

KEYFUND

Directors' Report & Financial Statements

For the year ended 31 March 2011

Keyfund Federation Limited
Company No 3339120
Charity No 1093569

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What we do

Vision and mission

Our vision is that “We want to see a world where young people are listened to and empowered to reach their full potential in life and a world where their communities look on them with pride and feel excitement for the future”.

Our mission is to “Provide young people with the opportunity to practically develop the skills, confidence and self awareness needed to reach their potential and play a positive role in their community”.

Keyfund is dedicated to making a lasting positive change to the lives of disadvantaged, vulnerable and deprived young people, enabling them to fulfil their potential and live sustainable and independent lives

Young people have amazing potential, but sometimes can't tap into it By building confidence, aspirations and pride Keyfund opens doors It builds new experiences, new skills and new futures

Keyfund breaks down barriers, binds communities and empowers people to get involved and do things for themselves

Welcome from the Chair and Chief Executive

We kicked off 2010 as 'Not for Profit Organisation of the Year' at the North East Business Awards, a great start! In reflection, just how successful have we been at progressing the change to our business model through 2010/11? The aim was to remain lithe, hardy and fit for purpose, navigating the political and economic landscape whilst continuing to maximise our impact on young people

Well, our stated and primary aim for 2010/11 was to further expand our mix of income streams to reduce our dependence upon grants. This was to be achieved through our pioneering replication model. From concept to delivery, this initiative has helped safeguard the future of our organisation and has been picked up and emulated by many organisations nationally. We are beyond delighted to be one of only a handful of civil society organisations in the country, to have licensee partners in their fourth year of investment. Our model works, it really does.

Our success has meant even greater visibility of our ability to generate real and growing outcomes and impact for our young people than ever before. Our compelling proposition has attracted an even more diverse and dynamic set of supporters, funders and licensees. During the year, we were delighted to sign up Gateshead Youth Council, Excelsior Enterprise Academy, Rank Foundation, John Paul Getty, Northumberland Clubs for Young people, Esmee Fairbairn, O2 Think Big and ASDA Foundation to name but a few.

2010/11 saw us attract investment to further one of our key strategic objectives, the progression of our 'Impact Measurement Framework' to the next level – 'Impact Analysis'. As such, going into 2011/12 we look forward to being able to answer the question: how do we both prove and improve our social value? It will be an important turning point in our ability to get under the skin of what is the very real 'social return on investment', where the biggest 'wins' are and what barriers we can remove to achieving maximum impact. It's so important that we bring our stakeholders and beneficiaries with us on this journey on continuous improvement by encouraging an ongoing dialogue and identifying champions.

Our achievements were recognised as far as the Palace, when we were handpicked by the Duke and Duchess of Cambridge as one of only 26 charities globally (there are over 160,000 Charities in the England & Wales alone) to share in their Royal Wedding Charitable Gift fund.

Furthermore, our Big Lottery Funded, Keyfund Winter Extravaganza event, featuring the talents of Jamilah and Joe McElerry (name dropping but we can't help it) helped us to further excite, cement and grow our presence amongst the hearts and minds of over 1,200 young people. This was no mean feat as the event was planned and organised by a group of young people from across the North East.

In summary, 2010/11 saw us generate great returns with 6018 young people delivering Keyfund projects (15% more than in 09/10), and with greater volumes progressing through our 4 stages, demonstrating increased skill development at each stage and getting Keyfund out there in the community, where our great work really matters. To top that, even in what was a challenging year for the sector financially, our turnover increased by 29% from the previous year. These fantastic results are testament to the efficiency, skill, passion and spirit of our teams and partners in delivering Keyfund services to high standards, whilst providing real value for money to investors.

We would like to thank all of our staff, facilitators, licensees, board members and supporters, and look forward to delivering great outcomes for young people once again in 2011/12.



Hellen Bowey
Chair



Hannah Eyres
CEO

Who we are

Reference and administrative details of the charity, its directors and advisers

Charity Number 1093569
Company Number 3339120

Registered Office
Ouseburn Warehouse, 36 Lime Street, Ouseburn Valley, Newcastle upon Tyne, NE1 2PQ

Directors
Amanda Betteridge
Hellen Bowey, Chair
Steve Cave (Appointed 01/04/2010)
Peter Clegg
Paul Lilley (Appointed 01/04/2010)
Austin McNamara (Appointed 24/11/2010)
Michael Owen
Julian Thomas
Ivan Wintringham

Company Secretary & Chief Executive Officer
Hannah Eyres

Auditors
HW Chartered Accountants & Registered Auditors, Floor 11, Cale Cross House, 156 Pilgrim Street, Newcastle upon Tyne, NE1 6SU

Bankers
Co-operative Bank Plc, PO Box 101, 1 Balloon Street, Manchester, M60 4EP

The Directors submit their annual report and the audited financial statements of Keyfund Federation Limited (Keyfund) (the company) for the ended 31 March 2011. The Directors confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The company is a charitable company limited by guarantee and was set up by its Memorandum and Articles of Association on 25 March 1997.

The company is constituted dated 25 March 1997 and is a registered charity number 1093569.

There have been no changes in the objectives since the last annual report, method of appointment or election of Directors.

Recruitment and appointment of Directors

The Directors are responsible for the management and administration of the charitable company and are the charity trustees for the purpose of section 97(1) of the Charities Act 1993

The current Directors were appointed by an open election process using the network of public, private and voluntary sector organisations that are involved with the work of Keyfund. Nominations were sought through our network of contacts. The Board met on 6 occasions throughout 2010/11. Three new members were co-opted and later ratified at the AGM. Currently the Board is well balanced and includes expertise from the private, public and third Sectors.

The Board of Directors were appointed using a skills audit. The areas of expertise covered between them are,

- Financial management, budget management, chartered accountancy
- Process and systems development
- Project management
- Youth policy, voluntary youth work, statutory youth provision
- Commissioning / regional government
- Sales, marketing, design, brand management and PR
- Law (business, charity, commercial property and health and safety)
- Corporate social responsibility
- Human resources, recruitment, policies and procedures, equality and diversity, employment law
- Local, regional and national statutory youth sector experience
- Learning and skills development
- IAG provision to young people (information, advice and guidance)

The Directors consider that they have complied with their duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Organisational structure and decision making

Our core organisational structure consists of a core team of 7 operational delivery staff under the guidance of our CEO. The delivery of our projects is coordinated by our network of volunteer facilitators, via our network of licensee partners. In 2010/11 we had over 700 facilitators covering the North East, Cumbria, North Yorkshire and London. They all pay a small annual membership fee to Keyfund and their work is quality assured. Our network of facilitators is made up of youth work professionals, community volunteers, youth offending teams, detached youth workers, care workers, uniformed group leaders, pupil referral units and learning mentors, to name but a few. They are all CRB checked and all operate under the policies, procedures and insurances of their employing / supporting organisations. In a number of areas, the 'Introduction to Keyfund' training course has been embedded into the local Youth Work qualification, meaning that all new youth workers in that area are aligned to the ethos and values of youth-led learning.

Related party relationships

From a funders perspective Keyfund is supported by the Northern Rock Foundation, the Impetus Trust, Esmée Fairbairn, John Paul Getty, the Big Lottery, the Rank Foundation, the Asda Foundation and ONE North East.

From a licensee perspective Keyfund works in partnership with Young Cumbria, North Yorkshire County Council, London Youth, Gateshead Youth Council, Excelsior Enterprise Academy and Northumberland Clubs for Young People. Our Social Licensing Model enables us to work together with licensees to deliver focused and sustainable development work in local areas. The success of Keyfund in these areas is a result of effective partnership working. In 2010 all of our Licensees whose contracts were ending either renewed or extended their agreements.

Keyfund continued their effective working partnerships with Northumberland County Council, Darlington Borough Council, Stockton Borough Council, South Tyneside Council, North Tyneside Council, and Durham County Council, to deliver the government-led Youth Opportunities Fund and to deliver on their commitments to delivery of services to young people.

Keyfund is working with a growing number of private sector partners too. We work together to develop win-win projects that deliver successful outcomes for all involved. Companies include Accenture, Go North East, O2, Greggs, and The Gate.

Keyfund works with a diverse range of organisations to support young people across the region. Each either employs or supports a Keyfund Facilitator. Among others these organisations include, youth work / detached work projects, schools, exclusion projects, YIP programmes, democracy projects, church groups, BME groups, sports groups, voluntary groups, guides / scouts, Connexions, Princes Trust, Youth Offending Teams, mental health projects, YMCA's, Barnados, Duke of Edinburgh, prisons, training organisations, colleges, health groups and Social Housing bodies.

Risk management

Keyfund has a strategic plan in place for a rolling three year period. Within the plan a strategic risk assessment is carried out on all of the activities within the plan and the overall impact they would have on the organisation. Risk management is then carried out by developing approaches to mitigate each risk. The risk assessment is then monitored at regular intervals. This work has identified only a few minor new risks, but it has resulted in better emergency procedures and contingency plans. A key element in the management of financial risk is the distribution of clear and transparent monthly Income & Expenditure reports and Cashflow forecasts to the Directors in addition to the monthly production of our Balanced Scorecard Dashboard (which also details non-financial information), so that the Board are consistently kept up to date and can use this information to assist in strategic planning and decision making.

Financial reporting

This year we continue to stress the importance of timely and accurate financial reporting in order to influence strategic decision making.

The financial reporting structure and methodology continues to be robust and transparent. Reports include but are not limited to, a monthly Income and Expenditure report showing progress against budget, a Balance Sheet, a cash-flow forecast to 12 months ahead, a 'Guaranteed Income and Potential Income' (GIPI) report. We use a robust, internal financial check list, and a detailed credit control procedure. Currently the production of these reports are finalised and validated by an external accountant.

Reserves policy

A reserves policy was approved by the Directors in 2006/07. Implementation of the corresponding Reserves Policy commenced in that year.

The policy is designed to create a buffer to cover three months cost commitments that would have to be paid in the event of business wind up at any given time.

Unrestricted reserves now stand at £83,650. This amount is in line with 3 months fixed cost commitments.

How we do it

The Keyfund Model

Keyfund invests in the development of disadvantaged young people. Groups are supported by trained facilitators to plan, design and deliver their own projects. Young people's projects can be anything they choose. Here are a handful of examples from 2010-11: Planted a fruit, veg and flower garden and sold the produce, made a short dramatic film, made Christmas hampers to give to hospice patients, interviewed old people in a care home to produce a book of short stories, organised a family fun day, set up a small skate park, and ran golf multi-skills sessions in primary schools.

Through Keyfund young people learn by doing. They experience first hand how effort can reap rewards and what it feels like to succeed.

We measure how young people develop our 12 Keyfund skills whilst planning, designing and budgeting their projects. These skills cover the 3 vital components of personal development:

Self

1. Work out what you're good and not so good at
2. Evaluating your own performance
3. Plan your time and energy
4. Cope with stress and tension

Relationships

5. Communicate
6. Negotiate
7. Settle disagreements
8. Deal with people in power and authority

Tasks

9. Search for information and get advice
10. Make decisions
11. Solve problems
12. Agree your responsibilities and see them through

Young people are independently appraised by live local panels (a bit like Dragon's Den). They assess the project viability, but most importantly assess each individual's personal development of the 12 Keyfund Skills. If successful, panels reward the group with the resources needed to carry out their project.

Groups can plan four projects in total, incrementally developing their skills in line with the increasing complexity of their projects. This provides opportunities for longer term engagement and long term sustainable outcomes.

Through this proven methodology, young people build confidence, self esteem, resilience and independence, enabling them to take on opportunities which lead them towards further learning, employment, enterprise and fulfilling their potential.

Financial transparency

The criteria for young people accessing the Keyfund process

- The application must come from a group of young people (a group is viewed as three or more)
- The young people must be aged between 11 and 25
- **The project must be the young people's own ideas**
- The young people must budget the project themselves
- The young people must demonstrate their development of the 12 Keyfund skills
- Each group must present to and is assessed by an independent panel with a robust prescribed process
- The young people must work with a Keyfund trained facilitator holding a valid membership
- The young people must progress incrementally through the 4 stages

Strategic themes and objectives for 2010/11

Our key strategic themes for 2010/11 were

- 1 Further diversify our mix of income streams, increasing financial resilience whilst avoiding over-reliance upon any one income source
- 2 Further expand upon our Social Licensing Strategy - to decentralise, build greater sustainability, maximise local knowledge, engage local networks, improve consistency and embed 'quality service delivery' into our delivery model
- 3 Understand and explore our 'Social Impact' to both qualify and quantify the true benefit to society of the stuff we do

Our key organisational objectives for 2010/11 as stated in our 2009/10 Directors' Report were;

- A communications strategy and new marketing collateral to be developed and implemented in order to support organisational profile and development
- An IT Systems Review, leading to implementation of recommendations (potentially including a move to a new database and the development of on-line applications and training courses)
- The Impact Measurement Strategy to be developed further and implemented, integrating it into the roles of key staff
- Recruitment, integration and stabilisation of a growing new team, strengthening the senior level capacity
- An effective, motivational appraisal system to be put in place
- All HR policies to be updated and implemented

What we did

Organisational Achievements and Performance

2010/11 was a year of progress, challenges, opportunities, and positive infrastructure development for Keyfund

Economic and trading conditions have been tough for all in the voluntary sector. For us, survival and growth has come through our ability to amend and adapt our business model to pre-empt changes and reductions in statutory funding and grant making via our key strategic themes

Progress against strategic themes

Theme 1 Further diversify our mix of income streams, increasing financial resilience whilst avoiding over-reliance upon any one income source.

Rationale

This will forge a route to true sustainability, enabling Keyfund to respond rapidly to changes in market conditions, recessionary pressures and statutory cuts. Keyfund must remain a self-sustaining, commercially minded organisation, generating core income via trading (sales of membership, training and license fees) and 'pot income' via matched funding initiatives.

Progress

Total core income generated in 2010/11 was 58% higher than the previous year (a real term increase of £136.5k). This reflects the increase in core grant income received as investment towards building the senior level capacity of the staff team. 80% of the total restricted core grant income represented year 1 of 3 year investments, all of which will see the funding taper over the period of investment leading to all new posts or projects becoming self-sustainable by the fourth year.

Core income was received from 3 new and diverse investors via our new Keyfund Blast programme. An intensive and bespoke Keyfund experience. It is anticipated that Blasts will become a great test bed for new investment partnerships.

3 out of 7 Local Authority partners re-invested by providing pot funding and one new Local Authority came on board. We continued to deliver our existing agreements with the remaining 4 Local Authorities and will do so until the terms expire.

New pot funding was forthcoming from a range of cross sector partners including the police, a social housing organisation and a number of private sector businesses. Similar results were experienced by our licensees.

Theme 2. Further expand upon our Social Licensing Strategy to decentralise and therefore build greater sustainability into our trading model.

Rationale

As a route to growth that would enable Keyfund to remain agile and keep overheads light, while at the same time growing in quality and scale, expanding geographically and developing a pathway to long-term sustainable growth for Keyfund and its licensees.

Progress

In year, trading amounted to 37% of core income received in 2010/11 as compared to 83% in 2009/10 (a real term decrease of £57.5k). This reflects the significant increase in core grant income received in addition to the payment schedule from our ONE license seed funding grant and a reduction in training income.

By retaining all existing licensees and recruiting 3 new licensees (Gateshead Youth Council, Excelsior Enterprise Academy and Northumberland Clubs for Youth People), more young people were engaged and developed through the Keyfund process, who wouldn't otherwise have access to this opportunity. Consequently and intentionally, pot money generated by Keyfund directly decreased, whilst licensee generated pot money increased. Our 'pot' matching model is continuing to be a successful way to increase overall 'pot' money raised and embed our licensees better in their local areas.

Theme 3: Understand and explore our 'Social Impact' to both qualify and quantify the true benefit to society of the funds administered through our channels.

Rationale

Keyfund has a huge amount of valuable impact data, but need to take the impact measurement work to the next level – Impact Analysis. We recognise the value of increased stakeholder understanding, to inform and improve the design and focus of our services, enabling us to become more effective in reaching our organisational mission, retaining clients and stakeholders, and improving our operational efficiency.

Progress

A grant was received from The Rank Foundation of £20k per annum for three years to initiate and enable this project. The concept, design and delivery of the project has been driven directly by Keyfund's CEO, ensuring it becomes an integral part of the organisation and can inform all future decision making.

Phase 1 revealed an immediate need to invest in the IT infrastructure of the organisation to enable all stakeholders to properly mine, manage and report meaningfully upon the vast data sets. Pro-bono advice was sought to develop a detailed brief for a new online data management system. Funding was consequently identified to build it.

The next phase of the impact strategy, framework, deliverables and performance indicators are in place. Relevant expertise and support have been sourced and verified and delivery has begun.

Progress against organisational objectives

Our key organisational objectives for 2010/11 as stated in our 2009/10 Directors' Report were,

- A communications strategy and new marketing collateral to be developed and implemented in order to support organisational profile and development
Progress: Phase 1 completed, sourced & received pro bono support alongside PR support received upon notification of Royal Wedding involvement
- An IT Systems Review, leading to implementation of recommendations (potentially including a move to a new database and the develop of on-line training courses)
Progress: Review completed. Sourced pro-bono support from Sage, Accenture & CVC ultimately resulting in funding from ASDA Foundation and Accenture for the development of our new IT infrastructure, database and support
- The Impact Measurement Strategy to be developed further and implemented, integrating it into the roles of key staff
Progress: Strategy developed and funding received from Rank Foundation. Phase 1 implemented and Phase 2 initiated
- Recruitment, integration and stabilisation of a growing new team, strengthening the senior level capacity
Progress: Funding received from Esmée Fairbairn and John Paul Getty to strengthen the senior team with 3 key appointments made
- An effective, motivational appraisal system to be put in place
Progress: System in place
- All HR policies to be updated and implemented
Progress: Key policies updated and implemented. Pro-bono support identified to update remaining policies and update the staff handbook

Value added achievements

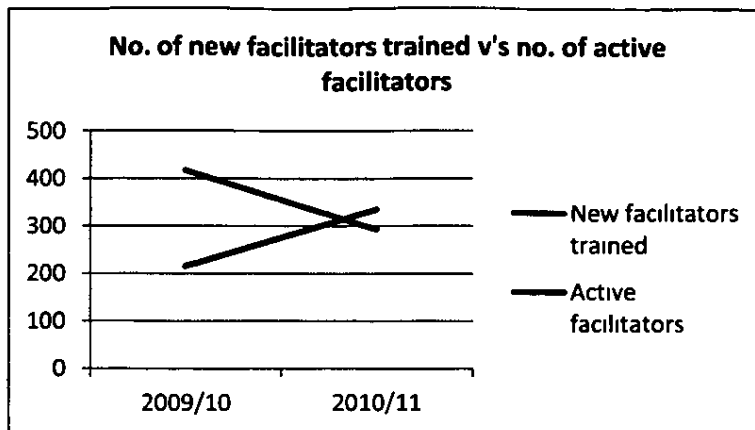
- 1 Our focussed support to our Licensee's to generate their own pot money (a shift from our centralised model) meant an increase of 170% in licensee income generation
- 2 We increased the number of 'active' facilitators by 14% - thus maximising our resource base, more active facilitator's equals more young people engaged.
- 3 We developed new initiatives bridging the gap between young people and their communities called the 'Keyfund Blast' It was trialled with the ASDA Foundation, with further investment from U-decide and the Frederick Milburn Fund
- 4 We held the 'Winter Extravaganza' event organised for and by our Young People as part of a Big Lottery funded initiative Over 1,200 young people attended from across the country and the event was headlined by North East star Joe McElderry This event attracted new corporate partners Go North East, Greggs and The Gate
- 5 We successfully renewed 2 of the 3 licensee agreements that were due to expire and extended the third
- 6 We were selected to become part of history as one of the 26 charities chosen by the Duke and Duchess of Cambridge to benefit from their Royal Wedding Charitable Gift Fund

Social Impact

Here at Keyfund we measure our success by our outcomes and the impact of our activities with young people In 2010/11 the numbers of young people accessing Keyfund showed an increase of 15% on the previous year and the numbers of successful projects completed were up by 39% on the previous year

Initiative	06/07	07/08	08/09	09/10	10/11
Number of young people engaged	4885	6331	5748	5228	6018
Number of successful projects	786	921	975	606	844
Project money accessed by young people through Keyfund	£110k	£242k	£272k	£149k	£198k
Project money accessed by young people through licensees			£56k	£67k	£100k
Total project money accessed by young people	£110k	£242k	£328k	£216k	£298k

In order to maximise our reach with young people, we wanted to increase the activity of our engaged and trained facilitators as opposed to focussing on recruiting new ones This, we achieved with great success, we managed to increase the number of our active facilitators by 14% The graph below shows that we trained less new facilitators, and instead reactivated and reengaged existing ones This did lead to a decrease in training income, but was overall a more effective use of our resource base



Even more importantly, we were able to demonstrate that more young people than ever were progressing through our four stages. More young people moved through our stages accessing the higher value pots for their projects whilst demonstrating to independent panels how they have further developed each of the 12 Keyfund skills and those skills increased impact upon their lives

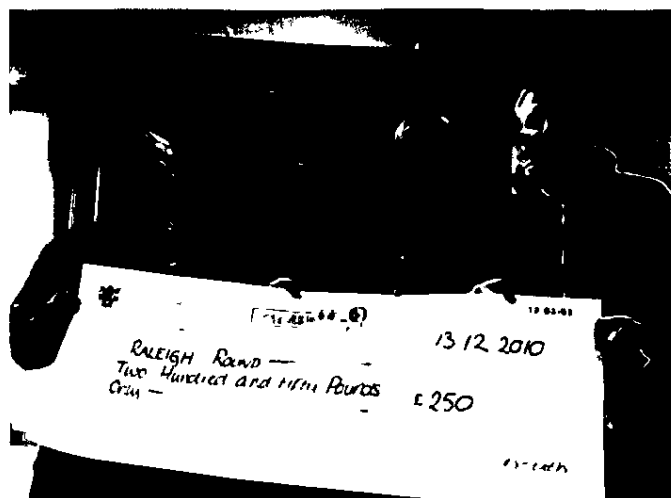
Case studies

Although the impact Keyfund creates, **resides in young people's development of the 12 Keyfund skills as opposed the projects they deliver**, many of the projects themselves can be very successful and create additional social impact in their own right

The project plans and ideas young people have are brilliantly diverse. Last year groups, planted a fruit, veg & flower garden & sold produce, produced a film making project about young people's issues in their community, visited skateparks to improve their skills and promoted BMXing, purchased cameras to set up a photography club, made a short dramatic war film, had dance lessons and made costumes to take part in competition, made Christmas present hampers to give to hospice patients, conducted interviews with old people in a care home to produce an anthology, arranged an event to celebrate completing a babysitting course, visited Manchester United football ground, arranged family day activities including facepainting & horseriding, attended an awards ceremony in London, purchased equipment to build their own skate park, produced CDs, undertook a first aid course and a rookie lifeguard course, ran golf multi-skills sessions in primary schools, learned bush craft survival skills, created a charity calendar, learned to sew and customise hijabs, and produced Bengali delicacies for a multi-cultural event

These case studies show just how powerful the Keyfund model can be on helping to improve young people's lives, whilst empowering them to have a positive influence on others through the projects they choose to design, plan, budget and deliver themselves

Case study 1 – Raleigh Round



JJ, and three of his friends, aged between 15-18, had all come together through the youth offending service after having negative experiences at school and finding themselves taking a direction they weren't happy with. They took part in a 'Keyfund Blast' sponsored by the Asda Foundation. After speaking to Mark, they realised that they all had a keen interest in biking. These young men, who had previously, in Mark's words, 'fought first and asked questions later,' needed a project that was hands on, but also that helped them make amends in their community. So they formed the group Raleigh Round, and got involved in a project which takes old bikes, strips them down, repairs and rebuilds them and then sends them out to remote parts of Africa.

Developing the skills was a challenge for the group but also extremely rewarding. None of these young men had attended school for years and found literacy and numeracy a real challenge, but with the help of their facilitator Mark, using colours, images and with a focus on structured discussion, the group were able to consider their skills development and made significant improvements in their communication. Mark said, 'I now feel the group communicate better in both their peer group and with people in authority.'

However, Mark also revealed, 'they found it really really hard to do the presentation and for a while it was touch and go as to whether they would go through with it.' The nature of a BLAST is that all the groups go to panel on the same day creating an exciting and vibrant atmosphere. But for these young men, it was more terrifying than exciting. 'The lads were really concerned about being there with other young people and the stereotyping around them. They were worried about what other people might say to them.' However, all the worrying was unnecessary as the group sailed through their panel, were awarded the full amount of £250 and left feeling incredibly proud of themselves.

The young men were delighted and Mark said, 'putting an idea together and seeing it all come together at the end was such an achievement for them.' One of the young men, JJ continued to give back to his community by being trained as a Keyfund panel member, so that he could sit on panels and assess other groups of young people. Since Raleigh Round, all 4 have gone on to positive futures – one continues his rehabilitation with the youth offending service, one is working full time in warehousing, one is in full time training in construction and one is volunteering in animal care. JJ even sat as a representative on a young person's interview board with the justice minister in London. And all continue to love going out on their bikes.

Case study 2 – Mothers and Mates



A truly life changing project where a group of young women found a way of making their dreams reality through the unusual outlet of poetry

Jodie, Sandie, Adele, Sarah, Amy and Laura, aged 15-16 formed the 'Mothers and Mates' group. The girls, from varying backgrounds came together through Northumberland EOTAS. They started to do Keyfund because they were trying to find ways of dealing with the issues they were facing in life. These issues included coping with being a young mum, relationship challenges, anger management and mental health issues. They had discovered, with the help of their facilitators Alison and Karen, that poetry helped them to express themselves in a positive way and prevented them from lashing out as they previously had.

At Keyfund stage 1 the girls put together a book of poetry and had it professionally published. The girls hoped that it would not only help them, but that other young people in similar situations could read it and know they were not alone.

The girls did an amazing job and sent Keyfund a very impressive, professionally printed book called 'Open Your Mind' filled with exceptionally expressive poetry.

Amy, Jodie and Adele progressed onto Keyfund Stage 2, using it as an opportunity to launch their book. They invited peers, teachers, friends and family along to help them celebrate their success and to start selling their books. Even when things got tricky they did not give up and had a successful event, with 40 guests attending and selling over 300 copies of their book.

All the girls made a huge amount of progress and personal development during their time using Keyfund. It was their confidence and self-awareness that blossomed most. In addition they all gained an Arts award. Alison, their facilitator, said that during their Keyfund work the group had met 16 of the 25 Every Child Matters outcomes.

The experience enabled the young people to turn their lives around, one of the group members explained *"I write poetry now, instead of self-harming"*.

In the evaluation Alison said *"It was a privilege to facilitate these women through Keyfund. I have worked with them for two years and Keyfund was the climax of our work together. They did all the planning themselves. Keyfund made their dreams a reality, and will have a big long term effect on their self-esteem"*.

The Mothers and Mates group have gone from strength to strength with two of the young women progressing into higher education. Amy, Jodie and Adele entered a poetry slam competition where they beat off stiff competition to win the Regional Final for the North East. They then went on to compete in the National Final in Manchester which was a huge achievement. The group continue to write poetry and recently participated in an open mic night, reading their work aloud to a live audience.

In reviewing the book, published author Carol Cooke commented *"I like these girls. Their stories break your heart then put it back together again."*

Case study 3 – The pickled fried chickens



Tom, Fiona, Patrick and Barbara make up the Pickled Fried Chickens. Like their name, these young people truly are unique in the great ideas they have had, the impact they've made on their communities and the way they have visibly grown in their personal development.

The group came together two years ago through their work with Leading Link's Youth Ambassadors, a group of young volunteers.

The group's first stage project was to hire a graffiti artist to teach them how to paint and to help them decorate their youth room. This was not only a great learning experience, but gave them some real recognition and

respect from their peers. In fact their artwork was so well received that they were commissioned to help a family group in Alnwick design their graffiti wall.

For stage two, the Pickled Fried Chickens set up a successful breakfast club at their school. They bought a massive gazebo, a toaster, kettle and other equipment and a starter pack of breakfast foods. They priced their goods and sold them at a small profit to pupils and teachers. Setting up their stall outside in the summer months, they ran the club every morning and took it in turn to do the 'early shifts' starting as early as 7am! They raised over £500 which they donated to the 'Lodge', a new community and youth space.

Their third stage project was to organise a team building residential trip to reward their fellow Youth Ambassador volunteers. As this group are so popular (with over 70 members at the moment!), they knew it was impossible to take everyone. They decided to set up criteria to decide which volunteers were the most committed – a skill in itself as this really tested their own judgements and morals. They asked the successful ones to make a small contribution of £30 each to subsidise the trip, but had the sensitivity to keep aside some discrete bursaries for those who couldn't afford it to ensure the all-inclusive ethos embedded within this group.

Lyn, their facilitator at Leading Link, was overwhelmed by how far these young people have come. She told us *"working with this group and experiencing their enthusiasm helps me to recognise why I do this job. The learning these young people have made during their journey has been phenomenal and the increase in confidence, second to none!"*

The young people have themselves recognised their own learning journey through the Keyfund stages guided by the use of Keyfund's impact tool, the skills wheel. They have acquired so many key personal and employable skills that they are finding it difficult to put them all on application forms.

All four young people have stayed together, increased their confidence, learned and valued each other's strengths and formed long-term friendships. Each group member has taken on leadership roles within the Youth Ambassadors and sits on the steering group planning the development of the project. They also rotate representation on the Leading Link steering group alongside head teachers, chair governors and senior leaders. They are now in the process of recruiting new Ambassadors to carry on their fantastic work and are planning their Stage 4 for £2,000.

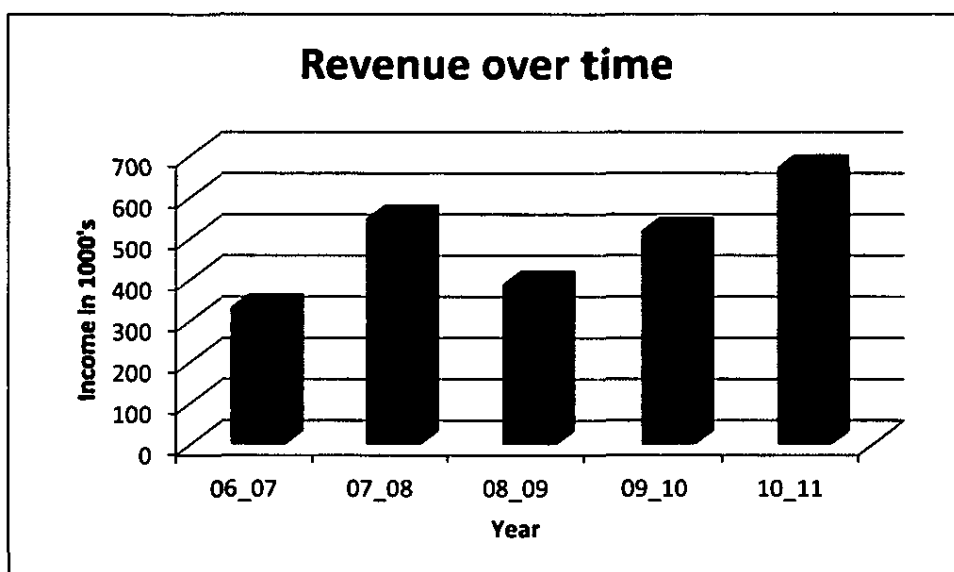
Each member of the group has stories to tell about their personal development, but one example really hits home. One of the girls was so shy when she started Keyfund she made phone calls from inside a cupboard. She has now spoken confidently and eloquently in front of all her peers in assembly! Along with this young lady herself, we can all truly recognise her wonderful positive journey!

Financial performance

The most important outcomes for any charity are of course their social outcomes and impact. However, now more than ever charities and civil society organisations need to be business savvy, efficient and financially resilient in order to secure their futures and ensure they can continue to work towards their vision and mission in the most effective way. Keyfund has been building an exciting business model over the past 6 years which is achieving financial security and the ability to replicate and sustainably scale up activity.

Keyfund's income streams are divided into 1) 'Pot Income' – money accessed and drawn down by the young people for their projects, and 2) 'Core income' – money used to support the central infrastructure, management and administration of Keyfund.

Our total incoming resources for the year for both pot and core income was £671k. This is an increase of 29% upon the previous year.



Core

Both core income and expenditure grew in 2010/11. This was in the main, due to securing grant funding to build the staff team in order to recruit and support our growing portfolio of Licensees and investment partners. All roles will become self-sustainable after three years of tapered funding coupled with increased trading income as a direct result of the increased capacity.

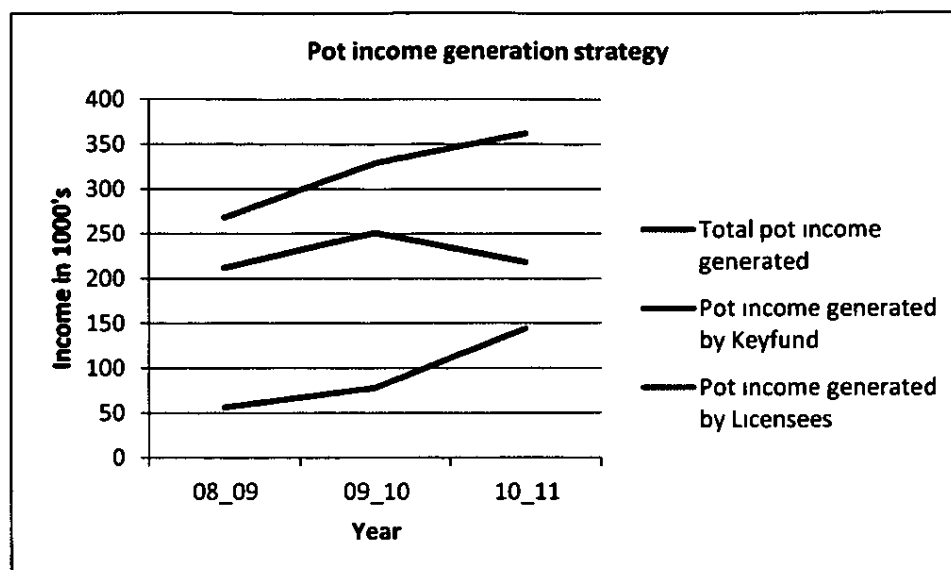
	2006/07	2007/08	2008/09	2009/10	2010/11
Self generated income	33	67	76	195	138
Core income	242	378	193	233	370
Core expenditure	218	288	212	279	347
Cumulative free reserves	39	98	102	68	84

Despite growing the core team and core expenditure, we were still able to contribute £16k to our free reserves. This is testament to our strong financial management and business strategy in what has been a very difficult year for the sector.

Due to our focus on re-engaging inactive facilitators as opposed to training new ones, and on 'licensing up' active parts of the North East as opposed to new geographic areas, we saw a 59% increase in our membership income, but a 72% decrease in training income. We expect this to stabilise in 2011/12 as we continue implementing this strategy.

Pot

As a consequence of our ability to invest in our core costs at this stage in our business cycle, and the success of delivering against our 3 strategic themes, the direct result was an overall increase in our pot income and expenditure. As planned, the majority of that increase came through Licensee activity.



Pot income generated by Keyfund directly decreased by 13% on 2009/10 (a real term fall of £33k). This was due to our shift from raising local pot funds ourselves, to raising regional and national pot funds to provide as match funding. Our focus upon supporting and developing the Licensees with their fundraising strategies (and the offer of match funding), meant that Licensee generated pot income increased by 64% on 2009/10 (a real term increase of £56k). £83k of licensee generated pot income went through Keyfund's accounts in 2010/11 and the remaining £61k was received and distributed directly by licensees. Our 'pot' matching model coupled with the offer of strategic fundraising support for licensees, is proving to be a successful way to increase overall 'pot' money raised and embed our licensees better in their local areas.

Another resounding achievement was made possible by pursuing our first strategic theme. This led to the successful diversification of our pot income streams built by Keyfund centrally and by our licensees. See "Theme 1 progress" for more detail.

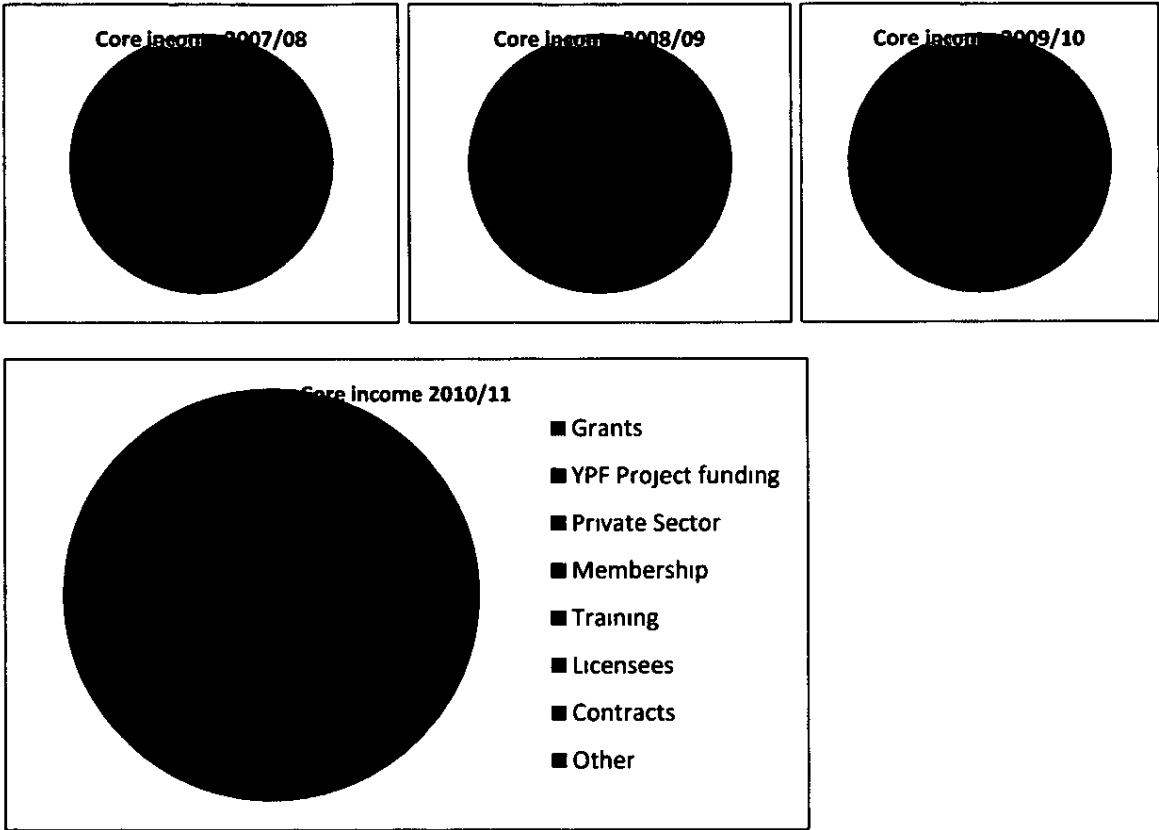
Pot expenditure increased by 28% from 2009/10. This figure is characterised by an increase in both direct payment from Keyfund to successful groups of young people and payment of matched funding pots to licensees who are administering projects themselves. This increase mirrors the 40% increase in successfully completed projects overall and the 50% increase in the number of licensees on board.

This great result has been achieved in an environment of ever increasing economic pressures for the sector and our beneficiaries and is a sheer testament to the success and relevance of Keyfund's products and business model.

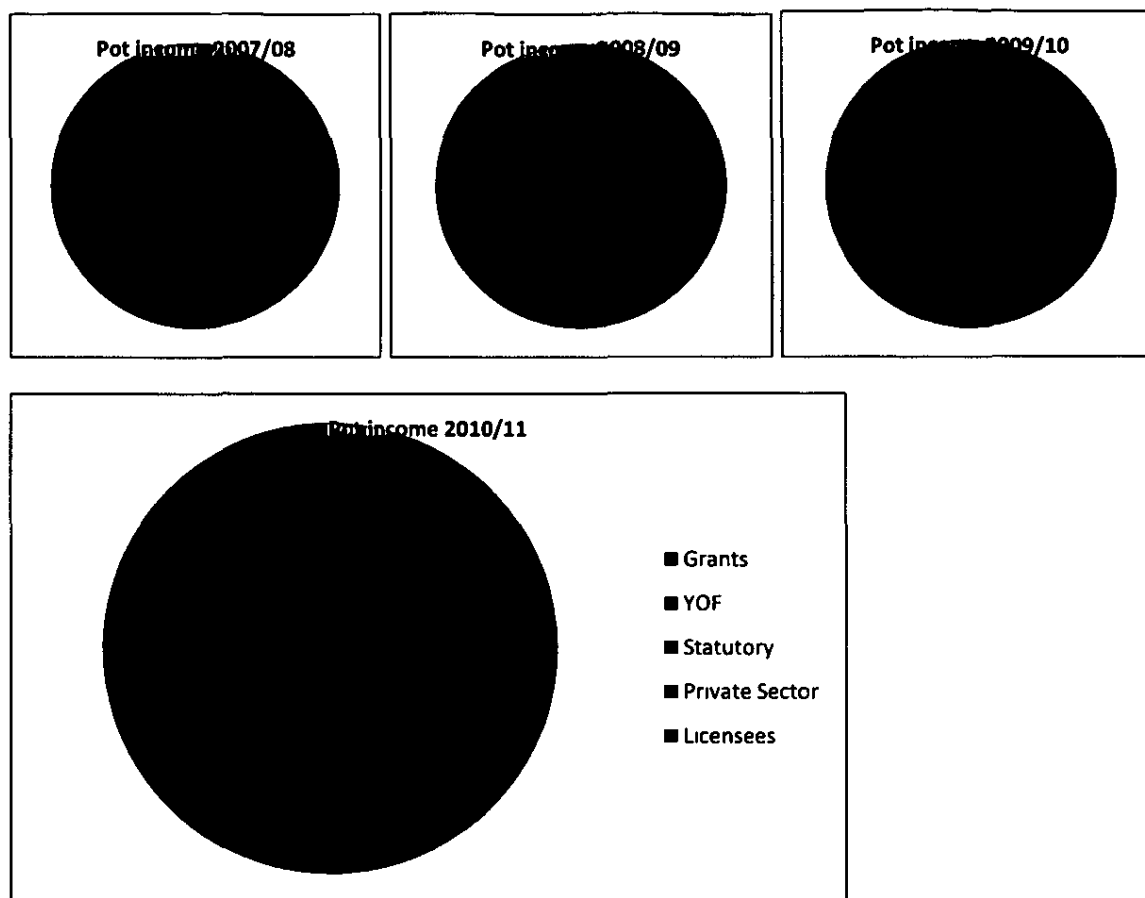
Diversification of income streams

Not only have we successfully increased our overall incoming resources, but we are continuing to diversify our income streams for both 'Core' and 'Pots' further cementing our financial resilience. The graphs below show the diversification over the past four years.

Core



Pots



We have now built up considerable knowledge and experience within each of these different income streams and feel confident that we can now change and adapt our focus in response to the changing trends in the marketplace at any one time. In 2011/12 we hope to build upon our newest income stream – the private sector.

Conclusion

In 2010/11 Keyfund has invested resources and funds in, improving the licensee and facilitator support through our staff team development, preparing ourselves for the delivery of larger scale and higher quality outcomes. We have re-activated more of our 'current' facilitator network, increasing the number and activity of our overall membership base. We increased our total incoming funds for pots and core, retained existing licensees, secured new ones and saw increasing numbers of young people engage and complete their projects.

We believe Keyfund have found the key to generating large scale, high impact, cost effective and sustainable youth engagement and development.

We close 2010/11 with £113k of guaranteed core income funds in our pipeline and £20k of carried forward core funds. 2011/12 will have £185k of opening pot funds (plus £129k opening pot funds held by licensees) this is in addition to a guaranteed further £60k of pot income to come. This means that we already have visibility of £507k (75% of budget) to sustain our business going forward into what we predict will be a challenging 2011/12. This promising situation and strong start to 2011/12 is testament to the efficacy of our 3 strategic themes for the year.

What we are going to do in 2011/12

2011/12 has been a difficult year to forecast, due to the huge uncertainties still residing in the financial and political climate and the large number of influencing factors which remain outside of our control. It is not known at this point whether the use of Keyfund will increase or decrease. The demand from young people will undoubtedly increase, however the availability of facilitators to support them, may well decrease as redundancies and budget cuts in both the public and voluntary sector, start to bite.

It is difficult to predict the movement in the youth worker market place and how this will affect membership renewals, demand from new facilitators and the use of Keyfund on the ground. There are arguments either way. Membership renewals, demand for training and facilitator activity will be closely monitored to assess and understand the trends and to assist with re-forecasting and resulting action plans.

2011/12 will also be a transitional year for Keyfund as the balance tips from the majority of outputs and outcomes being delivered directly, to the majority being delivered through licensees. In particular, this will decrease the level of Pot Funding generated directly by Keyfund and increase the level generated by Licensees with our strategic and operational support. This will happen as Keyfund hand over local funding partnerships and focus centrally upon the generation of Pot Funding from regional and national sources to offer licensees as leverage to help them attract local, match funding. 2011/12 will be a year of investing in quality as opposed to quantity, across all levels, outputs, outcomes and impact of the organisation.

Therefore, the forecasts and targets set are based upon what we consider to be achievable through our existing licensee portfolio and a slightly depleted facilitator network. It doesn't commonly assume growth in quantity of social impact or financial indicators, but will allow Keyfund the space to build upon quality and impact throughout. Positioning Keyfund to maximise future opportunities as the sector starts to stabilise.

The Challenge

As a result of strong strategic planning and implementation, Keyfund are in a robust and financially resilient position entering 2011/12. With 75% of budgeted income for the year confirmed.

However, resources will be focussed upon upskilling and further supporting the existing facilitator and licensee network. We aim to training new facilitators through our licensees and on introducing new initiatives such as Keyfund Blasts, online applications, data management and impact reporting.

Keyfund has planned the following measures and milestones for 2011/12

Social Impact

2010/11			
2010/11	2011/12	2012/13	% Change
Number of young people engaged	6018	5452	-9%
Number of projects registered	1268	1160	-9%
Number of successful projects	844	656	-22%
Project money accessed by young people through Keyfund	£198k	£70k	-65%
Project money accessed by young people through Licensees	£100k	£177k	77%
Total project money accessed by young people	£298k	£247k	-17%
Number of new facilitators trained	214	200	-6%
Number of active facilitators	335	262	-22%

Although we are targeting less young people overall to be engaged with Keyfund, we anticipate that the increased investment in support and development work for licensees and facilitators will lead to a further increase in young people's progression through the 4 Keyfund stages and a larger impact upon their lives. We also hope this will increase the percentage of groups who register projects, successfully completing them.

In 2011/12 we predict that the number of 'active' facilitators will decrease to 262 (a 19% drop from 2010/11). This cautious target is due to the predicted churn in the facilitator network, due to facilitator redundancies and role changes, coupled with the likely closure of Keyfund pots in currently unlicensed areas until new licensees step in to fill the gap.

Financial performance

	2010/11	2009/10	% Change
Self generated income	138	182	32%
Core income	370	375	1%
Core expenditure	347	387	12%
Cumulative free reserves	84	92	9%
Pot income generated by Keyfund	218	170	-22%
Pot income generated by Licensees	144	153	6%
Total pot income generated	362	323	-11%

Core

Our targets assume a total increase in core income of 1% from 2010/11 as compared with 59% growth in 2010/11 from 2009/10. This is because 2010/11 saw large levels of inorganic growth (pump priming) due to grant funding investment in building the staff team. This grant funding was tapered purposely as we fill the 'gaps' with more sustainable income, enabling the posts to become self sufficient after 3 years.

A 32% growth is targeted for trading income. The main variance from 2010/11 is an increase in training income, due to a focus on the sale of 'Blasts', and an expansion of the training portfolio designed to respond to gaps identified through the impact analysis strategy. Licensee income will increase, due to the full fees being received by all licensees (as opposed to the discounted fees made available via ONE). This will bring the overall trading income level closer to that achieved in 2009/10.

A 12% increase in core expenditure from 2010/11 related to the recruitment of new posts which will significantly impact upon the ability of the team to focus on new business generation, whilst delivering high quality services to existing partners and clients.

Pots

The swings in pot income reflect the increasing number of licensees recruited and the focus on supporting licensees to raise their own 'pot funding' for distribution. At the close of 2010/11 licensees held opening pot balances of £129k between them, creating a strong start to year and a healthy cash flow. Keyfund have committed to matching up to £20k of pot funding in any given license year for each licensee and will match more if possible.

With our robust pot spend forecasting tools, the risk of being in a position where the demand outstrips supply on a large scale, is minimal as there will be time to react and respond to the financial data collected. As always, Keyfund and our licensees must continue to exercise caution not to over-stimulate the market or over-fundraise for pots.

As well as the above targets we have the following key organisational aims for 2011/2012

Organisational objectives

We have set five organisational objectives for 2011/12

- 1 Overhaul of the I T Infrastructure / database / website - related processes and systems improvements and efficiency savings
- 2 National / Regional partnerships established to support the roll out of the licensing model and provide matched pot funding resources
- 3 First phase of the Impact Analysis Strategy delivered
- 4 Recruitment of the remaining 4 North East licensees
- 5 Incentive model for facilitators and young people developed and first phase implemented

The core expenditure budget reflects the investment required in order to achieve aims 2, 3 and 4. Specific restricted grant funding bids will be submitted to planned timescales to provide the additional resources needed to achieve aims 1 and 5. Detailed action plans for each of these aims are in place

Statement of Directors' responsibilities

The Directors (who are also trustees of Keyfund Federation Limited for the purposes of charity law) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company and charity law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities 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 operation.

The Directors are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

Provision of Information to Auditors

So far as each of the Directors is aware at the time the report is approved

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

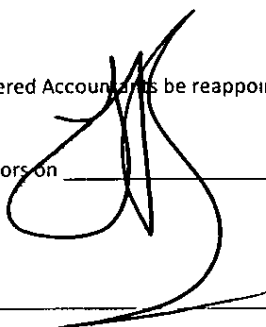
Auditors

A resolution proposing that HW, Chartered Accountants be reappointed as auditors of the charitable company will be put to the Annual General Meeting.

This report was approved by the Directors on _____ and signed on its behalf, by

Hellen Bowey (Chair)

22/11/2011



Keyfund Federation Limited
(A company limited by guarantee)

Independent Auditors' Report

To the members of Keyfund Federation Limited

We have audited the financial statements of Keyfund Federation Limited for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 24, the Management Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities), and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Keyfund Federation Limited
(A company limited by guarantee)

Independent Auditors' Report (continued)
To the members of Keyfund Federation Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

S Richardson (Senior Statutory auditor)
For and on behalf of HW, Chartered Accountants



Statutory Auditor

Floor 11, Cale Cross House
156 Pilgrim Street
Newcastle upon Tyne
NE1 6SU

23 November 2011

Statement of Financial Activities (incorporating income and expenditure account)

for the year ended 31 March 2011

		Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	Notes	£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Investment income	2	-	476	476	303
Incoming resources from charitable activities	3	532,925	137,489	670,414	518,632
Total incoming resources		532,925	137,965	670,890	518,935
Resources Expended					
Charitable activities	4	503,156	117,530	620,686	491,358
Governance costs	5	-	4,494	4,494	4,838
Total resources expended		503,156	122,024	625,180	496,196
Net income before transfers		29,769	15,941	45,710	22,739
Transfers between funds		-	-	-	-
Net movement in funds for the year		29,769	15,941	45,710	22,739
Total funds at 1 April 2010		132,417	67,709	200,126	177,387
Total funds at 31 March 2011	12	162,186	83,650	245,836	200,126

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 29 to 43 form part of these financial statements.



Keyfund Federation Limited
(A company limited by guarantee)

Balance Sheet
as at 31 March 2011

	Notes	Unrestricted £	Restricted £	2011 £	2010 £
Fixed assets					
Intangible assets	8	-	-	-	1,707
Tangible assets	9	1,224	-	1,224	1,373
		<u>1,224</u>	<u>-</u>	<u>1,224</u>	<u>3,080</u>
Current assets					
Stocks		-	-	-	6,551
Debtors	10	43,472	-	43,472	128,223
Cash at bank and in hand		44,176	205,836	250,012	176,775
		<u>87,648</u>	<u>205,836</u>	<u>293,484</u>	<u>311,549</u>
Creditors amounts falling due within one year	11	(5,222)	(43,650)	(48,872)	(114,503)
Net current assets		<u>82,426</u>	<u>162,186</u>	<u>244,612</u>	<u>197,046</u>
Total assets less current liabilities		<u>83,650</u>	<u>162,186</u>	<u>245,836</u>	<u>200,126</u>
Charity Funds					
Restricted funds	12	-	162,186	162,186	132,417
Unrestricted funds	12	83,650	-	83,650	67,709
		<u>83,650</u>	<u>162,186</u>	<u>245,836</u>	<u>200,126</u>

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime (effective April 2008)

The financial statements were approved and authorised for issue by the Directors on 22/4/11 and signed on their behalf, by

Miss H. Bowey, (Chair)

Company Number 3339120

The notes on pages 29 to 43 form part of these financial statements

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

1 Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006

1.2 Company status

The company is a charitable company limited by guarantee. The members of the charitable company are listed under Directors on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

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

1.4 Incoming resources

Voluntary income that provides core funding or is of a general nature is recognised in the period in which there is entitlement, certainty of receipt and can be measured with reasonable certainty.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with reasonable certainty.

Licence income received in advance is deferred to match the period to which the licence relates.

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

1 Accounting Policies (continued)

1.4 Incoming resources (continued)

Grant income can be received in respect of a commitment to deliver services over a specific period covering more than one financial year. Such income is accounted for over this specific period and the related expenditure is accounted for as incurred.

Grant income can be received in relation to a specific project with no specific timing as to when cash should be expended. The income is included in the period in which it is received and held as a restricted fund, reducing when expenditure on the project occurs.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charitable company.

Costs incurred in establishing licence agreements are deferred to match the period to which the licence relates.

Governance costs are those incurred in connection with administrations of the charitable company and compliance with constitutional and statutory requirements.

Grants payable are accounted for when the project has been approved by the panel.

1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

1. Accounting Policies (continued)

1.7 Intangible fixed assets and amortisation

Intangible assets represent the operating system used by the charitable company and an online manual for licencees

These are amortised over the expected useful life of the assets on the following basis

Operating system	- 3 years straight line
Online manual	- 2 years straight line

1.8 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis

Office equipment	- 10% straight line
Computer equipment	- 33% straight line

1.9 Stocks

Stocks are valued at the lower of costs and net realisable value after making due allowance for obsolete and slow-moving stocks

1.10 Pensions

The charitable company contributes to a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The annual contributions payable are charged to the statement of financial activities

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

2. Investment Income

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Bank interest received	-	476	476	303
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. Incoming resources from charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Grants receivable	532,925	19,049	551,974	339,791
Membership income	-	32,530	32,530	20,519
Licence income	-	67,777	67,777	96,586
Donations	-	1,253	1,253	1,697
Training income	-	16,880	16,880	60,039
	<u>532,925</u>	<u>137,489</u>	<u>670,414</u>	<u>518,632</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

4. Resources expended on charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Grants paid	277,880	-	277,880	217,595
Wages and salaries	127,354	66,717	194,071	136,045
National insurance	-	18,875	18,875	12,909
Pension costs	-	7,693	7,693	6,443
Staff related costs	2,765	1,584	4,349	10,471
Travel expenses	4,092	454	4,546	4,120
Property costs	-	30,623	30,623	30,196
Office costs	-	12,737	12,737	12,485
IT costs	-	8,062	8,062	12,182
Training costs	1,482	4,177	5,659	7,883
Bank charges	-	180	180	133
Advertising and PR	9,394	2,378	11,772	4,227
Leaflets and publications	-	-	-	3,608
Legal and consultancy	7,723	(271)	7,452	7,841
Accountancy	-	3,374	3,374	4,534
Amortisation	-	-	-	2,040
Depreciation	-	1,672	1,672	1,671
Network development	1,038	-	1,038	35
Young Peoples Fund	30,703	-	30,703	16,940
Overhead allocation	40,725	(40,725)	-	-
Charitable activities	503,156	117,530	620,686	491,358
Governance	-	4,494	4,494	4,838
	503,156	122,024	625,180	496,196

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

4. Resources expended on charitable activities (continued)

Included within resources expended on charitable activities are support costs of

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Staff costs	-	17,619	17,619	13,604
Office costs	-	3,062	3,062	3,020
Property costs	-	1,274	1,274	1,249
	-	21,955	21,955	17,873

5. Governance costs

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Auditors' remuneration	-	4,200	4,200	4,113
AGM & Directors costs	-	294	294	725
	-	4,494	4,494	4,838

6 Net (income)/expenditure

This is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the charity	1,672	1,671
Auditors' remuneration	4,200	4,113
Pension costs	7,693	6,443
Amortisation of intangible fixed assets	7,693	2,404

Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2011

7 Staff costs

Staff costs were as follows

	2011	2010
	£	£
Wages and salaries	194,071	136,046
Social security costs	18,875	12,909
Other pension costs	7,693	6,443
	<u>220,639</u>	<u>155,398</u>

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

	2011	2010
	No.	No.
Support staff	2.5	2.5
Grant support staff	1.5	1.5
Training/development staff	3.0	1.0
	<u>7.0</u>	<u>5.0</u>

During the year, no Director received any remuneration (2010 - £Nil)

During the year, no Director received any benefits in kind (2010 - £Nil)

During the year, 2 Directors received reimbursement of expenses of £294 (2010 - £725)

No employee received remuneration amounting to more than £60,000 in either year



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Notes to the financial statements (continued)
for the year ended 31 March 2011

8. Intangible fixed assets

Operating System & On-line Manual £

Cost

At 1 April 2010 and 31 March 2011

6,120

Amortisation

At 1 April 2010

4,413

Charge for the year

1,707

At 31 March 2011

6,120

Net book value

At 31 March 2011

-

At 31 March 2010

1,707

9. Tangible fixed assets

Furniture Fittings & Equipment £

Cost

At 1 April 2010

9,430

Additions

1,523

At 31 March 2011

10,953

Depreciation

At 1 April 2010

8,057

Charge for the year

1,672

At 31 March 2011

9,729

Net book value

At 31 March 2011

1,224

At 31 March 2010

1,373

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Notes to the financial statements (continued)
for the year ended 31 March 2011

10 Debtors

	2011	2010
	£	£
Trade debtors	42,032	118,081
Licence costs deferred	-	9,720
Prepayments and other debtors	1,440	422
	43,472	128,223

11. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Loans and overdrafts	-	5,042
Trade creditors	212	410
Licence income deferred	-	12,833
Social security and other taxes	-	-
Accruals and deferred income	48,660	96,218
	48,872	114,503

Accruals and deferred income include £nil (2010 £818) owed to the pension scheme

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Notes to the financial statements (continued)
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12 Statement of funds

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers In/(out) £	Carried Forward £
Unrestricted funds					
General funds	67,709	137,965	(122,024)	-	83,650
Restricted funds					
Pot funding					
Affinity Sutton London	-	3,000	-	-	3,000
Asda Foundation	-	5,000	-	-	5,000
Darlington DOSH	8,495	38,000	(26,826)	-	19,669
Dulverton Trust	1,593	-	1,047	-	2,640
Durham County Council	-	11,000	-	-	11,000
Durham YOF	-	18,500	(21,764)	3,264	-
Frederick Milburn	-	1,875	(1,708)	-	167
Gateshead YOF	-	30,000	(30,000)	-	-
Harrogate Vocalink	-	4,000	-	-	4,000
London Youth	18,945	35,162	(31,549)	-	22,558
London Youth Metropolitan	-	10,500	(1,495)	-	9,005
North Tyneside YOF	-	-	(22,919)	22,919	-
Northern Rock Foundation	82,775	70,000	(73,462)	(34,796)	44,517
Northumberland County Council	-	54,000	(47,136)	-	6,864
NTESP	-	-	2,633	-	2,633
ONE	-	20,000	(10,000)	-	10,000
South Tyneside Council	4,611	-	(3,913)	-	698
Sunderland City Council	-	-	(2,078)	2,078	-
Sunderland Gentoo YOF	-	-	(74)	74	-
Stockton YOF	2,175	-	(4,367)	2,192	-
U Decide	-	-	(4,269)	4,269	-
	118,594	301,037	(277,880)	-	141,751
Core funding					
Asda Foundation	-	5,305	(5,305)	-	-
Big Lottery Young People's Fund	11,323	35,966	(46,789)	-	500
Esmee Fairburn	-	44,542	(44,542)	-	-
Frederick Milburn	-	3,375	(3,375)	-	-
John Paul Getty	-	120,000	(110,065)	-	9,935
Rank Foundation	-	20,000	(10,000)	-	10,000
ONE	2,500	-	(2,500)	-	-
U Decide	-	2,700	(2,700)	-	-
	13,823	231,888	(225,276)	-	20,435
Total restricted fund	132,417	532,925	(503,156)	-	162,186
Total of Funds	200,126	670,890	(625,180)	-	245,836

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Notes to the financial statements (continued)
for the year ended 31 March 2011

13 Description of funds

Affinity Sutton London pots represent funds received for distribution as grants to young people aged 11-25 in London engaged by Affinity Sutton facilitators. This was in partnership with our Licensee London Youth. £3,000 was received in the year and the full balance is available for spend in 2011-12.

Asda Foundation pots represent funds received for distribution as grants to young people aged 11-25 in South Tyneside for projects that demonstrate community benefit. £5,000 was received in the year and the full balance is carried forward for spend in 2011-12

Darlington DQSH represents funds received as part of a Service Level Agreement for distribution as grants to young people aged 13-19 in the Darlington area and up to age 24 for young people with learning difficulties or disabilities. £38,000 was received in the year £26,826 was expended in the year, leaving a balance of £19,669 for spend in 2011-12

Dulverton Trust represents funding received for distribution as grants to young people aged 11-25 in 2010-11. No income was received in the year, but due to a few groups lapsing and unspent money being returned from previously awarded groups, a balance of £2,640 is available for spend in 2011-12

Durham County Council represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 11-25 in the Durham area. £11,000 was received in the year and the full balance is available for spend in 2011-12

Durham YOF represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 13-19 in the Durham area and up to age 24 for young people with learning difficulties or disabilities. £18,500 was received in the year, the full balance was spent in the year

Frederick Milburn represents funds received as part of a Keyfund BLAST project aimed at engaging young people who live or access youth services along the river Tyne. £1,875 was received in the year £1,708 was expended leaving a balance of £167 for spend in 2011-12

Gateshead YOF represents funds received as part of a Partnership Agreement for distribution as grants to young people aged 13-19 in the Gateshead area and up to age 24 for young people with learning difficulties or disabilities. £30,000 was received and spent in the year

Harrogate Vocalink pots represent funds received for distribution as grants to economically disadvantaged young people aged 11-19 living in poverty in Granby, High Harrogate, Woodfield and Starback districts of Harrogate Town. This was in partnership with our Licensee North Yorkshire Council. £4,000 was received in the year and the full balance is available for spend in 2011-12

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Notes to the financial statements (continued)
for the year ended 31 March 2011

13. Description of funds (continued)

London Youth represent funds received as part of a License Agreement for distribution as grants to young people in London. This funding was raised by London Youth from various sources. All grants administered on behalf of London Youth follow the relevant restrictions for each funder. £35,162 was received in the year. £31,549 was expended in the year, leaving a balance of £22,558 for spend in 2011-12.

London Youth Metropolitan Police represent funds received for distribution as grants to young people 11-25 in London engaged by facilitators put forward by the Metropolitan Police. This was in partnership with our Licensee London Youth. £10,500 was received in the year, £1,495 was expended leaving a balance of £9,005 available for spend in 2011-12.

North Tyneside YOF represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 13-19 in the North Tyneside area and up to age 24 for young people with learning difficulties or disabilities. £22,919 was spent in year leaving a nil balance.

Northern Rock Foundation pots represent funds received for distribution as grants to young people aged 11-25 in North East and Cumbria. £70,000 was received in the year and a total of £44,517 remains for spend in 2011-12. This funding has been used as leverage to attract matched funding from local sources and has been ringfenced accordingly. Due to the matched funds being time limited, it was diligent to spend the matched funds first, hence the carried forward balance at the year end.

Northumberland YOF represents funds received as part of a Service Level Agreement for distribution as grants to young people aged 13-19 in the Northumberland area and up to age 24 for young people with learning difficulties or disabilities. £54,000 was received in the year and a total of £6,864 remains for spend in 2011-12. This remaining balance is reserved for registered projects.

NTESP represents funds received from North Tyneside Extended Schools Partnerships for distribution as grants to young people aged 13-19 in the North Tyneside area and up to age 24 for young people with learning difficulties or disabilities. Due to a few groups lapsing and unspent money being returned from previously awarded groups, a balance of £2,633 is now available for spend in 2011-12.

ONE represents funds received from the Third Sector Capacity Building Fund as starter pots for our new licensees. Funds received for distribution by Keyfund Licensees as grants to young people aged 11-25 in the North East. £20,000 was received in the year. A balance of £10,000 is available for spend in 2011-12.

South Tyneside Council represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 13-19 in the South Tyneside area and up to age 24 for young people with learning difficulties or disabilities. £3,913 was expended in the year, leaving a balance of £698 for spend in 2011-12.

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Notes to the financial statements (continued)
for the year ended 31 March 2011

13. Description of funds (continued)

Sunderland City Council represents funds received as part of a Contribution Agreement for distribution to young people aged 13-19 in Sunderland £2,078 was spent in the year, leaving a nil balance

Sunderland Gentoo represents funds received as part of a Contribution Agreement for distribution to young people aged 11-25 in Sunderland, in particular in areas where Gentoo has Social Housing £74 was spent in year, leaving a nil balance

Stockton YOF represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 13-19 in the Stockton area and up to age 24 for young people with learning difficulties or disabilities. £4,367 was spent in the year, leaving a nil balance

U Decide represents funds received as part of a Keyfund BLAST project aimed at engaging young people who live or access youth services in Cowgate, Newcastle. £4,269 was spent in the year, leaving a nil balance

Asda Foundation represent funding received for the training and support costs of a Keyfund BLAST in South Tyneside The BLAST was successfully delivered and all funds expended, leaving a nil balance

Big Lottery YPE represents project funding for the delivery of a large scale annual event led, organised and delivered by young people £46,789 was expended on running the third and final events entitled 'Biggest'. The event attracted over 1,100 young people and a number of corporate supporters £500 was carried forward for spend in 2011-12 on a final evaluation event for the team of young organisers

Esmee Fairbairn represents core funding to build the capacity and long term viability of the organisation This was achieved through the appointment of a Head of Partnerships £44,542 was received and spent in the year This instalment represents year one of a tapered three year grant commitment After the three years the post will be self-sustainable

Frederick Milburn represents funds received for the training and support costs of a Keyfund BLAST project aimed at engaging young people who live or access youth services along the river Tyne The BLAST was successfully delivered and all funds expended, leaving a nil balance.

John Paul Getty represents core funding to build the capacity and long term viability of the organisation This was achieved through the appointment of a Chief Operating Officer and a Partner Support Manager plus associated resources needed to deliver against their objectives £120,000 was received in the year and £110,065 was expended leaving £9,935 available for spend in 2011-12 This instalment represents year one of a tapered three year grant commitment After the three years both posts and their associated costs will be self-sustainable

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Notes to the financial statements (continued)
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13. Description of funds (continued)

ONE represents funds received from the Third Sector Capacity Building Fund in order to complete a feasibility study on young people gaining accreditation on the Foundation Learning Tier as a result of using the Keyfund Process. £2,500 was expended leaving a nil balance

U Decide represents funds received for the training and support costs of a Keyfund BLAST project aimed at engaging young people who live or access youth services in Cowgate, Newcastle. The BLAST was successfully delivered and all funds expended, leaving a nil balance

14 Analysis of net assets between funds

	Restricted Funds	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£	£
Tangible fixed assets	-	1,224	1,224	1,373
Intangible fixed assets	-	-	-	1,707
Current assets	205,836	87,648	293,484	311,549
Creditors due within one year	(43,650)	(5,222)	(48,872)	(114,503)
	<u>162,186</u>	<u>83,650</u>	<u>245,836</u>	<u>200,126</u>

15. Operating lease commitments

At 31 March 2011, the charity was committed to making the following annual commitments under a non-cancellable operating lease, for office rent

	2011 £	2010 £
One year	11,561	23,122
Between two and five years	-	-
	<u>11,561</u>	<u>23,122</u>



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Notes to the financial statements (continued)
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16 Control

The charity is controlled by its Directors. The Directors are of the opinion that there is no one controlling party.

17. Related party transactions

During the year Mr J H G Thomas who is a director of the company provided training services on behalf of the organisation to cover training of licencees. The training costs were charged on an arms length basis, costing £982 (2010 £2,254) in total including expenses.

Services totalling £1,052 (2010 £477) from Onebestway Limited, £Nil (2010 £433) from Angelfysh Limited and Dunn and Dusted Web Services £303 (2010 £Nil) were received by the charity during the year. The charity sourced the market for these services and found that the rates charged were competitive. Mr M Owen is a director of Keyfund Federation Limited, Onebestway Limited, Angelfysh Limited and Dunn and Dusted Web Services Limited.