Programmes.
Ocean Regeneration Trust	Supporting Women's programmes at the Stepney Life centre
The Rayne Foundation	Apprenticeships support
The Economist Charitable Trust	To support one "Traineeship" cohort of 15 of the hardest to reach young people from East London.

City Gateway
Notes to the financial statements for the year ended 31 August 2018

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Tangible Fixed assets	134,242	-	-	134,242	52,873
Intangible Fixed assets	32,556	-	-	32,556	8,129
Investments	621	-	-	621	621
Current assets	662,078	-	1,092	663,170	884,910
Creditors due within one year	(454,387)	-	-	(454,387)	(536,318)
Net assets at 31 August 2018	375,110	-	1,092	376,202	410,215

15. CITY GATEWAY ENTERPRISES LIMITED

City Gateway has a wholly owned subsidiary, City Gateway Enterprises Limited which was incorporated in the United Kingdom on 8 October 2012. A summary of its trading results is shown below. Audited accounts will be filed with the Registrar of Companies. The investment in this subsidiary is included in the charity balance sheet at a value of £100. The net assets of the subsidiary are £27,104.

	Year ended 31 August 2018	Year ended 31 August 2017 £
Turnover	222,111	606,035
Cost of sales	(134,256)	(328,630)
Gross profit	87,855	277,405
Administrative expenses	(60,751)	(113,382)
Distribution	(90,788)	(172,193)
Retained in the subsidiary	(63,684)	(8,170)
Total assets of subsidiary	321,193	675,420
Total liabilities of subsidiary	(294,089)	(584,632)
Equity shareholders' funds	27,104	90,788

16. GUARANTEE STATUS

The company is limited by guarantee, which means that every member undertakes to contribute to the assets of the charity in the event of a winding up, such amounts as may be required not exceeding one pound.

17. GIFTS IN KIND

During the year the charity received services in kind from corporate supporters. These services included room hire for various events, a strategy review and legal advice throughout the year as well as various other kinds of support. Specific items have been detailed below; other services have not been included in the financial statements because the trustees have not been able to accurately assess what the value of these gifts amounts to.

	2018 £	2017 £
OC&C Strategy Consultants Ltd	365,000	-
Dentons LLP	91,800	26,655
Ingleby Trice LLP	16,200	-
PricewaterhouseCoopers LLP	13,000	-
Total	486,000	26,655

18. OPERATING LEASE COMMITMENTS

At 31 August 2018 the charity had commitments under non-cancellable operating leases as follows:

	Land and buildings 2018 £	2017 £
Less than 1 year	-	24,000
Between 2 and 5 years	-	78,049
Total	-	102,049

A lease for the charity's new premises was signed in September 2018; there was therefore no commitment at 31 August 2018.

19. RELATED PARTY TRANSACTIONS

Due to the nature of the Charity's operations and composition of its Trustees, it is possible that there will be transactions from time to time between the Charity and organisations with which Trustees of the Charity have a relationship. If such transactions do occur, they are conducted on an arm-length basis and in compliance with the Charity's Financial Regulations and Policies.

During the period, City Gateway engaged in the following transactions with the wholly owned subsidiary City Gateway Enterprises Limited:

- City Gateway received distributions of £91,488 (2017: £172,193) from City Gateway Enterprises Limited.
- City Gateway recharged staff costs of £53,832 (2017: £103,169) to City Gateway Enterprises Ltd during the year.
- As at 31 August 2018 a balance of £264,307 (2017: £556,857) was due to City Gateway Enterprises Ltd.

20. PENSION COMMITMENTS

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity to the funds and amounted to £86,881 (2017 - £82,443). At the year end there were outstanding refunds of £6,010 (2017: refunds of £415).

21. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	General funds	Designated funds	Restricted Funds	2017 Total Funds
	£	£	£	£
Income				
Donations and legacies	522,969	-	123,108	646,077
Income from Investments	1,052	-	-	1,052
Income from charitable activities	1,855,456	-	104,458	1,959,914
Total income	2,379,477	-	227,566	2,607,043
Expenditure				
Charitable activities	2,575,067	-	305,799	2,880,866
Total expenditure	2,575,067	-	305,799	2,880,866
Net (expenditure) before transfers	(195,590)	-	(78,233)	(273,823)
Transfers between funds	47,592	(47,592)	-	-
Net (expenditure)	(147,998)	(47,592)	(78,233)	(273,823)
Total funds brought forward	467,124	108,594	108,320	684,038
Total funds carried forward	319,126	61,002	30,087	410,215